Fiscal 2Q 2024 Earnings Call Supplementary Slides

February 1, 2024

VIAVI Solutions

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 and our quarterly report on Form 10-Q filed November 3, 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 2Q 2024 Financial Highlights

(Amounts in $millions, except per share amount)

	F2Q 2024	F1Q 2024	F2Q 2023	QoQ	YoY
GAAP Revenue					
NE	$155.5	$150.0	$183.3	3.7%	(15.2%)
SE	$24.1	$20.4	$23.8	18.1%	1.3%
OSP	$74.9	$77.5	$77.4	(3.4%)	(3.2%)
Total	**$254.5**	**$247.9**	**$284.5**	**2.7%**	**(10.5%)**
Non-GAAP Gross Margin					
NE	62.5%	63.1%	64.4%	(60 bps)	(190 bps)
SE	68.9%	67.2%	64.3%	170 bps	460 bps
OSP	52.1%	52.5%	52.3%	(40 bps)	(20 bps)
Total	**60.0%**	**60.1%**	**61.1%**	**(10 bps)**	**(110 bps)**
Non-GAAP Operating Margin					
NSE	3.6%	0.9%	8.9%	270 bps	(530 bps)
OSP	36.4%	37.8%	35.5%	(140 bps)	90 bps
Total	**13.2%**	**12.4%**	**16.2%**	**80 bps**	**(300 bps)**
Non-GAAP Earnings Per Share	**$ 0.11**	**$ 0.09**	**$ 0.14**	**22.2%**	**(21.4%)**
GAAP Operating Cash Flow	**$ 20.4**	**$ 50.3**	**$ 46.2**	**(59.4%)**	**(55.8%)**

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

Income Statement

(Amounts in $millions, except per share amounts)

	F2Q 2024	F1Q 2024	F2Q 2023	QoQ	YoY
GAAP Revenue	$254.5	$247.9	$284.5	2.7%	(10.5%)
Non-GAAP Gross Margin	60.0%	60.1%	61.1%	(10) bps	(110) bps
Non-GAAP Operating Expenses	$119.1	$118.2	$127.9	0.8%	(6.9%)
Non-GAAP Operating Profits	$33.7	$30.8	$46.0	9.4%	(26.7%)
Non-GAAP Operating Margin	13.2%	12.4%	16.2 %	80 bps	(300) bps
Non-GAAP Net Income	$23.7	$19.5	$31.5	21.5%	(24.8%)
Non-GAAP EPS	$0.11	$0.09	$0.14	$0.02	($0.03)

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)

	F2Q 2024		F1Q 2024		F2Q 2023		QoQ	YoY
Segment Mix								
NE	$155.5	61.1%	$150.0	60.5%	$183.3	64.4%	3.7%	(15.2%)
SE	$24.1	9.5%	$20.4	8.2%	$23.8	8.4%	18.1%	1.3%
OSP	$74.9	29.4%	$77.5	31.3%	$77.4	27.2%	(3.4%)	(3.2%)
Total	**$254.5**	**100.0%**	**$247.9**	**100.0%**	**$284.5**	**100.0%**	**2.7%**	**(10.5%)**
Region Mix								
Americas	$103.1	40.5%	$100.5	40.5%	$106.3	37.4%	2.6%	(3.0%)
Asia-Pacific	$79.5	31.2%	$85.9	34.7%	$105.1	36.9%	(7.5%)	(24.4%)
EMEA	$71.9	28.3%	$61.5	24.8%	$73.1	25.7%	16.9%	(1.6%)
Total	**$254.5**	**100.0%**	**$247.9**	**100.0%**	**$284.5**	**100.0%**	**2.7%**	**(10.5%)**

Fiscal 2Q 2024 NSE Business Highlights

(Amounts in millions and other than revenue reflect non-GAAP)

- NSE revenue at $179.6 million was above the midpoint of guidance range ($169-$185 million).
- Operating margin at 3.6% was above the midpoint of the guidance range (0.0%-4.0%).

NE Segment Highlights

- Revenue at $155.5 million down 15.2% Y/Y primarily due to constrained spending environment impacting demand for our products.
- Gross margin at 62.5% down 190 basis points Y/Y, primarily due to lower volume and unfavorable product mix.

SE Segment Highlights

- Revenue at $24.1 million, increased 1.3% Y/Y due to higher demand in Growth Products.
- Gross margin at 68.9% increased 460 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 2Q 2024 OSP Business Highlights

(Amounts in millions and other than revenue reflect non-GAAP)

- Revenue at $74.9 million, above the midpoint of the guidance range ($71-$75 million) although, was a decrease of 3.2% Y/Y due to lower demand in Anti-Counterfeiting.

- Gross margin at 52.1% decreased 20 basis points Y/Y due to lower volume and unfavorable product mix.

- Operating margin at 36.4% exceeded the guidance range (32.5%-34.5%).

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

Balance Sheet Highlights

(Amounts in $millions)

	F2Q 2024
Total Cash Balance [(1)]	**$571.8**
Short-term Debt (Carrying Value) [(2)]	**$96.3**
Long-term Debt (Carrying Value) [(2)]	**$632.8**
GAAP Cash from Operations	**$20.4**

(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 December 30, 2023

Fiscal 3Q 2024 Guidance

(Amounts other than revenue reflect non-GAAP)

We expect third quarter revenue to be approximately $245 million to $253 million, non-GAAP operating margin to be 8.8% to 12.0% and non-GAAP EPS to be $0.05 to $0.09.

- **Business segment revenue guidance:**
  - For NSE, we expect revenue to be $173 million to $179 million
  - For OSP, we expect revenue to be $72 million to $74 million
- **Business segment Non-GAAP operating margin guidance:**
  - For NSE, we expect non-GAAP operating margin to be 0.0% to 3.0%
  - For OSP, we expect non-GAAP operating margin to be 29.8% to 33.8%
- Expect non-GAAP tax expenses to be approximately $8 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 224.7 million shares.

Investor Events - F3Q24

Date	Event	Forum
Feb. 27-28, 2024	Mobile World Conference	Barcelona, Spain
Mar. 06, 2024	Morgan Stanley Investor Conference	San Francisco,CA
Mar. 26, 2024	OFC Conference	San Diego,CA

Appendix

Non-GAAP Income Statement

(Amounts in $millions, except per share amounts)

Unaudited Non-GAAP Income Statement	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
($ in millions, except per share amounts)					
Net revenue	$ 284.5	$ 247.8	$ 263.6	$ 247.9	$ 254.5
Cost of revenues	110.6	99.8	110.1	98.9	101.7
Gross profit	173.9	148.0	153.5	149.0	152.8
Operating expenses:					
Research and development	49.9	48.6	49.4	47.7	47.3
Selling, general and administrative	78.0	71.1	73.3	70.5	71.8
Total operating expenses	127.9	119.7	122.7	118.2	119.1
Income from operations	46.0	28.3	30.8	30.8	33.7
Interest income and other income	(4.0)	(4.7)	(4.1)	(3.7)	(2.6)
Income before income taxes	42.0	23.6	26.7	27.1	31.1
Provision for income tax	10.5	5.6	4.0	7.6	7.4
Net income	$ 31.5	$ 18.0	$ 22.7	$ 19.5	$ 23.7
Net income per share, basic	$ 0.14	$ 0.08	$ 0.10	$ 0.09	$ 0.11
Net income per share, diluted	$ 0.14	$ 0.08	$ 0.10	$ 0.09	$ 0.11
Shares used in per-share calculation (basic)	225.9	224.1	222.2	222.0	222.5
Shares used in per-share calculation (diluted)	227.1	225.3	223.6	224.2	223.5

Unaudited % Total Non-GAAP Revenue	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
Gross margin	61.1 %	59.7 %	58.2 %	60.1 %	60.0 %
Research and development	17.5 %	19.6 %	18.7 %	19.2 %	18.6 %
Selling, general and administrative	27.4 %	28.7 %	27.8 %	28.4 %	28.2 %
Total operating expenses	45.0 %	48.3 %	46.5 %	47.7 %	46.8 %
Operating margin	16.2 %	11.4 %	11.7 %	12.4 %	13.2 %

Reconciliation of GAAP Measures to Non-GAAP Measures

(Amounts in $millions)

Unaudited Gross Profit - GAAP to Non-GAAP Reconciliation	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
($ in millions, except per share amounts)					
GAAP segment gross profit	$ 167.0	$ 141.0	$ 146.0	$ 144.4	$ 148.0
Stock-based compensation	1.2	1.2	1.2	1.2	1.2
Amortization of intangibles	5.7	5.9	5.9	3.5	3.4
Other charges (benefits) unrelated to core operating performance	—	(0.1)	0.4	(0.1)	0.2
Non-GAAP gross profit	$ 173.9	$ 148.0	$ 153.5	$ 149.0	$ 152.8

Unaudited Operating Income - GAAP to Non-GAAP Reconciliation	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
GAAP operating income (loss)	$ 22.9	$ (2.1)	$ 11.8	$ 16.0	$ 22.4
Stock-based compensation	13.0	12.8	12.4	11.2	12.5
Amortization of intangibles	7.9	8.0	8.1	5.6	4.8
Change in fair value of contingent liability	1.3	(1.9)	(4.4)	(1.4)	(7.0)
Other charges (benefits) unrelated to core operating performance	0.9	1.3	1.0	0.2	1.1
Restructuring and related charges (benefits)	—	10.2	1.9	(0.8)	(0.1)
Non-GAAP operating income	$ 46.0	$ 28.3	$ 30.8	$ 30.8	$ 33.7

Unaudited	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
GAAP net income (loss)	$ 8.4	$ (15.4)	$ (0.1)	$ 9.8	$ 10.7
Stock-based compensation	13.0	12.8	12.4	11.2	12.5
Amortization of intangibles	7.9	8.0	8.1	5.6	4.8
Restructuring and related charges (benefits)	—	10.2	1.9	(0.8)	(0.1)
Change in fair value of contingent liability	1.3	(1.9)	(4.4)	(1.4)	(7.0)
Other charges (benefits) unrelated to core operating performance	0.9	1.3	1.0	0.2	1.1
Non-cash interest expense	—	0.4	1.2	1.2	1.2
Interest and other income	—	2.2	0.1	(7.3)	0.3
Income Taxes	—	0.4	2.5	1.0	0.2
Non-GAAP net income	$ 31.5	$ 18.0	$ 22.7	$ 19.5	$ 23.7

Financial Information by Segment

(Amounts in $millions)

Unaudited Segment Results ($ in millions)	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
Net revenue:					
Network Enablement	$ 183.3	$ 151.9	$ 175.5	$ 150.0	$ 155.5
Service Enablement	23.8	25.4	22.4	20.4	24.1
Network and Service Enablement	207.1	177.3	197.9	170.4	179.6
Optical Securities and Performance Products	77.4	70.5	65.7	77.5	74.9
Net revenue	$ 284.5	$ 247.8	$ 263.6	$ 247.9	$ 254.5
Gross profit					
Network Enablement	$ 118.1	$ 94.5	$ 108.2	$ 94.6	$ 97.2
Service Enablement	15.3	17.8	14.7	13.7	16.6
Network and Service Enablement	133.4	112.3	122.9	108.3	113.8
Optical Securities and Performance Products	40.5	35.7	30.6	40.7	39.0
Total segment gross profit	$ 173.9	$ 148.0	$ 153.5	$ 149.0	$ 152.8
Operating income					
Network and Service Enablement	$ 18.5	$ 2.5	$ 11.4	$ 1.5	$ 6.4
Optical Securities and Performance Products	27.5	25.8	19.4	29.3	27.3
Total segment operating income	$ 46.0	$ 28.3	$ 30.8	$ 30.8	$ 33.7

Unaudited Non-GAAP Revenue by Segment (%)	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
Network Enablement	64.4 %	61.2 %	66.6 %	60.5 %	61.1 %
Service Enablement	8.4 %	10.3 %	8.5 %	8.2 %	9.5 %
Optical Securities and Performance Products	27.2 %	28.5 %	24.9 %	31.3 %	29.4 %

GAAP Income Statement

(Amounts in $millions, except per share amounts)

Unaudited GAAP Income Statement	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
($ in millions, except per share amounts)					
Net revenue	$ 284.5	$ 247.8	$ 263.6	$ 247.9	$ 254.5
Cost of revenues	111.8	100.9	111.7	100.0	103.1
Amortization of acquired technologies	5.7	5.9	5.9	3.5	3.4
Total cost of revenues	117.5	106.8	117.6	103.5	106.5
Gross profit	167.0	141.0	146.0	144.4	148.0
Operating expenses:					
Research and development	51.9	50.8	51.6	49.9	49.5
Selling, general and administrative	90.0	80.0	78.5	77.2	74.8
Amortization of other intangibles	2.2	2.1	2.2	2.1	1.4
Restructuring and related charges	—	10.2	1.9	(0.8)	(0.1)
Total operating expenses	144.1	143.1	134.2	128.4	125.6
Income from operations	22.9	(2.1)	11.8	16.0	22.4
Interest income and other income (expense)	2.2	(0.6)	2.7	10.2	3.8
Interest expense	(6.2)	(6.7)	(8.1)	(7.8)	(7.9)
Income (loss) before income taxes	18.9	(9.4)	6.4	18.4	18.3
Provision for Income Tax	10.5	6.0	6.5	8.6	7.6
Net income (Net loss)	$ 8.4	$ (15.4)	$ (0.1)	$ 9.8	$ 10.7
Net income (loss) per share, basic	$ 0.04	$ (0.07)	$ —	$ 0.04	$ 0.05
Net income (loss) per share, diluted	$ 0.04	$ (0.07)	$ —	$ 0.04	$ 0.05
Shares used in per-share calculation (basic)	225.9	224.1	222.2	222.0	222.5
Shares used in per-share calculation (diluted)	227.1	224.1	222.2	224.2	223.5

Unaudited % Total GAAP Revenue	Q223 Dec 2022	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023
Gross margin	58.7%	56.9%	55.4%	58.2%	58.2%
Research and development	18.2%	20.5%	19.6%	20.1%	19.4%
Selling, general and administrative	31.6%	32.3%	29.8%	31.1%	29.4%
Total operating expenses	50.7%	57.7%	50.9%	51.8%	49.4%
Operating margin	8.0%	(0.8)%	4.5%	6.5%	8.8%

Condensed Balance Sheet

(Amounts in $millions)

Unaudited Balance Sheet (in millions)	Q423 YTD Jun 2023	Q224 YTD Dec 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 506.5	$ 543.7
Short-term investments	14.6	25.0
Restricted cash	4.5	3.1
Accounts receivable, net	231.2	208.9
Inventories, net	116.1	115.1
Prepayments and other current assets	72.1	69.5
Total current assets	945.0	965.3
Property, plant and equipment, net	243.0	236.5
Goodwill, net	455.2	455.2
Intangibles, net	58.6	48.2
Deferred income taxes	87.0	90.4
Other non-current assets	61.7	60.6
Total assets	$ 1,850.5	$ 1,856.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 47.2	$ 43.8
Accrued payroll and related expenses	50.5	46.6
Deferred revenue	78.6	60.8
Accrued expenses	21.2	21.9
Short-term debt	96.2	96.3
Other current liabilities	49.8	42.7
Total current liabilities	343.5	312.1
Long-term debt	629.5	632.8
Other non-current liabilities	186.7	183.3
Total stockholders' equity	690.8	728.0
Total liabilities and stockholders' equity	$ 1,850.5	$ 1,856.2