Fiscal 4Q 2022 Earnings Call Supplementary Slides

August 11, 2022



Cautionary Language Concerning Forward-Looking Statements

This presentation contains forward-looking statements under Section 27A of the Securities Act of 1934. Forward-looking statements are all statements we make other than those dealing specifically with historical matters. These forward-looking statements include, among other things, financial guidance. Please refer to the Company's filings with the Securities and Exchange Commission, including our annual report on Form 10-K expected to be filed August 19, 2022 and our quarterly reports on Form 10-Q filed November 8, 2021, February 7, 2022, and May 5, 2022 for additional factors that could cause actual results to materially differ from current expectations. The forward-looking statements included in this presentation are valid only as of today's date except where otherwise noted. Viavi Solutions Inc. undertakes no obligation to update these statements.

This presentation and the Q&A that follows include non-GAAP financial measures which complement the Company's preliminary consolidated GAAP financial statements. These non-GAAP financial measures are not intended to supersede or replace the Company's preliminary GAAP financials. We provide a detailed reconciliation of preliminary GAAP results to the non-GAAP results in the Appendix to this presentation and in the "Preliminary Reconciliation of GAAP Measures to Non-GAAP Measures" schedule in our earnings release issued today. This earnings release is located in the Investor Relations section of our web site at https://investor.viavisolutions.com.

Note: Amounts presented in all slides are on a continuing operations basis unless otherwise noted.

Fiscal 4Q 2022 Financial Highlights

(Amounts reflect non-GAAP and in $millions, unless otherwise noted)

	Result	Y/Y Performance	
Revenue **(exceeded $322M +/- $7M guidance range)**	**$335.3**	**up**	**7.8%**
Non-GAAP Gross Margin	**62.5%**	**up**	**50 basis points**
NE	64.2%	up	110 basis points
SE	71.3%	up	580 basis points
OSP	55.9%	down	(160) basis points
Non-GAAP Operating Margin **(within 21.5% +/- 0.5% guidance range)**	**21.3%**	**up**	**50 basis points**
NSE	15.1%	remained relatively flat	— basis points
OSP	38.6%	down	(20) basis points
Earnings Per Share **(high end of $0.23 +/- $0.01 guidance range)**	**$0.24**	**up**	**9.1%**
GAAP Operating Cash Flow	**$73.6**	**up**	**17.6%**

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix beginning on slide 15.

Income Statement

(Amounts reflect non-GAAP and in $millions, except per share amounts)

	F4Q 2022	F3Q 2022	F4Q 2021	QoQ	YoY
Revenue	$335.3	$315.5	$310.9	6.3%	7.8%
Non-GAAP Gross Margin	62.5%	62.0%	62.0%	50 bps	50 bps
Non-GAAP Operating Expenses	$138.0	$127.9	$128.0	7.9%	7.8%
Non-GAAP Operating Profits	$71.5	$67.7	$64.7	5.6%	10.5%
Non-GAAP Operating Margin	21.3%	21.5%	20.8 %	(20) bps	50 bps
Non-GAAP Net Income	$55.8	$52.0	$52.5	7.3%	6.3%
Non-GAAP EPS	$0.24	$0.22	$0.22	$0.02	$0.02

Fiscal 2022 Financial Highlights

(Amounts reflect non-GAAP and in $millions, unless otherwise noted)

	Result	Y/Y Performance	
Revenue	**$1,292.4**	**up**	**7.8%**
Non-GAAP Gross Margin	**62.6%**	**down**	**(10) basis points**
NE	64.3%	up	80 basis points
SE	69.2%	up	360 basis points
OSP	56.4%	down	(400) basis points
Non-GAAP Operating Margin	**22.2%**	**up**	**110 basis points**
NSE	15.6%	up	460 basis points
OSP	40.5%	down	(420) basis points
Earnings Per Share	**$0.95**	**up**	**14.5%**
GAAP Operating Cash Flow	**$178.1**	**down**	**(26.7)%**

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix beginning on slide 15.

Three-Year Fiscal Summary

(Amounts reflect ASC606, non-GAAP and $millions, except per share amounts)

	FY 2022 Targets*	FY 2022	FY 2021	FY 2020
Revenue	$1,200M - $1,300M	**$1,292.4**	$1,198.9	$1,136.3
Non-GAAP Gross Margin		**62.6%**	62.7 %	62.0 %
Non-GAAP Operating Expenses		**$521.9**	$498.7	$493.3
Non-GAAP Operating Margin	19% - 21%	**22.2 %**	21.1 %	18.6 %
Non-GAAP Net Income		**$225.3**	$195.2	$171.3
Non-GAAP EPS	$0.80 - $0.90	**$0.95**	$0.83	$0.73
GAAP Cash from Operations		**$178.1**	$243.3	$135.6

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix beginning on slide 15.

**Targets communicated during Analyst Day Event in September 2019.*

Revenue by Business Segment and Geographic Region

(Amounts in $millions)

	F4Q 2022		F3Q 2022		F4Q 2021		QoQ	YoY
Segment Mix								
NE	$222.2	66.3%	$204.3	64.8%	$212.7	68.4%	8.8%	4.5%
SE	$24.0	7.1%	$26.5	8.4%	$23.8	7.7%	(9.4%)	0.8%
OSP	$89.1	26.6%	$84.7	26.8%	$74.4	23.9%	5.2%	19.8%
Total	**$335.3**	**100.0%**	**$315.5**	**100.0%**	**$310.9**	**100.0%**	**6.3%**	**7.8%**
Region Mix								
Americas	$129.7	38.7%	$108.8	34.5%	$110.0	35.4%	19.2%	17.9%
Asia-Pacific	$129.9	38.7%	$114.5	36.3%	$103.7	33.4%	13.4%	25.3%
EMEA	$75.7	22.6%	$92.2	29.2%	$97.2	31.2%	(17.9%)	(22.1%)
Total	**$335.3**	**100.0%**	**$315.5**	**100.0%**	**$310.9**	**100.0%**	**6.3%**	**7.8%**

Business Segment Results

(Amounts in $millions)

	F4Q 2022	F3Q 2022	F4Q 2021	QoQ	YoY
Revenue					
NE	$222.2	$204.3	$212.7	8.8%	4.5%
SE	$24.0	$26.5	$23.8	(9.4%)	0.8%
OSP	$89.1	$84.7	$74.4	5.2%	19.8%
Total	**$335.3**	**$315.5**	**$310.9**	**6.3%**	**7.8%**
Non-GAAP Gross Margin					
NE	64.2%	63.8%	63.1%	40 bps	110 bps
SE	71.3%	69.1%	65.5%	220 bps	580 bps
OSP	55.9%	55.5%	57.5%	40 bps	(160 bps)
Total	**62.5%**	**62.0%**	**62.0%**	**50 bps**	**50 bps**
Non-GAAP Operating Margin					
NSE	15.1%	14.9%	15.1%	20 bps	— bps
OSP	38.6%	39.3%	38.8%	(70 bps)	(20 bps)
Total	**21.3%**	**21.5%**	**20.8%**	**(20 bps)**	**50 bps**

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix beginning on slide 15.

Fiscal 4Q 2022 NSE Business Highlights

(Amounts reflect non-GAAP and in $millions)

- NSE revenue at $246.2 million was above the midpoint of the guidance range ($240-$250 million); new quarterly record
- Operating margin at 15.1% was slightly below the guidance range (15.5%-16.5%), albeit flat year-over-year due to higher variable sales commission costs on strong bookings performance during the quarter

NE Segment Highlights

- Revenue at $222.2 million up 4.5% Y/Y due to increase in Wireless and Lab & Production products
- Non-GAAP Gross margin at 64.2% up 110 basis points Y/Y, primarily due to leverage on growth and favorable product mix

SE Segment Highlights

- Revenue at $24.0 million relatively flat Y/Y, increasing 0.8%
- Non-GAAP Gross margin at 71.3% increased 580 basis points Y/Y due to favorable product mix

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix beginning on slide 15.

Fiscal 4Q 2022 OSP Business Highlights

(Amounts reflect non-GAAP and in $millions)

- Revenue at $89.1 million exceeded the guidance range ($75-$79 million); operating margin at 38.6% was within the guidance range (38.5%-39.5%)
- Revenue increased 19.8% Y/Y driven by an increase in Anti-Counterfeiting products
- Non-GAAP Gross margin at 55.9% decreased 160 basis points due to higher raw material costs and startup costs in our new Arizona facility
- Non-GAAP Operating margin decreased 20 basis points Y/Y due to lower gross margin, offset by disciplined OPEX management

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix beginning on slide 15.

Balance Sheet Highlights

(Amounts in $millions)

	F4Q 2022
Total Cash Balance (1)	**$564.9**
Short-term Debt (Carrying Value) (2)	**$68.4**
Long-term Debt (Carrying Value) (2)	**$616.5**
GAAP Cash from Operations	**$73.6**

(1) Includes cash and cash-equivalents, short-term investments and restricted cash.

(2) Carrying value equals outstanding principal amount less the unamortized debt issuance costs. Face amount for short-term debt and long-term debt is $68.5 million and $623.9 million, respectively. Short-term debt includes mostly the 2023 1.75% Notes and long-term debt includes the 2024 1.00% Notes and 2029 3.75% Notes.

Term Notes Summary

	2024 Convertible Notes	2023 Convertible Notes	2029 High-Yield Notes
Issue Size	$460.0M	$225.0M	$400.0M
Current Outstanding *	$223.9M	$68.1M	$400.0M
Coupon	1.00%	1.75%	3.75%
Final Maturity	3/1/2024	6/1/2023	10/1/2029
Put Date	N/A	N/A	N/A
Call Date	N/A	6/1/2021	10/1/2024
Call / Put Price (%)	100%	100%	N/A
Conversion Price	$13.22	$13.94	N/A
Shares Underlying *	16.9M	4.9M	N/A
Settlement	Par in Cash; Balance in stock & cash	Par in Cash; Balance in stock & cash	Par in Cash

* As of July 2, 2022

Fiscal 1Q 2023 Guidance

(Amounts reflect non-GAAP)

We expect first quarter revenue to be approximately $317 million to $331 million, non-GAAP operating margin to be 20.7% to 22.1% and non-GAAP EPS to be $0.22 to $0.24.

- **Business segment revenue guidance:**
  - For NSE, we expect revenue to be $231 million to $241 million
  - For OSP, we expect revenue to be $86 million to $90 million
- **Business segment Non-GAAP operating margin guidance:**
  - For NSE, we expect non-GAAP operating margin to be 14.0% to 15.0%
  - For OSP, we expect non-GAAP operating margin to be 39.0% to 41.0%
- Expect non-GAAP tax expenses to be approximately 16%-17%
- Expect non-GAAP Other Income/Expense to be net expense of approximately $6.0 million
- Expect share count for EPS calculation to be approximately 232.0 million shares
  - *~2.5 million-plus higher share count reflects the dilution impact of 2023/2024 Convertible Notes*

Investor Events - F1Q23

Date	Event	Forum
Sep. 13, 2022	Analyst Day	Boston, MA



Appendix

Non-GAAP Income Statement

(Amounts in $millions, except per share amounts)

Unaudited Non-GAAP Income Statement	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
($ in millions, except per share amounts)					
Net revenue	$ 310.9	$ 326.8	$ 314.8	$ 315.5	$ 335.3
Cost of revenues	118.2	122.3	115.7	119.9	125.8
Gross profit	192.7	204.5	199.1	195.6	209.5
Operating expenses:					
Research and development	49.9	51.4	48.4	49.6	52.0
Selling, general and administrative	78.1	78.8	77.4	78.3	86.0
Total operating expenses	128.0	130.2	125.8	127.9	138.0
Income from operations	64.7	74.3	73.3	67.7	71.5
Interest income and other income	(1.4)	(2.2)	(5.6)	(5.7)	(4.2)
Income before income taxes	63.3	72.1	67.7	62.0	67.3
Provision for income tax	10.8	13.9	8.4	10.0	11.5
Net income	$ 52.5	$ 58.2	$ 59.3	$ 52.0	$ 55.8
Net income per share, basic	$ 0.23	$ 0.25	$ 0.25	$ 0.23	$ 0.25
Net income per share, diluted	$ 0.22	$ 0.24	$ 0.24	$ 0.22	$ 0.24
Shares used in per-share calculation (basic)	228.4	231.1	236.0	229.2	227.2
Shares used in per-share calculation (diluted)	241.9	242.3	242.3	236.8	231.3

Unaudited % Total Non-GAAP Revenue	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
Gross margin	62.0 %	62.6 %	63.2 %	62.0 %	62.5 %
Research and development	16.1 %	15.7 %	15.4 %	15.7 %	15.5 %
Selling, general and administrative	25.1 %	24.1 %	24.6 %	24.8 %	25.6 %
Total operating expenses	41.2 %	39.8 %	40.0 %	40.5 %	41.2 %
Operating margin	20.8 %	22.7 %	23.3 %	21.5 %	21.3 %

Reconciliation of GAAP Measures to Non-GAAP Measures

(Amounts in $millions)

Unaudited Gross Profit - GAAP to Non-GAAP Reconciliation	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
($ in millions, except per share amounts)					
GAAP segment gross profit	$ 182.9	$ 195.0	$ 190.5	$ 186.9	$ 201.1
Stock-based compensation	1.2	1.6	1.2	1.2	1.2
Amortization of intangibles	8.3	7.9	7.4	7.4	7.3
Other charges unrelated to core operating performance	0.3	—	—	0.1	(0.1)
Non-GAAP gross profit	$ 192.7	$ 204.5	$ 199.1	$ 195.6	$ 209.5

Unaudited Operating Income - GAAP to Non-GAAP Reconciliation	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
GAAP operating income	$ 32.7	$ 46.9	$ 49.3	$ 40.8	$ 48.0
Stock-based compensation	14.9	13.6	13.3	12.8	12.6
Amortization of intangibles	16.7	10.6	10.0	9.6	9.5
Change in fair value of contingent liability	(1.5)	0.3	—	—	—
Other charges unrelated to core operating performance	2.7	2.9	0.8	4.5	1.4
Restructuring and related benefits (charges)	(0.8)	—	(0.1)	—	—
Non-GAAP operating income	$ 64.7	$ 74.3	$ 73.3	$ 67.7	$ 71.5

Unaudited	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
GAAP net income (loss)	$ 3.3	$ (54.8)	$ 34.6	$ 19.2	$ 16.5
Stock-based compensation	14.9	13.6	13.3	12.8	12.6
Amortization of intangibles	16.7	10.6	10.0	9.6	9.5
Restructuring and related benefits (charges)	(0.8)	—	(0.1)	—	—
Change in fair value of contingent liability	(1.5)	0.3	—	—	—
Other charges unrelated to core operating performance	2.7	2.9	0.8	4.5	1.4
Non-cash interest expense	—	—	0.4	0.1	(0.1)
Interest and other income	—	85.9	6.4	6.4	3.1
Benefit from Income Tax	17.2	(0.3)	(6.1)	(0.6)	12.8
Non-GAAP net income	$ 52.5	$ 58.2	$ 59.3	$ 52.0	$ 55.8

Financial Information by Segment

(Amounts in $millions)

Unaudited Segment Results ($ in millions)	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
Net revenue:					
Network Enablement	$ 212.7	$ 204.9	$ 214.4	$ 204.3	$ 222.2
Service Enablement	23.8	23.0	29.8	26.5	24.0
Network and Service Enablement	236.5	227.9	244.2	230.8	246.2
Optical Securities and Performance Products	74.4	98.9	70.6	84.7	89.1
Net revenue	$ 310.9	$ 326.8	$ 314.8	$ 315.5	$ 335.3
Gross profit					
Network Enablement	$ 134.3	$ 132.7	$ 138.0	$ 130.3	$ 142.6
Service Enablement	15.6	14.7	21.4	18.3	17.1
Network and Service Enablement	149.9	147.4	159.4	148.6	159.7
Optical Securities and Performance Products	42.8	57.1	39.7	47.0	49.8
Total segment gross profit	$ 192.7	$ 204.5	$ 199.1	$ 195.6	$ 209.5
Operating income					
Network and Service Enablement	$ 35.8	$ 30.7	$ 45.6	$ 34.4	$ 37.1
Optical Securities and Performance Products	28.9	43.6	27.7	33.3	34.4
Total segment operating income	$ 64.7	$ 74.3	$ 73.3	$ 67.7	$ 71.5

Unaudited Non-GAAP Revenue by Segment (%)	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
Network Enablement	68.4 %	62.7 %	68.1 %	64.8 %	66.3 %
Service Enablement	7.7 %	7.0 %	9.5 %	8.4 %	7.1 %
Optical Securities and Performance Products	23.9 %	30.3 %	22.4 %	26.8 %	26.6 %

GAAP Income Statement

(Amounts in $millions, except per share amounts)

Unaudited GAAP Income Statement	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
($ in millions, except per share amounts)					
Net revenue	$ 310.9	$ 326.8	$ 314.8	$ 315.5	$ 335.3
Cost of revenues	119.7	123.9	116.9	121.2	126.9
Amortization of acquired technologies	8.3	7.9	7.4	7.4	7.3
Total cost of revenues	128.0	131.8	124.3	128.6	134.2
Gross profit	182.9	195.0	190.5	186.9	201.1
Operating expenses:					
Research and development	52.1	53.6	50.5	54.9	54.2
Selling, general and administrative	90.5	91.8	88.2	89.0	96.7
Amortization of other intangibles	8.4	2.7	2.6	2.2	2.2
Restructuring and related charges	(0.8)	—	(0.1)	—	—
Total operating expenses	150.2	148.1	141.2	146.1	153.1
Income from operations	32.7	46.9	49.3	40.8	48.0
Interest income and other income	2.5	(84.5)	(5.3)	(5.8)	(1.0)
Interest expense	(3.9)	(3.6)	(7.1)	(6.4)	(6.2)
Income (loss) before income taxes	31.3	(41.2)	36.9	28.6	40.8
Provision for Income Tax	28.0	13.6	2.3	9.4	24.3
Net income (Net loss)	$ 3.3	$ (54.8)	$ 34.6	$ 19.2	$ 16.5
Net income (Net loss) per share, basic	$ 0.01	$ (0.24)	$ 0.15	$ 0.08	$ 0.07
Net income (Net loss) per share, diluted	$ 0.01	$ (0.24)	$ 0.14	$ 0.08	$ 0.07
Shares used in per-share calculation (basic)	228.4	231.1	236.0	229.2	227.2
Shares used in per-share calculation (diluted)	241.9	231.1	242.3	236.8	231.3

Unaudited % Total GAAP Revenue	Q421 Jun 2021	Q122 Sep 2021	Q222 Dec 2021	Q322 Mar 2022	Q422 Jun 2022
Gross margin	58.8%	59.7%	60.5%	59.2%	60.0%
Research and development	16.8%	16.4%	16.0%	17.4%	16.2%
Selling, general and administrative [(1)]	29.1%	28.1%	28.0%	28.2%	28.8%
Total operating expenses	48.3%	45.3%	44.9%	46.3%	45.7%
Operating margin	10.5%	14.4%	15.7%	12.9%	14.3%

Condensed Balance Sheet

(Amounts in $millions)

Unaudited Balance Sheet (in millions)	FY21 YTD Jun 2021	FY22 YTD Jun 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 697.8	$ 559.9
Short-term investments	1.6	1.4
Restricted cash	4.3	3.6
Accounts receivable, net	256.5	260.9
Inventories, net	94.9	110.1
Prepayments and other current assets	57.0	69.2
Total current assets	1,112.1	1,005.1
Property, plant and equipment, net	196.0	228.9
Goodwill, net	396.5	387.6
Intangibles, net	88.0	54.2
Deferred income taxes	109.3	86.3
Other non-current assets	59.5	65.8
Total assets	$ 1,961.4	$ 1,827.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 63.2	$ 58.3
Accrued payroll and related expenses	76.0	76.0
Deferred revenue	69.7	81.0
Accrued expenses	24.8	29.3
Short-term debt	456.6	68.4
Other current liabilities	57.1	56.3
Total current liabilities	747.4	369.3
Long-term debt	224.1	616.5
Other non-current liabilities	226.0	170.4
Total stockholders' equity	763.9	671.7
Total liabilities and stockholders' equity	$ 1,961.4	$ 1,827.9