Fiscal 1Q 2024 Earnings Call Supplementary Slides

November 2, 2023



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 filed on August 17, 2023 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 1Q 2024 Financial Highlights

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

	Result	Y/Y Performance	
GAAP Revenue	**$247.9**	**down**	**(20.1)%**
Non-GAAP Gross Margin	**60.1%**	**down**	**(220) basis points**
NE	63.1%	down	(140) basis points
SE	67.2%	up	110 basis points
OSP	52.5%	down	(420) basis points
Non-GAAP Operating Margin	**12.4%**	**down**	**(930) basis points**
NSE	0.9%	down	(1,230) basis points
OSP	37.8%	down	(450) basis points
Non-GAAP Earnings Per Share	**$0.09**	**down**	**(60.9)%**
GAAP Operating Cash Flow	**$50.3**	**up**	**89.1%**

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix section.

Income Statement

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

	F1Q 2024	F4Q 2023	F1Q 2023	QoQ	YoY
GAAP Revenue	$247.9	$263.6	$310.2	(6.0%)	(20.1%)
Non-GAAP Gross Margin	60.1%	58.2%	62.3%	190 bps	(220) bps
Non-GAAP Operating Expenses	$118.2	$122.7	$126.0	(3.7%)	(6.2%)
Non-GAAP Operating Profits	$30.8	$30.8	$67.4	—%	(54.3%)
Non-GAAP Operating Margin	12.4%	11.7%	21.7 %	70 bps	(930) bps
Non-GAAP Net Income	$19.5	$22.7	$52.5	(14.1%)	(62.9%)
Non-GAAP EPS	$0.09	$0.10	$0.23	($0.01)	($0.14)

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix section.

GAAP Revenue by Business Segment and Geographic Region

(Amounts in $millions)

	F1Q 2024		F4Q 2023		F1Q 2023		QoQ	YoY
Segment Mix								
NE	$150.0	60.5%	$175.5	66.6%	$196.5	63.3%	(14.5%)	(23.7%)
SE	$20.4	8.2%	$22.4	8.5%	$22.4	7.2%	(8.9%)	(8.9%)
OSP	$77.5	31.3%	$65.7	24.9%	$91.3	29.5%	18.0%	(15.1%)
Total	**$247.9**	**100.0%**	**$263.6**	**100.0%**	**$310.2**	**100.0%**	**(6.0%)**	**(20.1%)**
Region Mix								
Americas	$100.5	40.5%	$108.3	41.0%	$123.0	39.6%	(7.2%)	(18.3%)
Asia-Pacific	$85.9	34.7%	$85.3	32.4%	$111.6	36.0%	0.7%	(23.0%)
EMEA	$61.5	24.8%	$70.0	26.6%	$75.6	24.4%	(12.1%)	(18.7%)
Total	**$247.9**	**100.0%**	**$263.6**	**100.0%**	**$310.2**	**100.0%**	**(6.0%)**	**(20.1%)**

Business Segment Results

(Amounts in $millions)

	F1Q 2024	F4Q 2023	F1Q 2023	QoQ	YoY
GAAP Revenue					
NE	$150.0	$175.5	$196.5	(14.5%)	(23.7%)
SE	$20.4	$22.4	$22.4	(8.9%)	(8.9%)
OSP	$77.5	$65.7	$91.3	18.0%	(15.1%)
Total	**$247.9**	**$263.6**	**$310.2**	**(6.0%)**	**(20.1%)**
Non-GAAP Gross Margin					
NE	63.1%	61.7%	64.5%	140 bps	(140 bps)
SE	67.2%	65.6%	66.1%	160 bps	110 bps
OSP	52.5%	46.6%	56.7%	590 bps	(420 bps)
Total	**60.1%**	**58.2%**	**62.3%**	**190 bps**	**(220 bps)**
Non-GAAP Operating Margin					
NSE	0.9%	5.8%	13.2%	(490 bps)	(1,230 bps)
OSP	37.8%	29.5%	42.3%	830 bps	(450 bps)
Total	**12.4%**	**11.7%**	**21.7%**	**70 bps**	**(930 bps)**

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix section.

Fiscal 1Q 2024 NSE Business Highlights

(Amounts reflect non-GAAP and in $millions)

- NSE revenue at $170.4 million was within the guidance range ($167-$183 million).
- Operating margin at 0.9% was below the guidance range (3.0%-5.0%).

NE Segment Highlights

- Revenue at $150.0 million down 23.7% Y/Y primarily due to constrained spending environment impacting demand for our products.
- Non-GAAP Gross margin at 63.1% down 140 basis points Y/Y, primarily due to lower volume and unfavorable product mix

SE Segment Highlights

- Revenue at $20.4 million, decreased 8.9% Y/Y due to lower demand in Assurance Products.
- Non-GAAP Gross margin at 67.2% increased 110 basis points Y/Y due to favorable product mix.

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix section.

Fiscal 1Q 2024 OSP Business Highlights

(Amounts reflect non-GAAP and in $millions)

- Revenue at $77.5 million, exceeded the guidance range ($73-$77 million) although, was a decrease of 15.1% Y/Y due to lower Anti-Counterfeiting and 3D Sensing product sales.

- Non-GAAP Gross margin at 52.5% decreased 420 basis points Y/Y due to lower revenue and unfavorable manufacturing variances.

- Non-GAAP Operating margin at 37.8% was slightly exceeded the guidance range (35.0%-36.0%), with a decrease of 450 basis points Y/Y, due to aforementioned lower revenue.

All non-GAAP amounts are reconciled to the corresponding GAAP amounts in the Appendix section.

Balance Sheet Highlights

(Amounts in $millions)

	F1Q 2024
Total Cash Balance [(1)]	**$544.5**
Short-term Debt (Carrying Value) [(2)]	**$96.2**
Long-term Debt (Carrying Value) [(2)]	**$631.1**
GAAP Cash from Operations	**$50.3**

(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 and discount costs (if applicable). Face amount for short-term debt and long-term debt is $96.4 million and $650.0 million, respectively. Short-term debt includes the 2024 1.00% Notes. Long-term debt includes the 2026 1.625% Notes and 2029 3.75% Notes.

Term Notes Summary

	2024 Convertible Notes	2026 Convertible Notes	2029 High-Yield Notes
Issue Size	$460.0M	$250.0M	$400.0M
Current Outstanding *	$96.4M	$250.0M	$400.0M
Coupon	1.00%	1.625%	3.75%
Final Maturity	3/1/2024	3/15/2026	10/1/2029
Put Date	N/A	N/A	N/A
Call Date	N/A	3/20/2025	10/1/2024
Call / Put Price (%)	100%	100%	N/A
Conversion Price	$13.22	$13.19	N/A
Shares Underlying *	7.3M	18.9M	N/A
Settlement	Par in Cash; Balance in stock & cash	Par in Cash; Balance in stock & cash	Par in Cash

* As of September 30, 2023

Fiscal 2Q 2024 Guidance

(Amounts reflect non-GAAP)

We expect second quarter revenue to be approximately $240 million to $260 million, non-GAAP operating margin to be 9.6% to 12.8% and non-GAAP EPS to be $0.06 to $0.10.

- **Business segment revenue guidance:**
  - For NSE, we expect revenue to be $169 million to $185 million
  - For OSP, we expect revenue to be $71 million to $75 million
- **Business segment Non-GAAP operating margin guidance:**
  - For NSE, we expect non-GAAP operating margin to be 0.0% to 4.0%
  - For OSP, we expect non-GAAP operating margin to be 32.5% to 34.5%
- Expect non-GAAP tax expenses to be approximately $8 million plus or minus $0.5 million
- Expect non-GAAP Other Income/Expense to be net expense of approximately $3.0 million
- Expect share count for EPS calculation to be approximately 222.0 million shares.

Investor Events - F2Q24

Date	Event	Forum
November 14, 2023	17th Annual Needham Virtual Security, Networking & Communications Conference.	Virtual Conference
November 28, 2023	UBS Global Technology Conference.	The Phoenician, Scottsdale Arizona

Appendix

Non-GAAP Income Statement

(Amounts in $millions, except per share amounts)

Unaudited Non-GAAP Income Statement	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
($ in millions, except per share amounts)					
Net revenue	$ 310.2	$ 284.5	$ 247.8	$ 263.6	$ 247.9
Cost of revenues	116.8	110.6	99.8	110.1	98.9
Gross profit	193.4	173.9	148.0	153.5	149.0
Operating expenses:					
Research and development	50.3	49.9	48.6	49.4	47.7
Selling, general and administrative	75.7	78.0	71.1	73.3	70.5
Total operating expenses	126.0	127.9	119.7	122.7	118.2
Income from operations	67.4	46.0	28.3	30.8	30.8
Interest income and other income	(5.0)	(4.0)	(4.7)	(4.1)	(3.7)
Income before income taxes	62.4	42.0	23.6	26.7	27.1
Provision for income tax	9.9	10.5	5.6	4.0	7.6
Net income	$ 52.5	$ 31.5	$ 18.0	$ 22.7	$ 19.5
Net income per share, basic	$ 0.23	$ 0.14	$ 0.08	$ 0.10	$ 0.09
Net income per share, diluted	$ 0.23	$ 0.14	$ 0.08	$ 0.10	$ 0.09
Shares used in per-share calculation (basic)	226.3	225.9	224.1	222.2	222.0
Shares used in per-share calculation (diluted)	230.4	227.1	225.3	223.6	224.2

Unaudited % Total Non-GAAP Revenue	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
Gross margin	62.3 %	61.1 %	59.7 %	58.2 %	60.1 %
Research and development	16.2 %	17.5 %	19.6 %	18.7 %	19.2 %
Selling, general and administrative	24.4 %	27.4 %	28.7 %	27.8 %	28.4 %
Total operating expenses	40.6 %	45.0 %	48.3 %	46.5 %	47.7 %
Operating margin	21.7 %	16.2 %	11.4 %	11.7 %	12.4 %

Reconciliation of GAAP Measures to Non-GAAP Measures

(Amounts in $millions)

Unaudited Gross Profit - GAAP to Non-GAAP Reconciliation	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
($ in millions, except per share amounts)					
GAAP segment gross profit	$ 184.8	$ 167.0	$ 141.0	$ 146.0	$ 144.4
Stock-based compensation	1.2	1.2	1.2	1.2	1.2
Amortization of intangibles	7.1	5.7	5.9	5.9	3.5
Other charges (benefits) unrelated to core operating performance	0.3	—	(0.1)	0.4	(0.1)
Non-GAAP gross profit	$ 193.4	$ 173.9	$ 148.0	$ 153.5	$ 149.0

Unaudited Operating Income - GAAP to Non-GAAP Reconciliation	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
GAAP operating income (loss)	$ 49.8	$ 22.9	$ (2.1)	$ 11.8	$ 16.0
Stock-based compensation	13.0	13.0	12.8	12.4	11.2
Amortization of intangibles	9.3	7.9	8.0	8.1	5.6
Change in fair value of contingent liability	0.5	1.3	(1.9)	(4.4)	(1.4)
Other charges (benefits) unrelated to core operating performance	(5.2)	0.9	1.3	1.0	0.2
Restructuring and related benefits (charges)	—	—	10.2	1.9	(0.8)
Non-GAAP operating income	$ 67.4	$ 46.0	$ 28.3	$ 30.8	$ 30.8

Unaudited	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
GAAP net income (loss)	$ 32.6	$ 8.4	$ (15.4)	$ (0.1)	$ 9.8
Stock-based compensation	13.0	13.0	12.8	12.4	11.2
Amortization of intangibles	9.3	7.9	8.0	8.1	5.6
Restructuring and related benefits (charges)	—	—	10.2	1.9	(0.8)
Change in fair value of contingent liability	0.5	1.3	(1.9)	(4.4)	(1.4)
Other charges (benefits) unrelated to core operating performance	(5.2)	0.9	1.3	1.0	0.2
Non-cash interest expense	—	—	0.4	1.2	1.2
Interest and other income	—	—	2.2	0.1	(7.3)
Income Taxes	2.3	—	0.4	2.5	1.0
Non-GAAP net income	$ 52.5	$ 31.5	$ 18.0	$ 22.7	$ 19.5

Financial Information by Segment

(Amounts in $millions)

Unaudited Segment Results ($ in millions)	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
Net revenue:					
Network Enablement	$ 196.5	$ 183.4	$ 151.9	$ 175.5	$ 150.0
Service Enablement	22.4	23.7	25.4	22.4	20.4
Network and Service Enablement	218.9	207.1	177.3	197.9	170.4
Optical Securities and Performance Products	91.3	77.4	70.5	65.7	77.5
Net revenue	$ 310.2	$ 284.5	$ 247.8	$ 263.6	$ 247.9
Gross profit					
Network Enablement	$ 126.8	$ 118.2	$ 94.5	$ 108.2	$ 94.6
Service Enablement	14.8	15.2	17.8	14.7	13.7
Network and Service Enablement	141.6	133.4	112.3	122.9	108.3
Optical Securities and Performance Products	51.8	40.5	35.7	30.6	40.7
Total segment gross profit	$ 193.4	$ 173.9	$ 148.0	$ 153.5	$ 149.0
Operating income					
Network and Service Enablement	$ 28.8	$ 18.5	$ 2.5	$ 11.4	$ 1.5
Optical Securities and Performance Products	38.6	27.5	25.8	19.4	29.3
Total segment operating income	$ 67.4	$ 46.0	$ 28.3	$ 30.8	$ 30.8

Unaudited Non-GAAP Revenue by Segment (%)	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
Network Enablement	63.3 %	64.5 %	61.2 %	66.6 %	60.5 %
Service Enablement	7.2 %	8.3 %	10.3 %	8.5 %	8.2 %
Optical Securities and Performance Products	29.5 %	27.2 %	28.5 %	24.9 %	31.3 %

GAAP Income Statement

(Amounts in $millions, except per share amounts)

Unaudited GAAP Income Statement	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
($ in millions, except per share amounts)					
Net revenue	$ 310.2	$ 284.5	$ 247.8	$ 263.6	$ 247.9
Cost of revenues	118.3	111.8	100.9	111.7	100.0
Amortization of acquired technologies	7.1	5.7	5.9	5.9	3.5
Total cost of revenues	125.4	117.5	106.8	117.6	103.5
Gross profit	184.8	167.0	141.0	146.0	144.4
Operating expenses:					
Research and development	52.6	51.9	50.8	51.6	49.9
Selling, general and administrative	80.2	90.0	80.0	78.5	77.2
Amortization of other intangibles	2.2	2.2	2.1	2.2	2.1
Restructuring and related charges	—	—	10.2	1.9	(0.8)
Total operating expenses	135.0	144.1	143.1	134.2	128.4
Income from operations	49.8	22.9	(2.1)	11.8	16.0
Interest income and other income (expense)	1.1	2.2	(0.6)	2.7	10.2
Interest expense	(6.1)	(6.2)	(6.7)	(8.1)	(7.8)
Income (loss) before income taxes	44.8	18.9	(9.4)	6.4	18.4
Provision for Income Tax	12.2	10.5	6.0	6.5	8.6
Net income (Net loss)	$ 32.6	$ 8.4	$ (15.4)	$ (0.1)	$ 9.8
Net income (loss) per share, basic	$ 0.14	$ 0.04	$ (0.07)	$ —	$ 0.04
Net income (loss) per share, diluted	$ 0.14	$ 0.04	$ (0.07)	$ —	$ 0.04
Shares used in per-share calculation (basic)	226.3	225.9	224.1	222.2	222.0
Shares used in per-share calculation (diluted)	230.4	227.1	224.1	222.2	224.2

Unaudited % Total GAAP Revenue	Q123 Sep 2022	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023
Gross margin	59.6%	58.7%	56.9%	55.4%	58.2%
Research and development	17.0%	18.2%	20.5%	19.6%	20.1%
Selling, general and administrative	25.9%	31.6%	32.3%	29.8%	31.1%
Total operating expenses	43.5%	50.7%	57.7%	50.9%	51.8%
Operating margin	16.1%	8.0%	(0.8)%	4.5%	6.5%

Condensed Balance Sheet

(Amounts in $millions)

Unaudited Balance Sheet (in millions)	Q423 YTD Jun 2023	Q124 YTD Sep 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 506.5	$ 520.6
Short-term investments	14.6	20.5
Restricted cash	4.5	3.4
Accounts receivable, net	231.2	190.9
Inventories, net	116.1	113.5
Prepayments and other current assets	72.1	67.2
Total current assets	945.0	916.1
Property, plant and equipment, net	243.0	239.0
Goodwill, net	455.2	449.6
Intangibles, net	58.6	52.8
Deferred income taxes	87.0	86.1
Other non-current assets	61.7	58.5
Total assets	$ 1,850.5	$ 1,802.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 47.2	$ 39.8
Accrued payroll and related expenses	50.5	40.5
Deferred revenue	78.6	67.0
Accrued expenses	21.2	26.2
Short-term debt	96.2	96.2
Other current liabilities	49.8	41.2
Total current liabilities	343.5	310.9
Long-term debt	629.5	631.1
Other non-current liabilities	186.7	184.9
Total stockholders' equity	690.8	675.2
Total liabilities and stockholders' equity	$ 1,850.5	$ 1,802.1