

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **June 28, 2025**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 001-36861

**Lumentum Holdings Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**47-3108385**

(I.R.S. Employer  
Identification Number)

**1001 Ridder Park Drive, San Jose, California 95131**  
(Address of principal executive offices including Zip code)

**(408) 546-5483**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, par value of \$0.001 per share	LITE	Nasdaq Global Select Market

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

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$2,704 million, based on the closing sales price of the registrant's common stock on December 28, 2024 (the last business day of the registrant's most recently completed second fiscal quarter) of \$84.36 per share, as reported on the Nasdaq Global Select Market. Shares of common stock held by officers, directors and holders of more than five percent of the outstanding common stock have been excluded from this calculation because such persons may be deemed to be affiliates.

As of August 12, 2025, the Registrant had 69.9 million shares of common stock outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the information called for by Part III of this Annual Report on Form 10-K are hereby incorporated by reference from the definitive proxy statement for the registrant's annual meeting of stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year ended June 28, 2025.

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## FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements relate to, among other things, our markets and industry, products and strategy, the impact of export regulation changes, the expected benefits of our acquisitions, macroeconomic conditions, including supply chain conditions and inventory management by our customers, the effects of the COVID-19 pandemic, instability and uncertainty in the banking and financial services markets, and tightening credit markets on our business and results of operations, sales, gross margins, operating expenses, capital expenditures and requirements, liquidity, product development and research and development efforts, manufacturing plans, litigation, effective tax rates and tax reserves, our corporate and financial reporting structure, our plans for growth and innovation, our expectations regarding U.S.-China relations, international trade regulation and restrictions (including tariffs, duties, and export controls to be implemented by the U.S. and other countries), market and regulatory conditions, trends and uncertainties in our business and financial results, and are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would,” “contemplate,” “believe,” “predict,” “potential” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management, which are in turn based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section entitled “Risk Factors” included under Part I, Item 1A of this Annual Report. Furthermore, such forward-looking statements speak only as of the date of this Annual Report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

## PART I

### ITEM 1. BUSINESS

#### General

##### *Overview*

Lumentum Holdings Inc. (“we,” “us,” “our”, “Lumentum” or the “Company”) is a leading provider of optical and photonic products and is recognized as an industry leader based on revenue and market share. Our products are essential to a range of cloud, artificial intelligence and machine learning (“AI/ML”), telecommunications, consumer, and industrial end-market applications. We operate in two end-market focused reportable segments, Cloud & Networking and Industrial Tech.

Our Cloud & Networking products comprise a comprehensive portfolio of optical and photonic chips, components, modules, and subsystems supplied to cloud data center operators, AI/ML infrastructure providers, and network equipment manufacturer customers who are building cloud data center and network infrastructures. Our products enable high-capacity optical links for cloud computing, AI/ML workloads, and data center interconnect (“DCI”) applications, as well as for communications service provider networks. Our offerings support access (local), metro (intracity), long-haul (intercity and global), and submarine (undersea) network infrastructure. Additionally, our Cloud & Networking products serve enterprise network infrastructure needs, including storage area networks (“SANs”), local area networks (“LANs”), and wide area networks (“WANs”). Demand for our products is fueled by the ongoing expansion of network capacity required to support cloud and services, AI/ML processing, streaming video, video conferencing, wireless and mobile connectivity, and the internet of things (“IoT”).

Our Industrial Tech products include short-pulse solid-state lasers, kilowatt-class fiber lasers, diode lasers, and gas lasers, serving a wide range of end-markets applications. In the consumer market, our laser light sources are integrated into customers’ 3D sensing cameras, primarily used in mobile devices. In the industrial manufacturing market, our lasers are embedded in machine tools used for precision material processing across diverse industries, including semiconductor and microelectronics fabrication, electric vehicle and battery production, metal cutting and welding, and advanced manufacturing. Adoption of our Industrial Tech products is driven by the need to advance semiconductor and microelectronics technology roadmaps and by Industry 4.0 and 5.0 trends that emphasize greater manufacturing precision, flexibility, and sustainability.

We have a global footprint that enables us to address global market opportunities for our products with employees engaged in research and development (“R&D”), administration, manufacturing, support and sales and marketing activities in various locations worldwide. We have manufacturing capabilities and facilities in North America, Asia-Pacific and Europe. Our headquarters are located in San Jose, California, and we employed approximately 10,562 full-time employees around the world as of June 28, 2025.

Lumentum was incorporated in Delaware as a wholly owned subsidiary of JDS Uniphase Corporation (“JDSU”) on February 10, 2015. In August 2015, the Company was spun-off from JDSU and became an independent publicly traded company through the distribution of our common stock by JDSU to its stockholders. In 2015, the remaining parent company, JDSU, was renamed Viavi Solutions Inc. (“Viavi”). Our business traces its origins to Uniphase Corporation, which was formed in 1979 and became publicly traded in 1992. Uniphase was originally a supplier of commercial lasers, and later became a leading supplier of optical transmission products. In 1999, JDS Fitel Inc., a pioneer in products for fiber optic networking which was formed in 1981, merged with Uniphase to become JDSU, a global leader in optical networking. Subsequent acquisitions by JDSU broadened the depth and breadth of what is now Lumentum’s businesses, as well as the intellectual property, technology and product offerings of the company. The fundamental laser and photonic component technologies which we acquired through various acquisitions form the basis of cloud and communications optical network infrastructure today. These technologies will continue to enable us to develop highly integrated products to satisfy our customers’ ever-increasing needs for smaller, lower power and lower cost optical and photonic products.

In December 2018, we completed the acquisition of Oclaro, Inc. (“Oclaro”), which enhanced our product portfolio by adding Oclaro’s indium phosphide laser and photonic integrated circuit technologies, as well as its coherent component and module capabilities. These additions broadened our revenue mix and strengthened our position to meet the evolving needs of our customers.

In August 2022, we completed the acquisition of NeoPhotonics Corporation (“NeoPhotonics”), which expanded our opportunities in optical components used in cloud and telecom network infrastructure.

In August 2022, we completed a transaction to acquire IPG Photonics’ telecom transmission product lines (“IPG telecom transmission product lines”) that develop and market products for use in telecommunications and datacenter infrastructure, including coherent Digital Signal Processors (“DSPs”), application-specific integrated circuits (“ASICs”) and optical transceivers.

In November 2023, we completed the acquisition of Cloud Light Technology Limited (“Cloud Light”). Our Cloud Light business designs, markets, and manufactures advanced optical modules for data center interconnect applications. The acquisition has enabled us to be well-positioned to serve the growing needs of cloud and networking customers, particularly those customers focused on optimizing their data center infrastructure for the demands of AI/ML.

#### *Industry Trends and Business Risks*

Our business is driven by end-market applications leveraging the performance advantages of advanced optical and photonic solutions. We operate within global markets characterized by robust, long-term growth trends that are increasing demand for our products and technologies.

The convergence of factors including the growing reliance on data transmission, the rapid adoption of AI/ML, and the increasing digitalization of society is driving expansion in cloud data centers and the demand for higher-bandwidth network solutions. Lumentum’s products and technologies are at the forefront of these trends, engineered to support increased data volumes and computational loads while meeting the industry’s need for advanced network capabilities.

Additionally, the manufacturing industry’s pursuit of higher precision, innovative materials, and improved efficiency fuels demand for industrial laser-based solutions. Lumentum is well-positioned to capitalize on this trend through the provision of ultrafast lasers for micromachining and advanced material processing, as well as laser emitters for 3D sensing applications.

While we maintain a positive outlook on the long-term prospects for our products and technologies, we acknowledge the presence of industry and market risks and uncertainties, including fluctuations in supply and demand, that have led to volatility in our business and financial performance.

### *Supply Chain and Inventory Management*

Our supply chain is complex, and we need to manage supply of certain components required to build our products while confronted with fluctuating demand from our customers. Our business and our customers' businesses were negatively impacted by worldwide logistics and supply chain issues during and following the COVID-19 pandemic, including constraints on available cargo capabilities and limited availability of once broadly available supplies of both raw materials and finished components. From time to time, we experience shortages of the types of components we and our customers require in our products, and we have had to incur incremental supply and procurement costs in order to increase our ability to fulfill demands from our customers.

In addition, through fiscal year 2024, we experienced significant fluctuations in demand as customers delayed projected shipments or built up inventory in response to supply shortages and then brought down inventories as supply chain constraints eased. Our revenue fluctuated in response to these changes in demand and our margins were adversely impacted as we were not been able to fully recover costs, such as underutilized manufacturing capacity. However, during fiscal year 2025, network equipment manufacturers continued to normalize inventory levels and we saw increasing demand from AI and cloud customers as they continue to expand their data centers.

Due to worldwide operations, we and our customers are also subject to risks relating to the global trade environment. The Company is actively monitoring and assessing the global trade environment, particularly with respect to recent changes and proposed changes in tariff regulations and trade restrictions. The ongoing uncertainty surrounding trading policies, including the potential for additional tariffs, restrictions related to our customers and retaliatory measures by non-U.S. governments, continues to create a volatile environment that could disrupt our operations. The imposition of tariffs on certain imported goods and materials and export controls on critical components may increase our costs and place upward pressure on the cost of goods sold, which, in turn, may reduce our gross margins if we are unable to pass these costs onto customers through price increases.

If these tariff-related cost increases persist or escalate, our financial results could be adversely affected, including lower profitability. Additionally, changes in the global trade landscape could result in reduced market competitiveness and a slowdown in consumer demand as well as disruptions to our supply chain, including longer lead times, higher shipping costs, or limited availability of key inputs. This may constrain our ability to meet customer demand in a timely manner, potentially affecting our revenue growth and operational efficiency. The impact of tariffs on our business is hard to predict, as it is dependent on negotiations with customers and suppliers and other mitigation efforts and potential further changes in global trade policies, including higher tariffs or trade restrictions in the U.S. or other countries.

For more information on risks associated with supply chain constraints and customer inventory, refer to Item 1A "Risk Factors" of this Annual Report.

### *Geopolitical Developments*

As a global business with operations spanning diverse geographic regions, we are exposed to geopolitical risks. Fluctuations in the geopolitical landscape, including war, military conflicts, changes in export regulations, the effects of heightened, scheduled, or proposed tariffs, and shifts in national priorities and foreign relations policies, can significantly impact our business. For instance, modifications to trade restrictions and export regulations can adversely affect both product demand and our ability to supply customers, which would harm revenue and profit margins. Moreover, disruptions in our customers' supply chains due to geopolitical events could reduce or delay their demand for our products, ultimately impacting our revenue and operating results.

For more information on risks associated with the change in geopolitical landscape and regulatory actions, refer to Item 1A "Risk Factors" of this Annual Report.

## Reportable Segments

We have two reportable segments, Cloud & Networking and Industrial Tech. The two operating segments were primarily determined based on how our Chief Operating Decision Maker (“CODM”) views and evaluates our operations. The CODM regularly reviews operating results to make decisions about resources to be allocated to the segments and to assess their performance. Our CODM allocates resources to the segments based on their business prospects, competitive factors, segment net revenue and segment profit. Segment profit includes operating expenses directly managed by operating segments, including research and development, and direct sales and marketing expenses. Segment profit does not include stock-based compensation, acquisition or integration related costs, amortization and impairment of acquisition-related intangible assets, restructuring and related charges, and certain other charges. Additionally, we do not allocate certain marketing and general and administrative expenses, as these expenses are not directly attributable to our operating segments.

We do not track all of our property, plant and equipment by operating segments. For the geographic identification of these assets and for further information regarding our operating segments, refer to “Note 17. Operating Segments and Geographic Information” to the consolidated financial statements.

### Cloud & Networking

#### *Markets*

We maintain leading market positions in the fast-growing Cloud & Networking markets through our extensive product and technology portfolio and close relationships with a wide range of market leading customers. We provide a wide range of optical and photonic components, modules, and subsystems to support the high-speed transmission of data over high-capacity fiber optic links in cloud data center, AI/ML, enterprise and communications services networking applications. Customers include cloud and network service providers, AI infrastructure providers, and network equipment manufacturers (“NEMs”). Within cloud data center, AI/ML, and enterprise applications, our products are used in the high-speed interconnection of networked servers, AI accelerators, storage, and switches. Within communication service provider networking applications, our products are used in the infrastructure for high-capacity access (local), metro (intracity), long-haul (city-to-city and worldwide) and submarine (undersea) optical networks.

#### *Trends*

The convergence of cloud computing and AI is driving rapid innovation and expansion in optical hardware for hyperscale cloud operators. The immense computational demands of training and running AI models are driving a shift to high-speed photonics from traditional electrical interconnects. Additionally, the surging data traffic generated by video streaming, search engines, e-commerce, and other cloud services fuels the expansion of data center infrastructure.

Photonic solutions offer substantial advantages over electrical connections, including ultra-fast data transmission at higher volumes and reduced susceptibility to electromagnetic interference. As a result, high-speed photonics are increasingly deployed to alleviate data traffic bottlenecks, accelerating AI model training and enhancing high-performance computing (“HPC”) efficiency. To address these challenges, web-scale companies are investing heavily in optical hardware solutions, including high-speed optical transceivers.

A key innovation within data center photonics is the adoption of 200G lane speed optical components, which double data transfer rates compared to traditional 100G lanes. This advancement can significantly accelerate AI and HPC applications, optimizes the utilization of compute cluster hardware, and positions data centers for future scaling as AI demands intensify.

In addition, optical circuit switches are increasingly deployed to meet escalating data transport requirements within data centers. These switches support high port counts and can dynamically connect any input fiber to any output fiber to form continuous optical paths.

To enable seamless data exchange between geographically dispersed data center units, high-speed data center interconnects (“DCIs”) are being constructed. DCI technology optimizes resource utilization by allowing cloud data centers to leverage computing power across multiple locations.

The exponential growth of data across industries is driving the expansion of long-haul, metro, and access networks. Dense wavelength-division multiplexing (“DWDM”) technologies are being leveraged to increase data speeds while reducing costs. High-end networking equipment must now handle both legacy and internet protocol traffic while meeting stringent requirements for bandwidth, scalability, speed, reliability, compactness, and cost-effectiveness.

The dynamic and unpredictable nature of network traffic demands agile optical networks capable of adapting to changing conditions. Technologies like Reconfigurable Optical Add-Drop Multiplexers (“ROADMs”), wavelength-selective switches, and tunable transmission products facilitate remote capacity adjustments, reducing the need for manual interventions.

Furthermore, the widespread deployment of 5G mobile networks and bandwidth-intensive applications is increasing data speeds at the network edge. This development further accelerates the need for capacity expansion across data center interconnects, metro regional networks, and long-haul networks.

Overall, the convergence of cloud computing, AI, and surging data demands is revolutionizing high-speed optical technologies. These advancements increase demand for faster, more reliable, and scalable data transmission across data centers and networks.

#### *Offerings*

Lumentum is a leading provider of high-speed optical transceivers and optical components that underpin today's AI and cloud computing applications. Optical transceivers and data interconnect solutions are essential for connecting servers, switches, and routers within data centers. We also manufacture key components used in optical transceivers and data interconnect solutions, including high-speed laser transmitters, photonic integrated circuits, and photodiodes, high-power laser light sources, as well as VCSELs and VCSEL arrays for short-reach data transmission. In data center interconnects, Lumentum offers both its own coherent pluggable transceivers and the underlying ultra-narrow linewidth laser and coherent components used by transceiver customers.

Beyond standard offerings, we deliver customized solutions tailored to specific customer needs, such as high-power laser sources, compact laser arrays, and advanced packaging schemes like co-packaged optics and integrated photonics assemblies.

In metro and long-haul optical networks, Lumentum offers a comprehensive suite of coherent and direct detect optical transmission components and modules and optical transport solutions. Our tunable transceivers and transmitter modules and high-speed coherent components are essential to DWDM systems and maximize fiber capacity and minimize cost per bit.

For optical transport applications, we offer a broad range of products, including ROADMs, optical amplifiers, and optical channel monitors to efficiently switch, route, and condition optical signals. Our portfolio also includes pump lasers for optical amplifiers and passive components such as switches, attenuators, and WDMs. Beyond discrete components, we provide integrated modules, circuit packs, and subsystems for amplification, switching, and wavelength management. Additionally, our transport offerings include optical circuit switches for data center applications, helping to reduce power consumption and improve overall network efficiency.

Lumentum's commitment to innovation, particularly in photonic integration, drives the development of optical products that meet the evolving demands of data centers. Each product generation offers enhanced functionality, reduced size, lower power consumption, and improved cost-effectiveness. By providing a wide range of innovative optical solutions, from components to integrated modules to complete systems, we enable our customers to build the high-performance data center and communication networks of today and engineer those of the future.

#### *Strategy*

In our Cloud & Networking segment, we are focused on technology leadership through innovation in close partnership with our customers, cost leadership and functional and vertical integration. We endeavor to align the latest technologies with industry leading, scalable manufacturing and operations to make us a valuable business and technology partner for cloud data center and network operators, AI/ML infrastructure providers, and NEMs. We aim to drive the next phase of data center infrastructure and communication data network scaling with technologies and products that are faster, more energy efficient, more agile and more reliable.

#### *Competition*

We compete against various public and private companies providing optical communications components, modules, and systems. Some of these competitors are also our customers for certain of our products.

## Industrial Tech

### *Markets*

Within the industrial market, our diode lasers serve as pump sources for high-power fiber lasers used in metal fabrication and other demanding applications. Our ultrafast lasers cater to industries such as printed circuit board manufacturing, semiconductor processing, electric vehicle battery production, solar cell production, and flat panel display fabrication, where precise micromachining is essential.

In the consumer electronics sector, our laser light sources are integral components of 3D sensing cameras used in smartphones, computers, and other consumer electronics devices. These 3D sensing capabilities enable applications such as biometric identification, augmented and virtual reality, and computational photography.

### *Trends*

The industrial laser market is driven by the relentless pursuit of precision and efficiency in material processing. Fiber lasers have surpassed gas lasers in sheet metal processing and welding due to their superior power, beam quality, power efficiency and cost-effectiveness. This technology empowers manufacturers across metal fabrication, automotive, and electronics to produce smaller, lighter, and more functional products from advanced materials.

The trend toward miniaturization necessitates precise micromachining with minimal heat impact. Solid-state and ultrafast lasers excel in these tasks, replacing traditional tools for processes like creating vias in circuit boards and singulating wafers. Ultrafast lasers, with their exceptionally short pulses, are particularly adept at the delicate and precise micromachining required in semiconductor, display, solar cell, and EV battery production.

In the consumer market, laser light sources are integral to 3D sensors primarily used in mobile devices. This technology enables real-time depth perception, transforming image capture and granting devices the ability to perceive the world in three dimensions. Applications span biometric identification, computational photography, virtual and augmented reality, and natural user interfaces.

### *Offerings*

We offer a comprehensive range of industrial lasers to address diverse manufacturing needs. Our fiber lasers deliver kilowatt-class output power and excellent beam quality, making them ideal for sheet metal processing and general manufacturing applications. Additionally, high-power, solid-state and ultrafast lasers are used by manufacturers for precision machining tasks like drilling in printed circuit boards, wafer singulation, glass cutting, and solar cell scribing. Our 3D sensing products are primarily laser light sources, including higher performance VCSELs and VCSEL arrays.

### *Strategy*

In our Industrial Tech segment, we leverage our long-term relationships with OEM customers and our broad product and manufacturing technology portfolio to create innovative and valuable solutions that enable our customers to win in their markets.

### *Competition*

We compete against various public and private companies in the industrial and consumer markets we serve.

## **Mergers and Acquisitions**

We evaluate strategic opportunities regularly and, where appropriate, may acquire additional businesses, products, or technologies that are complementary to, or broaden the markets for our products. We believe we have strengthened our business model by expanding our addressable markets, customer base and expertise, diversifying our product portfolio and fortifying our core businesses through acquisitions as well as through organic initiatives.

On November 7, 2023, we completed the acquisition of Cloud Light (the “Cloud Light Closing Date”). During fiscal year 2023, we completed our acquisition of NeoPhotonics and IPG telecom transmission product lines. Refer to “General - Overview” above and “Note 4. Business Combination” to the consolidated financial statements for additional information.

## **Research and Development**

We devote substantial resources to research and development (“R&D”) for the development of new and enhanced products to serve our current markets and attractive new markets for our technology. We also expend significant engineering resources to enhance both product performance and our ability to manufacture products in greater volume and at lower cost.

In our Cloud & Networking segment, we are maintaining our capability to provide leading products throughout the network, while focusing on several important sub-segments. We are making significant investments in next generation optical components for cloud data center and AI/ML applications, including higher speed and higher optical power laser chips for use in high-speed datacom transceivers and data interconnection solutions. We are also investing in the development of new high-speed optical transceiver modules for use in cloud data center, AI/ML, and DCI applications. In addition, we are investing in the emerging optical circuit switching market to enable direct data transmission between fiber optic cables in data centers within the optical plane. We continue to invest in research and development to develop innovative components and modules for telecommunications networks, such as higher capacity ROADMs and tunable laser and coherent components and transceiver modules needed for long-haul and metro applications. We are also responding to market needs for higher levels of integration, including the integration of optics, electronics and software in our modules, subsystems and circuit packs.

In our Industrial Tech segment, we continue to develop new solid-state, fiber, and ultrafast short pulse lasers that leverage our technologies. These products are targeted at serving customers engaging in the semiconductor device, solar cell, display, and electric vehicle and battery manufacturing markets as well as broader materials processing and precision micromachining end-markets. We also continue to develop new and enhanced laser diode products with higher performance and efficiency at lower cost, primarily for the consumer end-market.

### **Manufacturing**

We use a combination of our own wafer fabrication facilities, or wafer fabs, assembly and test facilities, as well as third-party contract manufacturers to produce our products. Our significant manufacturing facilities are located in the United States, Thailand, China, the United Kingdom, Slovenia, and Japan.

In fiscal year 2023, we expanded our manufacturing footprint with the acquisition of NeoPhotonics. In fiscal year 2024, we acquired Cloud Light which further added manufacturing facilities in Asia. We have undertaken various initiatives to consolidate and restructure certain of our manufacturing and operational sites, particularly in light of efficiencies and synergies achievable from prior acquisitions, while also expanding overall manufacturing capacity for new and high growth product lines.

Our significant contract manufacturing partners are located primarily in Thailand, Taiwan, Malaysia and the Philippines. We rely on the capabilities of our contract manufacturers to plan and procure components and manage the inventory in these locations.

### **Sources and Availability of Raw Materials**

We use various suppliers and contract manufacturers to supply parts and components for manufacturing and support of multiple product lines. Although our intention is to establish at least two sources of supply for materials whenever possible, for certain components we have sole or limited source supply arrangements. We may not be able to procure these components from alternate sources at acceptable prices and quality within a reasonable time, or at all, therefore, the risk of loss or interruption of such supply could impact our ability to deliver certain products on a timely basis. Risks associated with reliance on third parties for the timely and reliable delivery of raw materials are discussed in greater detail in Item 1A “Risk Factors” of this Annual Report.

### **Intellectual Property**

Intellectual property rights that apply to our various products include patents, trade secrets and trademarks. We do not intend to broadly license our intellectual property rights unless we can obtain adequate consideration or enter into acceptable patent cross-license agreements. As of June 28, 2025, we owned approximately 1,020 U.S. patents and 1,100 foreign patents with expiration dates through 2045 and had approximately 780 patent applications pending throughout the world.

### **Seasonality**

Our revenue may be influenced on a quarter-to-quarter basis by customer demand patterns and new product introductions. Some of our products may be incorporated into consumer electronic products, which are subject to seasonality and fluctuations in demand.

## Customers

During fiscal years 2025, 2024, and 2023, net revenue generated from a single customer which represented 10% or more of our total net revenue of the applicable fiscal year is summarized in the table below:

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Customer A	16.0 %	11.4 %	15.3 %
Customer B	15.4 %	18.9 %	*
Customer C	*	*	12.1 %
Customer D	*	*	10.5 %
*Represents less than 10% of total net revenue			

## Backlog

Due to possible changes in product delivery schedules and cancellation of product orders, and because our sales often reflect orders shipped in the same quarter in which they are received, our backlog at any particular date is not necessarily indicative of actual revenue or the level of orders for any succeeding period. A significant portion of our revenue arises from vendor-managed inventory (“VMI”) arrangements where the timing and volume of customer utilization is difficult to predict.

## Human Capital Resources

As of June 28, 2025, we employed approximately 10,562 full-time employees, including approximately 8,706 employees in manufacturing, 1,132 employees in R&D and 724 employees in SG&A. Of the 10,562 employees, approximately 2% are represented by three national collective bargaining agreements with local chapters in Slovenia, Italy and Brazil and two labor unions in China. We believe that our relations with both our union and non-union employees are in good standing.

We believe that the future performance of our Company relies on the strength of our employees, and our ability to recruit, retain, develop and motivate the services of executive, engineering, sales and marketing, and support personnel is critical to our success. We strive to meet these objectives by offering competitive pay and benefits in a diverse, inclusive and safe workplace and by providing opportunities for our employees to grow and develop their careers.

### *Competitive Pay and Benefits*

We provide compensation and benefits packages that we believe are competitive within the applicable market. We use a combination of compensation and other programs (which vary by region and salary grade) to attract, motivate and retain our employees, including semi-annual or annual performance bonuses, stock awards, an employee stock purchase plan, health savings and flexible spending accounts, paid time off, family leave, tuition assistance programs, health and wellness benefits and programs, and on-site fitness centers. We review our benefits packages annually, or more frequently as needed, to ensure we remain competitive with our peers and continue to attract and retain talent throughout our organization.

### *Employee Recruitment, Retention and Development*

We are committed to recruiting, hiring, retaining, promoting and engaging a global, diverse workforce to best serve our global customers, suppliers, and partners. We have established relationships with professional associations and industry groups to proactively attract talent, and we partner with universities for our internship program. We believe that our commitment to our internship program and university partnerships contributes to developing the next generation of talent and provides a pipeline of recent college graduates into our talent pool.

## **Material Government Regulations**

Our business activities are international and subject us to various federal, state, local and foreign laws in the countries in which we operate, and our products and services are subject to certain laws and regulations affecting the sale of our products.

### *Environment*

Our R&D, manufacturing and distribution operations involve the use of hazardous substances and are regulated under international, federal, state and local laws governing health and safety and the environment. We apply strict standards for protection of the environment and occupational health and safety to sites inside and outside the United States, even if not subject to regulation imposed by foreign governments. We believe that our properties and operations at our facilities comply in all material respects with applicable environmental laws and occupational health and safety laws. However, the risk of environmental liabilities cannot be completely eliminated, and there can be no assurance that the application of environmental and health and safety laws will not require us to incur significant expenditures. We are also regulated under a number of international, federal, state and local laws regarding recycling, product packaging and product content requirements. The environmental, product content/disposal and recycling laws are gradually becoming more stringent and may cause us to incur significant expenditures in the future.

In connection with our separation from JDSU and trading as an independent public company, we agreed to indemnify Viavi for any liability associated with contamination from past operations at all properties transferred to us from Viavi, to the extent the resulting issues primarily related to our business. We have not been presented with any claims to date.

### *Global Trade and Export Controls*

As a global business, we operate in many jurisdictions and our products and services are subject to diverse and evolving import and export laws, including international treaties, U.S. export controls and sanctions, customs regulations, and local trade laws. These regulations may delay product launches, restrict our operations in certain regions, or limit dealings with specific entities or individuals, particularly where sensitive or controlled technology is involved. For instance, the U.S. and other governments have imposed restrictions on certain semiconductors and telecommunications products and components, which limit both sales of our products and our access to product components. At the same time, noncompliance with these trade regulations could significantly hinder our ability to operate in some markets or serve particular customers.

For additional information concerning regulatory compliance and a discussion of the risks associated with governmental regulations that may materially impact us, refer to Item 1A “Risk Factors” of this Annual Report.

## **International Operations**

During fiscal years 2025, 2024 and 2023, net revenue from customers outside the United States based on the geographic region and country where our product is initially shipped represented 81.0%, 73.8% and 86.3% of net revenue, respectively. Frequently, customers request shipment of our products to their factories, contract manufacturer factories, or other locations in countries that differ from their headquarter location (which in many cases is in the U.S.). Our net revenue is primarily denominated in U.S. dollars, including our net revenue from customers outside the United States based on customer shipment locations as described above. Refer to “Note 17. Operating Segments and Geographic Information” to the consolidated financial statements. For information regarding risks associated with our international operations, refer to Item 1A “Risk Factors” of this Annual Report.

## **Available Information**

Our website is located at [www.lumentum.com](http://www.lumentum.com), and our investor relations website is located at [www.investor.lumentum.com](http://www.investor.lumentum.com). Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as amended, are available free of charge on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission (the “SEC”). The SEC also maintains a website that contains our SEC filings at [www.sec.gov](http://www.sec.gov).

Investors and others should note that we routinely use the Investors section of our website to announce material information to investors and the marketplace. While not all of the information that the Company posts on its corporate website is of a material nature, some information could be deemed to be material. Accordingly, the Company encourages investors, the media and others interested in the Company to review the information that it shares on [www.lumentum.com](http://www.lumentum.com). Information in, or that can be accessed through, our website is not incorporated into this Form 10-K.

## ITEM 1A. RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our common stock. Our business, financial condition, results of operations or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.*

### **Risk Factor Summary**

Our business operations are subject to numerous risks, factors and uncertainties, including those outside of our control, which could cause our actual results to be harmed, including risks regarding the following:

#### ***Risks Related to our Business***

- unfavorable economic and market conditions, including the impact of trade restrictions or regulations, including tariffs, duties and export controls;
- our reliance on a limited number of suppliers and customers;
- order cancellations, reductions or delays in delivery schedules by our customers or distributors;
- failure of banking institutions and liquidity concerns at other financial institutions;
- our backlog may not be an accurate indicator of our level and timing of future revenue;
- our gross margins and operating margins may vary overtime;
- challenges relating to supply chain constraints;
- changes in technology and intense competition;
- our ability to sell to a significant customer, as well as higher tariffs and other trade restrictions between the U.S. and other countries, including China and Thailand;
- headwinds caused by heightened, scheduled, or threatened tariffs imposed by the U.S. or other countries;
- the impact of a widespread health crisis;
- our international operations structure;
- volatility and maintenance of our real property portfolio;
- our ability to timely procure components needed to manufacture our products;
- our ability to manufacture our products;
- our leverage in negotiations with large customers;
- design and manufacturing defects or quality issues in our products;
- changes in laws and the adoption and interpretation of administrative rules and regulations, including U.S. and international customs and export regulations;
- our strategic transactions and implementation strategy for our acquisitions, including the Cloud Light acquisition;
- restructuring and related charges;
- changes in spending levels, demand and customer requirements for our products;
- changes in tax laws;
- fluctuations in foreign currency;

- our future capital requirements;
- actual or perceived security or privacy breaches or incidents, as well as defects, errors or vulnerabilities in our technology and that of third-party providers;
- the failure or absence of business continuity plans with respect to our global facilities and operations;
- the unpredictability of our results of operations;
- our ability to protect our product and proprietary rights;
- factors relating to our intellectual property rights as well as the intellectual property rights of others;
- actions taken by authorized or unauthorized resellers or distributors that adversely affect our reputation or violate import or export regulations;
- litigation risks, including intellectual property litigation;
- our reliance on licensed third-party technology; and
- our ability to maintain an effective system of disclosure controls and internal control over financial reporting

***Risks Related to Human Capital***

- our ability to hire and retain key personnel
- the effects of immigration policy on our ability to hire and retain employees; and
- employment related disputes and claims

***Risks Related to Legal, Regulatory and Compliance***

- our ability to obtain government authorization to export our products; and
- changes in social and environmental responsibility regulations, policies and provisions, as well as government, customer, business partner, investor or other stakeholder demands

***Risks Related to Our Common Stock***

- the volatility of the trading price of our common stock;
- our ability to service our current and future debt;
- dilution related to our convertible notes;
- our intention not to pay dividends for the foreseeable future;
- provisions of Delaware law and our certificate of incorporation and bylaws that may make a merger, tender offer or proxy contest difficult; and
- exclusive forum provisions in our bylaws

### ***Risks Related to Our Business***

***Our operating results may be adversely affected by unfavorable changes in macroeconomics and market conditions and the uncertain geopolitical environment.***

Our business and operating results depend significantly on general market and economic conditions. The current global macroeconomic environment is volatile and continues to be significantly and adversely impacted by inflation and a dynamic demand environment. Additionally, instability in the global credit markets, the impact of uncertainty regarding inflation, trade wars, and the effects of heightened, scheduled, or proposed tariffs, banking instability, capital expenditure reductions, unemployment, stock market volatility, the instability in the geopolitical environment in many parts of the world (including as a result of the on-going Russia-Ukraine war, ongoing conflicts in the Middle East, the conflict between Cambodia and Thailand, and China-Taiwan relations), the current economic challenges in China, including global economic ramifications of Chinese economic difficulties, and other disruptions may continue to put pressure on global economic conditions. Further, conditions in the global economy have an inherent degree of uncertainty. As a result, it is difficult to estimate the level of growth or contraction of the global economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors, and regions of the economy, including the markets in which we participate. All aspects of our forecasts depend on estimates of growth or contraction in the markets we serve.

Adverse changes to and uncertainty in the global economy have affected industries in which our customers operate and have resulted in decreases in the rate of demand, consumption or use of certain of our customers' products which, in turn, have resulted in, and may in the future result in, decreased demand for our products, revenue fluctuations, increased price competition for our products, and increased the risk of excess and obsolete inventories as well as higher overhead costs as a percentage of revenue. For example, customers who had built up large inventories when supply chains were tight related to the COVID-19 pandemic brought down inventories as supply constraints eased and in some cases these customers delayed projected shipments, which harmed our revenue and profitability. While conditions have continued to stabilize, in some respects, these conditions may recur in the future, and similar losses or delays may harm our results of operations. The impact of economic challenges on the global financial markets could negatively impact our operations by affecting the solvency of our customers, the solvency of our key suppliers or the ability of our customers to obtain credit to finance purchases of our products. Further, supply chain disruptions have led and may continue to lead to increased costs and have harmed and may continue to harm our ability to meet customer demand, adversely affecting our revenue and profitability. If global economic and market conditions, or economic conditions in key markets, remain uncertain or deteriorate, our prospects for growth may be negatively impacted, and we may experience adverse impacts on our business, operating results, and financial condition.

***Adverse changes in political, regulatory and economic policies, including the threats of increasing worldwide tariffs for goods imported into the United States and of escalating retaliatory measures, could adversely affect our business and results of operations.***

U.S. regulatory activity, such as tariffs, export controls, and economic sanctions laws have in the past, and may in the future, materially limit our ability to make sales to customers in certain regions of the world, including China, and which have in the past, and may in the future, increase our costs and harm our results of operations and financial condition. Throughout 2025, the U.S. imposed a series of tariffs on imported goods. While these tariffs are positioned to have the most significant impacts on goods originating from China, nearly all countries worldwide are impacted at levels ranging from 15% to stacked tariffs in excess of 100% in some cases. The tariff landscape continues to evolve daily and, as a result, the full impact of these tariff measures on our business is uncertain. In addition to the geographic tariffs, U.S. government investigations are currently underway that may result in new tariffs on certain products, including semiconductors, computers, and other products derivative of critical minerals.

Outside of the U.S., retaliatory measures from various countries also have in the past, and may in the future, adversely impact business operations. Such measures include tariffs on imports from the U.S. into countries such as China, as well as export control measures. For example, China imposed new export control measures affecting exports of rare earth metals and other critical minerals, limiting our ability to access these materials. Additional changes to the trade policies of the U.S. and China are impossible to predict, and further changes or escalations in the trade policies of one or both countries may continue to affect our business.

Adverse regulatory activity, such as export controls, economic sanctions and the imposition of heightened trade tariffs both globally and between the United States and China specifically carries the risk of negatively impacting overall economic conditions, which could have negative repercussions on our industry and our business. Moreover, to the extent the governments of China, the United States or other countries seek to promote use of domestically produced products or to reduce the dependence on or use of products from each other (sometimes referred to as “decoupling”), they may adopt or apply regulations or policies that have the effect of reducing business opportunities for us. Such actions may take the form of specific restrictions on particular customers, products, technology areas, or business combinations. For example, in the area of investments and mergers and acquisitions, the United States has recently announced new requirements for approval by the United States government of outbound investments; and the approval by China regulatory authorities is required for business combinations of companies that conduct business in China over specific thresholds, regardless of where those businesses are based. Restrictions may also be imposed based on whether the supplier is considered unreliable or a security risk. For example, the Chinese government adopted a law that would restrict purchases from suppliers deemed to be “unreliable suppliers.” In May 2023, the Cyberspace Administration of China banned the sale of products from Micron Technology to certain entities in China and stated that such products pose significant security risks to China’s critical information infrastructure supply chain and national security. Furthermore, imposition of new or additional tariffs or new or revised export, import or doing-business regulations, including trade sanctions, could cause a decrease in the demand for, or sales of our products to customers located in China or other customers selling to Chinese end users or increase the cost for our products, which would directly impact our business and results of operations.

***We depend on a limited number of suppliers for raw materials, packages and components, and any failure or delay by these suppliers in meeting our requirements could have an adverse effect on our business and results of operations.***

We purchase raw materials, packages and components from a limited number of suppliers, who are often small and specialized. Additionally, some of our suppliers are our sole sources for certain materials, equipment and components. We depend on the timely and continued supply and quality of the materials, packages and components that our suppliers supply to us. We have not entered into long-term agreements with many of these suppliers. We do not have a guarantee of supply from these suppliers and, as a result, there is no assurance that we would be able to secure the equipment or components that we require, in sufficient quantity, quality and on reasonable terms. Our business and results of operations have been, and could continue to be, adversely affected by this dependency. Alternative sources to mitigate the risk that the failure of any sole supplier will adversely affect our business are not feasible in all circumstances. If we were to lose any one of these or other critical sources, or if there is as an industry-wide increase in demand for, or the discontinuation of, raw materials used in our products, it could be difficult for us, or we may be unable, to find an alternative supplier or raw material, in which case our operations could be adversely affected. We are also subject to risk from increasing or fluctuating market prices of certain raw materials, which are incorporated into our end products or used by our suppliers to manufacture our end products. Supplies for such raw materials have from time to time become restricted, or general market factors and conditions have in the past affected and may in the future affect pricing of such commodities (including, in particular, due to changes in applicable tariffs, inflation, trade restrictions, or other supply chain constraints). For example, China’s recent export controls affected the availability and price of rare earth metals and other critical minerals for us as well as our supply chain and customers, adversely affecting our operations, margins and sales.

Specific concerns we periodically encounter with our sole suppliers or limited number of suppliers include receipt of defective parts or contaminated materials, stoppages or delays of supply, insufficient resources to supply our requirements, substitution of more expensive or less reliable materials, increases in the price of supplies, and an inability to obtain reduced pricing from our suppliers in response to competitive pressures. Furthermore, supply chain disruptions and labor market constraints have created heightened risk that sole suppliers or limited number of suppliers may be unable to meet their obligations to us. Difficulties in obtaining the materials, or services used in the conduct of our business or additional fees or higher prices to do so, have adversely affected our revenue and results of operations, and further challenges or decisions to seek alternate suppliers to secure supply in order to meet demand would increase our costs and reduce our profitability.

***Our financial results may be adversely affected due to changes in product demand impacted by recessions, increases in interest rates, stagflation and other economic conditions.***

Customer demand for our products may be impacted by weak economic conditions, inflation, stagflation, trade wars, adverse changes in tariffs and trade policies, recessionary or lower-growth environments, high interest rates, tightening credit markets, equity market volatility or other negative economic factors in the U.S. or other countries. For example, under these conditions or expectation of such conditions, our customers in the past have canceled orders, delayed purchasing decisions or reduced their use of our services. In addition, adverse economic conditions have in the past, and could in the future, result in higher inventory levels and the possibility of resulting excess capacity charges from our contract manufacturers if we need to slow production to reduce inventory levels. Further, in the event of a recession or threat of a recession our contract manufacturers, suppliers and other third-party partners may suffer their own financial and economic challenges and as a result they may demand pricing accommodations, delay payment, or become insolvent, which could harm our ability to meet our customer demands or collect revenue or otherwise could harm our business. Similarly, disruptions in financial and/or credit markets may impact our ability to manage normal commercial relationships with our contract manufacturers, customers, suppliers and creditors and could cause us to not be able to continue to access preferred sources of liquidity when we would like, and our borrowing costs could increase. Thus, if economic conditions deteriorate or experience a sustained period of weakness or slower growth, our business and financial results could be adversely affected.

***Our ability to sell our products to a significant customer has been restricted.***

In August 2020, the Bureau of Industry and Security of the U.S. Department of Commerce (“BIS”) issued final rules that further restricted access by Huawei Technologies Co. Ltd. and certain of its affiliates (collectively, “Huawei”) to U.S. technology, software and equipment produced domestically and abroad. The final rules prevent us from selling certain products subject to the Export Administration Regulations (“EAR”) to identified Huawei entities without a license issued by BIS. Further, even if we are able to obtain an export authorization to sell certain products to Huawei in the future, Huawei may not be able to source products from other suppliers due to the applicable export restrictions, which could then adversely impact Huawei’s demand for our products. All U.S. companies are dependent on the ability to obtain export authorizations to sell to Huawei. Until such export authorizations are available or the export restrictions are lifted, we are limited in our ability to sell our products, which could negatively impact our business, financial condition and operating results.

Based on internal review conducted in 2023, we determined that our products may be “subject to the EAR” and consequently restricted for export, reexport, and transfer to Huawei. As a result, we stopped all of our product shipments to Huawei, historically our largest networking customer in China, in the beginning of calendar year 2024.

We submitted voluntary self-disclosures to BIS regarding certain product shipments we made to Huawei following the adoption of the final rules. In August 2024, we received an administrative subpoena from BIS requesting the production of records in connection with our business with Huawei. We also received a related subpoena from the U.S. Department of Justice (“DOJ”) that also requested information regarding our business with Huawei. We have been and will continue to cooperate with BIS and DOJ in responding to the subpoenas and their ongoing reviews. Any failure or alleged failure to comply with export controls laws and policies could have negative consequences, including significant legal costs, penalties, denial of export privileges and debarment from participation in U.S. government contracts, any of which could have an adverse effect on our operations, reputation and financial condition.

Under the current regulatory policy and rules, our business with Huawei is now completely restricted. In addition to being unable to supply any products to Huawei, we are also currently unable to work with Huawei on future product developments, or confer any benefit to Huawei, and expect this to continue while Huawei remains subject to the export control restrictions. This cessation of all business activities with Huawei has negatively impacted our revenue from Huawei and has negatively impacted our financial condition and results of operations. Huawei may seek to obtain similar or substitute products from our competitors that are not subject to these restrictions, or to develop similar or substitute products themselves.

We cannot be certain what additional actions the U.S. government may take with respect to Huawei or other entities in China or other countries. We are unable to predict the duration and scope of the restrictions enacted in May 2019 and thereafter. Other customers, such as FiberHome Technologies Group, are also subject to export control restriction since May 2020, and BIS may continue to expand restrictions to other customers or otherwise restrict our ability to ship products. Any further export or trade restrictions that impede our ability to export or sell our products and services could adversely affect our business, results of operations, financial condition and cash flows.

***Inflation and increased borrowing costs could impact our cash flows and profitability.***

Prolonged periods of inflation may continue to adversely affect our business, results of operations, financial condition and liquidity by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. Inflation has resulted in and may continue to result in higher interest rates and capital costs, supply shortages, increased costs of labor and other similar effects. As a result of inflation, we are subject to risk from increasing market prices of certain components, supplies, and raw materials, which are incorporated into our products or used by our manufacturing partners or suppliers to manufacture our products. These components, supplies and commodities have from time-to-time become restricted, or general market factors and conditions have affected pricing of such components, supplies and raw materials (such as inflation or supply chain constraints), and future restrictions or market conditions impacting pricing may adversely affect our business and results of operations. In addition, higher interest rates and tightening credit markets may impact our customers and partners and their ability to purchase products or pay in a timely manner may be adversely impacted.

***Unstable market and economic conditions and adverse developments with respect to financial institutions and associated liquidity risk may have serious adverse consequences on our business and financial condition.***

Disruptions in access to bank deposits or lending commitments due to bank failures could adversely affect our liquidity, our business and financial condition. The failure of any bank or financial institution in which we deposit our funds or assets could reduce the amount of cash we have available for our operations or delay our ability to access such funds. Any such failure may increase the possibility of a sustained deterioration of financial market liquidity. The value of our investment portfolio could also be impacted if we hold debt instruments which were issued by any institutions that fail or become illiquid. Our ability to obtain raw materials for our supply chain and collections of cash from sales may be unduly impacted if any of our vendors or customers are affected by illiquidity events.

***Our backlog may not be an accurate indicator of our level and timing of future revenues.***

Our backlog may not be a reliable indicator of future operating results. Further, customer behaviors have been changing as a result of worldwide macroeconomic factors, including as a result of changes in the trade policies of the U.S. and its trading partners, such as the effects of heightened, scheduled or threatened tariffs, and which has reduced demand and may continue to reduce demand for certain of our products and services. If we are not able to respond to and manage the impact of these supply challenges and behavioral changes effectively, or if general macroeconomic conditions or conditions in the industries in which we operate deteriorate, our business, operating results, financial condition, and cash flows could be adversely affected.

***We expect our gross margins and operating margins to vary over time.***

Our gross margins, operating margins and segment profit are expected to vary, and may be adversely affected in the future by numerous factors, including, but not limited to:

- an increase or decrease in demand of our products;
- changes in product mix;
- increased price competition in one or more of the markets in which we compete;
- modifications to our pricing strategy to gain or retain footprint in markets or with customers;
- currency fluctuations that impact our costs or the cost of our products to our customers;
- the impact of inflation on costs and on demand for our products;
- increases in material, labor, manufacturing, logistics, warranty costs, or inventory carrying costs;
- issues with manufacturing or component availability;
- issues relating to the distribution of our products, quality or efficiencies;
- increased costs due to changes in component pricing or charges incurred due to the inaccurately forecasting product demand or underutilization of manufacturing capacity;
- warranty related issues;
- factors beyond our control such as natural disasters, climate change, acts of war or terrorism, and public health emergencies;

- changing market, economic, and political conditions, including the impact of changes in the trade policies of the U.S. or its trading partners, heightened, scheduled or threatened tariffs, changes in the applicable trade restrictions, including for certain rare earth minerals, any retaliatory actions in response thereto, and other trade restrictions, regulatory restrictions on imports or exports to withdraw from or materially modify international trade agreements, or
- our introduction of new products and enhancements, or entry into new markets with different pricing and cost structures.

We have also seen, and may continue to see, our gross margins negatively impacted by increases in component costs, logistics costs, elevated inventory balances, and pricing pressure. Failure to sustain or improve our gross margins reduces our profitability and may adversely affect our business, financial condition and results of operations.

***Challenges relating to supply chain constraints, including semiconductor components, could adversely impact our business, results of operations and financial condition.***

Due to increased demand across a range of industries, our business and customers' businesses have experienced and could, in the future, experience supply constraints due to both constrained manufacturing capacity, as well as component parts shortages. These supply constraints have adversely affected and could further affect availability, lead-times and cost of components, and could increase the likelihood of unexpected cancellations or delays of previously committed supply of key components. These challenges have resulted in extended lead-times to our customers or accelerated ordering for certain of our products that resulted in inventory backlog that was subsequently managed down, resulting in reduced ordering. Ordering patterns may be difficult to predict and we have experienced and may, in the future, experience negative impacts to our revenue and profitability as well as our ability to achieve our forecasts.

Any disruption or delay in the production, delivery or supply of the raw materials, packaging or components used in the manufacture and delivery of our products, including delays and limits associated with heightened, scheduled or threatened tariffs affecting our components or raw materials, or limits on manufacturing availability or capacity, could delay or inhibit our ability to produce finished goods inventory. These supply chain constraints and their related challenges could result in shortages, increased material costs or use of cash, engineering design changes, and delays in new product introductions, each of which could adversely impact our business, results of operations and financial condition.

***If we do not anticipate technological shifts, market needs and opportunities, we may not be able to compete effectively and our ability to generate revenues will suffer.***

If we are unable to anticipate future technological shifts, market needs, requirements or opportunities, or fail to develop and introduce new products, product enhancements, or business strategies to meet those requirements or opportunities in a timely manner or at all, it could cause us to lose customers, substantially decrease or delay market acceptance and sales of our products and services, and significantly harm our business, financial condition, and results of operations. In addition, if we invest in developing products for a market that does not develop, it could significantly harm our business, financial condition, and results of operations. Even if we are able to anticipate, develop, and commercially introduce new products, enhancements or business strategies, any such products, enhancements or business strategies may not achieve market acceptance.

***Changing technology and intense competition require us to continuously innovate while controlling product costs, and our failure to do so may result in decreased revenues and profitability.***

The markets in which we operate are dynamic and complex, and our success depends on our ability to deliver both our current product offerings and new products and technologies on time and at acceptable prices to our customers. The markets for our products are characterized by rapid technological change, frequent new product introductions and enhancements, substantial capital investment, changes in customer requirements, continued price pressures and a constantly evolving industry. Historically, these pricing pressures have led to a continued decline of average selling prices across our business and we expect that these historical trends will continue. The development of new, technologically advanced products is a complex and uncertain process requiring high levels of innovation and the accurate prediction of technology and market trends. The introduction of new products also often requires significant investment to ramp up production capacity, the benefit of which may not be realized if we are not successful in the production of such products or if customer demand does not develop as expected. Ramping of production capacity also entails risks of delays which can limit our ability to realize the full benefit of new product introductions. We cannot assure you that we will be able to identify, develop, manufacture, market or support new or enhanced products successfully, if at all, or on a timely basis. We also cannot assure you that potential markets for our new products will materialize on the timelines we anticipate, or at all, or that our technology will meet our customers' specifications. In addition, the markets in which our customers compete experience rapid changes in technology, customer requirements, competitive products, and industry standards, which may impact the demand for our products or products that we are developing. For example, markets driven by AI/ML technology are changing rapidly and therefore, the demand for our products

that address these markets may change and is difficult to predict. Our future performance will depend on the successful development, introduction, deployment and market acceptance of new and enhanced features and products that meet our customers' current and future needs. Future demand for our products is uncertain and will primarily depend on continued technological development and the introduction of new or enhanced products. If this does not continue, sales of our products may decline which could adversely impact our business, results of operations and financial condition.

The market for optical communications products in particular has matured over time and these products have increasingly become subject to commoditization. Both legacy competitors as well as new entrants, predominantly Asia-based competitors, have intensified market competition in recent years leading to pricing pressure. To preserve our revenues and product margin structures, we remain reliant on an integrated customer and market approach that anticipates end customer needs as requirements evolve. We also must continue to develop more advanced, differentiated products that command a premium with customers, while conversely continuing to focus on streamlining product costs for established legacy products. If we fail to continue to develop enhanced or new products that enable us to increase revenues while maintaining consistent margins, or over time are unable to adjust our cost structure to continue to competitively price more mature products, our financial condition and results of operations could be adversely affected.

***We rely on a limited number of customers for a significant portion of our sales; and the majority of our customers do not have contractual purchase commitments.***

We have consistently relied on a small number of customers for a significant portion of our sales. We expect that this customer concentration will continue in the future, and we expect that our financial performance in certain business lines and growth prospects will continue to depend in part on a small number of customers. Many of our customers purchase products under purchase orders or under contracts that do not contain volume or long-term purchase commitments. Therefore, these customers may alter their purchasing behavior with little or no notice to us for various reasons, including developing, or, in the case of our distributors, their customers developing, their own product solutions; choosing to purchase or distribute product from our competitors; incorrectly forecasting end market demand for their products; or experiencing a reduction in their market share in the markets for which they purchase our products. As a result, it is difficult to forecast our revenues and to determine the appropriate levels of inventory required to meet future demand. For example, we have from time-to-time experienced excess and obsolete charges due to customer transitions to the next generation of products. We may also experience increased inventory levels and increased carrying costs and risk of excess or obsolete inventory due to unanticipated reductions in purchases by our customers. In addition, customers provide us with their expected forecasts for our products several months in advance, but these customers may decrease, cancel or delay purchase orders already in place, including on short notice, or may experience financial difficulty which affects their ability to pay for products, particularly in light of the global macroeconomic uncertainty, and have done so from time-to-time, and the impact of any such actions may be intensified given our dependence on a limited number of large customers. We cannot accurately predict what or how many products our customers will need in the future. Anticipating demand is difficult because our customers face unpredictable demand for their own products and in recent periods have become increasingly focused on cash preservation and tighter inventory management.

In addition, changes in the business requirements, vendor selection, project prioritization, financial prospects, capital resources, and expenditures, or purchasing behavior (including product mix purchased or timing of purchases) of our key customers, or any real or perceived quality issues related to the products that we sell to such customers, have led to decreased sales to such customers or delays or cancellations of planned purchases of our products or services, which has unfavorably impacted our revenues and operating results, and may continue to impact our business and results of operations. We may also experience pricing pressure with certain of our customers that may adversely affect our revenue and margins, or, if the ongoing relationship no longer benefits us, we may decide to suspend or terminate our relationship with such customers. There are also continuing trade tensions, including an uncertain regulatory environment, in the U.S. and countries in Asia, and in particular, China, which have impacted and could continue to materially impact our sales to key customers in these regions. Further, we may be required to purchase raw materials, increase production capacity or make other changes to our business to accommodate certain large customers. If forecasted orders do not materialize, we may need to reduce investment in R&D activities, we may fail to optimize our manufacturing capacity and incur charges for such underutilization, we may incur liabilities with our suppliers for reimbursement of capital expenditures, or we may have excess inventory. In addition, if we incur expenses in response to forecasted demand and do not have a corresponding increase in revenue, our profitability may suffer. Any of these factors could adversely affect our business, financial condition and results of operations.

***Intense competition in our markets may lead to an accelerated reduction in our prices, revenues, margins and market share.***

The end markets for optical products have experienced significant industry consolidation during the past few years. We expect this trend to continue as companies attempt to strengthen or hold their market positions in an evolving industry and as companies are acquired or are unable to continue operations. As a result, the markets for optical subsystems, components and laser diodes are highly competitive and the intensity of such competition is increasing. Our current competitors include a number of domestic and international public and private companies, many of which may have substantially greater financial, technical, marketing and distribution resources and brand name recognition than we have. As we expand into new markets, we face competition not only from our existing competitors, but also from new competitors, including existing companies with strong technological and sales positions in those markets. We may not be able to compete successfully against either current or future competitors, particularly, in light of increasing consolidation. Our competitors may continue to enter markets or gain or retain market share through introduction of new or improved products or with aggressive low pricing strategies that may impact the efficacy of our approach. These competitors may be able to devote greater resources than we can to the development, promotion, sale and support of their products. Additionally, the merger or consolidation of significant competitors have resulted in, and will likely result in, competitors with greater resources, which may enable them to offer a different market approach, or a lower cost structure through economies of scale or other efficiencies that we may be unable to match and which may intensify competition in the various markets. Further, our competitors may seek to vertically integrate by buying suppliers that also supply products or components to us, which could enable them to further reduce prices, or could increase our costs. Our current or potential customers may also determine to develop and produce products for their own use which may be competitive to our products. Such vertical integration could reduce the market opportunity for our products. Increased competition could result in significant price erosion, reduced revenue, lower margins or loss of market share, any of which would significantly harm our business.

***We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations.***

We derive a majority of our revenue from our international operations, and we plan to continue expanding our business in international markets in the future. In addition, we have extensive international manufacturing capabilities through third-party contract manufacturers, as well as through our own international facilities, with employees engaged in R&D, administration, manufacturing, support and sales and marketing activities.

As a result of our international operations, in addition to similar risks we face in our U.S. operations, we are affected by economic, business, regulatory, social, and political conditions in foreign countries, including the following:

- adverse social, political and economic conditions, such as inflation, high interest rates and risk of global or regional recession;
- effects of adverse changes in currency rates;
- impacts related to business disruptions and restrictions related to pandemics and endemics, including supply chain disruptions and labor shortages and differential impacts in different regions and geographies;
- changes in general IT spending;
- less effective protection of intellectual property;
- the imposition of government controls, inclusive of critical infrastructure protection;
- changes in or limitations imposed by trade protection laws or other regulatory orders or requirements in the United States or in other countries, including changes in the trade policies of the U.S. and its trading partners, heightened, scheduled, or threatened tariffs, sanctions, or other costs or requirements which may affect our ability to import or export our products from various countries or increase the cost to do so, including government action to restrict our ability to sell to foreign customers where sales of products may require export licenses (See Risk Factor entitled “Our ability to sell our products to a significant customer has been restricted”); the restrictions in China on the export of gallium and germanium and other rare earth metals and critical minerals; and other retaliatory responses in the trade policies of the U.S. or foreign governments;
- the imposition of sanctions on customers in China may cause those customers to seek domestic alternatives to our products, including developing alternatives internally, and our customers demand for our products could be impacted by their inability to obtain other materials subject to sanctions. For example, sanctions on sales to certain parties of U.S. semiconductors and semiconductor equipment has caused a delay in 5G deployment in China while the affected

companies seek alternative solutions, which has reduced the demand for our products from some of our Chinese customers;

- varying and potentially conflicting laws and regulations;
- overlapping, differing or more burdensome tax structure and laws;
- markets for 5G infrastructure not developing in the manner or in the time periods we anticipate, including as a result of unfavorable developments with evolving laws and regulations worldwide;
- wage inflation or a tightening of the labor market;
- the impact of recessions and other economic conditions in economies outside the United States, including, for example, dips in the manufacturing Purchasing Managers Index as well as the Institute for Supply Management data in the Eurozone;
- tax and customs changes that adversely impact our global sourcing strategy, manufacturing practices, transfer-pricing, or competitiveness of our products for global sales;
- volatility in oil prices and increased costs, or limited supply of other natural resources;
- political developments, geopolitical unrest or other conflicts in foreign nations, including the Russia-Ukraine war, the ongoing conflicts in the Middle East, the conflict between Cambodia and Thailand, and political developments in Hong Kong and Taiwan and the potential impact such developments or further actions could have on our customers in the markets in which we operate; and
- the impact of the following on service provider and government spending patterns as well as our contract and internal manufacturing: political considerations, changes in or delays in government budgeting processes, unfavorable changes in tax treaties or laws, unfavorable events that affect foreign currencies on an absolute or relative basis, natural disasters, epidemic disease, labor unrest, earnings expatriation restrictions, misappropriation of intellectual property, military actions, acts of terrorism, political and social unrest and difficulties in staffing and managing international operations.

Additionally, our business is impacted by fluctuations in local economies and currencies. Global economic volatility has significantly impacted the foreign exchange markets, and the currencies of various countries in which we operate and have significant volume of local-currency denominated expenses have seen significant volatility. We expect such volatility to continue, which could negatively impact our results by making our non-U.S. operations more expensive when reported in U.S. dollars, primarily due to the costs of payroll.

Moreover, local laws and customs in many countries differ significantly from or conflict with those in the United States or other countries in which we operate. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations applicable to us. There can be no assurance that our employees, contractors, channel partners and agents will not take actions in violation of our policies and procedures, which are designed to ensure compliance with applicable U.S. and foreign laws and policies. Violations of laws or key control policies by our employees, contractors, channel partners, or agents could result in termination of our relationships with customers and suppliers, financial reporting problems, fines and/or penalties for us, or prohibition on the importation or exportation of our products, and could have an adverse effect on our business, financial condition and results of operations.

We are also highly dependent on the ability to ship products to customers and to receive shipments from our suppliers. In the event of a disruption in the worldwide or regional shipping infrastructure, our access to supplies and our ability to deliver products to customers would correspondingly be negatively impacted. As a result of shipping disruptions, we have experienced among other things, increased costs to ship products and delays in receiving components and any disruption in the future would likely adversely affect our operating results and financial condition.

In addition to the above risks related to our international operations, we also face risks related to pandemics and epidemics. An outbreak of a contagious disease, and other adverse public health developments, particularly in Asia, could have an adverse effect on our business operations. The effects could include restrictions on our ability to travel to support our sites in Asia or our customers located there, disruptions in our ability to distribute products, and/or temporary closures of our facilities in Asia or the facilities of our suppliers or customers and their contract manufacturers.

In the past, these and similar risks have disrupted our operations and the operations of our suppliers, customers and contract manufacturers and increased our costs, and we expect that they may do so in the future. Any or all of these factors could have an adverse impact on our business, financial condition, and results of operations.

***We are subject to the risks of owning real property.***

Our buildings subject us to the risks of owning real property, which include, but are not limited to:

- adverse changes in the value of these properties due to economic conditions, the movement by many companies to a hybrid work environment, interest rate changes, changes in the neighborhood in which the property is located, or other factors;
- the possible need for structural improvements in order to comply with zoning, seismic and other legal or regulatory requirements;
- the potential disruption of our business and operations arising from or connected with a relocation due to moving or to renovating the facility;
- increased cash commitments for improvements to the buildings or the property, or both;
- increased operating expenses for the buildings or the property, or both; and
- the risk of financial loss in excess of amounts covered by insurance, or uninsured risks, such as the loss caused by damage to the buildings as a result of earthquakes, floods, typhoons, tsunamis, fire, and/or other natural disasters.

***The manufacturing of our products may be adversely affected if we are unable to manufacture certain products in our manufacturing facilities or if our contract manufacturers and suppliers fail to meet our production requirements.***

We manufacture some of our finished good products as well as some of the components that we provide to our contract manufacturers in our China, Japan, Thailand, United Kingdom, and San Jose, California manufacturing facilities. For some of the components and finished good products, we are the sole manufacturer. Our manufacturing processes are highly complex, and issues are often difficult to detect and correct. From time-to-time, we have experienced problems achieving acceptable yields in our manufacturing facilities, resulting in delays in the availability of our products and inability to meet customer demand. In addition, if we experience problems with our manufacturing facilities or are unable to continue operations at any of these sites, including as a result of social, geopolitical, environmental or health factors, damage caused by natural disasters, or other problems or events beyond our control, including pandemics or widespread health epidemics, it would be costly and require a long period of time to move the manufacture of these components and finished good products to a different facility or contract manufacturer which could then result in interruptions in supply, and would likely materially impact our financial condition and results of operations. Our business and operations would be severely impacted if there were any future widespread health crisis or related restrictions imposed by governments or private industry in regions we operate.

We also rely on several independent contract manufacturers to supply us with certain products. For many products, a particular contract manufacturer may be the sole source of the finished good products. We depend on these manufacturers to meet our production and capacity requirements and to provide quality products to our customers. There are a number of risks associated with our reliance on contract manufacturers including:

- reduced control over delivery schedules and planning;
- availability of manufacturing capability and capacity, particularly during periods of high demand;
- reliance on the quality assurance procedures of third parties;
- risks associated with data security breaches or cyber-attacks targeting our contract manufacturers, including manufacturing disruptions or unauthorized access to information; and
- potential misappropriation of our intellectual property.

Additionally, if operations at these contract manufacturers are adversely impacted, such as by natural disasters, or restrictions due to the impact of a widespread health crisis disruptions or any resulting economic impact to their business, this would likely materially impact our financial condition and results of operations. Our ability to control the quality of products produced by contract manufacturers has and may in the future be impaired by pandemics or widespread health epidemics disruptions, and quality issues might not be resolved in a timely manner. Additionally, if our contract manufacturers continue experiencing disruptions or discontinue operations, we may be required to identify and qualify alternative manufacturers, which is expensive and time consuming. If we are required to change or qualify a new contract manufacturer, this would likely cause business disruptions and adversely affect our results of operations and could harm our existing customer relationships.

Despite rigorous testing for quality, both by us and the contract manufacturers to whom we sell products, we may receive and ship defective products. We may incur significant costs to correct defective products which could result in the loss of future sales and revenue, indemnification costs or costs to replace or repair the defective products, litigation and damage to our reputation and customer relations. Defective products may also cause diversion of management attention from our business and product development efforts.

Our manufacturing operations and those of our contract manufacturers may be affected by natural disasters such as earthquakes, floods, typhoons, tsunamis, fires and widespread health crises, changes in legal requirements, labor competition, shortages and turnover, labor strikes and other labor unrest, wars or other conflicts, and economic, political or other forces that are beyond our control. For example, in the past one of our former contract manufacturers experienced a labor strike which threatened the contract manufacturer's ability to fulfill its product commitments to us and, in turn, our ability to fulfill our obligations to our customers. We are heavily dependent on a small number of manufacturing sites. Our business and operations would be severely impacted by any significant business disruptions for which we may not receive, and regardless of whether we receive, adequate recovery from insurance. There has been an increased focus on corporate social and environmental responsibility in our industry. As a result, a number of our customers may adopt policies that include social and environmental responsibility provisions that their suppliers should comply with. These provisions may be difficult and expensive to comply with, given the complexity of our supply chain. We may be unable to cause our suppliers or contract manufacturers to comply with these provisions which may adversely affect our relationships with customers.

In addition, for a variety of reasons, including changes in circumstances at our contract manufacturers, restrictions or inability to operate, or regarding our own business strategies, we may choose or be required to transfer the manufacturing of certain products to other manufacturing sites, including to our own manufacturing facilities. As a result of such transfers, our contract manufacturers may prioritize other customers or otherwise be unable or unwilling to meet our demand. There also may be delays with the transfer of manufacturing equipment and successfully setting up that equipment at the transfer sites and training new operators. If such transfers are unsuccessful or take a longer period of time than expected, it could result in interruptions in supply and supply chain and would likely impact our financial condition and results of operations.

Some of our purchase commitments with contract manufacturers are not cancellable which may impact our results of operations if customer forecasts driving these purchase commitments do not materialize and we are unable to sell the products to other customers. We may also incur charges if we do not utilize our allocated manufacturing capacity which would increase our costs and decrease our margins. Alternatively, our contract manufacturers may not be able to meet our demand which would inhibit our ability to meet our customers' demands and maintain or grow our revenues. Furthermore, it could be costly and require a long period of time to move products from one contract manufacturer to another which could result in interruptions in supply and adversely impact our financial condition and results of operations.

Further, certain of our suppliers are located in China, which exposes us to risks associated with Chinese laws and regulations and U.S. laws, regulations and policies with respect to China, such as those related to import and export policies, the recent imposition of higher U.S. tariffs on many products from China, retaliatory actions taken by the U.S. and China in response to actions taken by the other, and risks related to taxation and the treatment of intellectual property. Chinese and U.S. laws and regulations are subject to frequent change, and if our suppliers are unable to obtain or retain the requisite legal permits or otherwise to comply with Chinese and U.S. legal requirements, we may be forced to obtain products from other manufacturers or to make other operational changes, including transferring our manufacturing to another manufacturer or to our own manufacturing facilities. In addition, many of our products are sourced from suppliers based outside of the United States, primarily in Asia. We may continue to face uncertainty with respect to our suppliers' abilities to supply products due to supply chain and inventory impacts, tax and trade policies, the effects of trade wars, including heightened, scheduled, and threatened tariffs and trade restrictions, and government regulations affecting trade between the United States and other countries. Major developments in tax policy or trade relations, such as the imposition of tariffs on imported products, for example, higher U.S. tariffs on the import of certain products manufactured in Thailand or China (and vice-versa), could increase our product and product-related costs or require us to seek alternative suppliers, either of which could result in decreased sales or increased product and product-related costs. Any such developments could have a material impact on our ability to meet our customers' expectations and may materially impact our operating results and financial condition.

***If our customers do not qualify our manufacturing lines or the manufacturing lines of our subcontractors for volume shipments, our operating results could suffer.***

Certain of our customers do not purchase products, other than limited numbers of evaluation units, prior to qualification of the manufacturing line for volume production. Our existing manufacturing lines, as well as each new manufacturing line, must pass through varying levels of qualification with certain of our customers. Some of our customers require that our manufacturing lines pass their specific qualification standards and that we, and any subcontractors that we may use, be registered under international quality standards. We may encounter quality control issues as a result of setting up new manufacturing lines in our facilities, relocating our manufacturing lines or introducing new products to fill production. We may be unable to obtain, or we may experience delays in obtaining, customer qualification of our manufacturing lines. If we introduce new contract manufacturing partners and move any production lines from existing internal or external facilities, the new production lines will likely need to be re-qualified with our customers. Any delays or failure to obtain qualifications would harm our reputation, operating results, and customer relationships.

***We contract with a number of large OEM and end-user service providers and product companies that have considerable bargaining power, which may require us to agree to terms and conditions that could have an adverse effect on our business or ability to recognize revenues.***

Large OEM and end-user service providers and product companies comprise a significant portion of our customer base. These customers generally have greater purchasing power than smaller entities and, accordingly, often request and receive more favorable terms from suppliers, including us. As we seek to expand our sales to existing customers and acquire new customers, we may be required to agree to terms and conditions that are favorable to our customers and that may affect the timing of our ability to recognize revenue, increase our costs and have an adverse effect on our business, financial condition, and results of operations. Furthermore, large customers have increased buying power and ability to require onerous terms in our contracts with them, including pricing, warranties, and indemnification terms. If we are unable to satisfy the terms of these contracts, it could result in liabilities of a material nature, including litigation, damages, additional costs, loss of market share and loss of reputation. Additionally, the terms these large customers require, such as most-favored nation or exclusivity provisions, may impact our ability to do business with other customers and generate revenues from such customers.

***Our products may contain defects that could cause us to incur significant costs, divert our attention from product development efforts and result in loss of customers.***

Our products are complex, and defects and quality issues are found from time-to-time. Networking products in particular frequently contain undetected software or hardware defects when first introduced or as new versions are released. In addition, our products are often embedded in or deployed in conjunction with our customers' products which incorporate a variety of components produced by third parties, which may contain defects. As a result, when problems occur, it may be difficult to identify the source of the problem. These problems may cause us to incur significant damages or warranty and repair costs, divert the attention of our engineering personnel from our product development efforts and manufacturing resources, and cause significant customer relation problems or loss of customers, or risk exposure to product liability suits, all of which would harm our business. Additionally, changes in our or our suppliers' manufacturing processes or the inadvertent use of defective materials by us or our suppliers could result in an adverse effect on our ability to achieve acceptable manufacturing yields and product reliability. To the extent that we do not achieve and maintain our projected yields or product reliability, our business, operating results, financial condition and customer relationships would be adversely affected.

***We face a number of risks related to pursuing strategic transactions.***

We have in the past and expect to continue to seek to expand and diversify our operations with additional acquisitions and strategic transactions as well as acquisitions of complementary technologies, products, assets and businesses. We may be unable to identify or complete prospective acquisitions for many reasons, including competition from other potential acquirers, the effects of consolidation in our industries and potentially high valuations of acquisition candidates. Even if we do identify acquisitions or enter into agreements with respect to such acquisitions, we may not be able to complete the acquisition due to regulatory requirements or restrictions, competition, or other reasons. In addition, applicable antitrust laws and other regulations may limit our ability to acquire targets or force us to divest all or a portion of our business or an acquired business. If we are unable to identify suitable targets or complete acquisitions, our growth prospects may suffer, and we may not be able to realize sufficient scale and technological advantages to compete effectively in all markets.

In connection with acquisitions, risks to us and our business include:

- diversion of management's attention from normal daily operations of the business;
- unforeseen expenses, delays or conditions imposed on the acquisition or transaction, including due to required regulatory approvals or consents, or fees that may be triggered upon a failure to consummate an acquisition or transaction for certain reasons;
- the inability to retain and obtain required regulatory approvals, licenses and permits;
- loss of employees, customers, suppliers or partners due to uncertainty of a transaction; and
- failure to consummate an acquisition resulting in negative publicity and/or negative impression of us in the investment community that could impact on our stock price

We have also faced litigation in connection with acquisitions, some of which continues following the consummation of the acquisition. Such litigation may be costly and diverts management time and attention.

We have in the past, and may in the future, divest or reduce our investment in certain businesses or product lines from time-to-time. Such divestitures involve risks, such as difficulty separating portions from our other businesses, distracting employees, incurring potential loss of revenue, negatively impacting margins, and potentially disrupting customer relationships. We may also incur significant costs associated with exit or disposal activities, related impairment charges, or both.

If we are unable to successfully manage any of these risks in relation to any future acquisitions or divestitures, our business, financial condition and results of operations could be adversely impacted.

***We may be unable to successfully implement our acquisitions strategy or integrate acquired companies and personnel with existing operations.***

To the extent we are successful in making acquisitions, such as our acquisitions of Cloud Light, NeoPhotonics and the IPG telecom transmission product lines, we may be unsuccessful in implementing our acquisitions strategy, or integrating acquired companies, businesses or product lines and personnel with existing operations, the integration may be more difficult or more costly than anticipated, or the transaction may not further our business strategy as we expected or we may overpay for, or otherwise not realize the expected return on, our investment. Some of the challenges involved integrating businesses and acquisitions include:

- difficulty preserving relationships with customers, suppliers or partners;
- potential difficulties in completing projects associated with in-process R&D;
- unanticipated liabilities or our exposure for known contingencies and liabilities may exceed our estimates;
- insufficient net revenue or unexpected expenses that negatively impact our margins and profitability;
- unexpected losses of key employees of the acquired company, inability to attract, recruit, retain, and motivate current and prospective employees or inability to maintain our company culture;
- unexpected expenses for cost of litigation or other legal proceedings related to the acquisition or the acquired company;
- conforming the acquired company's standards, processes, procedures and controls with our operations, including integrating Enterprise Resource Planning ("ERP") systems and other key business applications;
- coordinating new product and process development;
- increasing complexity from combining operations, including administrative functions, finance and human resources;
- increasing the scope, geographic diversity and complexity of our operations;
- difficulties in integrating operations across different cultures and languages and to address the particular economic, currency, political, and regulatory risks associated with specific countries;
- difficulties in integrating acquired technology;
- difficulties in coordinating and integrating geographically separated personnel, organizations, systems and facilities;

- difficulty managing customer transitions or entering into new markets;
- difficulties in consolidating facilities and transferring processes and know-how;
- diversion of management's attention from other business concerns;
- temporary loss of productivity or operational efficiency;
- dilution of our current stockholders as a result of any issuance of equity securities as acquisition consideration;
- adverse tax or accounting impact;
- expenditure of cash that would otherwise be available to operate our business; and
- indebtedness on terms that are unfavorable to us, limit our operational flexibility or that we are unable to repay.

In addition, following an acquisition, we may have difficulty forecasting the financial results of the combined company and the market price of our common stock could be adversely affected if the effect of any acquisitions on our consolidated financial results is dilutive or is below the market's or financial analysts' expectations, or if there are unanticipated changes in the business or financial performance of the target company or the combined company. Any failure to successfully integrate acquired businesses may disrupt our business and adversely impact our business, financial condition and results of operations.

***Changes in demand and customer requirements for our products may reduce manufacturing yields, which could negatively impact our profitability.***

Manufacturing yields depend on a number of factors, including the volume of production due to customer demand and the nature and extent of changes in specifications required by customers for which we perform design-in work. Changes in manufacturing processes required as a result of changes in product specifications, changing customer needs, introduction of new product lines and changes in contract manufacturers may reduce manufacturing yields, resulting in low or negative margins on those products. Moreover, an increase in the rejection rate of products during the quality control process, before, during or after manufacturing, results in lower gross margins from lower yields and additional rework costs. Any reduction in our manufacturing yields will adversely affect our gross margins and could have a material impact on our operating results.

***Restructuring activities could disrupt our business and affect our results of operations.***

We have taken steps, including implementing reductions in force and internal reorganizations, to reduce the cost of our operations, improve efficiencies, or realign our organization and staffing to better match our market opportunities and our technology development initiatives. We may take similar steps in the future as we seek to realize operating synergies, to achieve our target operating model and profitability objectives, or to reflect more closely changes in the strategic direction of our business or the evolution of our site strategy and workplace. These changes could be disruptive to our business, including our research and development efforts, and may result in the recording of special charges, including workforce reduction or restructuring costs. Substantial expense or charges resulting from restructuring activities could adversely affect our results of operations and use of cash in those periods in which we undertake such actions.

***We may not be able to realize tax savings from our international structure, which could adversely affect our operating results.***

During fiscal years 2023 and 2025, the Company completed international restructurings that included the intra-entity transfer of certain intellectual property and other assets used in the business among various subsidiaries. The structures implemented may be challenged by tax authorities, and if such challenges are successful, the tax consequence we expect to realize could be adversely impacted. If substantial modifications to our international structure or the way we operate our business are made, such as if future acquisitions or divestitures occur, if we or our customers or suppliers change our logistics, if changes in domestic and international tax laws negatively impact the structure, if we do not operate our business consistent with the structure and applicable tax provisions, if we fail to achieve our revenue and profit goals, or if the international structure or our application of arm's-length principles to intercompany arrangements is successfully challenged by the U.S. or foreign tax authorities, our effective tax rate may increase, which could have an adverse effect on our operating and financial results.

***Changes in tax laws could have an adverse effect on our business, cash flow, results of operations or financial conditions.***

As a multinational corporation, we are subject to income taxes as well as non-income based taxes, in both the U.S. and various foreign jurisdictions. Significant uncertainties exist with respect to the amount of our tax liabilities, including those arising from potential changes in laws in the countries in which we do business and the possibility of adverse determinations with respect to the application of existing laws. Many judgments are required in determining our worldwide provision for income taxes and other tax liabilities, and we are under audit by various tax authorities, which often do not agree with positions taken by us on our tax returns. Any unfavorable resolution of these uncertainties may have a significant adverse impact on our tax rate.

The Organization for Economic Cooperation and Development (the “OECD”) has proposed changes to existing tax laws, including a proposed global minimum tax of 15%, also known as Pillar Two. Many countries, including European Union member states have adopted or are considering adopting legislation to enact these proposals. In addition, the U.S. has withdrawn support for Pillar Two and proposed a side-by-side solution under which U.S.-parented groups, such as ours, would be exempt from certain provisions of Pillar Two, which has been principally agreed to by The Group of Seven (“G7”) countries. Any of these developments or changes in federal, state, or international tax laws or tax rulings could adversely affect our effective tax rate and our operating results. There can be no assurance that our effective tax rates, tax payments, or incentives will not be adversely affected by these or other developments or changes in law.

On July 4, 2025, H.R.1, the One Big Beautiful Bill Act (“OBBA”), was signed into law which contains a broad range of provisions affecting businesses including permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. Many of the provisions are generally not applicable to us until fiscal year 2026. We are currently evaluating the future impact of the new legislation on our financial statements.

Other countries also continue to enact and consider enacting new laws, which could increase our tax obligations, cause us to change the way we do business or our operations or otherwise adversely affect us. The foregoing items could increase our future tax expense, could change our future intentions regarding reinvestment of foreign earnings, and could have an adverse effect on our business, financial condition and results of operations.

We are also subject to the continuous examination of our income tax and other returns by the Internal Revenue Service and other tax authorities globally, and we have a number of such reviews underway at any time. It is possible that tax authorities may disagree with certain positions we have taken, and an adverse outcome of such a review or audit could have a negative effect on our financial position and operating results. There can be no assurance that the outcomes from such examinations, or changes in tax law or regulation impacting our effective tax rates, will not have an adverse effect on our business, financial condition and results of operations.

***Our operating results may be subject to volatility due to fluctuations in foreign currency.***

We are exposed to foreign exchange risks with regard to our international operations which may affect our operating results. Since we conduct business in currencies other than U.S. dollars but report our financial results in U.S. dollars, we face exposure to fluctuations in currency exchange rates. Due to these fluctuations, operating results may differ materially from expectations, and we may record significant gains or losses on the remeasurement of intercompany balances. Although we price our products primarily in U.S. dollars, a portion of our operating expenses are incurred in foreign currencies. For example, a portion of our expenses are denominated in the U.K. pound sterling, Chinese yuan and Thai baht. Fluctuations in the exchange rate between these currencies and other currencies in which we collect revenues and/or pay expenses could have a material effect on our future operating results. Recently, our exposure to foreign currencies has increased as our non-U.S. manufacturing footprint has expanded. We continue to look for opportunities to leverage the lower cost of non-U.S. manufacturing, including the United Kingdom, China, Thailand, and Japan. While these geographies are lower cost than the U.S. and such concentration will in general lower our total cost to manufacture, this increase in concentration in non-U.S. manufacturing will also increase the volatility of our results. If the value of the U.S. dollar depreciates relative to certain other foreign currencies, it would increase our costs including the cost of local operating expenses and procurement of materials or services that we purchase in foreign currencies, as expressed in U.S. dollars. Conversely, if the U.S. dollar strengthens relative to other currencies, such strengthening could raise the relative cost of our products to non-U.S. customers, especially as compared to foreign competitors, and could reduce demand. Global economic volatility has had a significant impact on the exchange markets, which heightened this risk, and we expect the higher level of volatility in foreign exchange markets will likely continue.

***We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all.***

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including supporting the development and introduction of new products, addressing new markets, engaging in strategic transactions and partnerships, improving or expanding our operating infrastructure or acquiring complementary businesses and technologies. Investments, partnerships and acquisitions involve risks and uncertainties which could adversely affect our operating and financial results. In December 2019, we issued and sold a total of \$1,050 million in aggregate principal amount of our 0.50% Convertible Senior Notes due 2026 (the “2026 Notes”). In March 2022, we issued and sold a total of \$861 million aggregate principal amount of our 0.50% Convertible Senior Notes due 2028 (the “2028 Notes”). In June 2023, we issued and sold a total of \$603.7 million aggregate principal amount of our 1.50% Convertible Senior Notes due 2029 (“2029 Notes”). We may in the future engage in additional equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity, equity-linked or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, uncertainty in the macroeconomic environment, increasing interest rates and other factors have resulted in volatility in the capital markets and less favorable financing terms. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

***If we fail to effectively manage our growth or, alternatively, our spending during downturns, our business could be disrupted, which could harm our operating results.***

We expect to appropriately scale our business, internal systems and organization, and to continue to improve our operational, financial and management controls, reporting systems and procedures. Growth in sales, combined with the challenges of managing geographically dispersed operations, can place a significant strain on our management systems and resources, and our anticipated growth in future operations could continue to place such a strain. The failure to effectively manage our growth could disrupt our business and harm our operating results, and even if we are able to upgrade our systems and expand our staff, any such expansion will likely be expensive and complex. Our ability to successfully offer our products and implement our business plan in evolving markets requires an effective planning and management process. In economic downturns, we must effectively manage our spending and operations to ensure our competitive position during the downturn, as well as our future opportunities when the economy improves, remains intact. The failure to effectively manage our spending and operations could disrupt our business and harm our operating results.

***A widespread health crisis could adversely affect our business operations, financial performance, results of operations, financial position and the achievement of our strategic objectives.***

The outbreak of a widespread health crisis, whether global in scope or localized in an area in which we, our customers or our suppliers do business, could have an adverse effect on our operations and the operations of our suppliers and customers. Potential impacts on our operations and financial performance include:

- significant reductions in demand for one or more of our products or a curtailment to one or more of our product lines caused by, among other things, any temporary inability of our customers to purchase and utilize our products due to shutdown orders or financial hardship;
- workforce constraints triggered by any applicable shutdown orders or stay-at-home policies;
- disruptions to our third-party contract manufacturing and raw materials supply arrangements caused by constraints over our suppliers’ workforce capacity, financial, or operational difficulties;
- disruption in our own ability to produce and ship products;
- heightened risk and uncertainty regarding the loss or disruption of essential third-party service providers, including transportation services, contract manufacturing, marketing, and distribution services;
- requirements to comply with governmental and regulatory responses such as quarantines, import/export restrictions, price controls, or other governmental or regulatory actions, including closures or other restrictions that limit or close our operating and manufacturing facilities, restrict our workforce’s ability to travel or perform necessary business functions, or otherwise impact our suppliers or customers, which could adversely impact our operating results;

- general economic uncertainty in key global markets and financial market volatility; and
- increased operating expenses and potentially reduced efficiency of operations.

The ultimate impact of any future widespread health crisis on our operations and financial performance depends on many factors that are not within our control, including, but not limited, to: governmental, business and individuals' actions may be taken in response to the crisis; the impact of the crisis and actions taken in response on global and regional economies, travel, and economic activity; general economic uncertainty in key global markets and financial market volatility, including increasing levels of inflation in the United States; and global economic conditions and levels of economic growth. In addition, the global economic volatility related to any health crisis may significantly impact the foreign exchange markets, and the currencies of various countries in which we operate and in which we have significant volume of local-currency denominated expenses creating significant volatility.

***Any failure, disruption or security breach or incident of or impacting our information technology infrastructure or information management systems could have an adverse impact on our business and operations.***

Our business depends significantly on effective and efficient information management systems, and the reliability and security of our information technology infrastructure are essential to the operation, health and expansion of our business. For example, the information gathered and processed by our information management systems assists us in managing our supply chain, financial reporting, monitoring customer accounts, and protecting our proprietary and confidential business information, plans, trade secrets, and intellectual property, among other things. In addition, these systems may contain personal data or other confidential or otherwise protected information about our employees, our customers' employees, or other business partners. We must continue to expand and update this infrastructure in response to our changing requirements as well as evolving security standards and risks.

In some cases, we may rely on third-party providers of hosting, support and other services to meet our information technology requirements. Any failure to manage, expand and update our information technology infrastructure, including our ERP system and other applications, any failure in the extension implementation or operation of this infrastructure, or any failure by our hosting and support partners or other third-party service providers in the performance of their services could harm our business. In addition, we have partnered with third parties to support our information technology systems and to help design, build, test, implement and maintain our information management systems. Our merger, acquisition and divestiture activity may also require transitions to or from, and the integration of, various information management systems within our overall enterprise architecture, including our ERP system and other applications. Those systems that we acquire or that are used by acquired entities or businesses may also pose security risks of which we are unaware or unable to mitigate, particularly during the transition of these systems.

Like other companies, we are subject to ongoing attempts by malicious actors, including through hacking, malware, ransomware, denial-of-service attacks, social engineering, exploitation of internet-connected devices, and other attacks, to obtain unauthorized access to, or acquisition or other processing of confidential or other information or otherwise affect service reliability and threaten the confidentiality, integrity and availability of our systems and information stored or otherwise processed on our systems. Cyber threats have increased in recent years, in part due to increased remote work and frequent attacks, including in the form of phishing emails, malware attachments and malicious websites. Additionally, geopolitical tensions and conflicts, such as the Russia-Ukraine war and ongoing conflicts in the Middle East, may increase our risks of cyber-attacks. Further, as AI capabilities improve and become increasingly commonplace, we may see cyber-attacks leveraging AI technology. These attacks could be crafted with an AI tool to directly attack information systems with increased speed and/or efficiency compared to a human threat actor or create more effective phishing emails. In addition, a vulnerability could be introduced from the result of us and our third-party service providers incorporating output of an AI tool, such as AI generated source code, that includes a threat. While we work to safeguard our internal network systems and validate the security of our third-party service providers to mitigate these potential risks, including through information security policies and employee awareness and training, there is no assurance that such actions have been or will be sufficient to prevent cyber-attacks or security breaches or incidents. We have been in the past, and may be in the future, subject to social engineering attacks and other cyber-attacks, and these attacks may become more prevalent with substantial portion of our workforce being distributed geographically, particularly given the increased remote access to our networks and systems as a result. Further, our third-party service providers may have been and may be in the future subject to such attacks or otherwise may suffer security breaches or incidents. In addition, actions by our employees, service providers, partners, contractors, or others, whether malicious or in error, could affect the security of our systems and information. Further, a breach or compromise of our information technology infrastructure or that of our third-party service providers could result in the misappropriation of intellectual property, business plans, trade secrets or other information. Additionally, while our security systems are designed to maintain the physical security of our facilities and information systems, accidental or willful security breaches or incidents or other unauthorized access by third parties to our facilities or our information systems could lead to unauthorized access to, or misappropriation, disclosure, or

other processing of proprietary, confidential and other information. Moreover, new laws and regulations, such as the European Union's General Data Protection Regulation ("GDPR"), the California Consumer Privacy Act ("CCPA"), and China's Personal Information Protection Law, add to the complexity of our compliance obligations and increases our compliance costs. Although we have established internal controls and procedures intended to comply with such laws and regulations, any actual or alleged failure to fully comply could result in significant penalties and other liabilities, harm to our reputation and market position, business and financial condition.

Despite our implementation of security measures, our systems and those of our third-party service providers are vulnerable to damage from these or other types of attacks, errors, acts or omissions. In addition, our systems may be impacted by natural disasters, terrorism or other similar disruptions. Any system failure, disruption, accident or security breach or incident affecting us or our third-party service providers could result in disruptions to our operations and loss or unavailability of, or unauthorized access or damage to, inappropriate access to, or use, disclosure or other processing of confidential information and other information maintained or otherwise processed by us on our behalf. Any actual or alleged disruption to, or security breach or incident affecting, our systems or those of our third-party partners could cause significant damage to our reputation, lead to theft or misappropriation of our intellectual property and trade secrets, result in claims, investigations, and other proceedings by or before regulators, and claims, demands and litigation, legal obligations or liability, affect our relationships with our customers, require us to bear significant remediation and other costs and ultimately harm our business, financial condition and operating results. In addition, we may be required to incur significant costs to protect against or mitigate damage caused by disruptions or security breaches or incidents. Our costs incurred in efforts to prevent, detect, alleviate or otherwise address cybersecurity or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant and such efforts may not be successful. All of these costs, expenses, liability and other matters may not be covered adequately by insurance and may result in an increase in our costs for insurance or insurance not being available to us on economically feasible terms, or at all. Insurers may also deny us coverage as to any future claim. Any of these results could harm our financial condition, business and reputation.

***Our revenues, operating results, and cash flows may fluctuate from period to period due to a number of factors, which makes predicting financial results difficult.***

Spending on optical communication and laser products is subject to cyclical and uneven fluctuations, which could cause our financial results to fluctuate unpredictably. It can be difficult to predict the degree to which end-customer demand and the seasonality and uneven sales patterns of our OEM partners or other customers will affect our business in the future, particularly as we or they release new or enhanced products. We are also subject to changes in buying patterns among our OEM partners and other customers, including unpredictable changes in their desired inventory levels. Further, if our revenue mix changes, it may also cause results to differ from historical seasonality. Accordingly, our quarterly and annual revenues, operating results, cash flows, and other financial and operating metrics have and may in the future vary significantly in the future. We attempt to identify changes in market conditions as soon as possible; however, the dynamics of the market in which we operate make prediction of and timely reaction to such events difficult. Due to these and other factors, the results of any prior periods should not be relied on as an indication of future performance. Quarterly fluctuations from the above factors may cause our revenue, operating results, and cash flows to underperform in relation to our guidance, long-term financial targets or the expectations of financial analysts or investors, which may cause volatility or decreases in our stock price.

***If we have insufficient proprietary rights or if we fail to protect our rights, our business would be harmed.***

We seek to protect our products and product roadmaps in part by developing and/or securing proprietary rights relating to those products, including patents, trade secrets, know-how and continuing technological innovation. Protecting against the unauthorized use of our products, technology and other proprietary rights is difficult, time-consuming and expensive; therefore, the steps we take to protect our intellectual property may not adequately prevent misappropriation or ensure that others will not develop competitive technologies or products. Other companies may be investigating or developing technologies that are similar to our own. Additionally, there may be existing patents that we are unaware of, which could be pertinent to our business. It is not possible for us to know whether there are patent applications pending that our products might infringe on since these applications are often not made publicly available until a patent is issued or published. It is possible that patents may not be issued from any of our pending applications or those we may file in the future and, if patents are issued, the claims allowed may not be sufficiently broad to deter or prohibit others from making, using or selling products that are similar to ours, or such patents could be invalidated or ruled unenforceable. We do not own patents in every country in which we sell or distribute our products, and thus others may be able to offer identical products in countries where we do not have intellectual property protections. In addition, the laws of some territories in which our products are or may be developed, manufactured or sold, including Europe, Asia-Pacific or Latin America, may not protect our products and intellectual property rights to the same extent as the laws of the United States. Any patents issued to us may be challenged, invalidated or circumvented. Additionally, we are currently a licensee for a number of third-party technologies including software and intellectual property rights from academic institutions, our competitors and others, and we are required to pay royalties to these licensors for the use thereof. In the future, if such licenses are unavailable or if we are unable to obtain such licenses on commercially reasonable terms, we may not be able to rely on such third-party technologies which could inhibit our development of new products, impede the sale of some of our current products, substantially increase the cost to provide these products to our customers, and could have a significant adverse impact on our operating results.

We also seek to protect our important trademarks by endeavoring to register them in certain countries. We have not registered our trademarks in every country in which we sell or distribute our products, and thus others may be able to use the same or confusingly similar marks in countries where we do not have trademark registrations. Trademarks associated with the Lumentum brand have been registered in the United States or other jurisdictions, however, the efforts we take to maintain registration and protect trademarks, including the Lumentum brand, may not be sufficient or effective. Although we have registered marks associated with the Lumentum brand, third parties may seek to oppose or otherwise challenge these registrations. There is the possibility that, despite efforts, the scope of the protection obtained for our trademarks, including the Lumentum brand, will be insufficient or that a registration may be deemed invalid or unenforceable in one or more jurisdictions throughout the world.

Further, a breach of our information technology infrastructure could result in the misappropriation of intellectual property, business plans or trade secrets. Any failure of our systems or those of our third-party service providers could result in unauthorized access or acquisition of such proprietary information, and any actual or perceived security breach could cause significant damage to our reputation and adversely impact our relationships with our customers.

Further, governments and courts are considering new issues in intellectual property law with respect to work created by artificial intelligence (“AI”) technology, which could result in different intellectual property rights in development processes, procedures and technologies we create with AI technology, which could have an adverse effect on our business.

***Our products may be subject to claims that they infringe the intellectual property rights of others, the resolution of which may be time-consuming and expensive, as well as require a significant amount of resources to prosecute, defend, or make our products non-infringing.***

Lawsuits and allegations of patent infringement and violation of other intellectual property rights occur regularly in our industry. We have in the past received, and anticipate that we will receive in the future, notices from third parties claiming that our products infringe on their proprietary rights, with two distinct sources of such claims becoming increasingly prevalent. First, large technology companies, including some of our customers and competitors, are seeking to monetize their patent portfolios and have developed large internal organizations that may approach us with demands to enter into license agreements. Second, patent-holding companies that do not make or sell products (often referred to as “patent trolls”) may claim that our products infringe on their proprietary rights. We respond to these claims in the course of our business operations. The litigation or settlement of these matters, regardless of the merit of the claims, could result in significant expense and divert the efforts of our technical and management personnel, regardless of whether or not we are successful. If we are unsuccessful, we could be required to expend significant resources to develop non-infringing technology or to obtain licenses to the technology that is the subject of the litigation. We may not be successful in such development, or such licenses may not be available on commercially reasonable terms, or at all. Without such a license, or if we are the subject of an exclusionary order, our ability to make our products could be limited and we could be enjoined from future sales of the infringing product or products, which could adversely affect our revenues and operating results. Additionally, we often indemnify our customers against claims of infringement related to our products and may incur significant expenses to defend against such claims. If we are unsuccessful defending against such claims, we may be required to indemnify our customers against any damages awarded.

We also face risks that third parties may assert trademark infringement claims against us in one or more jurisdictions throughout the world related to our brands and/or other trademarks and our exposure to these risks may increase as a result of acquisitions. The litigation or settlement of these matters, regardless of the merit of the claims, could result in significant expense and divert the efforts of our technical and management personnel, regardless of whether or not we are successful. If we are unsuccessful, trademark infringement claims against us could result in significant monetary liability or prevent us from selling some or all of our products or services under the challenged trademark. In addition, resolution of claims may require us to alter our products, labels or packaging, license rights from third parties, or cease using the challenged trademark altogether, which could adversely affect our revenues and operating results.

***We face certain litigation risks that could harm our business.***

We are now, and in the future, may become subject to various legal proceedings and claims that arise in or outside the ordinary course of business. The results of legal proceedings are difficult to predict. Moreover, many of the complaints filed against us may not specify the amount of damages that plaintiffs seek, and we therefore may be unable to estimate the possible range of damages that might be incurred should these lawsuits be resolved against us. While we may be unable to estimate the potential damages arising from such lawsuits, certain of them assert types of claims that, if resolved against us, could give rise to substantial damages or restrictions on or changes to our business. Thus, an unfavorable outcome or settlement of one or more of these lawsuits could have an adverse effect on our financial condition, liquidity and results of operations. Even if these lawsuits are not resolved against us, the uncertainty and expense associated with unresolved lawsuits could seriously harm our business, financial condition and reputation. Litigation is generally costly, time-consuming and disruptive to normal business operations. The costs of defending these lawsuits have been significant in the past, will continue to be costly and may not be covered by our insurance policies. The defense of these lawsuits could also result in continued diversion of our management’s time and attention away from business operations, which could harm our business. For additional discussion regarding litigation, refer to “Part I, Item 3. Legal Proceedings,” and “Note 16. Commitments and Contingencies” to the consolidated financial statements.

***Our products incorporate and rely on licensed third-party technology, and if licenses of third-party technology do not continue to be available to us or are not available on terms acceptable to us, our revenues and ability to develop and introduce new products could be adversely affected.***

We integrate licensed third-party technology into certain of our products. From time-to-time, we may be required to license additional technology from third parties to develop new products or product enhancements. Third-party licenses may not be available or continue to be available to us on commercially reasonable terms. The failure to comply with the terms of any license, including free open-source software, may result in our inability to continue to use such license. Our inability to maintain or re-license any third-party licenses required in our products or our inability to obtain third-party licenses necessary to develop new products and product enhancements, could potentially require us to develop substitute technology or obtain substitute technology of lower quality or performance standards or at a greater cost, any of which could delay or prevent product shipment and harm our business, financial condition, and results of operations.

***If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.***

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, and the Nasdaq Global Select Market (“Nasdaq”) listing requirements. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, and to integrate our acquisitions into our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant time and operational resources, including accounting-related costs and significant management oversight.

Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could cause us to delay reporting of our financial results, be subject to one or more investigations or enforcement actions by state or federal regulatory agencies, stockholder lawsuits or other adverse actions requiring us to incur defense costs, pay fines, settlements or judgments. Any such failures could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock and customer perception of our business may suffer. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq.

#### **Risks Related to Human Capital**

***Our ability to develop, market and sell products could be harmed if we are unable to retain or hire key personnel.***

Our future success depends on our ability to recruit and retain the services of executive, engineering, manufacturing, sales and marketing, and support personnel. The supply of highly qualified individuals, in particular engineers in very specialized technical areas, or salespeople specializing in the service provider, enterprise and commercial laser markets, is limited and competition for such individuals is intense. Competition is particularly intense in certain jurisdictions where we have research and development centers, including Silicon Valley, and for engineering talent generally. Competition is also intense and turnover is high in certain jurisdictions where we or our suppliers have manufacturing facilities. Also, the increase of remote work among employees in our industries has increased employee mobility and turnover, making it difficult for us to retain or hire employees. Further, to attract and retain top talent, we have offered, and we believe we will need to continue to offer, competitive compensation and benefits packages. Job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to attract and retain highly qualified employees. There can be no assurance that the programs, initiatives, rewards and recognition that are part of our people strategy will be successful in attracting and retaining the talent necessary to execute on our business plans. In addition, as a result of our past and any future acquisitions and related integration activities, our current and prospective employees may experience uncertainty about their futures that may impair our ability to retain, recruit, or motivate key management, engineering, technical and other personnel. None of our officers or key employees is bound by an employment agreement for any specific term. The loss of the services of any of our key employees, the inability to attract or retain personnel in the future, particularly during the integration of acquisitions, or delays in hiring required personnel and the complexity and time involved in replacing or training new employees, could delay the development and introduction of new products, and negatively impact our ability to market, sell, or support our products. Similarly, the failure to properly manage the necessary knowledge transfer required for employee transitions could impact our ability to meet customers’ needs, to work effectively with customers, suppliers or other third parties, or to maintain industry and innovation leadership. The loss of members of our management team or other key personnel could be disruptive to our business and, were it necessary, it could be difficult to replace such individuals. If we are unable to attract and retain qualified personnel, we may be unable to manage our business effectively, and our business, financial condition and results of operations may be harmed.

***Our ability to hire and retain employees may be negatively impacted by changes in immigration laws, regulations and procedures.***

Foreign nationals who are not U.S. citizens or permanent residents constitute an important part of our U.S. workforce, particularly in the areas of engineering and product development. Our ability to hire and retain these workers and their ability to remain and work in the United States are impacted by laws and regulations, as well as by procedures and enforcement practices of various government agencies and global events that may interfere with our ability to hire or retain workers who require visas or entry permits. For example, if the U.S. implements travel restrictions or changes visa requirements, our ability to hire and retain employees could be impacted. Additional changes in immigration laws, regulations or procedures in jurisdictions in which we hire workers may adversely affect our ability to hire or retain such workers, increase our operating expenses and negatively impact our ability to deliver our products and services.

## Risks Related to Legal, Regulatory and Compliance

*Our sales may decline if we are unable to obtain government authorization to export certain of our products, and we may be subject to legal and regulatory consequences if we do not comply with applicable export control laws and regulations.*

Exports of certain of our products are subject to export controls imposed by the U.S. government and administered by the U.S. Departments of State and Commerce. In certain instances, these regulations may require pre-shipment authorization from the administering department. For products subject to the EAR administered by the BIS, the requirement for a license is dependent on the type and end use of the product, the final destination, the identity of the end user and whether a license exception might apply. Virtually all exports of products subject to the International Traffic in Arms Regulations (“ITAR”) administered by the Department of State’s Directorate of Defense Trade Controls, require a license. Certain of our fiber optics products are subject to EAR and ITAR. Products and the associated technical data developed and manufactured in our foreign locations are subject to export controls of the applicable foreign nation. There is no assurance that we will be issued these licenses or be granted exceptions, and failure to obtain such licenses or exceptions could limit our ability to sell our products into certain countries and negatively impact our business, financial condition and/or operating results.

The requirement to obtain a license could put us at a competitive disadvantage by restricting our ability to sell products to customers in certain countries or by giving rise to delays or expenses related to obtaining a license. Given the current global political climate, obtaining export licenses can be difficult and time-consuming. Failure to obtain export licenses for these shipments could significantly reduce our revenue and adversely affect our business, financial condition, relationships with our customers and results of operations. Compliance with U.S. government regulations also subjects us to additional fees and costs. The absence of comparable restrictions on competitors in other countries may adversely affect our competitive position.

Further, there is increased attention from the government and the media regarding potential threats to U.S. national security and foreign policy relating to certain foreign entities, particularly Chinese entities, and the imposition of enhanced restrictions or sanctions regarding the export of our products or on specific foreign entities that would restrict their ability to do business with U.S. companies may adversely affect our business. For example, on May 16, 2019, Huawei was added to the Entity List, additional regulatory restrictions were imposed in May and August 2020 and in October 2022 to the Foreign-Produced Direct Product Rule, which impose limitations on the supply of certain U.S. items and product support to Huawei, and FiberHome Technologies was added to the Entity List on May 22, 2020. These actions have resulted in escalating tensions between the U.S. and China and create the possibility that the Chinese government may take additional steps to retaliate against U.S. companies or industries. We currently do not supply any products to Huawei, and we cannot predict whether we will again be able to sell to Huawei. Further, we cannot predict what additional actions the U.S. government may take with respect to Huawei beyond what is described above or to other of our customers, including modifications to or interpretations of Entity List restrictions, export restrictions, tariffs, or other trade limitations or barriers.

Our association with customers that are or become subject to U.S. regulatory scrutiny or export restrictions could negatively impact our business. Governmental actions such as these could subject us to actual or perceived reputational harm among current or prospective investors, suppliers or customers, customers of our customers, other parties doing business with us, or the general public. Any such reputational harm could result in the loss of investors, suppliers or customers, which could harm our business, financial condition, operating results or prospects. Our failure or perceived failure to comply with any of the foregoing legal and regulatory requirements, or other actual or asserted obligations relating to export controls has in the past and could in the future result in increased costs for our products, damage to our reputation, government inquiries, subpoenas, investigations. If we fail to comply with any of these export regulations, we could be subject to civil, criminal, monetary and non-monetary penalties and costly consent decrees, which would lead to disruptions to our business, restrictions on our ability to export products and technology, and adversely affect our business and results of operation.

In addition, certain of our significant customers and suppliers have products that are subject to U.S. export controls, and therefore these customers and suppliers may also be subject to legal and regulatory consequences if they do not comply with applicable export control laws and regulations. Such regulatory consequences could disrupt our ability to obtain components from our suppliers, or to sell our products to major customers, which could significantly increase our costs, reduce our revenue and adversely affect our business, financial condition and results of operations.

***Social and environmental responsibility regulations, policies and provisions, as well as customer and investor demands, may make our supply chain more complex and may adversely affect our relationships with customers and investors.***

There is an increasing focus on environmental, social, and governance (“ESG”) matters both in the United States and globally. A number of our customers have adopted, or may adopt, procurement policies that include social and environmental responsibility provisions or requirements that their suppliers should comply with, or they may seek to include such provisions or requirements in their procurement terms and conditions. These legal and regulatory requirements, as well as investor expectations, on corporate environmental and social responsibility practices and disclosure, are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with, given the complexity of our supply chain. If we are unable to comply with, or are unable to cause our suppliers or contract manufacturers to comply with such policies or provisions, or if we are unable to meet the requirements of our customers and investors, a customer may stop purchasing products from us or an investor may sell their shares, and may take legal action against us, which could harm our reputation, revenue and results of operations. We expect to face increasing worldwide regulatory activity relating to climate change in the future. Future compliance with these laws and regulations, as well as meeting related customer and investor expectations, may adversely affect our business and results of operations.

***Our reputation and/or business could be negatively impacted by ESG matters and/or our reporting of such matters.***

We have in the past and may in the future communicate certain ESG-related initiatives regarding sustainability matters, fair labor practices, responsible sourcing, and other matters in a Corporate Social Responsibility Report, on our website, in certain filings with the SEC, and elsewhere. These initiatives could be difficult to achieve and costly to implement. In addition, we could be criticized for the timing, scope or nature of these initiatives, or for our disclosures related to such matters, or for our policies and practices related to these matters. Opinions, perspectives, and expectations on sustainability and governance matters may differ amongst our stakeholders and may evolve over time. We have been and may continue to be subject to conflicting expectations and views on various matters, and legal requirements and interpretations may change. Our actual or perceived failure to meet evolving stakeholder expectations, or achieve any required ESG-related initiatives, could negatively impact our reputation or otherwise harm our business.

***We may be adversely affected by climate change regulations.***

In many of the jurisdictions in which we operate, government bodies are increasingly enacting legislation and regulations in response to potential impacts of climate change. These laws and regulations are mandatory in some cases, and have the potential to impact our operations directly or indirectly as a result of required compliance by our customers or supply chain. Inconsistency of regulations may also affect the costs of compliance with such laws and regulations. Assessments of the potential impact of future climate change legislation, regulation, and international treaties and accords are uncertain, given the wide scope of potential regulatory change in countries in which we operate.

We may incur increased capital expenditures resulting from required compliance with revised or new legislation or regulations, added costs to purchase raw materials, lower profits from sales of our products, increased insurance premiums and deductibles, changes in competitive position relative to industry peers, changes to profit or loss arising from increased or decreased demand for goods produced by us, or changes in costs of goods sold, which would have an adverse effect on our business, financial condition and results of operations.

***We are subject to laws and regulations worldwide including with respect to environmental matters, securities laws, privacy and data protection, compliance with which could increase our expenses and harm our operating results.***

Our operations and our products are subject to various federal, state and foreign laws and regulations, including those governing pollution and protection of human health and the environment in the jurisdictions in which we operate or sell our products. These laws and regulations govern, among other things, wastewater discharges and the handling and disposal of hazardous materials in our products. Our failure to comply with current and future environmental or health or safety requirements could cause us to incur substantial costs, including significant capital expenditures, to comply with such environmental laws and regulations and to clean up contaminated properties that we own or operate. Such clean-up or compliance obligations could result in disruptions to our operations. Additionally, if we are found to be in violation of these laws, we could be subject to governmental fines or civil liability for damages resulting from such violations. These costs could have an adverse impact on our financial condition or operating results.

From time-to-time new regulations are enacted, and it is difficult to anticipate how such regulations will be implemented and enforced. We continue to evaluate the necessary steps for compliance with regulations as they are enacted. These regulations include, for example, the Registration, Evaluation, Authorization and Restriction of Chemicals (“REACH”), the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive (“RoHS”) and the Waste Electrical and Electronic Equipment Directive (“WEEE”) enacted in the European Union which regulate the use of certain hazardous substances in, and require the collection, reuse and recycling of waste from, certain products we manufacture. These regulations and similar legislation may require us to re-design our products to ensure compliance with the applicable standards, for example by requiring the use of different types of materials, which could have an adverse impact on the performance of our products, add greater testing lead-times for product introductions or other similar effects. We believe we comply with all such legislation where our products are sold, and we continuously monitor these laws and the regulations being adopted under them to determine our responsibilities.

In addition, pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has promulgated rules requiring disclosure regarding the use of certain “conflict minerals” that are mined from the Democratic Republic of Congo and adjoining countries and procedures regarding a manufacturer’s efforts to prevent the sourcing of such minerals. We may face challenges with government regulators and our customers and suppliers if we are unable to sufficiently make any required determination that the metals used in our products are conflict free. Complying with these disclosure requirements involves substantial diligence efforts to determine the source of any conflict minerals used in our products and may require third-party auditing of our diligence process. These efforts may demand internal resources that would otherwise be directed towards operations activities.

Since our supply chain is complex, we may face reputational challenges if we are unable to sufficiently verify the origins of all minerals used in our products. Additionally, if we are unable to satisfy those customers who require that all of the components of our products are determined to be conflict free, they may choose a competitor’s products which could materially impact our financial condition and operating results.

We are also subject to laws and regulations relating to our collection, use, protection and other processing of personal data of our employees, customers and others. These laws and regulations are subject to frequent modifications and updates and require ongoing supervision. For example, the European Union adopted the GDPR, which became effective in May 2018, establishing stringent requirements for data protection in Europe and providing for substantial penalties for noncompliance. Brazil passed the General Data Protection Law, which became effective in August 2020, to regulate processing of personal data of individuals. It also provides for substantial penalties for noncompliance. Additionally, California has the CCPA, which went into effect on January 1, 2020, and which was amended and supplemented by California Privacy Rights Act (“CPRA”), which went into effect on January 1, 2023. Other legislation relating to privacy, data protection and cybersecurity has been proposed or adopted in several other states, including the enactment of legislation similar to the CCPA and CPRA enacted in numerous states. Aspects of the CCPA, CPRA and these other laws and regulations, as well as their enforcement, remain unclear. The U.S. federal government also is contemplating federal privacy legislation. The effects and impact of these or other laws and regulations relating to privacy, data protection and cybersecurity are potentially significant and may require us to modify practices and policies and to incur substantial costs and expenses in efforts to comply. Laws and regulations relating to privacy, data protection and cybersecurity continue to evolve in various jurisdictions, with existing laws and regulations subject to new and differing interpretations and new laws and regulations being proposed and adopted. It is possible that our practices may be deemed not to comply with those legal requirements relating to privacy, data protection and cybersecurity that apply to us now or in the future.

Further, the United Kingdom has implemented legislation similar to the GDPR, including the UK Data Protection Act and legislation referred to as the UK GDPR, which provides for substantial penalties, similar to the GDPR. Aspects of United Kingdom data protection law remains unclear following the United Kingdom’s exit from the European Union, including with respect to data transfers between the United Kingdom and other jurisdictions. The United Kingdom government has adopted legislation providing for targeted amendments to United Kingdom data protection law that has caused United Kingdom data protection laws and regulations to deviate from the GDPR in certain respects and that may impact the European Commission’s adequacy determination regarding the United Kingdom data protection regime that generally has permitted personal data to be transferred between the European Economic Area (“EEA”) and the United Kingdom. We cannot fully predict how the Data Protection Act, the UK GDPR, and other United Kingdom data protection laws or regulations may develop in the medium to longer term nor the effects of divergent laws and guidance regarding data transfers. We may find it necessary to make further changes to our handling of personal data of residents of the EEA, Switzerland and the United Kingdom, each of which may require us to incur significant costs and expenses.

New technology trends, such as AI, require us to keep pace with evolving regulations and industry standards. In the United States, the European Union, and China there are various current and proposed regulatory frameworks relating to the development and use of AI in products and services. We expect that the legal and regulatory environment relating to emerging technologies such as AI will continue to develop and could increase the cost of doing business, and create compliance risks and potential liability, all which may have an adverse effect on our financial condition and results of operations.

Our failure or perceived failure to comply with any of the foregoing legal and regulatory requirements, or other actual or asserted obligations relating to privacy, data protection or cybersecurity could result in increased costs for our products, monetary penalties, damage to our reputation, government inquiries, subpoenas, investigations and other legal proceedings, legal claims, demands and litigation and other obligations and liabilities. Furthermore, the legal and regulatory requirements that are applicable to our business are subject to change from time-to-time, which increases our monitoring and compliance costs and the risk that we may fall out of compliance or for this to be alleged to have occurred. Additionally, we may be required to ensure that our suppliers comply with applicable laws and regulations. If we or our suppliers fail or are perceived to fail to comply with such laws or regulations, we could face sanctions for such noncompliance, and our customers may refuse to purchase our products, which would have an adverse effect on our business, financial condition and results of operations.

### **Risks Related to Our Common Stock**

#### ***Our stock price may be volatile and may decline regardless of our operating performance.***

Our common stock is listed on the Nasdaq Global Select Market under the symbol “LITE.” The market price of our common stock has fluctuated in the past and may fluctuate significantly due to a number of factors, some of which may be beyond our control and may often be unrelated or disproportionate to our operating performance. These include:

- general economic and market conditions and other external factors;
- changes in global economic conditions, including those resulting from trade tensions, rising inflation, and fluctuations in foreign currency exchange and interest rates;
- speculation in the press or investment community about our strategic position;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- a shift in our investor base;
- the financial performance of other companies in our industry, and of our customers;
- general market, economic and political conditions, including market conditions in the semiconductor industry;
- pandemics and similar major health concerns;
- success or failure of our business strategy;
- credit market fluctuations which could negatively impact our ability to obtain financing as needed;
- changes in governmental regulation including taxation and tariff policies;
- changes in global political tensions that may affect business with our customers, such as trade wars caused by or resulting in the imposition of heightened or scheduled proposed tariffs or the possibility of future tariffs;
- announcements by us, competitors, customers, or our contract manufacturers of significant acquisitions or dispositions, strategic alliances or overall movement toward industry consolidations among our customers and competitors;
- investor perception of us and our industry;
- changes in recommendations by securities analysts;
- changes in accounting standards, policies, guidance, interpretations or principles;
- differences, whether actual or perceived, between our corporate social responsibility and ESG practices and disclosure and government or customer, business partner, investor or other stakeholder expectations;

- litigation or disputes in which we may become involved;
- overall market fluctuations;
- issuances of our shares upon conversion of some or all of the convertible notes; and
- sales of our shares by our officers, directors, or significant stockholders.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business, results of operations, financial condition and cash flows.

***Servicing our existing and future indebtedness, including the 2026 Notes, 2028 Notes and 2029 Notes (collectively referred to as the “convertible notes”) may require a significant amount of cash, and we may not have sufficient cash flow or the ability to raise the funds necessary to satisfy our obligations under the convertible notes and our current and future indebtedness may limit our operating flexibility or otherwise affect our business.***

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness under the convertible notes, or to make cash payments in connection with any conversion of the convertible notes or upon any fundamental change if holders of the applicable series of the convertible notes require us to repurchase their convertible notes for cash, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our indebtedness and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, our existing and future indebtedness could have important consequences to our stockholders and significant effects on our business. For example, it could:

- make it more difficult for us to satisfy our debt obligations under the convertible notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from exploiting business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less indebtedness; and
- limit our availability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general purposes.

***Transactions relating to our convertible notes may dilute the ownership interest of existing stockholders, or may otherwise depress the price of our common stock.***

Following our entry into the First Supplemental Indenture, dated as of September 25, 2024, to the 2026 Indenture and our irrevocable settlement method elections made on September 25, 2024 with respect to the 2028 Notes and 2029 Notes, if the convertible notes are converted by holders, we are required to satisfy our conversion obligation with respect to the convertible notes by delivering cash equal to the principal amount of such converted convertible notes and cash, shares of common stock, or a combination of cash and shares of common stock, at our election, with respect to any conversion value in excess thereof. If we elect to deliver common stock upon conversion of the convertible notes, it would dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, certain holders of the convertible notes may engage in short selling to hedge their position in the convertible notes. Anticipated future conversions of the convertible notes into shares of our common stock could depress the price of our common stock.

***We do not expect to pay dividends on our common stock.***

We do not currently expect to pay dividends on our common stock. The payment of any dividends to our stockholders in the future, and the timing and amount thereof, if any, is within the discretion of our board of directors. Our board of directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, potential debt service obligations or restrictive covenants, industry practice, legal requirements, regulatory constraints and other factors that our board of directors deems relevant. As a result, the success of an investment in our common stock will depend on future appreciation in its value. There is no guarantee that our common stock will maintain its value or appreciate in value.

In addition, because we are a holding company with no material direct operations, we are dependent on loans, dividends and other payments from our operating subsidiaries to generate the funds necessary to pay dividends on our common stock. However, our operating subsidiaries' ability to make such distributions will be subject to their operating results, cash requirements and financial condition and the applicable provisions of Delaware law that may limit the amount of funds available for distribution. Our ability to pay cash dividends may also be subject to covenants and financial ratios related to existing or future indebtedness, and other agreements with third parties.

***Certain provisions in our charter and Delaware corporate law could hinder a takeover attempt.***

We are subject to the provisions of Section 203 of the Delaware General Corporate Law which prohibits us, under some circumstances, from engaging in business combinations with some stockholders for a specified period of time without the approval of the holders of substantially all of our outstanding voting stock. Such provisions could delay or impede the removal of incumbent directors and could make more difficult a merger, tender offer or proxy contest involving us, even if such events could be beneficial, in the short-term, to the interests of our stockholders. In addition, such provisions could limit the price that some investors might be willing to pay in the future for shares of our common stock. Our certificate of incorporation and bylaws contain provisions providing for the limitations of liability and indemnification of our directors and officers, allowing vacancies on our board of directors to be filled by the vote of a majority of the remaining directors, granting our board of directors the authority to establish additional series of preferred stock and to designate the rights, preferences and privileges of such shares (commonly known as "blank check preferred") and providing that our stockholders can take action only at a duly called annual or special meeting of stockholders, which may only be called by the chairman of the board of directors, the chief executive officer or the board of directors. These provisions may also have the effect of deterring hostile takeovers or delaying changes in control or changes in our management.

***Our bylaws designate Delaware courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against us or our directors and officers.***

Our bylaws provide that, unless we consent in writing to an alternative forum, the state or federal courts of Delaware are the sole and exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting breach of fiduciary duty, or other wrongdoing, by our directors, officers or other employees to us or our stockholders; any action asserting a claim against Lumentum pursuant to the Delaware General Corporation Law or our certificate of incorporation or bylaws; any action asserting a claim against Lumentum governed by the internal affairs doctrine; or any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a different judicial forum that such stockholders find favorable for disputes with us or our directors or officers, which may discourage such lawsuits against us or our directors and officers.

Alternatively, if a court outside of Delaware were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 1C. CYBERSECURITY**

**Risk Management and Strategy**

Cybersecurity risk management is an important part of and is integrated into our overall enterprise risk management framework, with cybersecurity risks being among the core enterprise risks identified for oversight by our Board of Directors (the "Board") through our annual enterprise risk assessment. We maintain an enterprise-wide cybersecurity risk assessment program and framework that is designed to identify, assess, and manage cybersecurity risk, vulnerabilities, and threats. The

foundation of our cybersecurity program is based on the International Organization for Standardization (“ISO”) and the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework. In alignment with the concepts and principles articulated in these standards, we have implemented controls related to cybersecurity threats and incidents including monitoring, log collection and analysis, threat hunting and intelligence surveillance, and regular vulnerability scans/penetration tests. Additionally, in furtherance of assessing, identifying, and managing material cybersecurity risks, we:

- Leverage technology solutions designed to provide protection for our assets and detect threats in our environment;
- Regular vulnerability assessments and penetration testing in efforts to identify, assess, and remediate weaknesses;
- Maintain an enterprise-wide disaster recovery governance program, which includes cybersecurity-related disaster recovery policies and procedures related thereto;
- Regularly perform cybersecurity-related disaster recovery testing designed to ensure that the Company’s mission-critical systems are recoverable, in support of our business continuity needs; and
- Work with each of our business and corporate groups with our internal cybersecurity program to integrate cybersecurity requirements into operating environments as appropriate, which drives business strategies, budgeting, and similar processes. In addition, executive management, as well as our Board, regularly review our financial planning processes for these areas, inclusive of our cybersecurity programs.

Changes or additions to our cybersecurity risk assessment program and related practices and procedures described above in response to cybersecurity needs are reviewed by our Cybersecurity Steering Committee (“CSC”), an executive management-level cross-functional group.

We regularly engage independent third parties to assess our cybersecurity program and practices and to assist with risk mitigation. The effectiveness of our cybersecurity environment is regularly tested by internal personnel and these third parties. These assessments are performed in conformance with ISO standards and requirements. Enhancements to our cybersecurity program and practices are identified from assessment findings, and if deemed appropriate, implemented.

In addition, we evaluate critical systems and applications hosted by third parties for cybersecurity risks and we also assess the security posture and features of those services. This includes review and monitoring of the third party, and inclusion of cybersecurity requirements in contractual agreements to help ensure third party services meet our standards for such providers and that the cybersecurity risks associated with the use of these services are appropriate.

For additional information regarding whether any risks from cybersecurity threats are reasonably likely to materially affect our company, including our business strategy, results of operations, or financial condition, please refer to Item 1A, “Risk Factors - Any failure, disruption or security breach or incident of or impacting our information technology infrastructure or information management systems could have an adverse impact on our business and operations.” We believe that risks from prior cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected our business to date. However, we can provide no assurance that there will not be incidents in the future or that they will not materially affect us, including our business strategy, results of operations, or financial condition.

## **Governance**

Our Board oversees our enterprise risk management program and practices, and the Audit Committee assists the Board in its oversight of cybersecurity matters. Quarterly updates are presented to our Audit Committee by our Chief Information Security Officer (“CISO”) on cybersecurity risks and threats. In addition, our Audit Committee provides Board-level oversight for management’s actions with respect to practices, procedures and controls used to identify, assess, and manage our key cybersecurity programs and risks, and, as necessary, responses to any significant cybersecurity incidents.

Our cybersecurity program is led by our CISO, who manages a team of cybersecurity professionals. Our CISO has over 20 years of experience in cybersecurity and technology, including as a CISO at another public company. Members of our cybersecurity team, combined, have over 80 years of cybersecurity experience and members of the team hold various professional certifications, including Certified Information Systems Security Professional (“CISSP”).

As noted above, we also maintain a CSC, which consists of our Group Vice President, IT and CISO, Executive Vice President, Chief Financial Officer, Senior Vice President, Chief Human Resources Officer, Senior Vice President, General Counsel, Executive Vice President, Global Operations, Senior Vice President, Chief Accounting Officer, and Vice President, Internal Audit. The CSC has the primary day to day responsibility to monitor and manage cybersecurity risks. The CSC provides oversight of cybersecurity initiatives within Lumentum and is responsible for integrating cybersecurity risk management practices with critical business processes to help ensure that cybersecurity is appropriately addressed throughout Lumentum.

## **ITEM 2. PROPERTIES**

We own and lease various properties in the United States and eleven other countries around the world. We use the properties for executive and administrative offices, product development offices, customer service offices and manufacturing facilities. Our current corporate headquarters, which we own, is approximately 238,000 square feet and located in San Jose, California. As of June 28, 2025, our leased and owned properties in total are approximately 3,100,000 square feet, of which we own approximately 2,147,000 square feet, including the 1,173,000 square feet manufacturing sites in Thailand, the 183,000 square feet manufacturing site in the United Kingdom, the 238,000 square feet on the San Jose campus, the 472,000 square feet manufacturing and R&D site in Japan, and the 36,000 square feet manufacturing and R&D sites in Slovenia. Leased sites include properties located in Canada, China, Hong Kong, Italy, Japan, Switzerland, Taiwan, the United Kingdom, the United States, Brazil and South Korea. We believe our existing properties, including both owned and leased sites, are in good condition and suitable for the conduct of our business.

From time-to-time we consider various alternatives related to our long-term facilities' needs. While we believe our existing facilities are adequate to meet our immediate needs, it may become necessary to lease, acquire, or sell additional or alternative space to accommodate future business needs. In July 2024, we completed a transaction to purchase the land and building of our wafer fabrication facility located in Sagamihara, Japan. Our lease of the building at the premises was terminated as a result of the purchase. In March 2025, we completed a transaction to sell the land and building of the 250,000 square feet manufacturing facility located in Shenzhen, China.

## **ITEM 3. LEGAL PROCEEDINGS**

We are subject to a variety of claims and suits that arise from time-to-time in the ordinary course of our business. As such, we regularly evaluate developments in legal matters that could affect the amount of the previously accrued liability and record adjustments as appropriate. While management currently believes that resolving claims against us, individually or in the aggregate, will not have a material adverse impact on our financial position, results of operations or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. Should we experience an unfavorable final outcome, there exists the possibility of a material adverse impact on our financial position, results of operations or cash flows for the period in which the effect becomes reasonably estimable. For a description of our material pending legal proceedings, refer to "Note 16. Commitments and Contingencies" to the consolidated financial statements.

## **ITEM 4. MINE SAFETY DISCLOSURES**

None.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock trades on the Nasdaq Global Select Market under the symbol “LITE”. According to records of our transfer agent, we had 1,883 stockholders of record as of August 12, 2025, and we believe there is a substantially greater number of beneficial holders.

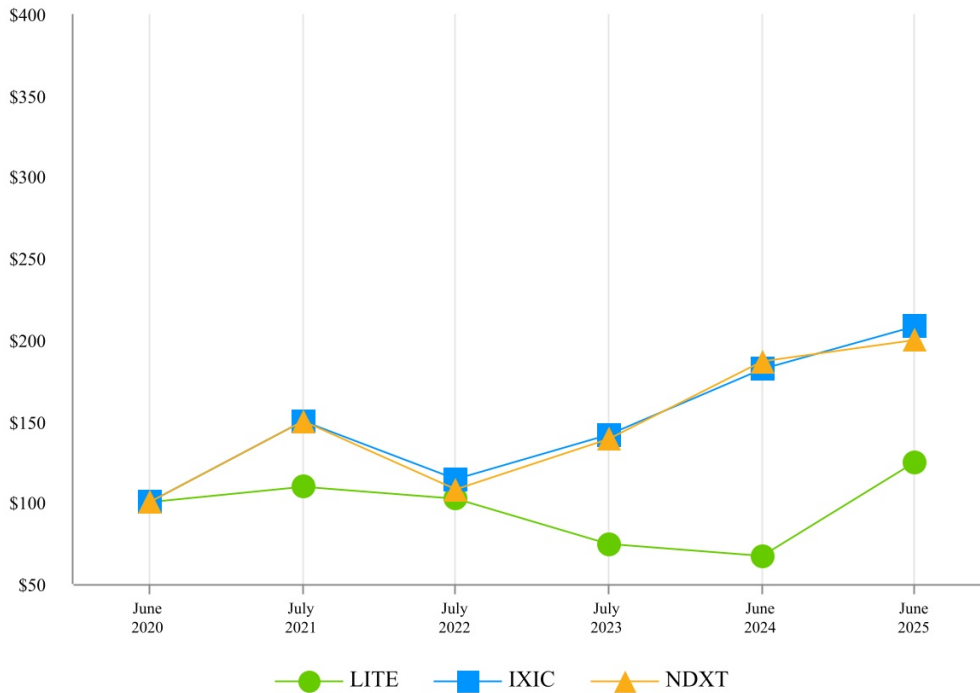
We do not expect to pay cash dividends on our common stock in the foreseeable future.

**Stock Performance Graph**

*This performance graph shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference into any filing of Lumentum Holdings Inc. under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.*

The following graph compares the cumulative total return of our common stock with the total return for the Nasdaq Composite Index (the “IXIC”) and the Nasdaq 100 Technology Sector Index (the “NDXT”) from market close on June 26, 2020 (the last trading day before the beginning of our fifth preceding fiscal year) through June 28, 2025. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

COMPARISON OF CUMULATIVE TOTAL RETURN  
Among LITE, the NDXT, and the IXIC



**Recent Sale of Unregistered Equity Securities**

None.

### Issuer Purchases of Equity Securities

The following table sets forth issuer purchases of equity securities for the fourth quarter of fiscal year 2025 (in millions, except share and per share amounts):

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximation dollar value) of shares that may yet be purchased under the plans or programs <sup>(1)</sup>
March 30, 2025 to April 26, 2025				\$ 569.6
April 27, 2025 to May 24, 2025				\$ 569.6
May 25, 2025 to June 28, 2025				\$ 569.6
<b>Total</b>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 569.6</u>

<sup>(1)</sup> On May 7, 2021, our board of directors approved the 2021 share buyback program, which authorizes us to use up to \$700.0 million to purchase our own shares of common stock. On March 3, 2022, our board of directors approved an increase in our share buyback program, which authorizes us to use up to an aggregate amount of \$1.0 billion (an increase from \$700.0 million) to purchase our own shares of common stock through May 2024. On April 5, 2023, our board of directors approved a further increase in our share buyback program, which authorized us to use up to an aggregate amount of \$1.2 billion (an increase from \$1.0 billion) to purchase our own shares of common stock through May 2025. Our share buyback program expired in May 2025.

### ITEM 6. [RESERVED]

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion in conjunction with the audited consolidated financial statements and the corresponding notes included elsewhere in this Annual Report. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. Refer to "Risk Factors" and "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.*

### Overview

We are a leading provider of optical and photonic products and are recognized as an industry leader based on revenue and market share. Our products are essential to a range of cloud, artificial intelligence and machine learning ("AI/ML"), telecommunications, consumer, and industrial end-market applications.

We believe the global markets in which Lumentum participates have fundamentally robust, long-term trends that will increase the need for our photonics products and technologies. We believe the world is becoming more reliant on ever-increasing amounts of data flowing through optical networks and data centers. Lumentum's products and technology enable the scaling of these optical networks and data centers to higher capacities. AI/ML has caused a dramatic surge in the growing demands on data networking in cloud data centers and accelerated the usage of optical components and modules. We expect that the accelerating shift to digital and virtual approaches to many aspects of work and life will continue into the future. Virtual meetings, video calls, and hybrid in-person and virtual environments for work and other aspects of life will continue to drive strong needs for bandwidth growth and present dynamic new challenges that our technologies address. As manufacturers demand higher levels of precision, new materials, and factory and energy efficiency, suppliers of manufacturing tools globally are turning to laser-based approaches, including the types of lasers Lumentum supplies. Laser-based 3D sensing and LiDAR for security, industrial and automotive applications are rapidly developing markets. The technology enables computer vision applications that enhance security, safety, and new functionality in the electronic devices that people rely on every day. The use of LiDAR and in-cabin 3D sensing in automobile and delivery vehicles over time significantly adds to our long-term market opportunity. Additionally, we expect 3D-enabled machine vision solutions to expand significantly in industrial applications in the coming years.

To maintain and grow our market and technology leadership positions, we are continually investing in new and differentiated products and technologies and customer programs that address both nearer-term and longer-term growth opportunities, both organically and through acquisitions, as well as continually improving and optimizing our operations. Over many years, we have developed close relationships with market-leading customers. We seek to use our core optical and photonic technologies and our volume manufacturing capability to expand into attractive emerging markets that benefit from advantages that optical or photonics-based solutions provide.

We have two reportable segments, Cloud & Networking and Industrial Tech. The two operating segments were primarily determined based on how our Chief Operating Decision Maker ("CODM") views and evaluates our operations. The CODM regularly reviews operating results to make decisions about resources to be allocated to the segments and to assess their performance. Our CODM allocates resources to the segments based on their business prospects, competitive factors, segment net revenue and segment profit. Segment profit includes operating expenses directly managed by operating segments, including research and development, and direct sales and marketing expenses. Segment profit does not include stock-based compensation, acquisition or integration related costs, amortization and impairment of acquisition-related intangible assets, restructuring and related charges, and certain other charges. Additionally, we do not allocate certain marketing and general and administrative expenses, as these expenses are not directly attributable to our operating segments.

### Cloud & Networking

Our Cloud & Networking products comprise a comprehensive portfolio of optical and photonic chips, components, modules, and subsystems supplied to cloud data center operators, AI/ML infrastructure providers, and network equipment manufacturer customers who are building cloud data center and network infrastructures. Our products enable high-capacity optical links for cloud computing, AI/ML workloads, and data center interconnect ("DCI") applications, as well as for communications service provider networks. Our offerings support access (local), metro (intracity), long-haul (intercity and global), and submarine (undersea) network infrastructure. Additionally, our Cloud & Networking products serve enterprise network infrastructure needs, including storage area networks ("SANs"), local area networks ("LANs"), and wide area networks ("WANs"). Demand for our products is fueled by the ongoing expansion of network capacity required to support cloud and services, AI/ML processing, streaming video, video conferencing, wireless and mobile connectivity, and the internet of things ("IoT").

## **Industrial Tech**

Our Industrial Tech products include short-pulse solid-state lasers, kilowatt-class fiber lasers, diode lasers, and gas lasers, serving a wide range of end-markets applications. In the consumer market, our laser light sources are integrated into customers' 3D sensing cameras, primarily used in mobile devices. In the industrial manufacturing market, our lasers are embedded in machine tools used for precision material processing across diverse industries, including semiconductor and microelectronics fabrication, electric vehicle and battery production, metal cutting and welding, and advanced manufacturing. Adoption of our Industrial Tech products is driven by the need to advance semiconductor and microelectronics technology roadmaps and by Industry 4.0 and 5.0 trends that emphasize greater manufacturing precision, flexibility, and sustainability.

## **Cloud Light Acquisition**

On November 7, 2023 (the "Closing date"), we completed the acquisition of Cloud Light. Cloud Light designs, markets, and manufactures advanced optical modules for data center interconnect applications. This acquisition enabled us to be well-positioned to serve the growing needs of cloud & networking customers, particularly those focused on optimizing their data center infrastructure for the demands of AI/ML. On the Closing date, we paid \$705.0 million of total cash consideration to Cloud Light. Additionally, each of Cloud Light's outstanding options was exchanged for a combination of cash and options to acquire Lumentum common stock having equivalent value (the "replacement options"). These replacement options have a total fair value of \$38.9 million as of the Closing date, of which \$23.5 million attributable to pre-acquisition service is recorded as part of the purchase price consideration and the remaining \$15.4 million is recorded as post-acquisition stock-based compensation expense over the vesting period of three years from the Closing date. We also incurred a total of \$9.6 million of merger-related costs, representing professional and other direct acquisition costs, which was recorded as general and administrative expense in the consolidated statement of operations for the year ended June 29, 2024. Refer to "Note 4. Business Combination" to the consolidated financial statements for additional information.

## **Supply Chain and Inventory Management**

Our supply chain is complex, and we need to manage supply of certain components required to build our products while confronted with fluctuating demand from our customers. Our business and our customers' businesses were negatively impacted by worldwide logistics and supply chain issues during and following the COVID-19 pandemic, including constraints on available cargo capabilities and limited availability of once broadly available supplies of both raw materials and finished components. From time to time, we experience shortages of the types of components we and our customers require in our products, and we have had to incur incremental supply and procurement costs in order to increase our ability to fulfill demands from our customers.

In addition, through fiscal year 2024, we experienced significant fluctuations in demand as customers delayed projected shipments or built up inventory in response to supply shortages and then brought down inventories as supply chain constraints eased. Our revenue fluctuated in response to these changes in demand and our margins were adversely impacted as we were not been able to fully recover costs, such as underutilized manufacturing capacity. However, during fiscal year 2025, network equipment manufacturers continued to normalize inventory levels and we saw increasing demand from AI and cloud customers as they continue to expand their data centers.

Due to worldwide operations, we and our customers are also subject to risks relating to the global trade environment. The Company is actively monitoring and assessing the global trade environment, particularly with respect to recent changes and proposed changes in tariff regulations and trade restrictions. The ongoing uncertainty surrounding trading policies, including the potential for additional tariffs, restrictions related to our customers and retaliatory measures by non-U.S. governments, continues to create a volatile environment that could disrupt our operations. The imposition of tariffs on certain imported goods and materials and export controls on critical components may increase our costs and place upward pressure on the cost of goods sold, which, in turn, may reduce our gross margins if we are unable to pass these costs onto customers through price increases.

If these tariff-related cost increases persist or escalate, our financial results could be adversely affected, including lower profitability. Additionally, changes in the global trade landscape could result in reduced market competitiveness and a slowdown in consumer demand as well as disruptions to our supply chain, including longer lead times, higher shipping costs, or limited availability of key inputs. This may constrain our ability to meet customer demand in a timely manner, potentially affecting our revenue growth and operational efficiency. The impact of tariffs on our business is hard to predict, as it is dependent on negotiations with customers and suppliers and other mitigation efforts and potential further changes in global trade policies, including higher tariffs or trade restrictions in the U.S. or other countries.

For more information on risks associated with supply chain constraints and customer inventory, refer to Item 1A "Risk Factors" of this Annual Report.

## **Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) as set forth in the Financial Accounting Standards Board’s Accounting Standards Codification (“ASC”). We also consider the various staff accounting bulletins and other applicable guidance issued by the United States Securities and Exchange Commission (“SEC”). GAAP, as set forth within the ASC, requires us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions on which we rely are reasonable based on information available to us at the time that we make these estimates, judgments and assumptions. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are differences between these estimates, judgments or assumptions and actual results, these difference will affect our financial statements. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

- Inventory Valuation
- Revenue Recognition
- Income Taxes
- Business Combinations
- Goodwill and Intangible Assets - Impairment Assessment

### ***Inventory Valuation***

Our inventories are recorded at standard cost, which approximates actual cost computed on a first-in, first-out basis, not in excess of net realizable value. We assess the value of our inventories on a quarterly basis and write down those inventories which are obsolete or in excess of our forecasted demand to the lower of their cost or estimated net realizable value.

Our estimates of forecasted demand are based on our analysis and assumptions including, but not limited to, expected product lifecycles, product development plans and historical usage by product. Our product line management personnel play a key role in our excess review process by providing updated sales forecasts, managing product transitions and working with manufacturing to minimize excess inventory. If actual market conditions are less favorable than our forecasts, or actual demand from our customers is lower than our estimates, we may be required to record additional inventory write-downs. If actual market conditions are more favorable than anticipated, inventories previously written down may be sold, resulting in lower cost of sales and higher income from operations than expected in that period.

Our inventories are sensitive to technical obsolescence in the near term due to the use in industries characterized by the continuous introduction of new product lines, rapid technological advances, and product obsolescence. Based on certain assumptions and judgments made from the information available at that time, we determine the amount of allowance for potential inventory obsolescence. If these estimates and related assumptions or the market changes, we may be required to record additional reserves. Historically, actual results have not varied materially from our estimates.

### ***Revenue Recognition***

Pursuant to Topic 606, we recognize our revenues upon the application of the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenues when, or as, the contractual performance obligations are satisfied.

The majority of our revenue comes from product sales, consisting of sales of hardware products to our customers. Our revenue contracts generally include only one performance obligation. Revenues are recognized at a point in time when control of the promised goods or services are transferred to our customers upon shipment or delivery of goods or rendering of services, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We have entered into vendor managed inventory (“VMI”) programs with our customers. Under these arrangements, we receive purchase orders from our customers, and the inventory is shipped to the VMI location upon receipt of the purchase order. The customer then pulls the inventory from the VMI hub based on its production needs. Revenue under VMI programs is recognized when control transfers to the customer, which is generally once the customer pulls the inventory from the hub.

Revenue from all sales types is recognized at the transaction price. The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer adjusted for estimated variable consideration, if any. We typically estimate the impact on the transaction price for discounts offered to the customers for early payments on receivables or net of accruals for estimated sales returns. These estimates are based on historical returns, analysis of credit memo data and other known factors. Actual returns could differ from these estimates. We allocate the transaction price to each distinct product based on its relative standalone selling price. The product price as specified on the purchase order is considered the standalone selling price as it is an observable input that depicts the price as if sold to a similar customer in similar circumstances.

We exclude from revenue the taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, which are collected by us from a customer and deposited with the relevant government authority.

Our revenue arrangements do not contain significant financing components as our standard payment terms are less than one year.

If a customer pays consideration, or we have a right to an amount of consideration that is unconditional before we transfer a good or service to the customer, those amounts are classified as deferred revenue or deposits received from customers which are included in other current liabilities or other long-term liabilities when the payment is made or it is due, whichever is earlier.

#### *Transaction Price Allocated to the Remaining Performance Obligations*

Remaining performance obligations represent the transaction price allocated to performances obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period. Unsatisfied and partially unsatisfied performance obligations consist of contract liabilities and non-cancellable backlog. Non-cancellable backlog includes goods and services for which customer purchase orders have been accepted that are scheduled or in the process of being scheduled for shipment. A portion of our revenue arises from vendor managed inventory arrangements where the timing and volume of customer utilization is difficult to predict.

#### *Warranty*

Hardware products regularly include warranties to the end customers such that the product continues to function according to published specifications. We typically offer a twelve-month warranty for most of our products. However, in some instances depending on the product, specific market, product line and geography in which we operate, and what is common in the industry, our warranties can vary and range from six months to five years. These standard warranties are assurance type warranties and do not offer any services in addition to the assurance that the product will continue working as specified. Therefore, warranties are not considered separate performance obligations in the arrangement.

We provide reserves for the estimated costs of product warranties that we record as cost of sales at the time revenue is recognized. We estimate the costs of our warranty obligations based on our historical experience of known product failure rates, use of materials to repair or replace defective products and service delivery costs incurred in correcting product failures. In addition, from time-to-time, specific warranty accruals may be made if discrete technical problems arise.

#### *Shipping and Handling Costs and Tariffs*

We record shipping and handling costs and tariffs related to revenue transactions within cost of sales as a period cost. Amounts billed to the customer for shipping and handling costs, including tariff charges, is recorded as revenue when the relevant product is recognized as revenue.

### *Contract Costs*

We recognize the incremental direct costs of obtaining a contract, which consist of sales commissions, when control over the products they relate to transfers to the customer. Applying the practical expedient, we recognize commissions as expense when incurred, as the amortization period of the commission asset we would have otherwise recognized is less than one year.

### *Contract Balances*

We record accounts receivable when we have an unconditional right to consideration. Contract liabilities are recorded when cash payments are received or due in advance of performance. Contract liabilities consist of advance payments and deferred revenue, where we have unsatisfied performance obligations. Contract liabilities are classified as deferred revenue and customer deposits and are included in other current liabilities within our consolidated balance sheet. Payment terms vary by customer. The time between invoicing and when payment is due is not significant.

The following table reflects the changes in contract balances as of June 28, 2025 (*in millions, except percentages*):

<b>Contract balances</b>	<b>Balance sheet location</b>	<b>June 28, 2025</b>	<b>June 29, 2024</b>	<b>Change</b>	<b>Percentage Change</b>
Accounts receivable, net	Accounts receivable, net	\$ 250.0	\$ 194.7	\$ 55.3	28.4 %
Deferred revenue and customer deposits	Other current liabilities	\$ 0.7	\$ 0.6	\$ 0.1	16.7 %

### *Disaggregation of Revenue*

We disaggregate revenue by geography and by product. Refer to “Note 18. Revenue Recognition” to the consolidated financial statements for a presentation of disaggregated revenue. We do not present other levels of disaggregation, such as by type of products, customer, markets, contracts, duration of contracts, timing of transfer of control and sales channels, as this information is not used by our Chief Operating Decision Maker (“CODM”) to manage the business.

### *Income Taxes*

In accordance with the authoritative guidance on accounting for income taxes, we recognize income taxes using an asset and liability approach. This approach requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. The measurement of current and deferred taxes is based on provisions of the enacted tax law, and the effects of future changes in tax laws or rates are not anticipated.

The authoritative guidance provides for recognition of deferred tax assets if the realization of such deferred tax assets is more likely than not to occur based on an evaluation of both positive and negative evidence and the relative weight of the evidence. We consider future growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate, historical earnings, taxable income in prior years, if carry-back is permitted under the law, and prudent and feasible tax planning strategies in determining the need for a valuation allowance. In the event we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax assets valuation allowance would be charged to earnings in the period in which we make such a determination, or goodwill would be adjusted at our final determination of the valuation allowance related to an acquisition within the measurement period. If we later determine that it is more likely than not that the net deferred tax assets would be realized, we would reverse the applicable portion of the previously provided valuation allowance as an adjustment to earnings at such time.

We are subject to income tax audits by the respective tax authorities of the jurisdictions in which we operate. The determination of our income tax liabilities in each of these jurisdictions requires the interpretation and application of complex, and sometimes uncertain, tax laws and regulations. The authoritative guidance on accounting for income taxes prescribes both recognition and measurement criteria that must be met for the benefit of a tax position to be recognized in the financial statements. If a tax position taken, or expected to be taken, in a tax return does not meet such recognition or measurement criteria, an unrecognized tax benefit liability is recorded. If we ultimately determine that an unrecognized tax benefit liability is no longer necessary, we reverse the liability and recognize a tax benefit in the period in which it is determined that the unrecognized tax benefit liability is no longer necessary.

Our income tax provision is highly dependent on the geographic distribution of our worldwide earnings or losses, tax laws and regulations in various jurisdictions, tax incentives, the availability of tax credits and loss carryforwards, and the effectiveness of our tax planning strategies. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws themselves are subject to change as a result of changes in fiscal policy, changes in legislation, and the evolution of regulations and court rulings and tax audits.

The recognition and measurement of current taxes payable or refundable and deferred tax assets and liabilities requires that we make certain estimates and judgments. Changes to these estimates or a change in judgment may have a material impact on our tax provision in a future period.

### ***Business Combinations***

In accordance with the guidance for business combinations, we determine whether a transaction or event is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. Each business combination is then accounted for by applying the acquisition method. If the assets acquired are not a business, we account for the transaction or event as an asset acquisition. Under both methods, we recognize the identifiable assets acquired, the liabilities assumed, and noncontrolling interest, if any, in the acquired entity. We capitalize acquisition-related costs and fees associated with asset acquisitions and immediately expense acquisition-related costs and fees associated with business combinations.

We allocate the fair value of purchase consideration to assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. We make significant estimates and assumptions to determine assets acquired and liabilities assumed, in particular intangible assets and pre-acquisition contingencies, as applicable.

Critical estimates in valuing intangible assets include, but are not limited to, discount rates, the period required for customer revenues to mature, and future expected cash flows from customer relationships, acquired developed technology and acquired in-process research and development assets. Our estimates of fair value are based on assumptions using the best information available. These assumptions are inherently uncertain and unpredictable and, as a result, actual results may differ materially from these estimates.

We may identify certain pre-acquisition contingencies as of the acquisition date and may extend our review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess whether these contingencies should be included as a part of the fair value of assets acquired and liabilities assumed and, if so, the amounts to be included.

Certain estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. Any change in facts and circumstances that existed as of the acquisition date and impacts to our preliminary estimates are recorded to goodwill if identified within the measurement period. Subsequent to the measurement period or our final determination of fair value of assets and liabilities, whichever is earlier, the adjustments will affect our earnings. Although we believe that the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

### ***Goodwill and Intangible Assets - Impairment Assessment***

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the identifiable assets acquired and liabilities assumed. We test goodwill impairment on an annual basis in the fiscal fourth quarter and at any other time when events occur or circumstances indicate that the carrying amount of goodwill may not be recoverable.

We have the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. The qualitative factors we assess include long-term prospects of our performance, share price trends and market capitalization, and Company specific events. Unanticipated events and circumstances may occur that affect the accuracy of our assumptions, estimates and judgments. For example, if the price of our common stock were to significantly decrease combined with other adverse changes in market conditions, thus indicating that the underlying fair value of our reporting units may have decreased, we may reassess the value of our goodwill in the period such circumstances were identified.

If we determine that, as a result of the qualitative assessment, it is more likely than not (i.e., greater than 50% likelihood) that the fair value of a reporting unit is less than its carrying amount, we perform the quantitative test by estimating the fair value of our reporting units. If the carrying value of a reporting unit exceeds its fair value, we record goodwill impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its fair value, not to exceed the carrying amount of goodwill. Performing a quantitative goodwill impairment test includes the determination of the fair value of a reporting unit and involves significant estimates and assumptions. These estimates and assumptions include, among others, revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions, and the determination of appropriate market comparables.

We make judgments about the recoverability of purchased finite-lived intangible assets whenever events or changes in circumstances indicate that impairment may exist. In such situations, we are required to evaluate whether the net book values of our finite-lived intangible assets are recoverable. We determine whether finite-lived intangible assets are recoverable based on the forecasted future cash flows that are expected to be generated by the lowest level associated asset grouping. Assumptions and estimates about future values and remaining useful lives of our intangible assets are complex and subjective and include, among others, forecasted undiscounted cash flows to be generated by certain asset groupings. These assumptions and estimates can be affected by a variety of factors, including external factors such as industry and economic trends and internal factors such as changes in our business strategy and our internal forecasts.

**Recently Issued Accounting Pronouncements**

Refer to “Note 2. Recently Issued Accounting Pronouncements” to the consolidated financial statements.

## Results of Operations

This section of this Form 10-K generally discusses fiscal year 2025 compared to fiscal year 2024. The comparison of the fiscal year 2024 results with the fiscal year 2023 results that are not included in this Form 10-K can be found in the “Management’s Discussion and Analysis Results of Operations” section in the Company’s fiscal year 2024 Annual Report within Part II, Item 7 of Form 10-K, filed on August 21, 2024.

The following table summarizes selected consolidated statements of operations items as a percentage of net revenue:

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Segment net revenue:			
Cloud & Networking	85.8 %	79.8 %	74.8 %
Industrial Tech	14.2	20.2	25.2
Net revenue	100.0	100.0	100.0
Cost of sales	67.0	75.3	63.0
Amortization of acquired developed intangibles	5.0	6.2	4.8
Gross profit	28.0	18.5	32.2
Operating expenses:			
Research and development	18.5	22.2	17.4
Selling, general and administrative	21.2	22.9	19.7
Restructuring and related charges	1.4	5.3	1.6
Gain on sale of facility	(2.1)	—	—
Total operating expenses	38.9	50.4	38.7
Loss from operations	(10.9)	(31.9)	(6.5)
Interest expense	(1.3)	(2.5)	(2.0)
Other income, net	1.8	4.6	2.8
Loss before income taxes	(10.5)	(29.8)	(5.7)
Income tax (benefit) provision	(12.0)	10.4	1.7
Net income (loss)	1.6 %	(40.2)%	(7.4)%

## Financial Data for Fiscal Years 2025, 2024, and 2023

The following table summarizes selected consolidated statements of operations items (in millions, except for percentages):

	2025	2024	Change	Percentage Change	2024	2023	Change	Percentage Change
Segment net revenue:								
Cloud & Networking	\$ 1,410.8	\$ 1,084.9	\$ 325.9	30.0 %	\$ 1,084.9	\$ 1,322.5	\$ (237.6)	(18.0)%
Industrial Tech	234.2	274.3	(40.1)	(14.6)	274.3	444.5	(170.2)	(38.3)
Net revenue	\$ 1,645.0	\$ 1,359.2	\$ 285.8	21.0 %	\$ 1,359.2	\$ 1,767.0	\$ (407.8)	(23.1)%
Gross profit	\$ 459.9	\$ 251.5	\$ 208.4	82.9 %	\$ 251.5	\$ 569.0	\$ (317.5)	(55.8)%
Gross margin	28.0 %	18.5 %			18.5 %	32.2 %		
Research and development	\$ 303.9	\$ 302.2	\$ 1.7	0.6 %	\$ 302.2	\$ 307.8	\$ (5.6)	(1.8)%
Percentage of net revenue	18.5 %	22.2 %			22.2 %	17.4 %		
Selling, general and administrative	\$ 348.2	\$ 310.7	\$ 37.5	12.1 %	\$ 310.7	\$ 348.8	\$ (38.1)	(10.9)%
Percentage of net revenue	21.2 %	22.9 %			22.9 %	19.7 %		
Restructuring and related charges	\$ 22.8	\$ 72.6	\$ (49.8)	(68.6)%	\$ 72.6	\$ 28.1	\$ 44.5	158.4 %
Percentage of net revenue	1.4 %	5.3 %			5.3 %	1.6 %		
Gain on sale of facility	\$ (34.9)	\$ —	\$ (34.9)	— %	\$ —	\$ —	\$ —	n/a
Percentage of net revenue	(2.1)%	— %			— %	— %		

### Net Revenue

Net revenue increased by \$285.8 million, or 21.0%, during fiscal year 2025 as compared to fiscal year 2024, due to a \$325.9 million increase in Cloud & Networking net revenue offset by a \$40.1 million decrease in Industrial Tech net revenue.

The increase in Cloud & Networking net revenue is primarily due to higher unit sales from cloud and AI/ML customers, which increased by \$193.2 million, in part due to a full year of revenue from Cloud Light, which we acquired in the second quarter of fiscal year 2024. In addition, revenue from network equipment manufacturers increased by \$132.7 million as a result of higher unit sales from the market recovery and the related inventory normalization. The decrease in Industrial Tech net revenue is primarily due to a decline in unit sales of our imaging and sensing products due to higher market competition in the consumer end-market for these products, which was partially offset by a \$17.5 million increase in our laser products due to higher market demand.

During our fiscal years 2025, 2024 and 2023, net revenue generated from a single customer which represented 10% or greater of total net revenue is summarized as follows:

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Customer A	16.0 %	11.4 %	15.3 %
Customer B	15.4 %	18.9 %	*
Customer C	*	*	12.1 %
Customer D	*	*	10.5 %

\*Represents less than 10% of total net revenue

### Revenue by Region

We operate in three geographic regions: Americas, Asia-Pacific, and EMEA (Europe, Middle East, and Africa). Net revenue is assigned to the geographic region and country where our product is initially shipped to. For example, certain customers may request shipment of our product to a contract manufacturer in one country, which may differ from the location of their end customers. The following table presents net revenue by the three geographic regions we operate in and net revenue from countries that represented 10% or more of our total net revenue (*in millions, except percentage data*):

	Years Ended					
	June 28, 2025		June 29, 2024		July 1, 2023	
Net revenue:						
<b>Americas:</b>						
United States	\$ 312.3	19.0 %	\$ 356.1	26.2 %	\$ 241.3	13.7 %
Mexico	148.5	9.0	91.7	6.7	180.0	10.2
Other Americas	20.1	1.2	3.4	0.3	9.3	0.5
Total Americas	\$ 480.9	29.2 %	\$ 451.2	33.2 %	\$ 430.6	24.4 %
<b>Asia-Pacific:</b>						
Thailand	\$ 291.8	17.7 %	\$ 183.8	13.5 %	\$ 269.0	15.2 %
Hong Kong	398.6	24.2	261.9	19.3	246.7	14.0
South Korea	32.4	2.0	75.2	5.5	170.2	9.6
Japan	78.3	4.8	84.6	6.2	179.5	10.2
Other Asia-Pacific	199.5	12.2	174.3	12.9	276.3	15.6
Total Asia-Pacific	\$ 1,000.6	60.9 %	\$ 779.8	57.4 %	\$ 1,141.7	64.6 %
<b>EMEA</b>	\$ 163.5	9.9 %	\$ 128.2	9.4 %	\$ 194.7	11.0 %
Total net revenue	\$ 1,645.0	100.0%	\$ 1,359.2	100.0%	\$ 1,767.0	100.0%

During fiscal years 2025, 2024 and 2023, net revenue from customers outside the United States, based on customer shipping location, represented 81.0%, 73.8% and 86.3% of net revenue, respectively.

Our net revenue is primarily denominated in U.S. dollars, including our net revenue from customers outside the United States as presented above. We expect revenue from customers outside of the United States to continue to be an important part of our overall net revenue and a focus for net revenue growth opportunities. However, regulatory and enforcement actions by the United States and other governmental agencies, as well as changes in tax and trade policies and tariffs, have impacted and may continue to adversely impact net revenue from customers outside the United States.

### Gross Margin

Gross margin in fiscal year 2025 increased to 28.0% from 18.5% in fiscal year 2024. The increase was driven by a \$20.8 million reduction in excess and obsolete inventory charges during fiscal year 2025, primarily as a result of the U.S. trade restrictions imposed during fiscal year 2024 whereby we were no longer able to sell certain products to one of our customers. In addition, costs incurred related to the acquisition of Cloud Light, including integration costs and amortization of inventory fair value adjustments were \$23.5 million lower compared to the prior year. In fiscal year 2024, we also incurred \$20.7 million of higher excess capacity charges as a result of our manufacturing synergy plans in connection with the NeoPhotonics integration, transferring product lines out of China due to U.S. export restrictions, and a drop in demand due to customers actively working to reduce their elevated inventory levels. Our Cloud & Networking gross profit increased year over year primarily due to higher unit sales of our products for both cloud and AI/ML applications. Our Industrial Tech segment gross margin decreased year over year primarily due to lower revenue, mainly from sales of imaging and sensing products.

The markets in which we sell products are undergoing product, architectural and business model transitions, have high customer concentrations, are highly competitive, are price sensitive and/or are affected by customer seasonality and have variant buying patterns. We expect these factors to result in variability of our gross margin, and our gross margin may be subject to increasing downward pressure due to these factors.

## Segment Profit

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Cloud & Networking	\$ 264.5	\$ 124.5	\$ 313.2
Industrial Tech	12.1	25.1	152.7

Cloud & Networking segment profit increased by \$140.0 million, or 112.4%, during fiscal year 2025 as compared to fiscal year 2024 primarily due to higher sales of our products for both cloud and AI/ML applications. Industrial Tech segment profit decreased by \$13.0 million, or 51.8%, during fiscal year 2025 as compared to fiscal year 2024 primarily due to lower revenue, mainly from lower sales of imaging and sensing products due to increasing competition and share normalization.

### Research and Development (“R&D”)

R&D expense was approximately flat in fiscal year 2025 as compared to fiscal year 2024. Salary expenses were lower by \$10.0 million as a result of lower headcount and restructuring actions taken in the past, primarily due to the discontinuation of our in-house development of coherent DSPs and Radio Frequency Integrated Circuits (“RFICs”). The decrease was offset by higher variable compensation due to higher profit levels, which increased our cash incentive compensation by \$5.3 million, and increased our stock-based incentive compensation by \$5.0 million.

We believe that continuing our investments in R&D is critical to attaining our strategic objectives. We plan to continue to invest in R&D and new products that we believe will further differentiate us in the marketplace.

### Selling, General and Administrative (“SG&A”)

SG&A expense increased by \$37.5 million, or 12.1%, during fiscal year 2025 as compared to fiscal year 2024, primarily driven by an increase of \$38.0 million in stock-based compensation driven by equity award modifications and \$5.2 million of severance payments, both primarily due to the resignation of our former Chief Executive Officer, as well as an increase of \$8.1 million related to cash incentive compensation due to the higher levels of revenue and profit. This was partially offset by a \$13.0 million decrease in salary expenses as a result of recent restructuring actions and a \$2.8 million of reduction in integration related costs.

From time-to-time, we incur expenses that are not part of our ordinary operations, such as mergers and acquisition-related and litigation expenses, which generally increase our SG&A expenses and potentially impact our profitability expectations in any particular period.

### Restructuring and Related Charges

We have initiated various strategic restructuring events primarily intended to reduce costs, consolidate our operations, rationalize the manufacturing of our products and align our business in response to market conditions and as a result of recent acquisitions.

During fiscal year 2025, we recorded restructuring and related charges of \$22.8 million. This included \$14.6 million of assets written off, including property, plant and equipment, right-of-use assets, prepayments and other current assets as well as charges for other contractual commitments associated with site closures, and \$4.3 million of employee severance primarily due to efforts to consolidate our sites and focus on other market opportunities, including cloud and AI markets. In addition, we also recorded \$3.0 million of charges related to the discontinuation of our in-house development of coherent Digital Signal Processors (“DSPs”) and Radio Frequency Integrated Circuits (“RFICs”).

Refer to “Note 12. Restructuring and Related Charges” to the consolidated financial statements.

### Gain on Sale of Facility

On December 17, 2024, we entered into an agreement to sell our assets in an entity in Shenzhen, China. On March 5, 2025, we completed the sale and received net proceeds of \$47.8 million, which was net of cash of \$17.6 million and direct selling costs of \$1.1 million. The net assets sold consisted primarily of building, building improvements and land rights as of December 17, 2024 with a net carrying value of \$12.9 million, and were used by the Cloud and Networking segment for manufacturing and research and development activities. As a result, we recognized a gain on sale of facility of \$34.9 million, which was recorded in our consolidated statements of operations for the year ended June 28, 2025. We paid \$4.4 million of withholding taxes on this sale transaction, which is recorded as part of the income tax provision for the year ended June 28, 2025. We also incurred \$0.7 million of indirect selling expenses related to this transaction, which was recorded as part of selling, general and administrative expenses in our consolidated statements of operations for the year ended June 28, 2025.

Refer to “Note 7. Balance Sheet Details” to the consolidated financial statements.

#### Interest Expense

Our interest expense is as follows for the years presented (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Interest expense	\$ 22.2	\$ 33.8	\$ 35.5

Interest expense is primarily driven by interest on our convertible notes and term loans.

Interest expense in fiscal year 2025 decreased by \$11.6 million, or 34.3%, as compared to fiscal year 2024, primarily due to the repayment in full of our 0.25% convertible senior notes due in 2024 (the “2024 Notes”) upon maturity in March 2024.

#### Other Income, Net

The components of other income, net are as follows for the years presented (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Foreign exchange gains (losses), net	\$ (4.2)	\$ 0.8	\$ 7.0
Interest and investment income	34.4	61.3	40.8
Other income (expense), net	—	—	1.0
Other income, net	\$ 30.2	\$ 62.1	\$ 48.8

Other income, net in fiscal year 2025 decreased by \$31.9 million as compared to fiscal year 2024 primarily due to \$26.9 million of decrease in interest and investment income driven by lower short term investment balances, as we used cash for the Cloud Light acquisition as well as the repayment of the 2024 Notes in March 2024. This was offset by an increase in net foreign exchange loss of \$5.0 million as the U.S. dollars weakened against across all major currencies, including the Japanese Yen, which is the underlying currency for our term loans.

#### Provision for Income Taxes

(*in millions*)

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Income tax (benefit) provision	\$ (198.0)	\$ 140.8	\$ 29.2

Our provision for income taxes for fiscal year 2025 differs from the 21% U.S. statutory rate primarily due to the income tax benefit associated with the release of a valuation allowance on our UK deferred tax assets, earnings of our foreign subsidiaries being taxed at rates that differ from the U.S. statutory rate, partially offset by the income tax expense from U.S. income inclusions from Subpart F and GILTI, non-deductible stock-based compensation and changes in unrecognized tax benefits.

Our provision for incomes taxes may be impacted by changes in the geographic mix of earnings, acquisitions, changes in the realizability of deferred tax assets, changes in our uncertain tax positions, the results of income tax audits, settlements with tax authorities, the expiration of statutes of limitations, the implementation of tax planning strategies, tax rulings, court decisions, and changes in tax laws and regulations. It is also possible that significant negative or positive evidence may become available that causes us to change our conclusion regarding whether a valuation allowance is needed on certain of our deferred tax assets, which would affect our income tax provision in the period of such change.

We also evaluate changes to regulations and requirements in the international jurisdictions where we conduct our business. For additional information, refer to Part II Item 1A “Risk Factors”.

## Defined Benefit Plans

The Company sponsors defined benefit pension plans covering employees in Japan, Switzerland, and Thailand. Pension plan benefits are based primarily on participants' compensation and years of service credited as specified under the terms of each country's plan. Employees are entitled to a lump sum benefit upon retirement or upon certain instances of termination. The funding policy is consistent with the local requirements of each country. As of June 28, 2025, the defined benefit plans in Switzerland were partially funded, while defined benefit plans in Japan and Thailand were unfunded. As of June 28, 2025, our projected benefit obligations, net, in Japan, Switzerland, and Thailand were \$2.3 million, \$2.6 million and \$5.7 million, respectively. They were recorded in our consolidated balance sheets as accrued payroll and related expenses for the current portion while other non-current liabilities for the non-current portion, and represent the total projected benefit obligation ("PBO") less the fair value of plan assets.

A key actuarial assumption in calculating the net periodic cost and the PBO is the discount rate. Changes in the discount rate impact the interest cost component of the net periodic benefit cost calculation and PBO due to the fact that the PBO is calculated on a net present value basis. Decreases in the discount rate will generally increase pre-tax cost, recognized expense and the PBO. Increases in the discount rate tend to have the opposite effect. We estimate a 100 basis point decrease or increase in the discount rate would cause a corresponding increase or decrease of \$5.1 million or \$4.0 million, respectively, in the PBO based on data as of June 28, 2025.

We expect to contribute \$2.0 million to our defined benefit pension plans in fiscal year 2026.

## Financial Condition

### Liquidity and Capital Resources

As of June 28, 2025 and June 29, 2024, our cash and cash equivalents were \$520.7 million and \$436.7 million, respectively. As of June 28, 2025 and June 29, 2024, our short-term investments of \$356.4 million and \$450.3 million, respectively, were all held in the United States. Cash equivalents and short-term investments are primarily comprised of money market funds, treasuries, agencies, high quality investment grade fixed income securities, certificates of deposit, and commercial paper. Our investment policy and strategy is focused on the preservation of capital and supporting our liquidity requirements.

The total amount of cash outside the United States held by the non-U.S. entities as of June 28, 2025 and June 29, 2024 was \$398.3 million and \$306.9 million, respectively, which was primarily held by entities incorporated in the United Kingdom, Japan, Hong Kong, China, Switzerland, and Thailand. Although cash currently held in the United States, as well as cash generated in the United States from future operations, is expected to cover our normal operating requirements, a substantial amount of additional cash could be required for other purposes, such as capital expenditures to support our business and growth, including costs associated with increasing internal manufacturing capabilities, strategic transactions and partnerships, and future acquisitions.

Our intent is to indefinitely reinvest funds held outside the United States and, except for the funds held in the Cayman Islands, the British Virgin Islands, and Hong Kong, as well as certain subsidiaries in China and Japan, our current plans do not demonstrate a need to repatriate them to fund our domestic operations. However, if in the future, we encounter a significant need for liquidity domestically or at a particular location that we cannot fulfill through borrowings, equity offerings, or other internal or external sources, or the cost to bring back the money is not significant from a tax perspective, we may determine that cash repatriations are necessary or desirable. Repatriation could result in additional material taxes. These factors may cause us to have an overall tax rate higher than other companies or higher than our tax rates in the past. Additionally, if conditions warrant, we may seek to obtain additional financing through debt or equity sources. To the extent we issue additional shares, it may create dilution to our existing stockholders. However, any such financing may not be available on terms favorable to us or may not be available at all.

Beginning in fiscal year 2023, the Tax Cuts and Jobs Act of 2017 requires taxpayers to capitalize research and development expenditures and amortize domestic expenditures over five years and foreign expenditures over fifteen years. The OBBBA enacted in July 2025 eliminates capitalization of domestic research and development expenditures for taxable years beginning on or after January 1, 2025, but retains the requirement to amortize foreign research and development expenditures over 15 years. In addition, the OBBBA permits all taxpayers who paid or incurred domestic research and development expenses in tax years beginning on or after January 1, 2022 and before January 1, 2025 to elect to deduct any remaining unamortized amount over a one-year period or ratably over a two-year period (at the taxpayer's election), accelerating the benefit of such expenses. We are evaluating the impact of these changes to our financial conditions and will adjust our tax and accounting policies accordingly.

### Indebtedness

As of June 28, 2025, the net carrying amount of our 2029 Notes of \$600.2 million, which have an aggregate principal balance of \$603.7 million maturing in 2029, is presented in non-current liabilities in our condensed consolidated balance sheets. If the closing price of our stock exceeds \$90.40 (130% of the conversion price of \$69.54) for 20 of the last 30 trading days of any future quarter, the 2029 Notes would become convertible at the option of the holders during the subsequent fiscal quarter and the debt component would be reclassified to current liabilities.

As of June 28, 2025, the net carrying amount of our 2028 Notes of \$857.7 million, which have an aggregate principal balance of \$861.0 million maturing in 2028, is presented in non-current liabilities in our condensed consolidated balance sheets. If the closing price of our stock exceeds \$170.34 (130% of the conversion price of \$131.03) for 20 of the last 30 trading days of any future fiscal quarter, our 2028 Notes would become convertible at the option of the holders during the subsequent fiscal quarter and the debt component would be reclassified to current liabilities.

As of June 28, 2025, the net carrying amount of our 2026 Notes of \$1,048.3 million, which have an aggregate principal balance of \$1,050.0 million maturing in 2026, is presented in non-current liabilities in our condensed consolidated balance sheets. If the closing price of our stock exceeds \$129.08 (130% of the conversion price of \$99.29) for 20 of the last 30 trading days of any future fiscal quarter, our 2026 Notes would become convertible at the option of the holders during the subsequent fiscal quarter and the debt component would be reclassified to current liabilities.

As of June 28, 2025, the Company had \$40.6 million in principal amount outstanding on our SMBC Term Loan, of which the short-term portion of \$4.4 million is recorded as current liabilities while the long-term portion of \$36.2 million is recorded as long-term debt in the Company's consolidated balance sheets.

As of June 28, 2025, the Company had \$26.4 million in principal amount outstanding on our Mizuho Term Loan, of which the short-term portion of \$6.2 million is recorded as current liabilities while the long-term portion of \$20.2 million is recorded as long-term debt in the Company's consolidated balance sheets.

Refer to "Note 10. Debt" to the consolidated financial statements for more information.

### Contractual Obligations

The following table summarizes our contractual obligations as of June 28, 2025, and the effect such obligations are expected to have on our liquidity and cash flow (*in millions*):

	Payments due		
	Total	Less than 1 year	More than 1 year
<b>Contractual Obligations</b>			
Asset retirement obligations	\$ 7.1	\$ —	\$ 7.1
Operating lease liabilities, including imputed interest <sup>(1)</sup>	37.6	12.7	24.9
Pension plan contributions <sup>(2)</sup>	2.0	\$ 2.0	—
Purchase obligations <sup>(3)</sup>	837.6	781.4	56.2
Term loans - principal <sup>(4)</sup>	67.0	10.6	56.4
Term loans - interest <sup>(4)</sup>	1.7	0.6	1.1
Convertible notes - principal <sup>(5)</sup>	2,514.7	—	2,514.7
Convertible notes - interest <sup>(5)</sup>	61.6	18.7	42.9
<b>Total</b>	<b>\$ 3,529.3</b>	<b>\$ 826.0</b>	<b>\$ 2,703.3</b>

<sup>(1)</sup> The amounts of operating lease liabilities do not include any sublease income amounts nor do they include payments for short-term leases or variable lease payments. As of June 28, 2025, we expect to receive sublease income of approximately \$0.9 million over the next year. Refer to "Note 8. Leases" to the consolidated financial statements.

<sup>(2)</sup> The amount of pension plan contributions represents planned contributions to our defined benefit plans. Although additional future contributions will be required, the amount and timing of these contributions will be affected by actuarial assumptions, the actual rate of returns on plan assets, the level of market interest rates, legislative changes, and the amount of voluntary contributions to the plan. Any contributions for the following fiscal year and later will depend on the value of the plan assets in the future and thus are uncertain. As such, we have not included any amounts beyond one year in the table above. Refer to “Note 15. Employee Retirement Plans” to the consolidated financial statements.

<sup>(3)</sup> Purchase obligations represent legally binding commitments to purchase inventory and other commitments made in the normal course of business to meet operational requirements. Refer to “Note 16. Commitments and Contingencies” to the consolidated financial statements.

<sup>(4)</sup> The amounts related to term loans include principal and interest on our Sumitomo Mitsui Banking Corporation (“SMBC”) term loan with a fixed annual interest rate of 0.88% and Mizuho Bank, Ltd. (“Mizuho”) term loan with a fixed annual interest rate of 0.90%. The SMBC Term Loan requires monthly principal payments with the remaining principal due on the loan maturity date of July 31, 2029 while the Mizuho Term Loan requires quarterly principal payments with the final payment due on September 20, 2029.

<sup>(5)</sup> The amounts related to convertible notes include principal and interest on our 2026 Notes, 2028 Notes and 2029 Notes. The 2026 Notes have a maturity date of December 15, 2026, the 2028 Notes have a maturity date of June 15, 2028, and the 2029 Notes have a maturity date of December 15, 2029. The principal balances of our convertible notes are reflected in the payment periods in the table above based on their respective contractual maturities assuming no conversions. On March 15, 2024, the maturity date of the 2024 Notes, we repaid the outstanding \$323.1 million principal amount of the 2024 Notes in full. Refer to “Note 10. Debt” to the consolidated financial statements.

We do not have any off-balance sheet arrangements, as such term is defined in rules promulgated by the SEC, which have or are reasonably likely to have a current or future effect on our liquidity or capital resources that are material to investors.

#### ***Unrecognized Tax Benefits***

As of June 28, 2025, our other non-current liabilities also include \$55.6 million of unrecognized tax benefit for uncertain tax positions. We are unable to reliably estimate the timing of future payments related to uncertain tax positions.

#### **Liquidity and Capital Resources Requirements**

We believe that our cash and cash equivalents as of June 28, 2025, and cash flows from our operating activities will be sufficient to meet our liquidity and capital spending requirements for at least the next 12 months.

There are a number of factors that could positively or negatively impact our liquidity position, including:

- global economic conditions which affect demand for our products and services and impact the financial stability of our suppliers and customers, including the impact of uncertainty in the banking and financial services industries;
- fluctuations in demand for our products as a result of changes in regulations, tariffs or other trade barriers, and trade relations in general;
- changes in accounts receivable, inventory or other operating assets and liabilities, which affect our working capital;
- increase in capital expenditures to support our business and growth, including increases in manufacturing capacity;
- the tendency of customers to delay payments or to negotiate favorable payment terms to manage their own liquidity positions;
- timing of payments to our suppliers;
- volatility in fixed income and credit, which impact the liquidity and valuation of our investment portfolios;
- cost and availability of credit, which may impact available financing for us, our customers or others with whom we do business;
- volatility in foreign exchange markets, which impacts our financial results;
- possible investments or acquisitions of complementary businesses, products or technologies, or other strategic transactions or partnerships;
- issuance of debt or equity securities, or other financing transactions, including bank debt;

- potential funding of pension liabilities either voluntarily or as required by law or regulation;
- acquisitions or strategic transactions; and
- the settlement of any conversion or redemption of our convertible notes in cash.

### **Cash Flows**

#### *Fiscal Year 2025*

As of June 28, 2025, our consolidated balance of cash and cash equivalents increased by \$84.0 million, to \$520.7 million from \$436.7 million as of June 29, 2024. The increase in cash and cash equivalents was due to cash from operating activities of \$126.3 million and cash from financing activities of \$41.8 million, partially offset by and cash used in investing activities of \$84.1 million during the year ended June 28, 2025.

Cash provided by operating activities was \$126.3 million during the year ended June 28, 2025, which reflects the net income of \$25.9 million and non-cash items of \$414.9 million, partially offset by \$314.5 million of changes in our operating assets and liabilities. Changes in operating assets and liabilities were primarily driven by an increase in accounts payable of \$69.2 million primarily due to higher inventory purchases and capital expenditures, an increase in accrued payroll and related expenses of \$22.0 million mainly driven by accrual for cash incentive compensation, offset by a decrease in income tax liabilities of \$218.2 million primarily due to income tax benefits during the year ended June 28, 2025, an increase in inventories of \$71.3 million primarily due to inventory builds to support market demand, an increase in accounts receivable of \$58.7 million driven by higher revenue, an increase of \$35.1 million in prepayments and other current and non-current assets related mainly to value-added-tax receivables driven by higher recent capital expenditures and inventory purchases, and a decrease of \$21.8 million in accrued expenses and other current and non-current liabilities driven by payment of the net settlement amount of the Oclaro merger litigation and restructuring related payments.

Cash used in investing activities of \$84.1 million during the year ended June 28, 2025 was primarily attributable to capital expenditures of \$231.0 million, offset by net proceeds from short-term investments of \$98.8 million, \$47.8 million of proceeds from sale of facility, net of cash transferred and selling costs, and proceeds from sales of property and equipment of \$0.3 million.

Cash from financing activities of \$41.8 million during the year ended June 28, 2025, was attributable to \$76.5 million of proceeds from Japan term loans and \$16.1 million of proceeds from employee stock plans, offset by tax payments related to the net share settlement of restricted stock units of \$41.7 million, \$8.1 million of principal payments on term loans and payment for an intangible asset acquisition holdback of \$1.0 million.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Foreign Exchange Risk

We conduct our business and sell our products to customers primarily in Asia, Europe, and North America. Due to the impact of changes in foreign currency exchange rates between the U.S. Dollar and foreign currencies, we recorded foreign exchange loss of \$4.2 million in fiscal year 2025, foreign exchange gains of \$0.8 million in fiscal year 2024 and foreign exchange losses of \$7.0 million in fiscal year 2023 in the consolidated statements of operations.

Although we sell primarily in the U.S. Dollar, we have foreign currency exchange risks related to our expenses denominated in currencies other than the U.S. Dollar, principally the Chinese Yuan, Canadian Dollar, Thai Baht, Japanese Yen, UK Pound, Swiss Franc, Euro and Brazilian Real. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. In the event our foreign currency denominated monetary assets and liabilities, sales or expenses increase, our operating results may be affected to a greater extent by fluctuations in the exchange rates of the currencies in which we do business as compared with the U.S. dollar.

### Equity Price Risk

We are exposed to equity price risk related to the conversion options embedded in our 2029 Notes, 2028 Notes and 2026 Notes.

We issued the 2029 Notes in June 2023, the 2028 Notes in March 2022 and the 2026 Notes in December 2019 with an aggregate principal amount of \$603.7 million, \$861.0 million and \$1,050.0 million, respectively. The 2029 Notes, 2028 Notes and 2026 Notes are carried at face value less issuance costs on the condensed consolidated balance sheet. The 2029 Notes, 2028 Notes and 2026 Notes bear interest at a rate of 1.50%, 0.50% and 0.50% per year, respectively. Since the convertible notes bear interest at fixed rates, we have no financial statement risk associated with changes in market interest rates. However, the potential value of the shares to be distributed to the holders of our convertible notes changes when the market price of our stock fluctuates. The 2029 Notes, 2028 Notes and 2026 Notes will mature on December 15, 2029, June 15, 2028 and December 15, 2026, respectively, unless earlier repurchased by us or converted pursuant to their terms, at a conversion price of approximately \$69.54 per share for the 2029 Notes, \$131.03 per share for the 2028 Notes and \$99.29 per share for the 2026 Notes.

### Interest Rate Fluctuation Risk

As of June 28, 2025, we had cash, cash equivalents, and short-term investments of \$877.1 million. Cash equivalents and short-term investments are primarily comprised of money market funds, treasuries, agencies, high quality investment grade fixed income securities, certificates of deposit, and commercial paper. Our investment policy and strategy is focused on the preservation of capital and supporting our liquidity requirements. We do not enter into investments for trading or speculative purposes. As of June 28, 2025, the weighted-average life of our investment portfolio was approximately eleven months.

Our fixed-income portfolio is subject to fluctuations in interest rates, which could affect our results of operations. Based on our investment portfolio balance as of June 28, 2025, a hypothetical increase or decrease in interest rates of 1% (100 basis points) would have resulted in a decrease or an increase in the fair value of our portfolio of approximately \$3.4 million, and a hypothetical increase or decrease of 0.50% (50 basis points) would have resulted in a decrease or an increase in the fair value of our portfolio of approximately \$1.7 million.

### Bank Liquidity Risk

As of June 28, 2025, we had approximately \$349.5 million of unrestricted cash (excluding cash equivalents) in operating accounts that are held with domestic and international financial institutions. These cash balances could be lost or become inaccessible if the underlying financial institutions fail or if they are unable to meet the liquidity requirements of their depositors and if they are not supported by the national government of the country in which such financial institution is located. Notwithstanding, we have not incurred any losses to date and have had full access to our operating accounts. We believe any failures of domestic and international financial institutions could impact our ability to fund our operations in the short term. The value of our investment portfolio could also be impacted if we hold debt instruments which were issued by any institutions that fail or become illiquid. Our ability to obtain raw materials for our supply chain and collections of cash from sales may be unduly impacted if any of our vendors or customers are affected by illiquidity events.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**  
**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and the Board of Directors of Lumentum Holdings Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Lumentum Holdings Inc. and subsidiaries (the “Company”) as of June 28, 2025 and June 29, 2024, the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholders’ equity for each of the three years in the period ended June 28, 2025, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 28, 2025 and June 29, 2024, and the results of its operations and its cash flows for each of the three years in the period ended June 28, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 28, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 19, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which it relates.

***Inventories, Valuation of Inventory - Refer to Notes 1 and 7 to the financial statements***

***Critical Audit Matter Description***

The Company assesses the value of inventory and writes down those inventories which are obsolete or in excess of forecasted demand to the lower of their cost or estimated net realizable value. The Company’s estimates of forecasted demand are based upon analysis and assumptions including, but not limited to, expected product lifecycles, product development plans and historical usage by product.

We identified the valuation of inventory as critical audit matter because of the significant assumptions management makes with regards to estimating certain elements of the excess and obsolete write downs. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of inputs used in management’s valuation of inventory excess and obsolete write downs including estimates of expected product lifecycles, product development plans and historical usage by product.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to management's estimates of forecasted demand used in the valuation of inventory excess and obsolete write downs included the following, among others:

- We tested the effectiveness of controls over the review and approval of the valuation of inventory for excess and obsolete write downs, including controls designed to review the assumptions regarding expected product lifecycles, product development plans and historical usage by product.
- We selected a sample of inventory products and tested the forecasted demand by comparing internal and external information (e.g. historical usage, contracts, communications with customers, expected product lifecycles, product development plans, macroeconomic conditions, and inquiries with business unit managers, executives, sales, and operations personnel) with the Company's forecasted demand.
- We selected a sample of inventory products and evaluated management's ability to accurately estimate forecasted demand by comparing current usage by product to estimates made in prior year.
- We considered the existence of contradictory evidence based on reading of internal communications to management and the board of directors, Company press releases, and analyst reports, as well as our observations and inquiries as to changes within the business.

/s/ DELOITTE & TOUCHE LLP

San Jose, California  
August 19, 2025

We have served as the Company's auditor since 2016.

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**LUMENTUM HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(in millions, except per share data)*

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Net revenue	\$ 1,645.0	\$ 1,359.2	\$ 1,767.0
Cost of sales	1,102.9	1,023.8	1,113.6
Amortization of acquired developed intangibles	82.2	83.9	84.4
Gross profit	459.9	251.5	569.0
Operating expenses:			
Research and development	303.9	302.2	307.8
Selling, general and administrative	348.2	310.7	348.8
Restructuring and related charges	22.8	72.6	28.1
Gain on sale of facility	(34.9)	—	—
Total operating expenses	640.0	685.5	684.7
Loss from operations	(180.1)	(434.0)	(115.7)
Interest expense	(22.2)	(33.8)	(35.5)
Other income, net	30.2	62.1	48.8
Loss before income taxes	(172.1)	(405.7)	(102.4)
Income tax (benefit) provision	(198.0)	140.8	29.2
Net income (loss)	\$ 25.9	\$ (546.5)	\$ (131.6)
Net income (loss) per share:			
Basic	\$ 0.38	\$ (8.12)	\$ (1.93)
Diluted	\$ 0.37	\$ (8.12)	\$ (1.93)
Shares used to compute net income (loss) per share:			
Basic	69.0	67.3	68.3
Diluted	69.6	67.3	68.3

*See accompanying Notes to Consolidated Financial Statements.*

**LUMENTUM HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
*(in millions)*

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Net income (loss)	\$ 25.9	\$ (546.5)	\$ (131.6)
Other comprehensive income (loss), net of tax:			
Net change in cumulative translation adjustment	0.1	(0.6)	0.7
Net change in unrealized gain on available-for-sale securities	1.9	4.7	4.4
Net change in defined benefit obligations	(2.3)	1.1	(1.4)
Other comprehensive income (loss), net of tax	(0.3)	5.2	3.7
Comprehensive income (loss), net of tax	<u>\$ 25.6</u>	<u>\$ (541.3)</u>	<u>\$ (127.9)</u>

*See accompanying Notes to Consolidated Financial Statements.*

**LUMENTUM HOLDINGS INC.**  
**CONSOLIDATED BALANCE SHEETS**  
*(in millions, except per share data)*

	June 28, 2025	June 29, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 520.7	\$ 436.7
Short-term investments	356.4	450.3
Accounts receivable, net	250.0	194.7
Inventories	470.1	398.4
Prepayments and other current assets	120.1	110.0
Total current assets	1,717.3	1,590.1
Property, plant and equipment, net	726.4	572.5
Operating lease right-of-use assets, net	27.9	72.8
Goodwill	1,060.9	1,055.8
Other intangible assets, net	465.1	617.5
Deferred tax asset	210.3	10.7
Other non-current assets	10.8	12.5
Total assets	\$ 4,218.7	\$ 3,931.9
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 225.2	\$ 126.3
Accrued payroll and related expenses	57.9	36.1
Accrued expenses	34.6	52.4
Current portion of long-term debt	10.6	—
Operating lease liabilities, current	11.4	13.4
Other current liabilities	53.1	41.1
Total current liabilities	392.8	269.3
Long-term debt	2,562.6	2,503.2
Operating lease liabilities, non-current	23.6	43.0
Deferred tax liability	7.2	55.7
Other non-current liabilities	97.8	103.4
Total liabilities	3,084.0	2,974.6
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Common stock, \$0.001 par value, 990 authorized shares; 69.8 and 67.9 shares issued and outstanding as of June 28, 2025 and June 29, 2024, respectively	0.1	0.1
Additional paid-in capital	1,986.8	1,835.0
Accumulated deficit	(861.2)	(887.1)
Accumulated other comprehensive income	9.0	9.3
Total stockholders' equity	1,134.7	957.3
Total liabilities and stockholders' equity	\$ 4,218.7	\$ 3,931.9

*See accompanying Notes to Consolidated Financial Statements.*

**LUMENTUM HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(in millions)*

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
<b>OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ 25.9	\$ (546.5)	\$ (131.6)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation expense	104.3	110.6	106.6
Stock-based compensation	177.2	128.8	148.4
Bad debt expense	3.4	—	—
Amortization and write-off of acquired intangible assets	152.4	179.7	149.0
Write-off of right-of-use assets	7.8	—	—
Loss on sales and dispositions of property, plant and equipment	5.2	2.6	8.6
Amortization of debt discount and debt issuance costs	3.0	14.6	24.3
Amortization of inventory fair value adjustment in connection with acquisition	—	8.3	17.8
Gain on repurchase of convertible notes	—	—	(1.0)
Gain on sale of facility	(34.9)	—	—
Other non-cash income, net	(3.5)	(12.2)	(5.7)
Changes in operating assets and liabilities:			
Accounts receivable	(58.7)	72.3	83.2
Inventories	(71.3)	73.8	(81.5)
Operating lease right-of-use assets, net	5.1	3.4	15.5
Prepayments and other current and non-currents assets	(35.1)	30.6	(4.2)
Income taxes, net	(218.2)	77.7	(37.9)
Accounts payable	69.2	(89.7)	(74.0)
Accrued payroll and related expenses	22.0	(8.9)	(36.3)
Operating lease liabilities	(5.7)	(4.3)	(16.2)
Accrued expenses and other current and non-current liabilities	(21.8)	(16.1)	14.8
<b>Net cash provided by operating activities</b>	<b>126.3</b>	<b>24.7</b>	<b>179.8</b>
<b>INVESTING ACTIVITIES:</b>			
Payments for acquisition of property, plant and equipment	(231.0)	(133.0)	(128.5)
Acquisition of businesses, net of cash acquired	—	(700.9)	(861.6)
Payment for acquisition of intangible assets	—	(4.0)	—
Purchases of short-term investments	(365.9)	(278.7)	(1,030.3)
Proceeds from maturities and sales of short-term investments	464.7	1,001.5	1,146.1
Proceeds from sale of facility, net of cash and selling costs	47.8	—	—
Proceeds from the sales of property and equipment	0.3	0.8	0.3
<b>Net cash used in investing activities</b>	<b>(84.1)</b>	<b>(114.3)</b>	<b>(874.0)</b>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from the issuance of 2029 Notes, net of issuance costs	—	—	599.4
Proceeds from term loans	76.5	—	—
Payment, repurchase and conversion of 2024 Notes	—	(323.1)	(132.8)
Principal payments on term loans	(8.1)	—	(5.9)
Repurchase of common stock	—	—	(175.6)
Payment of withholding taxes related to net share settlement of restricted stock units	(41.7)	(24.0)	(37.2)
Payment of acquisition related holdback	(1.0)	—	—
Proceeds from employee stock plans	16.1	14.4	15.1

**LUMENTUM HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(in millions)*

<b>Net cash provided by (used in) financing activities</b>	41.8	(332.7)	263.0
<b>Increase (decrease) in cash and cash equivalents</b>	84.0	(422.3)	(431.2)
<b>Cash and cash equivalents at beginning of period</b>	436.7	859.0	1,290.2
<b>Cash and cash equivalents at end of period</b>	\$ 520.7	\$ 436.7	\$ 859.0
Supplemental disclosure of cash flow information:			
Cash paid for taxes, net	\$ 20.6	\$ 61.2	\$ 67.3
Cash paid for interest	19.1	19.7	10.8
Supplemental disclosure of non-cash transactions:			
Unpaid property, plant and equipment in accounts payable and accrued expenses	\$ 43.4	\$ 11.8	\$ 9.8
Settlement of loan to NeoPhotonics	—	—	50.0
2029 Notes issuance costs in current liabilities	—	—	0.8
Right-of-use assets obtained in exchange for new operating lease liabilities	6.4	16.0	19.4
Unpaid intangible assets in accrued expense	—	1.0	—
Share-based purchase price consideration in connection with the Cloud Light acquisition	—	23.5	—

*See accompanying Notes to Consolidated Financial Statements.*

**LUMENTUM HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
*(in millions)*

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance as of July 2, 2022	68.0	\$ 0.1	\$ 2,003.6	\$ (129.1)	\$ 0.4	\$ 1,875.0
Cumulative adjustment from adoption of ASU 2020-06	—	—	(426.5)	85.6	—	(340.9)
Net loss	—	—	—	(131.6)	—	(131.6)
Other comprehensive income	—	—	—	—	3.7	3.7
Equity component of repurchased 2024 Notes	—	—	(13.5)	—	—	(13.5)
Issuance of shares in connection with vesting of restricted stock units and performance stock units	1.6	—	—	—	—	—
Withholding taxes related to net share settlement of restricted stock units	(0.5)	—	(37.2)	—	—	(37.2)
ESPP shares issued	0.3	—	15.1	—	—	15.1
Repurchases of common stock	(3.0)	—	—	(165.5)	—	(165.5)
Stock-based compensation	—	—	150.7	—	—	150.7
Balance as of July 1, 2023	66.4	\$ 0.1	\$ 1,692.2	\$ (340.6)	\$ 4.1	\$ 1,355.8
Net loss	—	—	—	(546.5)	—	(546.5)
Other comprehensive income	—	—	—	—	5.2	5.2
Issuance of shares in connection with vesting of restricted stock units and performance stock units	1.5	—	—	—	—	—
Withholding taxes related to net share settlement of restricted stock units	(0.4)	—	(24.0)	—	—	(24.0)
ESPP shares issued	0.4	—	14.4	—	—	14.4
Equity awards pursuant to merger agreement	—	—	23.5	—	—	23.5
Stock-based compensation	—	—	128.9	—	—	128.9
Balance as of June 29, 2024	67.9	\$ 0.1	\$ 1,835.0	\$ (887.1)	\$ 9.3	\$ 957.3
Net income	—	—	—	25.9	—	25.9
Other comprehensive income	—	—	—	—	(0.3)	(0.3)
Issuance of shares in connection with vesting of restricted stock units and performance stock units	2.0	—	—	—	—	—
Withholding taxes related to net share settlement of restricted stock units	(0.7)	—	(41.7)	—	—	(41.7)
Exercise of stock options	0.3	—	3.3	—	—	3.3
ESPP shares issued	0.3	—	12.8	—	—	12.8
Stock-based compensation	—	—	177.4	—	—	177.4
Balance as of June 28, 2025	<u>69.8</u>	<u>\$ 0.1</u>	<u>\$ 1,986.8</u>	<u>\$ (861.2)</u>	<u>\$ 9.0</u>	<u>\$ 1,134.7</u>

*See accompanying Notes to Consolidated Financial Statements.*

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Description of Business and Summary of Significant Accounting Policies**

Description of Business

Lumentum Holdings Inc. (“we,” “us,” “our,” “Lumentum” or the “Company”) is a leading provider of optical and photonic products and is recognized as an industry leader based on revenue and market share. Our products are essential to a range of cloud, artificial intelligence and machine learning (“AI/ML”), telecommunications, consumer, and industrial end-market applications. We operate in two end-market focused reportable segments, Cloud & Networking and Industrial Tech.

Our Cloud & Networking products comprise a comprehensive portfolio of optical and photonic chips, components, modules, and subsystems supplied to cloud data center operators, AI/ML infrastructure providers, and network equipment manufacturer customers who are building cloud data center and network infrastructures. Our products enable high-capacity optical links for cloud computing, AI/ML workloads, and data center interconnect (“DCI”) applications, as well as for communications service provider networks. Our offerings support access (local), metro (intracity), long-haul (intercity and global), and submarine (undersea) network infrastructure. Additionally, our Cloud & Networking products serve enterprise network infrastructure needs, including storage area networks (“SANs”), local area networks (“LANs”), and wide area networks (“WANs”). Demand for our products is fueled by the ongoing expansion of network capacity required to support cloud and services, AI/ML processing, streaming video, video conferencing, wireless and mobile connectivity, and the internet of things (“IoT”).

Our Industrial Tech products include short-pulse solid-state lasers, kilowatt-class fiber lasers, diode lasers, and gas lasers, serving a wide range of end-markets applications. In the consumer market, our laser light sources are integrated into customers’ 3D sensing cameras, primarily used in mobile devices. In the industrial manufacturing market, our lasers are embedded in machine tools used for precision material processing across diverse industries, including semiconductor and microelectronics fabrication, electric vehicle and battery production, metal cutting and welding, and advanced manufacturing. Adoption of our Industrial Tech products is driven by the need to advance semiconductor and microelectronics technology roadmaps and by Industry 4.0 and 5.0 trends that emphasize greater manufacturing precision, flexibility, and sustainability.

Basis of Presentation

We have prepared the consolidated financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”), which requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management’s best knowledge of current events and actions that may impact the Company in the future, actual results may be different from the estimates. Our critical accounting policies are those that affect our financial statements materially and involve difficult, subjective or complex judgments by management. These policies are inventory valuation, revenue recognition, income taxes, goodwill and business combinations.

Our business and operating results depend significantly on general market and economic conditions. The current global macroeconomic environment is volatile and continues to be adversely impacted by many factors including inflation, a dynamic supply chain and demand environment, changes in trade policies, including heightened, scheduled, or threatened tariffs, trade restrictions including for certain rare earth minerals, and signs of a fluctuating macroeconomic environment.

The Company is actively monitoring and assessing the ongoing global trade environment, particularly with respect to recent changes in tariff regulations. We have assessed the potential impacts of heightened restrictions and tariffs on our allowance for credit losses, the carrying value of our goodwill and other long-lived assets, inventory valuation, and revenue recognition. While we have determined there was not a material impact to our consolidated financial statements as of June 28, 2025 and for the year ended June 28, 2025, import tariffs implemented by the U.S. and other countries, as currently in effect and/or proposed, could have a material impact on our results for the remainder of 2025 and in the future. The impact of tariffs is dependent on negotiations with customers and suppliers and other mitigation efforts and potential further changes in global trade policies, including higher tariffs in the U.S. or other countries.

Fiscal Years

We utilize a 52-53 week fiscal year ending on the Saturday closest to June 30th. Every fifth or sixth fiscal year will have a 53-week period. The additional week in a 53-week year is added to the third quarter, making such quarter consist of 14 weeks. Our fiscal years 2025, 2024 and 2023 were 52-week years, ending on June 28, 2025, June 29, 2024 and July 1, 2023, respectively.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Principles of Consolidation

The consolidated financial statements are prepared in accordance with GAAP and includes the accounts of Lumentum Holdings Inc. and its wholly owned subsidiaries. Intercompany transactions and balances are fully eliminated in consolidation.

Business Combination

On November 7, 2023, we completed the acquisition of Cloud Light Technology Limited (“Cloud Light”). On August 3, 2022, we completed the acquisition of NeoPhotonics Corporation (“NeoPhotonics”). On August 15, 2022, we completed the acquisition of IPG Photonics’ telecom transmission product lines. We have applied the acquisition method of accounting to account for these transactions in accordance with ASC Topic 805, *Business Combinations*. Our consolidated financial statements include the operating results of the acquired entities from the acquisition close date. Refer to “Note 4. Business Combination”.

Summary of Significant Accounting Policies

Our significant accounting policies are those that affect our financial statements materially and involve difficult, subjective or complex judgments by management. We believe that of our significant accounting policies described below, involve a greater degree of judgment and complexity and are the most critical to aid in fully understanding and evaluating our consolidated financial statements. These policies include inventory valuation, revenue recognition, income taxes, goodwill and business combinations. For a description of our critical accounting policies, also refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, *Critical Accounting Policies and Estimates*.

*Cash Equivalents*

We consider highly liquid fixed income securities with original maturities of three months or less at the time of purchase to be cash equivalents. As of June 28, 2025, our cash equivalents consist of money market funds, U.S. Agency securities and U.S. Treasury securities.

*Short-Term Investments*

We classify our investments in debt securities as available-for-sale and record these investments at fair value. Investments with an original maturity of three months or less at the date of purchase are considered cash equivalents, while all other investments are classified as short-term based on management’s intent and ability to use the funds in current operations. Unrealized gains and losses are reported as a component of other comprehensive income (loss). Realized gains and losses are determined based on the specific identification method, and are reflected as other income (expense), net in our consolidated statements of operations.

We regularly review our investment portfolio to identify and evaluate investments that have indicators of possible impairment. Factors considered in determining whether a loss is other-than-temporary include, but are not limited to: the length of time and extent a security’s fair value has been below its cost, the financial condition and near-term prospects of the investee, the credit quality of the security’s issuer, likelihood of recovery and our intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in value. For our debt instruments, we also evaluate whether we have the intent to sell the security, or it is more likely than not that we will be required to sell the security before recovery of its cost basis.

*Fair Value of Financial Instruments*

We define fair value as the price that would be received from selling an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, we consider the principal or most advantageous market in which to transact and the market-based risk. We apply fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The carrying amounts reported in the consolidated financial statements approximate the fair value for cash, accounts receivable, accounts payable and accrued liabilities due to their short-term nature.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Basic and Diluted Net Income (Loss) per Common Share*

Basic income (loss) per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the reporting period. The weighted average number of shares is calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Diluted income per share reflects the potential dilution that could occur if employee equity programs and convertible notes, and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. Diluted loss per share is the same as basic loss per share during periods where net losses are incurred since the inclusion of the potential common stock equivalents would be anti-dilutive as a result of the net loss.

Potentially dilutive common shares result from the assumed exercise of outstanding stock options, assumed vesting of outstanding equity awards, assumed issuance of stock under the employee stock purchase plan, and assumed conversion of our outstanding \$1,050.0 million in aggregate principal amount of 2026 Notes, \$861.0 million in aggregate principal amount of 2028 Notes, and \$603.7 million in aggregate principle amount of 2029 Notes (collectively, the “convertible notes”). Upon adoption of ASU 2020-06 on July 3, 2022, we used the if-converted method for all convertible notes in the diluted net income per share calculation. On September 25, 2024, we made an irrevocable settlement method election, wherein upon conversion, we are required to satisfy our conversion obligation with respect to such converted convertible notes by delivering cash equal to the principal amount of such converted convertible notes and cash, shares of common stock or a combination of cash and shares of common stock, at our election, with respect to any conversion value in excess thereof. Therefore, the convertible notes will only be dilutive when the average share price of our stock exceeds the conversion price, as the principal will be paid in cash.

The dilutive effect of securities from the 2015 Equity Incentive Plan is reflected in diluted earnings per share by application of the treasury stock method, which includes consideration of unamortized share-based compensation expense and the dilutive effect of in-the-money options and non-vested restricted stock units. Under the treasury stock method, the amount the employee must pay for exercising stock options and the amount of unamortized share-based compensation expense are collectively assumed to be used to repurchase hypothetical shares. An increase in the fair value of our common stock can result in a greater dilutive effect from potentially dilutive awards.

Anti-dilutive potential shares from 2015 Equity Incentive Plan are excluded from the calculation of diluted earnings per share if their exercise price exceeded the average market price during the period or the share-based awards were determined to be anti-dilutive based on applying the treasury stock method.

*Inventory Valuation*

Inventory is recorded at standard cost, which approximates actual cost computed on a first-in, first-out basis, not in excess of net realizable value. We assess the value of our inventory on a quarterly basis and write down those inventories which are obsolete or in excess of our forecasted demand to the lower of their cost or estimated net realizable value. Our estimates of forecasted demand are based on our analysis and assumptions including, but not limited to, expected product lifecycles, product development plans and historical usage by product. Our product line management personnel play a key role in our excess review process by providing updated sales forecasts, managing product transitions and working with manufacturing to minimize excess inventory. If actual market conditions are less favorable than our forecasts, or actual demand from our customers is lower than our estimates, we may be required to record additional inventory write-downs. If actual market conditions are more favorable than anticipated, inventory previously written down may be sold, resulting in lower cost of sales and higher income from operations than expected in that period.

*Leases*

We determine if an arrangement is a lease at inception for arrangements with an initial term of more than 12 months, and classify it as either a finance or operating lease pursuant to Topic 842.

Finance leases are generally those that allow us to substantially utilize or pay for the entire asset over its estimated useful life. Finance leases are recorded in property, plant and equipment, net, and finance lease liabilities within other current and other non-current liabilities on our consolidated balance sheets. We have lease arrangements with lease and non-lease components, and the non-lease components for our finance leases are accounted for separately, based on estimated stand-alone values, and are not included in the initial measurement of our finance lease assets and corresponding liabilities. Finance lease assets are amortized in operating expenses on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term, with the interest component included in interest expense and recognized using the effective interest method over the lease term.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Operating leases are recorded in operating lease right-of-use assets, net, and operating lease liabilities, current and non-current on our consolidated balance sheets. For operating leases of buildings, we account for non-lease components, such as common area maintenance, as a component of the lease, and include it in the initial measurement of our operating lease assets and corresponding liabilities. Operating lease assets are amortized on a straight-line basis in operating expenses over the lease term.

Our lease liabilities are recognized based on the present value of the remaining fixed lease payments, over the lease term, using a discount rate of similarly secured borrowings available to us. For the purpose of lease liability measurement, we consider only payments that are fixed and determinable at the time of commencement. Any variable payments that depend on an index or rate are expensed as incurred. Our lease terms may include options to extend when it is reasonably certain that we will exercise that option. Our lease assets also include any lease payments made and exclude any lease incentives received prior to commencement. Our lease assets are tested for impairment in the same manner as long-lived assets used in operations. We generally recognize sublease income on a straight-line basis over the sublease term.

*Revenue Recognition*

Pursuant to Topic 606, we recognize our revenues upon the application of the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenues when, or as, the contractual performance obligations are satisfied.

The majority of our revenue comes from product sales, consisting of sales of hardware products to our customers. Our revenue contracts generally include only one performance obligation. Revenues are recognized at a point in time when control of the promised goods or services are transferred to our customers upon shipment or delivery of goods or rendering of services, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We have entered into vendor managed inventory (“VMI”) programs with our customers. Under these arrangements, we receive purchase orders from our customers, and the inventory is shipped to the VMI location upon receipt of the purchase order. The customer then pulls the inventory from the VMI hub based on its production needs. Revenue under VMI programs is recognized when control transfers to the customer, which is generally once the customer pulls the inventory from the hub.

Revenue from all sales types is recognized at the transaction price. The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer adjusted for estimated variable consideration, if any. We typically estimate the impact on the transaction price for discounts offered to the customers for early payments on receivables or net of accruals for estimated sales returns. These estimates are based on historical returns, analysis of credit memo data and other known factors. Actual returns could differ from these estimates. We allocate the transaction price to each distinct product based on its relative standalone selling price. The product price as specified on the purchase order is considered the standalone selling price as it is an observable input that depicts the price as if sold to a similar customer in similar circumstances.

We exclude from revenue the taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, which are collected by us from a customer and deposited with the relevant government authority.

Our revenue arrangements do not contain significant financing components as our standard payment terms are less than one year.

If a customer pays consideration, or we have a right to an amount of consideration that is unconditional before we transfer a good or service to the customer, those amounts are classified as deferred revenue or deposits received from customers which are included in other current liabilities or other long-term liabilities when the payment is made or it is due, whichever is earlier.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Transaction Price Allocated to the Remaining Performance Obligations*

Remaining performance obligations represent the transaction price allocated to performances obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period. Unsatisfied and partially unsatisfied performance obligations consist of contract liabilities and non-cancellable backlog. Non-cancellable backlog includes goods and services for which customer purchase orders have been accepted that are scheduled or in the process of being scheduled for shipment. A portion of our revenue arises from vendor managed inventory arrangements where the timing and volume of customer utilization is difficult to predict.

Deferred revenue as of June 28, 2025 and June 29, 2024 was \$0.7 million and \$0.6 million, respectively, which was recorded in other current liabilities in the consolidated balance sheets. During fiscal year 2025 and fiscal year 2024, we recognized \$0.1 million and \$2.0 million of revenue that was included in deferred revenue as of June 29, 2024 and July 1, 2023, respectively.

*Warranty*

Hardware products regularly include warranties to the end customers such that the product continues to function according to published specifications. We typically offer a twelve-month warranty for most of our products. However, in some instances depending on the product, specific market, product line and geography in which we operate, and what is common in the industry, our warranties can vary and range from six months to five years. These standard warranties are assurance type warranties and do not offer any services in addition to the assurance that the product will continue working as specified. Therefore, warranties are not considered separate performance obligations in the arrangement.

We provide reserves for the estimated costs of product warranties that we record as cost of sales at the time revenue is recognized. We estimate the costs of our warranty obligations based on our historical experience of known product failure rates, use of materials to repair or replace defective products and service delivery costs incurred in correcting product failures. In addition, from time-to-time, specific warranty accruals may be made if discrete technical problems arise.

*Shipping and Handling Costs and Tariffs*

We record shipping and handling costs and tariffs related to revenue transactions within cost of sales as a period cost. Amounts billed to the customer for shipping and handling costs, including tariff charges, is recorded as revenue when the relevant product is recognized as revenue.

*Contract Costs*

We recognize the incremental direct costs of obtaining a contract, which consist of sales commissions, when control over the products they relate to transfers to the customer. Applying the practical expedient, we recognize commissions as expense when incurred, as the amortization period of the commission asset we would have otherwise recognized is less than one year.

*Contract Balances*

We record accounts receivable when we have an unconditional right to consideration. Contract liabilities are recorded when cash payments are received or due in advance of performance. Contract liabilities consist of advance payments and deferred revenue, where we have unsatisfied performance obligations. Contract liabilities are classified as deferred revenue and customer deposits and are included in other current liabilities within our consolidated balance sheet. Payment terms vary by customer. The time between invoicing and when payment is due is not significant. Refer to “Note 18. Revenue Recognition” for a presentation of changes in contract balances.

*Disaggregation of Revenue*

We disaggregate revenue by geography and by product. Refer to “Note 18. Revenue Recognition” for a presentation of disaggregated revenue. We do not present other levels of disaggregation, such as by type of products, customer, markets, contracts, duration of contracts, timing of transfer of control and sales channels, as this information is not used by our Chief Operating Decision Maker (“CODM”) to manage the business.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Income Taxes*

In accordance with the authoritative guidance on accounting for income taxes, we recognize income taxes using an asset and liability approach. This approach requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. The measurement of current and deferred taxes is based on provisions of the enacted tax law, and the effects of future changes in tax laws or rates are not anticipated.

The authoritative guidance provides for recognition of deferred tax assets if the realization of such deferred tax assets is more likely than not to occur based on an evaluation of both positive and negative evidence and the relative weight of the evidence. We consider future growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate, historical earnings, taxable income in prior years, if carry-back is permitted under the law, and prudent and feasible tax planning strategies in determining the need for a valuation allowance. In the event we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax assets valuation allowance would be charged to earnings in the period in which we make such a determination, or goodwill would be adjusted at our final determination of the valuation allowance related to an acquisition within the measurement period. If we later determine that it is more likely than not that the net deferred tax assets would be realized, we would reverse the applicable portion of the previously provided valuation allowance as an adjustment to earnings at such time.

We are subject to income tax audits by the respective tax authorities of the jurisdictions in which we operate. The determination of our income tax liabilities in each of these jurisdictions requires the interpretation and application of complex, and sometimes uncertain, tax laws and regulations. The authoritative guidance on accounting for income taxes prescribes both recognition and measurement criteria that must be met for the benefit of a tax position to be recognized in the financial statements. If a tax position taken, or expected to be taken, in a tax return does not meet such recognition or measurement criteria, an unrecognized tax benefit liability is recorded. If we ultimately determine that an unrecognized tax benefit liability is no longer necessary, we reverse the liability and recognize a tax benefit in the period in which it is determined that the unrecognized tax benefit liability is no longer necessary.

The recognition and measurement of current taxes payable or refundable and deferred tax assets and liabilities requires that we make certain estimates and judgments. Changes to these estimates or a change in judgment may have a material impact on our tax provision in a future period.

*Property, Plant and Equipment*

Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method generally over the following estimated useful lives of the assets: 10 to 40 years for building and improvements, 3 to 10 years for machinery and equipment, and 2 to 5 years for furniture, fixtures, software and office equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful lives of the assets or the term of the lease, including the renewal option that we are reasonably certain to exercise.

*Business Combination*

In accordance with the guidance for business combinations, we determine whether a transaction or event is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. Each business combination is then accounted for by applying the acquisition method. If the assets acquired are not a business, we account for the transaction or event as an asset acquisition. Under both methods, we recognize the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity. We capitalize acquisition-related costs and fees associated with asset acquisitions and immediately expense acquisition-related costs and fees associated with business combinations.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, we make significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from customer relationships and acquired developed technology and discount rates. Our estimates of fair value are based on assumptions believed to be reasonable using the best information available. These assumptions are inherently uncertain and unpredictable and, as a result, actual results may differ materially from estimates. Certain estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. Any change in facts and circumstances that existed as of the acquisition date and impacts to our preliminary estimates is recorded to goodwill if identified within the measurement period. Subsequent to the measurement period or our final determination of fair value of assets and liabilities, whichever is earlier, the adjustments will affect our earnings.

We estimate the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expense. If our estimates of the economic lives change, depreciation or amortization expenses could be accelerated or slowed.

*Goodwill*

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the identifiable assets acquired and liabilities assumed. We test goodwill impairment on an annual basis in the fiscal fourth quarter and at any other time when events occur or circumstances indicate that the carrying amount of goodwill may not be recoverable.

We have the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. The qualitative factors we assess include long-term prospects of our performance, share price trends and market capitalization, and Company specific events. Unanticipated events and circumstances may occur that affect the accuracy of our assumptions, estimates and judgments. For example, if the price of our common stock were to significantly decrease combined with other adverse changes in market conditions, thus indicating that the underlying fair value of our reporting units may have decreased, we may reassess the value of our goodwill in the period such circumstances were identified.

If we determine that, as a result of the qualitative assessment, it is more likely than not (i.e., greater than 50% likelihood) that the fair value of a reporting unit is less than its carrying amount, we perform the quantitative test by estimating the fair value of our reporting units. If the carrying value of a reporting unit exceeds its fair value, we record goodwill impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its fair value, not to exceed the carrying amount of goodwill. The fair value of each of our goodwill reporting units is generally estimated using a combination of public company multiples and discounted cash flow methodologies.

Based on the impairment analysis performed in the fourth quarter of each year presented, the fair value of each of our reporting units substantially exceeded the carrying value; as such, our annual qualitative assessment did not indicate that a more detailed quantitative analysis was necessary.

*Intangible Assets*

Intangible assets consist primarily of intangible assets purchased through acquisitions. Purchased intangible assets include acquired developed technologies (developed and core technology), customer relationships, and order backlog. Intangible assets, with the exception of certain customer relationships, are amortized using the straight-line method over the estimated economic useful lives of the assets, which is the period during which expected cash flows support the fair value of such intangible assets. Certain customer relationships are amortized using an accelerated method of amortization over the expected customer lives, which more accurately reflects the pattern of realization of economic benefits expected to be obtained.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Long-lived Asset Valuation*

We test long-lived assets for recoverability, at the asset group level, when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset, significant adverse changes in the business climate or legal factors, accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset, current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset, or current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

Recoverability is assessed based on the difference between the carrying amount of the asset and the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

*Pension Benefits*

The Company sponsors various employee retirement plans, including defined contribution, defined benefit and other post-retirement plans. Refer to “Note 15. Employee Retirement Plans” for more information.

The funded status of our retirement-related benefit plan is measured as the difference between the fair value of plan assets and the benefit obligation at fiscal year end, the measurement date. The funded status of an underfunded benefit plan, of which the fair value of plan assets is less than the benefit obligation, is recognized as a non-current net pension liability in the consolidated balance sheets. For defined benefit pension plans, the benefit obligation is the projected benefit obligation (“PBO”) which represents the actuarial present value of benefits expected to be paid upon retirement.

Net periodic pension cost (income) (“NPPC”) is recorded in the consolidated statements of operations and includes service cost, interest cost, expected return on plan assets, amortization of prior service cost and gains or losses previously recognized as a component of accumulated other comprehensive income. Service cost represents the actuarial present value of participant benefits attributed to services rendered by employees in the current year. Interest cost represents the time value of money cost associated with the passage of time. Gains or losses arise as a result of differences between actual experience and assumptions or as a result of changes in actuarial assumptions. Prior service cost or credits represent the cost of benefit improvements attributable to prior service granted in plan amendments. (Gains) losses and prior service cost (credit) that arise during the current year are first recognized as a component of accumulated other comprehensive income in the consolidated balances sheets, net of tax. Prior service cost is amortized as a component of NPPC over the average remaining service period of active plan participants starting at the date the plan amendment is adopted. Deferred actuarial gains or losses are subsequently recognized as a component of NPPC if they exceed the greater of 10% of PBO or the fair value of plan assets, with the excess amortized over the average remaining service period of active plan participants.

The measurement of the benefit obligation and NPPC is based on our estimates and actuarial valuations, provided by third-party actuaries, which are approved by management. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain assumptions, including estimates of discount rates, expected return on plan assets, rate of compensation increases, and mortality rates. We evaluate these assumptions annually at a minimum. In estimating the expected return on plan assets, we consider historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of the active management of the plan’s invested assets.

*Concentration of Credit and Other Risks*

Financial instruments that potentially subject our business to concentration of credit risk consist primarily of cash, short-term investments, and trade receivables.

Although the Company deposits its cash with financial institutions that management believes are of high credit quality, its deposits, at times, may exceed federally insured limits. The Company’s investment portfolio consists of investment grade securities diversified amongst security types, industries, and issuers. The Company’s investment policy limits the amount of credit exposure in the investment portfolio by imposing credit rating minimums and limiting purchases of a single issuer, security type, geography and industry, except for Treasury securities. The Company believes no significant concentration risk exists with respect to these investments.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We perform credit evaluations of our customers' financial condition and generally do not require collateral from our customers. These evaluations require significant judgment and are based on a variety of factors including, but not limited to, current economic trends, payment history, bad debt write-off experience, and financial review of the customer.

We maintain an allowance for credit losses for estimated losses resulting from the inability of our customers to make required payments. When we become aware that a specific customer is unable to meet their financial obligations, we record a specific allowance to reflect the level of credit risk in the customer's outstanding receivable balance. In addition, we record additional allowances based on certain percentages of aged receivable balances. These percentages take into account a variety of factors including, but not limited to, current economic trends, payment history and bad debt write-off experience. We classify bad debt expenses as selling, general and administrative expense.

During fiscal years 2025, 2024, and 2023, a few customers generated more than 10% of total net revenue. Refer to "Note 17. Operating Segments and Geographic Information" for more information.

As of June 28, 2025, our accounts receivable from a single customer, which represented 10% or greater of the total accounts receivable, was concentrated with two customers, which represented 13% and 11% of gross accounts receivable, respectively. As of June 29, 2024, our accounts receivable from a single customer, which represented 10% or greater of the total accounts receivable, was concentrated with one customer, which represented 13% of gross accounts receivable.

We rely on a limited number of suppliers for a number of key components contained in our products. We also rely on a limited number of significant independent contract manufacturers for the production of certain key components and subassemblies contained in our products.

We generally use a rolling twelve months forecast based on anticipated product orders, customer forecasts, product order history and backlog to determine our materials requirements. Lead times for the parts and components that we order vary significantly and depend on factors such as the specific supplier, contract terms and demand for a component at a given time. If the forecast does not meet or if it exceeds actual demand, we may have excess or shortfalls of some materials and components, as well as excess inventory purchase commitments. We could experience reduced or delayed product shipments or incur additional inventory write-downs and cancellation charges or penalties, which would increase costs and could have a material adverse impact on our results of operations.

*Foreign Currency Translation*

In fiscal year 2019, we established the functional currency for our worldwide operations as the U.S. dollar. Translation adjustments reported prior to December 10, 2018 remain as a component of accumulated other comprehensive income (loss) in our condensed consolidated balance sheets, until all or a part of the investment in the subsidiaries is sold or liquidated. In fiscal year 2023, we acquired IPG telecom transmission product lines. The functional currency of the Brazilian entities acquired as part of this acquisition is the local currency.

Translation adjustments reported prior to fiscal year 2019, remain as a component of accumulated other comprehensive income in our consolidated balance sheet. The translated values for any non-monetary assets and liabilities as of the date we established the U.S. dollar as the functional currency became the new accounting basis for those assets. Accordingly, monetary assets and liabilities denominated in foreign currencies have been remeasured into U.S. dollars using the exchange rates in effect at the balance sheet date. Foreign currency re-measurement gains or losses are included in other income (expense), net in the consolidated statements of operations.

*Stock-based Compensation*

Generally, compensation expense related to stock-based transactions is measured and recognized in the financial statements based on fair value at the grant date.

Restricted stock units ("RSUs") are grants of shares of our common stock, the vesting of which is based on the requisite service requirement. Generally, our RSUs are subject to forfeiture and expected to vest over one to four years. For new-hire grants, RSUs generally vest ratably on an annual basis over four years. For annual refresh grants, RSUs generally vest ratably on an annual, or combination of annual and quarterly, basis over three years.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Performance stock units (“PSUs”) are grants of shares of our common stock that vest upon the achievement of certain performance and service conditions. We account for the fair value of PSUs using the closing market price of our common stock on the date of grant. We begin recognizing compensation expense when we conclude that it is probable that the performance conditions will be achieved. We reassess the probability of vesting at each reporting period and adjust our compensation cost based on this probability assessment. Our PSUs are subject to risk of forfeiture until performance and service conditions are satisfied and generally vest over three years.

The Company granted certain employees with stock options, the vesting of which is based on the requisite service requirement and expected to vest within three years. The Company calculates the fair value of stock options using the Black-Scholes option-pricing model, which requires the Company to make estimates of assumptions such as expected volatility, expected term, risk-free interest rate, expected dividend yield, and forfeiture rates.

We estimate the fair value of the rights to acquire stock under our 2015 Employee Stock Purchase Plan (the “2015 Purchase Plan”) using the Black-Scholes option pricing formula. Our 2015 Purchase Plan provides for consecutive six-month offering periods. We recognize such compensation expense on a straight-line basis over the requisite service period. We calculate the volatility factor based on our historical stock prices.

*Restructuring and Related Charges*

Costs associated with restructuring activities are recognized when they are obligated. However, in the case of leases, the expense is estimated and accrued when the property is vacated. Given the significance of, and the timing of the execution of such activities, this process is complex and involves periodic reassessments of estimates made from the time the property was vacated, including evaluating real estate market conditions for expected vacancy periods and sub-lease income. We recognize a liability for post-employment benefits for workforce reductions related to restructuring activities when payment is probable and the amount is reasonably estimable. Restructuring and related charges may also include charges related to write-offs of long lived assets related to significant restructuring initiatives.

We continually evaluate the adequacy of the remaining liabilities under our restructuring initiatives. Although we believe that these estimates accurately reflect the costs of our restructuring plans, actual results may differ, thereby requiring us to record additional provisions or reverse a portion of such provisions.

Refer to “Note 12. Restructuring and Related Charges”.

*Research and Development (“R&D”) Expense*

Costs related to R&D, which primarily consists of labor and benefits, supplies, facilities, consulting and outside service fees, are charged to expense as incurred.

*Loss Contingencies*

We are subject to the possibility of various loss contingencies arising in the ordinary course of business. We consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. We regularly evaluate current information available to determine whether such accruals should be adjusted and whether new accruals are required.

*Asset Retirement Obligations (“ARO”)*

Our ARO are legal obligations associated with the retirement of long-lived assets pertaining to leasehold improvements. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, we record period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. We de-recognize ARO liabilities when the related obligations are settled.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 2. Recently Issued Accounting Pronouncements***Accounting Pronouncements Recently Adopted*

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. ASU No. 2023-07 does not change how a public entity identifies its operating segments, aggregates those operating segments, or applies quantitative thresholds to determine its reportable segments. The update is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company adopted ASU No. 2023-07 during the fiscal year ended June 28, 2025, and applied the guidance retrospectively to all periods presented. The adoption of this standard only impacts disclosures and did not have a material impact to the Company’s consolidated financial statements. Refer to “Note 17. Operating Segments and Geographic Information” for further details.

*Accounting Pronouncements Not Yet Effective*

In May 2025, the FASB issued ASU No. 2025-04, Compensation - Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606), which is intended to reduce diversity in practice and improve existing guidance, primarily by revising the definition of a “performance condition” and eliminating forfeiture policy election for service conditions associated with share-based consideration payable to a customer. In addition, ASU No. 2025-04 clarifies that the guidance in ASC 606 on the variable consideration constraints does not apply to share-based consideration payable to a customer regardless of whether an award’s grant date has occurred (as determined under ASC 718). ASU No. 2025-04 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. We plan to adopt ASU No. 2025-04 in the first quarter of fiscal year 2027. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In May 2025, the FASB issued ASU No. 2025-03, Business Combinations (Topic 805) and Consolidation (Topic 810), which revises the guidance in ASC 805 to clarify that, in determining the accounting acquirer in a business combination that is effected primarily by exchanging equity interests in which a VIE is acquired, an entity would be required to consider the factors in ASC 805-10-55-12 through 55-15. Previously, the accounting acquirer in such transactions was always the primary beneficiary. ASU No. 2025-03 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. We plan to adopt ASU No. 2025-04 in the first quarter of fiscal year 2027. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In November 2024, the FASB issued ASU No. 2024-03, Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40), which requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. In January 2025, the FASB issued ASU No. 2025-01, which revises the effective date of ASU No. 2024-03, to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. We plan to adopt ASU No. 2024-04 in the first quarter of fiscal year 2027. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In November 2024, the FASB issued ASU No. 2024-04, Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments, which clarify the requirements related to accounting for the settlement of a debt as an induced conversion. ASU No. 2024-04 is intended to improve the relevance and consistency in application of the induced conversion guidance in Subtopic 470-20 for convertible debt instruments with cash conversion features and debt instruments that are not currently convertible. ASU No. 2024-04 is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. We plan to adopt ASU No. 2024-04 in the first quarter of fiscal year 2027. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In March 2024, the FASB issued ASU No. 2024-02: Codification Improvements - Amendments to Remove References to the Concepts Statements, which contains amendments to the Codification that remove references to various FASB Concepts Statements. ASU No. 2024-02 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We do not expect this ASU to have a material impact on our consolidated financial statements and disclosures.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income tax paid. ASU No. 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We do not plan to early adopt and the standard will become effective for the Company for fiscal year 2026.

**Note 3. Earnings Per Share**

The following table sets forth the computation of basic and diluted net income (loss) per share (*in millions, except per share data*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
<b>Numerator:</b>			
Net income (loss) - basic and diluted	\$ 25.9	\$ (546.5)	\$ (131.6)
<b>Denominator:</b>			
Weighted average common shares outstanding - basic	69.0	67.3	68.3
Effect of dilutive securities from stock-based benefit plans	0.6	—	—
Weighted average common shares outstanding - diluted	69.6	67.3	68.3
Net income (loss) per share:			
Basic	\$ 0.38	\$ (8.12)	\$ (1.93)
Diluted	\$ 0.37	\$ (8.12)	\$ (1.93)

Shares from stock-based benefit plans and shares issuable assuming conversion of our convertible notes are anti-dilutive for the years ended June 29, 2024 and July 1, 2023, therefore excluded from the calculation of diluted net loss per share, as the Company had net loss for these periods. For the year ended June 28, 2025, the Company had net loss during the first three quarters, and therefore shares from stock-based benefit plans and shares issuable assuming conversion of our convertible notes were included in the weighted average only for the fourth quarter of fiscal year 2025.

Average anti-dilutive shares excluded from the calculation of diluted net income per share for the year ended June 28, 2025 include 4.4 million shares issuable under restricted stock units (“RSUs”) and performance stock units (“PSUs”), 0.1 million shares issuable under the 2015 Purchase Plan (the “ESPP”) and 0.8 million shares outstanding related to stock options. In addition, the calculation of diluted net income per share for the year ended June 28, 2025 excludes the impact of our convertible notes under the if-converted method.

Average anti-dilutive shares excluded from the calculation of diluted net loss per share for the year ended June 29, 2024 include 29.6 million shares related to the convertible notes, 4.1 million shares issuable under RSUs and PSUs and 0.2 million shares issuable under the ESPP and 1.1 million shares outstanding related to stock options.

Average anti-dilutive shares excluded from the calculation of diluted net loss per share for the year ended July 1, 2023 include 24.8 million shares related to convertible notes, 3.2 million shares issuable under RSUs and PSUs and 0.2 million shares issuable under the ESPP. Refer to “Note 14. Equity”.

As a result of our adoption of ASU No. 2020-06 in the first quarter of fiscal year 2023, potentially dilutive common shares issuable upon conversion of our outstanding convertible notes are determined using the if-converted method.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4. Business Combination****Cloud Light Acquisition**

On October 29, 2023, we entered into a definitive merger agreement (the “Merger Agreement”) with Cloud Light. On November 7, 2023, we completed the acquisition of Cloud Light (the “Cloud Light Closing Date”). Cloud Light designs, markets, and manufactures advanced optical modules for data center applications. This acquisition enabled us to be well-positioned to serve the growing needs of Cloud & Networking customers, particularly those customers focused on optimizing their data center infrastructure for the demands of AI/ML.

We have applied the acquisition method of accounting in accordance with ASC 805 *Business Combinations*, with respect to the fair value of purchase price consideration and the identifiable assets and liabilities of Cloud Light, which have been measured at estimated fair value as of the Cloud Light Closing date. The following table summarizes the purchase price consideration (*in millions*):

	<b>Fair Value</b>
Cash consideration <sup>(1)</sup>	\$ 705.0
Share-based consideration <sup>(2)</sup>	23.5
Total purchase price consideration	<u>\$ 728.5</u>

<sup>(1)</sup> Under the terms of the Merger Agreement, Cloud Light stockholders received \$1.69 per share after adjusting for applicable withholding taxes, escrow fund and expense fund contributions, for each of the 409.4 million of shares outstanding at the Cloud Light Closing date. As a result, we transferred \$691.7 million of cash consideration on the Cloud Light Closing date. Additionally, each of Cloud Light’s outstanding options was exchanged for a combination of up-front cash consideration and newly issued options (the “replacement options”). As a result, we transferred \$13.3 million of cash consideration on the Cloud Light Closing date.

<sup>(2)</sup> The replacement options have a total fair value of \$38.9 million as of the Cloud Light Closing date, of which \$23.5 million attributable to pre-acquisition service is recorded as part of the purchase price consideration and the remaining \$15.4 million is recorded as post-acquisition stock-based compensation expense over the vesting period of three years from the Cloud Light Closing date. In general, these options expire within 10 years from the Cloud Light Closing date. Refer to “Note 14. Equity”.

The cash consideration of \$705.0 million, which was funded by the cash balances of Lumentum, includes \$75.8 million of cash held in an escrow fund to support Cloud Light’s indemnification obligations under the Merger Agreement and customary adjustment for working capital. Since the measurement period expired, any future adjustments will be included in our earnings. No amount of the escrow funds have been released as the parties have not mutually agreed on the indemnification obligation and working capital adjustment.

We incurred a total of \$9.6 million of acquisition-related costs the year ended June 29, 2024, representing professional and other direct acquisition costs, which are recorded as selling, general and administrative expense in the consolidated statement of operations when incurred.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We allocated the fair value of the purchase price consideration to the assets acquired and liabilities assumed as of the Cloud Light Closing date based on their estimated fair values. The excess of purchase price consideration over the fair value of net assets acquired is recorded as goodwill. Our final allocation of the purchase price consideration to the assets acquired and liabilities assumed as of the Cloud Light Closing date is as follows (*in millions*):

	<b>Fair Value</b>
Total purchase price consideration	\$ 728.5
<b>Assets acquired</b>	
Cash and cash equivalents	4.1
Short-term investments	1.0
Accounts receivable, net	20.9
Inventories	72.8
Prepayments and other current assets	14.2
Property, plant and equipment, net	62.5
Operating lease right-of-use assets, net	3.7
Other intangible assets, net <sup>(1)</sup>	333.0
Other non-current assets	0.3
<b>Total assets</b>	<b>512.5</b>
<b>Liabilities assumed</b>	
Accounts payable	45.5
Accrued payroll and related expenses	5.6
Accrued expenses	7.9
Operating lease liabilities, current	1.8
Other current liabilities	10.3
Operating lease liabilities, non-current	1.9
Deferred tax liability	60.6
Other non-current liabilities	16.2
<b>Total liabilities</b>	<b>149.8</b>
<b>Goodwill</b>	<b>\$ 365.8</b>

<sup>(1)</sup> Other intangible assets include developed technology of \$170.0 million, customer relationship of \$130.0 million, in-process research and development (“IPR&D”) of \$16.0 million, order backlog of \$14.0 million, and trade name and trademarks of \$3.0 million. Refer to “Note 9. Goodwill and Other Intangible Assets”.

Goodwill from the Cloud Light acquisition was assigned to the Cloud & Networking segment. The goodwill of \$365.8 million arising from the acquisition is attributed to the expected revenue growth and synergies, including future cost efficiencies and other benefits that are expected to be generated by combining Lumentum and Cloud Light. None of the goodwill is expected to be deductible for local tax purposes. Refer to “Note 9. Goodwill and Other Intangible Assets.”

Due to the integration of the combined businesses, including our sales and customer organizations, operations teams and manufacturing facilities, it is impracticable to determine Cloud Light’s contribution to our revenue and earnings during the year ended June 28, 2025.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Unaudited Supplemental Pro Forma Information*

The following unaudited supplemental pro forma information presents the combined results of operations for the years ended June 28, 2025, June 29, 2024 and July 1, 2023, respectively, as if the acquisition was completed on July 3, 2022, the first day of the fiscal year 2023. The unaudited supplemental pro forma financial information presented below is not necessarily indicative of the financial position or results of operations that would have been realized if the acquisition had been completed on the date indicated. The unaudited supplemental pro forma financial information does not reflect synergies that might have been achieved, nor is it indicative of future operating results or financial position.

The unaudited pro forma financial information includes adjustments for: (i) amortization expense that would have been recognized related to the acquired intangible assets, (ii) depreciation expense that would have been recognized related to the acquired property, plant, and equipment, (iii) amortization of inventory fair value adjustment, (iv) acquisition related costs, such as third party transaction costs and restructuring costs, (v) stock-based compensation expense and (vi) the estimated income tax effect on the unaudited pro forma adjustments.

The unaudited supplemental pro forma financial information for the periods presented is as follows (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Net revenue	\$ 1,645.0	\$ 1,447.9	\$ 1,961.5
Net income	\$ 32.8	\$ 531.7	\$ 180.1

**NeoPhotonics Acquisition**

On August 3, 2022, we completed the acquisition of NeoPhotonics. The total purchase price consideration of \$934.4 million was funded by the cash balances of the combined company. The addition of NeoPhotonics expanded our opportunity in some of the fastest growing markets for optical components used in cloud and telecom network infrastructure.

We have applied the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations* to account for this transaction and recorded a goodwill of \$315.3 million arising from the acquisition, which has been assigned to the Cloud & Networking segment.

We recorded \$28.7 million of merger-related costs, representing professional and other direct acquisition costs, of which \$8.3 million was incurred in fiscal year 2022 and \$20.4 million was incurred in fiscal year 2023, which was recorded as selling, general and administrative expense in the condensed consolidated statements of operations.

The following unaudited supplemental pro forma information (unaudited) presents the combined results of operations for the year ended July 1, 2023, as if the acquisition was completed on July 4, 2021, the first day of fiscal year 2022. The unaudited supplemental pro forma financial information is not necessarily indicative of the financial position or results of operations that would have been realized if the acquisition had been completed on the date indicated. The unaudited supplemental pro forma financial information does not reflect synergies that might have been achieved, nor is it indicative of future operating results or financial position. The unaudited pro forma financial information includes adjustments for: (i) amortization expense that would have been recognized related to the acquired intangible assets, (ii) depreciation expense that would have been recognized related to the acquired property, plant, and equipment, (iii) amortization of inventory fair value adjustment, (iv) acquisition related costs, such as third party transaction costs and restructuring costs, (v) stock-based compensation expense and (vi) the estimated income tax effect on the unaudited pro forma adjustments.

The unaudited supplemental pro forma financial information for the periods presented is as follows (*in millions*):

	Year Ended
	July 1, 2023
Net revenue	\$ 1,790.9
Net loss	\$ (90.1)

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Acquisition of IPG Photonics' Telecom Transmission Product Lines**

On August 15, 2022 (“IPG Closing date”), we completed a transaction to acquire IPG Photonics’ telecom transmission product lines (“IPG telecom transmission product lines”) that are used to develop and market products for use in telecommunications and datacenter infrastructure, including Digital Signal Processors (DSPs), ASICs and optical transceivers with a total purchase price of \$55.9 million, which was paid in cash.

We have applied the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations* to account for this transaction and recorded a goodwill of \$10.9 million arising from the acquisition, which has been assigned to the Cloud & Networking segment. We recorded \$2.0 million of merger-related costs, representing professional and other direct acquisition costs, of which \$0.4 million was incurred in fiscal year 2022 and \$1.6 million was incurred in fiscal year 2023, which was recorded as selling, general and administrative expense in the consolidated statements of operations.

The unaudited pro forma financial information from the acquisition of the IPG telecom transmission product lines, assuming the acquisition was completed on the first day of fiscal year 2022, as well as revenue and earnings generated during fiscal year 2023, were not material for disclosure purposes.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 5. Cash, Cash Equivalents and Short-term Investments**

The following table summarizes our cash, cash equivalents and short-term investments by category for the periods presented (*in millions*):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>June 28, 2025:</b>				
Cash	\$ 349.5	\$ —	\$ —	\$ 349.5
Cash equivalents:				
Commercial paper	2.5	—	—	2.5
Money market funds	161.7	—	—	161.7
U.S. Treasury securities	7.0	—	—	7.0
Total cash and cash equivalents	<u>\$ 520.7</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 520.7</u>
Short-term investments:				
Certificates of deposit	\$ —	\$ —	\$ —	\$ —
Commercial paper	2.7	—	—	2.7
Corporate debt securities	210.9	0.3	(0.1)	211.1
U.S. Agency securities	67.6	0.1	—	67.7
U.S. Treasury securities	74.8	0.1	—	74.9
Total short-term investments	<u>\$ 356.0</u>	<u>\$ 0.5</u>	<u>\$ (0.1)</u>	<u>\$ 356.4</u>
<b>June 29, 2024:</b>				
Cash	\$ 196.9	\$ —	\$ —	\$ 196.9
Cash equivalents:				
Commercial paper	15.9	—	—	15.9
Money market funds	223.9	—	—	223.9
Total cash and cash equivalents	<u>\$ 436.7</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 436.7</u>
Short-term investments:				
Certificates of deposit	\$ 0.8	\$ —	\$ —	\$ 0.8
Commercial paper	12.6	—	—	12.6
Corporate debt securities	244.5	—	(0.6)	243.9
U.S. Agency securities	81.2	—	(0.3)	80.9
U.S. Treasury securities	112.6	—	(0.5)	112.1
Total short-term investments	<u>\$ 451.7</u>	<u>\$ —</u>	<u>\$ (1.4)</u>	<u>\$ 450.3</u>

We review our investment portfolio to identify and evaluate investments that have indicators of possible impairment. Factors considered in determining whether a loss is other-than-temporary include, but are not limited to, the length of time and extent a security's fair value has been below its cost, the financial condition and near-term prospects of the investee, the credit quality of the security's issuer, likelihood of recovery and our intent and ability to hold the security for a period sufficient to allow for any anticipated recovery in value. For the debt instruments we own, we also evaluate whether we have the intent to sell the security or whether it is more likely than not that we will be required to sell the security before recovery of its cost basis. We have not recorded our unrealized losses on our short-term investments into income because we do not intend to sell nor is it more likely than not that we will be required to sell these investments prior to recovery of their amortized cost basis.

We use the specific-identification method to determine any realized gains or losses from the sale of our short-term investments classified as available-for-sale. During fiscal years 2025, 2024 and 2023, we did not realize significant gains or losses on a gross level from the sale of our short-term investments classified as available-for-sale.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The components of other income, net are as follows for the years presented (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Foreign exchange gains (losses), net	\$ (4.2)	\$ 0.8	\$ 7.0
Interest and investment income	34.4	61.3	40.8
Other income (losses), net	—	—	1.0
Other income, net	<u>\$ 30.2</u>	<u>\$ 62.1</u>	<u>\$ 48.8</u>

Included in the interest and investment income are \$5.2 million, \$5.8 million and \$6.7 million of interest receivable as of June 28, 2025, June 29, 2024 and July 1, 2023, respectively, recorded as prepayments and other current assets within the consolidated balance sheets. We did not recognize an allowance for credit losses against the interest receivable in any of the periods presented as there were no such losses.

Concurrent with the issuance of the 2029 Notes in June 2023, we used \$132.8 million of the net proceeds to repurchase \$125.0 million aggregate principal amount of the 2024 Notes. We recognized a gain of \$1.0 million, which was recorded under other income, net on our consolidated statements of operations for the year ended July 1, 2023. Refer to “Note 10. Debt”.

The following table summarizes unrealized losses on our cash equivalents and short-term investments by category that have been in a continuous unrealized loss position for more than 12 months and less than 12 months, respectively, as of the periods presented (*in millions*):

	Continuous Loss Position For More Than 12 Months		Continuous Loss Position For Less Than 12 Months		Gross Unrealized Losses
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	
<b>June 28, 2025:</b>					
U.S. Agency securities	\$ —	\$ —	\$ 24.5	\$ —	\$ —
Commercial paper	—	—	5.2	—	—
Corporate debt securities	—	—	73.8	(0.1)	(0.1)
U.S. government bonds	—	—	35.3	—	—
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 138.8</u>	<u>\$ (0.1)</u>	<u>\$ (0.1)</u>
<b>June 29, 2024:</b>					
U.S. Agency securities	\$ 62.3	\$ (0.3)	\$ 12.6	\$ —	\$ (0.3)
Commercial paper	—	—	28.6	—	—
Corporate debt securities	133.7	(0.5)	90.6	(0.2)	(0.7)
U.S. government bonds	72.3	(0.4)	39.7	(0.1)	(0.5)
Total	<u>\$ 268.3</u>	<u>\$ (1.2)</u>	<u>\$ 171.5</u>	<u>\$ (0.3)</u>	<u>\$ (1.5)</u>

The following table classifies our short-term investments by remaining maturities (*in millions*):

	June 28, 2025		June 29, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within 1 year	\$ 139.9	\$ 140.0	\$ 405.5	\$ 404.1
Due between 1 year to 5 years	216.1	216.4	46.2	46.2
	<u>\$ 356.0</u>	<u>\$ 356.4</u>	<u>\$ 451.7</u>	<u>\$ 450.3</u>

All available-for-sale securities have been classified as current, based on management’s intent and ability to use the funds in current operations.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 6. Fair Value Measurements**

We determine fair value based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value assumes that the transaction to sell the asset or transfer the liability occurs in the principal or most advantageous market for the asset or liability and establishes that the fair value of an asset or liability shall be determined based on the assumptions that market participants would use in pricing the asset or liability. The classification of a financial asset or liability within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The fair value hierarchy prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3: Inputs are unobservable inputs based on our assumptions.

The fair value of our Level 1 financial instruments, such as money market funds and U.S. Treasury securities, which are traded in active markets, is based on quoted market prices for identical instruments. The fair value of our Level 2 fixed income securities is obtained from an independent pricing service, which may use quoted market prices for identical or comparable instruments or model driven valuations using observable market data or inputs corroborated by observable market data. Our marketable securities are held by custodians who obtain investment prices from a third-party pricing provider that incorporates standard inputs in various asset price models. Our procedures include controls to ensure that appropriate fair values are recorded, including comparing the fair values obtained from our pricing service against fair values obtained from another independent source.

Our pension assets consist of multiple institutional funds (“pension funds”) of which the fair values are based on the quoted prices of the underlying funds. Pension funds are primarily classified as Level 2 assets since such funds are not directly traded in active markets. Refer to “Note 15. Employee Retirement Plans.”

Financial assets measured at fair value on a recurring basis are summarized below (*in millions*):

	Level 1	Level 2	Level 3	Total
<b>June 28, 2025 <sup>(1)</sup></b>				
<b>Assets:</b>				
<b>Cash equivalents:</b>				
Commercial paper	\$ —	\$ 2.5	\$ —	\$ 2.5
Money market funds	161.7	—	—	161.7
U.S. Treasury securities	7.0	—	—	7.0
<b>Short-term investments:</b>				
Certificates of deposit	—	—	—	—
Commercial paper	—	2.7	—	2.7
Corporate debt securities	—	211.1	—	211.1
U.S. Agency securities	—	67.7	—	67.7
U.S. Treasury securities	74.9	—	—	74.9
<b>Total assets</b>	<b>\$ 243.6</b>	<b>\$ 284.0</b>	<b>\$ —</b>	<b>\$ 527.6</b>

<sup>(1)</sup> Excludes \$349.5 million in cash held in our bank accounts as of June 28, 2025.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Level 1	Level 2	Level 3	Total
<b>June 29, 2024</b> <sup>(1)</sup>				
<b>Assets:</b>				
<b>Cash equivalents:</b>				
Commercial paper	\$ —	\$ 15.9	\$ —	\$ 15.9
Money market funds	\$ 223.9	\$ —	\$ —	223.9
<b>Short-term investments:</b>				
Certificates of deposit	—	0.8	—	0.8
Commercial paper	—	12.6	—	12.6
Corporate debt securities	—	243.9	—	243.9
U.S. Agency securities	—	80.9	—	80.9
U.S. Treasury securities	112.1	—	—	112.1
<b>Total assets</b>	<b>\$ 336.0</b>	<b>\$ 354.1</b>	<b>\$ —</b>	<b>\$ 690.1</b>

<sup>(1)</sup> Excludes \$196.9 million in cash held in our bank accounts as of June 29, 2024.

**Financial Instruments Not Recorded at Fair Value on a Recurring Basis**

We report our financial instruments at fair value with the exception of the convertible notes and term loans, see “Note 10. Debt”. The estimated fair value of the convertible notes was determined based on the trading price of the convertible notes as of the last day of trading for the period. We consider the fair value of the convertible notes to be a Level 2 measurement as they are not actively traded in markets.

The carrying amounts and estimated fair values of our convertible notes are as follows for the periods presented (*in millions*):

	June 28, 2025		June 29, 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2029 Notes	\$ 600.2	\$ 925.5	\$ 599.4	\$ 588.8
2028 Notes	857.7	890.2	856.6	680.2
2026 Notes	1,048.3	1,233.3	1,047.2	948.3
	<b>\$ 2,506.2</b>	<b>\$ 3,049.0</b>	<b>\$ 2,503.2</b>	<b>\$ 2,217.3</b>

As of June 28, 2025, the carrying amount of our term loans is not significantly different from its fair value.

**Assets Measured at Fair Value on a Non-Recurring Basis**

We periodically review our intangible and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on the lowest level of identifiable estimated undiscounted cash flows resulting from use of the asset and its eventual disposition. If not recoverable, an impairment loss would be calculated based on the excess of the carrying amount over the fair value.

Management utilizes various valuation methods, including an income approach, a market approach and a cost approach, to estimate the fair value of intangibles and other long-lived assets. During the annual impairment testing performed in the fourth quarter of fiscal year 2025, we concluded that our intangible and other long-lived assets were not impaired. We review our intangible and other long-lived assets for impairment at least annually in the fourth quarter of each fiscal year, or any indicators of impairment exist.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 7. Balance Sheet Details**

Allowance for current expected credit losses

We did not have any allowance for credit losses other than our allowance for uncollectible accounts receivable. As of June 28, 2025 and June 29, 2024, the allowance for credit losses on our trade receivables were \$3.5 million and \$0.2 million, respectively.

Inventories

The components of inventories were as follows (*in millions*):

	June 28, 2025	June 29, 2024
Raw materials and purchased parts	\$ 253.2	\$ 196.9
Work in process	159.1	101.6
Finished goods	57.8	99.9
Inventories	<u>\$ 470.1</u>	<u>\$ 398.4</u>

In connection with the Cloud Light Acquisition, we recorded \$72.8 million of inventory as of the Cloud Light Closing date. During the year ended June 29, 2024, we amortized and recognized as cost of sales in our consolidated statements of operations the entire \$8.0 million of fair value step-up of inventory acquired from Cloud Light.

Property, plant and equipment, net

The components of property, plant and equipment, net were as follows (*in millions*):

	June 28, 2025	June 29, 2024
Land	\$ 108.6	\$ 75.2
Buildings and improvement	270.4	215.1
Machinery and equipment	848.8	772.1
Computer equipment and software	39.1	44.9
Furniture and fixtures	14.7	14.3
Leasehold improvements	45.9	47.5
Construction in progress	152.3	71.1
	<u>1,479.8</u>	<u>1,240.2</u>
Less: Accumulated depreciation	<u>(753.4)</u>	<u>(667.7)</u>
Property, plant and equipment, net	<u>\$ 726.4</u>	<u>\$ 572.5</u>

Our construction in progress primarily includes building and improvements and machinery and equipment that we expect to place in service in the next 12 months.

In connection with the Cloud Light acquisition, we assumed \$62.5 million of property, plant and equipment as of the Cloud Light Closing date.

On December 17, 2024, we entered into an agreement to sell our assets in an entity in Shenzhen, China. On March 5, 2025, we completed the sale and received net proceeds of \$47.8 million, which was net of cash of \$17.6 million and direct selling costs of \$1.1 million. The net assets sold consisted primarily of building, building improvements and land rights as of December 17, 2024 with a net carrying value of \$12.9 million, and were used by the Cloud and Networking segment for manufacturing and research and development activities. As a result, we recognized a gain on sale of facility of \$34.9 million, which was recorded in our consolidated statements of operations for the year ended June 28, 2025. We paid \$4.4 million of withholding taxes on this sale transaction, which is recorded as part of the income tax provision for the year ended June 28, 2025. We also incurred \$0.7 million of indirect selling expenses related to this transaction, which was recorded as part of selling, general and administrative expenses in our consolidated statements of operations for the year ended June 28, 2025.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In July 2024, we purchased the land and building of our wafer fabrication facility located in Sagamihara, Japan for a total transaction price of \$42.2 million including \$1.3 million of incremental direct costs for fees paid to third parties that were capitalized. We also recorded a \$16.3 million increase in the carrying value of buildings purchased related to the termination of leases for the purchased building. The total carrying value of assets purchased was \$58.5 million at the purchase date, of which \$33.4 million was allocated to the land and \$25.1 million to the building.

In August 2023, we purchased land and buildings that we previously leased in the United Kingdom for a total purchase price of \$23.3 million. Additionally, we capitalized \$1.8 million of incremental direct costs for fees paid to third parties. We also recorded a \$0.3 million reduction in the carrying value of buildings purchased related to the termination of leases for the purchased buildings. The total carrying value of assets purchased is \$24.8 million at the purchase date, of which \$11.8 million was allocated to the land and \$13.0 million to the buildings.

During fiscal years 2025, 2024 and 2023, we recorded depreciation expense of \$104.3 million, \$110.6 million, and \$106.6 million, respectively.

Operating lease right-of-use assets, net

Operating lease right-of-use assets, net were as follows (*in millions*):

	June 28, 2025	June 29, 2024
Operating lease right-of-use assets	\$ 54.4	\$ 112.3
Less: accumulated amortization	(26.5)	(39.5)
Operating lease right-of-use assets, net	<u>\$ 27.9</u>	<u>\$ 72.8</u>

In connection with the Cloud Light acquisition, we acquired \$3.7 million of right-of-use assets related to leases of real estate properties used as our manufacturing and office premises. We accounted for these leases as operating leases and have the remaining lease term ranging from 1.5 to 2.6 years at the Cloud Light Closing date.

In connection with our integration efforts to consolidate our sites, we recorded restructuring charges for various sites and reduced our operating lease right-of-use assets by \$7.8 million during the year ended June 28, 2025.

In connection with the purchase of land and building in Sagamihara, Japan in July 2024, we terminated our leases for the related facilities and recorded a \$16.3 million increase in the carrying value of building purchased, as a result of derecognizing \$32.0 million of net operating lease right-of-use asset, \$1.6 million of operating lease liabilities, current, and \$14.1 million of operating lease liabilities, non-current.

In connection with the purchase of land and buildings in the United Kingdom in August 2023, we terminated our leases for the purchased buildings and recorded a \$0.3 million of reduction in the carrying value of buildings purchased, as a result of derecognizing \$4.8 million of net operating lease right-of-use asset, \$2.4 million of operating lease liabilities, current, and \$2.7 million of operating lease liabilities, non-current.

Other current liabilities

The components of other current liabilities were as follows (*in millions*):

	June 28, 2025	June 29, 2024
Restructuring and related accrual <sup>(1)</sup>	\$ 2.5	\$ 11.1
Warranty reserve <sup>(2)</sup>	14.4	13.2
Deferred revenue and customer deposits	0.7	0.6
Income tax payable <sup>(3)</sup>	29.1	13.2
Other current liabilities	6.4	3.0
Other current liabilities	<u>\$ 53.1</u>	<u>\$ 41.1</u>

<sup>(1)</sup> Refer to “Note 12. Restructuring and Related Charges.”

<sup>(2)</sup> Refer to “Note 16. Commitments and Contingencies.”

<sup>(3)</sup> Refer to “Note 13. Income Taxes.”

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Other non-current liabilities

The components of other non-current liabilities were as follows (*in millions*):

	June 28, 2025	June 29, 2024
Asset retirement obligation	\$ 7.1	\$ 7.5
Pension and related accrual <sup>(1)</sup>	9.7	7.5
Unrecognized tax benefit <sup>(2)</sup>	55.6	83.0
Other non-current liabilities <sup>(2)</sup>	25.4	5.4
Other non-current liabilities	<u>\$ 97.8</u>	<u>\$ 103.4</u>

<sup>(1)</sup> We have defined benefit pension plans in Japan, Switzerland, and Thailand. Pension and related accrual of \$9.7 million as of June 28, 2025 relates to \$11.0 million of non-current portion of benefit obligation, offset by \$1.3 million of funding for the pension plan in Switzerland. Pension and related accrual of \$7.5 million as of June 29, 2024 relates to \$8.6 million of non-current portion of benefit obligation, offset by \$1.2 million of funding for the pension plan in Switzerland. We typically re-evaluate the assumptions related to the fair value of our defined benefit obligations annually in the fiscal fourth quarter and make any updates as necessary. Refer to “Note 15. Employee Retirement Plans”.

<sup>(2)</sup> The Company reclassified a \$21.4 million unrecognized tax position to other non-current liabilities during the year ended June 28, 2025 for an indemnification liability related to the sale of certain assets. This did not impact our results of operations for the year ended June 28, 2025.

**Note 8. Leases**

We lease certain real and personal property from unrelated third parties under non-cancellable operating leases that expire at various dates through fiscal year 2033. These operating leases are primarily for administrative offices, research and development and manufacturing facilities, as well as sales offices in various countries around the world. Certain leases require us to pay property taxes, insurance and routine maintenance, and include escalation clauses. Many leases include one or more options to renew. We do not assume renewals in our determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement.

As of June 28, 2025, we sublease a portion of our offices in the United States, Canada, the United Kingdom and China. These subleases will expire at various dates through fiscal year 2029. We anticipate receiving approximately \$0.9 million in sublease income over the next fiscal year.

The components of lease costs, lease term, and discount rate are as follows (*in millions, except for weighted average data*):

	June 28, 2025	June 29, 2024	July 1, 2023
Operating lease cost	\$ 13.3	\$ 16.8	\$ 14.4
Short-term and variable lease cost	3.5	4.6	2.7
Sublease income	(0.8)	(2.0)	(2.6)
Total lease cost	<u>\$ 16.0</u>	<u>\$ 19.4</u>	<u>\$ 14.5</u>
Weighted average remaining lease term ( <i>in years</i> ):			
Operating leases	3.3	5.2	5.8
Weighted average discount rate ( <i>in percentages</i> ):			
Operating leases	3.8 %	3.5 %	3.1 %

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

As of June 28, 2025, maturities of our operating lease liabilities, which do not include short-term leases and variable lease payments, were as follows (*in millions*):

Fiscal Years	Operating Leases <sup>(1)</sup>
2026	\$ 12.7
2027	11.7
2028	7.5
2029	4.4
2030	1.0
Thereafter	0.3
Total minimum lease payments	<u>37.6</u>
Less: amount representing interest	<u>(2.6)</u>
Present value of total lease liabilities	<u>\$ 35.0</u>

<sup>(1)</sup> Non-cancellable sublease proceeds for fiscal year 2025 of \$0.9 million are not included in the table above.

**Note 9. Goodwill and Other Intangible Assets**

Goodwill

In November 2023, we completed the acquisition of Cloud Light. We recognized goodwill of \$365.8 million, which was allocated to the Cloud & Networking segment.

In the first quarter of fiscal year 2023, we completed two acquisitions, our acquisition of NeoPhotonics and the acquisition of IPG telecom transmission product lines. We recognized goodwill of \$315.3 million related to the NeoPhotonics acquisition and \$10.9 million related to the acquisition of the IPG telecom transmission product lines as of July 1, 2023. We allocated the entire goodwill amount in connection with these two acquisitions to the Cloud & Networking segment.

The following table presents our goodwill balance by the reportable segments as of June 28, 2025 and June 29, 2024 (*in millions*):

	Cloud & Networking	Industrial Tech	Total
Balance as of July 1, 2023	\$ 683.9	\$ 11.2	\$ 695.1
Acquisition of Cloud Light <sup>(1)</sup>	360.7	—	360.7
Balances as of June 29, 2024	<u>\$ 1,044.6</u>	<u>\$ 11.2</u>	<u>\$ 1,055.8</u>
Acquisition of Cloud Light <sup>(2)</sup>	5.1	—	5.1
Balances as of June 28, 2025	<u>\$ 1,049.7</u>	<u>\$ 11.2</u>	<u>\$ 1,060.9</u>

<sup>(1)</sup> We recorded \$359.5 million of goodwill as of the acquisition date and \$1.2 million of measurement period adjustments to increase goodwill during the year ended June 29, 2024.

<sup>(2)</sup> During the year ended June 28, 2025, prior to the end of the measurement period, we adjusted the purchase price allocation and recorded a \$5.1 million increase to goodwill. The primary adjustment to the opening balance sheet relates to income tax liabilities which were not known in previous periods.

Impairment of Goodwill

We review goodwill for impairment during the fourth quarter of each fiscal year or more frequently if events or circumstances indicate that an impairment loss may have occurred. Based on the impairment analysis performed in the fourth quarter of each year presented, the fair value of each of our reporting units substantially exceeded the carrying value; as such, our annual qualitative assessment did not indicate that a more detailed quantitative analysis was necessary.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Other Intangibles

Our intangible assets are amortized on a straight-line basis over the estimated useful lives, except for certain customer relationships, which are amortized using an accelerated method of amortization over the expected customer lives, more accurately reflecting the pattern of realization of economic benefits we expect to derive. Acquired developed technologies are amortized to cost of sales and research and development expenses. Acquired customer relationships are amortized to selling, general and administrative expenses in the consolidated statement of operations.

IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When an IPR&D project is completed, the IPR&D is reclassified to an amortizable purchased intangible asset and amortized over the asset's estimated useful life.

During the annual impairment testing performed in the fourth quarter of each year presented, we concluded that our intangible and other long-lived assets were not impaired at the asset group level. We review our intangible and other long-lived assets for impairment at least annually in the fourth quarter of each fiscal year, absent any interim indicators of impairment. There were no indicators of impairment at the asset group level during the years ended June 28, 2025 and June 29, 2024.

In November 2023, we completed the acquisition of Cloud Light. The intangible assets acquired from the acquisition were as follows as of the acquisition date (*in millions, except for weighted average amortization period*):

	Fair Value at the Acquisition Date	Weighted Average Amortization Period (Years)
Acquired developed technologies	\$ 170.0	7.0
Customer relationships	130.0	7.0
In-process research and development	16.0	n/a
Order backlog	14.0	1.0
Trade name and trademarks	3.0	1.2
Total intangible assets	<u>\$ 333.0</u>	

During the years ended June 28, 2025 and June 29, 2024, we reclassified \$4.3 million and \$10.3 million, respectively, of IPR&D intangible assets acquired from Cloud Light to acquired developed technologies for IPR&D projects that were completed during the periods. We recorded \$0.2 million and \$0.1 million of related amortization expense in our consolidated statements of operations during the years ended June 28, 2025 and June 29, 2024, respectively.

The following tables present details of all of our intangibles, including those acquired in connection with our acquisitions in fiscal year 2024 and fiscal year 2023, as of the periods presented (*in millions, except for weighted average remaining amortization period*):

June 28, 2025	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amounts	Weighted average remaining amortization period (years)
Acquired developed technologies	\$ 822.4	\$ (559.0)	\$ 263.4	4.1
Customer relationships	419.8	(226.6)	193.2	4.1
In-process research and development	8.5	—	8.5	n/a
Order backlog	14.0	(14.0)	—	—
Trade name and trademarks	3.0	(3.0)	—	—
Total intangible assets	<u>\$ 1,267.7</u>	<u>\$ (802.6)</u>	<u>\$ 465.1</u>	

During the year ended June 28, 2025, we recorded a \$2.7 million write-off of IPR&D intangible assets for projects we will no longer pursue, which includes \$2.0 million from the NeoPhotonics acquisition and \$0.6 million from the Cloud Light acquisition. We recognized this charge as research and development expense in our consolidated statements of operations during the year ended June 28, 2025.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

June 29, 2024	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amounts	Weighted average remaining amortization period (years)
Acquired developed technologies	\$ 818.1	\$ (473.0)	\$ 345.1	4.8
Customer relationships	419.8	(169.4)	250.4	4.9
In-process research and development	15.5	—	15.5	n/a
Order backlog	14.0	(8.9)	5.1	0.4
Trade name and trademarks	3.0	(1.6)	1.4	0.6
Total intangible assets	<u>\$ 1,270.4</u>	<u>\$ (652.9)</u>	<u>\$ 617.5</u>	

During the year ended June 29, 2024, we reclassified \$1.9 million of IPR&D intangible assets acquired from NeoPhotonics to acquired developed technologies for IPR&D projects that were completed during the period and recorded \$0.3 million of related amortization expense in our consolidated statements of operations during the year ended June 29, 2024.

During the year ended June 29, 2024, we discontinued our in-house development of coherent DSPs and RFICs. As a result, we recorded \$35.8 million of restructuring and related charges during the fiscal fourth quarter of 2024, which included a \$29.1 million write-off of IPR&D assets acquired as part of the acquisition of IPG telecom transmission product lines, as well as \$6.7 million of contract exit costs and asset write-offs.

During fiscal years 2025, 2024 and 2023, we recorded \$149.7 million, \$150.6 million and \$127.7 million, respectively, of amortization related to intangibles assets.

The following table presents details of amortization for the periods presented (*in millions*):

	Years ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Cost of sales	\$ 82.2	\$ 83.9	\$ 84.4
Selling, general and administrative	65.9	65.2	43.3
Research and development	1.6	1.5	—
Total amortization of intangibles	<u>\$ 149.7</u>	<u>\$ 150.6</u>	<u>\$ 127.7</u>

Based on the carrying amount of our intangible assets as of June 28, 2025, and assuming no future impairment of the underlying assets, the estimated future amortization is as follows (*in millions*):

<b>Fiscal Years</b>	
2026	\$ 135.0
2027	122.7
2028	82.1
2029	51.8
2030	45.8
Thereafter	19.2
Total	<u>\$ 456.6</u>

The table above excludes in-process research and development intangible assets.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 10. Debt**

Our debt consists of the following:

	June 28, 2025			June 29, 2024		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Convertible notes	\$ —	\$ 2,506.2	\$ 2,506.2	\$ —	\$ 2,503.2	\$ 2,503.2
Term loans	10.6	56.4	67.0	—	—	—
<b>Total</b>	<b>\$ 10.6</b>	<b>\$ 2,562.6</b>	<b>\$ 2,573.2</b>	<b>\$ —</b>	<b>\$ 2,503.2</b>	<b>\$ 2,503.2</b>

Convertible Notes
*2029 Notes*

On June 16, 2023, we issued \$603.7 million in aggregate principal amount of 2029 Notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2029 Notes are governed by an indenture between the Company and U.S. Bank Trust Company National Association, (as successor in interest to U.S. Bank National Association), as a trustee (the “2029 Indenture”). The 2029 Notes are unsecured and do not contain any financial covenants, restrictions on dividends, incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by us.

The net proceeds from the sale of the 2029 Notes was \$599.4 million, after deducting \$4.3 million of net issuance costs. In addition, we incurred \$0.8 million of professional fees directly related to this transaction. Concurrent with the issuance of the 2029 Notes, we used \$132.8 million of the net proceeds to repurchase \$125.0 million aggregate principal amount of the 2024 Notes and \$125.0 million of the net proceeds to repurchase our common stock in privately negotiated transactions. We intend to use the remaining net proceeds for general corporate purposes, which may include the repayment of our indebtedness, including any of our existing convertible notes, capital expenditures, working capital and potential acquisitions.

The 2029 Notes bear interest at a rate of 1.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2023. The 2029 Notes will mature on December 15, 2029, unless earlier redeemed, repurchased by us, or converted pursuant to their terms.

The initial conversion rate is 14.3808 shares of common stock per \$1,000 principal amount of the 2029 Notes (which is equivalent to an initial conversion price of approximately \$69.54 per share). The conversion rate is subject to adjustment upon the occurrence of certain events specified in the 2029 Indenture, but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change or our issuance of a notice of redemption, we will, in certain circumstances, increase the conversion rate by a number of additional shares for a holder that elects to convert the 2029 Notes in connection with such make-whole fundamental change or notice of redemption.

Prior to the close of business on the business day immediately preceding September 15, 2029, holders of the 2029 Notes may convert their 2029 Notes only under the following circumstances:

- during any fiscal quarter commencing after September 30, 2023 (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price, or \$90.40, on each applicable trading day;
- during the five consecutive business day period after any five consecutive trading day period (the “2029 measurement period”) in which the trading price per \$1,000 principal amount of 2029 Notes for each trading day of the 2029 measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such trading day;
- if we call any or all of the 2029 Notes for redemption, at any time prior to the close of business on the second business day immediately preceding the redemption date; or
- upon the occurrence of specified corporate events as specified in the 2029 Indenture.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

On or after September 15, 2029 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2029 Notes at any time. Following our irrevocable settlement method election made on September 25, 2024, upon conversion, we are required to satisfy our conversion obligation with respect to such converted 2029 Notes by delivering cash equal to the principal amount of such converted 2029 Notes and cash, shares of common stock or a combination of cash and shares of common stock, at our election, with respect to any conversion value in excess thereof.

We may redeem for cash all or any portion of the 2029 Notes, at our option (subject to the partial redemption limitation set forth in the 2029 Indenture), on or after June 22, 2026, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2029 Notes. If we elect to redeem fewer than all of the outstanding 2029 Notes, at least \$100.0 million aggregate principal amount of the 2029 Notes must be outstanding and not subject to redemption as of the redemption notice date. Upon the occurrence of a fundamental change (as defined in the 2029 Indenture), holders may require us to repurchase all or a portion of their 2029 Notes for cash at a price equal to 100% of the principal amount of the 2029 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The entire 2029 Notes are recorded as convertible notes, non-current in our consolidated balance sheets as of June 28, 2025 and June 29, 2024, measured at amortized cost.

*2028 Notes*

In March 2022, we issued \$861.0 million in aggregate principal amount of 2028 Notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2028 Notes are governed by an indenture between the Company and U.S. Bank Trust Company National Association (as successor in interest to U.S. Bank National Association), as a trustee (the “2028 Indenture”). The 2028 Notes are unsecured and do not contain any financial covenants, restrictions on dividends, incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by us.

The net proceeds from the sale of the 2028 Notes was \$854.8 million, after deducting \$6.2 million in issuance costs. In addition, we incurred \$0.7 million of professional fees directly related to this transaction. Concurrent with the issuance of the 2028 Notes, we used \$200.0 million of the net proceeds to repurchase our common stock in privately negotiated transactions.

The 2028 Notes bear interest at a rate of 0.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2022. The 2028 Notes will mature on June 15, 2028, unless earlier redeemed, repurchased by us, or converted pursuant to their terms.

The initial conversion rate is 7.6319 shares of common stock per \$1,000 principal amount of the 2028 Notes (which is equivalent to an initial conversion price of approximately \$131.03 per share). The conversion rate is subject to adjustment upon the occurrence of certain events specified in the 2028 Indenture, but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change or our issuance of a notice of redemption, we will, in certain circumstances, increase the conversion rate by a number of additional shares for a holder that elects to convert the 2028 Notes in connection with such make-whole fundamental change or notice of redemption.

Prior to the close of business on the business day immediately preceding March 15, 2028, holders of the 2028 Notes may convert their 2028 Notes only under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% if the applicable conversion price, or \$170.34 on each applicable trading day;
- during the five consecutive business day period after any five consecutive trading day period (the “2028 measurement period”) in which the trading price per \$1,000 principal amount of the 2028 Notes for each trading day of the 2028 measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such trading day;
- if we call any or all of the 2028 Notes for redemption, at any time prior to the close of business on the second business day immediately preceding the redemption date; or

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

- upon the occurrence of specified corporate events as specified in the 2028 Indenture.

On or after March 15, 2028 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2028 Notes at any time. Following our irrevocable settlement method election made on September 25, 2024, upon conversion, we are required to satisfy our conversion obligation with respect to such converted 2028 Notes by delivering cash equal to the principal amount of such converted 2028 Notes and cash, shares of common stock or a combination of cash and shares of common stock, at our election, with respect to any conversion value in excess thereof.

We may redeem for cash all or any portion of the 2028 Notes, at our option (subject to the partial redemption limitation set forth in the 2028 Indenture), on or after June 20, 2025, if the last reported sale price of its common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2028 Notes. If we elect to redeem fewer than all of the outstanding 2028 Notes, at least \$100.0 million aggregate principal amount of the 2028 Notes must be outstanding and not subject to redemption as of the redemption notice date. Upon the occurrence of a fundamental change (as defined in the 2028 Indenture), holders may require us to repurchase all or a portion of their 2028 Notes for cash at a price equal to 100% of the principal amount of the 2028 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

We initially bifurcated the principal amount of the 2028 Notes into liability and equity components. The liability component of the 2028 Notes was initially valued at \$629.8 million based on the contractual cash flow discounted at an appropriate comparable market on the non-convertible debt borrowing rate at the date of issuance, which was 5.7%, with the equity component representing the residual amount of the proceeds of \$231.2 million, which was recorded as a debt discount. Upon adoption of ASU 2020-06 in the first quarter of fiscal year 2023, our 2028 Notes were accounted for as a single liability measured at amortized cost. The entire 2028 Notes are recorded as convertible notes, non-current in our consolidated balance sheets as of June 28, 2025 and June 29, 2024, measured at amortized cost.

#### *2026 Notes*

In December 2019, we issued \$1,050.0 million in aggregate principal amount of the 2026 Notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The 2026 Notes are governed by an indenture between the Company and U.S. Bank Trust Company National Association (as successor in interest to U.S. Bank National Association), as trustee (the "2026 Indenture"). We used approximately \$196.0 million of the net proceeds of the offering to repay in full all amounts outstanding under our term loan facility, and a portion of the net proceeds of the offering to purchase approximately \$200.0 million of our common stock concurrently with the pricing of the offering in privately negotiated transactions. The 2026 Notes are unsecured and do not contain any financial covenants, restrictions on dividends, the incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by us.

The 2026 Notes bear interest at a rate of 0.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2020. The 2026 Notes will mature on December 15, 2026, unless earlier redeemed, repurchased by us, or converted pursuant to their terms.

The initial conversion rate is 10.0711 shares of common stock per \$1,000 principal amount of the 2026 Notes (which is equivalent to an initial conversion price of approximately \$99.29 per share). The conversion rate is subject to adjustment upon the occurrence of certain events specified in the 2026 Indenture, but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change or our issuance of a notice of redemption, we will, in certain circumstances, increase the conversion rate by a number of additional shares set forth in the 2026 Indenture or a holder that elects to convert the 2026 Notes in connection with such make-whole fundamental change or notice of redemption.

Prior to the close of business on the business day immediately preceding September 15, 2026, holders of the 2026 Notes may convert their 2026 Notes only under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price of the 2026 Notes, or \$129.08 on each applicable trading day;

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

- during the five business day period after any five consecutive trading day period (the "2026 measurement period") in which the trading price per \$1,000 principal amount of the 2026 Notes for each trading day of the 2026 measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the 2026 Notes on each such trading day;
- if we call any or all of the 2026 Notes for redemption, at any time prior to the close of business on the second business day immediately preceding the relevant redemption date; or
- upon the occurrence of specified corporate events as specified in the 2026 Indenture.

On or after September 15, 2026 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert the 2026 Notes at any time. Following our entry into the First Supplemental Indenture, dated as of September 25, 2024, to the 2026 Indenture, upon conversion, we are required to satisfy our conversion obligation with respect to such converted 2026 Notes by delivering cash equal to the principal amount of such converted 2026 Notes and cash, shares of common stock or a combination of cash and shares of common stock, at our election, with respect to any conversion value in excess thereof.

We may redeem for cash, for all or any portion of the 2026 Notes, at our option, on or after December 20, 2023, if the last reported sale price of its common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide a notice of redemption at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2026 Notes. Upon the occurrence of a fundamental change (as defined in the 2026 Indenture), holders may require us to repurchase all or a portion of the 2026 Notes for cash at a price equal to 100% of the principal amount of the 2026 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

We initially bifurcated the principal amount of the 2026 Notes into liability and equity components. The liability component of the 2026 Notes was valued at \$734.8 million based on the contractual cash flows discounted at an appropriate comparable market non-convertible debt borrowing rate at the date of issuance of 5.8% with the equity component representing the residual amount of the proceeds of \$315.2 million, which was recorded as a debt discount. Upon adoption of ASU 2020-06 in the first quarter of fiscal year 2023, our 2026 Notes were accounted for as a single liability measured at amortized cost. The entire 2026 Notes are recorded as convertible notes, non-current in our consolidated balance sheets as of June 28, 2025 and June 29, 2024, measured at amortized cost.

*2024 Notes*

In March 2017, we issued \$450.0 million in aggregate principal amount of 0.25% convertible senior notes due in 2024 (the "2024 Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The 2024 Notes were governed by an indenture between the Company, as the issuer, and U.S. Bank Trust Company National Association (as successor in interest to U.S. Bank National Association), as trustee (the "2024 Indenture"). The 2024 Notes were unsecured and did not contain any financial covenants, restrictions on dividends, incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by us.

The 2024 Notes bore interest at a rate of 0.25% per year. Interest on the 2024 Notes was payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2017. The 2024 Notes matured on March 15, 2024.

Concurrent with the issuance of the 2029 Notes, we used \$132.8 million of the net proceeds to repurchase \$125.0 million aggregate principal amount of the 2024 Notes, which we accounted for as an extinguishment of liability. \$13.5 million of the \$132.8 million repurchase price was allocated to the conversion feature of the repurchased 2024 Notes, representing the fair value of the conversion feature at the date of the repurchase, and was recognized as a reduction of the stockholders' equity. Refer to consolidated statements of stockholders' equity. We recognized an extinguishment gain of \$1.0 million related to the repurchase, which was recorded under other income, net on our consolidated statements of operations for the year ended July 1, 2023. Additionally, since issuing the 2024 Notes, we have converted a total of approximately \$1.9 million of principal amount of the 2024 Notes, with less than \$0.1 million of principal amount converted during the twelve months ended June 29, 2024.

On March 15, 2024, the 2024 Notes maturity date, we fully repaid the remaining principal amount of \$323.1 million. The conversion feature previously classified within stockholder's equity was fully amortized as of the maturity date.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Convertible Notes - Additional Disclosures*

Our convertible notes consisted of the following components as of the periods presented (*in millions*):

<b>June 28, 2025</b>	<b>2026 Notes <sup>(1)</sup></b>	<b>2028 Notes <sup>(2)</sup></b>	<b>2029 Notes <sup>(3)</sup></b>	<b>Total</b>
Principal	\$ 1,050.0	\$ 861.0	\$ 603.7	\$ 2,514.7
Unamortized debt discount and debt issuance costs	(1.7)	(3.3)	(3.5)	(8.5)
Net carrying amount of the liability component	<u>\$ 1,048.3</u>	<u>\$ 857.7</u>	<u>\$ 600.2</u>	<u>\$ 2,506.2</u>

<b>June 29, 2024</b>	<b>2026 Notes <sup>(1)</sup></b>	<b>2028 Notes <sup>(2)</sup></b>	<b>2029 Notes <sup>(3)</sup></b>	<b>Total</b>
Principal	\$ 1,050.0	\$ 861.0	\$ 603.7	\$ 2,514.7
Unamortized debt discount and debt issuance costs	(2.8)	(4.4)	(4.3)	(11.5)
Net carrying amount of the liability component	<u>\$ 1,047.2</u>	<u>\$ 856.6</u>	<u>\$ 599.4</u>	<u>\$ 2,503.2</u>

<sup>(1)</sup> If the closing price of our stock exceeds \$129.08 (or 130% of the conversion price of \$99.29) for 20 of the last 30 trading days of any future quarter, the 2026 Notes would also become convertible at the option of the holders during the subsequent fiscal quarter and the debt would be reclassified to current liabilities in our consolidated balance sheets.

<sup>(2)</sup> If the closing price of our stock exceeds \$170.34 (or 130% of the conversion price of \$131.03) for 20 of the last 30 trading days of any future quarter, the 2028 Notes would become convertible at the option of the holders during the subsequent fiscal quarter and the debt would be reclassified to current liabilities in our consolidated balance sheets.

<sup>(3)</sup> If the closing price of our stock exceeds \$90.40 (or 130% of the conversion price of \$69.54) for 20 of the last 30 trading days of any future quarter, the 2029 Notes would become convertible at the option of the holders during the subsequent fiscal quarter and the debt would be reclassified to current liabilities in our consolidated balance sheets.

The following table sets forth interest expense information related to our convertible notes for the periods presented (*in millions*):

	<b>June 28, 2025</b>	<b>June 29, 2024</b>	<b>July 1, 2023</b>
Contractual interest expense	\$ 18.6	\$ 19.2	\$ 11.2
Amortization of the debt discount and debt issuance costs	3.0	14.6	24.3
Total interest expense	<u>\$ 21.6</u>	<u>\$ 33.8</u>	<u>\$ 35.5</u>

The future interest and principal payments related to our convertible notes are as follows as of June 28, 2025 (*in millions*):

<b>Fiscal Years</b>	<b>2026 Notes</b>	<b>2028 Notes</b>	<b>2029 Notes</b>	<b>Total</b>
2026	\$ 5.3	\$ 4.3	\$ 9.1	\$ 18.7
2027	1,052.6	4.3	9.1	1,066.0
2028	—	865.3	9.1	874.4
2029	—	—	9.1	9.1
2030	—	—	608.1	608.1
Total payments	<u>\$ 1,057.9</u>	<u>\$ 873.9</u>	<u>\$ 644.5</u>	<u>\$ 2,576.3</u>

The principal balances of our convertible notes are reflected in the payment periods in the table above based on their respective contractual maturities.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Term Loans

*SMBC Term Loan*

On August 9, 2024, the Company entered into a term loan agreement (the “SMBC Term Loan”) with Sumitomo Mitsui Banking Corporation (“SMBC”). The SMBC Term Loan provides an aggregate principal amount of 6.4 billion Japanese yen (“JPY”). The loan requires monthly principal payments of approximately 53.3 million JPY, from August 31, 2024 to June 30, 2029 and interest based on a fixed annual interest rate of 0.88%, with the remaining principal of approximately 3.3 billion JPY due on the loan maturity date of July 31, 2029. Under the loan agreement, the Company cannot prepay the outstanding loan without SMBC’s approval. In the event the Company prepays the outstanding loan with SMBC’s approval, the Company shall pay SMBC a settlement amount calculated pursuant to the terms of the loan agreement. The SMBC Term Loan is secured by the real estate owned in Sagamihara, Japan.

As of June 28, 2025, the Company had \$40.6 million in principal amount outstanding on our SMBC Term Loan, of which the short-term portion of \$4.4 million is recorded as current liabilities while the long-term portion of \$36.2 million is recorded as long-term debt in the Company’s consolidated balance sheets.

*Mizuho Term Loan*

On September 20, 2024, the Company entered into a term loan agreement (the “Mizuho Term Loan”) with Mizuho Bank, Ltd. (“Mizuho”), in order to finance our planned manufacturing expansions. The Mizuho Term Loan provides for borrowings of 4.5 billion JPY with a 5-year term from the funding date of September 20, 2024. The loan requires quarterly principal payments of approximately 225.0 million JPY commencing on December 20, 2024 with the final payment on September 20, 2029. The Mizuho Term Loan bears interest at a fixed annual rate of 0.90%. The Mizuho Term Loan is secured by the real estate assets owned by NeoPhotonics Semiconductor GK. The Mizuho Term Loan agreement requires that the Company and certain domestic subsidiaries comply with covenants relating to customary matters, including obtaining approval from Mizuho prior to transferring, creating a security interest, or disposing of the collateral assets; obtaining approval from Mizuho prior to a business transfer, business acquisition, corporate reorganization or changes such as mergers, company splits, share exchanges or share transfers or capital structure changes; obtaining approval from Mizuho prior to changing the Company’s indirect ownership in Lumentum Japan, Inc; and obtaining approval from Mizuho prior to a distribution of dividends by Lumentum Japan, Inc. to its shareholders.

As of June 28, 2025, the Company had \$26.4 million in principal amount outstanding on our Mizuho Term Loan, of which the short-term portion of \$6.2 million is recorded as current liabilities while the long-term portion of \$20.2 million is recorded as long-term debt in the Company’s consolidated balance sheets.

The SMBC Term Loan and the Mizuho Term Loan are collectively referred to as Japan Term Loans.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 11. Accumulated Other Comprehensive Income (Loss)**

Our accumulated other comprehensive income (loss) consists of the accumulated net unrealized gains or losses on foreign currency translation adjustments, defined benefit obligations, and available-for-sale securities.

The changes in accumulated other comprehensive income (loss), net of tax, were as follows for the periods as presented (*in millions*):

	Foreign currency translation adjustments, net of tax <sup>(1)</sup>	Defined benefit obligations, net of tax <sup>(2)</sup>	Unrealized gain (loss) on available-for-sale securities, net of tax <sup>(3)</sup>	Total
Balances as of July 2, 2022	\$ 9.7	\$ 1.0	\$ (10.3)	\$ 0.4
Other comprehensive income (loss)	0.7	(1.4)	4.4	3.7
Balances as of July 1, 2023	\$ 10.4	\$ (0.4)	\$ (5.9)	\$ 4.1
Other comprehensive income (loss)	(0.6)	1.1	4.7	5.2
Balances as of June 29, 2024	\$ 9.8	\$ 0.7	\$ (1.2)	\$ 9.3
Other comprehensive income (loss)	0.1	(2.3)	1.9	(0.3)
Balances as of June 28, 2025	\$ 9.9	\$ (1.6)	\$ 0.7	\$ 9.0

<sup>(1)</sup> In fiscal year 2019, as a result of significant changes in economic facts and circumstances, primarily due to the acquisition of Oclaro, we established the functional currency for our worldwide operations as the U.S. dollar. Translation adjustments reported prior to December 10, 2018 remain as a component of accumulated other comprehensive income in our consolidated balance sheets, until all or a part of the investment in the subsidiaries is sold or liquidated. In fiscal year 2023, we acquired IPG telecom transmission product lines. The functional currency of the Brazilian entities acquired as part of this acquisition is the local currency.

<sup>(2)</sup> We evaluate the assumptions over the fair value of our defined benefit obligations annually and make changes as necessary. During fiscal years 2025, 2024 and 2023, our income (loss) on defined benefit obligations is presented net of tax of nil, \$0.4 million, and nil, respectively.

<sup>(3)</sup> In fiscal years 2025, 2024 and 2023, our unrealized gain (loss) on available-for-sale securities is presented net of tax of nil, \$1.7 million and \$0.8 million, respectively.

**Note 12. Restructuring and Related Charges**

We have initiated various strategic restructuring actions primarily to reduce costs, consolidate our operations, rationalize the manufacturing of our products and align our business in response to market conditions and as a result of our acquisitions.

The following table summarizes the activities of restructuring and related charges during the periods presented (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Balance as of beginning of period	\$ 11.1	\$ 5.0	\$ —
Charges	22.8	72.6	28.1
Payments and other adjustments	(31.4)	(66.5)	(23.1)
Balance as of end of period	\$ 2.5	\$ 11.1	\$ 5.0

During the year ended June 28, 2025, we recorded restructuring and related charges of \$22.8 million. This included \$14.6 million of assets written off, including property, plant and equipment, right-of-use assets, prepayments and other current assets as well as charges for other contractual commitments associated with site closures, and \$4.3 million of employee severance primarily due to efforts to consolidate our sites and focus on other market opportunities, including cloud and AI markets. In addition, we also recorded \$3.0 million of charges related to the discontinuation of our in-house development of coherent Digital Signal Processors (“DSPs”) and Radio Frequency Integrated Circuits (“RFICs”).

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

During the year ended June 29, 2024, we recorded restructuring and related charges of \$72.6 million. We discontinued our in-house development of coherent DSPs and RFICs. As a result, we recorded \$35.8 million of restructuring and related charges during the fiscal fourth quarter of 2024, which includes \$29.1 million write-off of IPR&D assets, as well as \$6.7 million of contract exit costs and asset write-offs. The remaining \$36.8 million of restructuring and related charges are primarily due to company-wide cost reduction initiatives, as well as our integration efforts to consolidate our manufacturing sites. We have shut down our factories in China which were acquired as part of the NeoPhotonics acquisition and are ramping up production of most of the related products at our Thailand facility.

During the year ended July 1, 2023, we recorded restructuring and related charges of \$28.1 million in our consolidated statements of operations, which was primarily attributable to company-wide integration efforts as a result of the NeoPhotonics acquisition, our cost reduction initiatives, as well as severance and employee-related benefits associated with NeoPhotonics' executive severance and retention agreements. These agreements provide for payments and benefits upon an involuntary termination of employment under certain circumstances.

Any changes in the estimates of executing our restructuring activities will be reflected in our future results of operations.

**Note 13. Income Taxes**

Our loss before income taxes consisted of the following (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Domestic	\$ (174.4)	\$ (219.6)	\$ (44.3)
Foreign	2.3	(186.1)	(58.1)
Loss before income taxes	<u>\$ (172.1)</u>	<u>\$ (405.7)</u>	<u>\$ (102.4)</u>

Our income tax (benefit) provision consisted of the following (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Federal:			
Current	\$ (8.4)	\$ (10.6)	\$ 12.9
Deferred	—	124.0	(22.5)
	<u>(8.4)</u>	<u>113.4</u>	<u>(9.6)</u>
State:			
Current	1.8	1.3	0.9
Deferred	—	(8.0)	(0.5)
	<u>1.8</u>	<u>(6.7)</u>	<u>0.4</u>
Foreign:			
Current	55.5	52.1	55.3
Deferred	(246.9)	(18.0)	(16.9)
	<u>(191.4)</u>	<u>34.1</u>	<u>38.4</u>
Total income tax (benefit) provision	<u>\$ (198.0)</u>	<u>\$ 140.8</u>	<u>\$ 29.2</u>

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The provision for income taxes differs from the amount computed by applying the U.S. Federal statutory income tax rate to our income before provision for income taxes as follows (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Income tax provision computed at federal statutory rate	\$ (36.1)	\$ (85.2)	\$ (21.5)
Foreign rate differential	(49.9)	58.9	33.6
Change in valuation allowance	(161.5)	150.1	(4.8)
Tax credits	(2.2)	(1.8)	(46.5)
Stock-based compensation	22.3	17.8	19.1
Permanent items	0.3	(3.2)	2.9
Transaction costs	—	1.3	2.4
Subpart F and GILTI	22.4	0.2	44.2
Unrecognized tax benefits	8.5	11.7	8.6
Change in Tax Rates	0.5	(9.9)	—
BEAT	—	—	(8.0)
Audit settlement	(4.4)	—	—
State taxes	1.9	—	—
Other	0.2	0.9	(0.8)
<b>Total income tax (benefit) provision</b>	<b>\$ (198.0)</b>	<b>\$ 140.8</b>	<b>\$ 29.2</b>
Effective tax rate	115.04 %	(34.71)%	(28.52)%

Our provision for income taxes for fiscal year 2025 differs from the 21% U.S. statutory rate primarily due to the income tax benefit associated with the release of a valuation allowance on our UK deferred tax assets, earnings of our foreign subsidiaries being taxed at rates that differ from the U.S. statutory rate, partially offset by the income tax expense from U.S. income inclusions from Subpart F and GILTI, non-deductible stock-based compensation and changes in unrecognized tax benefits.

Our provision for income taxes for fiscal year 2024 differs from the 21% U.S. statutory rate primarily due to the income tax expense associated with the recognition of a valuation allowance on our U.S. federal and state deferred tax assets, earnings of our foreign subsidiaries being taxed at rates that differ from the U.S. statutory rate and non-deductible stock-based compensation. Additionally, our provision for income taxes includes changes in unrecognized tax benefits, partially offset by the income tax benefit from a change in the applicable statutory income tax rate in certain jurisdictions.

Our provision for income taxes for fiscal year 2023 differs from the 21% U.S. statutory rate primarily due to the income tax expense from foreign income inclusions in the U.S., earnings of our foreign subsidiaries being taxed at rates that differ from the U.S. statutory rate and non-deductible stock-based compensation. Additionally, our provision for income taxes includes income tax benefits from various tax credits and change in valuation allowance as it is more-likely-than-not that certain deferred tax assets will be realizable in the future. During fiscal year 2023, we also effectuated certain tax planning actions which reduced the amount of BEAT for fiscal year 2022.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The components of our net deferred taxes consisted of the following (*in millions*):

	Years Ended	
	June 28, 2025	June 29, 2024
Gross deferred tax assets:		
Intangibles	\$ 20.3	\$ 27.0
Tax credit carryforwards	143.2	109.3
Net operating loss carryforwards	232.1	226.0
Inventories	14.9	11.1
Accruals and reserves	28.1	14.1
Fixed assets	17.2	26.2
Capital loss carryforwards	11.2	11.2
Capitalized and unclaimed R&D expenditure	178.1	77.0
Stock-based compensation	8.9	5.9
Lease liabilities	7.5	13.4
Other	2.4	1.0
Gross deferred tax assets	663.9	522.2
Valuation allowance	(440.8)	(490.4)
Deferred tax assets	223.1	31.8
Gross deferred tax liabilities:		
Intangible amortization	(10.5)	(59.1)
Convertible notes	—	(0.1)
Right-of-use assets	(5.8)	(15.0)
Inventories	(3.6)	(2.2)
Other	(0.1)	(0.4)
Deferred tax liabilities	(20.0)	(76.8)
Total net deferred tax assets	\$ 203.1	\$ (45.0)

We regularly assess our ability to realize our deferred tax assets on a quarterly basis and will establish a valuation allowance if it is more-likely-than-not that some portion of the deferred tax assets will not be realized. We weigh all available positive and negative evidence, including our earnings history and results of recent operations, reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies. In fiscal year 2025, after considering both positive and negative evidence, we determined that there is sufficient objectively verifiable positive evidence to conclude that it is more-likely-than-not that our UK deferred tax assets are realizable in the future. As a result, we released a valuation allowance against such deferred tax assets except for the non-trading deficit carryforward resulting in an income tax benefit of \$153.1 million. We continue to maintain our valuation allowance on U.S. and Canada deferred tax assets, and a partial valuation allowance on our Slovenia deferred tax asset. The total valuation allowance against our deferred tax assets decreased by \$49.6 million in fiscal year 2025. We will continue to assess the need for a valuation allowance against our remaining deferred tax assets and may increase or decrease our valuation allowance materially in the future. Based on the information currently available, we do not believe that a significant portion of our valuation allowance for the U.S., California, Canada, and UK will be released in the next 12 months. Such a release would result in the recognition of certain deferred tax assets and a decrease in the income tax expense for the period in which the release is recorded.

As of June 28, 2025, the Company had federal and foreign net operating loss carryforwards of \$217.3 million and \$750.1 million, respectively. These carryforwards will begin to expire in the fiscal year ending 2027. The federal and foreign tax attributes carried forward are subject to various rules which impose limitations on the utilization. Additionally, the Company has federal, state, and foreign research and other tax credit carryforwards of \$55.4 million, \$90.4 million, and \$34.4 million, respectively. The federal credits will begin to expire in the fiscal year ending 2026 and California credits can be carried forward indefinitely. The foreign tax credits will begin to expire in the fiscal year ending 2026. The Company's U.S. federal and state net operating loss and credit carryforwards are subject to annual limitations due to ownership change provisions of Section 382 of the Internal Revenue Code and similar state provisions.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We have certain tax incentives with respect to our operations in China. These tax incentives require compliance with certain conditions and expire at various dates through calendar year 2025. The impact of these tax incentives was an increase in net income of approximately \$0.5 million, or \$0.01 per share in fiscal year 2025, \$3.1 million, or \$0.05 per share in fiscal year 2024, and \$0.6 million or \$0.01 per share in fiscal year 2023. The Company has also obtained a tax holiday related to certain business activities in Thailand, but to date, has not met the requirements to obtain the benefits of the tax holiday. Accordingly, the earned income is subject to regular Thailand statutory rates.

Current U.S. tax law generally provides greater flexibility for us to access and utilize our cash held by certain of our foreign subsidiaries and we intend to repatriate all or some of the earnings of our subsidiaries in the Cayman Islands, Japan, and Hong Kong. As to all other foreign subsidiaries, we intend to reinvest these earnings indefinitely in our foreign subsidiaries. As a result, U.S. income and foreign withholding taxes associated with the repatriation of \$47.3 million of earnings from our foreign subsidiaries, other than the Cayman Islands, Japan, and Hong Kong subsidiaries, have not been provided for. We estimate that an additional \$5.7 million of foreign withholding taxes would have to be provided if these earnings were repatriated back to the U.S. and such withholding taxes may be available as foreign tax credit or deduction to reduce U.S. tax liability.

The aggregate changes in the balance of our unrecognized tax benefits between June 29, 2024 and June 28, 2025 are as follows (*in millions*):

Balance as of July 2, 2022	\$	61.7
Increases based on tax positions related to prior year		2.8
Decreases based on tax positions related to prior year		(5.5)
Decreases related to Statute of Limitations		(0.1)
Additions based on tax positions related to current year		7.7
Increases due to acquisition		47.3
Balance as of July 1, 2023	\$	113.9
Increases based on tax positions related to prior year		19.6
Decreases based on tax positions related to prior year		(9.4)
Decreases related to Statute of Limitations		(24.8)
Additions based on tax positions related to current year		7.3
Increases due to acquisition		9.1
Balance as of June 29, 2024	\$	115.7
Increases based on tax positions related to prior year		10.4
Decreases based on tax positions related to prior year		(4.9)
Decreases related to Statute of Limitations		(13.6)
Additions based on tax positions related to current year		14.8
Increases due to acquisition		4.4
Decreases due to audit settlement		(13.9)
Decreases due to reclass		(14.3)
Balance as of June 28, 2025	\$	98.6

As of June 28, 2025, we had \$55.3 million of unrecognized tax benefits, which, if recognized, would affect the effective tax rate. We are subject to examination of income tax returns by various domestic and foreign tax authorities. The timing of resolutions and closures of tax audits is highly unpredictable. Although it is possible that certain tax audits may be concluded within the next 12 months, we cannot reasonably estimate the impact to tax expense and net income from tax exams that could be resolved or closed within next 12 months. However, we believe that we have adequately provided under GAAP for potential audit outcomes. Subject to audit timing and uncertainty, we expect the amount of unrecognized tax benefit that would become recognized due to expiration of the statute of limitations and affect the effective tax rate to be \$2.5 million over the next 12 months.

Our policy is to recognize accrued interest and penalties related to unrecognized tax benefits within the income tax provision. The amount of interest and penalties accrued as of June 28, 2025 and June 29, 2024 were \$12.5 million and \$21.0 million, respectively.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The major tax jurisdictions where we file tax returns are the U.S. federal government, the state of California, Japan, the United Kingdom, Thailand, China and Canada. As of June 28, 2025, our fiscal years 2012 to 2024 tax returns are open to potential examination in one or more jurisdictions. In addition, certain net operating loss and credit carryforwards may extend the ability of the tax authorities to examine our tax returns beyond the regular limits.

**Note 14. Equity**Description of Lumentum Stock-Based Benefit Plans*Equity Incentive Plan*

On November 17, 2023, our stockholders approved amendments to the Amended and Restated 2015 Equity Incentive Plan (the “2015 Plan”) to increase the number of shares of common stock reserved for issuance by an additional 3.0 million shares. On November 20, 2024, our stockholders approved an amendment to the 2015 Plan to extend the expiration date of the 2015 Plan by one year until June 23, 2026.

In February 2025, our board of directors approved the 2025 Inducement Equity Incentive Plan (the “Inducement Plan”) in accordance with Listing Rule 5635(c)(4) of the corporate governance rules of the Nasdaq Stock Market, which became effective in February 2025. The Inducement Plan has substantially the same terms and conditions as the 2015 Plan, however, the Inducement Plan may only be used for grants to new employees and not for existing employees, executives, directors or consultants.

As of June 28, 2025, we had 4.8 million shares subject to stock options, restricted stock units, and performance stock units issued and outstanding under the 2015 Plan. Restricted stock units and performance stock units have vesting that is performance-based, market-based and time-based or any combination thereof, and are expected to vest within four years. The exercise price for stock options is equal to the fair value of the underlying stock at the date of grant. We issue new shares of common stock upon exercise of stock options. Options generally have a vesting period of three years. As of June 28, 2025, 2.6 million shares of common stock under the 2015 Plan were available for grant.

On November 28, 2023 we adopted and assumed the Cloud Light Share Option Scheme (the “Cloud Light Scheme”) in connection with the Cloud Light acquisition and we have reserved a total of 1.5 million shares of common stock for issuance thereunder, of which stock options covering 1.1 million shares were granted at the Cloud Light Closing date.

*Stock Options*

In connection with the acquisition of Cloud Light, each of Cloud Light’s outstanding options was exchanged for a combination of cash and options to acquire Lumentum common stock having equivalent value (the “replacement options”) using an exchange ratio of 0.04375 according to the terms in the Merger Agreement. At the Cloud Light Closing date, the replacement options covered 1.1 million shares with a weighted average grant date fair value of \$34.63. These replacement options have a total fair value of \$38.9 million as of the Closing date, of which \$23.5 million attributable to pre-acquisition service was recorded as part of the purchase price consideration and the remaining \$15.4 million is recorded as post-acquisition stock-based compensation expense over the vesting period of three years from the Cloud Light Closing date. Refer to “Note 4. Business Combination.”

We estimated the fair value of the replacement options on the date of grant using the Black-Scholes option-pricing model. The assumptions used to estimate the fair value of the replacement options were as follows:

	At the Acquisition Date
Expected terms (years)	3.0
Expected volatility	45.0 %
Risk-free interest rate	5.0 %
Dividend yield	— %

*Restricted Stock Units*

Restricted stock units (“RSUs”) are grants of shares of our common stock, the vesting of which is based on the requisite service requirement. Generally, our RSUs are subject to forfeiture and are expected to vest within four years. For annual refresh grants, RSUs generally vest ratably on an annual, or combination of annual and quarterly, basis over three years.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

During fiscal year 2025, our board of directors approved grants of 2.0 million shares which primarily vest over three years. The fair value of these grants is based on the closing market price of our common stock on the date of grant.

In connection with the NeoPhotonics acquisition, we issued awards to certain NeoPhotonics employees, consisting of restricted stock units in exchange for their NeoPhotonics equity awards. The terms of these replacement awards are substantially similar to the original NeoPhotonics equity awards. The replacement awards consisted of 0.4 million restricted stock units with a grant date fair value of \$93.4 per share, which represents our closing stock price on August 3, 2022, the acquisition closing date. The total fair value of these replacement awards is \$40.2 million, \$3.5 million of which is attributable to employee services rendered through the acquisition closing date and was recognized as a component of the purchase consideration. The remaining \$36.7 million of the replacement awards is recorded as stock-based compensation over the remaining vesting period.

*Performance Stock Units*

Performance stock units (“PSUs”) are grants of shares of our common stock that vest upon the achievement of certain performance and service conditions. For PSUs with performance-based conditions, the fair value of these grants is based on the closing market price of our common stock on the date of grant, and we begin recognizing compensation expense when we conclude that it is probable that the performance conditions will be achieved. We reassess the probability of vesting at each reporting period and adjust our compensation cost based on this probability assessment. For PSUs with market-based conditions, the fair value of these grants is estimated using a Monte-Carlo simulation model, and the compensation expense is recognized ratably over the requisite service period regardless of whether or not the market condition is satisfied, provided the requisite service is rendered. Our PSUs are subject to risk of forfeiture until performance and service conditions are satisfied and generally vest within three years.

During fiscal year 2025, our board of directors approved a grant of 0.7 million PSUs with an aggregate grant date fair value of \$39.8 million to executive and non-executive employees as part of our Annual Incentive Plan (“AIP PSUs”). These AIP PSUs are subject to performance targets and service conditions, with a vesting period of one year. The board of directors also approved a grant of 0.3 million PSUs with an aggregate grant date fair value of \$18.3 million to certain executive officers and senior management. These PSUs will vest subject to the achievement of revenue targets and certain non-financial performance measurements, as well as service conditions, over three years. The number of shares may be increased or decreased based on the results of these measurement targets ranging between 0% and 300% in accordance with the terms established at the date of grant. In addition, the board of directors also approved a grant of 0.1 million PSUs with an aggregate grant date fair value of \$7.7 million to certain executive officers and senior management. These PSUs will vest subject to the achievement of the Company’s total shareholder return (or “TSR”) relative to specified peer group (or “rTSR”), as well as service conditions, over three years. The number of shares may be increased or decreased based on the results of these measurement targets ranging between 0% and 300% in accordance with the terms established at the date of grant. The Company estimated the grant date fair value of TSR awards using a Monte-Carlo simulation model, which was calculated at \$70.57 per share. We also granted approximately 0.2 million PSUs with an aggregate grant date fair value of \$17.4 million to our new President and Chief Executive Officer. These PSUs will vest subject to the achievement of the Company’s rTSR, as well as service conditions, over four years. The number of shares may be increased or decreased based on the results of these measurement targets ranging between 0% and 200% in accordance with the terms established at the date of grant. The Company estimated the grant date fair value of TSR awards using a Monte-Carlo simulation model, which was calculated at \$107.72 per share.

*Employee Stock Purchase Plan*

The ESPP provides eligible employees with the opportunity to acquire an ownership interest in the Company through periodic payroll deductions and provides a 15% purchase price discount as well as a 6-month look-back period. The ESPP is structured as a qualified employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended. The ESPP will terminate upon the date on which all shares available for issuance have been sold. Of the 3.0 million shares authorized under the 2015 Purchase Plan, 0.4 million shares remained available for issuance as of June 28, 2025.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Stock-Based Compensation

The impact on our results of operations of recording stock-based compensation by function during the periods presented was as follows (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Cost of sales	\$ 36.9	\$ 31.7	\$ 30.1
Research and development	43.3	38.1	41.4
Selling, general and administrative	97.0	59.0	76.9
Total stock-based compensation	<u>\$ 177.2</u>	<u>\$ 128.8</u>	<u>\$ 148.4</u>

Our stock-based compensation by equity awards for the periods presented were as follows (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
RSUs	\$ 101.8	\$ 114.3	\$ 135.3
AIP PSUs	29.8	0.8	—
TSR PSUs	3.2	—	—
Other PSUs	31.6	5.8	16.0
Total PSUs	<u>64.6</u>	<u>6.6</u>	<u>16.0</u>
Options	6.1	3.3	—
ESPP	4.9	4.7	5.0
Sub-total	177.4	128.9	156.3
Change in stock-based compensation capitalized to inventory	<u>(0.2)</u>	<u>(0.1)</u>	<u>(7.9)</u>
Total stock-based compensation	<u>\$ 177.2</u>	<u>\$ 128.8</u>	<u>\$ 148.4</u>

Stock-based compensation for fiscal years 2025, 2024 and 2023 includes \$64.6 million, \$6.6 million and \$16.0 million, respectively, of expenses related to PSUs. The amount of stock-based compensation expense recognized in any one period related to PSUs with performance-based conditions can vary based on the achievement or anticipated achievement of the performance conditions. If the performance conditions are not met or not expected to be met, no compensation expense would be recognized on the underlying PSUs, and any previously recognized compensation expense related to those PSUs would be reversed.

During the twelve months ended June 28, 2025, the total PSU expense of \$64.6 million includes \$18.2 million of additional stock-compensation expense resulting from modifications. On February 2, 2025, the Company and our former President and Chief Executive Officer mutually agreed to modify the terms of previously granted equity awards by changing the level of remaining service condition required for vesting. In accordance with ASC 718, Compensation - Stock Compensation, the Company accounted for the change as a modification as the Company determined the remaining service conditions were non-substantive. For awards that vested on February 20, 2025, the separation date, we recognized compensation expense equal to the sum of the remaining unrecognized grant-date fair value amounting to \$9.0 million during the twelve months ended June 28, 2025. For awards that will vest on December 15, 2025, the termination date, we recognized compensation expense equal to the sum of the remaining unrecognized grant-date fair value and any incremental fair value resulting from the modification of \$19.2 million during the twelve months ended June 28, 2025. The modification date, for accounting purposes, was determined to be February 2, 2025, the date on which mutual agreement between the Company and employee was achieved. As February 2, 2025 was a non-trading day, the Company used observable market inputs as of January 31, 2025 (the most recent trading day prior to the modification date) to determine the fair value of the modified awards in accordance with fair value measurement principles under ASC 718.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Total income tax benefit associated with stock-based compensation recognized in our consolidated statements of operations during the years presented was as follows (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Income tax benefit associated with stock-based compensation	\$ 2.5	\$ 7.5	\$ 10.4

Approximately \$14.6 million and \$14.4 million of stock-based compensation was capitalized to inventory as of June 28, 2025 and June 29, 2024, respectively.

The table below summarizes the unrecognized stock-based compensation cost related to unvested shares and the weighted-average period over which it is expected to be recognized as of June 28, 2025:

	Unrecognized stock-based compensation ( <i>in millions</i> )	Weighted-average period ( <i>in years</i> )
RSUs	\$ 117.8	1.9
PSUs	40.2	2.3
Stock options	5.9	1.4
ESPP	2.4	0.4

Stock Award Activity

The following table summarizes our awards activity in fiscal years 2025, 2024 and 2023 (*in millions, except per share amounts*):

	Stock Options		Restricted Stock Units		Performance Stock Units	
	Number of Shares	Weighted-Average Exercise Price per Share	Number of Shares	Weighted-Average Grant Date Fair Value per Share	Number of Shares	Weighted-Average Grant Date Fair Value per Share
Balance as of July 2, 2022	—	\$ —	2.0	\$ 85.9	0.3	\$ 81.9
Replacement Awards Issued	—	—	0.4	93.4	—	n/a
Granted	—	—	1.8	85.1	0.6	87.9
Vested/Exercised	—	—	(1.3)	85.8	(0.2)	73.2
Canceled	—	—	(0.3)	87.7	(0.1)	89.2
Balance as of July 1, 2023	—	\$ —	2.6	\$ 85.0	0.6	\$ 89.1
Replacement options in connection with Cloud Light acquisition	1.1	\$ 8.0	—	—	—	—
Granted	—	—	2.0	52.2	0.7	52.8
Vested/Exercised	—	8.2	(1.3)	85.7	(0.1)	87.7
Canceled	—	—	(0.6)	68.7	(0.3)	78.7
Balance as of June 29, 2024	1.1	\$ 8.0	2.7	\$ 62.5	0.9	\$ 65.5
Granted	—	\$ —	2.0	60.2	1.3	60.5
Vested/Exercised	(0.5)	\$ 7.8	(1.7)	64.4	(0.1)	83.5
Canceled	—	\$ —	(0.4)	60.3	(0.5)	61.4
Balance as of June 28, 2025	0.6	\$ 8.1	2.6	\$ 59.9	1.6	\$ 61.0

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

A summary of awards available for grant for fiscal years 2025, 2024 and 2023 is as follows *(in millions)*:

	<b>Awards Available for Grant</b>
Balance as of July 2, 2022	3.8
Assumed in connection with NeoPhotonics acquisition	0.4
Replacement Awards	(0.4)
Authorized	0.9
Granted	(2.4)
Canceled	0.4
Balance as of July 1, 2023	2.7
Authorized in connection with Cloud Light acquisition	1.5
Replacement options in connection with Cloud Light acquisition	(1.1)
Authorized	3.0
Granted	(2.7)
Canceled	0.9
Balance as of June 29, 2024	4.3
Authorized	0.7
Granted	(3.3)
Canceled	0.9
Balance as of June 28, 2025	2.6

Employee Stock Purchase Plan Activity

The ESPP expense for fiscal years 2025, 2024 and 2023 was \$4.9 million, \$4.7 million, and \$5.0 million, respectively. The expense related to the ESPP is recorded on a straight-line basis over the relevant subscription period. There were 0.3 million, 0.4 million, and 0.3 million shares issued to employees through the ESPP during fiscal years 2025, 2024 and 2023, respectively.

We estimate the fair value of the ESPP shares on the date of grant using the Black-Scholes option-pricing model. The assumptions used to estimate the fair value of the ESPP shares during the periods presented were as follows:

	<b>June 28, 2025</b>	<b>June 29, 2024</b>
Expected term (years)	0.5	0.5
Expected volatility	69.8 %	51.9 %
Risk-free interest rate	4.22 %	5.28 %
Dividend yield	— %	— %

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 15. Employee Retirement Plans**

Defined Contribution Plans

In the United States, the Company sponsors the Lumentum 401(k) Retirement Plan (the “401(k) Plan”), a defined contribution plan under the Employee Retirement Income Security Act of 1974 (“ERISA”), which provides retirement benefits for its eligible employees through tax deferred salary deductions. The 401(k) Plan allows employees to contribute up to 50% of their annual compensation, with contributions limited to \$23,500 (or \$31,000 for employees over 50 years of age) in calendar year 2025 as set by the Internal Revenue Service. Employees are eligible for matching contributions after completing 180 days of service. The Company’s match is contributed on a per-pay-period basis and is based on employees’ before-tax contributions and compensation each pay period. All matching contributions are made in cash and vest immediately under the 401(k) Plan. In fiscal years 2025, 2024 and 2023, our contribution expense to the 401(k) Plan was \$2.7 million, \$3.8 million, and \$3.8 million, respectively.

We also have defined contribution plans in most of the other countries in which we operate, either as required by statutory law or as provided by the Company’s supplemental offering. Our contribution expense to all defined contribution plans outside the United States were \$11.4 million, \$7.4 million, and \$8.1 million for fiscal years 2025, 2024 and 2023, respectively.

Defined Benefit Plans

The Company sponsors defined benefit pension plans covering employees in Japan, Switzerland and Thailand. Pension plan benefits are based primarily on participants’ compensation and years of service credited as specified under the terms of each country’s plan. Employees are entitled to a lump sum benefit upon retirement or upon certain instances of termination. The funding policy is consistent with the local requirements of each country.

We account for our defined benefit obligations in accordance with the authoritative guidance which requires us to record our obligation to the participants, as well as the corresponding net periodic cost. We determine our obligation to the participants and our net periodic cost using actuarial valuations provided by third-party actuaries. As of June 28, 2025, our projected benefit obligations, net, in Japan, Switzerland and Thailand were \$2.3 million, \$2.6 million and \$5.7 million, respectively. They were recorded in our consolidated balance sheets as accrued payroll and related expenses for the short-term portion while other non-current liabilities for the long-term portion, and represent the total projected benefit obligation (“PBO”) less the fair value of plan assets.

As of June 28, 2025, the defined benefit plans in Switzerland were partially funded, while the defined benefit plans in Japan and Thailand were unfunded.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The change in the benefit obligations of pension plans in Japan, Switzerland, and Thailand, and the change in plan assets in Switzerland were as follows (*in millions*):

	June 28, 2025	June 29, 2024
<b>Change in projected benefit obligation:</b>		
Benefit obligation at beginning of year	\$ 24.5	\$ 24.8
Assumed pension liability in Japan in connection with NeoPhotonics acquisition	—	—
Service cost	1.7	1.9
Interest cost	0.5	0.4
Plan participants' contributions	0.8	1.1
Actuarial losses <sup>(1)</sup>	3.0	0.4
Net benefits payment	(2.0)	(3.3)
Settlements	(1.6)	—
Plan amendments	(0.2)	(0.1)
Foreign exchange impact	2.9	(0.7)
Benefit obligation at end of year	\$ 29.6	\$ 24.5
<b>Change in plan assets:</b>		
Fair value of plan assets at beginning of year	\$ 14.9	\$ 13.4
Actual return on plan assets	1.1	0.8
Employer contribution	2.8	3.1
Plan participants' contribution	0.8	1.1
Net benefits payment	(2.0)	(3.3)
Settlements	(1.6)	—
Foreign exchange impact	1.8	(0.2)
Fair value of plan assets at end of year	\$ 17.8	\$ 14.9
<b>Funded status <sup>(2)</sup></b>	<b>\$ (11.8)</b>	<b>\$ (9.6)</b>
<b>Changes in benefit obligations and plan assets recognized in other comprehensive income:</b>		
Net actuarial loss (gain)	\$ 2.4	\$ (0.1)
Loss recognized due to settlement	(0.4)	(0.1)
	\$ 2.0	\$ (0.2)
<b>Accumulated benefit obligation</b>	<b>\$ 23.2</b>	<b>\$ 19.6</b>

<sup>(1)</sup> Actuarial losses are primarily driven by changes in discount rates.

<sup>(2)</sup> The current portion of the projected benefit obligation is \$0.9 million and \$1.0 million, respectively, as of June 28, 2025 and June 29, 2024, which was recorded under accrued payroll and related expenses in the consolidated balance sheets. The non-current portion of the projected benefit obligation is \$11.0 million and \$8.6 million, respectively, as of June 28, 2025 and June 29, 2024, which was recorded under other non-current liabilities in the consolidated balance sheets. Refer to "Note 7. Balance Sheet Details."

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Net periodic pension costs in Japan, Switzerland and Thailand include the following components for the periods presented (*in millions*):

	<b>Years Ended</b>		
	<b>June 28, 2025</b>	<b>June 29, 2024</b>	<b>July 1, 2023</b>
Service cost	\$ 1.7	\$ 1.9	\$ 1.7
Interest cost	0.5	0.4	0.3
Amortization of prior service cost	(0.1)	(0.1)	(0.1)
Expected return on plan assets	(0.5)	(0.4)	(0.3)
Settlement losses	0.4	0.1	—
Net periodic pension cost	<u>\$ 2.0</u>	<u>\$ 1.9</u>	<u>\$ 1.6</u>

*Assumptions*

Underlying both the calculation of the projected benefit obligation and net periodic cost are actuarial valuations. These valuations use participant-specific information such as salary, age and assumptions about interest rates, compensation increases and other factors. At a minimum, we evaluate these assumptions annually and make changes as necessary.

The discount rate reflects the estimated rate at which the pension benefits could be effectively settled. In developing the discount rate, we consider the yield available on an appropriate AA or AAA corporate bond index, adjusted to reflect the term of the plan's liabilities.

The expected return on assets was estimated by using the weighted average of the real expected long-term return (net of inflation) on the relevant classes of assets based on the target asset mix and adding the chosen inflation assumption.

The following table summarizes the weighted-average assumptions used to determine net periodic cost and benefit obligation for our defined benefit plans in Japan, Switzerland and Thailand:

	<b>Years Ended</b>	
	<b>June 28, 2025</b>	<b>June 29, 2024</b>
<b>Assumptions used to determine net periodic cost:</b>		
Discount rate	2.0 %	2.0 %
Expected long-term return on plan assets	3.0 %	3.0 %
Salary increase rate	3.9 %	3.8 %
<b>Assumptions used to determine benefit obligation at end of year:</b>		
Discount rate	1.3 %	1.8 %
Salary increase rate	3.0 %	2.9 %

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Fair Value Measurement of Plan Assets*

The following table sets forth the plan assets of our defined benefit plan in Switzerland at fair value and the percentage of assets allocations as of June 28, 2025 and June 29, 2024 (in millions, except percentage data):

	Target allocation	Total	Percentage of plan asset	Fair value measurement as of June 28, 2025	
				Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:					
Global equity	35 %	\$ 6.5	34 %	\$ —	\$ 6.5
Fixed income	27 %	5.1	27 %	—	5.1
Alternative investment	14 %	2.7	14 %	—	2.7
Cash	1 %	0.2	1 %	0.2	—
Other assets	23 %	4.6	24 %	—	4.6
Total Assets	100 %	\$ 19.1	100 %	\$ 0.2	\$ 18.9

	Target allocation	Total	Percentage of plan asset	Fair value measurement as of June 29, 2024	
				Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:					
Global equity	33 %	\$ 5.1	32 %	\$ —	\$ 5.1
Fixed income	30 %	4.2	30 %	—	4.2
Alternative investment	13 %	1.9	13 %	—	1.9
Cash	1 %	0.1	1 %	0.1	—
Other assets	23 %	3.6	24 %	—	3.6
Total Assets	100 %	\$ 14.9	100 %	\$ 0.1	\$ 14.8

Our pension assets consist of multiple institutional funds (“pension funds”) of which the fair values are based on the quoted prices of the underlying funds. Pension funds are classified as Level 2 assets since such funds are not directly traded in active markets. Global equity consists of several funds that invest primarily in Swiss and foreign equities; fixed income consists of several funds that invest primarily in investment grade domestic and overseas bonds; alternative investment consists of several funds that invest primarily in hedge funds, infrastructure funds and private equity and debt; and other assets consist of several funds that invest primarily in real estate funds.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Future Benefit Payments*

We estimate our expected benefit payments to participants in the defined benefit pension plans based on the same assumptions used to measure our PBO at year-end which includes benefits attributable to estimated future compensation increases.

The following benefit payments are estimated to be paid from our defined benefit pension plans (*in millions*):

<b>Fiscal Years</b>	<b>Total</b>
2026	\$ 2.0
2027	1.4
2028	1.7
2029	1.6
2030	1.7
Next five years	13.9
<b>Total expected benefit payments</b>	<b>\$ 22.3</b>

We expect to contribute \$2.0 million to our defined benefit pension plans in fiscal year 2026.

**Note 16. Commitments and Contingencies**

Purchase Obligations

Purchase obligations of \$837.6 million as of June 28, 2025 represent legally-binding commitments to purchase inventory and other commitments made in the normal course of business to meet operational requirements. Although open purchase orders are considered enforceable and legally binding, the terms generally allow the option to cancel, reschedule and adjust the requirements based on our business needs prior to the delivery of goods or performance of services. Obligations to purchase inventory and other commitments are generally expected to be fulfilled within one year.

We depend on a limited number of contract manufacturers, subcontractors and suppliers for raw materials, packages and standard components. We generally purchase these single or limited source products through standard purchase orders or one-year supply agreements and have no significant long-term guaranteed supply agreements with these vendors. While we seek to maintain a sufficient safety stock of such products and maintain on-going communications with our suppliers to guard against interruptions or cessation of supply, our business and results of operations could be adversely affected by a stoppage or delay of supply, substitution of more expensive or less reliable products, receipt of defective parts or contaminated materials, increases in the price of such supplies, or our inability to obtain reduced pricing from our suppliers in response to competitive pressures.

Product Warranties

We provide reserves for the estimated costs of product warranties at the time revenue is recognized. We typically offer a twelve-month warranty for most of our products. However, in some instances depending on the product, product components or application of our products by the end customer, our warranties can vary and generally range from six months to five years. We estimate the costs of our warranty obligations on an annualized basis based on our historical experience of known product failure rates, use of materials to repair or replace defective products, and service delivery costs incurred in correcting product failures. In addition, from time-to-time, specific warranty accruals may be made if unforeseen technical problems arise with specific products. We assess the adequacy of our recorded warranty liabilities and adjust the amounts as necessary.

The following table presents the changes in our warranty reserve during the periods presented (*in millions*):

	<b>Years Ended</b>	
	<b>June 28, 2025</b>	<b>June 29, 2024</b>
Balance as of beginning of period	\$ 13.2	\$ 6.8
Warranties assumed in Cloud Light acquisition	0.8	8.2
Provision for warranty	10.2	6.0
Utilization of reserve	(9.8)	(7.8)
<b>Balance as of end of period</b>	<b>\$ 14.4</b>	<b>\$ 13.2</b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Environmental Liabilities

Our research and development, manufacturing and distribution operations involve the use of hazardous substances and are regulated under international, federal, state and local laws governing health and safety and the environment. We apply strict standards for protection of the environment and occupational health and safety to sites inside and outside the United States, even if not subject to regulations imposed by foreign governments. We believe that our properties and operations at our facilities comply in all material respects with applicable environmental laws and occupational health and safety laws. However, the risk of environmental liabilities cannot be completely eliminated and there can be no assurance that the application of environmental and health and safety laws will not require us to incur significant expenditures. We are also regulated under a number of international, federal, state and local laws regarding recycling, product packaging and product content requirements. The environmental and product content/disposal and recycling laws are gradually becoming more stringent and may cause us to incur significant expenditures in the future.

Legal Proceedings

We are subject to a variety of claims and suits that arise from time-to-time in the ordinary course of our business. In addition, we are subject to various legal matters, investigations, subpoenas, inquiries, audits, claims, and disputes, including with regulatory bodies and governmental agencies. While management currently believes that resolving claims against us, individually or in the aggregate, will not have a material adverse impact on our financial position, results of operations or statements of cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. We accrue for loss contingencies when it is both probable that we will incur the loss and when we can reasonably estimate the amount of the loss or range of loss. As of June 28, 2025, the accrual for expected settlement of litigation matters was not material.

*Oclaro Merger Litigation*

In connection with our acquisition of Oclaro in 2018, seven lawsuits were filed by purported stockholders of Oclaro challenging the proposed merger (the "Merger"). All but one was voluntarily dismissed after the Oclaro Merger closed. The remaining lawsuit, *SaiSravan B. Karri v. Oclaro, Inc., et al.*, No. 3:18-cv-03435-JD (the "Karri Lawsuit"), was filed in the United States District Court for the Northern District of California and is styled as a class action.

The Karri Lawsuit alleges, among other things, that Oclaro and its directors violated Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14a-9 promulgated thereunder by disseminating an incomplete and misleading Form S-4, including proxy statement/prospectus. The Karri Lawsuit further alleged that Oclaro's directors violated Section 20(a) of the Exchange Act by failing to exercise proper control over the person(s) who violated Section 14(a) of the Exchange Act. The plaintiff in the Karri Lawsuit seeks, among other things, damages to be awarded to the plaintiff and any class, if a class is certified, and litigation costs, including attorneys' fees.

After the plaintiff in the Karri Lawsuit was appointed as lead plaintiff and his counsel as lead counsel, the plaintiff filed a first amended complaint on April 15, 2019. The first amended complaint, also named Lumentum as a defendant but Lumentum has since been dismissed from the action. On October 8, 2020, the court granted in part and denied in part the defendant's motion to dismiss the first amended complaint. On December 1, 2020, defendants answered the first amended complaint. On September 17, 2021, lead plaintiff filed a second amended complaint. Defendants moved to stay discovery in light of the second amended complaint. On January 11, 2022, the Court struck the second amended complaint as untimely, terminated defendants' motions to dismiss as moot, and lifted the stay. The case proceeded through fact and expert discovery.

On August 16, 2022, the lead plaintiff moved for class certification and to be appointed class representative. Defendants opposed the motion. The action subsequently was stayed while the parties participated in a mediation. On January 18, 2023, the lead plaintiff filed a Notice of Settlement informing the court of an agreement in principle between the parties for a class-wide settlement of the Karri Lawsuit. On January 24, 2023, in light of the potential settlement, the court vacated all pretrial and trial dates and ordered the lead plaintiff to file a motion for preliminary approval of the settlement by March 17, 2023. The lead plaintiff filed his motion for preliminary approval of the settlement on March 16, 2023, and defendants filed a statement of non-opposition on March 30, 2023. On April 20, 2023, the court held a hearing on lead plaintiff's motion for preliminary approval of the settlement. The court declined to grant lead plaintiff's motion for preliminary approval and ordered lead plaintiff to file a revised motion by May 22, 2023. Lead plaintiff filed his Revised Motion for Preliminary Approval of Settlement (the "Amended Motion") on May 22, 2023, defendants filed a response in support of the Amended Motion on June 5, 2023, and the lead plaintiff submitted his reply in further support of the Amended Motion on June 12, 2023. The hearing on the Amended Motion took place on August 17, 2023 and the court preliminarily approved the settlement and scheduled the fairness hearing for February 22, 2023. On November 2, 2023, lead plaintiff filed a Motion for an Award of Attorneys' Fees and Expenses and

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Award to Class Representative Pursuant to 15 U.S.C. §78u-4(a)(4) (the “Fee Motion”) and on November 16, 2023, Defendants filed a response to the Fee Motion. On January 11, 2024, lead plaintiff filed a Motion for Final Approval of Class Action Settlement, for Certification of the Settlement Class and for Approval of the Plan of Allocation, and supporting papers. On January 25, 2024, lead plaintiff filed a Reply in Support of Motions for Final Approval of Class Action Settlement and an Award of Attorneys’ Fees and Expenses. On July 12, 2024, the court entered an order approving the settlement in all respects and dismissing the action with prejudice. On July 26, 2024, the court entered an order awarding attorneys’ fees and expenses and service award to Karri as class representative. Pursuant to the order, the court awarded Karri attorneys’ fees in the amount of \$5.1 million and expenses in the amount of \$0.4 million, all to be paid from the settlement fund, subject to certain conditions.

We recorded the court approved settlement amount of \$15.3 million as accrued expenses in our condensed consolidated balance sheet as of June 29, 2024, of which \$7.5 million represents the amount to be reimbursed by insurance and was recorded as prepayments and other current assets.

Regulatory Matters

In August 2024, the Company received inquiries from the Bureau of Industry and Security of the U.S. Department of Commerce (“BIS”) and Department of Justice (“DOJ”) following the Company’s voluntary self-disclosures to BIS in December 2023, and supplemented in April 2024. The Company continues to cooperate with both agencies on this matter. The Company is unable to predict the likely outcome of these matters.

Indemnifications

In the normal course of business, we enter into agreements that contain a variety of representations and warranties and provide for general indemnification. Exposure under these agreements is unknown, because claims may be made against us in the future and we may record charges in the future as a result of these indemnification obligations. As of June 28, 2025, we did not have any material indemnification claims that were probable or reasonably possible.

Audit Proceedings

We are under audit by various domestic and foreign tax authorities with regards to income tax and indirect tax matters. In some, although not all cases, we have reserved for potential adjustments to our provision for income taxes and accrual of indirect taxes that may result from examinations by these tax authorities or final outcomes in judicial proceedings, and we believe that the final outcome of these examinations, agreements or judicial proceedings will not have a material effect on our results of operations. If events occur which indicate payment of these amounts is unnecessary, the reversal of the liabilities would result in the recognition of benefits in the period when we determine the liabilities are no longer necessary. If our estimates of the federal, state, and foreign income tax liabilities and indirect tax liabilities are less than the ultimate assessment, it could result in a further charge to expense.

**Note 17. Operating Segments and Geographic Information**

Our Chief Executive Officer is our Chief Operating Decision Maker (“CODM”). We have two operating segments, Cloud & Networking and Industrial Tech, which also represent our two reportable segments. The CODM allocates resources to the segments based on their business prospects, competitive factors, segment net revenue and segment profit. Segment profit includes operating expenses directly managed by operating segments, including research and development, and direct sales and marketing expenses. The CODM regularly reviews operating results to make decisions about resources to be allocated to the segments and to assess their performance.

Cloud & Networking

Our Cloud & Networking products comprise a comprehensive portfolio of optical and photonic chips, components, modules, and subsystems supplied to cloud data center operators, AI/ML infrastructure providers, and network equipment manufacturer customers who are building cloud data center and network infrastructures. Our products enable high-capacity optical links for cloud computing, AI/ML workloads, and data center interconnect (“DCI”) applications, as well as for communications service provider networks. Our offerings support access (local), metro (intracity), long-haul (intercity and global), and submarine (undersea) network infrastructure. Additionally, our Cloud & Networking products serve enterprise network infrastructure needs, including storage area networks (“SANs”), local area networks (“LANs”), and wide area networks (“WANs”). Demand for our products is fueled by the ongoing expansion of network capacity required to support cloud and services, AI/ML processing, streaming video, video conferencing, wireless and mobile connectivity, and the internet of things (“IoT”).

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Industrial Tech**

Our Industrial Tech products include short-pulse solid-state lasers, kilowatt-class fiber lasers, diode lasers, and gas lasers, serving a wide range of end-markets applications. In the consumer market, our laser light sources are integrated into customers' 3D sensing cameras, primarily used in mobile devices. In the industrial manufacturing market, our lasers are embedded in machine tools used for precision material processing across diverse industries, including semiconductor and microelectronics fabrication, electric vehicle and battery production, metal cutting and welding, and advanced manufacturing. Adoption of our Industrial Tech products is driven by the need to advance semiconductor and microelectronics technology roadmaps and by Industry 4.0 and 5.0 trends that emphasize greater manufacturing precision, flexibility, and sustainability.

**Reportable Segments**

The two operating segments, Cloud & Networking and Industrial Tech, also represent our two reportable segments. Our CODM allocates resources and evaluates segment performance based on segment revenue and segment profit. The following table summarizes segment profit and a reconciliation to the consolidated loss before income taxes for the periods presented (*in millions*). Segment profit does not include stock-based compensation, acquisition or integration related costs, amortization and impairment of acquisition-related intangible assets, restructuring and related charges, and certain other charges. Additionally, we do not allocate corporate marketing and strategic marketing expenses and general and administrative expenses, as these expenses are not directly attributable to our operating segments. In addition, we do not track all of our property, plant and equipment by operating segments. Comparative prior period segment information has been recast to conform to the new segment structure.

Information on reportable segments utilized by our CODM is as follows (*in millions*):

	Years Ended								
	June 28, 2025			June 29, 2024			July 1, 2023		
	Cloud & Networking	Industrial Tech	Total	Cloud & Networking	Industrial Tech	Total	Cloud & Networking	Industrial Tech	Total
Net revenue	\$ 1,410.8	234.2	\$ 1,645.0	\$ 1,084.9	274.3	\$ 1,359.2	\$ 1,322.5	444.5	\$ 1,767.0
Cost of sales	924.4	149.2	1073.6	743.8	166.5	910.3	794.3	209.2	1003.5
Segment gross profit	486.4	85.0	571.4	341.1	107.8	448.9	528.2	235.3	763.5
Operating expenses:									
Research and development	194.7	61.3	256.0	192.4	68.0	260.4	181.8	67.2	249.0
Selling, general and administrative	27.2	11.6	38.8	24.20	14.70	38.9	33.2	15.4	48.6
Segment profit	\$ 264.5	12.1	276.6	\$ 124.5	25.1	\$ 149.6	\$ 313.2	152.7	\$ 465.9

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Reconciliation of segment profit to consolidated loss before income taxes is as follows (*in millions*):

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Segment profit	\$ 276.6	\$ 149.6	\$ 465.9
Unallocated corporate items:			
Selling, general and administrative <sup>(1)</sup>	(116.5)	(111.8)	(126.7)
Stock-based compensation <sup>(2)</sup>	(177.2)	(128.8)	(136.5)
Stock-based compensation - acquisition related	—	—	(11.9)
Amortization of acquired intangibles	(149.7)	(150.6)	(127.7)
Amortization of acquired inventory fair value adjustments	—	(8.3)	(17.8)
Acquisition related costs	(1.2)	(13.3)	(11.5)
Integration related costs	(9.2)	(37.1)	(28.6)
Restructuring and related charges	(22.8)	(72.6)	(28.1)
Abnormal excess capacity <sup>(3)</sup>	—	(20.7)	—
Litigation matters	—	—	(7.8)
Intangible asset write-off	(2.7)	—	(21.3)
Gain on sale of facility <sup>(4)</sup>	34.9	—	—
Other charges, net <sup>(5)</sup>	(12.3)	(40.4)	(63.7)
Interest expense	(22.2)	(33.8)	(35.5)
Other income, net <sup>(6)</sup>	30.2	62.1	48.8
Consolidated loss before income taxes	<u>\$ (172.1)</u>	<u>\$ (405.7)</u>	<u>\$ (102.4)</u>

<sup>(1)</sup> We do not allocate selling, general and administrative expenses that are not directly attributable to our operating segments.

<sup>(2)</sup> Stock-based compensation for the year ended June 28, 2025 includes \$28.2 million of stock-based compensation expense resulting from equity award modifications for our former President and Chief Executive Officer (“CEO”), which include RSUs and PSUs that were immediately expensed as of the separation date.

<sup>(3)</sup> Abnormal excess capacity for the year ended June 29, 2024 represents excess capacity attributable to a near-term reduction in our manufacturing production, primarily driven by our non-recurring inventory reduction effort following the disruptions in the supply chain due to the COVID-19 pandemic and factory consolidation efforts.

<sup>(4)</sup> Gain on sale of facility for the year ended June 28, 2025 represents a gain for net assets sold in an entity in Shenzhen, China, which consist primarily of building, building improvements and land rights.

<sup>(5)</sup> Other charges, net for the year ended June 28, 2025 mainly includes \$12.2 million of legal and professional fees primarily related to non-ordinary course legal matters, \$6.2 million of CEO transition costs, and \$3.2 million of bad debt reserve related to the remaining unpaid balances due from Huawei associated with the trade restrictions, offset by a credit of \$5.2 million associated with an audit settlement of indirect taxes for prior periods and a \$5.0 million credit related to units sold that were previously written-down.

Other charges, net for the year ended June 29, 2024 primarily relate to \$11.2 million of net excess and obsolete inventory, \$12.4 million of non-recurring legal and professional fees, \$4.9 million of incremental costs of sales related to components previously acquired from various brokers to satisfy customer demand and \$3.4 million of one-time charge as a result of contract termination with one of our vendors due to a change in our manufacturing strategy, offset by various miscellaneous gains. The excess and obsolete inventory charges relate to charges that are not attributable to our operating segments due to their unusual nature, primarily those charges driven by U.S. trade restrictions whereby we are no longer able to sell certain products to one of our customers.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Other charges, net for the year ended July 1, 2023 primarily relate to \$32.5 million of incremental costs of sales related to components previously acquired from various brokers to satisfy customer demand, \$12.5 million of non-recurring legal and professional fees, \$5.4 million of excess and obsolete inventory charges primarily driven by synergies as a result of the NeoPhotonics integration and \$2.7 million of excess and obsolete inventory charges driven by U.S. trade restrictions and the related decline in demand from Huawei.

<sup>(6)</sup> Other income, net for the year ended June 28, 2025 includes interest and investment income of \$34.4 million, and foreign exchange losses, net of \$4.2 million.

Other income, net for the year ended June 29, 2024 includes interest and investment income of \$61.3 million, and foreign exchange gains, net of \$0.8 million.

Other income, net for the year ended July 1, 2023 includes interest and investment income of \$40.8 million, foreign exchange gains, net of \$7.0 million, and other income, net of \$1.0 million.

**Concentrations**

We operate in three geographic regions: Americas, Asia-Pacific, and EMEA (Europe, Middle East, and Africa). Net revenue is assigned to the geographic region and country where our product is initially shipped to. For example, certain customers may request shipment of our product to a contract manufacturer in one country, which may differ from the location of their end customers. The following table presents net revenue by the three geographic regions we operate in and net revenue from countries that represented 10% or more of our total net revenue (*in millions, except percentage data*):

	Years Ended					
	June 28, 2025		June 29, 2024		July 1, 2023	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
Net revenue:						
<b>Americas:</b>						
United States	\$ 312.3	19.0 %	\$ 356.1	26.2 %	\$ 241.3	13.7 %
Mexico	148.5	9.0	91.7	6.7	180.0	10.2
Other Americas	20.1	1.2	3.4	0.3	9.3	0.5
Total Americas	<u>\$ 480.9</u>	<u>29.2 %</u>	<u>\$ 451.2</u>	<u>33.2 %</u>	<u>\$ 430.6</u>	<u>24.4 %</u>
<b>Asia-Pacific:</b>						
Thailand	\$ 291.8	17.7 %	\$ 183.8	13.5 %	\$ 269.0	15.2 %
Hong Kong	398.6	24.2	261.9	19.3	246.7	14.0
South Korea	32.4	2.0	75.2	5.5	170.2	9.6
Japan	78.3	4.8	84.6	6.2	179.5	10.2
Other Asia-Pacific	199.5	12.2	174.3	12.9	276.3	15.6
Total Asia-Pacific	<u>\$ 1,000.6</u>	<u>60.9 %</u>	<u>\$ 779.8</u>	<u>57.4 %</u>	<u>\$ 1,141.7</u>	<u>64.6 %</u>
<b>EMEA</b>	<u>\$ 163.5</u>	<u>9.9 %</u>	<u>\$ 128.2</u>	<u>9.4 %</u>	<u>\$ 194.7</u>	<u>11.0 %</u>
<b>Total net revenue</b>	<u><u>\$ 1,645.0</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 1,359.2</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 1,767.0</u></u>	<u><u>100.0 %</u></u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

During the years ended June 28, 2025, June 29, 2024, and July 1, 2023, net revenue generated from a single customer which represented 10% or greater of total net revenue is summarized as follows:

	Years Ended		
	June 28, 2025	June 29, 2024	July 1, 2023
Customer A	16.0 %	11.4 %	15.3 %
Customer B	15.4 %	18.9 %	*
Customer C	*	*	12.1 %
Customer D	*	*	10.5 %
*Represents less than 10% of total net revenue			

The following table sets forth accounts receivable from a single customer that represented 10% or greater of the total accounts receivable for the periods presented:

	June 28, 2025	June 29, 2024
Customer 1	13.2 %	12.9 %
Customer 2	11.0 %	*
*Represents less than 10% of total accounts receivable		

Long-lived assets, namely property, plant and equipment, net, were identified based on the physical location of the assets in the corresponding geographic areas as of the periods indicated (*in millions*):

	June 28, 2025	June 29, 2024
Property, plant and equipment, net		
United States	\$ 123.0	\$ 131.0
Thailand	218.6	141.0
Japan	144.3	75.7
United Kingdom	109.4	83.8
China	76.8	85.7
Other countries	54.3	55.3
Total property, plant and equipment, net	<u>\$ 726.4</u>	<u>\$ 572.5</u>

We purchase a portion of our inventory from contract manufacturers and vendors located primarily in Thailand, Taiwan and Malaysia. The following table sets forth inventory purchase from a single contract manufacturer that represented 10% or greater of our total net inventory purchases for the periods presented:

	June 28, 2025	June 29, 2024
Contract Manufacturer A	25.1 %	30.3 %

**Note 18. Revenue Recognition**

***Disaggregation of Revenue***

We disaggregate revenue by segment and by geography. We do not present other levels of disaggregation, such as by type of products, customer, markets, contracts, duration of contracts, timing of transfer of control and sales channels, as this information is not used by our CODM to manage the business.

**LUMENTUM HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The table below discloses our total net revenue attributable to each of our two reportable segments (*in millions, except percentage data*):

	Years Ended					
	June 28, 2025		June 29, 2024		July 1, 2023	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
Cloud & Networking	\$ 1,410.8	85.8 %	\$ 1,084.9	79.8 %	\$ 1,322.5	74.8 %
Industrial Tech	234.2	14.2 %	274.3	20.2 %	444.5	25.2 %
<b>Net revenue</b>	<b>\$ 1,645.0</b>	<b>100.0 %</b>	<b>\$ 1,359.2</b>	<b>100.0 %</b>	<b>\$ 1,767.0</b>	<b>100.0 %</b>

**Contract Balances**

The following table reflects the changes in contract balances for the periods presented (*in millions, except percentages*):

Contract balances	Balance sheet location	June 28, 2025	June 29, 2024	Change	Percentage Change
Accounts receivable, net	Accounts receivable, net	\$ 250.0	\$ 194.7	\$ 55.3	28.4%
Deferred revenue and customer deposits	Other current liabilities	\$ 0.7	\$ 0.6	\$ 0.1	16.7%

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**(a) Evaluation of Disclosure Controls and Procedures**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 28, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15 and 15d-15 under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 28, 2025, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level.

**(b) Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on the assessment, management has concluded that its internal control over financial reporting was effective as of June 28, 2025 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has issued a report, included herein, on the effectiveness of the Company’s internal control over financial reporting as of June 28, 2025.

**(c) Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), identified in connection with the evaluation required by Exchange Act Rules 13a-15(d) or 15d-15(d) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**(d) Inherent Limitations on Effectiveness of Controls**

Our management, including the CEO and CFO, recognizes that our disclosure controls and procedures or our internal control over financial reporting cannot prevent or detect all possible instances of errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Lumentum Holdings Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Lumentum Holdings Inc. and subsidiaries (the “Company”) as of June 28, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 28, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 28, 2025, of the Company and our report dated August 19, 2025, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP  
San Jose, California  
August 19, 2025

**ITEM 9B. OTHER INFORMATION**

*Securities Trading Plans of Directors and Executive Officers*

During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

### **PART III**

The SEC allows us to include information required in this Annual Report by referring to other documents or reports we have already filed or will soon be filing. This is called “incorporation by reference.” We intend to file our definitive proxy statement for our 2025 annual meeting of stockholders (the “Proxy Statement”) pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report, and certain information to be contained therein is incorporated in this Annual Report by reference.

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required for this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required for this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required for this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required for this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required for this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBIT AND, FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

The financial statements filed as part of this Annual Report are listed in the section titled “Financial Statements and Supplementary Data” under Part II, Item 8 of this Annual Report.

	Page
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)</a>	<a href="#">60</a>
<a href="#">Consolidated Statements of Operations—Years Ended June 28, 2025, June 29, 2024 and July 1, 2023</a>	<a href="#">62</a>
<a href="#">Consolidated Statements of Comprehensive Income (Loss)—Years Ended June 28, 2025, June 29, 2024 and July 1, 2023</a>	<a href="#">63</a>
<a href="#">Consolidated Balance Sheets—June 28, 2025 and June 29, 2024</a>	<a href="#">64</a>
<a href="#">Consolidated Statements of Cash Flows—Years Ended June 28, 2025, June 29, 2024 and July 1, 2023</a>	<a href="#">65</a>
<a href="#">Consolidated Statements of Stockholders’ Equity—Years Ended June 28, 2025, June 29, 2024 and July 1, 2023</a>	<a href="#">67</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">68</a>

2. Financial Statement Schedules

The following additional financial statement schedules should be considered in conjunction with our consolidated financial statements. All other financial statement schedules have been omitted because the required information is not present in amounts sufficient to require submission of the schedule, not applicable, or because the required information is included in the consolidated financial statements or notes thereto.

**LUMENTUM HOLDINGS INC.**  
**FINANCIAL STATEMENT SCHEDULES**  
**SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS**

*(in millions)*

	Balance at beginning of period	Increase (decrease) in Consolidated Statements of Operations	Write-offs and other adjustments	Balance at end of period
<b>Allowance for credit losses:</b>				
Fiscal year ended June 28, 2025	\$ 0.2	\$ 3.4	\$ (0.1)	\$ 3.5
Fiscal year ended June 29, 2024	\$ —	\$ 0.2	\$ —	\$ 0.2
Fiscal year ended July 1, 2023	\$ —	\$ —	\$ —	\$ —

*(in millions)*

	Balance at beginning of period	Additions charged to costs/expenses <sup>(1)</sup>	Deductions credited to costs/expenses <sup>(2)</sup>	Balance at end of period
<b>Deferred tax valuation allowance:</b>				
Fiscal year ended June 28, 2025	\$ 490.4	\$ 128.6	\$ (178.2)	\$ 440.8
Fiscal year ended June 29, 2024	\$ 303.4	\$ 205.4	\$ (18.4)	\$ 490.4
Fiscal year ended July 1, 2023	\$ 263.1	\$ 42.7	\$ (2.4)	\$ 303.4

<sup>(1)</sup> Additions include current year additions charged to expenses and current year build due to increases in net deferred tax assets, return to provision true-ups, other adjustments to deferred taxes.

<sup>(2)</sup> Net deductions include current year releases credited to expenses and current year reductions due to decreases in net deferred tax assets, return to provision true-ups, other adjustments to deferred taxes.

### 3. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Securities and Exchange Commission.

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
2.1	<a href="#">Contribution Agreement</a>	8-K	2.1	8/6/2015	
2.2	<a href="#">Separation and Distribution Agreement</a>	8-K	2.2	8/6/2015	
2.3	<a href="#">Agreement and Plan of Merger, dated as of October 29, 2023, by and among Lumentum Holdings Inc., Cloud Light, and Crius Merger Sub, Inc.</a>	8-K	2.1	10/30/2023	
3.1	<a href="#">Amended and Restated Certificate of Incorporation</a>	8-K	3.1	8/6/2015	
3.2	<a href="#">Amended and Restated Bylaws</a>	8-K	3.2	8/6/2015	
4.1	<a href="#">Description of Capital Stock</a>	10-K	4.4	8/27/2019	
4.2	<a href="#">Indenture, dated December 12, 2019, between Lumentum Holdings Inc. and U.S. Bank National Association.</a>	8-K	4.1	12/12/2019	
4.3	<a href="#">Form of 0.50% Convertible Senior Note due 2026 (included in Exhibit 4.2).</a>	8-K	4.2	12/12/2019	
4.4	<a href="#">First Supplemental Indenture, dated as of September 25, 2024, to the Indenture, dated December 12, 2019, by and between Lumentum Holdings Inc. and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association)</a>	10-Q	4.1	11/8/2024	
4.5	<a href="#">Indenture dated March 8, 2022, between Lumentum Holdings Inc. and U.S. Bank Trust Company, National Association</a>	8-K	4.1	3/8/2022	
4.6	<a href="#">Form of 0.50% Convertible Senior Note due 2028 (included in Exhibit 4.4)</a>	8-K	4.2	3/8/2022	
4.7	<a href="#">Indenture, dated June 16, 2023, between Lumentum Holdings Inc. and U.S. Bank Trust Company, National Association.</a>	8-K	4.1	6/16/2023	
4.8	<a href="#">Form of 1.50% Convertible Senior Note due 2029 (included in Exhibit 4.6).</a>	8-K	4.2	6/16/2023	
10.1	<a href="#">Tax Matters Agreement</a>	8-K	10.1	8/6/2015	
10.2*	<a href="#">Employee Matters Agreement</a>	8-K	10.2	8/6/2015	
10.3	<a href="#">Intellectual Property Matters Agreement</a>	8-K	10.3	8/6/2015	
10.4*	<a href="#">2015 Equity Incentive Plan as amended and Restated November 20, 2024</a>	8-K	10.1	11/22/2024	
10.5*	<a href="#">2015 Employee Stock Purchase Plan</a>	S-8	99.2	7/29/2015	
10.6*	<a href="#">Executive Officer Performance-Based Incentive Plan</a>	8-K	10.3	11/9/2016	
10.7*	<a href="#">Amended and Restated Change in Control and Severance Benefits Plan, effective August 22, 2023</a>	10-Q	10.1	11/8/2023	
10.8*	<a href="#">Form of Indemnification Agreement</a>	10-K	10.8	9/25/2015	
10.09*	<a href="#">Offer Letter, by and between the Registrant and Wajid Ali, dated as of January 11, 2019</a>	10-Q	10.1	5/7/2019	
10.10*	<a href="#">Offer Letter entered into by Lumentum Holdings Inc. with Michael Hurlston, dated January 28, 2025</a>	8-K	10.1	2/3/2025	
10.11*	<a href="#">Transition Agreement entered into by Lumentum Holdings Inc. with Alan Lowe, dated February 2, 2025</a>	8-K	10.2	2/3/2025	
10.12*	<a href="#">Global Performance Unit Award Agreement</a>	10-Q	10.1	5/9/2023	
10.13*	<a href="#">Global Restricted Stock Unit Award Agreement</a>	10-Q	10.2	5/9/2023	

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10.14*	<a href="#">2025 Inducement Equity Incentive Plan</a>	S-8	4.3	2/6/2025	
10.15*	<a href="#">Form of Restricted Stock Unit Agreement under 2025 Inducement Equity Incentive Plan</a>	S-8	4.4	2/6/2025	
10.16*	<a href="#">Form of Performance Stock Unit Agreement under 2025 Inducement Equity Incentive Plan</a>	S-8	4.5	2/6/2025	
19.1	<a href="#">Lumentum Holdings Inc. Insider Trading Policy</a>	10-K	19.1	8/21/2024	
21.1	<a href="#">Subsidiaries of Lumentum Holdings Inc.</a>				X
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm (Deloitte &amp; Touche LLP)</a>				X
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				X
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				X
32.1†	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				X
32.2†	<a href="#">Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				X
97.1	<a href="#">Compensation Recovery Policy</a>				X
101	The following financial information from Lumentum Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended June 28, 2025 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the fiscal years ended June 28, 2025, June 29, 2024 and July 1, 2023; (ii) Consolidated Statements of Comprehensive Income for the fiscal years ended June 28, 2025, June 29, 2024 and July 1, 2023; (iii) Consolidated Balance Sheets as of June 28, 2025 and June 29, 2024; (iv) Consolidated Statements of Cash Flows for the fiscal years ended June 28, 2025, June 29, 2024 and July 1, 2023 ; (v) Consolidated Statements of Stockholders' Equity for the fiscal years ended June 28, 2025, June 29, 2024 and July 1, 2023; and (vi) Notes to the Consolidated Financial Statements				X
104	The cover page from Lumentum Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended June 28, 2025, formatted in Inline XBRL (included as Exhibit 101).				X

\* Indicates management contract or compensatory plan or arrangement.

† The certifications furnished in Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

**ITEM 16. FORM 10-K SUMMARY.**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 19, 2025

LUMENTUM HOLDINGS INC.

By: /s/ WAJID ALI

By: Wajid Ali

*Executive Vice President and Chief Financial Officer*

*(Principal Financial Officer)*

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Wajid Ali and Jae Kim, and each of them individually, as his or her attorney-in-fact, each with full power of substitution, for him or her in any and all capacities to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his or her substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ MICHAEL HURLSTON</u> Michael Hurlston	President, Chief Executive Officer and Director (principal executive officer)	August 19, 2025
<u>/s/ WAJID ALI</u> Wajid Ali	Executive Vice President, Chief Financial Officer (principal financial officer)	August 19, 2025
<u>/s/ MATTHEW SEPE</u> Matthew Sepe	Chief Accounting Officer (principal accounting officer)	August 19, 2025
<u>/s/ PAUL LUNDSTROM</u> Paul Lundstrom	Director	August 19, 2025
<u>/s/ JULIE JOHNSON</u> Julie Johnson	Director	August 19, 2025
<u>/s/ PENELOPE HERSCHER</u> Penelope Herscher	Director	August 19, 2025
<u>/s/ HAROLD COVERT</u> Harold Covert	Director	August 19, 2025
<u>/s/ BRIAN LILLIE</u> Brian Lillie	Director	August 19, 2025
<u>/s/ IAN SMALL</u> Ian Small	Director	August 19, 2025
<u>/s/ ISAAC HARRIS</u> Isaac Harris	Director	August 19, 2025
<u>/s/ PAMELA FLETCHER</u> Pamela Fletcher	Director	August 19, 2025

**LIST OF SUBSIDIARIES  
LUMENTUM HOLDINGS INC.  
AS OF JUNE 28, 2025**

Name of Entity	State or Other Jurisdiction of Incorporation or Organization
<b>DOMESTIC</b>	
LumentumRadiant GmbH - U.S. Branch	California
Lumentum Inc.	Delaware
Lumentum Designs LLC	Delaware
Lumentum Operations LLC	Delaware
Lumentum Italy Inc.	Delaware
Lumentum Fiber Optics, Inc.	Delaware
Lumentum Networks LLC	Delaware
Lumentum Optics Inc.	Delaware
Lumentum Systems LP	Delaware
NeoPhotonics Corporation	Delaware
<b>INTERNATIONAL</b>	
Bookham International Ltd.	Cayman Islands
Bookham Nominees Ltd.	United Kingdom
LumentumEdge GmbH	Switzerland
LumentumRadiant GmbH	Switzerland
Lumentum Asia Limited	Hong Kong
Lumentum Canada ULC	Canada
Lumentum Communication Technology (Shenzhen) Co., Ltd.	China
Lumentum Communication Technology (Shenzhen) Co., Ltd. Wuhan Branch	China
Lumentum d.o.o. Optična vlakna	Slovenia
Lumentum HoldCo Limited	Hong Kong
Lumentum HoldCo Limited, Philippine Branch	Philippines
Lumentum HoldCo Limited - Taiwan Branch	Taiwan
Lumentum International (Thailand) Co., Ltd.	Thailand
Lumentum International Tech Co.	Cayman Islands
Lumentum Israel Ltd	Israel
Lumentum Italy Inc. - Branch	Italy
Lumentum Japan Inc.	Japan
Lumentum G.K.	Japan
Lumentum Netherlands B.V.	Netherlands
Lumentum Netherlands B.V. - France Branch	France
Lumentum Netherlands B.V. - Germany Branch	Germany
Lumentum Ottawa ULC	Canada
Lumentum SK Limited	South Korea
Lumentum Switzerland AG	Switzerland
Lumentum Taiwan Co., Ltd.	Taiwan
Lumentum Technologies ULC	Canada
Lumentum Technology UK Limited	United Kingdom

Oclaro Germany GmbH	Germany
Oclaro Innovations LLP	United Kingdom
Oclaro Malaysia Sdn Bhd	Malaysia
Oclaro Technology (Shenzhen) Co. Ltd.	China
Novel Centennial Limited	BVI
NeoPhotonics Corporation (R&D Center – Canada branch)	Canada
NeoPhotonics Corporation Limited	Hong Kong
NeoPhotonics Dongguan Co. Ltd.	China
IDEA – SISTEMAS ELETRONICOS S.A.	Brazil
PI-TECNOLOGIA LTDA	Brazil
BRPHOTONICS PRODUTOS OPTOELETRONICOS LTDA	Brazil
Cloud Light Optoelectronics Limited	British Virgin Islands
Cloud Light Technology Philippines Inc.	Philippines
Cloud Light Technology Limited	Hong Kong
Dongguan Cloud Light Technology Limited	China
Taiwan Cloud Light Technology Limited	Taiwan

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-287268, 333-286528, 333-284742, 333-276989, 333-275830, 333-266543, 333-264779, 333-228905, 333-215937, and 333-205918 on Form S-8 of our reports dated August 19, 2025, relating to the financial statements of Lumentum Holdings Inc., and the effectiveness of Lumentum Holdings Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended June 28, 2025.

/s/ DELOITTE & TOUCHE LLP

San Jose, California

August 19, 2025

**LUMENTUM HOLDINGS INC.  
CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Hurlston, certify that:

1. I have reviewed the Annual Report on Form 10-K of Lumentum Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 19, 2025

/s/ MICHAEL HURLSTON

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Michael Hurlston  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

**LUMENTUM HOLDINGS INC.  
CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Wajid Ali, certify that:

1. I have reviewed the Annual Report on Form 10-K of Lumentum Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 19, 2025

/s/ WAJID ALI

Wajid Ali

*Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)*

**LUMENTUM HOLDINGS INC.  
CERTIFICATION PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Lumentum Holdings Inc. (the "Company") for the year ended June 28, 2025 as filed with the Securities and Exchange Commission (the "Report"), I, Michael Hurlston, President and Chief Executive Officer (Principal Executive Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Dated: August 19, 2025

/s/ MICHAEL HURLSTON

Michael Hurlston  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of Lumentum Holdings Inc., regardless of any general incorporation language in such filing.

**LUMENTUM HOLDINGS INC.  
CERTIFICATION PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Lumentum Holdings Inc. (the “Company”) for the year ended June 28, 2025 as filed with the Securities and Exchange Commission (the “Report”), I, Wajid Ali, Executive Vice President, Chief Financial Officer (Principal Financial Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Dated: August 19, 2025

/s/ WAJID ALI

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Wajid Ali  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of Lumentum Holdings Inc., regardless of any general incorporation language in such filing.

**Lumentum Holdings Inc.**

**COMPENSATION RECOVERY POLICY**

As amended on **November 16, 2023**

Lumentum Holdings Inc. (the “**Company**”) is committed to strong corporate governance. As part of this commitment, the Company’s Board of Directors (the “**Board**”)<sup>1</sup> has adopted this clawback policy called the Compensation Recovery Policy (the “**Policy**”). The Policy is intended to further the Company’s pay-for-performance philosophy and to comply with applicable law by providing rules related to the reasonably prompt recovery of certain compensation received by Covered Executives in the event of an Accounting Restatement.

The application of the Policy to Covered Executives is not discretionary, except to the limited extent provided below, and applies without regard to whether a Covered Executive was at fault. Capitalized terms used in the Policy are defined below, and the definitions have substantive impact on its application so reviewing them carefully is important to your understanding.

The Policy is intended to comply with, and will be interpreted in a manner consistent with, Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”), with Exchange Act Rule 10D-1 and with the listing standards of the national securities exchange (the “**Exchange**”) on which the securities of the Company are listed.

**Persons Covered by the Policy**

The Policy is binding and enforceable against all “**Covered Executives**,” which means each individual who is or was ever designated as an “officer” by the Board in accordance with Exchange Act Rule 16a-1(f) (a “**Section 16 Officer**”). Each Covered Executive will be required to sign and return to the Company an acknowledgement that such Covered Executive will be bound by the terms and comply with the Policy. The failure to obtain such acknowledgement will have no impact on the applicability or enforceability of the Policy.

**Administration of the Policy**

The Lumentum Compensation Committee (the “**Committee**”) of the Board has full delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to the independent members of the Board or the other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

**Accounting Restatements Requiring Application of the Policy**

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an “**Accounting Restatement**”), then the Committee must determine the Excess Compensation (as defined in the following section), if any, that must

be recovered. The Company's obligation to recover Excess Compensation is not dependent on if or when restated financial statements are filed.

### **Compensation Covered by the Policy**

The Policy applies to certain **Incentive-Based Compensation** (certain terms used in this Section are defined below) that is **Received** on or after October 2, 2023 (the "**Effective Date**"), during the **Covered Period** while the Company has a class of securities listed on a national securities exchange. Incentive-Based Compensation is considered "**Clawback Eligible Incentive-Based Compensation**" if the Incentive-Based Compensation is Received by a person after such person became a Section 16 Officer and the person served as a Section 16 Officer at any time during the performance period for the Incentive-Based Compensation. The "**Excess Compensation**" that must be recovered is the amount of Clawback Eligible Incentive-Based Compensation that exceeds the amount of Clawback Eligible Incentive-Based Compensation that otherwise would have been Received had such Clawback Eligible Incentive-Based Compensation been determined based on the restated amounts. Excess Compensation must be computed without regard to any taxes paid and is referred to in the listings standards as "erroneously awarded incentive-based compensation".

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide that documentation to the Exchange.

"**Incentive-Based Compensation**" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company's right to recover under the Policy has lapsed. The following items of compensation are not Incentive-Based Compensation under the Policy: salaries, bonuses paid solely at the discretion of the Lumentum Compensation Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures."

"**Financial Reporting Measures**" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

Incentive-Based Compensation is "**Received**" under the Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment, vesting, settlement or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to the Effective Date.

**“Covered Period”** means the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition, Covered Period can include certain transition periods resulting from a change in the Company’s fiscal year.

**“Accounting Restatement Determination Date”** means the earliest to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

#### **Repayment of Excess Compensation**

The Company will reasonably promptly require reimbursement of Excess Compensation and Covered Executives are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Covered Executive to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Covered Executive). These means may include:

- (a) requiring reimbursement of cash Incentive-Based Compensation previously paid;
- (b) seeking recovery of any gain realized from or equity held following the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards, without regard to whether such awards are Incentive-Based Compensation;
- (c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Covered Executive, including payments of severance that might otherwise be due in connection with an Covered Executive’s termination of employment and without regard to whether such amounts are Incentive-Based Compensation;
- (d) cancelling outstanding vested or unvested equity awards, without regard to whether such awards are Incentive-Based Compensation; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by a Covered Executive notwithstanding any Covered Executive’s belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to clawback.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce a Covered Executive’s obligations to the Company or to discipline a Covered Executive. Failure of a Covered Executive to comply with their obligations under the Policy could lead to (without limitation) termination of that Executive Officer’s employment for cause for failure to comply with a Company policy, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company. For avoidance of doubt, any decisions of the Company to discipline or terminate the employment of a Covered Executive are independent of determinations under this Policy. For

example, if an Covered Executive was involved in activities that led to an Accounting Restatement, the Company's decision as to whether to not to terminate such Covered Executive's employment would be made under its employment arrangements with such Covered Executive and the requirement to apply this no-fault and non-discretionary clawback policy should bear no weight on whether any such termination was or was not a termination for cause (other than in a circumstance where the termination of employment was due to the Covered Executive's failure to comply with their obligations under the Policy).

#### **Limited Exceptions to the Policy**

The Company must recover the Excess Compensation in accordance with the Policy except to the limited extent that the conditions set forth below are met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

- (a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover such Excess Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; or
- (b) Recovery or would violate a law in the country where the Company was incorporated that was adopted prior to November 28, 2022. Before making this determination, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or
- (c) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements as such.

#### **Other Important Information in the Policy**

The Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer, as well as any other applicable laws, regulatory requirements, rules, but the Policy supersedes in full all of the clawback policies of the Company that were in effect prior to the Effective Date to the extent such policies were applicable with respect to Covered Executives and the operative portions of such policies shall have no further force or effect on or after the Effective Date.

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Covered Executive against any loss of Excess Compensation. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that the Company is required to recover Excess Compensation pursuant to the Policy from a Covered Executive who is no longer an employee pursuant to the Policy, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement that individual may have signed.

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Covered Executive is adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Covered Executive,

and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be listed issuer within the meaning of Section 10D of the Exchange Act.

### ACKNOWLEDGEMENT

- I acknowledge that I have received and read the Compensation Recovery Policy (the “**Policy**”) of Lumentum Holdings, Inc. (the “**Company**”).
- I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators or other legal representatives and that the Company’s right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future.
- I agree to be bound by and to comply with the Policy and understand that determinations of the Committee (as such term is used in the Policy) will be final and binding and will be given the maximum deference permitted by law.
- I understand and agree that my current indemnification rights, whether in an individual agreement or the Company’s organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy.
- I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company as well as any other appropriate discipline.
- I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement.
- I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from the General Counsel, the Chief Human Resources Officer, or my own personal advisers.
- I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract.

Please review, sign and return this form to the Human Resources Department.

#### **Covered Executive**

\_\_\_\_\_  
(*print name*)

\_\_\_\_\_  
(*signature*)

\_\_\_\_\_  
(*date*)