

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): March 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 2.02 – RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On March 6, 2023, Ciena Corporation ("Ciena") issued a press release announcing its financial results for its fiscal first quarter ended January 28, 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 first quarter ended January 28, 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 9.01 – FINANCIAL STATEMENTS AND EXHIBITS

<u>Exhibit Number</u>	<u>Description of Document</u>
Exhibit 99.1	Text of Press Release dated March 6, 2023, issued by Ciena Corporation, reporting its results of operations for its fiscal first quarter ended January 28, 2023.
Exhibit 99.2	Investor Presentation for Ciena Corporation's fiscal first quarter ended January 28, 2023.
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: March 6, 2023

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

FOR IMMEDIATE RELEASE

Ciena Reports Fiscal First Quarter 2023 Financial Results

Revenue increased 25% year-over-year

HANOVER, Md. - March 6, 2023 - [Ciena](#)[®] Corporation (NYSE: CIEN), a networking systems, services and software company, today announced unaudited financial results for its fiscal first quarter ended January 28, 2023.

- **Q1 Revenue:** \$1.06 billion
- **Q1 Net Income per Share:** \$0.51 GAAP; \$0.64 adjusted (non-GAAP)

"We delivered record revenue in the first quarter, reflecting continued gradual improvement in the supply chain environment and strong customer demand for our market-leading technology," said Gary Smith, president and CEO of Ciena. "With strong momentum across our business, supported by robust fundamental drivers and visibility provided by our backlog, we remain confident in our ability to continue to take market share."

For fiscal first quarter 2023, Ciena reported revenue of \$1.06 billion as compared to \$844.4 million for the fiscal first quarter 2022.

Ciena's GAAP net income for the fiscal first quarter 2023 was \$76.2 million, or \$0.51 per diluted common share, which compares to a GAAP net income of \$45.8 million, or \$0.29 per diluted common share, for the fiscal first quarter 2022.

Ciena's adjusted (non-GAAP) net income for the fiscal first quarter 2023 was \$95.6 million, or \$0.64 per diluted common share, which compares to an adjusted (non-GAAP) net income of \$72.6 million, or \$0.47 per diluted common share, for the fiscal first quarter 2022.

Fiscal First 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)		
	Q1	Q1	Period Change
	FY 2023	FY 2022	Y-T-Y*
Revenue	\$ 1,056.5	\$ 844.4	25.1 %
Gross margin	43.2 %	45.5 %	(2.3)%
Operating expense	\$ 370.7	\$ 324.2	14.3 %
Operating margin	8.1 %	7.1 %	1.0 %

	Non-GAAP Results (unaudited)		
	Q1	Q1	Period Change
	FY 2023	FY 2022	Y-T-Y*
Revenue	\$ 1,056.5	\$ 844.4	25.1 %
Adj. gross margin	43.7 %	46.2 %	(2.5)%
Adj. operating expense	\$ 329.3	\$ 290.0	13.6 %
Adj. operating margin	12.6 %	11.8 %	0.8 %
Adj. EBITDA	\$ 155.1	\$ 123.7	25.4 %

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

	Revenue by Segment (unaudited)			
	Q1 FY 2023		Q1 FY 2022	
	Revenue	%**	Revenue	%**
Networking Platforms				
Converged Packet Optical	\$ 735.6	69.6	\$ 540.9	64.1
Routing and Switching	119.5	11.3	85.7	10.1
Total Networking Platforms	855.1	80.9	626.6	74.2
Platform Software and Services				
Blue Planet Automation Software and Services	73.4	6.9	72.9	8.6
Blue Planet Automation Software and Services	15.4	1.5	21.1	2.5
Global Services				
Maintenance Support and Training	67.9	6.4	72.5	8.6
Installation and Deployment	34.6	3.3	40.4	4.8
Consulting and Network Design	10.1	1.0	10.9	1.3
Total Global Services	112.6	10.7	123.8	14.7
Total	\$ 1,056.5	100.0	\$ 844.4	100.0

** Denotes % of total revenue

Additional Performance Metrics for Fiscal First Quarter 2023

	Revenue by Geographic Region (unaudited)			
	Q1 FY 2023		Q1 FY 2022	
	Revenue	%**	Revenue	%**
Americas	\$ 765.1	72.4	\$ 595.1	70.5
Europe, Middle East and Africa	152.8	14.5	150.8	17.8
Asia Pacific	138.6	13.1	98.5	11.7
Total	\$ 1,056.5	100.0	\$ 844.4	100.0

** Denotes % of total revenue

- Two customers represented 10%-plus of revenue combining for a total of 25.7% of revenue
- Cash and investments totaled \$1.2 billion
- Cash flow used in operations totaled \$265.6 million
- Average days' sales outstanding (DSOs) were 103
- Accounts receivable, net balance was \$1.05 billion
- Unbilled contract asset, net balance was \$148.8 million
- Inventories totaled \$1.18 billion, including:
 - Raw materials: \$846.6 million
 - Work in process: \$18.4 million
 - Finished goods: \$300.7 million
 - Deferred cost of sales: \$51.3 million
 - Reserve for excess and obsolescence: \$(38.9) million
- Product inventory turns were 1.7
- Headcount totaled 8,361

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

Today, Monday, March 6, 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 first 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 record revenue in the first quarter, reflecting continued gradual improvement in the supply chain environment and strong customer demand for our market-leading technology"; "With strong momentum across our business, supported by robust fundamental drivers and visibility provided by our backlog, we remain confident in our ability to continue to take market share."

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 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 LinkedIn, Twitter, 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	
	January 28, 2023	January 29, 2022
Revenue:		
Products	\$ 877,715	\$ 665,007
Services	178,806	179,436
Total revenue	1,056,521	844,443
Cost of goods sold:		
Products	500,337	372,565
Services	100,238	87,691
Total cost of goods sold	600,575	460,256
Gross profit	455,946	384,187
Operating expenses:		
Research and development	181,730	148,409
Selling and marketing	123,807	118,881
General and administrative	50,896	44,498
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 operating expenses	370,730	324,183
Income from operations	85,216	60,004
Interest and other income, net	31,973	3,686
Interest expense	(15,870)	(8,648)
Income before income taxes	101,319	55,042
Provision for income taxes	25,078	9,219
Net income	\$ 76,241	\$ 45,823
Net Income per Common Share		
Basic net income per common share	\$ 0.51	\$ 0.30
Diluted net income per potential common share	\$ 0.51	\$ 0.29
Weighted average basic common shares outstanding	149,081	154,151
Weighted average dilutive potential common shares outstanding ¹	149,551	155,807

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

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

	January 28, 2023	October 29, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,054,549	\$ 994,352
Short-term investments	100,424	153,989
Accounts receivable, net	1,054,917	920,772
Inventories	1,178,089	946,730
Prepaid expenses and other	374,590	370,053
Total current assets	<u>3,762,569</u>	<u>3,385,896</u>
Long-term investments	3,242	35,385
Equipment, building, furniture and fixtures, net	278,985	267,779
Operating lease right-of-use assets	48,438	45,108
Goodwill	446,548	328,322
Other intangible assets, net	244,648	69,517
Deferred tax asset, net	797,214	824,008
Other long-term assets	90,853	113,617
Total assets	<u>\$ 5,672,497</u>	<u>\$ 5,069,632</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 478,486	\$ 516,047
Accrued liabilities and other short-term obligations	343,938	360,782
Deferred revenue	164,758	137,899
Operating lease liabilities	19,098	18,925
Current portion of long-term debt	11,930	6,930
Total current liabilities	<u>1,018,210</u>	<u>1,040,583</u>
Long-term deferred revenue	66,620	62,336
Other long-term obligations	156,572	150,335
Long-term operating lease liabilities	45,305	42,392
Long-term debt, net	1,547,495	1,061,125
Total liabilities	<u>\$ 2,834,202</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; 149,157,588 and 148,412,943 shares issued and outstanding	1,492	1,484
Additional paid-in capital	6,422,091	6,390,252
Accumulated other comprehensive loss	(29,299)	(46,645)
Accumulated deficit	(3,555,989)	(3,632,230)
Total stockholders' equity	<u>2,838,295</u>	<u>2,712,861</u>
Total liabilities and stockholders' equity	<u>\$ 5,672,497</u>	<u>\$ 5,069,632</u>

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

	Three Months Ended	
	January 28, 2023	January 29, 2022
Cash flows used in operating activities:		
Net income	\$ 76,241	\$ 45,823
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	22,208	23,653
Share-based compensation expense	30,512	24,297
Amortization of intangible assets	10,325	12,230
Deferred taxes	(7,247)	(766)
Provision for inventory excess and obsolescence	5,503	3,799
Provision for warranty	8,230	2,817
Gain on cost method equity investment	(26,455)	(4,120)
Other	7,325	(4,495)
Changes in assets and liabilities:		
Accounts receivable	(133,067)	87,223
Inventories	(235,059)	(87,178)
Prepaid expenses and other	4,667	(14,134)
Operating lease right-of-use assets	3,891	4,120
Accounts payable, accruals and other obligations	(56,979)	(152,981)
Deferred revenue	29,459	10,417
Short and long-term operating lease liabilities	(5,193)	(5,116)
Net cash used in operating activities	<u>(265,639)</u>	<u>(54,411)</u>
Cash flows used in investing activities:		
Payments for equipment, furniture, fixtures and intellectual property	(30,030)	(25,804)
Purchases of investments	(35,411)	(350,465)
Proceeds from sales and maturities of investments	123,249	50,000
Settlement of foreign currency forward contracts, net	(4,001)	1,346
Acquisition of business, net of cash acquired	(230,048)	(56,036)
Net cash used in investing activities	<u>(176,241)</u>	<u>(380,959)</u>
Cash flows provided by financing activities:		
Proceeds from issuance of senior notes	—	400,000
Proceeds from issuance of term loan, net	497,500	—
Payment of long term debt	(1,732)	—
Payment of debt issuance costs	(3,996)	(4,506)
Payment of finance lease obligations	(913)	(771)
Shares repurchased for tax withholdings on vesting of stock unit awards	(12,980)	(25,150)
Repurchases of common stock - repurchase program	—	(250,000)
Proceeds from issuance of common stock	14,315	15,146
Net cash provided by financing activities	492,194	134,719
Effect of exchange rate changes on cash, cash equivalents and restricted cash	9,884	(3,259)
Net increase (decrease) in cash, cash equivalents and restricted cash	60,198	(303,910)
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>\$ 1,054,576</u>	<u>\$ 1,118,694</u>
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	\$ 10,536	\$ 7,670
Cash paid during the period for income taxes, net	\$ 8,383	\$ 6,112
Operating lease payments	\$ 5,638	\$ 5,480
Non-cash investing and financing activities		
Purchase of equipment in accounts payable	\$ 7,354	\$ 2,972
Operating right-of-use assets subject to lease liability	\$ 6,045	\$ 3,376
Gain on cost method equity investment	\$ 26,455	\$ 4,120

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	\$ 462,177	\$ 389,983
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	\$ 329,307	\$ 289,986
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	\$ 132,870	\$ 99,997
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	\$ 95,564	\$ 72,550
Weighted average basic common shares outstanding	149,081	154,151
Weighted average dilutive potential common shares outstanding ¹	149,551	155,807
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.



Ciena Corporation

Earnings Presentation

Period ended January 28, 2023

March 6, 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 profit, EBITDA, net 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 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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2	Market context and Ciena's portfolio
3	Fiscal first quarter 2023 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

- 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
- Coherent Routing is now available on eight routing and switching platforms supporting 100-400Gig coherent DWDM over ELS, RLS, 6500 and 3rd party line systems
- 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 \$1.2B in cash and investments

We are committed to our people and communities

- Submitted new greenhouse gas reduction goals to the Science Based Target Initiative for approval to address the environmental impact of our operations and ensure that our technology innovation becomes an even greater enabler of our customers' environmental ambitions
- Announced a partnership with three Atlanta area public schools to provide digital tools and resources to engage students in the Ciena Solutions Challenge, one of our digital inclusion initiatives

Market context and
our 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

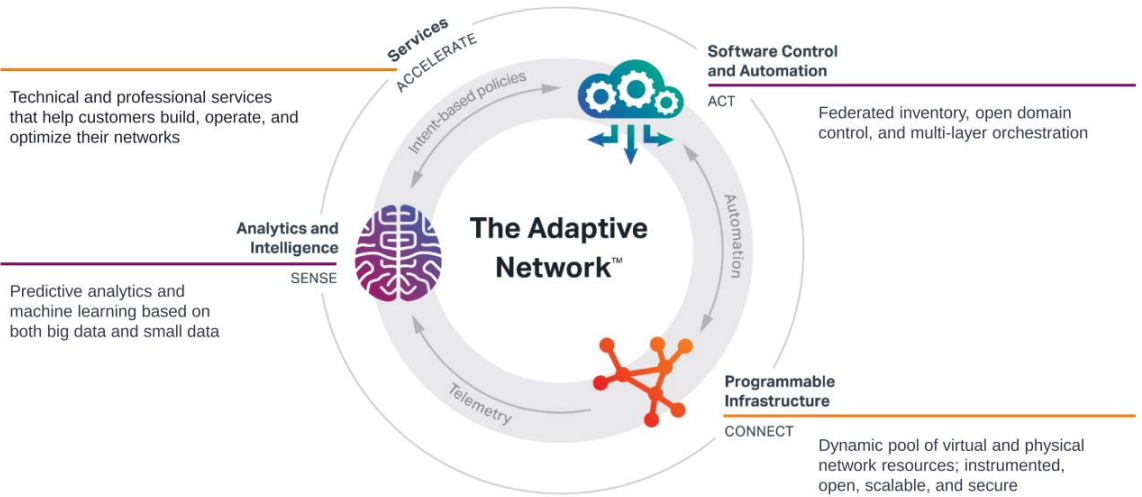


Virtual & Hybrid Lifestyles



Our vision for a new network end-state

How it works



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Our market leadership



#1 GLOBALLY

- DATA CENTER INTERCONNECT
- DATA CENTER INTERCONNECT FOR ICP/CNPs
- SLTE WDM
- ACCESS SWITCHING

#1 N. AMERICA

- TOTAL OPTICAL NETWORKING
- DATA CENTER INTERCONNECT
- ACCESS SWITCHING

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- PURPOSE-BUILT/COMPACT MODULAR DCI

#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
- OPTICAL FOR INTERNET CONTENT PROVIDER CUSTOMERS

#1 N. AMERICA

- DATA CENTER INTERCONNECT
- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET

#2 GLOBALLY

- TOTAL OPTICAL NETWORKING
- OPTICAL PACKET
- PURPOSE-BUILT/COMPACT MODULAR DCI
- OPTICAL FOR CABLE MSO CUSTOMERS

Optical Networking Report, 3Q22
Data Center Interconnect Market Share Report, 3Q22
Service Provider Switching & Routing Report, 3Q22

Transport Hardware and Markets Report, 4Q22
Transport Applications Report, 3Q22

Optical Transport Report, 4Q22

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Q1 FY 2023 results

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Q1 FY 2023 key highlights

Achieving balanced growth

- Non-telco represented 40% of total revenue in fiscal Q1 2023
- Routing and Switching revenue increased 39% YoY in fiscal Q1 2023, reflecting strong contribution from portfolio enhancements, including solutions that address the network edge
- APAC revenue increased 41% YoY and 23% QoQ driven by strength in India

Driving the pace of innovation

- GAAP R&D investment was 17.2% of total revenue in fiscal Q1 2023
- Customer traction continues with 400G+ technologies, with 8 new wins on WL5n and 13 new wins on WaveLogic 5 Extreme
 - Record quarter for WL5e shipments with more than 60,000 modems shipped to date
- Brought additional products to market to serve Next-Gen Broadband Access, Enterprise, and Mobility use cases via the weatherized 3985 and the temperature hardened 3984, both with 25Gig support

Prioritizing long term shareholder value

- Total shareholder return five-year CAGR of 16%¹
- Made strategic investments to expand our addressable market
- Completed the acquisition of Tibit Communications, Inc., a provider of passive optical network solutions
- Completed the acquisition of Benu Networks, Inc., a provider of broadband network gateway software
- Raised \$500M in Incremental Term Loan for general corporate purposes that improves our cash liquidity position

¹ Based on closing share price between 2/14/2018 to 2/14/2023

Q1 FY 2023 comparative financial highlights

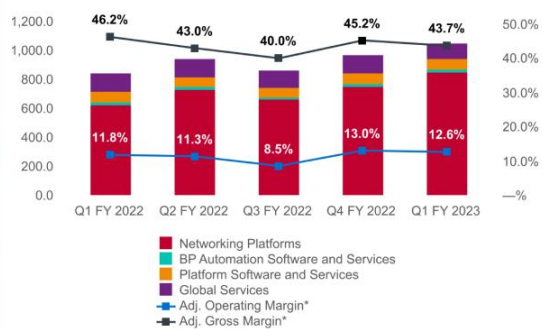
	Q1 FY 2023	Q1 FY 2022
Revenue	\$1,056.5M	\$844.4M
Adjusted Gross Margin*	43.7%	46.2%
Adjusted Operating Expense*	\$329.3M	\$290.0M
Adjusted Operating Margin*	12.6%	11.8%
Adjusted EBITDA*	\$155.1M	\$123.7M
Adjusted EPS*	\$0.64	\$0.47

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

Q1 FY 2023 comparative operating metrics

	Q1 FY 2023	Q1 FY 2022
Cash and investments	\$1.16B	\$1.67B
Cash used in operations	\$(266)M	\$(54)M
DSO	103	97
Inventory Turns	1.7	3.3
Gross Leverage	3.05x	1.65x
Net Cash	\$(471.3)M	\$523.3M

Revenue by segment (Amounts in millions)



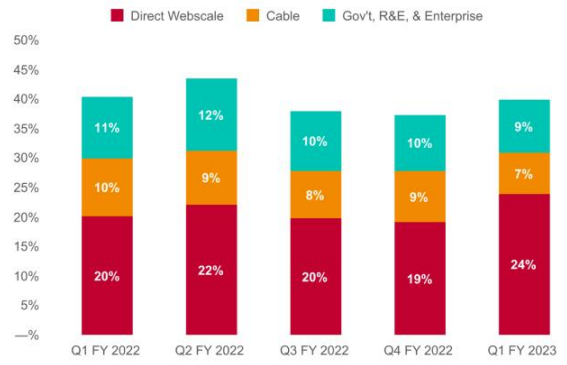
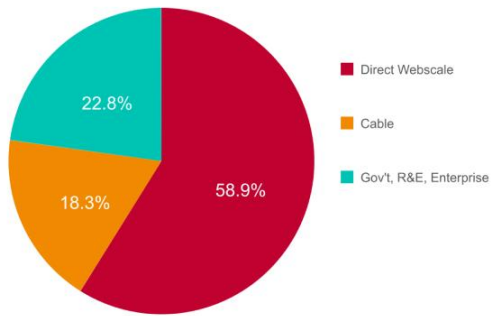
* A reconciliation of these non-GAAP measures to GAAP results is included in the appendix to this presentation.
** Denotes % of total revenue

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	Q1 FY 2023		Q1 FY 2022	
	Revenue	%**	Revenue	%**
Networking Platforms				
Converged Packet Optical	\$735.6	69.6	\$540.9	64.1
Routing and Switching	119.5	11.3	85.7	10.1
Total Networking Platforms	855.1	80.9	626.6	74.2
Platform Software and Services	73.4	6.9	72.9	8.6
Blue Planet Automation Software and Services	15.4	1.5	21.1	2.5
Global Services				
Maintenance Support and Training	67.9	6.4	72.5	8.6
Installation and Deployment	34.6	3.3	40.4	4.8
Consulting and Network Design	10.1	1.0	10.9	1.3
Total Global Services	112.6	10.7	123.8	14.7
Total	\$1,056.5	100.0	\$844.4	100.0

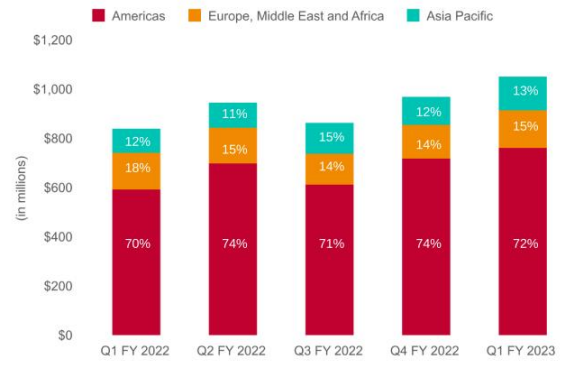
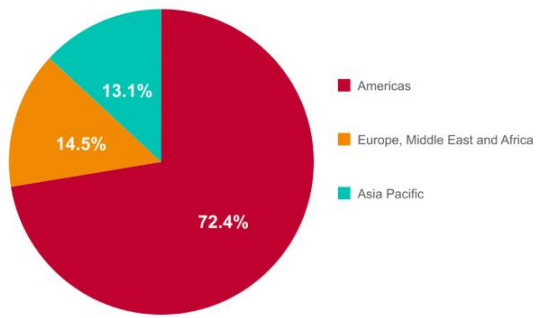
Continued revenue strength derived from non-telco customers

Q1 FY 2023
Approx. 40% of total revenue



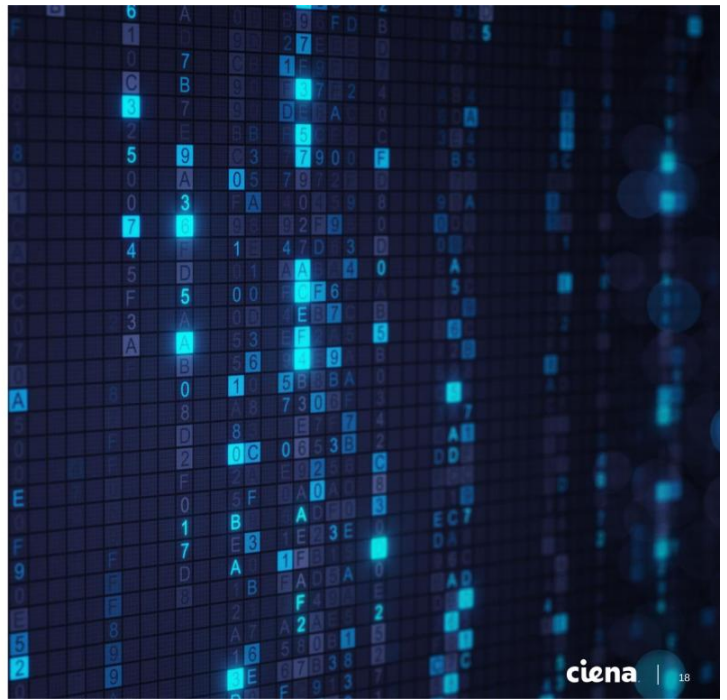
Revenue by geographic region

Q1 FY 2023



Q1 FY 2023 appendix

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Gross Profit Reconciliation (Amounts in thousands)

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP gross profit	\$455,946	\$433,597	\$340,779	\$401,781	\$384,187
Share-based compensation-products	1,051	907	1,002	1,058	900
Share-based compensation-services	2,297	2,066	1,940	1,943	1,584
Amortization of intangible assets	2,883	2,005	3,140	3,313	3,312
Total adjustments related to gross profit	6,231	4,978	6,082	6,314	5,796
Adjusted (non-GAAP) gross profit	\$462,177	\$438,575	\$346,861	\$408,095	\$389,983
Adjusted (non-GAAP) gross profit percentage	43.7 %	45.2 %	40.0 %	43.0 %	46.2 %

Operating Expense Reconciliation (Amounts in thousands)

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP operating expense	\$370,730	\$356,329	\$313,672	\$343,352	\$324,183
Share-based compensation-research and development	9,234	8,507	8,233	8,309	6,830
Share-based compensation-sales and marketing	8,424	8,084	8,075	8,061	7,060
Share-based compensation-general and administrative	9,468	7,610	7,579	7,334	7,912
Significant asset impairments and restructuring costs	4,298	13,621	7,692	9,102	3,409
Amortization of intangible assets	7,441	5,754	8,919	8,920	8,918
Acquisition and integration costs	2,558	—	35	495	68
Total adjustments related to operating expense	41,423	43,576	40,533	42,221	34,197
Adjusted (non-GAAP) operating expense	\$329,307	\$312,753	\$273,139	\$301,131	\$289,986

Income from Operations Reconciliation (Amounts in thousands)

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP income from operations	\$85,216	\$77,268	\$27,107	\$58,429	\$60,004
Total adjustments related to gross profit	6,231	4,978	6,082	6,314	5,796
Total adjustments related to operating expense	41,423	43,576	40,533	42,221	34,197
Total adjustments related to income from operations	47,654	48,554	46,615	48,535	39,993
Adjusted (non-GAAP) income from operations	\$132,870	\$125,822	\$73,722	\$106,964	\$99,997
Adjusted (non-GAAP) operating margin percentage	12.6 %	13.0 %	8.5 %	11.3 %	11.8 %

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Net Income Reconciliation (Amounts in thousands)

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP net income	\$76,241	\$57,645	\$10,512	\$38,922	\$45,823
Exclude GAAP provision for income taxes	25,078	7,735	4,319	8,330	9,219
Income before income taxes	101,319	65,380	14,831	47,252	55,042
Total adjustments related to income from operations	47,654	48,554	46,615	48,535	39,993
Gain on cost method equity investment	(26,455)	—	—	—	(4,120)
Adjusted income before income taxes	122,518	113,934	61,446	95,787	90,915
Non-GAAP tax provision on adjusted income before income taxes	26,954	23,015	12,412	19,349	18,365
Adjusted (non-GAAP) net income	\$95,564	\$90,919	\$49,034	\$76,438	\$72,550
Weighted average basic common shares outstanding	149,081	148,548	149,862	152,197	154,151
Weighted average diluted potential common shares outstanding ⁽¹⁾	149,551	149,111	150,463	153,344	155,807

Net Income per Common Share

	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
GAAP diluted net income per potential common share	\$ 0.51	\$ 0.39	\$ 0.07	\$ 0.25	\$ 0.29
Adjusted (non-GAAP) diluted net income per potential common share	\$ 0.64	\$ 0.61	\$ 0.33	\$ 0.50	\$ 0.47

1. Weighted average dilutive potential common shares outstanding used in calculating Adjusted (non-GAAP) diluted net income per potential common share for the first quarter of fiscal 2023 includes 0.5 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)	Q1 FY 2023	Q4 FY 2022	Q3 FY 2022	Q2 FY 2022	Q1 FY 2022
Net income (GAAP)	\$76,241	\$57,645	\$10,512	\$38,922	\$45,823
Add: Interest expense	15,870	13,775	12,642	11,985	8,648
Less: Interest and other income, net	31,973	1,887	366	808	3,686
Add: Provision for income taxes	25,078	7,735	4,319	8,330	9,219
Add: Depreciation of equipment, building, furniture and fixtures, and amortization of leasehold improvements	22,208	27,642	22,250	22,377	23,653
Add: Amortization of intangible assets	10,325	7,759	12,059	12,233	12,230
EBITDA	\$117,749	\$112,669	\$61,416	\$93,039	\$95,887
Add: Share-based compensation cost	30,474	27,174	26,857	26,673	24,297
Add: Significant asset impairments and restructuring costs	4,298	13,621	7,692	9,102	3,409
Add: Acquisition and integration costs	2,558	—	35	495	68
Adjusted EBITDA	\$155,079	\$153,464	\$96,000	\$129,309	\$123,661

