



SECOND QUARTER 2024 FINANCIAL RESULTS

August 2, 2024



Safe Harbor

Forward Looking Statements

This presentation contains forward-looking statements, including those related to Infinera's expectations regarding its business model and strategy, market opportunities and trends, competition, and customers; capacity growth; market adoption of coherent optical engines; the potential for Infinera's pluggables to drive market expansion, increase Infinera's profitability and gross margins and improve Infinera's competitiveness in the future; Infinera's business and growth strategy and related expectations; Infinera's design wins; and debt maturity schedule. All statements other than statements of historical fact could be deemed forward looking, including, but not limited to, statements made about future market, financial and operating performance; statements regarding future products or technology, as well as the timing to market of any such products or technology; any statements about historical results that may suggest trends for Infinera's business; and any statements of assumptions underlying any of the items mentioned.

These forward-looking statements are based on estimates and information available to Infinera at the time of this presentation and are not guarantees of future performance; actual results could differ materially from those stated or implied due to risks and uncertainties. The risks and uncertainties that could cause Infinera's results to differ materially from those expressed or implied by such forward-looking statements include, among other things, risks related to the proposed acquisition by Nokia Corporation ("Nokia") pursuant to an Agreement and Plan of Merger, dated as of June 27, 2024 (the "Merger Agreement"), by and among the Company, Infinera and Neptune of America Corporation, a wholly owned subsidiary of Nokia ("Merger Sub"), including regarding the timing and completion of the proposed acquisition as well as general business uncertainty relating to the proposed acquisition and the anticipated benefits of the acquisition; continued demand growth for network capacity; the level and timing of customer capital spending and the impact on customer demand from customers holding excess inventory beyond normalized levels; delays in the development, introduction or acceptance of new products or updates to existing products; supply chain issues; Infinera's dependency on sole source, limited source or high-cost suppliers; aggressive business tactics by competitors and new entrants; Infinera's ability to compete in a highly competitive market; product performance problems; the effects of the macroeconomic environment on Infinera's business, stock price and personnel; Infinera's ability to identify, attract, upskill and retain qualified personnel; the extent to which public health emergencies could materially and adversely affect our business operations, financial performance, results of operations, financial position, stock price and personnel; Infinera's relationships with contract manufacturers and third-party partners; Infinera's reliance on key customers; the effects of customer and supplier consolidation; the complexity of Infinera's manufacturing processes for its optical engine and other products; Infinera's ability to respond to rapid technological changes; failure to accurately forecast Infinera's manufacturing requirements or customer demand; fluctuations in demand, sales cycles and prices for products and services, including discounts given in response to competitive pricing pressures; the partial or complete loss of Infinera's manufacturing facilities, a reduction in yield of PICs or an inability to scale to meet customer demands; Infinera's future capital needs and its ability to generate the cash flow or otherwise secure the capital necessary to meet such capital needs; the adverse impact of inflation and high interest rates; Infinera's ability to service its debt obligations and pursue its strategic plan; the impacts of any restructuring plans or other strategic efforts on our business; the outcome of research and development investments and initiatives; risks and compliance obligations relating to Infinera's international operations as well as actions by the U.S. or foreign governments; Infinera's effective tax rate, which may increase or fluctuate; foreign currency fluctuations; potential dilution from the issuance of additional shares of common stock in connection with the conversion of Infinera's convertible senior notes; Infinera's ability to protect its intellectual property; claims by others that Infinera infringes on their intellectual property rights; security incidents, such as data breaches or cyber-attacks; Infinera's ability to comply with various rules and regulations, including with respect to export control and trade compliance, environmental, social, governance, privacy and data protection matters; events that are outside of Infinera's control, such as natural disasters, violence or other catastrophic events that could harm Infinera's operations; Infinera's ability to remediate its material weaknesses and to maintain an effective system of internal controls; Infinera's ability to maintain effective disclosure controls and procedures; and other risks and uncertainties detailed in Infinera's SEC filings from time to time. More information on potential factors that may impact Infinera's business are set forth in Infinera's periodic reports filed with the SEC, including its Annual Report on Form 10-K for the year ended December 30, 2023, as filed with the SEC on May 17, 2024, as well as subsequent reports filed with or furnished to the SEC from time to time. These reports are available on Infinera's website at www.infinera.com and the SEC's website at www.sec.gov. Infinera assumes no obligation to, and does not currently intend to, update any such forward-looking statements.

This presentation includes non-GAAP financial measures such as non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin and non-GAAP diluted EPS. We present non-GAAP financial measures in addition to, and not as a substitute for, financial measures calculated in accordance with generally accepted accounting principles ("GAAP"). Non-GAAP measures should not be considered in isolation or as alternatives to GAAP measures. In addition, the non-GAAP measures we use, as presented, may not be comparable to similar measures used by other companies. Infinera believes these adjustments are appropriate to enhance an overall understanding of its underlying financial performance and also its prospects for the future and are considered by management for the purpose of making operational decisions. See the Appendix to this presentation for reconciliations to the most comparable GAAP financial measures.

Q2'24 Highlights

FINANCIALS

REVENUE UP 12% QoQ
(DOWN 9% YoY)

BOOKINGS UP QoQ and YoY;
BOOK-TO-BILL > 1

GROSS MARGIN UP 160BPS YoY
(+100BPS YoY ON A NON-GAAP* BASIS)

CUSTOMER SUCCESS

BROAD-BASED STRENGTH ACROSS ICPs

DESIGN WIN MOMENTUM IN
SUBSEA AND MOFN

SEQUENTIAL RECOVERY IN
U.S. AFTER SLOW START IN Q1'24

* See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation.

SOLUTIONS

YoY REVENUE GROWTH ACROSS
GX PORTFOLIO

800G ZR/ZR+ ICE-X PLUGGABLE WIN WITH
ANOTHER MAJOR ICP

DESIGN WIN MOMENTUM WITH
NEXT-GEN OPEN LINE SYSTEM

VALUE DRIVERS

PROPOSED ACQUISITION OF INFINERA BY NOKIA

VERTICAL INTEGRATION CAPABILITIES

U.S.-BASED SEMICONDUCTOR FAB
& PACKAGING FACILITIES

SUPPLY CHAIN SECURITY

ICP = Internet Content Provider
MOFN = Managed Fiber Optical Network

Financials and Comparison to Prior Periods

FINANCIAL METRICS (Non-GAAP*)	Q2'23	Q1'24	Q2'24	QoQ CHANGE	YoY CHANGE
Revenue (\$M)	\$376	\$307	\$343	12%	-9%
Gross Margin % *	39.3%	36.6%	40.3%	370bps	100bps
Opex (\$M) *	\$137	\$138	\$143	4%	4%
Operating Margin % *	2.8%	-8.4%	-1.3%	710bps	-410bps
Diluted EPS *	(\$0.00)	(\$0.17)	(\$0.06)	\$0.11	(\$0.06)

* See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation.

Year-over-Year (YoY) Trends

1

REVENUE: DOWN YoY (UP QoQ) ON IMPROVED DEMAND TRENDS

2

GROSS MARGIN: UP YoY PRIMARILY DUE TO FAVORABLE PRODUCT MIX

3

OPEX: UP YoY ON HIGHER ACCT. FEES & FOCUSED INVESTMENTS IN M&S AND R&D

4

OPERATING MARGIN: IMPACTED YoY BY LOWER REVENUE & HIGHER OPEX

ACCT. = Accounting
M&S = Marketing & Sales
R&D = Research & Development

Revenue by Region, Channel and by Vertical

	Q2'23	Q1'24	Q2'24	QoQ CHANGE	YoY CHANGE
Region					
United States	\$217.1	\$164.7	\$200.5	22%	-8%
Other Americas	\$ 23.2	\$ 19.8	\$ 28.3	43%	22%
Europe, Middle East and Africa	\$ 85.6	\$ 95.7	\$ 84.2	-12%	-2%
Asia Pacific	\$ 50.3	\$ 26.7	\$ 29.7	11%	-41%
Total	\$376.2	\$306.9	\$342.7	12%	-9%
Channel					
Direct	\$237.6	\$214.3	\$211.0	-2%	-11%
Indirect	\$138.6	\$ 92.6	\$131.7	42%	-5%
Total	\$376.2	\$306.9	\$342.7	12%	-9%
Vertical					
Tier 1	\$ 90.8	\$ 69.9	\$ 73.5	5%	-19%
Other Service Provider	\$155.8	\$140.7	\$123.4	-12%	-21%
ICP	\$108.8	\$ 75.5	\$125.3	66%	15%
Cable	\$ 20.8	\$ 20.8	\$ 20.5	-1%	-1%
Total	\$376.2	\$306.9	\$342.7	12%	-9%

GAAP revenue in \$ millions; totals may not add up exactly due to rounding.

Year-over-Year (YoY) Trends

1

AMERICAS: STRENGTH AT ICPs AND SELECT SERVICE PROVIDERS

2

EMEA: MACRO WEAKNESS AND TIMING OF PROJECTS

3

APAC: TIMING OF PROJECTS, DELAYS & PUSHOUTS AT CSPs

4

TIER 1: CUSTOMER EXCESS INVENTORY DIGESTION, PROJECT PUSHOUTS

CSP = Communication Service Provider

Appendix



Diluted (GAAP) Earnings Per Share Reconciliation

	Three months ended			Six months ended	
	June 29, 2024	March 30, 2024	July 1, 2023	June 29, 2024	July 1, 2023
GAAP net loss for basic earnings per share	\$ (48,287)	\$ (61,395)	\$ (20,263)	\$ (109,682)	\$ (28,673)
Interest expense related to the convertible senior notes, net of tax	-	-	-	-	-
GAAP net loss for diluted earnings per share	\$ (48,287)	\$ (61,395)	\$ (20,263)	\$ (109,682)	\$ (28,673)
Weighted average basic common shares outstanding	234,349	231,533	225,922	232,941	224,159
Dilutive effect of restricted and performance share units	-	-	-	-	-
Dilutive effect of employee stock purchase plan	-	-	-	-	-
Dilutive effect of the 2024 convertible senior notes ⁽¹⁾	-	-	-	-	-
Dilutive effect of the 2027 convertible senior notes ⁽²⁾	-	-	-	-	-
Dilutive effect of the 2028 convertible senior notes ⁽³⁾	-	-	-	-	-
Weighted average dilutive common shares outstanding	234,349	231,533	225,922	232,941	224,159
GAAP net loss per common share:					
Basic	\$ (0.21)	\$ (0.27)	\$ (0.09)	\$ (0.47)	\$ (0.13)
Diluted	\$ (0.21)	\$ (0.27)	\$ (0.09)	\$ (0.47)	\$ (0.13)

(1) For the three- months ended June 29, 2024, March 30, 2024, and July 1, 2023, there were 1.9 million, 1.9 million and 9.0 million shares, respectively, excluded from the calculation of diluted net loss per share, due to their anti-dilutive effect. For the six-months ended June 29, 2024, and July 1, 2023, there were 1.9 million, and 9.7 million shares, respectively, excluded from the calculation of diluted net loss per share, due to their anti-dilutive effect.

(2) For each of the three- months ended June 29, 2024, March 30, 2024, and July 1, 2023, there were 26.1 million shares excluded from the calculation of diluted net loss per share, due to their anti-dilutive effect. For each of the six-months ended June 29, 2024, and July 1, 2023, there were 26.1 million shares excluded from the calculation of diluted net loss per share, due to their anti-dilutive effect.

(3) For each of the three- months ended June 29, 2024, March 30, 2024, and July 1, 2023, there were no shares excluded from the calculation of diluted net loss per share. For the six-months ended June 29, 2024, there were no shares excluded from the calculation of diluted net loss per share. For the six-months ended July 1, 2023, there were 1.8 million shares excluded from the calculation of diluted net loss per share, due to their anti-dilutive effect.

Diluted (Non-GAAP) Earnings Per Share Reconciliation

	Three months ended			Six months ended	
	June 29, 2024	March 30, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Non-GAAP net income (loss) for basic earnings per share	\$ (13,976)	\$ (38,256)	\$ (730)	\$ (52,232)	\$ 4,952
Interest expense related to the convertible senior notes, net of tax	-	-	-	-	-
Non-GAAP net income (loss) for diluted earnings per share	\$ (13,976)	\$ (38,256)	\$ (730)	\$ (52,232)	\$ 4,952
Weighted average basic common shares outstanding	234,349	231,533	225,922	232,941	224,159
Dilutive effect of restricted and performance share units	-	-	-	-	2,445
Dilutive effect of employee stock purchase plan	-	-	-	-	106
Dilutive effect of the 2024 convertible senior notes ⁽¹⁾	-	-	-	-	-
Dilutive effect of the 2027 convertible senior notes ⁽²⁾	-	-	-	-	-
Dilutive effect of the 2028 convertible senior notes ⁽³⁾	-	-	-	-	1,792
Weighted average dilutive common shares outstanding	234,349	231,533	225,922	232,941	228,502
Non-GAAP net income (loss) per common share:					
Basic	\$ (0.06)	\$ (0.17)	\$ (0.00)	\$ (0.22)	\$ 0.02
Diluted	\$ (0.06)	\$ (0.17)	\$ (0.00)	\$ (0.22)	\$ 0.02

(1) For three- months ended June 29, 2024, March 30, 2024, and July 1, 2023, there were 1.9 million, 1.9 million and 9.0 million shares, respectively, excluded from the calculation of diluted net income (loss) per share, due to their anti-dilutive effect. For the six-months ended June 29, 2024, and July 1, 2023, there were 1.9 million, and 9.7 million shares, respectively, excluded from the calculation of diluted net income (loss) per share, due to their anti-dilutive effect.

(2) For each of the three- months ended June 29, 2024, March 30, 2024, and July 1, 2023, there were 26.1 million shares excluded from the calculation of diluted net income (loss) per share, due to their anti-dilutive effect. For each of the six-months ended June 29, 2024, and July 1, 2023, there were 26.1 million shares excluded from the calculation of diluted net income (loss) per share, due to their anti-dilutive effect.

(3) For each of the three- months ended June 29, 2024, March 30, 2024, and July 1, 2023, there were no shares excluded from the calculation of diluted net income (loss) per share. For each of the six-months ended June 29, 2024, and July 1, 2023, there were no shares excluded from the calculation of diluted net income (loss) per share.

GAAP to Non-GAAP Reconciliation

	Q2'23 Actual	Q3'23 Actual	Q4'23 Actual	Q1'24 Actual	Q2'24 Actual
Reconciliation of Gross Margin:					
U.S. GAAP as reported	38.0%	40.3%	38.6%	36.0%	39.6%
Stock-based compensation expense	0.8%	0.7%	0.5%	0.6%	0.5%
Amortization of acquired intangible assets	0.9%	0.9%	0.0%	-	-
Restructuring and other related costs	-	-	0.5%	-0.0%	0.2%
Warehouse fire recovery	-0.4%	-	-	-	-
Non-GAAP as adjusted	39.3%	41.9%	39.6%	36.6%	40.3%
Reconciliation of Operating Expenses:					
U.S. GAAP as reported	\$ 157.1	\$ 150.7	\$ 163.6	\$ 153.4	\$ 165.4
Stock-based compensation expense	\$ (15.2)	\$ (13.2)	\$ (10.3)	\$ (12.6)	\$ (8.0)
Amortization of acquired intangible assets	\$ (3.5)	\$ (3.0)	\$ (2.3)	\$ (2.3)	\$ (2.3)
Merger-related charges	\$ -	\$ -	\$ -	\$ -	\$ (8.5)
Restructuring and other related costs	\$ (1.4)	\$ (0.4)	\$ (4.1)	\$ (0.3)	\$ (3.9)
Non-GAAP as adjusted	\$ 137.0	\$ 134.1	\$ 146.9	\$ 138.2	\$ 142.7
Reconciliation of Operating Margin:					
U.S. GAAP as reported	-3.8%	2.0%	2.5%	-14.0%	-8.7%
Stock-based compensation expense	4.7%	3.9%	2.8%	4.8%	2.8%
Amortization of acquired intangible assets	1.9%	1.7%	0.5%	0.7%	0.7%
Merger-related charges	-	-	-	-	2.5%
Restructuring and other related costs	0.4%	0.1%	1.4%	0.1%	1.4%
Warehouse fire recovery	-0.4%	-	-	-	-
Non-GAAP as adjusted	2.8%	7.7%	7.2%	-8.4%	-1.3%
Reconciliation of Net Income (Loss) per Basic Common Share:					
U.S. GAAP as reported	\$ (0.09)	\$ (0.04)	\$ 0.06	\$ (0.27)	\$ (0.21)
Stock-based compensation expense	\$ 0.09	\$ 0.07	\$ 0.04	\$ 0.06	\$ 0.04
Amortization of acquired intangible assets	\$ 0.03	\$ 0.03	\$ 0.01	\$ 0.01	\$ 0.01
Merger-related charges	\$ -	\$ -	\$ -	\$ -	\$ 0.04
Restructuring and other related costs	\$ 0.01	\$ 0.00	\$ 0.03	\$ -	\$ 0.02
Warehouse fire recovery	\$ (0.01)	\$ -	\$ -	\$ -	\$ -
Foreign exchange (gains) losses, net	\$ (0.04)	\$ 0.03	\$ (0.02)	\$ 0.03	\$ 0.05
Income tax effects	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.01)
Non-GAAP as adjusted	\$ (0.00)	\$ 0.09	\$ 0.12	\$ (0.17)	\$ (0.06)

NOTES

1. TOTALS MAY NOT ADD UP DUE TO ROUNDING.
2. NON-GAAP METRICS ARE RECONCILED TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL METRIC.
3. FOR A COMPLETE RECONCILIATION OF OTHER PERIOD RESULTS, SEE PRIOR QUARTERLY EARNINGS RELEASES.