

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q**

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended February 1, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number: **001-36250**

ciena

Ciena Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
7035 Ridge Road, Hanover, MD
(Address of principal executive offices)

23-2725311
(I.R.S. Employer Identification No.)
21076
(Zip Code)

(410) 694-5700
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common Stock, par value \$0.01 per share | CIEN | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | | | | | |
|-------------------------|-------------------------------------|-------------------|--------------------------|-----------------------|--------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> | Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | | | | | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| Class | Outstanding as of March 7, 2025 |
|--|---------------------------------|
| Common Stock, par value \$0.01 per share | 142,145,676 |

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CIENA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

| | Quarter Ended | |
|---|---------------------|---------------------|
| | February 1, 2025 | January 27, 2024 |
| Revenue: | | |
| Products | \$ 854,785 | \$ 835,777 |
| Services | 217,475 | 201,932 |
| Total revenue | 1,072,260 | 1,037,709 |
| Cost of goods sold: | | |
| Products | 490,804 | 466,472 |
| Services | 109,635 | 104,275 |
| Total cost of goods sold | 600,439 | 570,747 |
| Gross profit | 471,821 | 466,962 |
| Operating expenses: | | |
| Research and development | 192,663 | 187,269 |
| Selling and marketing | 136,504 | 128,158 |
| General and administrative | 53,902 | 54,683 |
| Significant asset impairments and restructuring costs | 1,544 | 4,971 |
| Amortization of intangible assets | 6,545 | 7,252 |
| Total operating expenses | 391,158 | 382,333 |
| Income from operations | 80,663 | 84,629 |
| Interest and other income, net | 11,578 | 10,650 |
| Interest expense | (22,918) | (23,776) |
| Loss on extinguishment and modification of debt | (729) | — |
| Income before income taxes | 68,594 | 71,503 |
| Provision for income taxes | 24,022 | 21,956 |
| Net income | \$ 44,572 | \$ 49,547 |
| Basic net income per common share | \$ 0.31 | \$ 0.34 |
| Diluted net income per potential common share | \$ 0.31 | \$ 0.34 |
| Weighted average basic common shares outstanding | 142,880 | 145,291 |
| Weighted average dilutive potential common shares outstanding | 145,944 | 145,848 |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CIENA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

| | Quarter Ended | |
|--|---------------------|---------------------|
| | February 1, 2025 | January 27, 2024 |
| Net income | \$ 44,572 | \$ 49,547 |
| Unrealized gain (loss) on available-for-sale securities, net of tax | (345) | 895 |
| Unrealized gain (loss) on foreign currency forward contracts, net of tax | (4,484) | 7,156 |
| Unrealized gain (loss) on interest rate swaps, net of tax | 1,953 | (9,474) |
| Change in cumulative translation adjustments | (17,702) | 14,323 |
| Other comprehensive income (loss) | (20,578) | 12,900 |
| Total comprehensive income | \$ 23,994 | \$ 62,447 |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CIENA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

| | February 1, 2025 | November 2, 2024 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 874,749 | \$ 934,863 |
| Short-term investments | 337,320 | 316,343 |
| Accounts receivable, net of allowance for credit losses of \$10.1 million and \$9.9 million as of February 1, 2025 and November 2, 2024, respectively. | 938,703 | 908,597 |
| Inventories, net | 845,132 | 820,430 |
| Prepaid expenses and other | 495,807 | 564,183 |
| Total current assets | 3,491,711 | 3,544,416 |
| Long-term investments | 105,035 | 80,920 |
| Equipment, building, furniture and fixtures, net | 320,382 | 337,722 |
| Operating right-of-use assets | 25,113 | 27,417 |
| Goodwill | 444,306 | 444,707 |
| Other intangible assets, net | 156,205 | 165,020 |
| Deferred tax asset, net | 868,432 | 886,441 |
| Other long-term assets | 161,718 | 154,694 |
| Total assets | <u>\$ 5,572,902</u> | <u>\$ 5,641,337</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 395,770 | \$ 423,401 |
| Accrued liabilities and other short-term obligations | 362,021 | 393,905 |
| Deferred revenue | 174,151 | 156,379 |
| Operating lease liabilities | 12,995 | 14,455 |
| Current portion of long-term debt | 11,580 | 11,700 |
| Total current liabilities | 956,517 | 999,840 |
| Long-term deferred revenue | 83,126 | 81,240 |
| Other long-term obligations | 186,027 | 185,938 |
| Long-term operating lease liabilities | 22,769 | 25,107 |
| Long-term debt, net | 1,531,084 | 1,533,074 |
| Total liabilities | <u>2,779,523</u> | <u>2,825,199</u> |
| Commitments and contingencies (Note 17) | | |
| Stockholders' equity: | | |
| Preferred stock – par value \$0.01; 20,000,000 shares authorized; zero shares issued and outstanding | — | — |
| Common stock – par value \$0.01; 290,000,000 shares authorized; 142,528,510 and 142,656,116 shares issued and outstanding | 1,425 | 1,427 |
| Additional paid-in capital | 6,108,118 | 6,154,869 |
| Accumulated other comprehensive loss | (67,289) | (46,711) |
| Accumulated deficit | (3,248,875) | (3,293,447) |
| Total stockholders' equity | <u>2,793,379</u> | <u>2,816,138</u> |
| Total liabilities and stockholders' equity | <u>\$ 5,572,902</u> | <u>\$ 5,641,337</u> |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CIENA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands) (unaudited)

| | Three Months Ended | |
|---|---------------------|---------------------|
| | February 1, 2025 | January 27, 2024 |
| Cash flows provided by operating activities: | | |
| Net income | \$ 44,572 | \$ 49,547 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements | 24,679 | 22,808 |
| Share-based compensation expense | 40,806 | 37,827 |
| Amortization of intangible assets | 8,778 | 10,016 |
| Deferred taxes | (17,085) | (4,368) |
| Provision for inventory excess and obsolescence | 10,918 | 10,350 |
| Provision for warranty | 5,697 | 4,841 |
| Other | (6,655) | 5,051 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (33,454) | 135,160 |
| Inventories | (35,844) | 56,157 |
| Prepaid expenses and other | 92,036 | 17,116 |
| Operating lease right-of-use assets | 2,902 | 3,084 |
| Accounts payable, accruals and other obligations | (49,577) | (90,915) |
| Deferred revenue | 20,311 | 14,022 |
| Short- and long-term operating lease liabilities | (4,361) | (4,620) |
| Net cash provided by operating activities | 103,723 | 266,076 |
| Cash flows provided by (used in) investing activities: | | |
| Payments for equipment, furniture, fixtures and intellectual property | (26,884) | (16,599) |
| Purchases of investments | (97,024) | (21,213) |
| Proceeds from sales and maturities of investments | 55,061 | 53,674 |
| Settlement of foreign currency forward contracts, net | 1,757 | 2,271 |
| Net cash provided by (used in) investing activities | (67,090) | 18,133 |
| Cash flows used in financing activities: | | |
| Proceeds from modification of debt, net | 19,175 | — |
| Cash paid for extinguishment of debt | (19,175) | — |
| Payment of long-term debt | (2,895) | — |
| Payment of debt issuance costs | (10) | (2,402) |
| Payment of finance lease obligations | (1,020) | (981) |
| Shares repurchased for tax withholdings on vesting of stock unit awards | (25,489) | (10,076) |
| Repurchases of common stock - repurchase program, net | (81,176) | (38,195) |
| Proceeds from issuance of common stock | 17,133 | 16,934 |
| Net cash used in financing activities | (93,457) | (34,720) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (3,289) | 4,646 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (60,113) | 254,135 |
| Cash, cash equivalents and restricted cash at beginning of period | 935,026 | 1,010,786 |
| Cash, cash equivalents and restricted cash at end of period | \$ 874,913 | \$ 1,264,921 |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the period for interest, net | \$ 25,559 | \$ 18,582 |
| Cash paid during the period for income taxes, net | \$ 10,426 | \$ 8,260 |
| Operating lease payments | \$ 4,762 | \$ 5,080 |
| Non-cash investing and financing activities | | |
| Purchase of equipment in accounts payable | \$ 4,735 | \$ 4,225 |
| Repurchase of common stock in accrued liabilities from repurchase program, net | \$ 4,198 | \$ 3,110 |
| Operating right-of-use assets subject to lease liability | \$ 1,056 | \$ 3,498 |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CIENA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

| | Common Stock Shares | Par Value | Additional Paid-in-Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
|---|------------------------|-----------------|-------------------------------|---|------------------------|----------------------------------|
| Balance at November 2, 2024 | 142,656,116 | \$ 1,427 | \$ 6,154,869 | \$ (46,711) | \$ (3,293,447) | \$ 2,816,138 |
| Net income | — | — | — | — | 44,572 | 44,572 |
| Other comprehensive loss | — | — | — | (20,578) | — | (20,578) |
| Repurchase of common stock - repurchase program, net | (1,016,970) | (10) | (79,193) | — | — | (79,203) |
| Issuance of shares from employee equity plans | 1,186,963 | 11 | 17,122 | — | — | 17,133 |
| Share-based compensation expense | — | — | 40,806 | — | — | 40,806 |
| Shares repurchased for tax withholdings on vesting of stock unit awards | (297,599) | (3) | (25,486) | — | — | (25,489) |
| Balance at February 1, 2025 | <u>142,528,510</u> | <u>\$ 1,425</u> | <u>\$ 6,108,118</u> | <u>\$ (67,289)</u> | <u>\$ (3,248,875)</u> | <u>\$ 2,793,379</u> |

| | Common Stock Shares | Par Value | Additional Paid-in-Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total Stockholders' Equity |
|---|------------------------|-----------------|-------------------------------|--|------------------------|----------------------------------|
| Balance at October 28, 2023 | 144,829,938 | \$ 1,448 | \$ 6,262,083 | \$ (37,767) | \$ (3,377,403) | \$ 2,848,361 |
| Net income | — | — | — | — | 49,547 | 49,547 |
| Other comprehensive income | — | — | — | 12,900 | — | 12,900 |
| Repurchase of common stock - repurchase program, net | (691,088) | (7) | (31,987) | — | — | (31,994) |
| Issuance of shares from employee equity plans | 1,039,765 | 10 | 16,924 | — | — | 16,934 |
| Share-based compensation expense | — | — | 37,827 | — | — | 37,827 |
| Shares repurchased for tax withholdings on vesting of stock unit awards | (232,105) | (2) | (10,074) | — | — | (10,076) |
| Balance at January 27, 2024 | <u>144,946,510</u> | <u>\$ 1,449</u> | <u>\$ 6,274,773</u> | <u>\$ (24,867)</u> | <u>\$ (3,327,856)</u> | <u>\$ 2,923,499</u> |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CIENA CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(1) INTERIM FINANCIAL STATEMENTS

The interim financial statements for Ciena Corporation and its wholly owned subsidiaries (“Ciena”) included herein have been prepared by Ciena, without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”).

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires Ciena to make judgments, assumptions, and estimates that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. Among other things, these estimates form the basis for judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions. To the extent that there are material differences between Ciena’s estimates and actual results, Ciena’s consolidated financial statements will be affected.

In the opinion of management, the financial statements included in this report reflect all normal recurring adjustments that Ciena considers necessary for the fair statement of the results of operations of Ciena for the interim periods covered and of the financial position of Ciena at the date of the interim balance sheets. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to SEC rules and regulations. The Condensed Consolidated Balance Sheet as of November 2, 2024 was derived from audited financial statements, but does not include all disclosures required by GAAP. However, Ciena believes that the disclosures are adequate to understand the information presented herein. The operating results for interim periods are not necessarily indicative of the operating results for the entire year. These financial statements should be read in conjunction with Ciena’s audited consolidated financial statements and the notes thereto included in Ciena’s Annual Report on Form 10-K for the fiscal year ended November 2, 2024 (the “2024 Annual Report”).

Ciena has a 52 or 53-week fiscal year, with quarters ending on the Saturday nearest to the last day of January, April, July, and October, respectively, of each year. Fiscal 2025 is a 52-week fiscal year. Fiscal 2024 was a 53-week fiscal year with the additional week occurring in the fourth quarter.

(2) SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to Ciena’s significant accounting policies, compared to the accounting policies described in Note 1, Ciena Corporation and Significant Accounting Policies and Estimates, in Notes to Consolidated Financial Statements in Item 8 of Part II of the 2024 Annual Report.

Accounting Standards - Not Yet Effective

In November 2023, the FASB issued ASU No. 2023-07 (“ASU 2023-07”), *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for Ciena’s fiscal 2025 Annual Report on Form 10-K on a retrospective basis. Early adoption is permitted. Ciena is currently evaluating the impact of this ASU on its segment disclosures.

In December 2023, the FASB issued ASU No. 2023-09 (“ASU 2023-09”), *Income Taxes (Topic 740): Improvement to Income Tax Disclosures*, to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024; however, early adoption is permitted. ASU 2023-09 allows for adoption using either a prospective or retrospective method. Ciena is currently evaluating the impact of this ASU on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03 (“ASU 2024-03”), *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, to improve financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027; however, early adoption is permitted. ASU 2024-03 allows for adoption using either a prospective or retrospective method. Ciena is currently evaluating the impact of this ASU on its consolidated financial statements and related disclosures.

(3) REVENUE

Segment and Product Line Disaggregation of Revenue

Ciena's disaggregated segment and product line revenue as presented below depicts the nature, amount, and timing of revenue and cash flows for similar groupings of Ciena's various offerings. The sales cycle, contractual obligations, customer requirements, and go-to-market strategies may differ for each of its product categories, resulting in different economic risk profiles for each category. Ciena has the following operating segments for reporting purposes: (i) Networking Platforms; (ii) Platform Software and Services; (iii) Blue Planet Automation Software and Services; and (iv) Global Services. See Note 16 below.

The tables below set forth Ciena's disaggregated revenue for the respective periods (in thousands):

| | Quarter Ended February 1, 2025 | | | | | |
|--|--------------------------------|-----------------------------------|---|-------------------|---------------------|--|
| | Segment | | | | Total | |
| | Networking Platforms | Platform Software and Services | Blue Planet Automation Software and Services | Global Services | | |
| Product lines: | | | | | | |
| Optical Networking | \$ 727,973 | \$ — | \$ — | \$ — | \$ 727,973 | |
| Routing and Switching | 93,169 | — | — | — | 93,169 | |
| Platform Software and Services | — | 95,067 | — | — | 95,067 | |
| Blue Planet Automation Software and Services | — | — | 26,032 | — | 26,032 | |
| Maintenance Support and Training | — | — | — | 74,573 | 74,573 | |
| Installation and Deployment | — | — | — | 47,682 | 47,682 | |
| Consulting and Network Design | — | — | — | 7,764 | 7,764 | |
| Total revenue by product line | <u>\$ 821,142</u> | <u>\$ 95,067</u> | <u>\$ 26,032</u> | <u>\$ 130,019</u> | <u>\$ 1,072,260</u> | |
| Timing of revenue recognition: | | | | | | |
| Products and services at a point in time | \$ 821,142 | \$ 28,931 | \$ 10,427 | \$ 6,133 | \$ 866,633 | |
| Services transferred over time | — | 66,136 | 15,605 | 123,886 | 205,627 | |
| Total revenue by timing of revenue recognition | <u>\$ 821,142</u> | <u>\$ 95,067</u> | <u>\$ 26,032</u> | <u>\$ 130,019</u> | <u>\$ 1,072,260</u> | |

Quarter Ended January 27, 2024

| | Segment | | | | Total |
|--|----------------------|--------------------------------|--|-------------------|---------------------|
| | Networking Platforms | Platform Software and Services | Blue Planet Automation Software and Services | Global Services | |
| Product lines: | | | | | |
| Optical Networking | \$ 695,849 | \$ — | \$ — | \$ — | \$ 695,849 |
| Routing and Switching | 111,387 | — | — | — | 111,387 |
| Platform Software and Services | — | 89,745 | — | — | 89,745 |
| Blue Planet Automation Software and Services | — | — | 13,942 | — | 13,942 |
| Maintenance Support and Training | — | — | — | 74,115 | 74,115 |
| Installation and Deployment | — | — | — | 42,723 | 42,723 |
| Consulting and Network Design | — | — | — | 9,948 | 9,948 |
| Total revenue by product line | <u>\$ 807,236</u> | <u>\$ 89,745</u> | <u>\$ 13,942</u> | <u>\$ 126,786</u> | <u>\$ 1,037,709</u> |
| Timing of revenue recognition: | | | | | |
| Products and services at a point in time | \$ 807,236 | \$ 27,694 | \$ 1,069 | \$ 9,638 | \$ 845,637 |
| Services transferred over time | — | 62,051 | 12,873 | 117,148 | 192,072 |
| Total revenue by timing of revenue recognition | <u>\$ 807,236</u> | <u>\$ 89,745</u> | <u>\$ 13,942</u> | <u>\$ 126,786</u> | <u>\$ 1,037,709</u> |

- *Networking Platforms* revenue reflects sales of Ciena's Optical Networking and Routing and Switching product lines.
 - Optical Networking - includes the 6500 Packet-Optical Platform, the Waveserver® system, the 6500 Reconfigurable Line System (RLS), coherent pluggable transceivers, and other optical networking products.
 - Routing and Switching - includes the 3000 and 5000 series of service delivery and aggregation platforms, the 8100 Coherent IP networking platforms, virtualization software, and passive optical network and other routing and switching portfolio products.

Revenue from this segment is included in product revenue on the Condensed Consolidated Statements of Operations.

- *Platform Software and Services* revenue reflects sales of Ciena's Platform Software and Platform Services.
 - Platform Software - includes Ciena's Navigator Network Control Suite™ domain controller solution and its applications, and legacy software solutions.
 - Platform Services - includes sales of subscription, installation, support, and consulting services related to Ciena's software platforms, operating system software and enhanced software features embedded in each of the Networking Platforms product lines above.

Revenue from the software portion of this segment is included in product revenue on the Condensed Consolidated Statements of Operations.
Revenue from services portions of this segment is included in services revenue on the Condensed Consolidated Statements of Operations.

- *Blue Planet Automation Software and Services* revenue reflects sales of Blue Planet Automation Software and Blue Planet Services.
 - Blue Planet Automation Software - includes inventory management, orchestration, route optimization and analysis, and unified assurance and analytics software.
 - Blue Planet Services - includes sales of subscription, installation, support, consulting and design services related to the Blue Planet Automation Platform.

Revenue from the software portion of this segment is included in product revenue on the Condensed Consolidated Statements of Operations. Revenue from the services portions of this segment is included in services revenue on the Condensed Consolidated Statements of Operations.

- *Global Services* revenue reflects sales of a broad range of Ciena’s services for maintenance support and training, installation and deployment, and consulting and network design activities.

Revenue from this segment is included in services revenue on the Condensed Consolidated Statements of Operations.

Revenue Recognition

- Revenue from the Networking Platforms segment includes, in addition to the products described above, sales of operating system software and enhanced software features embedded therein, which are each considered distinct performance obligations for which the revenue is generally recognized upfront at a point in time upon transfer of control.
- Revenue from software platforms typically reflects either perpetual or term-based software licenses, and these sales are considered distinct performance obligations where revenue is generally recognized upfront at a point in time upon transfer of control.
- Revenue from software subscription and support is recognized ratably over the period during which the services are performed.
- Revenue from professional services for solution customization, software and solution support services, consulting and design, and build-operate-transfer services relating to Ciena’s software offerings is recognized over time with Ciena applying the input method to determine the amount of revenue to be recognized in a given period. Global Services are considered a distinct performance obligation where revenue is generally recognized over time.
- Revenue from maintenance support is recognized ratably over the period during which the services are performed.
- Revenue from installation and deployment services and consulting and network design services is generally recognized over time with Ciena applying the input method to determine the amount of revenue to be recognized in a given period.
- Revenue from training services is generally recognized at a point in time upon completion of the service.

For additional information on Ciena’s revenue recognition policy, see the Notes to Consolidated Financial Statements in Item 8 of Part II of the 2024 Annual Report.

Geographic Disaggregation of Revenue

Ciena reports its sales geographically using the following markets: (i) the United States, Canada, the Caribbean and Latin America (“Americas”); (ii) Europe, Middle East and Africa (“EMEA”); and (iii) Asia Pacific, Japan and India (“APAC”). Within each geographic area, Ciena maintains specific teams or personnel that focus on a particular region, country, customer, or market vertical. These teams include sales management, account salespersons, and sales engineers, as well as services professionals and commercial management personnel. The following table reflects Ciena’s geographic distribution of revenue based principally on the relevant location for Ciena’s delivery of products and performance of services.

For the periods below, Ciena’s geographic distribution of revenue was as follows (in thousands):

| | Quarter Ended | |
|--|---------------------|---------------------|
| | February 1, 2025 | January 27, 2024 |
| Geographic distribution: | | |
| Americas | \$ 795,632 | \$ 718,198 |
| EMEA | 157,916 | 207,413 |
| APAC | 118,712 | 112,098 |
| Total revenue by geographic distribution | <u>\$ 1,072,260</u> | <u>\$ 1,037,709</u> |

Ciena's revenue includes \$752.5 million and \$677.6 million from the United States for the first quarter of fiscal 2025 and 2024, respectively. No other country accounted for 10% or more of total revenue for the periods presented above.

Ciena's revenue includes \$168.9 million and \$109.1 million from a cloud provider for the first quarter of fiscal 2025 and 2024, respectively. Revenue also includes \$111.0 million from AT&T for the first quarter of fiscal 2025 and \$166.0 million from an additional cloud provider for the first quarter of fiscal 2024. These customers purchased products from the Networking Platforms, Platform Software and Services, and Global Services operating segments for the periods presented. No other customer accounted for 10% or more of total revenue for the periods presented.

Contract Balances

The following table provides information about receivables, contract assets, and contract liabilities (deferred revenue) from contracts with customers (in thousands):

| | Balance at February 1, 2025 | Balance at November 2, 2024 |
|---|--------------------------------|--------------------------------|
| Accounts receivable, net | \$ 938,703 | \$ 908,597 |
| Contract assets for unbilled accounts receivable, net | \$ 138,718 | \$ 127,919 |
| Deferred revenue | \$ 257,277 | \$ 237,619 |

Ciena's contract assets represent unbilled accounts receivable, net where transfer of a product or service has occurred but invoicing is conditional upon completion of future performance obligations. These amounts are primarily related to installation and deployment and professional services arrangements where transfer of control has occurred, but Ciena has not yet invoiced the customer. Contract assets are included in prepaid expenses and other on the Condensed Consolidated Balance Sheets.

Contract liabilities consist of deferred revenue and represent advanced payments against non-cancelable customer orders received prior to revenue recognition. Ciena recognized approximately \$74.5 million and \$70.6 million of revenue during the first three months of fiscal 2025 and 2024, respectively, that was included in the deferred revenue balance at November 2, 2024 and October 28, 2023, respectively. Revenue recognized due to changes in transaction price from performance obligations satisfied or partially satisfied in previous periods was immaterial during the three months ended February 1, 2025 and January 27, 2024.

As of the dates indicated, deferred revenue is comprised of the following (in thousands):

| | February 1, 2025 | November 2, 2024 |
|----------------------------|---------------------|---------------------|
| Products | \$ 26,413 | \$ 19,017 |
| Services | 230,864 | 218,602 |
| Total deferred revenue | 257,277 | 237,619 |
| Less current portion | (174,151) | (156,379) |
| Long-term deferred revenue | \$ 83,126 | \$ 81,240 |

Capitalized Contract Acquisition Costs

Capitalized contract acquisition costs consist of deferred sales commissions, and were \$27.4 million and \$28.4 million as of February 1, 2025 and November 2, 2024, respectively. Capitalized contract acquisition costs were included in (i) prepaid expenses and other and (ii) other long-term assets on the Condensed Consolidated Balance Sheets. The amortization expense associated with these costs was \$8.5 million and \$7.7 million during the first three months of fiscal 2025 and 2024, respectively, and was included in selling and marketing expense on the Condensed Consolidated Statements of Operations.

Remaining Performance Obligations

Remaining performance obligations (“RPO”) are comprised of non-cancelable customer purchase orders for products and services that are awaiting transfer of control for revenue recognition under the applicable contract terms. As of February 1, 2025, the aggregate amount of RPO was \$1.7 billion. As of February 1, 2025, Ciena expects approximately 79% of the RPO to be recognized as revenue within the next 12 months.

(4) SIGNIFICANT ASSET IMPAIRMENT AND RESTRUCTURING COSTS

Restructuring Costs

Ciena has undertaken a number of restructuring activities intended to reduce expense and to align its workforce and costs with market opportunities, product development, and business strategies. The following table sets forth the restructuring activity and balance of the restructuring liability accounts, which are included in accrued liabilities and other short-term obligations on the Condensed Consolidated Balance Sheets, for the three months ended February 1, 2025 (in thousands):

| | Workforce reduction | Other restructuring activities | Total |
|-----------------------------------|------------------------|-----------------------------------|----------|
| Balance at November 2, 2024 | \$ 1,927 | \$ — | \$ 1,927 |
| Charges | 278 | 1,266 ⁽¹⁾ | 1,544 |
| Cash payments | (1,762) | (1,266) | (3,028) |
| Balance at February 1, 2025 | \$ 443 | \$ — | \$ 443 |
| Current restructuring liabilities | \$ 443 | \$ — | \$ 443 |

⁽¹⁾ Primarily represents costs related to restructured real estate facilities.

The following table sets forth the restructuring activity and balance of the restructuring liability accounts, which are included in accrued liabilities and other short-term obligations on the Condensed Consolidated Balance Sheets for the three months ended January 27, 2024 (in thousands):

| | Workforce reduction | Other restructuring activities | Total |
|-----------------------------------|------------------------|-----------------------------------|----------|
| Balance at October 28, 2023 | \$ 1,913 | \$ — | \$ 1,913 |
| Charges | 2,861 | 2,110 ⁽¹⁾ | 4,971 |
| Cash payments | (4,058) | (2,110) | (6,168) |
| Balance at January 27, 2024 | \$ 716 | \$ — | \$ 716 |
| Current restructuring liabilities | \$ 716 | \$ — | \$ 716 |

⁽¹⁾ Primarily represents costs related to restructured real estate facilities and the redesign of certain business processes associated with Ciena’s supply chain and distribution structure.

(5) INTEREST AND OTHER INCOME, NET

The components of interest and other income, net, are as follows for the periods indicated (in thousands):

| | Quarter Ended | |
|--|---------------------|---------------------|
| | February 1, 2025 | January 27, 2024 |
| Interest income | \$ 13,710 | \$ 15,177 |
| Gains (losses) on non-hedge designated foreign currency forward contracts ⁽¹⁾ | (2,873) | 3,112 |
| Foreign currency exchange gains (losses) ⁽²⁾ | 1,240 | (9,192) |
| Other | (499) | 1,553 |
| Interest and other income, net | \$ 11,578 | \$ 10,650 |

⁽¹⁾ Ciena had forward contracts in place to hedge its foreign exchange exposure in order to reduce the variability in various currencies of certain balance sheet items. These forwards are not designated as hedges for accounting purposes, and any net gain or loss associated with these derivatives is reported in interest and other income, net, on the Condensed Consolidated Statements of Operations.

⁽²⁾ Ciena Corporation, as the U.S. parent entity, uses the U.S. Dollar as its functional currency; however, some of its foreign branch offices and subsidiaries use local currencies as their functional currencies. The related remeasurement adjustments were recorded in interest and other income, net, on the Condensed Consolidated Statements of Operations.

(6) INCOME TAXES

The effective tax rate for the first quarter of fiscal 2025 was higher than the effective tax rate for the first quarter of fiscal 2024. The increase was primarily due to income in jurisdictions with higher tax rates.

For the three months ended February 1, 2025, the impact of the 15% global minimum tax, referred to as Pillar Two, was not material to the consolidated financial statements. Ciena is continuing to monitor and evaluate legislative developments related to Pillar Two and to the extent additional legislative changes take place in the countries in which Ciena operates, it is possible that these changes may yield an adverse impact on the effective tax rate.

(7) CASH EQUIVALENT, SHORT-TERM AND LONG-TERM INVESTMENTS

As of the dates indicated, investments classified as available-for-sale are comprised of the following (in thousands):

| | February 1, 2025 | | | |
|------------------------------------|-------------------|------------------------|-------------------------|----------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| U.S. government obligations | \$ 328,949 | \$ 591 | \$ (44) | \$ 329,496 |
| Corporate debt securities | 106,044 | 126 | (53) | 106,117 |
| Time deposits | 92,937 | 2 | (2) | 92,937 |
| | <u>\$ 527,930</u> | <u>\$ 719</u> | <u>\$ (99)</u> | <u>\$ 528,550</u> |
| Included in cash equivalents | \$ 86,195 | \$ — | \$ — | \$ 86,195 |
| Included in short-term investments | 336,734 | 608 | (22) | 337,320 |
| Included in long-term investments | 105,001 | 111 | (77) | 105,035 |
| | <u>\$ 527,930</u> | <u>\$ 719</u> | <u>\$ (99)</u> | <u>\$ 528,550</u> |

| | November 2, 2024 | | | |
|------------------------------------|-------------------|------------------------|-------------------------|----------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| U.S. government obligations | \$ 285,492 | \$ 751 | \$ (62) | \$ 286,181 |
| Corporate debt securities | 111,103 | 137 | (97) | 111,143 |
| Time deposits | 92,803 | 4 | (3) | 92,804 |
| | <u>\$ 489,398</u> | <u>\$ 892</u> | <u>\$ (162)</u> | <u>\$ 490,128</u> |
| Included in cash equivalents | \$ 92,865 | \$ — | \$ — | \$ 92,865 |
| Included in short-term investments | 315,654 | 734 | (45) | 316,343 |
| Included in long-term investments | 80,879 | 158 | (117) | 80,920 |
| | <u>\$ 489,398</u> | <u>\$ 892</u> | <u>\$ (162)</u> | <u>\$ 490,128</u> |

The following table summarizes the final legal maturities of debt investments as of February 1, 2025 (in thousands):

| | Amortized Cost | Estimated Fair Value |
|--------------------|-------------------|-------------------------|
| Less than one year | \$ 422,929 | \$ 423,515 |
| Due in 1-2 years | 105,001 | 105,035 |
| | <u>\$ 527,930</u> | <u>\$ 528,550</u> |

(8) FAIR VALUE MEASUREMENTS

As of the dates indicated, the following tables summarize the assets and liabilities that are recorded at fair value on a recurring basis (in thousands):

| | February 1, 2025 | | | |
|--|-------------------|-------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Money market funds | \$ 581,415 | \$ — | \$ — | \$ 581,415 |
| Bond mutual fund | 114,061 | — | — | 114,061 |
| Time deposits | 92,937 | — | — | 92,937 |
| Deferred compensation plan assets | 17,659 | — | — | 17,659 |
| U.S. government obligations | — | 329,496 | — | 329,496 |
| Corporate debt securities | — | 106,117 | — | 106,117 |
| Foreign currency forward contracts | — | 2,080 | — | 2,080 |
| Interest rate swaps | — | 13,978 | — | 13,978 |
| Total assets measured at fair value | <u>\$ 806,072</u> | <u>\$ 451,671</u> | <u>\$ —</u> | <u>\$ 1,257,743</u> |
| Liabilities: | | | | |
| Foreign currency forward contracts | \$ — | \$ 14,325 | \$ — | \$ 14,325 |
| Total liabilities measured at fair value | <u>\$ —</u> | <u>\$ 14,325</u> | <u>\$ —</u> | <u>\$ 14,325</u> |

| | November 2, 2024 | | | |
|--|-------------------|-------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Money market funds | \$ 636,097 | \$ — | \$ — | \$ 636,097 |
| Bond mutual fund | 112,703 | — | — | 112,703 |
| Time deposits | 92,804 | — | — | 92,804 |
| Deferred compensation plan assets | 16,519 | — | — | 16,519 |
| U.S. government obligations | — | 286,181 | — | 286,181 |
| Corporate debt securities | — | 111,143 | — | 111,143 |
| Foreign currency forward contracts | — | 2,149 | — | 2,149 |
| Interest rate swaps | — | 11,777 | — | 11,777 |
| Total assets measured at fair value | <u>\$ 858,123</u> | <u>\$ 411,250</u> | <u>\$ —</u> | <u>\$ 1,269,373</u> |
| Liabilities: | | | | |
| Foreign currency forward contracts | \$ — | \$ 9,155 | \$ — | \$ 9,155 |
| Total liabilities measured at fair value | <u>\$ —</u> | <u>\$ 9,155</u> | <u>\$ —</u> | <u>\$ 9,155</u> |

As of the dates indicated, the assets and liabilities above are presented on Ciena's Condensed Consolidated Balance Sheets as follows (in thousands):

| | February 1, 2025 | | | |
|--|-------------------|-------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Cash equivalents | \$ 781,671 | \$ — | \$ — | \$ 781,671 |
| Short-term investments | 6,742 | 330,578 | — | 337,320 |
| Prepaid expenses and other | — | 2,080 | — | 2,080 |
| Long-term investments | — | 105,035 | — | 105,035 |
| Other long-term assets | 17,659 | 13,978 | — | 31,637 |
| Total assets measured at fair value | \$ 806,072 | \$ 451,671 | \$ — | \$ 1,257,743 |
| Liabilities: | | | | |
| Accrued liabilities and other short-term obligations | \$ — | \$ 14,325 | \$ — | \$ 14,325 |
| Total liabilities measured at fair value | \$ — | \$ 14,325 | \$ — | \$ 14,325 |

| | November 2, 2024 | | | |
|--|-------------------|-------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Cash equivalents | \$ 832,239 | \$ 9,426 | \$ — | \$ 841,665 |
| Short-term investments | 9,365 | 306,978 | — | 316,343 |
| Prepaid expenses and other | — | 2,149 | — | 2,149 |
| Long-term investments | — | 80,920 | — | 80,920 |
| Other long-term assets | 16,519 | 11,777 | — | 28,296 |
| Total assets measured at fair value | \$ 858,123 | \$ 411,250 | \$ — | \$ 1,269,373 |
| Liabilities: | | | | |
| Accrued liabilities and other short-term obligations | \$ — | \$ 9,155 | \$ — | \$ 9,155 |
| Total liabilities measured at fair value | \$ — | \$ 9,155 | \$ — | \$ 9,155 |

Ciena did not have any transfers between Level 1 and Level 2 fair value measurements during the periods presented.

(9) INVENTORIES

As of the dates indicated, inventories are comprised of the following (in thousands):

| | February 1, 2025 | November 2, 2024 |
|---|---------------------|---------------------|
| Raw materials | \$ 601,893 | \$ 542,785 |
| Work-in-process | 32,688 | 32,219 |
| Finished goods | 289,162 | 324,697 |
| Deferred cost of goods sold | 30,116 | 27,902 |
| Gross inventories | 953,859 | 927,603 |
| Reserve for inventory excess and obsolescence | (108,727) | (107,173) |
| Inventories, net | \$ 845,132 | \$ 820,430 |

During the first three months of fiscal 2025, Ciena recorded a provision for inventory excess and obsolescence of \$10.9 million, primarily related to a decrease in the forecasted demand for certain Networking Platforms products. Deductions from the reserve for excess and obsolete inventory relate primarily to sales and disposal activities.

(10) DERIVATIVE INSTRUMENTS

Foreign Currency Derivatives

Ciena conducts business globally in many currencies, and thus is exposed to foreign currency exchange rate changes. To limit this exposure, Ciena entered into foreign currency contracts. Ciena does not enter into such contracts for speculative purposes.

As of February 1, 2025 and November 2, 2024, Ciena had forward contracts to hedge its foreign exchange exposure in order to reduce variability in certain currencies for expenses principally related to research and development activities. The notional amount of these contracts was approximately \$356.9 million and \$257.0 million as of February 1, 2025 and November 2, 2024, respectively. These foreign exchange contracts have maturities of 24 months or less and have been designated as cash flow hedges.

As of February 1, 2025 and November 2, 2024, Ciena had forward contracts designated as net investment hedges to minimize the effect of foreign exchange rate movements on its net investments in foreign operations. The notional amount of these contracts was approximately \$63.5 million and \$65.4 million as of February 1, 2025 and November 2, 2024, respectively. These foreign exchange contracts have maturities of 36 months or less and have been designated as net investment hedges.

As of February 1, 2025 and November 2, 2024, Ciena had forward contracts in place to hedge its foreign exchange exposure in order to reduce the variability in various currencies of certain balance sheet items. The notional amount of these contracts was approximately \$117.5 million and \$201.2 million as of February 1, 2025 and November 2, 2024, respectively. These foreign exchange contracts have maturities of 12 months or less and have not been designated as hedges for accounting purposes.

Interest Rate Derivatives

Ciena is exposed to floating rates of interest on its term loan borrowings (see Note 11 below) and has hedged such risk by entering into floating-to-fixed interest rate swap arrangements ("interest rate swaps").

In April 2022, Ciena entered into forward starting interest rate swaps to fix the Secured Overnight Financing Rate ("SOFR") for the first \$350.0 million of its floating rate debt at 2.968% from September 2023 through September 2025 ("2025 interest rate swaps"). The total notional amount of the 2025 interest rate swaps was \$350.0 million as of February 1, 2025 and November 2, 2024.

In January 2023, Ciena entered into interest rate swaps to fix SOFR for an additional \$350.0 million of its floating rate debt at 3.47% through January 2028. The total notional amount of these interest rate swaps was \$350.0 million as of February 1, 2025 and November 2, 2024.

In December 2023, Ciena entered into forward starting interest rate swaps to fix SOFR for an additional \$350.0 million of its floating rate debt at 3.287% from September 2025 through December 2028 ("2028 forward starting interest rate swaps"). The total notional amount of the 2028 forward starting interest rate swaps effective September 2025 was \$350.0 million as of February 1, 2025 and November 2, 2024.

Ciena expects the variable rate payments to be received under the terms of these interest rate swaps to offset exactly the forecasted variable rate payments on the equivalent notional amount of the Refinanced 2030 Term Loan (as defined in Note 11 below). These derivative contracts have been designated as cash flow hedges.

Other information regarding Ciena's derivatives is immaterial for separate financial statement presentation. See Note 5 and Note 8 above.

(11) SHORT-TERM AND LONG-TERM DEBT

Outstanding Term Loan Payable

Refinanced 2030 Term Loan

Pursuant to a Credit Agreement, dated July 15, 2014, as amended (the "Credit Agreement"), by and among Ciena Corporation, the lenders party thereto and Bank of America, N.A., as administrative agent (the "Administrative Agent"), Ciena

maintained a senior secured term loan with an outstanding aggregate principal amount as of January 17, 2025 of approximately \$1.16 billion and maturing on October 24, 2030 (the “2030 Term Loan”).

On January 17, 2025, Ciena Corporation, as borrower, and Ciena Communications, Inc., Ciena Government Solutions, Inc., Ciena Communications International, LLC and Blue Planet Software, Inc., as guarantors, entered into a Refinancing Amendment to Credit Agreement with the lenders party thereto and the Administrative Agent (the “Amendment”), pursuant to which Ciena incurred a new single tranche of senior secured term loans in an aggregate principal amount of approximately \$1.16 billion (the “Refinanced 2030 Term Loan”). The proceeds of the Refinanced 2030 Term Loan, together with cash on hand, were used to refinance in full the 2030 Term Loan, including accrued interest, and pay transaction fees and expenses. The Amendment amends the Credit Agreement and provides that the Refinanced 2030 Term Loan will, among other things:

- mature on October 24, 2030;
- amortize in equal quarterly installments in aggregate amounts equal to approximately 0.25% of the principal amount of the Refinanced 2030 Term Loan as of the Closing Date, with the balance payable at maturity;
- be subject to mandatory prepayment upon the occurrence of certain specified events substantially similar to the 2030 Term Loan, including upon the occurrence of certain specified events such as asset sales, debt issuances, and receipt of annual Excess Cash Flow (as defined in the Credit Agreement);
- bear interest, at Ciena’s election, at a per annum rate equal to (a) SOFR (subject to a floor of 0.00%) plus an applicable margin of 1.75%, or (b) a base rate (subject to a floor of 1.00%) plus an applicable margin of 0.75%;
- be repayable at any time at Ciena’s election, provided that repayment of the Refinanced 2030 Term Loan with proceeds of certain indebtedness prior to July 17, 2025 will require a prepayment premium of 1% of the aggregate principal amount of such prepayment; and
- except as described above or otherwise set forth in the Amendment, have substantially identical terms as the 2030 Term Loan.

Except as amended by the Amendment, the remaining terms of the Credit Agreement remain in full force and effect.

The net carrying value of the Ciena’s term loans were comprised of the following as of the date indicated (in thousands):

| | February 1, 2025 | | | | November 2, 2024 |
|---------------------------|-------------------|----------------------|------------------------------|--------------------|--------------------|
| | Principal Balance | Unamortized Discount | Deferred Debt Issuance Costs | Net Carrying Value | Net Carrying Value |
| Refinanced 2030 Term Loan | \$ 1,155,405 | \$ (4,103) | \$ (5,238) | \$ 1,146,064 | \$ — |
| 2030 Term Loan | \$ — | \$ — | \$ — | \$ — | \$ 1,148,347 |

Deferred debt issuance costs are amortized using the straight-line method, which approximates the effect of the effective interest rate, through the maturity of the term loans. The amortization of deferred debt issuance costs for the term loans is included in interest expense and was minimal during the first three months of fiscal 2025 and fiscal 2024.

As of February 1, 2025, the estimated fair value of the Refinanced 2030 Term Loan was \$1.16 billion. Ciena’s term loan is categorized as Level 2 in the fair value hierarchy. Ciena estimated the fair value of its term loan using a market approach based on observable inputs, such as current market transactions involving comparable securities.

Outstanding Senior Notes Payable

2030 Notes

On January 18, 2022, Ciena entered into an indenture among Ciena, as issuer, certain domestic subsidiaries of Ciena, as guarantors, and U.S. Bank National Association, as trustee, pursuant to which Ciena issued \$400.0 million in aggregate principal amount of 4.00% fixed-rate senior notes due 2030 (the “2030 Notes”).

The net carrying value of the 2030 Notes was comprised of the following as of the dates indicated (in thousands):

| | February 1, 2025 | | | November 2, 2024 |
|------------|-------------------|------------------------------|--------------------|--------------------|
| | Principal Balance | Deferred Debt Issuance Costs | Net Carrying Value | Net Carrying Value |
| 2030 Notes | \$ 400,000 | \$ (3,400) | \$ 396,600 | \$ 396,427 |

Deferred debt issuance costs are amortized using the straight-line method, which approximates the effect of the effective interest rate, through the maturity of the 2030 Notes. The amortization of deferred debt issuance costs for the 2030 Notes is included in interest expense and was minimal during both the first three months of fiscal 2025 and fiscal 2024.

As of February 1, 2025, the estimated fair value of the 2030 Notes was \$368.5 million. The 2030 Notes are categorized as Level 2 in the fair value hierarchy. Ciena estimated the fair value of its 2030 Notes using a market approach based on observable inputs, such as current market transactions involving comparable securities.

(12) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in accumulated balances of other comprehensive income (“AOCI”), net of tax, for the three months ended February 1, 2025 (in thousands):

| | Unrealized Gain (Loss) on | | | Cumulative Translation Adjustment | Total |
|--|-------------------------------|------------------------------------|---------------------|-----------------------------------|--------------------|
| | Available-for-sale Securities | Foreign Currency Forward Contracts | Interest Rate Swaps | | |
| Balance at November 2, 2024 | \$ 798 | \$ (4,880) | \$ 8,668 | \$ (51,297) | \$ (46,711) |
| Other comprehensive gain (loss) before reclassifications | (345) | (6,841) | 4,377 | (17,702) | (20,511) |
| Amounts reclassified from AOCI | — | 2,357 | (2,424) | — | (67) |
| Balance at February 1, 2025 | <u>\$ 453</u> | <u>\$ (9,364)</u> | <u>\$ 10,621</u> | <u>\$ (68,999)</u> | <u>\$ (67,289)</u> |

The following table summarizes the changes in AOCI, net of tax, for the three months ended January 27, 2024 (in thousands):

| | Unrealized Gain (Loss) on | | | Cumulative Translation Adjustment | Total |
|---|-------------------------------|------------------------------------|---------------------|-----------------------------------|--------------------|
| | Available-for-sale Securities | Foreign Currency Forward Contracts | Interest Rate Swaps | | |
| Balance at October 28, 2023 | \$ (372) | \$ (8,156) | \$ 18,962 | \$ (48,201) | \$ (37,767) |
| Other comprehensive gain before reclassifications | 895 | 6,448 | (5,592) | 14,323 | 16,074 |
| Amounts reclassified from AOCI | — | 708 | (3,882) | — | (3,174) |
| Balance at January 27, 2024 | <u>\$ 523</u> | <u>\$ (1,000)</u> | <u>\$ 9,488</u> | <u>\$ (33,878)</u> | <u>\$ (24,867)</u> |

All amounts reclassified from AOCI, related to settlements on foreign currency forward contracts designated as cash flow hedges, impacted research and development expense on the Condensed Consolidated Statements of Operations. All amounts reclassified from AOCI, related to settlements on interest rate swaps designated as cash flow hedges, impacted interest and other income, net, on the Condensed Consolidated Statements of Operations.

(13) EARNINGS PER SHARE CALCULATION

Basic net income per common share (“Basic EPS”) is computed using the weighted average number of common shares outstanding. Diluted net income per potential common share (“Diluted EPS”) is computed using the weighted average number of the following, in each case, to the extent that the effect is not anti-dilutive: (i) common shares outstanding; (ii) shares issuable upon vesting of stock unit awards; and (iii) shares issuable under Ciena’s employee stock purchase plan, using the treasury stock method.

The following table presents the calculation of Basic EPS and Diluted EPS for the periods indicated (in thousands, except per share amounts):

| | Quarter Ended | |
|--|---------------------|---------------------|
| | February 1, 2025 | January 27, 2024 |
| Net income | \$ 44,572 | \$ 49,547 |
| Basic weighted average shares outstanding | 142,880 | 145,291 |
| Effect of dilutive potential common shares | 3,064 | 557 |
| Diluted weighted average shares | 145,944 | 145,848 |
| Basic EPS | \$ 0.31 | \$ 0.34 |
| Diluted EPS | \$ 0.31 | \$ 0.34 |
| Antidilutive employee share-based awards, excluded | 989 | 2,491 |

(14) STOCKHOLDERS' EQUITY

Stock Repurchase Program

On October 2, 2024, Ciena announced that its Board of Directors authorized a three-year program to repurchase up to \$1.0 billion of its common stock, commencing in fiscal 2025 and continuing through the end of fiscal 2027.

Under this program, during the first three months of fiscal 2025, Ciena repurchased approximately 1.0 million shares of its common stock for an aggregate purchase price of approximately \$79.2 million, which equates to an average price of \$77.88 per share. As of February 1, 2025, Ciena has an aggregate of \$920.8 million authorized and remaining under its stock repurchase program. Ciena is required to allocate the purchase price for the shares of Ciena's stock repurchased as a reduction of common stock and additional paid-in capital.

Stock Repurchases Related to Stock Unit Award Tax Withholdings

Ciena repurchases shares of its common stock to satisfy employee tax withholding obligations due on vesting of stock unit awards. The related purchase price of \$25.5 million for the shares of Ciena's stock repurchased during the first three months of fiscal 2025 is reflected as a reduction to stockholders' equity. Ciena is required to allocate the purchase price of the repurchased shares as a reduction of common stock and additional paid-in capital.

(15) SHARE-BASED COMPENSATION EXPENSE

The following table summarizes share-based compensation expense for the periods indicated (in thousands):

| | Quarter Ended | |
|---|---------------------|---------------------|
| | February 1, 2025 | January 27, 2024 |
| Products | \$ 1,750 | \$ 1,318 |
| Services | 3,405 | 3,020 |
| Share-based compensation expense included in cost of goods sold | 5,155 | 4,338 |
| Research and development | 14,237 | 12,880 |
| Selling and marketing | 11,597 | 10,305 |
| General and administrative | 9,827 | 10,079 |
| Share-based compensation expense included in operating expense | 35,661 | 33,264 |
| Share-based compensation expense capitalized in inventory, net | (10) | 225 |
| Total share-based compensation expense | \$ 40,806 | \$ 37,827 |

As of February 1, 2025, total unrecognized share-based compensation expense was approximately \$347.0 million, which relates to unvested stock unit awards and is expected to be recognized over a weighted-average period of 1.53 years.

(16) SEGMENTS AND ENTITY-WIDE DISCLOSURES

Segment Reporting

Ciena has the following operating segments for reporting purposes: (i) Networking Platforms; (ii) Platform Software and Services; (iii) Blue Planet Automation Software and Services; and (iv) Global Services.

Segment Profit (Loss)

Segment profit (loss) is determined based on internal performance measures used by Ciena's chief executive officer to assess the performance of each operating segment in a given period. In connection with that assessment, the chief executive officer excludes the following items: selling and marketing costs; general and administrative costs; significant asset impairments and restructuring costs; amortization of intangible assets; interest and other income, net; interest expense; loss on extinguishment and modification of debt; and provision for income taxes.

The table below sets forth Ciena's segment profit (loss) and the reconciliation to net income for the periods indicated (in thousands):

| | Quarter Ended | |
|---|---------------------|---------------------|
| | February 1, 2025 | January 27, 2024 |
| Segment profit (loss): | | |
| Networking Platforms | \$ 167,079 | \$ 183,775 |
| Platform Software and Services | 63,125 | 58,004 |
| Blue Planet Automation Software and Services | 4,576 | (7,069) |
| Global Services | 44,378 | 44,983 |
| Total segment profit | 279,158 | 279,693 |
| Less: Non-performance operating expenses | | |
| Selling and marketing | 136,504 | 128,158 |
| General and administrative | 53,902 | 54,683 |
| Significant asset impairments and restructuring costs | 1,544 | 4,971 |
| Amortization of intangible assets | 6,545 | 7,252 |
| Add: Other non-performance financial items | | |
| Interest and other income, net | 11,578 | 10,650 |
| Interest expense | (22,918) | (23,776) |
| Loss on extinguishment and modification of debt | (729) | — |
| Less: Provision for income taxes | 24,022 | 21,956 |
| Net income | \$ 44,572 | \$ 49,547 |

Entity-Wide Reporting

Ciena's long-lived assets, including equipment, building, furniture and fixtures, operating right-of-use ("ROU") assets, finite-lived intangible assets, and maintenance spares, are not reviewed by Ciena's chief operating decision maker for purposes of evaluating performance and allocating resources. As of February 1, 2025, equipment, building, furniture and fixtures, net, totaled \$320.4 million, and operating ROU assets totaled \$25.1 million both of which support asset groups within Ciena's four operating segments and unallocated selling and general and administrative activities. As of February 1, 2025, finite-lived intangible assets, goodwill, and maintenance spares are assigned to asset groups within the following segments (in thousands):

| | February 1, 2025 | | | | |
|------------------------------|-------------------------|-----------------------------------|---|-----------------|------------|
| | Networking Platforms | Platform Software and Services | Blue Planet Automation Software and Services | Global Services | Total |
| Other intangible assets, net | \$ 151,788 | — | 4,417 | — | \$ 156,205 |
| Goodwill | \$ 199,066 | 156,191 | 89,049 | — | \$ 444,306 |
| Maintenance spares, net | \$ — | — | — | 82,846 | \$ 82,846 |

The following table represents Ciena’s geographic distribution of equipment, building, furniture and fixtures, net and operating ROU assets, specifically identifying any country that accounts for at least 10% of the total of these assets. Assets attributable to geographic regions not identified are reflected as “Other International”. For the periods indicated, Ciena’s geographic distribution of equipment, building, furniture and fixtures, net, and operating ROU assets was as follows (in thousands):

| | February 1, 2025 | November 2, 2024 |
|---------------------|---------------------|---------------------|
| Canada | \$ 269,647 | \$ 283,760 |
| United States | 46,024 | 49,195 |
| Other International | 29,824 | 32,184 |
| Total | <u>\$ 345,495</u> | <u>\$ 365,139</u> |

(17) COMMITMENTS AND CONTINGENCIES

Tax Contingencies

Ciena is subject to various tax liabilities arising in the ordinary course of business. Ciena does not expect that the ultimate settlement of these tax liabilities will have a material effect on its results of operations, financial position, or cash flows.

Litigation

Ciena is subject to various legal proceedings, claims, and other matters arising in the ordinary course of business, including those that relate to employment, commercial, tax, and other regulatory matters. Ciena is also subject to intellectual property related claims, including claims against third parties that may involve contractual indemnification obligations on the part of Ciena. Ciena does not expect that the ultimate costs to resolve such matters will have a material effect on its results of operations, financial position, or cash flows.

Purchase Obligations

Ciena has certain advanced commitments for supply of certain long lead time components. As of February 1, 2025, Ciena had \$1.7 billion in outstanding purchase commitments to contract manufacturers and component suppliers for inventory. In certain instances, Ciena is permitted to cancel, reschedule or adjust these commitments. Consequently, only a portion of this amount relates to firm, non-cancelable and unconditional obligations.

(18) SUBSEQUENT EVENTS

Stock Repurchase Program

From the end of the first quarter of fiscal 2025 through March 7, 2025, Ciena repurchased 382,834 shares of its common stock for an aggregate purchase price of \$31.7 million at an average price of \$82.75 per share, inclusive of repurchases pending settlement under its current stock repurchase program. As of March 7, 2025, Ciena has an aggregate of \$889.1 million of authorized funds remaining under this repurchase program.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Regarding Forward-Looking Statements

This report contains statements that discuss future events or expectations, projections of results of operations or financial condition, changes in the markets for our products and services, trends in our business, operational matters including the expansion of manufacturing capacity and accumulation of inventory, business prospects and strategies and other “forward-looking” information. Forward-looking statements may appear throughout this report, including in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors.” In some cases, you can identify “forward-looking statements” by words like “may,” “will,” “would,” “can,” “should,” “could,” “expects,” “future,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “intends,” “potential,” “projects,” “targets,” “prepare,” or “continue” or the negative of those words and other comparable words. You should be aware that the forward-looking statements contained in this report are based on our current views and assumptions, and are subject to known and unknown risks, uncertainties, and other factors that may cause actual events or results to differ materially.

For a discussion identifying some of the important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in this report. For a more complete understanding of the risks associated with an investment in our securities, you should review these factors and the rest of this report in combination with the more detailed description of our business and management’s discussion and analysis of financial condition and risk factors described in our Annual Report on Form 10-K for the fiscal year ended November 2, 2024, which we filed with the Securities and Exchange Commission (the “SEC”) on December 20, 2024 (our “2024 Annual Report”). However, we operate in a very competitive and dynamic environment and new risks and uncertainties emerge, are identified or become apparent from time to time and therefore may not be identified in this report. We cannot predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. You should be aware that the forward-looking statements contained in this report are based on our current views and assumptions. We undertake no obligation to revise or to update any forward-looking statements made in this report to reflect events or circumstances after the date hereof or to reflect new information or the occurrence of unanticipated events, except as required by law. The forward-looking statements in this report are intended to be subject to protection afforded by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Unless the context requires otherwise, references in this report to “Ciena,” the “Company,” “we,” “us,” and “our” refer to Ciena Corporation and its consolidated subsidiaries.

Overview

This Management’s Discussion and Analysis of Financial Condition and Results of Operations is designed to provide an understanding of Ciena’s financial condition, results of operations, and cash flows, and should be read in conjunction with our Condensed Consolidated Financial Statements and the accompanying notes thereto included in Item 1 of Part I of this report and in Item 8 of Part II of our 2024 Annual Report.

We are a network technology company, providing hardware, software, and services to a wide range of network operators and enabling enhanced network capacity, service delivery, and automation. Our solutions support network traffic across a wide range of applications, including cloud, video, data, AI, and voice. Our network solutions are used globally by communications service providers, cable and multiservice operators, cloud providers, submarine network operators, governments, and enterprises across multiple industry verticals. Our portfolio is designed to enable the Adaptive Network™, which is our vision for a network end state that leverages a programmable and scalable network infrastructure, driven by software control and automation capabilities, that is informed by network analytics and intelligence. Our solutions include Networking Platforms, including our Optical Networking portfolio and our Routing and Switching portfolio, which can be applied from the network core to end-user access points, and which allow network operators to scale capacity, increase transmission speeds, allocate traffic efficiently, and adapt dynamically to changing end-user service demands. To complement our Networking Platforms, we offer Platform Software, which includes our Navigator NCS and advanced applications that deliver multi-layer domain control and operations for network operators. Through our Blue Planet Automation Software, we also enable complete service lifecycle management automation with productized OSS, including inventory, orchestration and assurance solutions that help our customers to achieve closed loop automation across multi-vendor and multi-domain environments.

Market Opportunity and Investment in Technology Innovation

The market into which we sell our communications networking solutions is dynamic and characterized by a high rate of change, including rapid growth in bandwidth demand and network traffic, the proliferation of cloud-based services, and new approaches, or “consumption models,” for designing and procuring networking solutions. Drivers of increased bandwidth demand include enterprise and consumer cloud network adoption, generative AI, 5G, high-definition video, and network operator focus on resilience and automation. To address these growing service demands and manage network cost, many network operators are looking to adopt next-generation infrastructures that are more programmable and better capable of leveraging data for network insight, analytics and automation.

We believe that our investment capacity and our efforts to push the pace of innovation are important competitive differentiators in our markets. Keeping pace with the market’s demand for technology innovation requires considerable research and development investment capacity and expenditures, and research and development spending represented 18.0% of our revenue in the first quarter of fiscal 2025. During the first quarter of fiscal 2025, we invested \$192.7 million in research and development activities, an increase of 2.9% compared to first quarter of fiscal 2024. In particular, in an effort to capture certain market opportunities created by the impact of artificial intelligence (AI) on networks, we have continued to innovate, increase the performance of, and enhance the capabilities for our leading WaveLogic™ coherent modem technology in multiple form factors. Through this innovation, we seek to extend our leadership in our core business and leverage this to expand our addressable market into complementary and adjacent network applications, including inside and around the data center.

Business Momentum

During the first quarter of fiscal 2025, we continued to experience broad-based business momentum, with year-over-year order growth in our major customer segments, led by cloud providers and including continued improvement in orders from communications service providers. As a result, our revenue increased by 3.3% to \$1.07 billion in the first quarter of fiscal 2025 as compared to \$1.04 billion in the first quarter of fiscal 2024. Although our business remains subject to quarterly fluctuations due to customer purchasing patterns and supply chain dynamics, we continue to believe that certain trends and shifts in business and consumer behaviors and the drivers of bandwidth demand described above under “Market Opportunity and Investment in Technology Innovation” represent long-term opportunities for our business.

For additional information regarding our business, industry, market opportunity, competitive landscape, and strategy, see our 2024 Annual Report.

Consolidated Results of Operations

Operating Segments

Our results of operations are presented based on the following operating segments: (i) Networking Platforms; (ii) Platform Software and Services; (iii) Blue Planet Automation Software and Services; and (iv) Global Services. See Note 3 to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report.

Revenue

As a result of the factors described under “Overview” above, our revenue increased by 3.3%, or \$34.5 million in the first quarter of fiscal 2025 as compared to the first quarter of fiscal 2024.

Operating Segment Revenue

The table below sets forth the changes in our operating segment revenue for the periods indicated (in thousands, except percentage data):

| | Quarter Ended | | %* |
|--|------------------|------------------|---------|
| | February 1, 2025 | January 27, 2024 | |
| Revenue: | | | |
| Networking Platforms | | | |
| Optical Networking | \$ 727,973 | \$ 695,849 | 4.6 % |
| | %** 67.9 % | 67.1 % | |
| Routing and Switching | 93,169 | 111,387 | (16.4)% |
| | %** 8.7 % | 10.7 % | |
| Total Networking Platforms | 821,142 | 807,236 | 1.7 % |
| | %** 76.6 % | 77.8 % | |
| Platform Software and Services | 95,067 | 89,745 | 5.9 % |
| | %** 8.9 % | 8.6 % | |
| Blue Planet Automation Software and Services | 26,032 | 13,942 | 86.7 % |
| | %** 2.4 % | 1.4 % | |
| Global Services | | | |
| Maintenance Support and Training | 74,573 | 74,115 | 0.6 % |
| | %** 7.0 % | 7.1 % | |
| Installation and Deployment | 47,682 | 42,723 | 11.6 % |
| | %** 4.4 % | 4.1 % | |
| Consulting and Network Design | 7,764 | 9,948 | (22.0)% |
| | %** 0.7 % | 1.0 % | |
| Total Global Services | 130,019 | 126,786 | 2.5 % |
| | %** 12.1 % | 12.2 % | |
| Total revenue | \$ 1,072,260 | \$ 1,037,709 | 3.3 % |

* Denotes % change from fiscal 2024 to fiscal 2025

** Denotes % of total revenue

Quarter ended February 1, 2025 as compared to the quarter ended January 27, 2024

- **Networking Platforms segment revenue** increased by \$13.9 million.
 - Optical Networking products revenue increased by \$32.1 million, primarily driven by increases in sales of our 6500 Packet-Optical Platforms, primarily to service provider customers, our 6500 Reconfigurable Line Systems (RLS) and our coherent pluggables, both primarily to cloud provider customers. These increases were partially offset by a reduction in Waveserver revenue, primarily related to decreased sales to cloud provider customers.
 - Routing and Switching products revenue decreased by \$18.2 million, primarily driven by decreases in sales of our 3000 and 5000 families of service delivery and aggregation switches, partially offset by an increase in sales of our virtualization software.
- **Platform Software and Services segment revenue** increased by \$5.3 million, primarily reflecting sales increases of our software maintenance services, partially offset by sales decreases of our software platforms.
- **Blue Planet Automation Software and Services segment revenue** increased by \$12.1 million primarily reflecting sales increases in software and services for our unified assurance and analytics.
- **Global Services segment revenue** increased by \$3.2 million, primarily reflecting a sales increase in our installation and deployment services, partially offset by a sales decrease in our consulting and network design services.

Revenue by Geographic Region

Our operating segments engage in business and operations across three geographic regions: the United States, Canada, the Caribbean and Latin America (“Americas”); Europe, Middle East and Africa (“EMEA”); and Asia Pacific, Japan and India (“APAC”). The geographic distribution of our revenue can fluctuate significantly from period to period, and the timing of revenue recognition for large network projects, particularly outside of the United States, can result in large variations in geographic revenue results in any particular period.

The following table reflects our geographic distribution of revenue, principally based on the relevant location for our delivery of products and performance of services. The table sets forth the changes in geographic distribution of revenue for the periods indicated (in thousands, except percentage data):

| | Quarter Ended | | %* |
|----------|------------------|------------------|---------|
| | February 1, 2025 | January 27, 2024 | |
| Americas | \$ 795,632 | \$ 718,198 | 10.8 % |
| | %** 74.2 % | 69.2 % | |
| EMEA | 157,916 | 207,413 | (23.9)% |
| | %** 14.7 % | 20.0 % | |
| APAC | 118,712 | 112,098 | 5.9 % |
| | %** 11.1 % | 10.8 % | |
| Total | \$ 1,072,260 | \$ 1,037,709 | 3.3 % |

* Denotes % change from fiscal 2024 to fiscal 2025

** Denotes % of total revenue

Quarter ended February 1, 2025 as compared to the quarter ended January 27, 2024

- **Americas revenue** increased by \$77.4 million, primarily driven by increased sales to communications service providers and cloud providers, partially offset by decreased sales to cable and multiservice operators, each primarily in the United States.
- **EMEA revenue** decreased by \$49.5 million, primarily driven by decreased sales to cloud providers and to submarine network operators.
- **APAC revenue** increased by \$6.6 million, primarily driven by increased sales to communications service providers in India.

Currency Fluctuations

During the first quarter of fiscal 2025, approximately 15.2% of our revenue was non-U.S. Dollar-denominated. During the first quarter of fiscal 2025 as compared to the first quarter of fiscal 2024, the U.S. Dollar primarily strengthened against other currencies. These currency fluctuations had an adverse effect on our revenue reported in U.S. Dollars of approximately \$6.5 million, or 0.6%, as compared to the first quarter of fiscal 2024.

Cost of Goods Sold and Gross Profit

There are a number of important factors or conditions that can adversely affect or cause our gross profit as a percentage of product or service revenue, or “gross margin,” to fluctuate on a quarterly basis. For example, early stages of new network builds also often include an increased concentration of lower margin “common” equipment, photonic line systems, pluggable solutions, and installation services, with the intent to improve margin as we sell channel cards, advanced software, and maintenance services to customers as they add capacity. The component elements that comprise our product cost of goods sold and services cost of goods sold, and certain factors that can cause gross margin to fluctuate, are described in detail in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” sections of our 2024 Annual Report.

The tables below set forth the changes in revenue, cost of goods sold and gross profit for the periods indicated (in thousands, except percentage data):

| | Quarter Ended | | %* |
|--------------------------|-------------------|-------------------|--------------|
| | February 1, 2025 | January 27, 2024 | |
| Total revenue | \$ 1,072,260 | \$ 1,037,709 | 3.3 % |
| Total cost of goods sold | 600,439 | 570,747 | 5.2 % |
| Gross profit | <u>\$ 471,821</u> | <u>\$ 466,962</u> | <u>1.0 %</u> |
| | %** 44.0 % | 45.0 % | |

* Denotes % change from fiscal 2024 to fiscal 2025

** Denotes % of total revenue

Quarter ended February 1, 2025 as compared to the quarter ended January 27, 2024

- **Gross profit** increased by \$4.9 million. Gross margin decreased by 100 basis points, primarily reflecting decreased product margin, partially offset by increased services margin.
- **Gross profit on products** decreased by \$5.3 million from \$369.3 million for the first quarter of fiscal 2024 to \$364.0 million for the first quarter of fiscal 2025. Product gross margin decreased by 160 basis points, from 44.2% for the first quarter of fiscal 2024 to 42.6% for the first quarter of fiscal 2025, primarily due to product mix, partially offset by certain manufacturing efficiencies.
- **Gross profit on services** increased by \$10.2 million from \$97.7 million for the first quarter of fiscal 2024 to \$107.8 million for the first quarter of fiscal 2025. Gross margin increased by 120 basis points, from 48.4% for the first quarter of fiscal 2024 to 49.6% for the first quarter of fiscal 2025, primarily due to efficiencies in delivering platform software related services.

Operating Expense

The component elements that comprise each of our operating expense categories in the table below are set forth in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of our 2024 Annual Report. The table below sets forth the changes in operating expense for the periods indicated (in thousands, except percentage data):

| | Quarter Ended | | %* |
|---|-------------------|-------------------|--------------|
| | February 1, 2025 | January 27, 2024 | |
| Research and development | \$ 192,663 | \$ 187,269 | 2.9 % |
| | %** 18.0 % | 18.0 % | |
| Selling and marketing | 136,504 | 128,158 | 6.5 % |
| | %** 12.7 % | 12.3 % | |
| General and administrative | 53,902 | 54,683 | (1.4)% |
| | %** 5.0 % | 5.3 % | |
| Significant asset impairments and restructuring costs | 1,544 | 4,971 | (68.9)% |
| | %** 0.1 % | 0.5 % | |
| Amortization of intangible assets | 6,545 | 7,252 | (9.7)% |
| | %** 0.6 % | 0.7 % | |
| Total operating expenses | <u>\$ 391,158</u> | <u>\$ 382,333</u> | <u>2.3 %</u> |
| | %** 36.5 % | 36.8 % | |

* Denotes % change from fiscal 2024 to fiscal 2025

** Denotes % of total revenue

Quarter ended February 1, 2025 as compared to the quarter ended January 27, 2024

- **Research and development expense** increased by \$5.4 million. Net of hedging, this increase primarily reflects increases in employee-related compensation costs partially offset by lower prototype expense.

- **Selling and marketing expense** increased by \$8.3 million. Net of hedging, this increase primarily reflects increases in employee-related compensation costs primarily due to higher commission expense.
- **General and administrative expense** remained relatively unchanged.
- **Significant asset impairments and restructuring costs** decreased by \$3.4 million, primarily due to a reduction in restructuring activities that we have taken with respect to our global workforce.
- **Amortization of intangible assets** remained relatively unchanged.

Currency Fluctuations

Approximately 47.5% of our operating expense was non-U.S. Dollar-denominated during the first quarter of fiscal 2025. During the first quarter of fiscal 2025, as compared to the first quarter of fiscal 2024, the U.S. Dollar primarily strengthened against other currencies. These currency fluctuations, net of hedging, had the effect of reducing our operating expense by approximately \$5.5 million, or 1.4%, as compared to the first quarter of fiscal 2024.

Segment Profit (Loss)

Segment profit (loss) is determined based on internal performance measures used by our chief executive officer to assess the performance of each operating segment in a given period. In connection with that assessment, the chief executive officer excludes the following items: selling and marketing costs; general and administrative costs; significant asset impairments and restructuring costs; amortization of intangible assets; interest and other income, net; interest expense; loss on extinguishment and modification of debt; and provision for income taxes.

The table below sets forth the changes in our segment profit (loss) for the periods indicated (in thousands, except percentage data):

| | Quarter Ended | | %* |
|--|------------------|------------------|---------|
| | February 1, 2025 | January 27, 2024 | |
| Segment profit (loss): | | | |
| Networking Platforms | \$ 167,079 | \$ 183,775 | (9.1)% |
| Platform Software and Services | \$ 63,125 | \$ 58,004 | 8.8 % |
| Blue Planet Automation Software and Services | \$ 4,576 | \$ (7,069) | 164.7 % |
| Global Services | \$ 44,378 | \$ 44,983 | (1.3)% |

* Denotes % change from fiscal 2024 to fiscal 2025

Quarter ended February 1, 2025 as compared to the quarter ended January 27, 2024

- **Networking Platforms segment** profit decreased by \$16.7 million, primarily due to lower product margin as described above and higher research and development costs, partially offset by higher sales volume.
- **Platform Software and Services segment** profit increased by \$5.1 million, primarily due to higher services sales volume and improved services margin as described above.
- **Blue Planet Automation Software and Services segment** profit increased by \$11.6 million, primarily due to higher sales volume as described above, and improved margins on services.
- **Global Services segment** profit slightly decreased, primarily due to reduced margins on maintenance support and training partially offset by increased sales volume.

Other Items

The table below sets forth the changes in other items for the periods indicated (in thousands, except percentage data):

| | Quarter Ended | | %* |
|---|------------------|------------------|---------|
| | February 1, 2025 | January 27, 2024 | |
| Interest and other income, net | \$ 11,578 | \$ 10,650 | 8.7 % |
| | %** 1.1 % | 1.0 % | |
| Interest expense | \$ (22,918) | \$ (23,776) | (3.6) % |
| | %** 2.1 % | 2.3 % | |
| Loss on extinguishment and modification of debt | \$ (729) | \$ — | 100.0 % |
| | %** (0.1) % | — % | |
| Provision for income taxes | \$ 24,022 | \$ 21,956 | 9.4 % |
| | %** 2.2 % | 2.1 % | |

* Denotes % change from fiscal 2024 to fiscal 2025

** Denotes % of total revenue

Quarter ended February 1, 2025 as compared to the quarter ended January 27, 2024

- **Interest and other income, net** increased primarily resulting from the impact of foreign exchange rates on assets and liabilities denominated in a currency other than the relevant functional currency, net of hedging activity.
- **Interest expense** remained relatively unchanged. For more information on our short-term and long-term debt, see Note 11 to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report.
- **Loss on extinguishment and modification of debt** reflects the refinance of our 2030 Term Loan. See Note 11 to our Condensed Consolidated Financial Statements in Item 1 of Part 1 of this report for more details.
- **Provision for income taxes** increased by \$2.1 million, primarily due to income in jurisdictions with higher tax rates.

Liquidity and Capital Resources

Based on past performance and current expectations, we believe that cash from operations, cash, cash equivalents, investments, and other sources of liquidity, including our Revolving Credit Facility, will satisfy our currently anticipated working capital needs, capital expenditures, and other liquidity requirements associated with our operations through the next 12 months and the reasonably foreseeable future. We regularly evaluate our liquidity position, debt obligations, and anticipated cash needs to fund our operating or investment plans, and will continue to consider capital raising and other market opportunities that may be available to us. We regularly evaluate alternatives to manage our capital structure and market opportunities to enhance our liquidity and provide further operational and strategic flexibility.

Principal Sources of Liquidity. Our principal sources of liquidity on hand include our cash, cash equivalents, and investments, which, as of February 1, 2025, totaled \$1.3 billion, as well as the unused portion of our senior secured revolving credit facility (the “Revolving Credit Facility”), to which we and certain of our subsidiaries are parties. The Revolving Credit Facility provides for a total commitment of \$300.0 million with a maturity date of October 24, 2028. We principally use the Revolving Credit Facility to support the issuance of letters of credit that arise in the ordinary course of our business and for general corporate purposes. As of February 1, 2025, letters of credit totaling \$58.3 million were issued under the Revolving Credit Facility. There were no borrowings outstanding under the Revolving Credit Facility as of February 1, 2025.

Foreign Liquidity. The amount of cash, cash equivalents and short-term investments held by our foreign subsidiaries was \$157.9 million as of February 1, 2025. Approximately \$92.5 million of future cash generated from these foreign subsidiaries is expected to be repatriated, with any remaining amount continuing to be indefinitely reinvested. A deferred tax liability related to the expected repatriation amount was accrued in fiscal 2023. There are no other significant temporary differences related to our investment in the foreign subsidiaries for which a deferred tax liability has not been recognized.

Stock Repurchase Authorization. On October 2, 2024, we announced that our Board of Directors authorized a program to repurchase up to \$1.0 billion of our common stock, which replaced in its entirety the previous stock repurchase program authorized in fiscal 2022. During the first three months of fiscal 2025, we repurchased \$79.2 million of our common stock under the stock repurchase program, and \$920.8 million remained under the current repurchase authorization as of February 1, 2025. The amount and timing of any further repurchases under our stock repurchase program are subject to a variety of factors including liquidity, cash flow, stock price, and general business and market conditions. The program may be modified, suspended, or discontinued at any time. See Note 14 to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report as well as Item 2 of Part II of this report.

Cash Flows

The following table sets forth changes in our cash, cash equivalents and investments in marketable debt securities for the periods indicated (in thousands):

| | February 1, 2025 | November 2, 2024 | Increase (Decrease) |
|---|---------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 874,749 | \$ 934,863 | \$ (60,114) |
| Short-term investments in marketable debt securities | 337,320 | 316,343 | 20,977 |
| Long-term investments in marketable debt securities | 105,035 | 80,920 | 24,115 |
| Total cash, cash equivalents, and investments in marketable debt securities | <u>\$ 1,317,104</u> | <u>\$ 1,332,126</u> | <u>\$ (15,022)</u> |

Cash, cash equivalents and investments decreased by \$15.0 million during the first three months of fiscal 2025. Cash from operations generated \$103.7 million which was partially offset by the following: (i) cash used for stock repurchases under our stock repurchase program of \$81.2 million; (ii) cash used to fund our investing activities for capital expenditures totaling \$26.9 million; and (iii) stock repurchases on vesting of our stock unit awards to employees relating to tax withholding of \$25.5 million. In addition to cash provided by operating activities, proceeds from the issuance of equity under our employee stock purchase plan provided \$17.1 million in cash during the three months ended February 1, 2025.

Cash Provided By Operating Activities

The following sections set forth the components of our \$103.7 million of cash provided by operating activities during the first three months of fiscal 2025 as net income (adjusted for non-cash charges) of \$111.7 million was partially offset by a net use of cash in operating assets and liabilities of \$8.0 million.

Net income (adjusted for non-cash charges)

The following table sets forth our net income (adjusted for non-cash charges) during the period (in thousands):

| | Three Months Ended February 1, 2025 |
|---|--|
| Net income | \$ 44,572 |
| Adjustments for non-cash charges: | |
| Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements | 24,679 |
| Share-based compensation expense | 40,806 |
| Amortization of intangible assets | 8,778 |
| Deferred taxes | (17,085) |
| Provision for inventory excess and obsolescence | 10,918 |
| Provision for warranty | 5,697 |
| Other | (6,655) |
| Net income (adjusted for non-cash charges) | <u>\$ 111,710</u> |

Operating Assets and Liabilities

Operating asset and liability requirements increased by \$8.0 million during the period. The following table sets forth the major components of the cash changes in operating assets and liabilities (in thousands):

| | Three Months Ended February 1, 2025 |
|---|--|
| Accounts receivable | \$ (33,454) |
| Inventories | (35,844) |
| Prepaid expenses and other | 92,036 |
| Accounts payable, accruals, and other obligations | (49,577) |
| Deferred revenue | 20,311 |
| Operating lease assets and liabilities, net | (1,459) |
| Total cash consumed in operating assets and liabilities | <u>\$ (7,987)</u> |

As compared to the end of fiscal 2024, for the first three months of fiscal 2025:

- The change in accounts receivable primarily reflects the timing of cash collections from customers;
- The change in inventories primarily reflects increases in raw materials;
- The change in prepaid expenses and other primarily reflects reduced refundable cash advances to a third-party contract manufacturer and lower non-trade receivables;
- The change in accounts payable, accruals, and other obligations primarily reflects the timing of payments to suppliers, our annual cash incentive compensation plans and income taxes;
- The change in deferred revenue represents an increase in advanced payments received on multi-year maintenance contracts from customers prior to revenue recognition; and
- The change in operating lease assets and liabilities, net, represents cash paid for operating lease payments in excess of operating lease costs.

Our days sales outstanding (“DSOs”) increased from 88 for the first three months of fiscal 2024 to 90 for the first three months of fiscal 2025. The calculation of DSOs includes accounts receivables, net and contract assets for unbilled receivables, net included in prepaid expenses and other. Our inventory turns increased from 1.9 for the first three months of fiscal 2024 to 2.3 for the first three months of fiscal 2025.

Cash Paid for Interest, Net

The following table sets forth the cash paid for interest, net, during the period (in thousands):

| | Three Months Ended February 1, 2025 |
|---|--|
| 2030 Term Loan terminated January 17, 2025 ⁽¹⁾ | \$ 18,639 |
| Refinanced 2030 Term Loan due October 28, 2030 ⁽²⁾ | 9 |
| 2030 Senior Notes due January 31, 2030 ⁽³⁾ | 8,000 |
| Interest rate swaps ⁽⁴⁾ | (2,424) |
| Revolving Credit Facility ⁽⁵⁾ | 466 |
| Finance leases | 869 |
| Cash paid during period | <u>\$ 25,559</u> |

⁽¹⁾ The 2030 Term Loan bore interest at SOFR for the chosen borrowing period plus a spread of 2.00% subject to a minimum SOFR rate of 0.00%.

⁽²⁾ Interest on the Refinanced 2030 Term Loan is payable periodically based on the interest period selected for borrowing. The Refinanced 2030 Term Loan bears interest at SOFR for the chosen borrowing period plus a spread of 1.75% subject to a minimum SOFR rate of 0.00%. At the end of the first quarter of fiscal 2025, the interest rate on the Refinanced 2030 Term Loan was 6.05%.

⁽³⁾ The 2030 Notes bear interest at a rate of 4.00% per annum. Interest is payable on the 2030 Notes in arrears on January 31 and July 31 of each year.

⁽⁴⁾ Our interest rate swaps fix the SOFR rate for \$350.0 million of our Term Loan at 3.47% through January 2028 and another \$350.0 million of our Term Loan at 2.968% through September 2025.

⁽⁵⁾ During the first three months of fiscal 2025, we utilized the Revolving Credit Facility to issue certain standby letters of credit and paid nominal commitment fees, interest expense and other administrative charges primarily relating to the Revolving Credit Facility.

For additional information about our debt and interest rate swaps, see Notes 10 and 11 to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report.

Contractual Obligations

Our contractual obligations have not changed materially since November 2, 2024. For a summary of our contractual obligations, see Item 7 of Part II of the 2024 Annual Report.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates have not changed materially since November 2, 2024. For a discussion of our critical accounting policies and estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of Part II of our 2024 Annual Report.

Effects of Recent Accounting Pronouncements

See Note 2 to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report for information relating to our discussion of the effects of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk related to changes in interest rates and foreign currency exchange rates. For a discussion of quantitative and qualitative disclosures about market risk, see Item 7A of Part II of our 2024 Annual Report.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under the heading “*Commitments and Contingencies - Litigation*” in Note 17 to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report, is incorporated herein by reference.

Item 1A. Risk Factors

Investing in our securities involves a high degree of risk. Before investing in our securities, you should consider carefully the information contained in this report and in our 2024 Annual Report, including the information under “Risk Factors” in Item 1A of Part I thereof. This report contains forward-looking statements that involve risks and uncertainties. See “Cautionary Note Regarding Forward-Looking Statements” in “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” above. Our actual results could differ materially from those contained in the forward-looking statements. Any of the risks discussed in our 2024 Annual Report, in this report, in other reports we file with the SEC, and other risks we have not anticipated or discussed, could have a material adverse impact on our business, financial condition, or results of operations. Except as set forth below, there has been no material change to the material factors that make an investment in our securities speculative or risky from those presented in our 2024 Annual Report.

Tariffs and other import measures imposed by the United States, or by other countries in response to such actions or threatened actions by the United States, may adversely affect our business, operations, and financial results.

In late January 2025, the U.S. government commenced a broad review of U.S. trade relations and began issuing numerous executive orders and other public policy statements imposing, or threatening to impose, tariffs on certain countries, materials, and industries, including semiconductors. In response, impacted countries have imposed or threatened various corresponding retaliatory tariffs. We rely on a global sourcing strategy and third-party contract manufacturers in markets outside of the United States to perform substantially all of our manufacturing. Moreover, revenue in the United States represented approximately 70% of our revenue in fiscal 2024. Significant changes to trade policy and the imposition of tariffs, or retaliatory responses thereto, could adversely impact our business, operations, and financial results, including by increasing our costs and making our products less competitive. The tariff policy environment has been and can be expected to continue to be dynamic. Tariff developments that would impact our business include, but are not limited to:

- *Mexico and Canada tariffs.* The U.S. government imposed 25% tariffs on imports from Canada and Mexico in March 2025, and thereafter announced that tariffs relating to products eligible for import under the United States-Mexico-Canada Agreement would be paused until April 2025. Products making up a significant portion of our revenue are manufactured in or distributed from Mexico, and we generally introduce new products and conduct related early volume manufacturing in Canada. Canada and Mexico have also announced responsive tariffs on certain exports of U.S. goods to those countries.
- *Steel and aluminum tariffs.* In March 2025, the U.S. government imposed 25% tariffs on imported steel and aluminum, including certain derivative goods that include certain of our products.
- *China tariffs.* In February 2025, the U.S. government imposed an additional 10% tariff, which was further increased to 20% in March 2025, on all imports from China, including components of finished products. These tariffs followed and were in addition to earlier action imposing 15% tariffs on imports from China in recent years. While we do not rely on third party manufacturing in China for our products, our supply chain includes certain China-based suppliers. China has retaliated against trade restrictions by raising tariffs, and imposing new tariffs, on certain exports of U.S. goods to China. China has also introduced blocking measures to restrict the ability of domestic companies to comply with U.S. trade restrictions, recently restricted the export of certain metals and prohibited the export of certain rare minerals from China to the United States.
- *Reciprocal tariffs.* The U.S. government has announced its intent to impose, beginning in April 2025, wide-ranging reciprocal tariffs to address trade deficits and perceived inconsistent economic treatment of importation between the United States and its trading partners. In addition to third-party manufacturing in Mexico and Canada, we also rely on third-party manufacturing operations in Thailand for a significant portion of our revenue. The imposition of new tariffs on imports from countries from which we source product inputs, or specifically targeting key materials or inputs into our products, could lead to higher costs and supply chain disruption.

We may take steps to attempt to mitigate the impact of tariffs on our business, including by making changes to our supply chain practices, sources of supply, or manufacturing locations or by passing the cost of tariffs to customers who take shipment of impacted products in the United States. These changes could lead to additional costs or capital investment and supply chain delays or disruption. Within the current trade policy environment, there can be no guarantee as to which of our products will be impacted by tariffs or eligible for exceptions under existing or future trade agreements. Moreover, there can be no assurance as to customer reaction to the current trade environment, the imposition of new tariffs, or any tariff mitigation steps we elect to take. Among other things, customers may elect to reduce spending generally, defer orders or delivery of existing orders, or elect to shift purchases to other vendors, each of which would adversely impact our financial results and competitive position with customers.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides a summary of repurchases of our common stock during the first quarter of fiscal 2025:

| Period | Total Number of Shares Purchased ⁽¹⁾ | Average Price Paid per Share ⁽¹⁾ | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾ | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands) ⁽¹⁾ |
|---------------------------------------|---|---|---|--|
| November 3, 2024 to November 30, 2024 | 364,164 | \$ 68.87 | 364,164 | \$ 974,920 |
| December 1, 2024 to December 28, 2024 | 311,769 | \$ 80.44 | 311,769 | \$ 949,841 |
| December 29, 2024 to February 1, 2025 | 341,037 | \$ 85.15 | 341,037 | \$ 920,802 |
| | <u>1,016,970</u> | <u>\$ 77.88</u> | <u>1,016,970</u> | |

⁽¹⁾ On October 2, 2024, we announced that our Board of Directors authorized a program to repurchase up to \$1.0 billion of our common stock, which replaced in its entirety the previous stock repurchase program. The program may be modified, suspended, or discontinued at any time. During the first quarter of fiscal 2025, we repurchased \$79.2 million of our common stock under the stock repurchase program, and we had \$920.8 million remaining under the current repurchase authorization as of February 1, 2025. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources – Stock Repurchase Authorization” in Item 2 of Part I of this report and Note 14 to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report for information regarding the stock repurchase program authorized by our Board of Directors.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Arrangements

The following table describes, for the first quarter of fiscal 2025, each trading arrangement for the sale or purchase of our securities adopted, terminated or for which the amount, pricing or timing provisions were modified by our directors and officers (as defined in Rule 16a-1(f) of the Exchange Act) that is either (1) a contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a “Rule 10b5-1 trading arrangement”) or (2) a “non-Rule 10b5-1 trading arrangement” (as defined in Item 408(c) of Regulation S-K):

| Name (Title) | Action Taken (Date of Action) | Type of Trading Arrangement | Nature of Trading Arrangement | Duration of Trading Arrangement | Aggregate Number of Securities to be Purchased or Sold |
|--|-------------------------------|---------------------------------|-------------------------------|---|--|
| Joseph Cumello (Senior Vice President and General Manager of Blue Planet) | Adoption (January 14, 2025) | Rule 10b5-1 trading arrangement | Sales | Until December 31, 2026, or such earlier date upon which all transactions are completed or expire without execution | (1) |
| David M. Rothenstein (Senior Vice President, Chief Strategy Officer and Secretary) | Adoption (December 23, 2024) | Rule 10b5-1 trading arrangement | Sales | Until December 23, 2025, or such earlier date upon which all transactions are completed or expire without execution | Up to 25,000 shares of common stock |

- (1) The aggregate number of shares of common stock to be sold pursuant to Mr. Cumello’s arrangement is up to 100% of the net after-tax shares of common stock to be received as a result of the vesting of an aggregate of 23,496 restricted stock units on June 20, 2025, September 20, 2025, December 20, 2025, March 20, 2026, June 20, 2026, September 20, 2026, and

December 20, 2026. The actual number of net after-tax shares to be received will vary based on the market price of our common stock at the time of settlement.

Item 6. Exhibits

- 10.1 [Form of Employee Restricted Stock Unit Agreement for Ciena Corporation 2017 Omnibus Incentive Plan \(revised 2024\) \(incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K \(Commission File No. 001-36250\) filed with the Securities and Exchange Commission on December 20, 2024\).*](#)
- 10.2 [Refinancing Amendment to Credit Agreement, dated January 17, 2025, by and among Ciena Corporation, Ciena Communications, Inc., Ciena Government Solutions, Inc., Ciena Communications International, LLC, Blue Planet Software, Inc., Bank of America, N.A., as administrative agent, and the lenders party thereto \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(Commission File No. 001-36250\) filed with the Securities and Exchange Commission on January 21, 2025\).](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1 [Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2 [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101.INS Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Represents management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Ciena Corporation

Date: March 12, 2025

By: /s/ Gary B. Smith

Gary B. Smith
President, Chief Executive Officer
and Director
(Duly Authorized Officer)

Date: March 12, 2025

By: /s/ James E. Moylan, Jr.

James E. Moylan, Jr.
Senior Vice President, Finance and
Chief Financial Officer
(Principal Financial Officer)

CIENA CORPORATION
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Gary B. Smith, certify that:

1. I have reviewed this quarterly report of Ciena Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 12, 2025

/s/ Gary B. Smith

Gary B. Smith

President and Chief Executive Officer

CIENA CORPORATION
CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, James E. Moylan, Jr., certify that:

1. I have reviewed this quarterly report of Ciena Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2025

/s/ James E. Moylan, Jr.

James E. Moylan, Jr.

Senior Vice President and Chief Financial Officer

CIENA CORPORATION
Written Statement of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Ciena Corporation (the “Company”), hereby certifies that, to his knowledge, on the date hereof:

- (a) the Report on Form 10-Q of the Company for the quarter ended February 1, 2025 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gary B. Smith

Gary B. Smith
President and Chief Executive Officer
March 12, 2025

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Ciena Corporation and will be retained by Ciena Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CIENA CORPORATION
Written Statement of Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Financial Officer of Ciena Corporation (the “Company”), hereby certifies that, to his knowledge, on the date hereof:

- (a) the Report on Form 10-Q of the Company for the quarter ended February 1, 2025 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James E. Moylan, Jr.

James E. Moylan, Jr.
Senior Vice President and Chief Financial Officer
March 12, 2025

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Ciena Corporation and will be retained by Ciena Corporation and furnished to the Securities and Exchange Commission or its staff upon request.