VIAVI Solutions

Fiscal Q2 2025 Earnings Call Supplementary Slides

January 30, 2025

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 16, 2024 and out quarterly report on Form 10-Q filed November 1, 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.

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Fiscal Q2 2025 Summary and Key Highlights

(Amounts in Millions and Other Than Revenue Reflect Non-GAAP)

KEY METRICS

Revenue	**$270.8M**	6.4% Y/Y
Non-GAAP Operating Income	**$40.4M**	19.9% Y/Y
Non-GAAP Operating Margin	**14.9%**	170 bps Y/Y
Non-GAAP EPS	**$0.13**	18.2% Y/Y

HIGHLIGHTS

- **Revenue, Non-GAAP Operating Margin and Non-GAAP EPS came in above high end of our guidance range.**
- **Generated operating cash flow of $44.7 million and free cash flow of $36.5 million in Q2FY25.**
- **Incurred capex of $8.2 million.**
- **Prioritized capital allocation towards M&A with the acquisition of Inertial Labs**

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Fiscal Q2 2025 NSE Highlights

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

NSE

Revenue
$199.9M 11.3% Y/Y

Gross Margin
64.8% 140 bps Y/Y

Operating Margin
8.7% 510 bps Y/Y

NSE Segment Highlights

- Revenue at $199.9 million exceeded guidance range of $184-$192 million, mainly driven by strong order pace from service providers and NEMs for field instruments, and recovery across many of our product segments.
- Operating Margin at 8.7% exceeded guidance range of 3.8%-5.8% driven by higher gross margin fall through.

NE

Revenue
$179.0M 15.1% Y/Y

Gross Margin
64.5% 200 bps Y/Y

NE Segment Highlights

- Revenue at $179.0 million, up 15.1% Y/Y, driven by strong demand by service providers and NEMs, for both lab and field instruments.
- Gross Margin at 64.5%, up 200 basis points Y/Y as a result of higher volume and product mix.

SE

Revenue
$20.9M (13.3)% Y/Y

Gross Margin
67.5% (140) bps Y/Y

SE Segment Highlights

- Revenue at $20.9 million, decreased 13.3% Y/Y, mainly due to conservative spend by enterprise customers.
- Gross Margin at 67.5%, decreased 140 basis points Y/Y as a result of lower revenue.

The Company does not allocate stock-based compensation, acquisition-related charges, amortization of intangibles, restructuring, impairment of goodwill or other charges unrelated to core operating performance to its segments. All non-GAAP amounts are reconciled to the corresponding GAAP amounts at the entity level in the Appendix section.

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Fiscal Q2 2025 OSP Highlights

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

OSP

Revenue
$70.9M (5.3)% Y/Y

Gross Margin
50.6% (150) bps Y/Y

Operating Margin
32.4% (400) bps Y/Y

HIGHLIGHTS

- **Revenue at $70.9 million, slightly below guidance range of $71-$73 million, a decrease of 5.3% Y/Y. The Y/Y decrease is primarily due to weaker demand for 3D sensing products.**
- **Gross Margin at 50.6%, decreased 150 basis points Y/Y primarily driven by lower volume and product mix.**
- **Operating Margin at 32.4%, inline with guidance range of 31.3%-33.3%.**

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Fiscal Q3 2025 Business Outlook

	SEGMENT	BUSINESS OUTLOOK
Revenue	VIAVI	$276 million to $288 million
	NSE	$207 million, plus or minus $5 million
	OSP	$75 million, plus or minus $1 million
Non-GAAP Operating Margin	VIAVI	14.0%, plus or minus 100 bps
	NSE	7.0%, plus or minus 100 bps
	OSP	33.0%, plus or minus 100 bps
Non-GAAP EPS		$0.10 to $0.13
Non-GAAP Tax		$9.0 million, plus or minus $0.5 million
Non-GAAP Other (Income) & Expense		$4.2 million
Non-GAAP Share Count		226.1 million

With respect to our business outlook above, the Company has not reconciled GAAP measures to non-GAAP measures presented above.

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Fiscal Q3 2025 Events

DATE	EVENT	LOCATION
Feb 27, 2025	**Susquehanna's 14th Annual Technology Conference**	New York
Mar 3-6, 2025	**Mobile World Conference**	Barcelona
Mar 30-Apr 3, 2025	**OFC**	San Francisco

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Additional Financial Information

Fiscal Q2 2025 Financial Highlights

(Amounts in $millions, except per share amount)

FISCAL QUARTER	Q2 2025	Q1 2025	Q2 2024	QOQ	YOY
GAAP Revenue					
NE	$179.0	$141.6	$155.5	26.4%	15.1%
SE	$20.9	$17.8	$24.1	17.4%	(13.3%)
OSP	$70.9	$78.8	$74.9	(10.0%)	(5.3%)
Total	**$270.8**	**$238.2**	**$254.5**	**13.7%**	**6.4%**
Non-GAAP Gross Margin					
NE	64.5%	60.9%	62.5%	360 bps	200 bps
SE	67.5%	60.7%	68.9%	680 bps	(140 bps)
OSP	50.6%	55.3%	52.1%	(470 bps)	(150 bps)
Total	**61.1%**	**59.1%**	**60.0%**	**200 bps**	**110 bps**
Non-GAAP Operating Margin					
NSE	8.7%	(4.6%)	3.6%	1,330 bps	510 bps
OSP	32.4%	39.6%	36.4%	(720 bps)	(400 bps)
Total	**14.9%**	**10.0%**	**13.2%**	**490 bps**	**170 bps**
Non-GAAP Earnings Per Share	**$0.13**	**$0.06**	**$0.11**	**116.7%**	**18.2%**
GAAP Operating Cash Flow	**$44.7**	**$13.5**	**$20.4**	**231.1%**	**119.1%**

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

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Income Statement

(Amounts in $millions, except per share amounts)

FISCAL QUARTER	Q2 2025	Q1 2025	Q2 2024	QOQ	YOY
GAAP Revenue	$270.8	$238.2	$254.5	13.7%	6.4%
Non-GAAP Gross Margin	61.1%	59.1%	60.0%	200 bps	110 bps
Non-GAAP Operating Expenses	$125.0	$116.8	$119.1	7.0%	5.0%
Non-GAAP Operating Profits	$40.4	$23.9	$33.7	69.0%	19.9%
Non-GAAP Operating Margin	14.9%	10.0%	13.2%	490 bps	170 bps
Non-GAAP Net Income	$29.4	$12.4	$23.7	137.1%	24.1%
Non-GAAP EPS	$0.13	$0.06	$0.11	$0.07	$0.02

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

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Revenue by Business Segment and Geographic Region

(Amounts in $millions)

FISCAL QUARTER	Q2 2025		Q1 2025		Q2 2024		QOQ	YOY
Segment Mix								
NE	$179.0	66.1%	$141.6	59.4%	$155.5	61.1%	26.4%	15.1%
SE	$20.9	7.7%	$17.8	7.5%	$24.1	9.5%	17.4%	(13.3%)
OSP	$70.9	26.2%	$78.8	33.1%	$74.9	29.4%	(10.0%)	(5.3%)
Total	**$270.8**	**100.0%**	**$238.2**	**100.0%**	**$254.5**	**100.0%**	**13.7%**	**6.4%**
Region Mix								
Americas	$116.1	42.9%	$88.7	37.2%	$103.1	40.5%	30.9%	12.6%
Asia-Pacific	$93.6	34.6%	$85.9	36.1%	$79.5	31.2%	9.0%	17.7%
EMEA	$61.1	22.5%	$63.6	26.7%	$71.9	28.3%	(3.9%)	(15.0%)
Total	**$270.8**	**100.0%**	**$238.2**	**100.0%**	**$254.5**	**100.0%**	**13.7%**	**6.4%**

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Balance Sheet Highlights

(Amounts in $millions)

FISCAL QUARTER	Q2 2025
Total Cash Balance [1]	**$512.8**
Long-term Debt (Carrying Value) [2]	**$639.3**
GAAP Cash from Operations	**$44.7**

[1] Includes cash and cash-equivalents, short-term investments and short-term 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.

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Term Notes Summary

(Amounts in $millions)

	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 December 28, 2024

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GAAP Income Statement

(Amounts in $millions, except per share amounts)

UNAUDITED GAAP INCOME STATEMENT	Q2 2025	Q1 2025	Q2 2024	QOQ	YOY
Net revenue	$ 270.8	$ 238.2	$ 254.5	13.7 %	6.4 %
Cost of revenues	106.7	98.8	103.1	8.0 %	3.5 %
Amortization of acquired technologies	3.3	3.3	3.4	— %	(2.9)%
Total cost of revenues	110.0	102.1	106.5	7.7 %	3.3 %
Gross profit	160.8	136.1	148.0	18.1 %	8.6 %
Operating expenses:					
Research and development	52.1	49.4	49.5	5.5 %	5.3 %
Selling, general and administrative	84.3	74.1	74.8	13.8 %	12.7 %
Amortization of other intangibles	1.0	1.1	1.4	(9.1)%	(28.6)%
Restructuring and related charges	1.2	—	(0.1)	— %	1300.0 %
Total operating expenses	138.6	124.6	125.6	11.2 %	10.4 %
Income from operations	22.2	11.5	22.4	93.0 %	(0.9)%
Interest income and other income	3.9	3.2	3.8	21.9 %	2.6 %
Interest expense	(7.5)	(7.5)	(7.9)	— %	(5.1)%
Income before income taxes	18.6	7.2	18.3	158.3 %	1.6 %
Provision for Income Tax	9.5	9.0	7.6	5.6 %	25.0 %
Net income (loss)	$ 9.1	$ (1.8)	$ 10.7	605.6 %	(15.0)%
Net income (loss) per share, basic	$ 0.04	$ (0.01)	$ 0.05	500.0 %	(20.0)%
Net income (loss) per share, diluted	$ 0.04	$ (0.01)	$ 0.05	500.0 %	(20.0)%
Shares used in per-share calculation (basic)	222.0	222.0	222.5	— %	(0.2)%
Shares used in per-share calculation (diluted)	224.8	222.0	223.5	1.3 %	0.6 %

UNAUDITED % TOTAL GAAP REVENUE	Q2 2025	Q1 2025	Q2 2024	QOQ	YOY
Gross margin	59.4 %	57.1 %	58.2 %	230 bps	120 bps
Research and development	19.2 %	20.7 %	19.4 %	(150 bps)	(20 bps)
Selling, general and administrative	31.1 %	31.1 %	29.4 %	0 bps	170 bps
Total operating expenses	51.2 %	52.3 %	49.4 %	(110 bps)	180 bps
Operating margin	8.2 %	4.8 %	8.8 %	340 bps	(60 bps)

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Non-GAAP Income Statement

(Amounts in $millions, except per share amounts)

UNAUDITED NON-GAAP INCOME STATEMENT	Q2 2025	Q1 2025	Q2 2024	QoQ	YoY
Net revenue	$ 270.8	$ 238.2	$ 254.5	13.7 %	6.4 %
Cost of revenues	105.4	97.5	101.7	8.1 %	3.6 %
Gross profit	165.4	140.7	152.8	17.6 %	8.2 %
Operating expenses:					
Research and development	49.8	47.3	47.3	5.3 %	5.3 %
Selling, general and administrative	75.2	69.5	71.8	8.2 %	4.7 %
Total operating expenses	125.0	116.8	119.1	7.0 %	5.0 %
Income from operations	40.4	23.9	33.7	69.0 %	19.9 %
Interest income and other income	(2.5)	(3.2)	(2.6)	(21.9)%	(3.8)%
Income before income taxes	37.9	20.7	31.1	83.1 %	21.9 %
Provision for income tax	8.5	8.3	7.4	2.4 %	14.9 %
Net income	$ 29.4	$ 12.4	$ 23.7	137.1 %	24.1 %
Net income per share, basic	$ 0.13	$ 0.06	$ 0.11	116.7 %	18.2 %
Net income per share, diluted	$ 0.13	$ 0.06	$ 0.11	116.7 %	18.2 %
Shares used in per-share calculation (basic)	222.0	222.0	222.5	— %	(0.2)%
Shares used in per-share calculation (diluted)	224.8	224.0	223.5	0.4 %	0.6 %

UNAUDITED % TOTAL REVENUE	Q2 2025	Q1 2025	Q2 2024	QoQ	YoY
Gross margin	61.1 %	59.1 %	60.0 %	200 bps	110 bps
Research and development	18.4 %	19.9 %	18.6 %	(150 bps)	(20 bps)
Selling, general and administrative	27.8 %	29.2 %	28.2 %	(140 bps)	(40 bps)
Total operating expenses	46.2 %	49.0 %	46.8 %	(280 bps)	(60 bps)
Operating margin	14.9 %	10.0 %	13.2 %	490 bps	170 bps

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Appendix

Reconciliation of GAAP Measures to Non-GAAP Measures

(Amounts in $millions)

UNAUDITED Gross Profit - GAAP to Non-GAAP Reconciliation	Q2 2025	Q1 2025	Q2 2024	QOQ	YOY
GAAP segment gross profit	$ 160.8	$ 136.1	$ 148.0	18.1 %	8.6 %
Stock-based compensation	1.3	1.2	1.2	8.3 %	8.3 %
Amortization of intangibles	3.3	3.3	3.4	— %	(2.9)%
Other charges unrelated to core operating performance [1]	—	0.1	0.2	(100.0)%	(100.0)%
Non-GAAP gross profit	$ 165.4	$ 140.7	$ 152.8	17.6 %	8.2 %

UNAUDITED Operating Income - GAAP to Non-GAAP Reconciliation	Q2 2025	Q1 2025	Q2 2024	QOQ	YOY
GAAP operating income	$ 22.2	$ 11.5	$ 22.4	93.0 %	(0.9)%
Stock-based compensation	13.7	12.7	12.5	7.9 %	9.6 %
Amortization of intangibles	4.3	4.4	4.8	(2.3)%	(10.4)%
Change in fair value of contingent liability	(3.9)	(3.5)	(7.0)	11.4 %	(44.3)%
Acquisition and integration related charges	2.8	0.6	0.6	366.7 %	366.7 %
Other charges (benefits) unrelated to core operating performance [1]	0.1	(1.8)	0.5	105.6 %	(80.0)%
Restructuring and related charges (benefits)	1.2	—	(0.1)	NM	1300.0 %
Non-GAAP operating income	$ 40.4	$ 23.9	$ 33.7	69.0 %	19.9 %

UNAUDITED Net Income GAAP to Non-GAAP Reconciliation	**Q2 2025**	**Q1 2025**	**Q2 2024**	QOQ	YOY
GAAP net income (loss)	$ 9.1	$ (1.8)	$ 10.7	605.6 %	(15.0)%
Stock-based compensation	13.7	12.7	12.5	7.9 %	9.6 %
Amortization of intangibles	4.3	4.4	4.8	(2.3)%	(10.4)%
Restructuring and related charges (benefits)	1.2	—	(0.1)	NM	1300.0 %
Change in fair value of contingent liability	(3.9)	(3.5)	(7.0)	11.4 %	(44.3)%
Acquisition and integration related charges	2.8	0.6	0.6	366.7 %	366.7 %
Other charges (benefits) unrelated to core operating performance [1]	0.1	(1.8)	0.8	105.6 %	(87.5)%
Non-cash interest expense	1.1	1.1	1.2	— %	(8.3)%
Income Taxes	1.0	0.7	0.2	42.9 %	400.0 %
Non-GAAP net income	$ 29.4	$ 12.4	$ 23.7	137.1 %	24.1 %

[1] Other (benefits) charges consists of legal settlements, transformational initiatives, intangible impairment and net losses related to long-lived assets.

NM - Percentage change not considered meaningful

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Financial Information by Segment

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

UNAUDITED SEGMENT RESULTS ($ in millions)	Q2 2025	Q1 2025	Q2 2024	QOQ	YOY
Net revenue:					
Network Enablement	$ 179.0	$ 141.6	$ 155.5	26.4 %	15.1 %
Service Enablement	20.9	17.8	24.1	17.4 %	(13.3)%
Network and Service Enablement	199.9	159.4	179.6	25.4 %	11.3 %
Optical Securities and Performance Products	70.9	78.8	74.9	(10.0)%	(5.3)%
Net revenue	$ 270.8	$ 238.2	$ 254.5	13.7 %	6.4 %
Gross profit					
Network Enablement	$ 115.4	$ 86.3	$ 97.2	33.7 %	18.7 %
Service Enablement	14.1	10.8	16.6	30.6 %	(15.1)%
Network and Service Enablement	129.5	97.1	113.8	33.4 %	13.8 %
Optical Securities and Performance Products	35.9	43.6	39.0	(17.7)%	(7.9)%
Total segment gross profit	$ 165.4	$ 140.7	$ 152.8	17.6 %	8.2 %
Operating income					
Network and Service Enablement	$ 17.4	$ (7.3)	$ 6.4	338.4 %	171.9 %
Optical Securities and Performance Products	23.0	31.2	27.3	(26.3)%	(15.8)%
Total segment operating income	$ 40.4	$ 23.9	$ 33.7	69.0 %	19.9 %

UNAUDITED REVENUE BY SEGMENT (%)	Q2 2025	Q1 2025	Q2 2024	QOQ	YOY
Network Enablement	66.1 %	59.4 %	61.1 %	670 bps	500 bps
Service Enablement	7.7 %	7.5 %	9.5 %	20 bps	(180 bps)
Optical Securities and Performance Products	26.2 %	33.1 %	29.4 %	(690 bps)	(320 bps)

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Condensed Balance Sheet

(Amounts in $millions)

UNAUDITED BALANCE SHEET (in millions)	Q4 2024	Q2 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 471.3	$ 488.0
Short-term investments	19.9	21.4
Restricted cash	5.0	3.4
Accounts receivable, net	213.1	212.5
Inventories, net	96.5	92.8
Prepayments and other current assets	70.7	62.3
Total current assets	876.5	880.4
Property, plant and equipment, net	228.2	225.9
Goodwill, net	452.9	451.1
Intangibles, net	38.2	29.2
Deferred income taxes	82.5	80.5
Other non-current assets	58.0	58.0
Total assets	$ 1,736.3	$ 1,725.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 50.4	$ 55.7
Accrued payroll and related expenses	48.2	57.9
Deferred revenue	65.7	57.8
Accrued expenses	25.3	27.2
Other current liabilities	57.5	49.4
Total current liabilities	247.1	248.0
Long-term debt	636.0	639.3
Other non-current liabilities	171.6	155.0
Total stockholders' equity	681.6	682.8
Total liabilities and stockholders' equity	$ 1,736.3	$ 1,725.1

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