VIAVI Solutions

Fiscal 3Q 2024 Earnings Call Supplementary Slides

May 2, 2024

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 reports on Form 10-Q filed November 3, 2023 and February 2, 2024 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 3Q 2024 Financial Highlights

(Amounts in $millions, except per share amount)

	F3Q 2024	F2Q 2024	F3Q 2023	QoQ	YoY
GAAP Revenue					
NE	$151.7	$155.5	$151.9	(2.4%)	(0.1%)
SE	$18.1	$24.1	$25.4	(24.9%)	(28.7%)
OSP	$76.2	$74.9	$70.5	1.7%	8.1%
Total	**$246.0**	**$254.5**	**$247.8**	**(3.3%)**	**(0.7%)**
Non-GAAP Gross Margin					
NE	61.5%	62.5%	62.2%	(100 bps)	(70 bps)
SE	60.8%	68.9%	70.1%	(810 bps)	(930 bps)
OSP	50.1%	52.1%	50.6%	(200 bps)	(50 bps)
Total	**57.9%**	**60.0%**	**59.7%**	**(210 bps)**	**(180 bps)**
Non-GAAP Operating Margin					
NSE	(1.8%)	3.6%	1.4%	(540 bps)	(320 bps)
OSP	34.3%	36.4%	36.6%	(210 bps)	(230 bps)
Total	**9.3%**	**13.2%**	**11.4%**	**(390 bps)**	**(210 bps)**
Non-GAAP Earnings Per Share	**$ 0.06**	**$ 0.11**	**$ 0.08**	**(45.5%)**	**(25.0%)**
GAAP Operating Cash Flow	**$ 19.5**	**$ 20.4**	**$ 17.8**	**(4.4%)**	**9.6%**

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

Income Statement

(Amounts in $millions, except per share amounts)

	F3Q 2024	F2Q 2024	F3Q 2023	QoQ	YoY
GAAP Revenue	$246.0	$254.5	$247.8	(3.3%)	(0.7%)
Non-GAAP Gross Margin	57.9%	60.0%	59.7%	(210) bps	(180) bps
Non-GAAP Operating Expenses	$119.5	$119.1	$119.7	0.3%	(0.2%)
Non-GAAP Operating Profits	$23.0	$33.7	$28.3	(31.8%)	(18.7%)
Non-GAAP Operating Margin	9.3%	13.2%	11.4 %	(390) bps	(210) bps
Non-GAAP Net Income	$13.2	$23.7	$18.0	(44.3%)	(26.7%)
Non-GAAP EPS	$0.06	$0.11	$0.08	($0.05)	($0.02)

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)

	F3Q 2024		F2Q 2024		F3Q 2023		QoQ	YoY
Segment Mix								
NE	$151.7	61.6%	$155.5	61.1%	$151.9	61.2%	(2.4%)	(0.1%)
SE	$18.1	7.4%	$24.1	9.5%	$25.4	10.3%	(24.9%)	(28.7%)
OSP	$76.2	31.0%	$74.9	29.4%	$70.5	28.5%	1.7%	8.1%
Total	**$246.0**	**100.0%**	**$254.5**	**100.0%**	**$247.8**	**100.0%**	**(3.3%)**	**(0.7%)**
Region Mix								
Americas	$88.3	35.9%	$103.1	40.5%	$100.5	40.5%	(14.4%)	(12.1%)
Asia-Pacific	$89.7	36.5%	$79.5	31.2%	$75.5	30.5%	12.8%	18.8%
EMEA	$68.0	27.6%	$71.9	28.3%	$71.8	29.0%	(5.4%)	(5.3%)
Total	**$246.0**	**100.0%**	**$254.5**	**100.0%**	**$247.8**	**100.0%**	**(3.3%)**	**(0.7%)**

Fiscal 3Q 2024 NSE Business Highlights

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

- NSE revenue at $169.8 million was below the guidance range of $173-$179 million.
- Operating margin at (1.8%) was below the guidance range of 0.0%-3.0%.

NE Segment Highlights

- Revenue at $151.7 million remained relatively flat at (0.1%) Y/Y.
- Gross margin at 61.5% down 70 basis points Y/Y, as a result of lower volume as well as product mix.

SE Segment Highlights

- Revenue at $18.1 million, decreased 28.7% Y/Y driven by a slowdown in Enterprise Customer spend.
- Gross margin at 60.8% decreased 930 basis points Y/Y as a result of lower volume.

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

Fiscal 3Q 2024 OSP Business Highlights

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

- Revenue at $76.2 million, exceeded the guidance range of $72-$74 million and was an increase of 8.1% Y/Y.

- Gross margin at 50.1% decreased 50 basis points Y/Y due to a reversal of variable incentive compensation that benefited in Q3 last year.

- Operating margin at 34.3% exceeded the guidance range of 29.8%-33.8%.

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

Balance Sheet Highlights

(Amounts in $millions)

	F3Q 2024
Total Cash Balance [(1)]	**$486.1**
Long-term Debt (Carrying Value) [(2)]	**$634.4**
GAAP Cash from Operations	**$19.5**

[(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 long-term debt is $650.0 million. Long-term debt includes the 2026 1.625% Notes and 2029 3.75% Notes.

Term Notes Summary

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

* As of March 30, 2024

Fiscal 4Q 2024 Guidance

(Amounts other than revenue reflect non-GAAP)

We expect fourth quarter revenue to be approximately $246 million to $258 million, non-GAAP operating margin to be 9.5% to 11.8% and non-GAAP EPS to be $0.06 to $0.08.

- **Business segment revenue guidance:**
  - For NSE, we expect revenue to be $179 million to $189 million
  - For OSP, we expect revenue to be $67 million to $69 million
- **Business segment Non-GAAP operating margin guidance:**
  - For NSE, we expect non-GAAP operating margin to be 1.4% to 3.6%
  - For OSP, we expect non-GAAP operating margin to be 31.0% to 34.0%
- 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 million.
- Expect share count for EPS calculation to be approximately 225.5 million shares.

Investor Events - F4Q24

Date	Event	Forum
Jun. 04, 2024	Stifel 2024 Cross Sector Insight Conference	Boston, MA
Jun. 12, 2024	Rosenblatt's 4th Annual Technology Summit	Virtual Conference

Appendix

Non-GAAP Income Statement

(Amounts in $millions, except per share amounts)

Unaudited Non-GAAP Income Statement	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
($ in millions, except per share amounts)					
Net revenue	$ 247.8	$ 263.6	$ 247.9	$ 254.5	$ 246.0
Cost of revenues	99.8	110.1	98.9	101.7	103.5
Gross profit	148.0	153.5	149.0	152.8	142.5
Operating expenses:					
Research and development	48.6	49.4	47.7	47.3	47.8
Selling, general and administrative	71.1	73.3	70.5	71.8	71.7
Total operating expenses	119.7	122.7	118.2	119.1	119.5
Income from operations	28.3	30.8	30.8	33.7	23.0
Interest income and other income	(4.7)	(4.1)	(3.7)	(2.6)	(1.7)
Income before income taxes	23.6	26.7	27.1	31.1	21.3
Provision for income tax	5.6	4.0	7.6	7.4	8.1
Net income	$ 18.0	$ 22.7	$ 19.5	$ 23.7	$ 13.2
Net income per share, basic	$ 0.08	$ 0.10	$ 0.09	$ 0.11	$ 0.06
Net income per share, diluted	$ 0.08	$ 0.10	$ 0.09	$ 0.11	$ 0.06
Shares used in per-share calculation (basic)	224.1	222.2	222.0	222.5	223.0
Shares used in per-share calculation (diluted)	225.3	223.6	224.2	223.5	224.6

Unaudited % Total Non-GAAP Revenue	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
Gross margin	59.7 %	58.2 %	60.1 %	60.0 %	57.9 %
Research and development	19.6 %	18.7 %	19.2 %	18.6 %	19.4 %
Selling, general and administrative	28.7 %	27.8 %	28.4 %	28.2 %	29.1 %
Total operating expenses	48.3 %	46.5 %	47.7 %	46.8 %	48.6 %
Operating margin	11.4 %	11.7 %	12.4 %	13.2 %	9.3 %

Reconciliation of GAAP Measures to Non-GAAP Measures

(Amounts in $millions)

Unaudited Gross Profit - GAAP to Non-GAAP Reconciliation	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
($ in millions, except per share amounts)					
GAAP segment gross profit	$ 141.0	$ 146.0	$ 144.4	$ 148.0	$ 137.9
Stock-based compensation	1.2	1.2	1.2	1.2	1.2
Amortization of intangibles	5.9	5.9	3.5	3.4	3.5
Other charges (benefits) unrelated to core operating performance	(0.1)	0.4	(0.1)	0.2	(0.1)
Non-GAAP gross profit	$ 148.0	$ 153.5	$ 149.0	$ 152.8	$ 142.5

Unaudited Operating Income - GAAP to Non-GAAP Reconciliation	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
GAAP operating (loss) income	$ (2.1)	$ 11.8	$ 16.0	$ 22.4	$ (11.9)
Stock-based compensation	12.8	12.4	11.2	12.5	12.8
Amortization of intangibles	8.0	8.1	5.6	4.8	5.0
Change in fair value of contingent liability	(1.9)	(4.4)	(1.4)	(7.0)	0.6
Other charges (benefits) unrelated to core operating performance	1.3	1.0	0.2	1.1	16.4
Restructuring and related charges (benefits)	10.2	1.9	(0.8)	(0.1)	0.1
Non-GAAP operating income	$ 28.3	$ 30.8	$ 30.8	$ 33.7	$ 23.0

Unaudited	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
GAAP net (loss) income	$ (15.4)	$ (0.1)	$ 9.8	$ 10.7	$ (24.6)
Stock-based compensation	12.8	12.4	11.2	12.5	12.8
Amortization of intangibles	8.0	8.1	5.6	4.8	5.0
Restructuring and related charges (benefits)	10.2	1.9	(0.8)	(0.1)	0.1
Change in fair value of contingent liability	(1.9)	(4.4)	(1.4)	(7.0)	0.6
Other charges unrelated to core operating performance	1.3	1.0	0.2	1.4	17.1
Gain on litigation settlement	—	—	(7.3)	—	—
Non-cash interest expense	0.4	1.2	1.2	1.2	1.2
Interest and other income	2.2	0.1	—	—	0.1
Income Taxes	0.4	2.5	1.0	0.2	0.9
Non-GAAP net income	$ 18.0	$ 22.7	$ 19.5	$ 23.7	$ 13.2

Financial Information by Segment

(Amounts in $millions)

Unaudited Segment Results ($ in millions)	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
Net revenue:					
Network Enablement	$ 151.9	$ 175.5	$ 150.0	$ 155.5	$ 151.7
Service Enablement	25.4	22.4	20.4	24.1	18.1
Network and Service Enablement	177.3	197.9	170.4	179.6	169.8
Optical Securities and Performance Products	70.5	65.7	77.5	74.9	76.2
Net revenue	$ 247.8	$ 263.6	$ 247.9	$ 254.5	$ 246.0
Gross profit					
Network Enablement	$ 94.5	$ 108.2	$ 94.6	$ 97.2	$ 93.3
Service Enablement	17.8	14.7	13.7	16.6	11.0
Network and Service Enablement	112.3	122.9	108.3	113.8	104.3
Optical Securities and Performance Products	35.7	30.6	40.7	39.0	38.2
Total segment gross profit	$ 148.0	$ 153.5	$ 149.0	$ 152.8	$ 142.5
Operating income					
Network and Service Enablement	$ 2.5	$ 11.4	$ 1.5	$ 6.4	$ (3.1)
Optical Securities and Performance Products	25.8	19.4	29.3	27.3	26.1
Total segment operating income	$ 28.3	$ 30.8	$ 30.8	$ 33.7	$ 23.0

Unaudited Non-GAAP Revenue by Segment (%)	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
Network Enablement	61.2 %	66.6 %	60.5 %	61.1 %	61.6 %
Service Enablement	10.3 %	8.5 %	8.2 %	9.5 %	7.4 %
Optical Securities and Performance Products	28.5 %	24.9 %	31.3 %	29.4 %	31.0 %

GAAP Income Statement

(Amounts in $millions, except per share amounts)

Unaudited GAAP Income Statement	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
($ in millions, except per share amounts)					
Net revenue	$ 247.8	$ 263.6	$ 247.9	$ 254.5	$ 246.0
Cost of revenues	100.9	111.7	100.0	103.1	104.6
Amortization of acquired technologies	5.9	5.9	3.5	3.4	3.5
Total cost of revenues	106.8	117.6	103.5	106.5	108.1
Gross profit	141.0	146.0	144.4	148.0	137.9
Operating expenses:					
Research and development	50.8	51.6	49.9	49.5	50.0
Selling, general and administrative	80.0	78.5	77.2	74.8	98.2
Amortization of other intangibles	2.1	2.2	2.1	1.4	1.5
Restructuring and related charges	10.2	1.9	(0.8)	(0.1)	0.1
Total operating expenses	143.1	134.2	128.4	125.6	149.8
(Loss) income from operations	(2.1)	11.8	16.0	22.4	(11.9)
Interest income and other income (expense)	(0.6)	2.7	10.2	3.8	4.0
Interest expense	(6.7)	(8.1)	(7.8)	(7.9)	(7.7)
(Loss) income before income taxes	(9.4)	6.4	18.4	18.3	(15.6)
Provision for Income Tax	6.0	6.5	8.6	7.6	9.0
(Net loss) Net income	$ (15.4)	$ (0.1)	$ 9.8	$ 10.7	$ (24.6)
Net (loss) income per share, basic	$ (0.07)	$ —	$ 0.04	$ 0.05	$ (0.11)
Net (loss) income per share, diluted	$ (0.07)	$ —	$ 0.04	$ 0.05	$ (0.11)
Shares used in per-share calculation (basic)	224.1	222.2	222.0	222.5	223.0
Shares used in per-share calculation (diluted)	224.1	222.2	224.2	223.5	223.0

Unaudited % Total GAAP Revenue	Q323 Mar 2023	Q423 Jun 2023	Q124 Sep 2023	Q224 Dec 2023	Q324 Mar 2024
Gross margin	56.9%	55.4%	58.2%	58.2%	56.1%
Research and development	20.5%	19.6%	20.1%	19.4%	20.3%
Selling, general and administrative	32.3%	29.8%	31.1%	29.4%	39.9%
Total operating expenses	57.7%	50.9%	51.8%	49.4%	60.9%
Operating margin	(0.8)%	4.5%	6.5%	8.8%	(4.8)%

Condensed Balance Sheet

(Amounts in $millions)

Unaudited Balance Sheet (in millions)	Q423 YTD Jun 2023	Q324 YTD Mar 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 506.5	$ 454.2
Short-term investments	14.6	28.4
Restricted cash	4.5	3.5
Accounts receivable, net	231.2	212.0
Inventories, net	116.1	103.4
Prepayments and other current assets	72.1	66.1
Total current assets	945.0	867.6
Property, plant and equipment, net	243.0	231.9
Goodwill, net	455.2	453.2
Intangibles, net	58.6	43.0
Deferred income taxes	87.0	87.9
Other non-current assets	61.7	60.4
Total assets	$ 1,850.5	$ 1,744.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 47.2	$ 42.5
Accrued payroll and related expenses	50.5	42.1
Deferred revenue	78.6	61.2
Accrued expenses	21.2	35.9
Short-term debt	96.2	—
Other current liabilities	49.8	46.1
Total current liabilities	343.5	227.8
Long-term debt	629.5	634.4
Other non-current liabilities	186.7	176.7
Total stockholders' equity	690.8	705.1
Total liabilities and stockholders' equity	$ 1,850.5	$ 1,744.0