

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): August 31, 2023

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 August 31, 2023, Ciena Corporation (“Ciena”) issued a press release announcing its financial results for its fiscal third quarter ended July 29, 2023. 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 fiscal third quarter ended July 29, 2023.

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 5.02 - DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

(d) Effective August 30, 2023, the Board of Directors (the “Board”) of Ciena increased the size of the Board to ten directors and appointed Mary G. Puma to fill the newly created vacancy in Class II of the Board. The term of office for Class II directors does not expire until the 2026 Annual Meeting of Stockholders. However, in accordance with Ciena’s Amended and Restated Bylaws, Ms. Puma will stand for election at the 2024 Annual Meeting of stockholders to serve the remainder of the Class II term, or until her successor is duly elected and qualified. Also effective August 30, 2023, Ms. Puma was appointed to serve on the Audit Committee of the Board.

Ms. Puma, age 65, has served as Executive Chairperson of the board of directors of Axcelis Technologies, Inc. (“Axcelis”), a publicly traded company engaged in the supply of capital equipment for the semiconductor chip manufacturing industry, since May 2023. Ms. Puma previously served at Axcelis as President and Chief Executive Officer from January 2002 to May 2023, as President and Chief Operating Officer from July 2000 to January 2002, and as Chairperson of the Board from 2005 to 2015. In 1998, Ms. Puma became General Manager and Vice President of Axcelis’s predecessor, the Implant Systems Division of Eaton Corporation. Prior to joining Eaton Corporation in 1996, Ms. Puma spent 15 years in various marketing and general management positions at General Electric. Ms. Puma also currently serves on the boards of directors of Nordson Corporation and SMART Global Holdings, both publicly traded companies. She also serves on the board of directors of SEMI, a global industry association serving the manufacturing supply chain for the micro- and nano-electronics industries, where she has served as Chairperson of the Board since December 2022. Ms. Puma holds a Bachelor of Arts degree in economics from Tufts University and a Master of Science degree from the MIT Sloan School of Management.

The Board also approved the grant, effective as of September 1, 2023, of a restricted stock unit award to Ms. Puma representing shares of Ciena common stock with a target delivered value of approximately \$130,685. The amount of the award reflects Ciena’s standard compensation program for initial equity awards to new directors, pro-rated based on the date of appointment to the Board. Provided Ms. Puma continues her service on the Board, the restricted stock unit award will vest in its entirety on September 20, 2024. In connection with her service on the Board, Ms. Puma will also be entitled to the standard non-employee director compensation arrangements as set forth under the heading “Director Compensation” in Ciena’s most recent proxy statement filed with the Securities and Exchange Commission.

A copy of the press release announcing the appointment of Ms. Puma to the Board is furnished as Exhibit 99.3.

ITEM 9.01 – FINANCIAL STATEMENTS AND EXHIBITS

<u>Exhibit Number</u>	<u>Description of Document</u>
Exhibit 99.1	Text of Press Release dated August 31, 2023, issued by Ciena Corporation, reporting its results of operations for its third quarter ended July 29, 2023.
Exhibit 99.2	Investor Presentation for Ciena Corporation's fiscal third quarter ended July 29, 2023.
Exhibit 99.3	Press Release dated August 31, 2023, issued by Ciena Corporation, announcing the appointment of Ms. Puma to Ciena's Board of Directors.
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: August 31, 2023

By: /s/ Sheela Kosaraju
Sheela Kosaraju
Senior Vice President, General Counsel and Assistant Secretary

FOR IMMEDIATE RELEASE

Ciena Reports Fiscal Third Quarter 2023 Financial Results

Revenue increased 23% year-over-year

HANOVER, Md. - August 31, 2023 - [Ciena](#)[®] Corporation (NYSE: CIEN), a networking systems, services and software company, today announced unaudited financial results for its fiscal third quarter ended July 29, 2023.

- **Q3 Revenue:** \$1.07 billion
- **Q3 Net Income per Share:** \$0.20 GAAP; \$0.59 adjusted (non-GAAP)
- **Share Repurchases:** Repurchased approximately 1.4 million shares of common stock for an aggregate price of \$61.2 million during the quarter.

"We delivered excellent results for the fiscal third quarter with strength across all regions," said Gary Smith, president and CEO of Ciena. "We are encouraged by increased customer activity that, when combined with our elevated backlog, market leadership and expanding addressable market, we believe will drive growth and market share gains going forward."

For fiscal third quarter 2023, Ciena reported revenue of \$1.07 billion as compared to \$868.0 million for the fiscal third quarter 2022.

Ciena's GAAP net income for the fiscal third quarter 2023 was \$29.7 million, or \$0.20 per diluted common share, which compares to a GAAP net income of \$10.5 million, or \$0.07 per diluted common share, for the fiscal third quarter 2022.

Ciena's adjusted (non-GAAP) net income for the fiscal third quarter 2023 was \$89.1 million, or \$0.59 per diluted common share, which compares to an adjusted (non-GAAP) net income of \$49.0 million, or \$0.33 per diluted common share, for the fiscal third quarter 2022.

Fiscal Third Quarter 2023 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 (unaudited)		
	Q3	Q3	Period Change
	FY 2023	FY 2022	Y-T-Y*
Revenue	\$ 1,067.9	\$ 868.0	23.0 %
Gross margin	42.0 %	39.3 %	2.7 %
Operating expense	\$ 370.7	\$ 313.7	18.2 %
Operating margin	7.3 %	3.1 %	4.2 %

	Non-GAAP Results (unaudited)		
	Q3	Q3	Period Change
	FY 2023	FY 2022	Y-T-Y*
Revenue	\$ 1,067.9	\$ 868.0	23.0 %
Adj. gross margin	42.7 %	40.0 %	2.7 %
Adj. operating expense	\$ 327.9	\$ 273.1	20.1 %
Adj. operating margin	12.0 %	8.5 %	3.5 %
Adj. EBITDA	\$ 151.3	\$ 96.0	57.6 %

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

	Revenue by Segment (unaudited)			
	Q3 FY 2023		Q3 FY 2022	
	Revenue	%**	Revenue	%**
Networking Platforms				
Converged Packet Optical	\$ 719.0	67.3	\$ 563.9	65.0
Routing and Switching	127.6	11.9	100.7	11.6
Total Networking Platforms	846.6	79.2	664.6	76.6
Platform Software and Services	78.9	7.4	63.5	7.3
Blue Planet Automation Software and Services	13.1	1.3	17.3	2.0
Global Services				
Maintenance Support and Training	72.9	6.8	72.8	8.4
Installation and Deployment	46.8	4.4	38.7	4.4
Consulting and Network Design	9.6	0.9	11.1	1.3
Total Global Services	129.3	12.1	122.6	14.1
Total	\$ 1,067.9	100.0	\$ 868.0	100.0

** Denotes % of total revenue

Additional Performance Metrics for Fiscal Third Quarter 2023

	Revenue by Geographic Region (unaudited)			
	Q3 FY 2023		Q3 FY 2022	
	Revenue	% **	Revenue	% **
Americas	\$ 749.5	70.2	\$ 617.4	71.1
Europe, Middle East and Africa	152.8	14.3	124.2	14.3
Asia Pacific	165.6	15.5	126.4	14.6
Total	\$ 1,067.9	100.0	\$ 868.0	100.0

** Denotes % of total revenue

- One customer represented 10%-plus of revenue for a total of 11.7% of revenue
- Cash and investments totaled \$1.28 billion
- Cash flow from operations totaled \$8.7 million
- Average days' sales outstanding (DSOs) were 96
- Accounts receivable, net balance was \$997.4 million
- Unbilled contract assets, net balance was \$142.3 million
- Inventories totaled \$1.19 billion, including:
 - Raw materials: \$772.0 million
 - Work in process: \$51.8 million
 - Finished goods: \$333.5 million
 - Deferred cost of sales: \$77.5 million
 - Reserve for excess and obsolescence: \$(42.3) million
- Product inventory turns were 1.7
- Headcount totaled 8,623

Supplemental Materials and Live Web Broadcast of Unaudited Fiscal Third Quarter 2023 Results

Today, Thursday, August 31, 2023, 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 third quarter 2023 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: "We delivered excellent results for the fiscal third quarter with strength across all regions. We are encouraged by

increased customer activity that, when combined with our elevated backlog, market leadership and expanding addressable market, we believe will drive growth and market share gains going forward."

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 16, 2022 and included in its Quarterly Report on Form 10-Q for the third quarter of fiscal 2023 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 global leader in networking systems, services, and software. We build the most adaptive networks in the industry, enabling customers to anticipate and meet ever-increasing digital demands. For three-plus decades, Ciena has brought our humanity to our relentless pursuit of innovation. Prioritizing collaborative relationships with our customers, partners, and communities, we create flexible, open, and sustainable networks that better serve all users—today and into the future. 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		Nine Months Ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Revenue:				
Products	\$ 865,197	\$ 684,284	\$ 2,678,242	\$ 2,109,239
Services	202,689	183,697	578,820	552,412
Total revenue	1,067,886	867,981	3,257,062	2,661,651
Cost of goods sold:				
Products	516,900	434,756	1,559,120	1,259,378
Services	102,045	92,446	305,372	275,526
Total cost of goods sold	618,945	527,202	1,864,492	1,534,904
Gross profit	448,941	340,779	1,392,570	1,126,747
Operating expenses:				
Research and development	189,392	150,025	561,115	457,758
Selling and marketing	118,266	105,880	367,156	344,700
General and administrative	49,349	41,121	151,184	131,191
Significant asset impairments and restructuring costs	4,174	7,692	16,625	20,203
Amortization of intangible assets	9,487	8,919	26,773	26,757
Acquisition and integration costs	59	35	3,474	598
Total operating expenses	370,727	313,672	1,126,327	981,207
Income from operations	78,214	27,107	266,243	145,540
Interest and other income, net	10,187	366	50,711	4,860
Interest expense	(24,060)	(12,642)	(63,819)	(33,275)
Income before income taxes	64,341	14,831	253,135	117,125
Provision for income taxes	34,608	4,319	89,507	21,868
Net income	\$ 29,733	\$ 10,512	\$ 163,628	\$ 95,257
Net Income per Common Share				
Basic net income per common share	\$ 0.20	\$ 0.07	\$ 1.09	\$ 0.63
Diluted net income per potential common share	\$ 0.20	\$ 0.07	\$ 1.09	\$ 0.62
Weighted average basic common shares outstanding	149,690	149,862	149,472	152,083
Weighted average dilutive potential common shares outstanding¹	149,977	150,463	149,867	153,209

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) 0.3 million and 0.4 million shares for the third quarter and first nine months of fiscal 2023, respectively; and (ii) 0.6 million and 1.1 million shares for the third quarter and first nine months of fiscal 2022, respectively.

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

	July 29, 2023	October 29, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,117,922	\$ 994,352
Short-term investments	141,843	153,989
Accounts receivable, net	997,373	920,772
Inventories	1,192,522	946,730
Prepaid expenses and other	361,692	370,053
Total current assets	<u>3,811,352</u>	<u>3,385,896</u>
Long-term investments	21,098	35,385
Equipment, building, furniture and fixtures, net	287,455	267,779
Operating lease right-of-use assets	40,482	45,108
Goodwill	446,596	328,322
Other intangible assets, net	219,085	69,517
Deferred tax asset, net	792,299	824,008
Other long-term assets	104,847	113,617
Total assets	<u>\$ 5,723,214</u>	<u>\$ 5,069,632</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 393,144	\$ 516,047
Accrued liabilities and other short-term obligations	355,622	360,782
Deferred revenue	188,104	137,899
Operating lease liabilities	16,941	18,925
Current portion of long-term debt	11,930	6,930
Total current liabilities	<u>965,741</u>	<u>1,040,583</u>
Long-term deferred revenue	71,873	62,336
Other long-term obligations	156,893	150,335
Long-term operating lease liabilities	37,800	42,392
Long-term debt, net	1,543,900	1,061,125
Total liabilities	<u>2,776,207</u>	<u>2,356,771</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; 148,772,513 and 148,412,943 shares issued and outstanding	1,488	1,484
Additional paid-in capital	6,425,899	6,390,252
Accumulated other comprehensive loss	(11,778)	(46,645)
Accumulated deficit	(3,468,602)	(3,632,230)
Total stockholders' equity	<u>2,947,007</u>	<u>2,712,861</u>
Total liabilities and stockholders' equity	<u>\$ 5,723,214</u>	<u>\$ 5,069,632</u>

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

	Nine Months Ended	
	July 29, 2023	July 30, 2022
Cash flows used in operating activities:		
Net income	\$ 163,628	\$ 95,257
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	69,213	68,280
Share-based compensation expense	95,405	77,827
Amortization of intangible assets	36,274	36,521
Deferred taxes	(64,005)	(19,824)
Provision for inventory excess and obsolescence	18,767	12,038
Provision for warranty	18,860	12,416
Gain on cost method equity investments, net	(26,368)	(4,120)
Other	13,694	3,678
Changes in assets and liabilities:		
Accounts receivable	(80,399)	74,478
Inventories	(262,345)	(464,664)
Prepaid expenses and other	72,062	(39,805)
Operating lease right-of-use assets	11,003	12,504
Accounts payable, accruals and other obligations	(133,880)	(37,587)
Deferred revenue	57,547	34,949
Short and long-term operating lease liabilities	(16,596)	(15,197)
Net cash used in operating activities	<u>(27,140)</u>	<u>(153,249)</u>
Cash flows used in investing activities:		
Payments for equipment, furniture, fixtures and intellectual property	(83,422)	(66,908)
Purchases of investments	(119,240)	(614,333)
Proceeds from sales and maturities of investments	150,646	460,000
Settlement of foreign currency forward contracts, net	(3,272)	4,450
Purchase of cost method equity investments	—	(8,000)
Acquisition of business, net of cash acquired	(230,048)	(62,043)
Net cash used in investing activities	<u>(285,336)</u>	<u>(286,834)</u>
Cash flows provided by (used in) financing activities:		
Proceeds from issuance of senior notes	—	400,000
Proceeds from issuance of term loan, net	497,500	—
Payment of long term debt	(6,448)	(3,465)
Payment of debt issuance costs	(5,422)	(5,159)
Payment of finance lease obligations	(2,830)	(2,555)
Shares repurchased for tax withholdings on vesting of stock unit awards	(29,794)	(41,280)
Repurchases of common stock - repurchase program	(57,736)	(487,792)
Proceeds from issuance of common stock	31,276	30,224
Net cash provided by (used in) financing activities	<u>426,546</u>	<u>(110,027)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>9,501</u>	<u>(12,780)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	123,571	(562,890)
Cash, cash equivalents and restricted cash at beginning of period	994,378	1,422,604
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,117,949</u>	<u>\$ 859,714</u>
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	\$ 56,709	\$ 24,823
Cash paid during the period for income taxes, net	\$ 68,058	\$ 28,593
Operating lease payments	\$ 18,038	\$ 16,342
Non-cash investing and financing activities		
Purchase of equipment in accounts payable	\$ 4,579	\$ 9,320
Repurchase of common stock in accrued liabilities from repurchase program	\$ 3,500	\$ 5,000
Operating right-of-use assets subject to lease liability	\$ 9,771	\$ 8,226
Gain on cost method equity investments, net	\$ 26,368	\$ 4,120

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

	Quarter Ended	
	July 29, 2023	July 30, 2022
Gross Profit Reconciliation (GAAP/non-GAAP)		
GAAP gross profit	\$ 448,941	\$ 340,779
Share-based compensation-products	1,118	1,002
Share-based compensation-services	2,687	1,940
Amortization of intangible assets	3,187	3,140
Total adjustments related to gross profit	6,992	6,082
Adjusted (non-GAAP) gross profit	\$ 455,933	\$ 346,861
Adjusted (non-GAAP) gross profit percentage	42.7 %	40.0 %
Operating Expense Reconciliation (GAAP/non-GAAP)		
GAAP operating expense	\$ 370,727	\$ 313,672
Share-based compensation-research and development	10,954	8,233
Share-based compensation-sales and marketing	8,770	8,075
Share-based compensation-general and administrative	9,377	7,579
Significant asset impairments and restructuring costs	4,174	7,692
Amortization of intangible assets	9,487	8,919
Acquisition and integration costs	59	35
Total adjustments related to operating expense	42,821	40,533
Adjusted (non-GAAP) operating expense	\$ 327,906	\$ 273,139
Income from Operations Reconciliation (GAAP/non-GAAP)		
GAAP income from operations	\$ 78,214	\$ 27,107
Total adjustments related to gross profit	6,992	6,082
Total adjustments related to operating expense	42,821	40,533
Total adjustments related to income from operations	49,813	46,615
Adjusted (non-GAAP) income from operations	\$ 128,027	\$ 73,722
Adjusted (non-GAAP) operating margin percentage	12.0 %	8.5 %
Net Income Reconciliation (GAAP/non-GAAP)		
GAAP net income	\$ 29,733	\$ 10,512
Exclude GAAP provision for income taxes	34,608	4,319
Income before income taxes	64,341	14,831
Total adjustments related to income from operations	49,813	46,615
Loss on cost method equity investment	87	—
Adjusted income before income taxes	114,241	61,446
Non-GAAP tax provision on adjusted income before income taxes	25,133	12,412
Adjusted (non-GAAP) net income	\$ 89,108	\$ 49,034
Weighted average basic common shares outstanding	149,690	149,862
Weighted average dilutive potential common shares outstanding ¹	149,977	150,463
Net Income per Common Share		
GAAP diluted net income per potential common share	\$ 0.20	\$ 0.07
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.59	\$ 0.33

¹Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share includes the following number of shares underlying certain stock option and stock unit awards: (i) 0.3 million for the third quarter of fiscal 2023; and (ii) 0.6 million for the third quarter of fiscal 2022.

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

	Quarter Ended	
	July 29, 2023	July 30, 2022
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)		
Net income (GAAP)	\$ 29,733	\$ 10,512
Add: Interest expense	24,060	12,642
Less: Interest and other income, net	10,187	366
Add: Provision for income taxes	34,608	4,319
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	23,310	22,250
Add: Amortization of intangible assets	12,674	12,059
EBITDA	\$ 114,198	\$ 61,416
Add: Share-based compensation cost	32,906	26,857
Add: Significant asset impairments and restructuring costs	4,174	7,692
Add: Acquisition and integration costs	59	35
Adjusted EBITDA	\$ 151,337	\$ 96,000

* * *

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.
- *Significant asset impairments and restructuring costs* - costs incurred as a result of restructuring activities taken to align resources with perceived market opportunities, and the redesign of business processes including restructuring certain real estate facilities.
- *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* - primarily consist of financial, legal and accounting advisors' costs and employment-related costs related to Ciena's acquisitions in fiscal 2022 and fiscal 2023.
- *Loss on cost method equity investment* - reflects changes in the carrying value of a certain cost method equity investment due to triggering events.
- *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 22.0% for the third fiscal quarter of 2023 and 20.2% for the third fiscal quarter of 2022. 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 July 29, 2023

August 31, 2023

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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 expectations, forecasts, assumptions and other information available to the Company as of the date hereof. Forward-looking statements include Ciena's prospective financial results, return of 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 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 16, 2022 and Ciena's Quarterly Report on Form 10-Q 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, future events or otherwise.

In addition, this presentation includes historical, and may include prospective, non-GAAP measures of Ciena's gross margin, operating expense, operating margin, EBITDA, 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 also be found in our press release filed this morning and in our reports on Form 10-Q and Form 10K filed with the Securities and Exchange Commission.

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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

- Announced WaveLogic™ 6, our next generation of coherent optics and the industry's first to support up to 1.6Tbps single-carrier wavelengths
- Delivering industry-leading coherent technology with WaveLogic 5 Extreme (WL5e), the most widely deployed 800G solution, and WaveLogic 5 Nano interoperable performance pluggables
- Launched WaveRouter, a purpose-built Coherent Router and industry-first platform architecture optimally designed for the converged metro
- Offering a fully integrated per port architecture for Broadband Access Solution encompassing Ciena, Benu, and Tibit products

We have a resilient business and financial model

- Our large backlog provides visibility as supply chain gradually improves
- In FY 2022, we repurchased approximately 8.4 million shares for \$500 million as part of our \$1 billion stock repurchase program and we committed to completing the program by FYE 2024
- Our balance sheet remains a competitive advantage
 - Ended the fiscal quarter with approximately \$1.3B in cash and investments

We are committed to our people and communities

- Released our 2022 Sustainability Report, detailing our progress and performance across environmental, social, and governance programs
- Obtained approval from the Science Based Target Initiative (SBTi) of new greenhouse gas reduction goals to address our direct operations, as well as our innovative technology solutions, which can reduce the environmental impact of networks across the globe
- Awarded 20 schools with a Ciena Solutions Challenge Sustainability Award, helping them bring to life their innovative solutions to sustainability challenges affecting their local communities

Market context and
Ciena's portfolio

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Six mega trends and the innovations that will enable them

Cloud



Data Center



IoT and Connected Objects



AI, Digital Transformation & Automation



Mobility & 5G

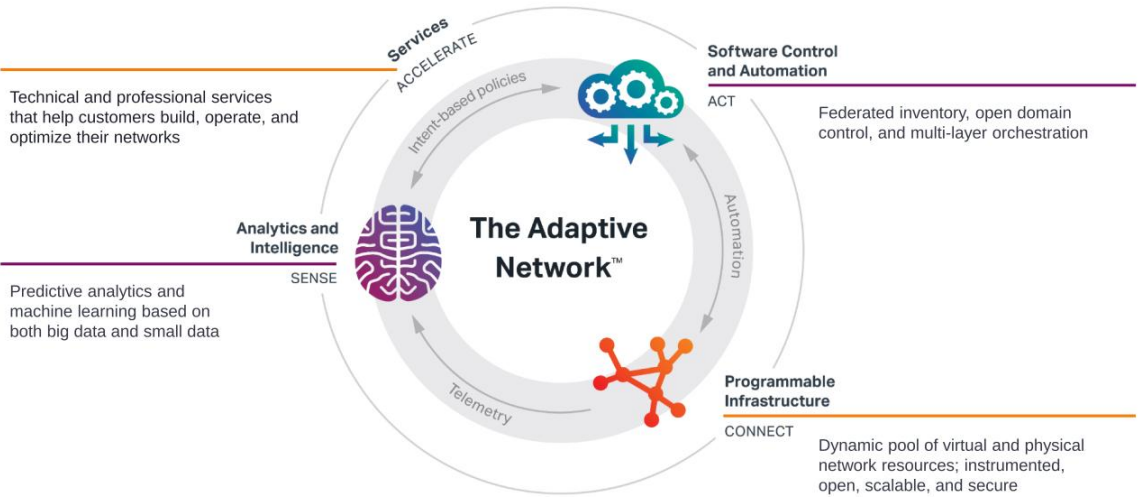


Virtual & Hybrid Lifestyles



Our vision for a new network end-state

How it works



Our market leadership



#1 GLOBALLY

- PURPOSE-BUILT/COMPACT MODULAR DCI
- SLTE WDM
- ACCESS SWITCHING

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- 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
- PACKET ACCESS

#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



#1 GLOBALLY

- DATA CENTER INTERCONNECT
- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL FOR INTERNET CONTENT PROVIDER CUSTOMERS
- OPTICAL FOR CABLE MSO CUSTOMERS

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- DATA CENTER INTERCONNECT
- OPTICAL PACKET

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET

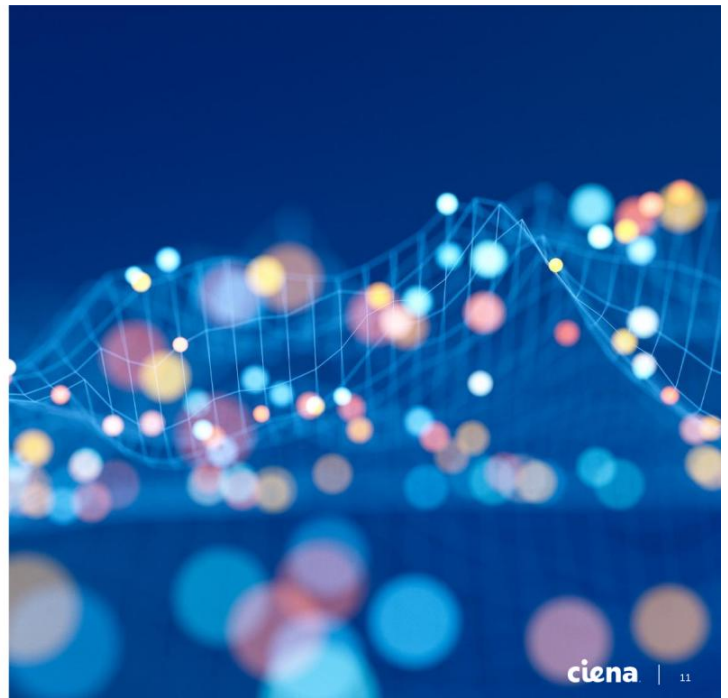
Optical Networking Report, 1Q23
Service Provider Switching & Routing Report, 1Q23

Transport Hardware and Markets Report, 2Q23
Transport Applications Report, 1Q23

Optical Transport Report, 2Q23

Q3 FY 2023 results

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Q3 FY 2023 key highlights

Achieving balanced growth

- Non-telco represented a record high 46% of total revenue in fiscal Q3 2023
 - Direct Cloud Provider revenue increased 52% YoY
- Routing and Switching revenue increased 27% YoY in fiscal Q3 2023, reflecting strong contribution across the routing portfolio
- APAC revenue increased 31% YoY and EMEA revenue increased 23% YoY

Driving the pace of innovation

- GAAP R&D investment was 18% of total revenue in fiscal Q3 2023
- Record quarter in revenue and shipments of 6500 RLS driven by cloud and content provider network expansion
- Expanding customer base for leading WaveLogic 5 Extreme 800G technology with 18 new WL5e customers added in quarter
- Received first order for WaveLogic 6
- Secured our first WaveRouter customer
- Continued to see increased customer traction adding 30+ new customers to the Routing and Switching portfolio, including new fiber broadband access customers and coherent metro routing customers

Prioritizing long term shareholder value

- Total shareholder return five-year CAGR of 10%¹
- Under our authorized \$1 billion stock repurchase program, we repurchased \$61M of shares in fiscal Q3 2023 and are targeting the repurchase of a total of \$250M in shares in FY2023

¹ Based on closing share price between 8/15/2018 to 8/15/2023

Q3 FY 2023 comparative financial highlights

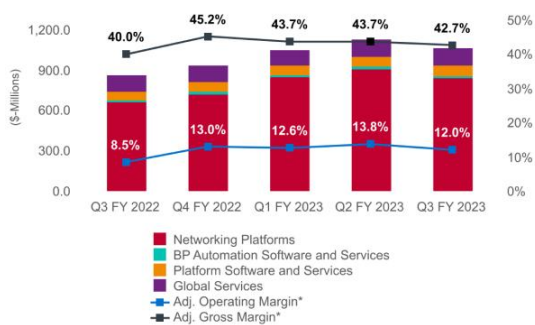
	Q3 FY 2023	Q3 FY 2022
Revenue	\$1,067.9M	\$868.0M
Adjusted Gross Margin*	42.7%	40.0%
Adjusted Operating Expense*	\$327.9M	\$273.1M
Adjusted Operating Margin*	12.0%	8.5%
Adjusted EBITDA*	\$151.3M	\$96.0M
Adjusted EPS*	\$0.59	\$0.33

* Reconciliations of these non-GAAP measures to our GAAP results are included in the Appendix and in the press release for the relative period.

Q3 FY 2023 comparative operating metrics

	Q3 FY 2023	Q3 FY 2022
Cash and investments	\$1.28B	\$1.26B
Cash from (used in) operations	\$9M	\$(205)M
DSO	96.0	100.0
Inventory Turns	1.7	2.1
Gross Leverage	2.54x	2.07x
Net Cash (Debt)	\$(344)M	\$122M

Revenue by segment (Amounts in millions)



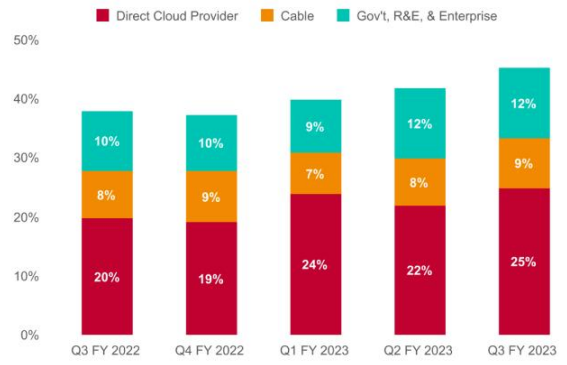
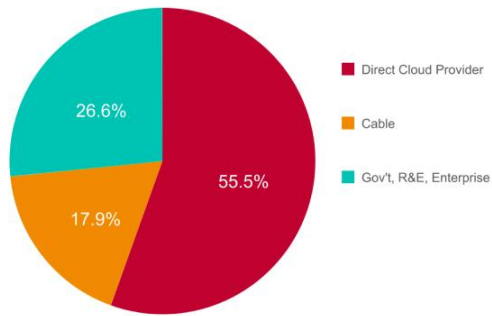
* A reconciliation of these non-GAAP measures to GAAP results is included in the appendix to this presentation.
** Denotes % of total revenue

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	Q3 FY 2023		Q3 FY 2022	
	Revenue	%**	Revenue	%**
Networking Platforms				
Converged Packet Optical	\$719.0	67.3	\$563.9	65.0
Routing and Switching	127.6	11.9	100.7	11.6
Total Networking Platforms	846.6	79.2	664.6	76.6
Platform Software and Services	78.9	7.4	63.5	7.3
Blue Planet Automation Software and Services	13.1	1.3	17.3	2.0
Global Services				
Maintenance Support and Training	72.9	6.8	72.8	8.4
Installation and Deployment	46.8	4.4	38.7	4.4
Consulting and Network Design	9.6	0.9	11.1	1.3
Total Global Services	129.3	12.1	122.6	14.1
Total	\$1,067.9	100.0	\$868.0	100.0

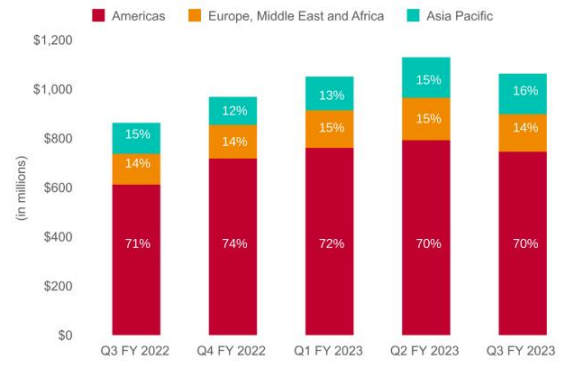
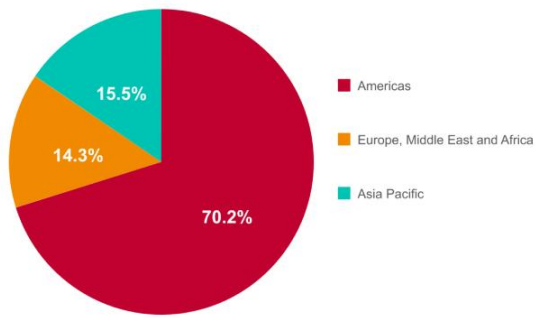
Continued revenue strength derived from non-telco customers

Q3 FY 2023
Approx. 46% of total revenue



Revenue by geographic region

Q3 FY 2023



Q3 FY 2023 appendix

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Gross Profit Reconciliation (Amounts in thousands)

	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022
GAAP gross profit	\$448,941	\$487,683	\$455,946	\$433,597	\$340,779
Share-based compensation-products	1,118	1,155	1,051	907	1,002
Share-based compensation-services	2,687	2,659	2,297	2,066	1,940
Amortization of intangible assets	3,187	3,431	2,883	2,005	3,140
Total adjustments related to gross profit	6,992	7,245	6,231	4,978	6,082
Adjusted (non-GAAP) gross profit	\$455,933	\$494,928	\$462,177	\$438,575	\$346,861
Adjusted (non-GAAP) gross profit percentage	42.7 %	43.7 %	43.7 %	45.2 %	40.0 %

Operating Expense Reconciliation (Amounts in thousands)

	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022
GAAP operating expense	\$370,727	\$384,870	\$370,730	\$356,329	\$313,672
Share-based compensation-research and development	10,954	10,731	9,234	8,507	8,233
Share-based compensation-sales and marketing	8,770	8,755	8,424	8,084	8,075
Share-based compensation-general and administrative	9,377	8,468	9,468	7,610	7,579
Significant asset impairments and restructuring costs	4,174	8,153	4,298	13,621	7,692
Amortization of intangible assets	9,487	9,845	7,441	5,754	8,919
Acquisition and integration costs	59	857	2,558	—	35
Total adjustments related to operating expense	42,821	46,809	41,423	43,576	40,533
Adjusted (non-GAAP) operating expense	\$327,906	\$338,061	\$329,307	\$312,753	\$273,139

Income from Operations Reconciliation (Amounts in thousands)

	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022
GAAP income from operations	\$78,214	\$102,813	\$85,216	\$77,268	\$27,107
Total adjustments related to gross profit	6,992	7,245	6,231	4,978	6,082
Total adjustments related to operating expense	42,821	46,809	41,423	43,576	40,533
Total adjustments related to income from operations	49,813	54,054	47,654	48,554	46,615
Adjusted (non-GAAP) income from operations	\$128,027	\$156,867	\$132,870	\$125,822	\$73,722
Adjusted (non-GAAP) operating margin percentage	12.0 %	13.8 %	12.6 %	13.0 %	8.5 %

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Net Income Reconciliation (Amounts in thousands)

	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022
GAAP net income	\$29,733	\$57,654	\$76,241	\$57,645	\$10,512
Exclude GAAP provision for income taxes	34,608	29,821	25,078	7,735	4,319
Income before income taxes	64,341	87,475	101,319	65,380	14,831
Total adjustments related to income from operations	49,813	54,054	47,654	48,554	46,615
(Gain) loss on cost method equity investment	87	—	(26,455)	—	—
Adjusted income before income taxes	114,241	141,529	122,518	113,934	61,446
Non-GAAP tax provision on adjusted income before income taxes	25,133	31,136	26,954	23,015	12,412
Adjusted (non-GAAP) net income	\$89,108	\$110,393	\$95,564	\$90,919	\$49,034
Weighted average basic common shares outstanding	149,690	149,616	149,081	148,548	149,862
Weighted average diluted potential common shares outstanding ⁽¹⁾	149,977	150,147	149,551	149,111	150,463

Net Income per Common Share

	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022
GAAP diluted net income per potential common share	\$ 0.20	\$ 0.38	\$ 0.51	\$ 0.39	\$ 0.07
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.59	\$ 0.74	\$ 0.64	\$ 0.61	\$ 0.33

1. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the third quarter of fiscal 2023 includes 0.3 million shares underlying certain stock option and stock unit awards.

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

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	Q3 FY 2023	Q2 FY 2023	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022
Net income (GAAP)	\$29,733	\$57,654	\$76,241	\$57,645	\$10,512
Add: Interest expense	24,060	23,889	15,870	13,775	12,642
Less: Interest and other income, net	10,187	8,551	31,973	1,887	366
Add: Provision for income taxes	34,608	29,821	25,078	7,735	4,319
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	23,310	23,695	22,208	27,642	22,250
Add: Amortization of intangible assets	12,674	13,275	10,325	7,759	12,059
EBITDA	\$114,198	\$139,783	\$117,749	\$112,669	\$61,416
Add: Share-based compensation cost	32,906	31,768	30,474	27,174	26,857
Add: Significant asset impairments and restructuring costs	4,174	8,153	4,298	13,621	7,692
Add: Acquisition and integration costs	59	857	2,558	—	35
Adjusted EBITDA	\$151,337	\$180,561	\$155,079	\$153,464	\$96,000

FOR IMMEDIATE RELEASE

Ciena Appoints Mary G. Puma to Board of Directors

HANOVER, Md. – August 31, 2023 – [Ciena](#) (NYSE: CIEN) today announced that Mary G. Puma has been appointed to its Board of Directors, effective immediately.

Ms. Puma previously served as President and Chief Executive Officer of Axcelis Technologies, Inc., a publicly held company engaged in the supply of capital equipment for the semiconductor chip manufacturing industry, from January 2002 to May 2023. Prior to becoming CEO of Axcelis, she served as its President and Chief Operating Officer from July 2000. In 1998, she became General Manager and Vice President of the company's predecessor, the Implant Systems Division of Eaton Corporation. Prior to joining Eaton in 1996, Ms. Puma spent 15 years in various marketing and general management positions at General Electric.

"Mary is a highly respected industry leader who brings a wealth of technology experience to Ciena, notably in the supply chain with electronics and semiconductors. Her impressive track record of driving innovation as well as her deep operational and governance background will be a tremendous addition as we continue to execute on our strategy and build on our market leadership position," said Gary B. Smith, president and CEO of Ciena.

Ms. Puma has served as Executive Chairperson of the Board of Directors at Axcelis since May 2023, and previously served as Chairperson of the Board from 2005 to 2015. She is also a director of Nordson Corporation and SMART Global Holdings and, since December 2022, has been Chairperson of the Board of SEMI, a global industry association serving the manufacturing supply chain for the micro- and nano-electronics industries.

Ms. Puma holds a Bachelor of Arts degree in economics from Tufts University and a Master of Science degree from the MIT Sloan School of Management

About Ciena

Ciena (NYSE: CIEN) is a global leader in networking systems, services, and software. We build the most adaptive networks in the industry, enabling customers to anticipate and meet ever-increasing digital demands. For three-plus decades, Ciena has brought our humanity to our relentless pursuit of innovation. Prioritizing collaborative relationships with our customers, partners, and communities, we create flexible, open, and sustainable networks that better serve all users—today and into the future. For updates on Ciena, follow us on [LinkedIn](#), [Twitter](#), the [Ciena Insights blog](#), or visit www.ciena.com.

Note to Ciena Investors You are encouraged to review the [Investors section](#) of our website, where we routinely post press releases, SEC filings, recent news, financial results, 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 are based on our current expectations, forecasts, information and assumptions. These statements involve inherent risks and uncertainties. Actual results or outcomes may differ materially from those stated or implied, because of risks and uncertainties, including those detailed in our most recent annual and quarterly reports filed with the SEC. Forward-looking statements include statements regarding our expectations, beliefs, intentions or strategies and can be identified by words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," and "would" or similar words. Ciena assumes no obligation to update the information included in this press release, whether as a result of new information, future events or otherwise.