VIAVI Solutions

Fiscal Q3 2025 Earnings Call Supplementary Slides

May 1, 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 our quarterly reports on Form 10-Q filed November 1, 2024 and January 31, 2025 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 Q3 2025 Summary and Key Highlights

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

KEY METRICS

Revenue	**$284.8M**	15.8% Y/Y
Non-GAAP Operating Income	**$47.7M**	107.4% Y/Y
Non-GAAP Operating Margin	**16.7%**	740 bps Y/Y
Non-GAAP EPS	**$0.15**	150.0% Y/Y

HIGHLIGHTS

- **Revenue above midpoint of guidance range.**
- **Non-GAAP Operating Margin and Non-GAAP EPS came in significantly above high end of guidance range.**
- **Generated operating cash flow of $7.8 million and free cash flow of $1.0 million in Q3FY25.**
- **Incurred capex of $6.8 million.**
- **Prioritized capital allocation towards M&A with the acquisition of Spirent Communications plc's high speed ethernet and network security business lines.**

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Fiscal Q3 2025 NSE Highlights

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

NSE

Revenue
$208.2M 22.6% Y/Y

Gross Margin
63.1% 170 bps Y/Y

Operating Margin
10.4% 1220 bps Y/Y

NSE Segment Highlights

- Revenue at $208.2 million above the midpoint of guidance range of $202-$212 million.
- Operating Margin at 10.4% exceeded guidance range of 6.0%-8.0% driven by higher gross margin fall through and R&D government grant.

NE

Revenue
$188.0M 23.9% Y/Y

Gross Margin
63.4% 190 bps Y/Y

NE Segment Highlights

- Revenue at $188.0 million, up 23.9% Y/Y, driven by strong demand by NEMs, for fiber lab and production products.
- Gross Margin at 63.4%, up 190 basis points Y/Y as a result of higher volume and product mix.

SE

Revenue
$20.2M 11.6% Y/Y

Gross Margin
59.9% (90) bps Y/Y

SE Segment Highlights

- Revenue at $20.2 million, increased 11.6% Y/Y and is in line with our expectations.
- Gross Margin at 59.9%, decreased 90 basis points Y/Y as a result of product mix.

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 Q3 2025 OSP Highlights

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

OSP

Revenue
$76.6M 0.5% Y/Y

Gross Margin
51.6% 150 bps Y/Y

Operating Margin
33.9% (40) bps Y/Y

HIGHLIGHTS

- **Revenue at $76.6 million, slightly exceeded guidance range of $74-$76 million, an increase of 0.5% Y/Y.**
- **Gross Margin at 51.6%, increased 150 basis points Y/Y primarily driven by higher volume and favorable product mix.**
- **Operating Margin at 33.9%, near the high end of guidance range of 32.0%-34.0%.**

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Fiscal Q4 2025 Business Outlook

	SEGMENT	BUSINESS OUTLOOK
Revenue	VIAVI	$278 million to $290 million
	NSE	$208 million, plus or minus $5 million
	OSP	$76 million, plus or minus $1 million
Non-GAAP Operating Margin	VIAVI	13.5%, plus or minus 100 bps
	NSE	5.0%, plus or minus 100 bps
	OSP	37.0%, plus or minus 100 bps
Non-GAAP EPS		$0.10 to $0.13
Non-GAAP Tax		$8.0 million, plus or minus $0.5 million
Non-GAAP Other (Income) & Expense		$5.0 million
Non-GAAP Share Count		227.4 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 Q4 2025 Events

DATE	EVENT	LOCATION
June 3, 2025	**Stifel 2025 Boston Cross Sector 1x1 Conference**	Boston

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Additional Financial Information

Fiscal Q3 2025 Financial Highlights

(Amounts in $millions, except per share amounts)

FISCAL QUARTER	Q3 2025	Q2 2025	Q3 2024	QOQ	YOY
GAAP Revenue					
NE	$188.0	$179.0	$151.7	5.0%	23.9%
SE	$20.2	$20.9	$18.1	(3.3%)	11.6%
OSP	$76.6	$70.9	$76.2	8.0%	0.5%
Total	**$284.8**	**$270.8**	**$246.0**	**5.2%**	**15.8%**
Non-GAAP Gross Margin					
NE	63.4%	64.5%	61.5%	(110 bps)	190 bps
SE	59.9%	67.5%	60.8%	(760 bps)	(90 bps)
OSP	51.6%	50.6%	50.1%	100 bps	150 bps
Total	**60.0%**	**61.1%**	**57.9%**	**(110 bps)**	**210 bps**
Non-GAAP Operating Margin					
NSE	10.4%	8.7%	(1.8%)	170 bps	1,220 bps
OSP	33.9%	32.4%	34.3%	150 bps	(40 bps)
Total	**16.7%**	**14.9%**	**9.3%**	**180 bps**	**740 bps**
Non-GAAP Earnings Per Share	**$0.15**	**$0.13**	**$0.06**	**15.4%**	**150.0%**
GAAP Operating Cash Flow	**$7.8**	**$44.7**	**$19.5**	**(82.6%)**	**(60.0%)**

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	Q3 2025		Q2 2025		Q3 2024		QOQ	YOY
Segment Mix								
NE	$188.0	66.0%	$179.0	66.1%	$151.7	61.6%	5.0%	23.9%
SE	$20.2	7.1%	$20.9	7.7%	$18.1	7.4%	(3.3%)	11.6%
OSP	$76.6	26.9%	$70.9	26.2%	$76.2	31.0%	8.0%	0.5%
Total	**$284.8**	**100.0%**	**$270.8**	**100.0%**	**$246.0**	**100.0%**	**5.2%**	**15.8%**
Region Mix								
Americas	$108.1	38.0%	$116.1	42.9%	$88.3	35.9%	(6.9%)	22.4%
Asia-Pacific	$100.7	35.4%	$93.6	34.6%	$89.7	36.5%	7.6%	12.3%
EMEA	$76.0	26.6%	$61.1	22.5%	$68.0	27.6%	24.4%	11.8%
Total	**$284.8**	**100.0%**	**$270.8**	**100.0%**	**$246.0**	**100.0%**	**5.2%**	**15.8%**

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Balance Sheet Highlights

(Amounts in $millions)

FISCAL QUARTER	Q3 2025
Total Cash Balance [1]	**$400.2**
Short-term Debt (Carrying Value) [2]	**$244.8**
Long-term Debt (Carrying Value) [3]	**$396.1**
GAAP Cash from Operations	**$7.8**

[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. Face amount for short-term debt is $250.0 million related to the 2026 1.625% Convertible Notes.

[3] Carrying value equals outstanding principal amount less the unamortized debt issuance costs. Face amount for long-term debt is $400.0 million related to the 2029 3.75% High-Yield 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 March 29, 2025

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Income Statement

(Amounts in $millions, except per share amounts)

FISCAL QUARTER	Q3 2025	Q2 2025	Q3 2024	QOQ	YOY
GAAP Revenue	$284.8	$270.8	$246.0	5.2%	15.8%
Non-GAAP Gross Margin	60.0%	61.1%	57.9%	(110) bps	210 bps
Non-GAAP Operating Expenses	$123.1	$125.0	$119.5	(1.5%)	3.0%
Non-GAAP Operating Profits	$47.7	$40.4	$23.0	18.1%	107.4%
Non-GAAP Operating Margin	16.7%	14.9%	9.3%	180 bps	740 bps
Non-GAAP Net Income	$33.9	$29.4	$13.2	15.3%	156.8%
Non-GAAP EPS	$0.15	$0.13	$0.06	$0.02	$0.09

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

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GAAP Income Statement

(Amounts in $millions, except per share amounts)

UNAUDITED GAAP INCOME STATEMENT	Q3 2025	Q2 2025	Q3 2024	QOQ	YOY
Net revenue	$ 284.8	$ 270.8	$ 246.0	5.2 %	15.8 %
Cost of revenues	118.0	106.7	104.6	10.6 %	12.8 %
Amortization of acquired technologies	6.1	3.3	3.5	84.8 %	74.3 %
Total cost of revenues	124.1	110.0	108.1	12.8 %	14.8 %
Gross profit	160.7	160.8	137.9	(0.1)%	16.5 %
Operating expenses:					
Research and development	50.0	52.1	50.0	(4.0)%	— %
Selling, general and administrative	101.3	84.3	98.2	20.2 %	3.2 %
Amortization of other intangibles	1.2	1.0	1.5	20.0 %	(20.0)%
Restructuring and related (benefits) charges	(0.3)	1.2	0.1	(125.0)%	(400.0)%
Total operating expenses	152.2	138.6	149.8	9.8 %	1.6 %
Income (loss) from operations	8.5	22.2	(11.9)	(61.7)%	171.4 %
Interest income and other income	2.2	3.9	4.0	(43.6)%	(45.0)%
Interest expense	(7.5)	(7.5)	(7.7)	— %	(2.6)%
Income before income taxes	3.2	18.6	(15.6)	82.8 %	120.5 %
(Benefit from) provision for Income Taxes	(16.3)	9.5	9.0	(271.6)%	(281.1)%
Net income (loss)	$ 19.5	$ 9.1	$ (24.6)	114.3 %	179.3 %
Net income (loss) per share, basic	$ 0.09	$ 0.04	$ (0.11)	125.0 %	181.8 %
Net income (loss) per share, diluted	$ 0.09	$ 0.04	$ (0.11)	125.0 %	181.8 %
Shares used in per-share calculation (basic)	222.6	222.0	223.0	0.3 %	(0.2)%
Shares used in per-share calculation (diluted)	226.9	224.8	223.0	0.9 %	1.7 %

UNAUDITED % TOTAL GAAP REVENUE	Q3 2025	Q2 2025	Q3 2024	QOQ	YOY
Gross margin	56.4 %	59.4 %	56.1 %	(300 bps)	30 bps
Research and development	17.6 %	19.2 %	20.3 %	(160 bps)	(270 bps)
Selling, general and administrative	35.6 %	31.1 %	39.9 %	450 bps	(430 bps)
Total operating expenses	53.4 %	51.2 %	60.9 %	220 bps	(750 bps)
Operating margin	3.0 %	8.2 %	(4.8)%	(520 bps)	780 bps

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Non-GAAP Income Statement

(Amounts in $millions, except per share amounts)

UNAUDITED NON-GAAP INCOME STATEMENT	Q3 2025	Q2 2025	Q3 2024	QoQ	YoY
Net revenue	$ 284.8	$ 270.8	$ 246.0	5.2 %	15.8 %
Cost of revenues	114.0	105.4	103.5	8.2 %	10.1 %
Gross profit	170.8	165.4	142.5	3.3 %	19.9 %
Operating expenses:					
Research and development	47.8	49.8	47.8	(4.0)%	— %
Selling, general and administrative	75.3	75.2	71.7	0.1 %	5.0 %
Total operating expenses	123.1	125.0	119.5	(1.5)%	3.0 %
Income from operations	47.7	40.4	23.0	18.1 %	107.4 %
Interest income and other income	(4.0)	(2.5)	(1.7)	60.0 %	135.3 %
Income before income taxes	43.7	37.9	21.3	15.3 %	105.2 %
Provision for income tax	9.8	8.5	8.1	15.3 %	21.0 %
Net income	$ 33.9	$ 29.4	$ 13.2	15.3 %	156.8 %
Net income per share, basic	$ 0.15	$ 0.13	$ 0.06	15.4 %	150.0 %
Net income per share, diluted	$ 0.15	$ 0.13	$ 0.06	15.4 %	150.0 %
Shares used in per-share calculation (basic)	222.6	222.0	223.0	0.3 %	(0.2)%
Shares used in per-share calculation (diluted)	226.9	224.8	224.6	0.9 %	1.0 %

UNAUDITED % TOTAL REVENUE	Q3 2025	Q2 2025	Q3 2024	QoQ	YoY
Gross margin	60.0 %	61.1 %	57.9 %	(110 bps)	210 bps
Research and development	16.8 %	18.4 %	19.4 %	(160 bps)	(260 bps)
Selling, general and administrative	26.4 %	27.8 %	29.1 %	(140 bps)	(270 bps)
Total operating expenses	43.2 %	46.2 %	48.6 %	(300 bps)	(540 bps)
Operating margin	16.7 %	14.9 %	9.3 %	180 bps	740 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	Q3 2025	Q2 2025	Q3 2024	QOQ	YOY
GAAP segment gross profit	$ 160.7	$ 160.8	$ 137.9	(0.1)%	16.5 %
Stock-based compensation	2.0	1.3	1.2	53.8 %	66.7 %
Amortization of intangibles	6.1	3.3	3.5	84.8 %	74.3 %
Other charges unrelated to core operating performance [1]	0.3	—	(0.1)	— %	(400.0)%
Amortization of inventory step-up	1.7	—	—	— %	— %
Non-GAAP gross profit	$ 170.8	$ 165.4	$ 142.5	3.3 %	19.9 %

UNAUDITED Operating Income - GAAP to Non-GAAP Reconciliation	Q3 2025	Q2 2025	Q3 2024	QOQ	YOY
GAAP operating income	$ 8.5	$ 22.2	$ (11.9)	(61.7)%	171.4 %
Stock-based compensation	14.1	13.7	12.8	2.9 %	10.2 %
Amortization of intangibles	7.3	4.3	5.0	69.8 %	46.0 %
Change in fair value of contingent liability	2.5	(3.9)	0.6	164.1 %	316.7 %
Acquisition and integration related charges	13.3	2.8	16.0	375.0 %	(16.9)%
Other charges unrelated to core operating performance [1]	0.6	0.1	0.4	500.0 %	50.0 %
Amortization of inventory step-up	1.7	—	—	— %	— %
Restructuring and related (benefits) charges	(0.3)	1.2	0.1	(125.0)%	(400.0)%
Non-GAAP operating income	$ 47.7	$ 40.4	$ 23.0	18.1 %	107.4 %

UNAUDITED Net Income GAAP to Non-GAAP Reconciliation	**Q3 2025**	**Q2 2025**	**Q3 2024**	QOQ	YOY
GAAP net income (loss)	$ 19.5	$ 9.1	$ (24.6)	114.3 %	179.3 %
Stock-based compensation	14.1	13.7	12.8	2.9 %	10.2 %
Amortization of intangibles	7.3	4.3	5.0	69.8 %	46.0 %
Restructuring and related (benefits) charges	(0.3)	1.2	0.1	(125.0)%	(400.0)%
Change in fair value of contingent liability	2.5	(3.9)	0.6	164.1 %	316.7 %
Acquisition and integration related charges	13.3	2.8	16.0	375.0 %	(16.9)%
Other charges unrelated to core operating performance [1]	0.6	0.1	1.2	(500.0)%	50.0 %
Amortization of inventory step-up	1.7	—	—	— %	— %
Non-cash interest expense	1.3	1.1	1.2	18.2 %	8.3 %
Income Taxes	(26.1)	1.0	0.9	(2710.0)%	(3000.0)%
Non-GAAP net income	$ 33.9	$ 29.4	$ 13.2	15.3 %	156.8 %

[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)	Q3 2025	Q2 2025	Q3 2024	QOQ	YOY
Net revenue:					
Network Enablement	$ 188.0	$ 179.0	$ 151.7	5.0 %	23.9 %
Service Enablement	20.2	20.9	18.1	(3.3)%	11.6 %
Network and Service Enablement	208.2	199.9	169.8	4.2 %	22.6 %
Optical Securities and Performance Products	76.6	70.9	76.2	8.0 %	0.5 %
Net revenue	$ 284.8	$ 270.8	$ 246.0	5.2 %	15.8 %
Gross profit					
Network Enablement	$ 119.2	$ 115.4	$ 93.3	3.3 %	27.8 %
Service Enablement	12.1	14.1	11.0	(14.2)%	10.0 %
Network and Service Enablement	131.3	129.5	104.3	1.4 %	25.9 %
Optical Securities and Performance Products	39.5	35.9	38.2	10.0 %	3.4 %
Total segment gross profit	$ 170.8	$ 165.4	$ 142.5	3.3 %	19.9 %
Operating income (loss)					
Network and Service Enablement	$ 21.7	$ 17.4	$ (3.1)	24.7 %	800.0 %
Optical Securities and Performance Products	26.0	23.0	26.1	13.0 %	(0.4)%
Total segment operating income	$ 47.7	$ 40.4	$ 23.0	18.1 %	107.4 %

UNAUDITED REVENUE BY SEGMENT (%)	Q3 2025	Q2 2025	Q3 2024	QOQ	YOY
Network Enablement	66.0 %	66.1 %	61.6 %	(10 bps)	440 bps
Service Enablement	7.1 %	7.7 %	7.4 %	(60 bps)	(30 bps)
Optical Securities and Performance Products	26.9 %	26.2 %	31.0 %	70 bps	(410 bps)

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Condensed Balance Sheet

(Amounts in $millions)

UNAUDITED BALANCE SHEET (in millions)	Q4 2024	Q3 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 471.3	$ 374.2
Short-term investments	19.9	22.6
Restricted cash	5.0	3.4
Accounts receivable, net	213.1	252.8
Inventories, net	96.5	116.2
Prepayments and other current assets	70.7	66.2
Total current assets	876.5	835.4
Property, plant and equipment, net	228.2	228.1
Goodwill, net	452.9	585.4
Intangibles, net	38.2	139.7
Deferred income taxes	82.5	83.8
Other non-current assets	58.0	60.8
Total assets	$ 1,736.3	$ 1,933.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 50.4	$ 67.2
Accrued payroll and related expenses	48.2	55.6
Deferred revenue	65.7	64.5
Accrued expenses	25.3	25.7
Short-term debt	—	244.8
Other current liabilities	57.5	86.9
Total current liabilities	247.1	544.7
Long-term debt	636.0	396.1
Other non-current liabilities	171.6	263.6
Total stockholders' equity	681.6	728.8
Total liabilities and stockholders' equity	$ 1,736.3	$ 1,933.2

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