

**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): April 6, 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 7.01 – REGULATION FD DISCLOSURE

On April 6, 2023, Ciena Corporation (“Ciena”) issued a press release discussing guidance that was provided on March 6, 2023 for its fiscal second quarter and full fiscal year 2023. The text of the press release is furnished as Exhibit 99.1 to this Report.

The information in Exhibit 99.1, as well as Item 7.01 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

| <u>Exhibit Number</u> | <u>Description of Document</u> |
|---------------------------|---|
| Exhibit 99.1 | Text of Press Release dated April 6, 2023, issued by Ciena Corporation. |
| 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: April 6, 2023

By: /s/ Sheela Kosaraju

Sheela Kosaraju

SVP, General Counsel and Assistant Secretary

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FOR IMMEDIATE RELEASE

Ciena Reaffirms Fiscal Second Quarter and Full Year 2023 Guidance

HANOVER, Md. – April 6, 2023 - Ciena® Corporation (NYSE: CIEN), a networking systems, services and software company, today announced that it is reaffirming guidance for its fiscal second quarter and full year 2023. In addition, the company is reaffirming its previous statements with respect to both the demand environment and the normalization of backlog and inventory dynamics.

On March 6, 2023, Ciena provided its business outlook for fiscal second quarter 2023, including revenue of \$1,035M to \$1,115M, adjusted gross margin of low 40s%, and adjusted operating expense of approximately \$335M. In addition, Ciena provided its fiscal full year 2023 outlook, including revenue growth of 20% to 22%, adjusted gross margin of 42% to 44%, and adjusted operating expense of approximately \$330M per quarter for the remainder of the fiscal year.

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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: “In addition, the company is reaffirming its previous statements with respect to both the demand environment and the normalization of backlog and inventory dynamics. On March 6, 2023, Ciena provided its business outlook for fiscal second quarter 2023, including revenue of \$1,035M to \$1,115M, adjusted gross margin of low 40’s%, and adjusted operating expense of approximately \$335M. In addition, Ciena provided its fiscal full year 2023 outlook, including revenue growth of 20% to 22%, adjusted gross margin of 42% to 44%, and adjusted operating expense of approximately \$330M per quarter for the remainder of the fiscal year.”

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 its 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 first quarter of fiscal 2023 filed with the SEC on March 8, 2023. 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 [LinkedIn](#), [Twitter](#), the [Ciena Insights blog](#), or visit www.ciena.com.

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

| | Quarter Ended | |
|--|---------------------|---------------------|
| | January 28, 2023 | January 29, 2022 |
| Gross Profit Reconciliation (GAAP/non-GAAP) | | |
| GAAP gross profit | \$455,946 | \$384,187 |
| Share-based compensation-products | 1,051 | 900 |
| Share-based compensation-services | 2,297 | 1,584 |
| Amortization of intangible assets | 2,883 | 3,312 |
| Total adjustments related to gross profit | 6,231 | 5,796 |
| Adjusted (non-GAAP) gross profit | <u>\$462,177</u> | <u>\$389,983</u> |
| Adjusted (non-GAAP) gross profit percentage | 43.7% | 46.2% |
| Operating Expense Reconciliation (GAAP/non-GAAP) | | |
| GAAP operating expense | \$370,730 | \$324,183 |
| Share-based compensation-research and development | 9,234 | 6,830 |
| Share-based compensation-sales and marketing | 8,424 | 7,060 |
| Share-based compensation-general and administrative | 9,468 | 7,912 |
| Significant asset impairments and restructuring costs | 4,298 | 3,409 |
| Amortization of intangible assets | 7,441 | 8,918 |
| Acquisition and integration costs | 2,558 | 68 |
| Total adjustments related to operating expense | 41,423 | 34,197 |
| Adjusted (non-GAAP) operating expense | <u>\$329,307</u> | <u>\$289,986</u> |
| Income from Operations Reconciliation (GAAP/non-GAAP) | | |
| GAAP income from operations | \$ 85,216 | \$ 60,004 |
| Total adjustments related to gross profit | 6,231 | 5,796 |
| Total adjustments related to operating expense | 41,423 | 34,197 |
| Total adjustments related to income from operations | 47,654 | 39,993 |
| Adjusted (non-GAAP) income from operations | <u>\$132,870</u> | <u>\$ 99,997</u> |
| Adjusted (non-GAAP) operating margin percentage | 12.6% | 11.8% |
| Net Income Reconciliation (GAAP/non-GAAP) | | |
| GAAP net income | \$ 76,241 | \$ 45,823 |
| Exclude GAAP provision for income taxes | 25,078 | 9,219 |
| Income before income taxes | 101,319 | 55,042 |
| Total adjustments related to income from operations | 47,654 | 39,993 |
| Gain on cost method equity investment | (26,455) | (4,120) |
| Adjusted income before income taxes | 122,518 | 90,915 |
| Non-GAAP tax provision on adjusted income before income taxes | 26,954 | 18,365 |
| Adjusted (non-GAAP) net income | <u>\$ 95,564</u> | <u>\$ 72,550</u> |
| Weighted average basic common shares outstanding | <u>149,081</u> | <u>154,151</u> |
| Weighted average dilutive potential common shares outstanding ¹ | <u>149,551</u> | <u>155,807</u> |
| Net Income per Common Share | | |
| GAAP diluted net income per potential common share | \$ 0.51 | \$ 0.29 |
| Adjusted (non-GAAP) diluted net income per potential common share | \$ 0.64 | \$ 0.47 |

¹ Weighted 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) 0.5 million for the first quarter of fiscal 2023; and (ii) 1.7 million for the first quarter of fiscal 2022.

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

| | Quarter Ended | |
|--|---------------------|---------------------|
| | January 28, 2023 | January 29, 2022 |
| Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) | | |
| Net income (GAAP) | \$ 76,241 | \$ 45,823 |
| Add: Interest expense | 15,870 | 8,648 |
| Less: Interest and other income, net | 31,973 | 3,686 |
| Add: Provision for income taxes | 25,078 | 9,219 |
| Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements | 22,208 | 23,653 |
| Add: Amortization of intangible assets | 10,325 | 12,230 |
| EBITDA | \$ 117,749 | \$ 95,887 |
| Add: Share-based compensation cost | 30,474 | 24,297 |
| Add: Significant asset impairments and restructuring costs | 4,298 | 3,409 |
| Add: Acquisition and integration costs | 2,558 | 68 |
| Adjusted EBITDA | \$ 155,079 | \$ 123,661 |

* * *

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, the redesign of business processes.
- *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.
- *Gain on cost method equity investment* - reflects changes in the carrying value of certain cost method equity investments due to triggering events. During the first quarter of fiscal 2023, the acquisition of Tibit triggered the remeasurement of our previously held investment in Tibit to fair value, which resulted in recognizing a gain on our cost method equity investment of \$26.5 million.
- *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 first fiscal quarter of 2023 and 20.2% for the first 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.