

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **June 2, 2022**

Ciena Corporation

(Exact name of registrant as specified in its charter)

Commission File Number: **001-36250**

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

23-2725311
(IRS Employer Identification No.)
21076
(Zip Code)

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, \$0.01 par value	CIEN	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

ITEM 2.02 – RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On June 2, 2022, Ciena Corporation ("Ciena") issued a press release announcing its financial results for its second fiscal quarter ended April 30, 2022. The text of the press release is furnished as Exhibit 99.1 to this Report. As discussed in this press release, Ciena will be hosting an investor call to discuss its results of operations for its second fiscal quarter ended April 30, 2022.

In conjunction with the issuance of this press release, Ciena posted to the quarterly results page of the Investors section of www.ciena.com an accompanying investor presentation. The investor presentation is furnished as Exhibit 99.2 to this Report.

The information in Exhibits 99.1 and 99.2, as well as Item 2.02 of this Report shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement pursuant to the Securities Act of 1933, as amended. Investors are encouraged to review the "Investors" page of our website at www.ciena.com because, as with the other disclosure channels that we use, from time to time we may post material information exclusively on that site.

ITEM 9.01 – FINANCIAL STATEMENTS AND EXHIBITS

(d) The following exhibits are being filed herewith:

<u>Exhibit Number</u>	<u>Description of Document</u>
Exhibit 99.1	Text of Press Release dated June 2, 2022, issued by Ciena Corporation, reporting its results of operations for its second fiscal quarter ended April 30, 2022.
Exhibit 99.2	Investor Presentation for Ciena Corporation's second fiscal quarter ended April 30, 2022.
Exhibit 104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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: June 2, 2022

By: /s/ David M. Rothenstein
David M. Rothenstein
Senior Vice President, General Counsel and Secretary

FOR IMMEDIATE RELEASE

Ciena Reports Fiscal Second Quarter 2022 Financial Results

HANOVER, Md. - June 2, 2022 - [Ciena](#)[®] Corporation (NYSE: CIEN), a networking systems, services and software company, today announced unaudited financial results for its fiscal second quarter ended April 30, 2022.

- **Q2 Revenue:** \$949.2 million
- **Q2 Net Income per Share:** \$0.25 GAAP; \$0.50 adjusted (non-GAAP)
- **Share Repurchases:** Repurchased approximately 1.5 million shares of common stock for an aggregate price of \$87.0 million, and received 0.9 million shares of common stock pursuant to the final settlement of the Accelerated Share Repurchase program, during the quarter.

“Our strong execution in the fiscal second quarter enabled us to deliver 14% year-over-year revenue growth despite an increasingly challenging supply environment,” said Gary Smith, president and CEO of Ciena. “We also saw continued strength in order flow and backlog growth in the quarter, reflecting the durability of longer-term secular demand drivers. At a time when industry-wide supply chain constraints are resulting in increased uncertainty and a wider range of potential outcomes in the coming quarters, our near-term financial performance is entirely a function of component availability – not the strong underlying demand in our business.”

For the fiscal second quarter 2022, Ciena reported revenue of \$949.2 million as compared to \$833.9 million for the fiscal second quarter 2021.

Ciena's GAAP net income for the fiscal second quarter 2022 was \$38.9 million, or \$0.25 per diluted common share, which compares to a GAAP net income of \$103.1 million, or \$0.66 per diluted common share, for the fiscal second quarter 2021. Ciena's GAAP net income for the fiscal second quarter of 2021 benefited from recording \$40.4 million in pre-tax amounts from the Canadian Emergency Wage Subsidy program, which expired in October 2021. See APPENDIX A - Reconciliation of Adjusted (Non- GAAP) Quarterly Measures for more information and a reconciliation of our adjusted (non-GAAP) net income which excludes the effect of these amounts.

Ciena's adjusted (non-GAAP) net income for the fiscal second quarter 2022 was \$76.4 million, or \$0.50 per diluted common share, which compares to an adjusted (non-GAAP) net income of \$97.6 million, or \$0.62 per diluted common share, for the fiscal second quarter 2021.

Fiscal Second Quarter 2022 Performance Summary

The tables below (in millions, except percentage data) provide comparisons of certain quarterly results to the prior year. Appendices A and B set forth reconciliations between the GAAP and adjusted (non-GAAP) measures contained in this release.

	GAAP Results				
	Q2		Q2		Period Change
	FY 2022		FY 2021		Y-T-Y*
Revenue	\$	949.2	\$	833.9	13.8 %
Gross margin		42.3 %		49.5 %	(7.2)%
Operating expense	\$	343.4	\$	278.8	23.2 %
Operating margin		6.2 %		16.0 %	(9.8)%
Non-GAAP Results					
	Q2		Q2		Period Change
	FY 2022		FY 2021		Y-T-Y*
Revenue	\$	949.2	\$	833.9	13.8 %
Adj. gross margin		43.0 %		49.2 %	(6.2)%
Adj. operating expense	\$	301.1	\$	278.7	8.0 %
Adj. operating margin		11.3 %		15.8 %	(4.5)%
Adj. EBITDA	\$	129.3	\$	156.2	(17.2)%

* Denotes % change, or in the case of margin, absolute change

	Revenue by Segment				
	Q2 FY 2022		Q2 FY 2021		
	Revenue	%**	Revenue	%**	
Networking Platforms					
Converged Packet Optical	\$	625.3	\$	573.7	68.8
Routing and Switching		109.2		63.6	7.6
Total Networking Platforms		734.5		637.3	76.4
Platform Software and Services					
Blue Planet Automation Software and Services		69.1		56.7	6.8
Global Services					
Maintenance Support and Training		74.0		70.4	8.4
Installation and Deployment		41.4		38.0	4.6
Consulting and Network Design		13.3		7.6	0.9
Total Global Services		128.7		116.0	13.9
Total	\$	949.2	\$	833.9	100.0

** Denotes % of total revenue

Additional Performance Metrics for Fiscal Second Quarter 2022

	Revenue by Geographic Region			
	Q2 FY 2022		Q2 FY 2021	
	Revenue	% **	Revenue	% **
Americas	\$ 700.8	73.8	\$ 587.5	70.4
Europe, Middle East and Africa	145.1	15.3	155.0	18.6
Asia Pacific	103.3	10.9	91.4	11.0
Total	\$ 949.2	100.0	\$ 833.9	100.0

** Denotes % of total revenue

- One 10%-plus customer represented a total of 11.0% of revenue
- Cash and investments totaled \$1.6 billion
- Cash flow from operations totaled \$105.8 million
- Average days' sales outstanding (DSOs) were 87
- Accounts receivable, net balance was \$774.9 million
- Unbilled contract asset, net balance was \$144.3 million
- Inventories totaled \$536.9 million, including:
 - Raw materials: \$373.5 million
 - Work in process: \$12.3 million
 - Finished goods: \$157.9 million
 - Deferred cost of sales: \$28.9 million
 - Reserve for excess and obsolescence: \$(35.7) million
- Product inventory turns were 3.4
- Headcount totaled 7,536

Supplemental Materials and Live Web Broadcast of Unaudited Fiscal Second Quarter 2022 Results

Today, Thursday, June 2, 2022, in conjunction with this announcement, Ciena has posted to the Quarterly Results page of the Investor Relations section of its website certain related supporting materials for its unaudited fiscal second quarter 2022 results.

Ciena's management will also host a discussion today with investors and financial analysts that will include the Company's outlook. The live audio web broadcast beginning at 8:30 a.m. Eastern will be accessible via www.ciena.com. An archived replay of the live broadcast will be available shortly following its conclusion on the Investor Relations page of Ciena's website.

Notes to Investors

Forward-Looking Statements. You are encouraged to review the Investors section of our website, where we routinely post press releases, Securities and Exchange Commission ("SEC") filings, recent news, financial results, supplemental financial information, and other announcements. From time to time we exclusively post material information to this website along with other disclosure channels that we use. This press release contains certain forward-looking statements that involve risks and uncertainties. These statements are based on current expectations, forecasts, assumptions and other information available to the Company as of the date hereof. Forward-looking statements include statements regarding Ciena's expectations, beliefs, intentions or strategies regarding the future and can be identified by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," and "would" or similar words. Forward-looking statements in this release include:

"Our strong execution in the fiscal second quarter enabled us to deliver 14% year-over-year revenue growth despite an increasingly challenging supply environment; "We also saw continued strength in order flow and backlog growth in the quarter, reflecting the durability of longer-term secular demand drivers"; "At a time when industry-wide supply chain constraints are resulting in increased uncertainty and a wider range of potential outcomes in the coming quarters, our near-term financial performance is entirely a function of component availability – not the strong underlying demand in our business."

Ciena's actual results, performance or events may differ materially from these forward-looking statements made or implied due to a number of risks and uncertainties relating to Ciena's business, including: the effect of broader economic and market conditions on our customers and their business; our ability to execute our business and growth strategies; the impact of supply chain constraints or disruptions; the duration and severity of the COVID-19 pandemic and the impact of countermeasures taken to mitigate its spread on macroeconomic conditions, economic activity, demand for our technology solutions, short- and long-term changes in customer or end user needs, continuity of supply chain, our business operations, liquidity and financial results; changes in network spending or network strategy by our customers; seasonality and the timing and size of customer orders, including our ability to recognize revenue relating to such sales; the level of competitive pressure we encounter; the product, customer and geographic mix of sales within the period; changes in foreign currency exchange rates; factors beyond our control such as natural disasters, climate change, acts of war or terrorism, geopolitical events, including but not limited to the ongoing conflict between Ukraine and Russia, and public health emergencies; changes in tax or trade regulations, including the imposition of tariffs, duties or efforts to withdraw from or materially modify international trade agreements; and the other risk factors disclosed in Ciena's periodic reports filed with the Securities and Exchange Commission (SEC) including Ciena's Annual Report on Form 10-K filed with the SEC on December 17, 2021 and included in its Quarterly Report on Form 10-Q for the second quarter of fiscal 2022 to be filed with the SEC. Ciena assumes no obligation to update any forward-looking information included in this press release.

Non-GAAP Presentation of Quarterly and Annual Results. This release includes non-GAAP measures of Ciena's gross profit, operating expense, income from operations, earnings before interest, tax, depreciation and amortization (EBITDA), Adjusted EBITDA, and measures of net income and net income per share. In evaluating the operating performance of Ciena's business, management excludes certain charges and credits that are required by GAAP. These items share one or more of the following characteristics: they are unusual and Ciena does not expect them to recur in the ordinary course of its business; they do not involve the expenditure of cash; they are unrelated to the ongoing operation of the business in the ordinary course; or their magnitude and timing is largely outside of Ciena's control. Management believes that the non-GAAP measures below provide management and investors useful information and meaningful insight to the operating performance of the business. The presentation of these non-GAAP financial measures should be considered in addition to Ciena's GAAP results and these measures are not intended to be a substitute for the financial information prepared and presented in accordance with GAAP. Ciena's non-GAAP measures and the related adjustments may differ from non-GAAP measures used by other companies and should only be used to evaluate Ciena's results of operations in conjunction with our corresponding GAAP results. To the extent not previously disclosed in a prior Ciena financial results press release, Appendices A and B to this press release set forth a complete GAAP to non-GAAP reconciliation of the non-GAAP measures contained in this release.

About Ciena. Ciena (NYSE: CIEN) is a networking systems, services and software company. We provide solutions that help our customers create the Adaptive Network™ in response to the constantly changing demands of their users. By delivering best-in-class networking technology through high-touch consultative relationships, we build the world's most agile networks with automation, openness and scale. For updates on Ciena, follow us on Twitter @Ciena, LinkedIn, the Ciena Insights blog, or visit www.ciena.com.

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

	Quarter Ended		Six Months Ended	
	April 30, 2022	May 1, 2021	April 30, 2022	May 1, 2021
Revenue:				
Products	\$ 759,948	\$ 670,043	\$ 1,424,955	\$ 1,267,263
Services	189,279	163,884	368,715	323,794
Total revenue	949,227	833,927	1,793,670	1,591,057
Cost of goods sold:				
Products	452,057	339,601	824,622	654,699
Services	95,389	81,907	183,080	166,048
Total cost of goods sold	547,446	421,508	1,007,702	820,747
Gross profit	401,781	412,419	785,968	770,310
Operating expenses:				
Research and development	159,324	110,246	307,733	242,987
Selling and marketing	119,939	110,387	238,820	207,665
General and administrative	45,572	43,635	90,070	83,628
Significant asset impairments and restructuring costs	9,102	8,209	12,511	14,076
Amortization of intangible assets	8,920	6,019	17,838	11,929
Acquisition and integration costs	495	294	563	601
Total operating expenses	343,352	278,790	667,535	560,886
Income from operations	58,429	133,629	118,433	209,424
Interest and other income (loss), net	808	(1,274)	4,494	(2,395)
Interest expense	(11,985)	(7,785)	(20,633)	(15,145)
Income before income taxes	47,252	124,570	102,294	191,884
Provision for income taxes	8,330	21,453	17,549	33,419
Net income	\$ 38,922	\$ 103,117	\$ 84,745	\$ 158,465
Net Income per Common Share				
Basic net income per common share	\$ 0.26	\$ 0.66	\$ 0.55	\$ 1.02
Diluted net income per potential common share	\$ 0.25	\$ 0.66	\$ 0.55	\$ 1.01
Weighted average basic common shares outstanding	152,197	155,331	153,179	155,257
Weighted average dilutive potential common shares outstanding ¹	153,344	156,876	154,580	156,734

¹ Weighted average dilutive potential common shares outstanding used in calculating GAAP diluted net income per potential common share includes the following number of shares underlying certain stock option and stock unit awards: (i) 1.1 million and 1.4 million for the second quarter and first six months of fiscal 2022, respectively; and (ii) 1.5 million shares for each of the second quarter and first six months of fiscal 2021.

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

	April 30, 2022	October 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,019,863	\$ 1,422,546
Short-term investments	529,552	181,483
Accounts receivable, net	774,896	884,958
Inventories	536,878	374,265
Prepaid expenses and other	367,344	325,654
Total current assets	3,228,533	3,188,906
Long-term investments	87,142	70,038
Equipment, building, furniture and fixtures, net	278,494	284,968
Operating lease right-of-use assets	45,721	44,285
Goodwill	328,924	311,645
Other intangible assets, net	88,956	65,314
Deferred tax asset, net	798,238	800,180
Other long-term assets	108,121	99,891
Total assets	<u>\$ 4,964,129</u>	<u>\$ 4,865,227</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 352,999	\$ 356,176
Accrued liabilities and other short-term obligations	333,150	409,285
Deferred revenue	156,400	118,007
Operating lease liabilities	19,279	18,632
Current portion of long-term debt	6,930	6,930
Total current liabilities	868,758	909,030
Long-term deferred revenue	62,369	57,457
Other long-term obligations	148,043	166,803
Long-term operating lease liabilities	40,355	41,564
Long-term debt, net	1,062,182	670,355
Total liabilities	<u>\$ 2,181,707</u>	<u>\$ 1,845,209</u>
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; 150,865,553 and 154,858,981 shares issued and outstanding	1,509	1,549
Additional paid-in capital	6,497,359	6,803,162
Accumulated other comprehensive income (loss)	(16,059)	439
Accumulated deficit	(3,700,387)	(3,785,132)
Total stockholders' equity	2,782,422	3,020,018
Total liabilities and stockholders' equity	<u>\$ 4,964,129</u>	<u>\$ 4,865,227</u>

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

	Six Months Ended	
	April 30, 2022	May 1, 2021
Cash flows provided by operating activities:		
Net income	\$ 84,745	\$ 158,465
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	46,030	47,295
Share-based compensation expense	50,970	40,499
Amortization of intangible assets	24,463	18,517
Deferred taxes	(13,474)	(9,606)
Provision for inventory excess and obsolescence	8,487	10,402
Provision for warranty	7,228	7,937
Other	(5,833)	5,928
Changes in assets and liabilities:		
Accounts receivable	104,455	(180)
Inventories	(171,056)	(66,934)
Prepaid expenses and other	(36,673)	(8,565)
Operating lease right-of-use assets	8,222	8,253
Accounts payable, accruals and other obligations	(88,960)	(30,108)
Deferred revenue	43,753	45,482
Short and long-term operating lease liabilities	(10,216)	(9,726)
Net cash provided by operating activities	<u>52,141</u>	<u>217,659</u>
Cash flows used in investing activities:		
Payments for equipment, furniture, fixtures and intellectual property	(45,249)	(51,651)
Purchase of available for sale securities	(461,548)	(102,429)
Proceeds from maturities of available for sale securities	90,000	91,810
Settlement of foreign currency forward contracts, net	3,708	9,414
Acquisition of business, net of cash acquired	(62,043)	—
Purchase of cost method equity investments	(8,000)	—
Proceeds from sale of cost method equity investments	—	4,678
Net cash used in investing activities	<u>(483,132)</u>	<u>(48,178)</u>
Cash flows provided by (used in) financing activities:		
Proceeds from issuance of senior notes	400,000	—
Payment of long term debt	(3,465)	(3,465)
Payment of debt issuance costs	(5,145)	—
Payment of finance lease obligations	(1,635)	(1,463)
Shares repurchased for tax withholdings on vesting of restricted stock units	(35,004)	(27,893)
Repurchases of common stock - repurchase program	(332,794)	(38,498)
Proceeds from issuance of common stock	15,185	13,480
Net cash provided by (used in) financing activities	<u>37,142</u>	<u>(57,839)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(8,807)	2,696
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(402,656)</u>	<u>114,338</u>
Cash, cash equivalents and restricted cash at beginning of period	1,422,604	1,088,708
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,019,948</u>	<u>\$ 1,203,046</u>
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	\$ 16,809	\$ 14,949
Cash paid during the period for income taxes, net	\$ 17,905	\$ 27,666
Operating lease payments	\$ 10,917	\$ 10,785
Non-cash investing and financing activities		
Purchase of equipment in accounts payable	\$ 8,093	\$ 4,966
Repurchase of common stock in accrued liabilities from repurchase program	\$ 5,000	\$ 900
Operating right-of-use assets subject to lease liability	\$ 3,589	\$ 1,770

APPENDIX A - Reconciliation of Adjusted (Non- GAAP) Quarterly Measures
(in thousands, except per share data) (unaudited)

	Quarter Ended	
	April 30, 2022	May 1, 2021
Gross Profit Reconciliation (GAAP/non-GAAP)		
GAAP gross profit	\$ 401,781	\$ 412,419
Share-based compensation-products	1,058	498
Share-based compensation-services	1,943	1,421
Canadian Emergency Wage Subsidy-products	—	(4,189)
Canadian Emergency Wage Subsidy-services	—	(2,620)
Amortization of intangible assets	3,313	2,856
Total adjustments related to gross profit	6,314	(2,034)
Adjusted (non-GAAP) gross profit	\$ 408,095	\$ 410,385
Adjusted (non-GAAP) gross profit percentage	43.0 %	49.2 %
Operating Expense Reconciliation (GAAP/non-GAAP)		
GAAP operating expense	\$ 343,352	\$ 278,790
Share-based compensation-research and development	8,309	5,844
Share-based compensation-sales and marketing	8,061	6,610
Share-based compensation-general and administrative	7,334	6,743
Canadian Emergency Wage Subsidy-research and development	—	(28,923)
Canadian Emergency Wage Subsidy-sales and marketing	—	(2,551)
Canadian Emergency Wage Subsidy-general and administrative	—	(2,161)
Significant asset impairments and restructuring costs	9,102	8,209
Amortization of intangible assets	8,920	6,019
Acquisition and integration costs	495	294
Total adjustments related to operating expense	42,221	84
Adjusted (non-GAAP) operating expense	\$ 301,131	\$ 278,706
Income from Operations Reconciliation (GAAP/non-GAAP)		
GAAP income from operations	\$ 58,429	\$ 133,629
Total adjustments related to gross profit	6,314	(2,034)
Total adjustments related to operating expense	42,221	84
Total adjustments related to income from operations	48,535	(1,950)
Adjusted (non-GAAP) income from operations	\$ 106,964	\$ 131,679
Adjusted (non-GAAP) operating margin percentage	11.3 %	15.8 %
Net Income Reconciliation (GAAP/non-GAAP)		
GAAP net income	\$ 38,922	\$ 103,117
Exclude GAAP provision for income taxes	8,330	21,453
Income before income taxes	47,252	124,570
Total adjustments related to income from operations	48,535	(1,950)
Unrealized loss on cost method equity investment	—	165
Adjusted income before income taxes	95,787	122,785
Non-GAAP tax provision on adjusted income before income taxes	19,349	25,171
Adjusted (non-GAAP) net income	\$ 76,438	\$ 97,614
Weighted average basic common shares outstanding	152,197	155,331
Weighted average dilutive potential common shares outstanding ¹	153,344	156,876

APPENDIX A - Reconciliation of Adjusted (Non- GAAP) Quarterly Measures
(in thousands, except per share data) (unaudited)

	Quarter Ended	
	April 30, 2022	May 1, 2021
Net Income per Common Share		
GAAP diluted net income per potential common share	\$ 0.25	\$ 0.66
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.50	\$ 0.62

¹ Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the second quarter of fiscal 2022 includes 1.1 million shares underlying certain stock option and stock unit awards.

Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the second quarter of fiscal 2021 includes 1.5 million shares underlying certain stock option and stock unit awards.

APPENDIX B - Calculation of EBITDA and Adjusted EBITDA (unaudited)
(in thousands) (unaudited)

	Quarter Ended	
	April 30, 2022	May 1, 2021
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)		
Net income (GAAP)	\$ 38,922	\$ 103,117
Add: Interest expense	11,985	7,785
Less: Interest and other income (loss), net	808	(1,274)
Add: Provision for income taxes	8,330	21,453
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	22,377	24,107
Add: Amortization of intangible assets	12,233	8,875
EBITDA	\$ 93,039	\$ 166,611
Less: Canadian Emergency Wage Subsidy	—	40,444
Add: Share-based compensation cost	26,673	21,535
Add: Significant asset impairments and restructuring costs	9,102	8,209
Add: Acquisition and integration costs	495	294
Adjusted EBITDA	\$ 129,309	\$ 156,205

* * *

The adjusted (non-GAAP) measures above and their reconciliation to Ciena's GAAP results for the periods presented reflect adjustments relating to the following items:

- *Share-based compensation* - a non-cash expense incurred in accordance with share-based compensation accounting guidance.
- *Canadian Emergency Wage Subsidy* - a program introduced by the Government of Canada to offset a portion of employee wages for a limited period in response to COVID-19 outbreak.
- *Significant asset impairments and restructuring costs* - costs incurred as a result of restructuring activities taken to align resources with perceived market opportunities, the redesign of business processes and a \$4.1 million impairment charge due to Ciena's decision to suspend its business operations in Russia in response to the conflict in Ukraine.
- *Amortization of intangible assets* - a non-cash expense arising from the acquisition of intangible assets, principally developed technologies and customer-related intangibles, that Ciena is required to amortize over its expected useful life.
- *Acquisition and integration costs* - includes financial, legal and accounting advisor expenses related to our acquisition of Vyatta during the first quarter of fiscal 2022 and Xelic during the second quarter of fiscal 2022. Acquisition and integration costs for the second quarter of fiscal 2021 include costs of acquisition compensation associated with a three-year earn-out arrangement related to the DonRiver acquisition in fiscal 2018.
- *Unrealized loss on cost method equity investment* - reflects a change in the carrying value of a certain cost method equity investment.
- *Non-GAAP tax provision* - consists of current and deferred income tax expense commensurate with the level of adjusted income before income taxes and utilizes a current, blended U.S. and foreign statutory annual tax rate of 20.2% for the second fiscal quarter of 2022 and 20.5% for the second fiscal quarter of 2021. This rate may be subject to change in the future, including as a result of changes in tax policy or tax strategy.



Ciena Corporation

Earnings Presentation

Period ended April 30, 2022

June 2, 2022

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Forward-looking statements and non-GAAP measures

Information in this presentation and related comments of presenters contain a number of forward-looking statements. These statements are based on current expected forecasts, assumptions and other information available to the Company as of the date hereof. Forward-looking statements include Ciena's prospective financial results, capital plans, business strategies, expectations about its addressable markets and market share, and business outlook for future periods, as well as statements regarding Ciena's expectations, beliefs, intentions or strategies regarding the future. Often, these can be identified by forward-looking words such as "target," "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," "plan," "predict," "potential," "project," "continue," and "would" or similar words.

Ciena's actual results, performance or events may differ materially from these forward-looking statements made or implied due to a number of risks and uncertainties in Ciena's business, including: the effect of broader economic and market conditions on our customers and their business; our ability to execute our business and growth strategies; the impact of supply chain constraints or disruptions; the duration and severity of the COVID-19 pandemic and the impact of countermeasures taken to mitigate its spread on macroeconomic conditions, economic activity, demand for our technology solutions, short- and long-term changes in customer or end user needs, continuity of supply chain, our business operations, liquidity and financial results; changes in network spending or network strategy by our customers; seasonality and the timing of customer orders, including our ability to recognize revenue relating to such sales; the level of competitive pressure we encounter; the product, customer and geographic sales within the period; changes in foreign currency exchange rates; factors beyond our control such as natural disasters, climate change, acts of war or terrorism, geopolitical events, including but not limited to the ongoing conflict between Ukraine and Russia, and public health emergencies; changes in tax or trade regulations, including the imposition of tariffs, duties or efforts to withdraw from or materially modify international trade agreements; and the other risk factors disclosed in Ciena's periodic reports with the Securities and Exchange Commission (SEC) including Ciena's Annual Report on Form 10-K filed with the SEC on December 17, 2021 and Ciena's Quarterly Report on Form 10-Q for the second quarter of fiscal 2022 to be filed with the SEC.

All information, statements, and projections in this presentation and the related earnings call speak only as of the date of this presentation and related earnings call. Ciena assumes no obligation to update any forward-looking or other information included in this presentation or related earnings calls, whether as a result of new information or otherwise.

In addition, this presentation includes historical, and may include prospective, non-GAAP measures of Ciena's gross margin, operating expense, operating profit, EBITDA, income, and net income per share. These measures are not intended to be a substitute for financial information presented in accordance with GAAP. A reconciliation of non-GAAP measures used in this presentation to Ciena's GAAP results for the relevant period can be found in the Appendix to this presentation. Additional information can be found in our press release filed this morning and in our reports on Form 10-Q filed with the Securities and Exchange Commission.

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2	Market context and Ciena's portfolio
3	Recent financial performance
4	Appendix

Overview & recent achievements

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Ciena is an industry-leading global networking systems, services, and software company



Leading technology and innovation



Diversification and scale of business



Leader in Optical markets and disruptor in emerging opportunities

... with a strong track record of creating shareholder value



Demonstrated track record of financial performance



Flexibility with strong balance sheet

Recent key achievements

We are driving the pace of innovation

- Delivering industry-leading coherent technology including 107GBd WaveLogic™ 5 Extreme (WL5e) and the widest range of interoperable and performance pluggables
- Blue Planet revenue has grown at a 3-year (FY'18 - FY'21) CAGR of 44%
- Growing revenue with MCP multi-layer visualization service across multi-vendor IP/Optical infrastructure
- Continuing to expand our Routing and Switching portfolio with five new product introductions in 1H'22

We have a durable business and financial model

- Despite the challenging environment, we continue to grow our revenue, and profitability and free cash flow have remained strong
- Our balance sheet represents a competitive advantage
 - Ended the quarter with approximately \$1.6B in cash and investments
- Leverage remains below our target level after a successful \$400M Senior Notes offering

We are committed to our people and communities

- Published ESG Investor Presentation and conducting stockholder outreach
- Established our Sustainability Governance model which includes board oversight and strategic executive leadership
- Communicated FY22 compensation goals that address climate, diversity & inclusion and community impact
- Earned Verizon's 2022 Supplier Environmental Excellence Award

Market context and our portfolio

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Six mega trends and the innovations that will enable them

Cloud



Data Center



IoT & Connected Objects



Fiber Deep
(Cable/MSO)



Mobility & 5G

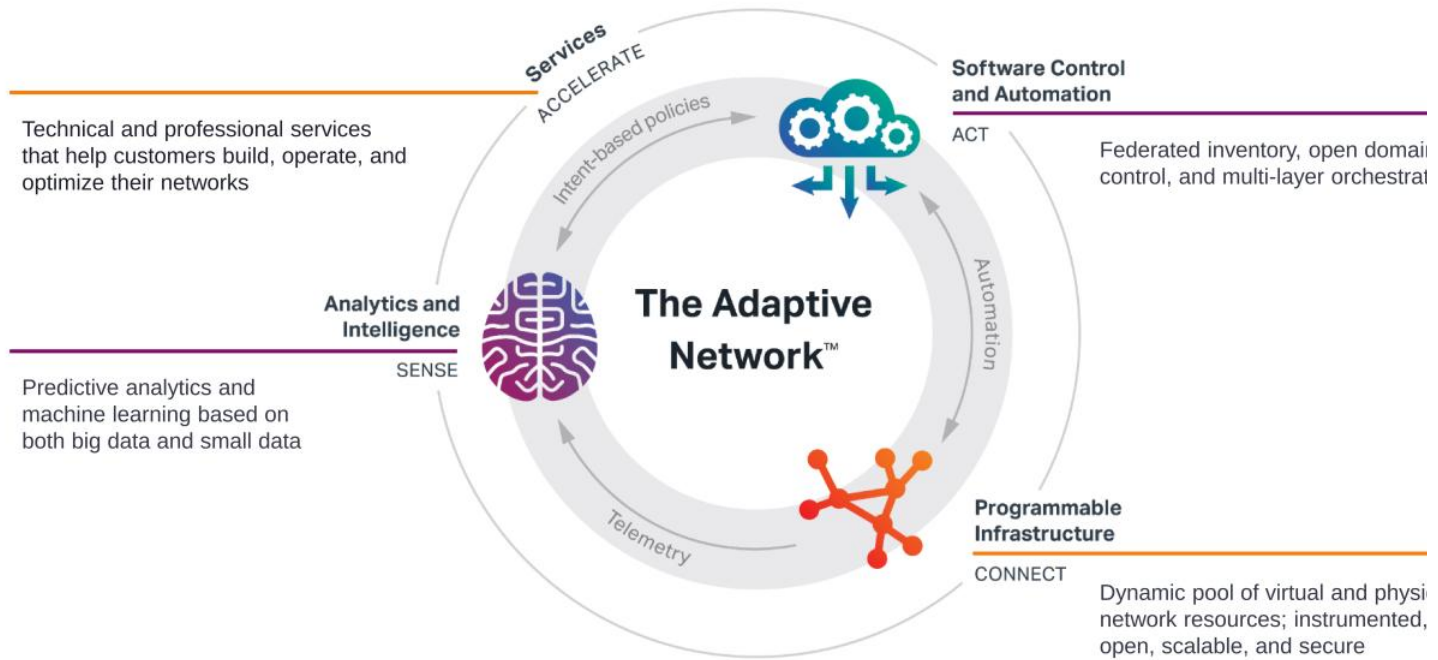


Living a Hybrid Life



Our vision for a new network end-state

How it works



Our market leadership



#1 GLOBALLY

- DATA CENTER INTERCONNECT FOR ICP/CNPs
- PURPOSE-BUILT/COMPACT MODULAR DCI
- SLTE WDM
- ACCESS SWITCHING

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- DATA CENTER INTERCONNECT
- PURPOSE-BUILT/COMPACT MODULAR DCI
- ACCESS SWITCHING

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING

#1 GLOBALLY

- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL FOR CLOUD & COLO
- SLTE WDM

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL FOR CLOUD & COLO
- PACKET ACCESS

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- OPTICAL FOR SERVICE PROVIDER
- OPTICAL FOR ENTERPRISE & GOVERNMENT
- PACKET ACCESS

#1 GLOBALLY

- DATA CENTER INTERCONNECT
- PURPOSE-BUILT/COMPACT MODULAR DC
- INTERNET CONTENT PROVIDER CUSTOM
- CABLE MSO CUSTOMERS

#1 N. AMERICA

- DATA CENTER INTERCONNECT
- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET

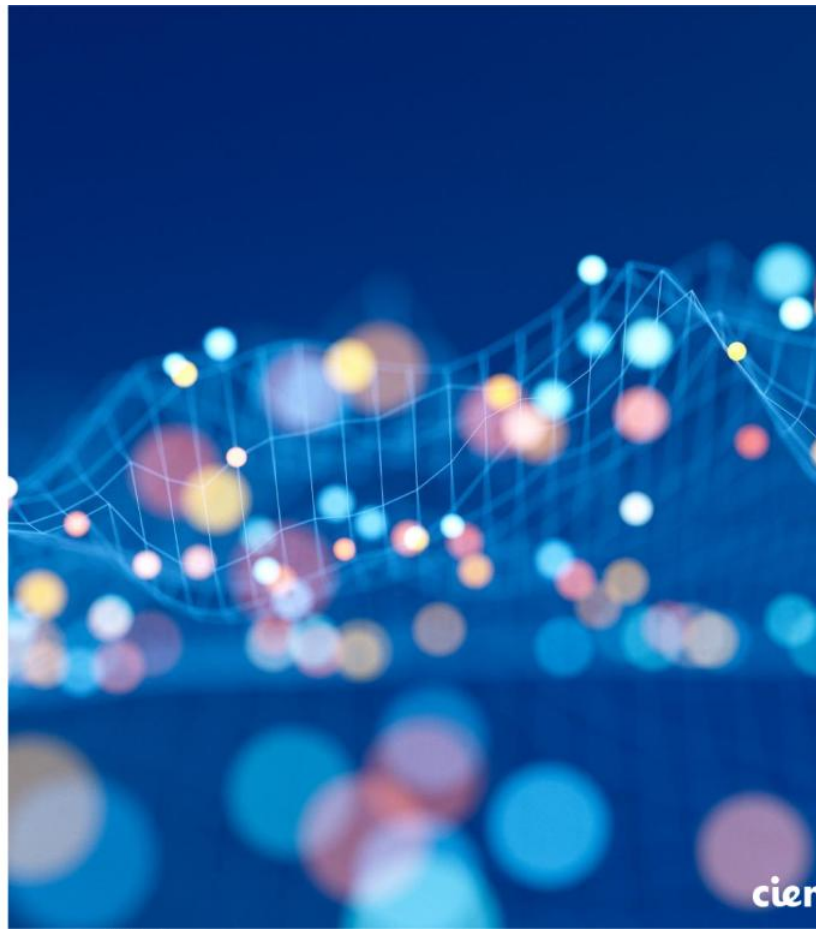
Optical Networking Report, 4Q21
Data Center Interconnect Market Share Report, 4Q21
Service Provider Switching & Routing Report, 4Q21

Transport Hardware Report, 1Q22
Transport Customer Markets Report, 1Q22
Transport Applications Report, 4Q21

Optical Transport Report, 1Q22

Q2 FY 2022 results

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Q2 FY 2022 key highlights

Achieving balanced growth

- Non-telco represented 44% of total revenue
 - Direct web-scale increased 7% YoY and represents 22% of total revenue
 - MSO increased 13% YoY and represents 9% of total revenue
- Routing and Switching revenue increased 72% YoY, reflecting strong contribution from the recently added Vyatta platform
- Platform Software and Services increased 22% YoY, representing 7% of total revenue

Driving the pace of innovation

- GAAP R&D investment was approximately 17% of total revenue
- 737 100G+ total customers, which includes 17 new wins on WaveLogic Ai and 16 new wins on WaveLogic 5 Extreme
- Gaining business momentum with our Universal Aggregation and XGS-PON solution for residential and business services
- In our Routing and Switching Portfolio, we expanded our coherent routing capabilities with the introduction of the 8114 Coherent Aggregation Router

Prioritizing long term shareholder value

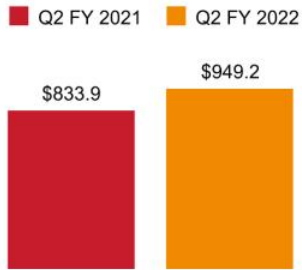
- Total shareholder return five year CAGR of 17%¹
- As part of our \$1 billion stock repurchase program, we repurchase approximately 1.5 million shares² during the quarter for \$87 million

¹ Based on closing share price between 5/19/2017 to 5/18/2022

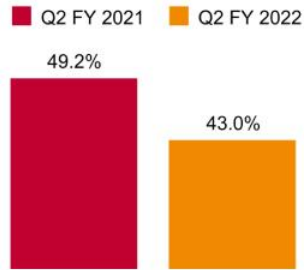
² Excludes the additional 0.9M shares of common stock in settlement of the ASR Agreement delivered on February 15, 2022

Q2 FY 2022 comparisons (year-over-year)

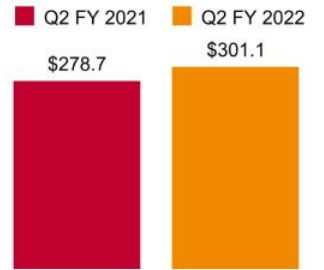
Revenue (in millions)



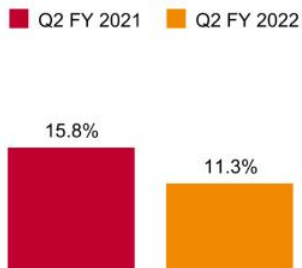
Adj. Gross Margin*



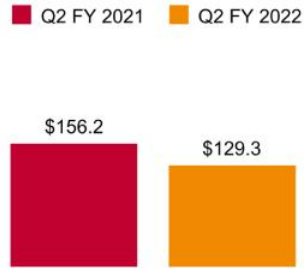
Adj. OpEx* (in millions)



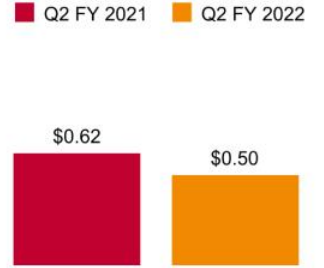
Adj. Operating Margin*



Adj. EBITDA* (in millions)



Adj. EPS*



Q2 FY 2022 comparative operating metrics

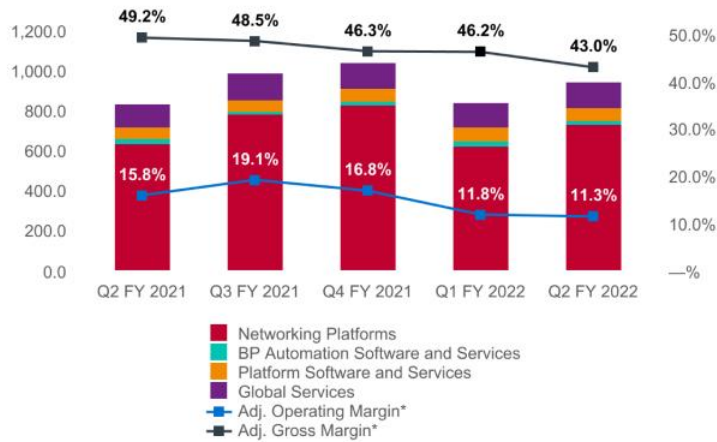
	Q2 FY 2022	Q2 FY 2021
Cash and Investments	\$1.6B	\$1.4B
Cash Flow from Operations	\$106M	\$225M
DSO	87	86
Inventory Turns	3.4	3.4
Gross Leverage	1.71x	1.10x
Net Cash	\$497M	\$696M

Q2 FY 2022 comparative financial highlights

	Q2 FY 2022	Q2 FY 2021
Revenue	\$949.2M	\$833.9M
Adjusted Gross Margin*	43.0%	49.2%
Adjusted Operating Expense*	\$301.1M	\$278.7M
Adjusted Operating Margin*	11.3%	15.8%
Adjusted EBITDA*	\$129.3M	\$156.2M
Adjusted EPS*	\$0.50	\$0.62

* A reconciliation of these non-GAAP measures to our GAAP results is included in the press release for the relative period.

Revenue by segment (Amounts in millions)

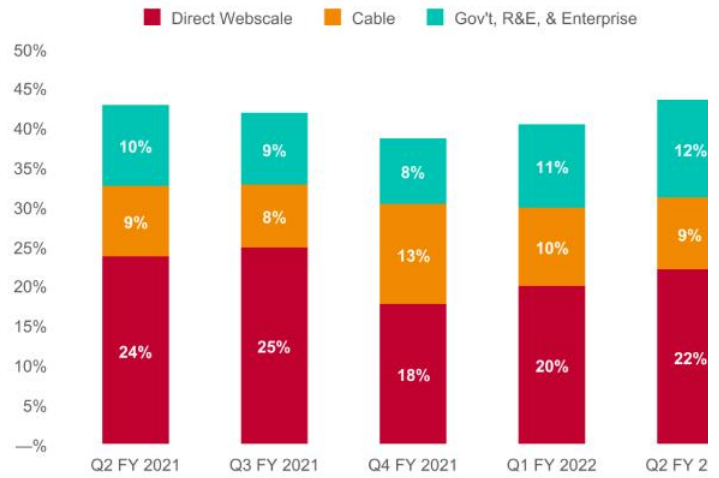
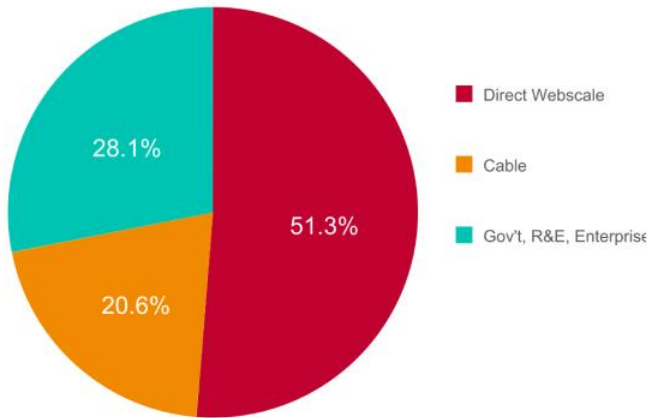


	Q2 FY 2022		Q2 FY 2021
	Revenue	%**	Revenue
Networking Platforms			
Converged Packet Optical	\$625.3	65.8	\$573.7
Routing and Switching	109.2	11.5	63.6
Total Networking Platforms	734.5	77.3	637.3
Platform Software and Services	69.1	7.3	56.7
Blue Planet Automation Software and Services	16.9	1.8	23.9
Global Services			
Maintenance Support and Training	74.0	7.8	70.4
Installation and Deployment	41.4	4.4	38.0
Consulting and Network Design	13.3	1.4	7.6
Total Global Services	128.7	13.6	116.0
Total	\$949.2	100.0 %	\$833.9

* A reconciliation of these non-GAAP measures to GAAP results is included in the appendix to this presentation.
** Denotes % of total revenue

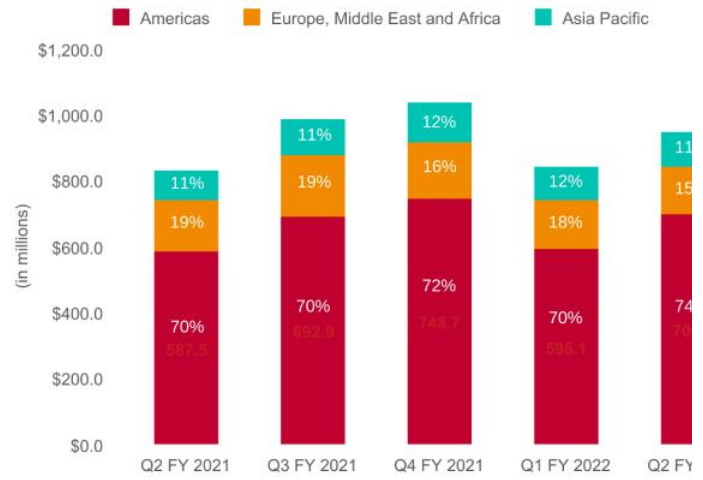
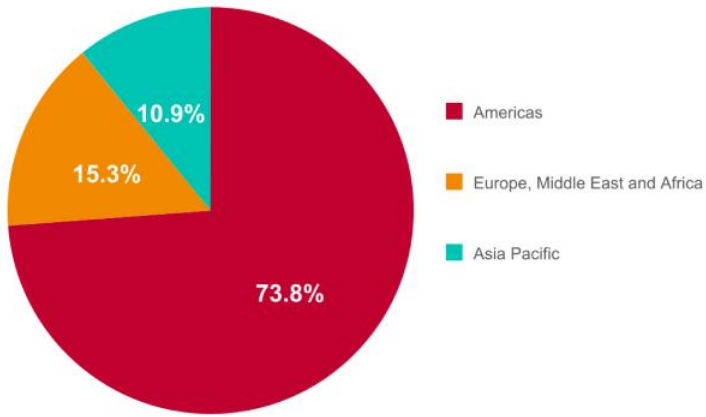
Continued revenue strength derived from non-telco customers

Q2 FY 2022
Approx. 44% of total revenue



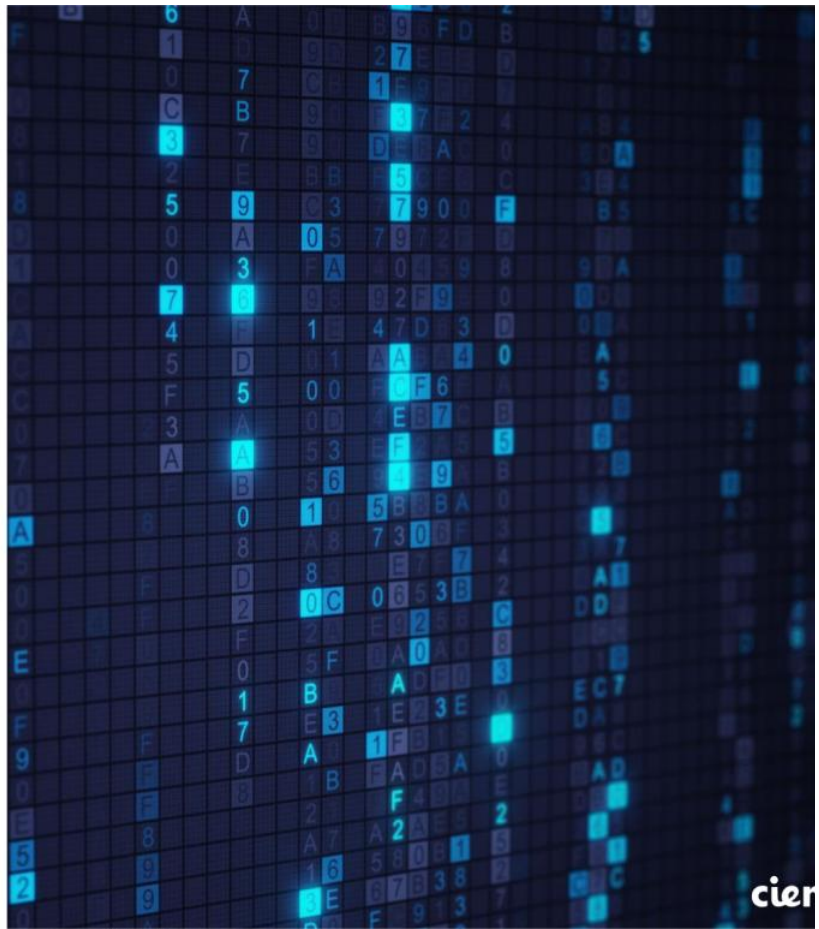
Revenue by geographic region

Q2 FY 2022



Q2 FY 2022 appendix

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Gross Profit Reconciliation (Amounts in thousands)

	Q2 FY 2022	Q1 FY 2022	Q4 FY 2021	Q3 FY 2021	Q2 FY
GAAP gross profit	\$401,781	\$384,187	\$477,119	\$474,550	
Share-based compensation-products	1,058	900	920	1,037	
Share-based compensation-services	1,943	1,584	1,240	1,315	
Canadian Emergency Wage Subsidy - products	—	—	—	(94)	
Canadian Emergency Wage Subsidy - services	—	—	—	(47)	
Amortization of intangible assets	3,313	3,312	2,856	2,857	
Total adjustments related to gross profit	6,314	5,796	5,016	5,068	
Adjusted (non-GAAP) gross profit	\$408,095	\$389,983	\$482,135	\$479,618	
Adjusted (non-GAAP) gross profit percentage	43.0 %	46.2 %	46.3 %	48.5 %	

Operating Expense Reconciliation (Amounts in thousands)

	Q2 FY 2022	Q1 FY 2022	Q4 FY 2021	Q3 FY 2021	Q2 FY 2021
GAAP operating expense	\$343,352	\$324,183	\$339,710	\$326,027	\$326,027
Share-based compensation-research and development	8,309	6,830	5,684	5,541	5,541
Share-based compensation-sales and marketing	8,061	7,060	6,192	6,534	6,534
Share-based compensation-general and administrative	7,334	7,912	7,466	8,237	8,237
Canadian Emergency Wage Subsidy-research and development	—	—	—	(596)	(596)
Canadian Emergency Wage Subsidy-sales and marketing	—	—	—	(53)	(53)
Canadian Emergency Wage Subsidy-general and administrative	—	—	—	(46)	(46)
Significant asset impairments and restructuring costs	9,102	3,409	5,700	9,789	9,789
Amortization of intangible assets	8,920	8,918	5,836	5,967	5,967
Acquisition and integration costs	495	68	1,712	259	259
Total adjustments related to operating expense	42,221	34,197	32,590	35,632	35,632
Adjusted (non-GAAP) operating expense	\$301,131	\$289,986	\$307,120	\$290,395	\$290,395

Income from Operations Reconciliation (Amounts in thousands)

	Q2 FY 2022	Q1 FY 2022	Q4 FY 2021	Q3 FY 2021	Q2 FY 2021
GAAP income from operations	\$58,429	\$60,004	\$137,409	\$148,523	\$148,523
Total adjustments related to gross profit	6,314	5,796	5,016	5,068	5,068
Total adjustments related to operating expense	42,221	34,197	32,590	35,632	35,632
Total adjustments related to income from operations	48,535	39,993	37,606	40,700	40,700
Adjusted (non-GAAP) income from operations	\$106,964	\$99,997	\$175,015	\$189,223	\$189,223
Adjusted (non-GAAP) operating margin percentage	11.3 %	11.8 %	16.8 %	19.1 %	19.1 %

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Net Income Reconciliation (Amounts in thousands)

	Q2 FY 2022	Q1 FY 2022	Q4 FY 2021	Q3 FY 2021	Q2 FY 2021
GAAP net income	\$38,922	\$45,823	\$103,499	\$238,232	
Exclude GAAP provision (benefit) for income taxes	8,330	9,219	25,826	(96,690)	
Income before income taxes	47,252	55,042	129,325	141,542	
Total adjustments related to income from operations	48,535	39,993	37,606	40,700	
Unrealized (gain) loss on cost method equity investment	—	(4,120)	—	—	
Adjusted income before income taxes	95,787	90,915	166,931	182,242	
Non-GAAP tax provision on adjusted income before income taxes	19,349	18,365	34,221	37,360	
Adjusted (non-GAAP) net income	\$76,438	\$72,550	\$132,710	\$144,882	
Weighted average basic common shares outstanding	152,197	154,151	155,232	155,271	
Weighted average diluted potential common shares outstanding ⁽¹⁾	153,344	155,807	156,689	156,744	

Net Income per Common Share

	Q2 FY 2022	Q1 FY 2022	Q4 FY 2021	Q3 FY 2021	Q2 FY 2021
GAAP diluted net income per potential common share	\$ 0.25	\$ 0.29	\$ 0.66	\$ 1.52	
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.50	\$ 0.47	\$ 0.85	\$ 0.92	

1. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the second quarter of fiscal 2022 includes 1.1 million shares underlying certain stock option and stock unit awards.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (Amounts in thousands)

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	Q2 FY 2022	Q1 FY 2022	Q4 FY 2021	Q3 FY 2021	Q2 FY 2021
Net income (GAAP)	\$38,922	\$45,823	\$103,499	\$238,232	
Add: Interest expense	11,985	8,648	7,916	7,776	
Less: Interest and other income (loss), net	808	3,686	(168)	795	
Add: Provision (benefit) for income taxes	8,330	9,219	25,826	(96,690)	
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	22,377	23,653	24,315	24,623	
Add: Amortization of intangible assets	12,233	12,230	8,692	8,824	
EBITDA	\$93,039	\$95,887	\$170,416	\$181,970	
Less: Canadian Emergency Wage Subsidy	—	—	—	836	
Add: Share-based compensation cost	26,673	24,297	21,366	22,471	
Add: Significant asset impairments and restructuring costs	9,102	3,409	5,700	9,789	
Add: Acquisition and integration costs	495	68	1,712	259	
Adjusted EBITDA	\$129,309	\$123,661	\$199,194	\$213,653	

