UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended December 27, 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	**47-3108385**
(State or other jurisdiction of incorporation or organization)	(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 each exchange on which registered
Common Stock, par value of $0.001 per share	LITE	Nasdaq Global Select Market

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 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 the definitions 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of January 27, 2026, the Registrant had 71.4 million shares of common stock outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Net revenue	$ 665.5	$ 402.2	$ 1,199.3	$ 739.1
Cost of sales	405.8	281.2	738.6	517.7
Amortization of acquired developed intangibles	19.6	21.4	39.1	43.9
Gross profit	240.1	99.6	421.6	177.5
Operating expenses:				
Research and development	80.1	74.2	161.5	148.5
Selling, general and administrative	96.1	76.3	181.2	152.6
Restructuring and related charges (reversals)	(0.4)	0.7	7.9	10.4
Total operating expenses	175.8	151.2	350.6	311.5
Income (loss) from operations	64.3	(51.6)	71.0	(134.0)
Other income (expense), net:				
Escrow settlement	27.5	—	27.5	—
Interest expense	(6.3)	(5.6)	(12.0)	(11.1)
Other income, net	11.0	14.9	15.2	23.6
Total other income, net	32.2	9.3	30.7	12.5
Income (loss) before income taxes	96.5	(42.3)	101.7	(121.5)
Income tax provision	18.3	18.6	19.3	21.8
Net income (loss)	$ 78.2	$ (60.9)	$ 82.4	$ (143.3)
Net income (loss) per share:				
Basic	$ 1.10	$ (0.88)	$ 1.17	$ (2.09)
Diluted	$ 0.89	$ (0.88)	$ 0.99	$ (2.09)
Shares used to compute net income (loss) per share:				
Basic	71.1	68.9	70.7	68.6
Diluted	87.8	68.9	83.1	68.6

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Net income (loss)	$ 78.2	$ (60.9)	$ 82.4	$ (143.3)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	—	(0.3)	(0.3)	(0.3)
Net change in unrealized gain on available-for-sale securities	0.3	(1.1)	0.7	1.2
Other comprehensive income (loss), net of tax	0.3	(1.4)	0.4	0.9
Comprehensive income (loss), net of tax	$ 78.5	$ (62.3)	$ 82.8	$ (142.4)

See accompanying Notes to Condensed Consolidated Financial Statements.

LUMENTUM HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except par value)
(*Unaudited*)

	December 27, 2025	June 28, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 657.7	$ 520.7
Short-term investments	497.6	356.4
Accounts receivable, net	376.8	250.0
Inventories	570.4	470.1
Prepayments and other current assets	180.7	120.1
Total current assets	2,283.2	1,717.3
Property, plant and equipment, net	813.5	726.4
Operating lease right-of-use assets, net	29.6	27.9
Goodwill	1,060.9	1,060.9
Other intangible assets, net	396.7	465.1
Deferred tax asset	206.1	210.3
Other non-current assets	15.3	10.8
Total assets	$ 4,805.3	$ 4,218.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 347.4	$ 225.2
Accrued payroll and related expenses	85.3	57.9
Accrued expenses	39.2	34.6
Current portion of long-term debt	3,240.2	10.6
Operating lease liabilities, current	12.7	11.4
Other current liabilities	42.8	53.1
Total current liabilities	3,767.6	392.8
Long-term debt	47.1	2,562.6
Operating lease liabilities, non-current	22.7	23.6
Deferred tax liability	5.6	7.2
Other non-current liabilities	115.7	97.8
Total liabilities	3,958.7	3,084.0
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock, $0.001 par value, 990 authorized shares, 71.4 and 69.8 shares issued and outstanding as of December 27, 2025 and June 28, 2025, respectively	0.1	0.1
Additional paid-in capital	1,615.9	1,986.8
Accumulated deficit	(778.8)	(861.2)
Accumulated other comprehensive income	9.4	9.0
Total stockholders' equity	846.6	1,134.7
Total liabilities and stockholders' equity	$ 4,805.3	$ 4,218.7

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended	
	December 27, 2025	December 28, 2024
OPERATING ACTIVITIES:		
Net income (loss)	$ 82.4	$ (143.3)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	58.4	52.9
Stock-based compensation	87.8	74.4
Bad debt recovery	(0.1)	—
Change in valuation allowance on deferred tax assets	1.4	—
Amortization and write-off of acquired intangibles	68.4	82.6
Write-down and loss on sales and dispositions of property, plant and equipment	12.0	0.8
Amortization of debt discount and debt issuance costs	1.9	1.5
Inducement expense on partial repurchase of 2026 Notes	5.9	—
Write-off of right-of-use assets	—	5.5
Other non-cash items	(6.2)	(8.6)
Changes in operating assets and liabilities:		
Accounts receivable	(126.7)	(32.2)
Inventories	(102.5)	(5.0)
Operating lease right-of-use assets, net	(1.7)	2.4
Prepayments and other current and non-currents assets	(27.4)	(15.0)
Income taxes, net	1.5	28.5
Accounts payable	79.9	38.7
Accrued payroll and related expenses	27.4	4.0
Operating lease liabilities	0.4	(3.4)
Accrued expenses and other current and non-current liabilities	21.8	(19.9)
Net cash provided by operating activities	184.6	63.9
INVESTING ACTIVITIES:		
Payments for acquisition of property, plant and equipment	(159.8)	(114.3)
Purchases of short-term investments	(257.5)	(190.4)
Proceeds from maturities and sales of short-term investments	118.0	226.7
Proceeds from the sales of property, plant and equipment	0.1	0.2
Net cash used in investing activities	(299.2)	(77.8)
FINANCING ACTIVITIES:		
Proceeds from the issuance of 2032 Notes, net of issuance costs	1,254.7	—
Proceeds from term loans	47.9	76.5
Proceeds from employee stock plans	8.7	8.1
Payment for partial repurchase of 2026 Notes	(843.1)	—
Payment for 2032 capped call options	(102.0)	—
Payment of withholding taxes related to net share settlement of restricted stock units	(107.4)	(23.8)
Principal payments on term loans	(5.1)	(2.9)
Payment for financing costs related to revolving credit facility	(2.0)	—
Payment for conversions of convertible notes	(0.1)	—
Payment of acquisition related holdback	—	(1.0)
Net cash provided by financing activities	251.6	56.9
Increase in cash and cash equivalents	137.0	43.0
Cash and cash equivalents at beginning of period	520.7	436.7
Cash and cash equivalents at end of period	$ 657.7	$ 479.7
Supplemental disclosure of cash flow information:		

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

Cash paid (refund) for taxes, net	$ 17.9	$ (6.9)
Cash paid for interest	10.3	9.5
Supplemental disclosure of non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	6.8	3.7
Net transfer of assets from property plant and equipment to assets held-for-sale	44.9	13.9
Unpaid financing costs related to revolving credit facility	0.5	—

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance as of June 28, 2025	**69.8**	**$ 0.1**	**$ 1,986.8**	**$ (861.2)**	**$ 9.0**	**$ 1,134.7**
Net income	—	—	—	4.2	—	4.2
Other comprehensive income	—	—	—	—	0.1	0.1
Issuance of shares in connection with vesting of restricted stock units and performance stock units	1.3	—	—	—	—	—
Withholding taxes related to net share settlement of restricted stock units	(0.4)	—	(47.4)	—	—	(47.4)
Exercise of stock options	0.2	—	1.5	—	—	1.5
Stock-based compensation	—	—	46.4	—	—	46.4
Fair value of incremental consideration on partial repurchase of 2026 Notes	—	—	(256.9)	—	—	(256.9)
Capped call options related to 2032 Notes, net of tax	—	—	(101.8)	—	—	(101.8)
Balance as of September 27, 2025	**70.9**	**$ 0.1**	**$ 1,628.6**	**$ (857.0)**	**$ 9.1**	**$ 780.8**
Net income	—	—	—	78.2	—	78.2
Other comprehensive income	—	—	—	—	0.3	0.3
Issuance of shares in connection with vesting of restricted stock units and performance stock units	0.5	—	—	—	—	—
Withholding taxes related to net share settlement of restricted stock units	(0.2)	—	(60.0)	—	—	(60.0)
Exercise of stock options	0.1	—	0.7	—	—	0.7
ESPP shares issued	0.1	—	6.5	—	—	6.5
Stock-based compensation	—	—	39.2	—	—	39.2
Tax impact on Capped call options related to 2032 Notes	—	—	0.9	—	—	0.9
Balance as of December 27, 2025	**71.4**	**$ 0.1**	**$ 1,615.9**	**$ (778.8)**	**$ 9.4**	**$ 846.6**

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance as of June 29, 2024	**67.9**	**$ 0.1**	**$ 1,835.0**	**$ (887.1)**	**$ 9.3**	**$ 957.3**
Net loss	—	—	—	(82.4)	—	(82.4)
Other comprehensive income	—	—	—	—	2.3	2.3
Issuance of shares in connection with vesting of restricted stock units and performance stock units	0.9	—	—	—	—	—
Withholding taxes related to net share settlement of restricted stock units	(0.3)	—	(16.0)	—	—	(16.0)
Exercise of stock options	0.1	—	0.9	—	—	0.9
Stock-based compensation	—	—	33.8	—	—	33.8
Balance as of September 28, 2024	**68.6**	**$ 0.1**	**$ 1,853.7**	**$ (969.5)**	**$ 11.6**	**$ 895.9**
Net loss	—	—	—	(60.9)	—	(60.9)
Other comprehensive loss	—	—	—	—	(1.4)	(1.4)
Issuance of shares in connection with vesting of restricted stock units and performance stock units	0.3	—	—	—	—	—
Withholding taxes related to net share settlement of restricted stock units	(0.1)	—	(7.8)	—	—	(7.8)
Exercise of stock options	0.1	—	1.1	—	—	1.1
ESPP shares issued	0.2	—	6.1	—	—	6.1
Stock-based compensation	—	—	39.3	—	—	39.3
Balance as of December 28, 2024	**69.1**	**$ 0.1**	**$ 1,892.4**	**(1,030.4)**	**$ 10.2**	**$ 872.3**

See accompanying Notes to Condensed Consolidated Financial Statements.

LUMENTUM HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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. The Company operates in one reportable segment.

We disaggregate revenue by type of product, which are Components and Systems, and by geography. A Components product is defined as one of the individual building blocks that goes into creating a larger solution. It is typically not a complete product on its own but rather a specialized element that enables system functionality. This includes semiconductor laser chips, laser sub-assemblies, line subsystems and wavelength management systems. These are supplied to customers who then integrate them into their own full system solutions. Components represent foundational parts that support or enable that system’s operation and include a comprehensive portfolio of optical and photonic chips, components, laser light sources that are integrated into smartphones, 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.

A Systems product is defined as a complete, stand-alone product that delivers full functionality to the end customer. It is typically self-contained and ready to operate within a customer’s network or application environment. This includes optical modules, optical circuit switches, and industrial lasers such as short-pulse solid-state lasers and kilowatt-class fiber lasers. These products integrate multiple technologies and subsystems into a finished solution that directly addresses a customer’s needs. A system represents the end-product that can be deployed and used independently.

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. Our 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 services, AI/ML processing, streaming video, video conferencing, wireless and mobile connectivity, and the internet of things (“IoT”). In addition, our industrial laser products are 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 that emphasize greater manufacturing precision, flexibility, and sustainability.

Basis of Presentation

We have prepared the condensed 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 condensed 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.

Prior to fiscal year 2026, we operated in two reportable segments consisting of Cloud & Networking and Industrial Tech. During the first quarter of fiscal year 2026, we implemented a re-organization, and we are now managed as a single, integrated enterprise, with a unified management team overseeing operations across the entire company, rather than through discrete operating segments. The chief operating decision maker (“CODM”) is the Company’s Chief Executive Officer, who reviews financial information presented as a single enterprise for purposes of allocating resources and evaluating financial performance. Accordingly, following the reorganization, we determined we operate in a single reporting segment. Comparative prior period segment information has been updated to reflect the new segment structure and measures. The changes in our operating segments had no impact on our previously reported consolidated results of operations, financial position or cash flows. Refer to “Note 15. Operating Segments and Geographic Information” for more details.

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 trade restrictions and 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 condensed consolidated financial statements as of December 27, 2025 and for the three and six months ended December 27, 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 fiscal year 2026 and in the future. The impact of tariffs is dependent upon 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.

During the three months ended December 27, 2025, the last reported sale price of the Company's common stock was at least 130% of the applicable conversion price of each series of our convertible notes, which includes 2032 Notes, 2029 Notes, 2028 Notes, and 2026 Notes (collectively referred to as the "Notes") for at least 20 trading days during the 30 consecutive trading-day period ended on December 27, 2025. Therefore, the Notes are convertible at the option of the holders, and we are required to satisfy the conversion obligation with respect to any such converted series of Notes by paying cash equal to the principal amount of such converted series of Notes, and paying or delivering, as the case maybe, 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. Accordingly, pursuant to ASC 470-20 under U.S. GAAP, although the applicable contractual maturity dates of these Notes extend beyond 12 months from the balance sheet date, we are required to classify our 2028 Notes, 2029 Notes and 2032 Notes, that have an aggregate carrying value of $2,714.2 million, as current portion of long-term debt as of December 27, 2025. Only the 2026 Notes with carrying value of $468.3 million mature within the next 12 months.

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

	December 27, 2025		June 28, 2025	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2032 Notes	$ 1,255.3	$ 2,840.8	$ —	$ —
2029 Notes	600.6	3,400.1	600.2	925.5
2028 Notes	858.3	2,584.6	857.7	890.2
2026 Notes	468.3	1,844.6	1,048.3	1,233.3
	$ 3,182.5	$ 10,670.1	$ 2,506.2	$ 3,049.0

The 2028 Notes, 2029 Notes and 2032 Notes are held by more than 60 unique holders and no holders had individual aggregate principal values greater than $505.0 million at December 27, 2025. To the extent Note holders elect to convert all or a significant portion of the Notes within a short period of time, our liquidity would be adversely impacted, and the Note holders' ability to exercise their conversion right raises a substantial doubt that we could continue as a going concern. If we receive a significant number of requests for early conversion of Notes, we would utilize existing cash, cash equivalents and short-term investments, together with available borrowings under our existing revolving credit facility, cash flows from operations, and proceeds from one or more potential new financings to settle the principal amount of such converted Notes in cash, with any excess conversion value thereof to be settled in cash, shares of common stock, or a combination of cash and shares of common stock, at our election.

However, the fair value of the Notes, which would be the estimated value the holders would receive if they sell their Notes in the bond market, is generally higher than the value the holders would receive upon early conversion. The fair value is generally higher than the conversion value due to the embedded call option in the Notes which has time left until the Notes mature. Conversion also requires a holder to be subject to a holding period in which they are subject to further volatility. Therefore, historically, the holders' requests for early conversion of our Notes have not been significant prior to the three-month period immediately preceding maturity.

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

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 year 2026 is a 52-week year ending on June 27, 2026, with the quarter ended December 27, 2025 being a 13-week quarterly period. Our fiscal year 2025 was a 52-week year that ended on June 28, 2025, with the quarter ended December 28, 2024 being a 13-week quarterly period.

Principles of Consolidation

The condensed consolidated financial statements are prepared in accordance with GAAP and includes the accounts of Lumentum Holdings Inc. and its wholly owned subsidiaries. All inter-company transactions and balances are eliminated in consolidation.

Accounting Policies

The condensed consolidated financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the fiscal year ended June 28, 2025. There were no significant changes to our accounting policies during the six months ended December 27, 2025, except as noted below:

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 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. Conversely, if we later determine that it is more likely than not that all or a portion of the net deferred tax assets will be realized, we would reverse the applicable portion of the previously established valuation allowance. A release of valuation allowance decreases income tax expense in the period of release, increases net income, and reduces our effective tax rate. Such releases may be material to our financial statements depending on the size of the deferred tax assets involved.

In the fourth quarter of fiscal year 2025, we released $153.1 million of valuation allowances on our UK deferred tax assets after we considered all available positive and negative evidence related to our UK subsidiary. We analyzed the UK subsidiary’s historical operating results, projected future taxable income, tax planning strategies, and reversals of deferred tax liabilities, and determined that the weight of available objectively verifiable positive evidence supported the realizability of the UK deferred tax assets. In weighing the available evidence, more weight was placed upon our forecasts of future taxable income than on the history of pre-tax losses as such losses were generated under our prior UK business operating model which will no longer be in effect beginning with fiscal year 2026, and the guarantee of a positive operating margin as we effectuated an internal restructuring at the end of fiscal year 2025. Further, the most significant deferred tax asset in the UK is the net operating loss carryforward. Under UK tax law, net operating losses may be carried forward indefinitely, and we have considered the indefinite carryforward period to be positive evidence.

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

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, including changes in judgment regarding the realizability of deferred tax assets and the need for or release of valuation allowances, may have a material impact on our tax provision, net income, and effective tax rate in a future period.

Note 2. Recently Issued Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-04, Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments, which clarifies 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, when the face value of the debt is settled in cash. We have early adopted ASU No. 2024-04 in the first quarter of fiscal year 2026 and applied the accounting in the partial repurchase of our 2026 Notes in September 2025. Refer to "Note 9. Debt" for detailed discussion of this transaction.

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 have adopted ASU No. 2023-09 beginning in fiscal year 2026; however, it has no material impact on our condensed consolidated financial statements and disclosures for the three and six months ended December 27, 2025.

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. We have adopted ASU No. 2024-02 in the first quarter of fiscal year 2026 and it did not have a material impact on our condensed consolidated financial statements and disclosures as a result of the adoption.

Accounting Pronouncements Not Yet Effective

In December 2025, the FASB issued ASU No. 2025-12, Codification Improvements, the purpose of which is to update the codification for a broad range of topics arising from technical corrections, unintended applications of the codification, clarifications, and other minor improvements. ASU No. 2025-12 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. We plan to adopt ASU No. 2025-12 in the first quarter of fiscal year 2028. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270), which is intended to improve the navigability of the interim reporting guidance in ASC 270 and clarify when it applies. ASU No. 2025-11 is effective for fiscal years beginning after December 15, 2027, with early adoption permitted. We plan to adopt ASU No. 2025-11 in the first quarter of fiscal year 2029. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In December 2025, the FASB issued ASU No. 2025-10, Government Grants (Topic 832), which adds guidance to ASC 832 on the recognition, measurement, and presentation of government grants. ASU No. 2025-10 is effective for fiscal years beginning after December 15, 2028, with early adoption permitted. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In November 2025, the FASB issued ASU No. 2025-09, Derivatives and Hedging (Topic 815), which amends certain aspects of the hedge accounting guidance in ASC 815, including the risk assessment for cash flow hedges, hedging forecasted interest payments on choose-your-rate debt instruments, cash flow hedges of nonfinancial forecasted transactions, net written options as hedging instruments, and dual hedges of foreign currency denominated debt instruments. ASU No. 2025-09 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. We plan to adopt ASU No. 2025-09 in the first quarter of fiscal year 2028. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In November 2025, the FASB issued ASU No. 2025-08, Financial Instruments—Credit Losses (Topic 326), which amends the guidance in ASC 326 on the accounting for certain purchased loans. ASU No. 2025-08 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. We plan to adopt ASU No. 2025-08 in the first quarter of fiscal year 2028. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In September 2025, the FASB issued ASU No. 2025-07, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606), which refines the scope of the guidance on derivatives in ASC 815 and clarifies the guidance on share-based payments from a customer in ASC 606. ASU No. 2025-07 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. We plan to adopt ASU No. 2025-07 in the first quarter of fiscal year 2028. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Sub-topic 350-40), Targeted Improvements to the Accounting for Internal-Use Software, which amends certain aspects of the accounting for and disclosure of software costs under ASC 350-40. The amendments also supersede the guidance on Web site development costs in ASC 350-50 and relocate that guidance, along with the recognition requirements for development costs specific to Web sites, to ASC 350-40. ASU No. 2025-06 is effective for fiscal years beginning after December 15, 2027, with early adoption permitted. We plan to adopt ASU No. 2025-06 in the first quarter of fiscal year 2029. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses for Accounts Receivable and Contract Assets, which amends ASC 326-20 to provide a practical expedient for all entities, related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. ASU No. 2025-05 is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. We plan to adopt ASU No. 2025-05 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. 2025-04, 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 2028. 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 primarily 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 2028. 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 2028. We are currently evaluating the impact of this ASU on our financial statements and disclosures.

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*):

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Numerator:				
Net income (loss) - basic and diluted	$ 78.2	$ (60.9)	$ 82.4	$ (143.3)
Denominator:				
Weighted average common shares outstanding - basic	71.1	68.9	70.7	68.6
Effect of dilutive securities from ESPP	0.1	—	0.1	—
Effect of dilutive securities from stock options	0.3	—	0.4	—
Effect of dilutive securities from RSUs and PSUs	2.5	—	2.1	—
Shares issuable assuming conversion of the convertible notes	13.8	—	9.8	—
Weighted average common shares outstanding - diluted	87.8	68.9	83.1	68.6
Net income (loss) per share:				
Basic	$ 1.10	$ (0.88)	$ 1.17	$ (2.09)
Diluted	$ 0.89	$ (0.88)	$ 0.99	$ (2.09)

Potentially dilutive common shares result from the assumed exercise of outstanding stock options, assumed vesting of equity awards, and assumed issuance of stock under the ESPP, all using the treasury stock method.

Potentially dilutive common shares issuable upon conversion of our outstanding convertible notes are determined using the if-converted method. Under each series of Notes, we are required to satisfy our conversion obligation with respect to converted Notes by paying cash equal to the principal amount of such converted Notes and paying or delivering, as the case may be, 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. Refer to “Note 9. Debt” for more details.

Our outstanding capped call options are anti-dilutive under GAAP as they are specifically designed to mitigate the dilutive impact of the 2032 Notes, such that no dilution will occur until the capped call price is exceeded. Refer to “Note 9. Debt” for more details. There were no other material anti-dilutive shares excluded from the calculation of diluted net income per share during the three and six months ended December 27, 2025.

Average anti-dilutive shares excluded from the calculation of diluted net loss per share for the three months ended December 28, 2024 include 4.4 million shares issuable under restricted stock units (“RSUs”) and performance stock units (“PSUs”), 0.1 million shares issuable under the Employee Stock Purchase Plan (the “ESPP”), and 0.8 million shares outstanding related to stock options. Average anti-dilutive shares excluded from the calculation of diluted net loss per share for the six months ended December 28, 2024 include 0.5 million shares related to convertible notes, 4.6 million shares issuable under RSUs and PSUs, 0.1 million shares issuable under the ESPP, and 0.9 million shares outstanding related to stock options. Refer to “Note 13. Equity.”

Note 4. Business Combinations

Cloud Light Acquisition

On November 7, 2023, we completed the acquisition of Cloud Light Technology Limited ("Cloud Light"). In accordance with a definitive merger agreement, dated as of October 29, 2023, between the Company and Cloud Light, cash consideration included $75.8 million of cash held in an escrow fund to support Cloud Light's indemnification obligations and customary adjustment for working capital. In November 2025, the Company and the former shareholders of Cloud Light mutually agreed to settle outstanding indemnification claims for $27.5 million and signed a settlement agreement releasing the balance of the escrow fund to the former Cloud Light shareholders and releasing them of their indemnification obligations. Since the measurement period expired, we recorded the settlement amount of $27.5 million as other income, net in our condensed consolidated statements of operations during the three and six months ended December 27, 2025.

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
December 27, 2025:				
Cash	$ 460.1	$ —	$ —	$ 460.1
Cash equivalents:				
Certificates of deposit	31.3	—	—	31.3
Money market funds	74.6	—	—	74.6
U.S. Treasury securities	91.7	—	—	91.7
Total cash and cash equivalents	$ 657.7	$ —	$ —	$ 657.7
Short-term investments:				
Commercial paper	24.6	—	—	24.6
Corporate debt securities	275.3	0.8	(0.1)	276.0
U.S. Agency securities	137.0	0.2	—	137.2
U.S. Treasury securities	59.6	0.2	—	59.8
Total short-term investments	$ 496.5	$ 1.2	$ (0.1)	$ 497.6
June 28, 2025:				
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	$ 520.7	$ —	$ —	$ 520.7
Short-term investments:				
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	$ 356.0	$ 0.5	$ (0.1)	$ 356.4

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 our results of operations 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 the three and six months ended December 27, 2025, 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.

During the three and six months ended December 27, 2025, our other income, net was $11.0 million and $15.2 million, respectively, which includes interest and investment income on cash equivalents and short-term investments of $11.6 million and $20.2 million, respectively.

During the three and six months ended December 28, 2024, our other income, net was $14.9 million and $23.6 million, respectively, which includes interest and investment income on cash equivalents and short-term investments of $9.0 million and $18.4 million, respectively.

As of December 27, 2025 and June 28, 2025, we recorded interest receivables of $6.3 million and $5.2 million, respectively, included in prepayments and other current assets within the condensed consolidated balance sheets. We did not recognize an allowance for credit losses against interest receivables in any of the periods presented.

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 as of the periods presented, respectively (*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	
December 27, 2025:					
U.S. Agency securities	$ —	$ —	$ 68.4	$ —	$ —
Commercial paper	—	—	9.9	—	—
Corporate debt securities	1.0	—	69.2	(0.1)	(0.1)
U.S. government bonds	—	—	3.5	—	—
Total	$ 1.0	$ —	$ 151.0	$ (0.1)	$ (0.1)
June 28, 2025:					
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	$ —	$ —	$ 138.8	$ (0.1)	$ (0.1)

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

	December 27, 2025		June 28, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within 1 year	$ 171.7	$ 171.9	$ 139.9	$ 140.0
Due in 1 year to 5 years	324.8	325.7	216.1	216.4
Total	$ 496.5	$ 497.6	$ 356.0	$ 356.4

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

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 upon 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.

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

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

	Level 1	Level 2	Level 3	Total
December 27, 2025: (1)				
Assets:				
Cash equivalents:				
Certificates of deposit	$ 31.3	$ —	$ —	$ 31.3
Money market funds	74.6	—	—	74.6
U.S. Treasury securities	91.7	—	—	91.7
Short-term investments:				
Commercial paper	—	24.6	—	24.6
Corporate debt securities	—	276.0	—	276.0
U.S. Agency securities	—	137.2	—	137.2
U.S. Treasury securities	59.8	—	—	59.8
Total assets	$ 257.4	$ 437.8	$ —	$ 695.2

(1) Excludes $460.1 million in cash held in our bank accounts as of December 27, 2025.

	Level 1	Level 2	Level 3	Total
June 28, 2025 (1)				
Assets:				
Cash equivalents:				
Commercial paper	$ —	$ 2.5	$ —	$ 2.5
Money market funds	161.7	—	—	161.7
U.S. Treasury securities	7.0	—	—	7.0
Short-term investments:				
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
Total assets	$ 243.6	$ 284.0	$ —	$ 527.6

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

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

We report our financial instruments at fair value with the exception of our convertible notes, refer to “Note 9. 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 the convertible notes are as follows for the periods presented (*in millions*):

	December 27, 2025		June 28, 2025	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2032 Notes	$ 1,255.3	$ 2,840.8	$ —	$ —
2029 Notes	600.6	3,400.1	600.2	925.5
2028 Notes	858.3	2,584.6	857.7	890.2
2026 Notes	468.3	1,844.6	1,048.3	1,233.3
	$ 3,182.5	$ 10,670.1	$ 2,506.2	$ 3,049.0

As of December 27, 2025, the fair value of our Japan term loans in aggregate is lower than the carrying value by approximately $1.2 million.

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 there was no impairment of our intangible and other long-lived assets. 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. During the three and six months ended December 27, 2025, we recorded an $11.7 million impairment charge to write-down certain assets held for sale to fair value less cost to sell in our condensed consolidated statements of operations. There were no other indicators of impairment during the three and six months ended December 27, 2025.

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 December 27, 2025 and June 28, 2025, the allowance for credit losses on our trade receivables was $3.4 million and $3.5 million, respectively.

Inventories

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

	December 27, 2025	June 28, 2025
Raw materials and purchased parts	$ 263.6	$ 253.2
Work in process	211.4	159.1
Finished goods	95.4	57.8
Inventories	$ 570.4	$ 470.1

Property, Plant and Equipment, Net

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

	December 27, 2025	June 28, 2025
Land	$ 90.1	$ 108.6
Buildings and improvements	267.6	270.4
Machinery and equipment	975.4	848.8
Computer equipment and software	42.2	39.1
Furniture and fixtures	12.8	14.7
Leasehold improvements	46.6	45.9
Construction in progress	180.8	152.3
	1,615.5	1,479.8
Less: Accumulated depreciation	(802.0)	(753.4)
Property, plant and equipment, net	$ 813.5	$ 726.4

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

In January 2026, the Company entered into a definitive Purchase and Sale Agreement to sell two commercial real estate properties located in San Jose, California. The properties consist of commercial buildings used by the Company for office, research and development and manufacturing support activities. The agreement provides for a cash purchase price of $43.0 million, subject to customary closing conditions, and includes a short-term rental arrangement under which the Company will continue to occupy the properties through July 1, 2026, with the ability to surrender portions thereof earlier without penalty.

The net book value of the assets was $49.1 million, and the total estimated costs to sell were $1.4 million. As of December 27, 2025, the assets met the criteria to be classified as assets held for sale. Accordingly, the assets have been reclassified to assets held for sale, which are included in prepayments and other current assets in our condensed consolidated balance sheets. Based on the agreed purchase price and estimated selling costs, the Company determined that the carrying value exceeded the fair value less costs to sell and recorded an impairment charge of $7.5 million, which is included in the selling, general and administrative expenses in our condensed consolidated statements of operations during the three and six months ended December 27, 2025.

The Company expects the transactions to close in the remainder of fiscal year 2026, subject to the satisfaction of customary closing conditions. Upon completion of the sale, the Company will derecognize the assets and record the final loss on sale, which may differ from the amounts currently estimated due to changes in closing costs or other adjustments.

On December 17, 2024, we entered into an agreement to sell our net 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 consist 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 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 condensed 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 condensed consolidated statements of operations for the year ended June 28, 2025.

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 addition, in connection with the sale of our Brazilian entities, we recorded a gain on sale of approximately $1.6 million recorded in selling, general and administrative expenses in our condensed consolidated statements of operations during the six months ended December 27, 2025.

During the three and six months ended December 27, 2025, we recorded depreciation expense of $30.6 million and $58.4 million, respectively.

Operating Lease Right-of-Use Assets

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

	December 27, 2025	June 28, 2025
Operating lease right-of-use assets	$ 58.7	$ 54.4
Less: accumulated amortization	(29.1)	(26.5)
Operating lease right-of-use assets, net	$ 29.6	$ 27.9

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.

Other Current Liabilities

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

	December 27, 2025	June 28, 2025
Restructuring accrual and related charges [1]	$ 2.2	$ 2.5
Warranty reserve [2]	22.7	14.4
Deferred revenue and customer deposits	2.1	0.7
Income tax payable [3]	12.2	29.1
Other current liabilities	3.6	6.4
Other current liabilities	$ 42.8	$ 53.1

(1) Refer to “Note 11. Restructuring and Related Charges (Reversals).”

(2) Refer to “Note 14. Commitments and Contingencies.”

(3) Refer to “Note 12. Income Taxes.”

Other Non-Current Liabilities

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

	December 27, 2025	June 28, 2025
Asset retirement obligations	$ 7.1	$ 7.1
Pension and related accruals [1]	11.2	9.7
Unrecognized tax benefit [2]	60.4	55.6
Other non-current liabilities [2]	37.0	25.4
Other non-current liabilities	$ 115.7	$ 97.8

[1] We have defined benefit pension plans in Japan, Switzerland, and Thailand. Pension and related accrual of $11.2 million as of December 27, 2025 represents $11.9 million of non-current portion of benefit obligation, offset by $0.7 million of funding for the pension plan in Switzerland. 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. 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. During the three and six months ended December 27, 2025, our contribution expense to the 401(k) Plan in the United States was $0.4 million and $1.1 million, respectively. During the three and six months ended December 28, 2024, our contribution expense to the 401(k) Plan in the United States was $0.4 million and $1.2 million, respectively. Our contribution expense to all defined contribution plans outside the United States was $2.5 million and $5.2 million during the three and six months ended December 27, 2025, respectively. Our contribution expense to all defined contribution plans outside the United States were $2.0 million and $3.8 million during the three and six months ended December 28, 2024, respectively.

[2] The Company has reclassified a $21.4 million unrecognized tax position to other non-current liabilities in the condensed consolidated balance sheets as of the year ended June 28, 2025 for an indemnification liability related to the sale of certain assets. This does not impact our results of operations for the year ended June 28, 2025.

Note 8. Goodwill and Other Intangible Assets

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. In the fourth quarter of fiscal year 2025, we completed the annual impairment test of goodwill, which indicated there was no goodwill impairment. There were no indicators of goodwill impairment during the three and six months ended December 27, 2025.

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.

In-process research and development (“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 fiscal year 2025, 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 three and six months ended December 27, 2025.

The following tables present details of all of our intangible assets as of the periods presented (*in millions, except for weighted average remaining amortization period*):

December 27, 2025	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amounts	Weighted Average Remaining Amortization Period (Years)
Acquired developed technologies	$ 828.4	$ (599.3)	$ 229.1	3.8
Customer relationships	419.5	(254.4)	165.1	3.7
In-process research and development	2.5	—	2.5	n/a
Order backlog	14.0	(14.0)	—	—
Trade name and trademarks	3.0	(3.0)	—	—
Total intangible assets	$ 1,267.4	$ (870.7)	$ 396.7	

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	$ 1,267.7	$ (802.6)	$ 465.1	

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

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Cost of sales	$ 19.6	$ 21.4	$ 39.1	$ 43.9
Research and development	0.4	0.4	0.8	0.8
Selling, general and administrative	14.0	17.2	28.5	36.0
Total amortization of intangibles	$ 34.0	$ 39.0	$ 68.4	$ 80.7

Based on the carrying amount of our acquired intangible assets except in-process research and development as of December 27, 2025, and assuming no future impairment of the underlying assets, the estimated future amortization is as follows *(in millions)*:

Fiscal Years	
Remainder of 2026	$ 67.3
2027	123.6
2028	83.0
2029	52.6
2030	46.5
Thereafter	21.2
Total future amortization	$ 394.2

Note 9. Debt

Our debt consists of the following:

	December 27, 2025			June 28, 2025		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Convertible notes [(1)]	$ 3,182.5	$ —	$ 3,182.5	$ —	$ 2,506.2	$ 2,506.2
Term loans	57.7	47.1	104.8	10.6	56.4	67.0
Total	$ 3,240.2	$ 47.1	$ 3,287.3	$ 10.6	$ 2,562.6	$ 2,573.2

(1) Since the closing price of our stock was at least 130% of the applicable conversion price for each series of Notes for 20 of the last 30 trading days of our second quarter of fiscal year 2026, all of our Notes became convertible at the option of the holders during the third quarter of fiscal year 2026. The outstanding Notes are recorded as short-term debt, which is presented as current liabilities in our condensed consolidated balance sheets as of December 27, 2025, net of unamortized debt issuance costs. If the Notes are converted by holders, we are required to satisfy our conversion obligations with respect to each series of converted Notes by paying cash equal to the principal amount of such series of converted Notes and paying or delivering, as the case may be, 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. The outstanding Notes are recorded as convertible notes, non-current in our consolidated balance sheets as of June 28, 2025, net of unamortized debt issuance costs.

The table below summarizes the applicable conversion price and the equivalent 130% of the conversion price of each series of Notes (*per share amount*):

	Conversion Price	130% of Conversion Price
2032 Notes	$ 187.77	$ 244.10
2029 Notes	69.54	90.40
2028 Notes	131.03	170.34
2026 Notes	99.29	129.08

Convertible Notes

2032 Notes

On September 8, 2025, we issued $1,265.0 million in aggregate principal amount of 0.375% Convertible Senior Notes due in 2032 (“2032 Notes”) in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). The 2032 Notes are governed by an indenture between the Company and U.S. Bank Trust Company, National Association, as trustee (the “2032 Indenture”). The 2032 Notes are unsecured, rank equally with all of the Company’s existing senior unsecured indebtedness, including the Company’s outstanding 0.50% Convertible Senior Notes due 2026, 0.50% Convertible Senior Notes due 2028, and 1.50% Convertible Senior Notes due 2029, 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 2032 Notes was approximately $1,254.7 million, after deducting $10.3 million of debt issuance costs. Concurrent with the issuance of the 2032 Notes, we used $843.1 million of the net proceeds to repurchase $581.1 million aggregate principal amount of the 0.50% Convertible Senior Notes due in 2026 and $102.0 million of the net proceeds to pay the cost of the 2032 Capped Call Options. We intend to use the remaining net proceeds for general corporate purposes, which may include the repayment or repurchase of our indebtedness, including any of our existing convertible notes, capital expenditures, working capital and potential acquisitions.

The 2032 Notes bear interest at a rate of 0.375% per year, payable semi-annually in arrears on March 15 and September 15 of each year, beginning on March 15, 2026. The 2032 Notes will mature on March 15, 2032, unless earlier redeemed, repurchased by us, or converted pursuant to their terms.

The initial conversion rate is 5.3257 shares of common stock per $1,000 principal amount of the 2032 Notes (which is equivalent to an initial conversion price of approximately $187.77 per share). The conversion rate is subject to adjustment upon the occurrence of certain events specified in the 2032 Indenture but will not be adjusted for any accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change (as defined in the 2032 Indenture) 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 2032 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 December 15, 2031, holders of the 2032 Notes may convert their 2032 Notes only under the following circumstances:

- during any fiscal quarter commencing after December 27, 2025 (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 of the 2032 Notes, or $244.10, on each applicable trading day;
- during the five consecutive business day period after any five consecutive trading day period (the “2032 measurement period”) in which the trading price per $1,000 principal amount of 2032 Notes for each trading day of the 2032 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 2032 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of specified corporate events as specified in the 2032 Indenture.

On or after December 15, 2031 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2032 Notes at any time. Upon conversion, we are required to satisfy our conversion obligation with respect to such converted 2032 Notes by paying cash equal to the principal amount of such converted 2032 Notes and paying or delivering, as the case may be, 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 any.

We may redeem for cash all or any portion of the 2032 Notes, at our option (subject to the partial redemption limitation set forth in the 2032 Indenture), on or after March 20, 2029, 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 2032 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2032 Notes. If we elect to redeem fewer than all of the outstanding 2032 Notes, at least $100.0 million aggregate principal amount of the 2032 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 2032 Indenture), holders may require us to repurchase all or a portion of their 2032 Notes for cash at a price equal to 100% of the principal amount of the 2032 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

Since the closing price of our stock exceeded $244.10 (or 130% of the conversion price of $187.77) for 20 of the last 30 trading days of our second quarter of fiscal year 2026, our 2032 Notes became convertible at the option of the holders during the third quarter of fiscal year 2026. Upon conversion, we are required to satisfy our conversion obligation with respect to such converted 2032 Notes by paying cash equal to the principal amount of such converted 2032 Notes and paying or delivering, as the case may be, 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 any. Therefore, the entire aggregate principal amount of the 2032 Notes outstanding is recorded as short-term debt, which is presented as a current liability in our consolidated balance sheets as of December 27, 2025, net of unamortized debt issuance costs.

2032 Capped Call Options

In September 2025, in connection with the issuances of the 2032 Notes, the Company entered into privately negotiated capped call transactions (the "2032 Capped Call Options") with certain financial institutions (the "2032 Capped Call Counterparties"). The 2032 Capped Call Options cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2032 Notes, the number of shares of our common stock that initially underlie the 2032 Notes and are generally expected to reduce potential dilution to the Company's common stock upon any conversion of 2032 Notes and/or offset any cash payments the Company would be required to make in excess of the principal amount of converted 2032 Notes, as the case may be, with such reduction and/or offset subject to a cap. The cap price of the 2032 Capped Call Options was initially $268.24 per share, and is subject to certain adjustments under the terms of the 2032 Capped Call Options. If the market price per share of our common stock, as measured under the terms of the 2032 Capped Call Options, exceeds the cap price of the 2032 Capped Call Options, there would be dilution and/or there would not be an offset of any potential cash payments in excess of the principal amount of converted 2032 Notes, in each case, to the extent that such market price exceeds the cap price of the 2032 Capped Call Options.

Each of the 2032 Capped Call Options was executed pursuant to a separate agreement entered into by the Company and each of the 2032 Capped Call Counterparties. The 2032 Capped Call Options are not part of the terms of the 2032 Notes and will not affect any holder's rights under the 2032 Notes. Holders of the 2032 Notes will not have any rights with respect to the 2032 Capped Call Options. The Company concluded that the 2032 Capped Call Options met the criteria for equity classification because they were indexed to the Company's common stock and the Company has the discretion to settle the 2032 Capped Call Options by the Company receiving shares or cash subsequent to March 20, 2029. As a result, the $102.0 million amount paid was recorded as a reduction to additional paid-in capital within the Company's condensed consolidated balance sheets as of December 27, 2025, along with the offsetting associated current tax impact of $1.1 million.

The Company made a tax election to integrate the 2032 Notes and the 2032 Capped Call Options for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the $102.0 million gross cost of the purchased 2032 Capped Call Options will be deductible for income tax purposes as original issue discount interest over the term of the 2032 Notes. As a result, the Company established a deferred income tax asset of $24.5 million at inception, with a corresponding valuation allowance as it is not more-likely-than-not that our U.S. deferred tax assets are realizable in the future. As of December 27, 2025, we have recognized a current tax impact of $1.1 million at issuance, which is recorded as an increase to additional paid-in capital within the Company's condensed consolidated balance sheets.

2029 Notes

On June 16, 2023, we issued $603.7 million in aggregate principal amount of 1.50% Convertible Senior Notes due in 2029 ("2029 Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The 2029 Notes are governed by an indenture between the Company and U.S. Bank Trust Company, National Association, as 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 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. 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 (as defined in the 2029 Indenture) 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 (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 of the 2029 Notes, 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.

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.

Since the closing price of our stock exceeded $90.40 (or 130% of the conversion price of $69.54) for 20 of the last 30 trading days of our first and second quarters of fiscal year 2026, our 2029 Notes became convertible at the option of the holders during the second and third quarters of fiscal year 2026. 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 paying cash equal to the principal amount of such converted 2029 Notes and paying or delivering, as the case may be, 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 entire aggregate principal amount of the 2029 Notes outstanding is recorded as short-term debt, which is presented as a current liability in our consolidated balance sheets as of December 27, 2025, net of unamortized debt issuance costs, while the entire aggregate principal amount of the 2029 Notes outstanding is recorded as convertible notes, non-current in our consolidated balance sheets as of June 28, 2025, net of unamortized debt issuance costs.

2028 Notes

In March 2022, we issued $861.0 million in aggregate principal amount of 0.50% Convertible Senior Notes due in 2028 (the "2028 Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The 2028 Notes are governed by an indenture between the Company and U.S. Bank Trust Company, National Association, as 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 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. 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 specified events, but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change (as defined in the 2028 Indenture) 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 Company's 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% of 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 "measurement period") in which the trading price per $1,000 principal amount of the 2028 Notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the applicable conversion rate on each such trading day;
- if the Company calls 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
- 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 paying cash equal to the principal amount of such converted 2028 Notes and paying or delivering, as the case may be, 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 any.

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 the Company provides 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 the Company 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 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, net of unamortized debt issuance costs.

Since the closing price of our stock exceeded $170.34 (or 130% of the conversion price of $131.03) for 20 of the last 30 trading days of our second quarter of fiscal year 2026, our 2028 Notes became convertible at the option of the holders during the third quarter of fiscal year 2026. 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 paying cash equal to the principal amount of such converted 2028 Notes and paying or delivering, as the case may be, 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 any. Therefore, the entire aggregate principal amount of the 2028 Notes outstanding is recorded as short-term debt, which is presented as a current liability in our consolidated balance sheets as of December 27, 2025, net of unamortized debt issuance costs, while the entire aggregate principal amount of the 2028 Notes outstanding is recorded as convertible notes, non-current in our consolidated balance sheets as of June 28, 2025, net of unamortized debt issuance costs.

2026 Notes

In December 2019, we issued $1,050.0 million in aggregate principal amount of 0.50% Convertible Senior Notes due in 2026 (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 (as supplemented by the First Supplemental Indenture, dated as of September 25, 2024, the "2026 Indenture"). The 2026 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 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. 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 (as defined in the 2026 Indenture) 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;
- during the five consecutive 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 applicable 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.

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 their 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 paying cash equal to the principal amount of such converted 2026 Notes and paying or delivering, as the case may be, 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 any.

We may redeem for cash, 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.

During the quarter ended December 27, 2025, we received conversion requests of $0.1 million of principal for the 2026 Notes, which we settled with a combination of $0.1 million of cash and an immaterial number of shares of our common stock in accordance with the 2026 Indenture.

We initially bifurcated the principal amount of the 2026 Notes into liability and equity components. The liability component of the 2026 Notes was initially 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, net of unamortized debt issuance costs.

Concurrent with the issuance of the 2032 Notes, we used approximately $843.1 million of the net proceeds to repurchase $581.1 million aggregate principal amount of the 2026 Notes. We also paid $0.7 million of the related accrued interest. We have adopted and applied ASU 2024-04, Debt with Conversion and Other Options: Induced Conversions of Convertible Debt Instruments. We determined that this transaction met the requirements for the settlement of debt as an induced conversion. Accordingly, we recorded $256.9 million, which represents the fair value increase in the fair value of the debt, as a reduction to additional paid-in capital within the Company's consolidated Balance Sheets as of December 27, 2025, and recognized an inducement expense of $5.9 million in our consolidated statements of operations during the three and six months ended December 27, 2025, which represents the excess of fair value of the total consideration over the fair value of securities issuable pursuant to the original conversion terms.

Since the closing price of our stock exceeded $129.08 (or 130% of the conversion price of $99.29) for 20 of the last 30 trading days of our first and second quarters of fiscal year 2026, our 2026 Notes became convertible at the option of the holders during the second and third quarters of fiscal year 2026. 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 paying cash equal to the principal amount of such converted 2026 Notes and paying or delivering, as the case may be, 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 any. Therefore, the remaining 2026 Notes outstanding are recorded as short-term debt, which is presented as current liabilities in our consolidated balance sheets as of December 27, 2025, net of unamortized debt issuance costs. The entire aggregate amount of the 2026 Notes outstanding is recorded as convertible notes, non-current in our consolidated balance sheets as of June 28, 2025, net of unamortized debt issuance costs.

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

December 27, 2025	**2026 Notes**	**2028 Notes**	**2029 Notes**	**2032 Notes**	**Total**
Principal	$ 468.8	$ 861.0	$ 603.7	$ 1,265.0	$ 3,198.5
Unamortized debt issuance costs	(0.5)	(2.7)	(3.1)	(9.7)	(16.0)
Net carrying amount of the liability component	$ 468.3	$ 858.3	$ 600.6	$ 1,255.3	$ 3,182.5

June 28, 2025	**2026 Notes**	**2028 Notes**	**2029 Notes**	**Total**
Principal	$ 1,050.0	$ 861.0	$ 603.7	$ 2,514.7
Unamortized debt issuance costs	(1.7)	(3.3)	(3.5)	(8.5)
Net carrying amount of the liability component	$ 1,048.3	$ 857.7	$ 600.2	$ 2,506.2

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

	Three Months Ended		**Six Months Ended**	
	December 27, 2025	**December 28, 2024**	**December 27, 2025**	**December 28, 2024**
Contractual interest expense	$ 5.0	$ 4.6	$ 9.7	$ 9.3
Amortization of debt issuance costs	1.1	0.8	1.9	1.5
Total interest expense	$ 6.1	$ 5.4	$ 11.6	$ 10.8

The future interest and principal payments related to our convertible notes are as follows as of December 27, 2025 *(in millions)*:

Fiscal Years	2026 Notes	2028 Notes	2029 Notes	2032 Notes	Total
2026	$ 1.2	$ 2.2	$ 4.5	$ 2.4	$ 10.3
2027	469.8	4.3	9.1	4.7	487.9
2028	—	865.3	9.1	4.7	879.1
2029	—	—	9.1	4.7	13.8
2030	—	—	608.1	4.7	612.8
Thereafter	—	—	—	1,274.7	1,274.7
Total payments	$ 471.0	$ 871.8	$ 639.9	$ 1,295.9	$ 3,278.6

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

Term Loans

SMBC Term Loan

On August 9, 2024, the Company entered into a term loan agreement (the “SMBC 2029 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.

On December 18, 2025, the Company entered into another term loan agreement (the “SMBC 2026 Term Loan”) with SMBC. The SMBC 2026 Term Loan provides an aggregate principal amount of 7.5 billion JPY. The loan requires monthly principal payments of 125.0 million JPY and interest based on a fixed annual interest rate of 1.44%, with the remaining principal of approximately 6.1 billion JPY due on the loan maturity date of December 19, 2026, subject to repayment pitch of 60 months. 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.

The SMBC 2029 Term Loan and the SMBC 2026 Term Loan are collectively referred to as SMBC Term Loans. The SMBC Term Loans require the Company to maintain a debt service coverage ratio of at least 1.2 for its Japan entity for fiscal year 2026. The SMBC 2026 Term Loan requires the Company to maintain a U.S. dollar deposit account with a balance, translated into JPY, equal to or greater than the outstanding principal amount of the SMBC 2026 Term Loan.

As of December 27, 2025, the Company had $83.3 million in principal amount outstanding in SMBC Term Loans, of which the short-term portion of $52.0 million is recorded as current liabilities while the long-term portion of $31.3 million is recorded as long-term debt in the Company’s condensed 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 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. In addition, under the Mizuho Term Loan, the Company is committed to maintain a certain balance in U.S. dollar time and savings deposit accounts.

As of December 27, 2025, the Company had $21.5 million in principal amount outstanding, of which the short-term portion of $5.7 million is recorded as current liabilities while the long-term portion of $15.8 million is recorded as long-term debt in the Company’s condensed consolidated balance sheets.

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

Revolving Credit Facility

On December 19, 2025, the Company entered into a credit agreement (the “Credit Agreement”) with the lenders party thereto and Wells Fargo Bank, National Association, as administrative and collateral agent. The Credit Agreement provides for a senior secured revolving credit facility in an aggregate principal amount of $400.0 million, including a $23.0 million sublimit for the issuance of letters of credit. The Credit Agreement provides that the Company has the right at any time and from time to time to incur one or more incremental revolving commitments and/or incremental term loans up to an unlimited amount, subject to certain customary conditions precedent and other requirements. The proceeds of the loans under the Credit Agreement may be used for working capital and general corporate purposes.

Revolving loans under the Credit Agreement may be borrowed, repaid and reborrowed, without premium or penalty (subject to customary breakage costs), until their maturity date under the Credit Agreement, at which time all amounts borrowed must be repaid. Revolving loans under the Credit Agreement will mature on December 19, 2030, subject to earlier maturity on the date that is 91 days prior to the final scheduled maturity date of the Company’s existing outstanding convertible notes, if on such date, the Company is unable to satisfy certain liquidity and/or total net leverage requirements.

At the Company’s option, borrowings bear interest at either a base rate plus an applicable margin ranging from 0.50% to 1.50%, or a term Secured Overnight Financing Rate (“SOFR”) plus a margin ranging from 1.50% to 2.50%, in each case with such margin based upon the Company’s secured net leverage ratio, as determined in accordance with the terms of the Credit Agreement. Interest is payable quarterly in arrears with respect to borrowings bearing interest at the alternate base rate or on the last day of an interest period, but at least every three months, with respect to borrowings bearing interest at a term SOFR rate. The Company is required to pay to the Administrative Agent for the account of each Lender a commitment fee on a quarterly basis in an amount equal to 0.15% to 0.35% (depending on the Company’s secured net leverage ratio) of unused availability under the revolving facility. The Company is also obligated to pay other fees customary for revolving credit facilities of this size and type.

The Credit Agreement contains customary representations, warranties, affirmative and negative covenants, and events of default. The negative covenants include, among others, restrictions on liens, investments, indebtedness, fundamental changes, restricted payments, transactions with affiliates and prepayments of subordinated debt, all subject to certain exceptions. In addition, the Credit Agreement contains financial covenants, tested at the end of each fiscal quarter, requiring the Company to maintain a secured net leverage ratio of less than or equal to 3.25:1.00, subject to a 0.50:1.00 step-up for four fiscal quarters in connection with a material acquisition, and an interest coverage ratio of no less than 3.00:1.00.

The obligations under the Credit Agreement are required to be guaranteed by certain of the Company’s material domestic subsidiaries and are secured by substantially all assets of the Company and such subsidiary guarantors, subject to customary exceptions.

As of December 27, 2025, there were no borrowings outstanding under the revolving credit facility.

The Company incurred financing costs of about $2.5 million in connection with the revolving credit facility, which was presented as other non-current assets in the Company's condensed consolidated balance sheets as of December 27, 2025 and are amortized to interest expense over the term of the facility.

Note 10. Accumulated Other Comprehensive Income (Loss)

Our accumulated other comprehensive income (loss), net of tax, 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 (1)	Defined Benefit Obligations, Net of Tax (2)	Unrealized Gain on Available-for-Sale Securities, Net of Tax (3)	Total
Beginning balance as of June 28, 2025	$ 9.9	$ (1.6)	$ 0.7	$ 9.0
Other comprehensive gain (loss), net	(0.3)	—	0.4	0.1
Ending balance as of September 27, 2025	$ 9.6	$ (1.6)	$ 1.1	$ 9.1
Other comprehensive gain, net	—	—	0.3	0.3
Ending balance as of December 27, 2025	$ 9.6	$ (1.6)	$ 1.4	$ 9.4

	Foreign Currency Translation Adjustments, Net of Tax (1)	Defined Benefit Obligations, Net of Tax (2)	Unrealized Gain (Loss) on Available-for-Sale Securities, Net of Tax (3)	Total
Beginning balance as of June 29, 2024	$ 9.8	$ 0.7	$ (1.2)	$ 9.3
Other comprehensive gain, net	—	—	2.3	2.3
Ending balance as of September 28, 2024	$ 9.8	$ 0.7	$ 1.1	$ 11.6
Other comprehensive loss, net	(0.3)	—	(1.1)	(1.4)
Ending balance as of December 28, 2024	$ 9.5	$ 0.7	$ —	$ 10.2

(1) In fiscal year 2019, we established the functional currency for our worldwide operations as the U.S. dollar. Translation adjustments reported prior to December 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.

(2) We 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.

(3) For the three and six months ended December 27, 2025, our unrealized gain on available-for-sale securities is presented net of tax of nil for both periods.

For the three and six months ended December 28, 2024, our unrealized gain (loss) on available-for-sale securities is presented net of tax of nil for both periods.

Note 11. Restructuring and Related Charges (Reversals)

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 activities of restructuring and related charges for the periods as presented (*in millions*):

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Balance as of beginning of period	$ 5.9	$ 6.3	$ 2.5	$ 11.1
Charges (reversals)	(0.4)	0.7	7.9	10.4
Payments and other adjustments	(3.3)	(5.5)	(8.2)	(20.0)
Balance as of end of period	$ 2.2	$ 1.5	$ 2.2	$ 1.5

During the three months ended December 27, 2025, we recorded a net reversal to our restructuring and related charges of $0.4 million attributable to lower than previously recorded employee severance and wind-down charges. During the six months ended December 27, 2025, we recorded $7.9 million of restructuring and related charges related to a reduction in force during the period in order to enhance operational efficiency and realign our investments toward the most critical initiatives.

During the three and six months ended December 28, 2024, we recorded restructuring and related charges of $0.7 million and $10.4 million, respectively mainly due to our integration efforts and cost reduction initiatives. Restructuring charges for the six months ended December 28, 2024 includes $6.2 million of asset write-offs primarily due to integration efforts to consolidate our sites, $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") and the remaining restructuring charges due to company-wide cost reduction initiatives.

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

Note 12. Income Taxes

Our tax provision for interim periods has generally been determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, we update our estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, we make a cumulative adjustment in such period. Our quarterly tax provision and estimate of our annual effective tax rate are subject to variation due to several factors, including variability in pre-tax income (or loss), the mix of jurisdictions to which such income relates, changes in how we do business, and tax law developments.

We recorded a tax provision of $18.3 million and $19.3 million for the three and six months ended December 27, 2025. Our tax provision for the three months ended December 27, 2025 includes a discrete tax expense of 1.1 million primarily related to the tax expense associated with income from a claim settlement, partially offset by the tax benefit from the revaluation of deferred tax balances, a windfall in connection with stock-based compensation vested during the quarter, and currency re-measurement of certain tax-related accounts. Our tax provision for the six months ended December 27, 2025 includes a discrete tax expense of $0.5 million, primarily related to the tax expense associated with income from a claim settlement, currency re-measurement of certain tax-related accounts, and interest accrual on uncertain tax positions, partially offset by the tax benefit from a windfall in connection with stock-based compensation vested during the periods, revaluation of deferred tax balances, and foreign return to provision differences.

We recorded a tax provision of $18.6 million and $21.8 million for the three and six months ended December 28, 2024, respectively. Our tax provision for the three months ended December 28, 2024 is primarily attributable to the income tax expense from pre-tax earnings, interest on uncertain tax positions and withholding taxes, partially offset by the tax benefit from prior year changes in uncertain tax positions. Our tax provision for the six months ended December 28, 2024 is primarily attributable to the income tax expense from pre-tax earnings, interest on uncertain tax positions, foreign return to provision differences and withholding taxes, partially offset by the tax benefit from prior year changes in uncertain tax positions.

Our estimated effective tax rate for the six months ended December 27, 2025 differs from the 21% U.S. statutory rate primarily due to the income tax expense from foreign income inclusions in the U.S., current year valuation allowance change, and changes in unrecognized tax benefits, partially offset by the income tax benefit from foreign rate differential and various income tax credits.

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. As of December 27, 2025, we maintain a full valuation allowance on U.S. federal and state and certain foreign deferred tax assets. 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.

As of December 27, 2025, we had $63.2 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 resolution and closure of these tax examinations is highly unpredictable. Although it is possible that certain ongoing tax examinations may be concluded within the next 12 months, we cannot reasonably estimate the impact to tax expense and net income from tax examinations that could be resolved or closed within the next 12 months. 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 decrease by $3.3 million over the next 12 months.

Note 13. Equity

Description of Lumentum Stock-Based Compensation Plans

Equity Incentive Plans

We adopted the 2015 Equity Incentive Plan (the “2015 Plan”) in connection with our separation from JDS Uniphase Corporation (“JDSU” and now, Viavi Solutions Inc.) in July 2015. Initially, 8.5 million shares of our common stock were authorized for issuance under the 2015 Plan. We amended and restated the 2015 Plan to (among other changes) increase the number of shares authorize for issuance, including increases approved by our stockholders of 3.0 million shares in 2016, 3.0 million shares in 2021 and 0.9 million shares in 2022, and most recently, on November 17, 2023, our stockholders approved amendments to 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. The 2015 Plan provided for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to our employees and any parent and subsidiary corporations’ employees, and for the grant of nonstatutory stock options (“stock options”), restricted stock awards (“RSAs”), restricted stock units (“RSUs”), stock appreciation rights (“SARs”), performance units (“PSUs”) and performance shares to our employees, directors and consultants and any parent or subsidiary corporations’ employees and consultants.

On November 28, 2023, we adopted and assumed the Amended and Restated Share Option Scheme of Cloud Light Optoelectronics Limited (the “Cloud Light Scheme” and together with the 2015 Plan, the “Prior Plans”) in connection with the Cloud Light acquisition and we have reserved a total of 1.5 million shares of common stock for issuance thereunder. The Cloud Light Scheme provides for the grant of stock options, RSAs, RSUs, SARs, and performance shares to eligible employees and other service providers.

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. The Inducement Plan provides for the grant of stock options, RSAs, RSUs, SARs, PSUs and performance shares to eligible employees and other service providers.

On November 19, 2025, our stockholders approved the 2025 Equity Incentive Plan (the "2025 Plan"), under which the number of shares of common stock reserved for issuance was 3.2 million shares plus up to 3.9 million shares subject to awards granted under Prior Plans that, after the effective date of the 2025 Plan: (x) are forfeited, canceled or expire (whether voluntarily or involuntarily) or settled in cash, or (y) issued under the Prior Plans pursuant to an award that is forfeited, or repurchased by us as unvested, for an amount not greater than the original purchase price. The 2025 Plan became effective upon receiving stockholder approval. Upon the effective date of the 2025 Plan, the 2015 Plan and the Cloud Light Scheme terminated and no further grants will be made thereunder, but such plans continue to govern the terms of outstanding awards previously granted under such plans. The 2025 Plan has substantially the same terms and conditions as the 2015 Plan. The 2015 Plan, the Inducement Plan, the Cloud Light Scheme and the 2025 Plan are collectively referred to as the "Equity Incentive Plans."

As of December 27, 2025, we had 3.6 million shares subject to stock options, RSUs, RSAs, and PSUs issued and outstanding under the Equity Incentive Plans. RSUs and PSUs are performance-based, market-based and time-based or any combination thereof and are expected to vest within four years. As of December 27, 2025, 3.4 million shares of common stock under the Equity Incentive Plans were available for grant.

Stock Options

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 issue new shares of common stock upon exercise of stock options.

Restricted Stock Units

RSUs under the Equity Incentive Plans are grants of shares of our common stock, the vesting of which is based on the requisite service requirement. The fair value of these grants is based on the closing market price of our common stock on the date of grant. Generally, our RSUs are subject to forfeiture and are expected to vest within four years. For annual grants to existing employees, RSUs generally vest ratably on an annual basis, or combination of annual and quarterly basis, over three years.

During the six months ended December 27, 2025, our board of directors approved grants of 1.0 million RSUs, 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 grant date.

Performance Stock Units

PSUs under the Equity Incentive Plans 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 the six months ended December 27, 2025, our board of directors granted 0.1 million PSUs with an aggregate grant date fair value of $13.7 million to certain executive officers and senior management. These PSUs will vest subject to the achievement of earnings per share targets, 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 200% 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 $33.0 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, as well as service conditions, over three years. The number of shares that ultimately vest 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 these PSU awards using a Monte-Carlo simulation model, which was calculated at $282.85 per share.

Stock-based compensation expense related to PSUs are categorized as AIP PSUs, TSR PSUs and Other PSUs. AIP PSUs relates to the shares granted to executive and non-executive employees as part of our Annual Incentive Plan ("AIP PSUs") during fiscal year 2025, which were subject to performance targets and service conditions and vested in August 2025. TSR PSUs relate to shares granted to certain executive officers and senior management, which will vest subject to the achievement of the Company's TSR relative to specified peer group while Other PSUs relate to shares granted to certain executive officers and senior management, which are subject to financial performance targets (such as revenue and EPS) and service conditions. Refer to the table below for a presentation of stock-based compensation expense by equity awards for more details.

Employee Stock Purchase Plan

Our 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. We estimate the fair value of the ESPP shares on the date of grant using the Black-Scholes option-pricing model. Of the 3.0 million shares authorized under the ESPP, 0.3 million shares remained available for issuance as of December 27, 2025.

Stock-Based Compensation

The impact on our results of operations of recording stock-based compensation by function for the periods presented was as follows *(in millions)*:

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Cost of sales	$ 12.9	$ 9.2	$ 21.5	$ 18.9
Research and development	9.3	11.4	19.6	20.7
Selling, general and administrative	23.2	18.2	46.7	34.8
Total stock-based compensation	$ 45.4	$ 38.8	$ 87.8	$ 74.4

Our stock-based compensation by equity awards for the periods presented were as follows *(in millions)*:

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
RSUs	$ 27.0	$ 24.8	$ 52.6	$ 48.8
AIP PSUs	—	9.4	4.8	13.5
TSR PSUs	4.6	0.5	7.5	0.7
Other PSUs	5.5	2.3	15.4	5.3
Total PSUs	10.1	12.2	27.7	19.5
Options	1.0	1.3	2.6	2.6
ESPP	1.2	1.0	2.8	2.2
Sub-total	39.3	39.3	85.7	73.1
Change in stock-based compensation capitalized to inventory	6.1	(0.5)	2.1	1.3
Total stock-based compensation	$ 45.4	$ 38.8	$ 87.8	$ 74.4

During the three and six months ended December 27, 2025, we recorded $10.1 million and $27.7 million of stock-based compensation related to PSUs, respectively. During the three and six months ended December 28, 2024, we recorded $12.2 million and $19.5 million of stock-based compensation related to PSUs, respectively. 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.

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(Unaudited)

Total income tax benefit associated with stock-based compensation recognized in our condensed consolidated statements of operations during the periods presented was as follows *(in millions)*:

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Income tax benefit associated with stock-based compensation	$ 2.3	$ 4.7	$ 10.3	$ 6.1

Approximately $12.4 million and $14.6 million of stock-based compensation was capitalized to inventory as of December 27, 2025 and June 28, 2025, 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 December 27, 2025:

	Unrecognized stock-based compensation (*in millions*)	Weighted-average period (*in years*)
RSUs	$ 181.0	2.0
PSUs	95.9	2.4
Stock options	3.3	0.9
ESPP	2.2	0.4

Stock Award Activity

The following table summarizes our award activities for the six months ended December 27, 2025 *(in millions)*:

	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 June 28, 2025	0.6	$ 8.1	2.6	$ 59.9	1.6	$ 61.0
Granted	—	—	1.0	125.9	0.2	120.9
Vested/Exercised	(0.3)	7.9	(1.0)	61.1	(0.9)	57.1
Canceled/Forfeited	—	—	(0.1)	64.9	(0.1)	85.9
Balance as of December 27, 2025	0.3	$ 8.1	2.5	$ 86.2	0.8	$ 82.0

A summary of awards available for grant is as follows *(in millions)*:

	Awards Available for Grant
Balance as of June 28, 2025	2.6
Authorized	3.2
Removed	(1.4)
Granted	(1.2)
Canceled/Forfeited	0.2
Balance as of December 27, 2025	3.4

Employee Stock Purchase Plan Activity

The ESPP expense for the three and six months ended December 27, 2025 was $1.2 million and $2.8 million, respectively. The expense related to the ESPP is recorded on a straight-line basis over the relevant subscription period.

During the three and six months ended December 28, 2024, there were $1.0 million and $2.2 million shares issued to employees through the ESPP respectively.

Note 14. Commitments and Contingencies

Purchase Obligations

Our purchase obligations of $1,086.0 million as of December 27, 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. In addition, the imposition of tariffs on certain imported goods and materials may increase our costs and place upward pressure on the cost of sales.

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 upon 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 for the periods presented (*in millions*):

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Balance as of beginning of period	$ 13.1	$ 13.2	$ 14.4	$ 13.2
Measurement period adjustment	—	—	—	0.8
Provision for warranty [1]	13.5	2.0	16.3	4.4
Utilization of reserve, net	(3.9)	(2.4)	(8.0)	(5.6)
Balance as of end of period	$ 22.7	$ 12.8	$ 22.7	$ 12.8

[1] During the three and six months ended December 27, 2025, we recorded $9.8 million of warranty expense associated with Cloud Light's legacy products in our condensed consolidated statements of operations.

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. 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 December 27, 2025, the accrual for expected settlement of litigation matters was not material.

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 disclosure 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.

On March 5, 2025, we completed a sale of net assets located in an entity in Shenzhen, China. The Company has reclassified a $21.4 million unrecognized tax position to other non-current liabilities in the condensed consolidated balance sheets as of June 28, 2025 for an indemnification liability related to the sale of certain assets. This does not impact our results of operations for the year ended June 28, 2025. We did not have any other 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 15. Operating Segments and Geographic Information

Prior to fiscal year 2026, we operated in two reportable segments consisting of Cloud & Networking and Industrial Tech. During the first quarter of fiscal year 2026, we implemented a re-organization, and we are now managed as a single, integrated enterprise, with a unified management team overseeing operations across the entire company, rather than through discrete operating segments. The chief operating decision maker ("CODM") is the Company's Chief Executive Officer, who reviews financial information presented as a single enterprise for purposes of allocating resources and evaluating financial performance.

The CODM assesses the performance of the single segment and allocates resources based on consolidated net income (loss) included in the Company's condensed consolidated statements of operations. The CODM uses consolidated net income (loss) to set budgets, evaluate performance, review actual results and in deciding whether to reinvest profits into our business, pursue acquisitions, or make any other capital management decisions. The significant segment expenses are reflected in the Company's condensed consolidated statements of operations and the condensed consolidated statements of cash flows. The measure of the single segment assets is the consolidated assets included in the condensed consolidated balance sheets. Accordingly, following the reorganization, we determined we operate in a single reporting segment. Comparative prior period segment information has been updated to reflect the new segment structure and measures. The changes in our operating segments had no impact on our previously reported consolidated results of operations, financial position or cash flows.

We disaggregate revenue by type of product, which are Components and Systems, and by geography. A Components product is defined as one of the individual building blocks that goes into creating a larger solution. It is typically not a complete product on its own but rather a specialized element that enables system functionality. This includes semiconductor laser chips, laser sub-assemblies, line subsystems and wavelength management systems. These are supplied to customers who then integrate them into their own full system solutions. Components represent foundational parts that support or enable that system's operation and include a comprehensive portfolio of optical and photonic chips, components, laser light sources that are integrated into smartphones, 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.

A Systems product is defined as a complete, stand-alone product that delivers full functionality to the end customer. It is typically self-contained and ready to operate within a customer's network or application environment. This includes optical modules, optical circuit switches, and industrial lasers such as short-pulse solid-state lasers and kilowatt-class fiber lasers. These products integrate multiple technologies and subsystems into a finished solution that directly addresses a customer's needs. A system represents the end-product that can be deployed and used independently.

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. Our 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 services, AI/ML processing, streaming video, video conferencing, wireless and mobile connectivity, and the internet of things ("IoT"). In addition, our industrial laser products are 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 that emphasize greater manufacturing precision, flexibility, and sustainability.

Refer to "Note 16. Revenue Recognition" for a presentation of disaggregated revenue by type of product.

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. 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 generally represented 10% or more of our total net revenue based on customer shipping locations *(in millions, except percentage data):*

	Three Months Ended				Six Months Ended			
	December 27, 2025		December 28, 2024		December 27, 2025		December 28, 2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Net revenue:								
Americas:								
United States	$ 144.7	21.7 %	$ 77.6	19.3 %	$ 238.4	19.9 %	$ 143.0	19.3 %
Mexico	102.6	15.4	37.4	9.3	176.2	14.7	71.3	9.6
Other Americas	2.0	0.3	4.2	1.0	10.6	0.9	7.1	1.0
Total Americas	$ 249.3	37.4 %	$ 119.2	29.6 %	$ 425.2	35.5 %	$ 221.4	29.9 %
Asia-Pacific:								
Hong Kong	$ 118.9	17.9 %	$ 100.5	25.0 %	$ 211.8	17.7 %	$ 189.2	25.6 %
Thailand	123.0	18.5	74.7	18.6	232.1	19.3	127.2	17.2
China	54.6	8.2	18.1	4.5	103.9	8.7	32.7	4.4
Japan	23.8	3.6	18.4	4.5	44.8	3.7	35.3	4.8
Other Asia-Pacific	55.8	8.4	30.5	7.6	105.2	8.7	61.9	8.4
Total Asia-Pacific	$ 376.1	56.6 %	$ 242.2	60.2 %	$ 697.8	58.1 %	$ 446.3	60.4 %
EMEA	$ 40.1	6.0 %	$ 40.8	10.2 %	$ 76.3	6.4 %	$ 71.4	9.7 %
Total net revenue	$ 665.5	100.0 %	$ 402.2	100.0 %	$ 1,199.3	100.0 %	$ 739.1	100.0 %

During the three months ended December 27, 2025, two customers individually accounted for 24% and 17% of our total revenue, respectively. During the six months ended December 27, 2025, two customers individually accounted for 23% and 19% of our total net revenue, respectively. We had no other customers that represented 10% or greater of our total net revenue.

During the three months ended December 28, 2024, three customers individually accounted for 16%, 14%, and 11% of our total revenue, respectively. During the six months ended December 28, 2024, three customers individually accounted for 15%, 13%, and 10% of our total net revenue, respectively. We had no other customers that represented 10% or greater of our total net revenue.

As of December 27, 2025, two customers individually accounted for 20% and 12% of gross accounts receivable, respectively. As of June 28, 2025, two customers individually accounted for 13% and 11% of gross accounts receivable, respectively. We had no other customers that represented 10% or greater of our gross accounts receivable.

The measure of segment assets is reported on the condensed consolidated balance sheets as total assets. We do not present assets at a level other than that presented in the accompanying condensed consolidated balance sheets. 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)*:

	December 27, 2025	June 28, 2025
Property, plant and equipment, net		
United States	$ 80.1	$ 123.0
Thailand	266.0	218.6
Japan	182.9	144.3
United Kingdom	121.9	109.4
China	111.4	76.8
Other countries	51.2	54.3
Total property, plant and equipment, net	$ 813.5	$ 726.4

We purchase a portion of our inventory from contract manufacturers that are located primarily in Thailand, Taiwan, and Malaysia. During the three and six months ended December 27, 2025, our net inventory purchases from a single contract manufacturer that represented 10% or greater of our total net inventory purchases were concentrated with one contract manufacturer, who accounted for 19% and 20% of the total net inventory purchases, respectively. During the three and six months ended December 28, 2024, our net inventory purchases from a single contract manufacturer that represented 10% or greater of our total net inventory purchases were concentrated with one contract manufacturer, who accounted for 27% and 27% of the total net inventory purchases, respectively.

Note 16. Revenue Recognition

Disaggregation of Revenue

We disaggregate revenue by type of products and by geography. We do not present other levels of disaggregation, such as by 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.

The table below discloses our total net revenue by type of product (*in millions, except percentage data*):

	Three Months Ended				Six Months Ended			
	December 27, 2025		December 28, 2024		December 27, 2025		December 28, 2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Components	443.7	66.7 %	263.7	65.6 %	822.9	68.6 %	$ 495.1	67.0 %
Systems	221.8	33.3 %	138.5	34.4 %	376.4	31.4 %	244.0	33.0 %
Net revenue	$ 665.5	100.0 %	$ 402.2	100.0 %	$ 1,199.3	100.0 %	$ 739.1	100.0 %

Refer to "Note 15. Operating Segments and Geographic Information" for a presentation of disaggregated revenue by geography.

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 and non-current liabilities within our condensed consolidated balance sheets. Payment terms vary by customer. The time between invoicing and when payment is due is not significant.

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

The following table reflects the changes in contract balances for the periods presented (*in millions, except percentages*):

Contract balances	Balance sheet location	December 27, 2025	June 28, 2025	Change	Percentage Change
Accounts receivable, net	Accounts receivable, net	$ 376.8	$ 250.0	$ 126.8	50.7 %
Deferred revenue and customer deposits	Other current liabilities	$ 2.1	$ 0.7	$ 1.4	200.0 %
Deferred revenue and customer deposits	Other non-current liabilities	$ 1.5	$ —	$ 1.5	n/a

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the unaudited condensed consolidated financial statements and the corresponding notes included elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly 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. Please see "Risk Factors" and "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Forward-Looking Statements

This Quarterly 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, 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, 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,” “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 II, Item 1A of this Quarterly Report. Furthermore, such forward-looking statements speak only as of the date of this 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.

Overview

We are an industry-leading provider of optical and photonic products defined by 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 will over time significantly add to our long-term market opportunity.

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 technology and our volume manufacturing capability to expand into attractive emerging markets that benefit from advantages that optical or photonics-based solutions provide.

We disaggregate revenue by type of product, which are Components and Systems, and by geography. A Components product is defined as one of the individual building blocks that goes into creating a larger solution. It is typically not a complete product on its own but rather a specialized element that enables system functionality. This includes semiconductor laser chips, laser sub-assemblies, line subsystems and wavelength management systems. These are supplied to customers who then integrate them into their own full system solutions. Components represent foundational parts that support or enable that system's operation and include a comprehensive portfolio of optical and photonic chips, components, laser light sources that are integrated into smartphones, 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.

A Systems product is defined as a complete, stand-alone product that delivers full functionality to the end customer. It is typically self-contained and ready to operate within a customer's network or application environment. This includes optical modules, optical circuit switches, and industrial lasers such as short-pulse solid-state lasers and kilowatt-class fiber lasers. These products integrate multiple technologies and subsystems into a finished solution that directly addresses a customer's needs. A system represents the end-product that can be deployed and used independently.

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. Our 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 services, AI/ML processing, streaming video, video conferencing, wireless and mobile connectivity, and the internet of things ("IoT"). In addition, our industrial laser products are 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 that emphasize greater manufacturing precision, flexibility, and sustainability.

Operating Segment Information

Prior to fiscal year 2026, we operated in two reportable segments consisting of Cloud & Networking and Industrial Tech. During the first quarter of fiscal year 2026, we implemented a re-organization, and we are now managed as a single, integrated enterprise, with a unified management team overseeing operations across the entire company, rather than through discrete operating segments. The chief operating decision maker ("CODM") is the Company's Chief Executive Officer, who reviews financial information presented as a single enterprise for purposes of allocating resources and evaluating financial performance.

The CODM assesses the performance of the single segment and allocates resources based on consolidated net income (loss) included in the Company's condensed consolidated statements of operations. The CODM uses consolidated net income (loss) to set budgets, evaluate performance, review actual results and in deciding whether to reinvest profits into our business, pursue acquisitions, or make any other capital management decisions. The significant segment expenses are reflected in the Company's condensed consolidated statements of operations and the condensed consolidated statements of cash flows. The measure of the single segment assets is the consolidated assets included in the condensed consolidated balance sheets. Accordingly, following the reorganization, we determined we operate in a single reporting segment. Comparative prior period segment information has been updated to reflect the new segment structure and measures. The changes in our operating segments had no impact on our previously reported consolidated results of operations, financial position or cash flows.

Industry Conditions

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 able to fully recover costs, such as underutilized manufacturing capacity. However, beginning in the first quarter of fiscal year 2025, network equipment manufacturers normalized inventory levels and we have seen increasing demand from AI and cloud customers as they continue to expand their data centers. In fiscal year 2026, we have continued to experience increasing demand, driven in part by the continued advances in cloud and AI infrastructure. This demand is outpacing our current supply which has led to decisions on supply allocation. We are investing in manufacturing capacity, both internally and with contract manufacturers, to meet demand.

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. From time to time, we experience logistics and supply chain issues and 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.

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 on to customers through price increases or have them pay for the tariffs directly.

If these tariff-related and restriction-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 management, see the section titled "Risk Factors" in Item 1A of Part II of this report.

Critical Accounting Policies and Estimates

Our condensed 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 upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. 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, our financial statements will be affected. 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

Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for our fiscal year ended June 28, 2025 provides a complete discussion of our critical accounting policies and estimates. There have been no changes to these policies during the three and six months ended December 27, 2025, except as noted below:

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 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. Conversely, if we later determine that it is more likely than not that all or a portion of the net deferred tax assets will be realized, we would reverse the applicable portion of the previously established valuation allowance. A release of valuation allowance decreases income tax expense in the period of release, increases net income, and reduces our effective tax rate. Such releases may be material to our financial statements depending on the size of the deferred tax assets involved.

In the fourth quarter of fiscal year 2025, we released $153.1 million of valuation allowances on our UK deferred tax assets after we considered all available positive and negative evidence related to our UK subsidiary. We analyzed the UK subsidiary's historical operating results, projected future taxable income, tax planning strategies, and reversals of deferred tax liabilities, and determined that the weight of available objectively verifiable positive evidence supported the realizability of the UK deferred tax assets. In weighing the available evidence, more weight was placed upon our forecasts of future taxable income than on the history of pre-tax losses as such losses were generated under our prior UK business operating model which will no longer be in effect beginning with fiscal year 2026, and the guarantee of a positive operating margin as we effectuated an internal restructuring at the end of fiscal year 2025. Further, the most significant deferred tax asset in the UK is the net operating loss carryforward. Under UK tax law, net operating losses may be carried forward indefinitely, and we have considered the indefinite carryforward period to be positive evidence.

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, including changes in judgment regarding the realizability of deferred tax assets and the need for or release of valuation allowances, may have a material impact on our tax provision, net income, and effective tax rate in a future period.

Recently Issued Accounting Pronouncements

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

Results of Operations

The results of operations for the periods presented are not necessarily indicative of results to be expected for future periods. The following table summarizes selected unaudited condensed consolidated statements of operations items as a percentage of net revenue:

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Net revenue by type of products:				
Components	66.7 %	65.6 %	68.6 %	67.0 %
Systems	33.3	34.4	31.4	33.0
Net revenue	100.0	100.0	100.0	100.0
Cost of sales	61.0	69.9	61.5	70.0
Amortization of acquired developed intangibles	2.9	5.3	3.3	6.0
Gross profit	36.1	24.8	35.2	24.0
Operating expenses:				
Research and development	12.0	18.4	13.5	20.1
Selling, general and administrative	14.4	19.0	15.1	20.6
Restructuring and related charges	—	0.2	0.7	1.4
Total operating expenses	26.4	37.6	29.3	42.1
Income (loss) from operations	9.7	(12.8)	5.9	(18.1)
Escrow settlement	4.1	—	2.3	—
Interest expense	(0.9)	(1.4)	(1.0)	(1.5)
Other income, net	1.6	3.7	1.3	3.2
Income (loss) before income taxes	14.5	(10.5)	8.5	(16.4)
Income tax provision	2.7	4.6	1.6	3.0
Net income (loss)	11.8 %	(15.1)%	6.9 %	(19.4)%

Financial data for the three months ended December 27, 2025

The following table summarizes selected unaudited condensed consolidated statements of operations items for the periods presented (*in millions, except for percentages*):

	Three Months Ended				Six Months Ended			
	December 27, 2025	**December 28, 2024**	**Change**	**Percentage Change**	**December 27, 2025**	**December 28, 2024**	**Change**	**Percentage Change**
Net revenue by type of products:								
Components	$ 443.7	$ 263.7	$ 180.0	68.3 %	$ 822.9	$ 495.1	$ 327.8	66.2 %
System	221.8	138.5	83.3	60.1 %	376.4	244.0	132.4	54.3 %
Net revenue	$ 665.5	$ 402.2	$ 263.3	65.5 %	$ 1,199.3	$ 739.1	$ 460.2	62.3 %
Gross profit	$ 240.1	$ 99.6	$ 140.5	141.1 %	$ 421.6	$ 177.5	$ 244.1	137.5 %
Gross margin	36.1 %	24.8 %			35.2 %	24.0 %		
Research and development	$ 80.1	$ 74.2	$ 5.9	8.0 %	$ 161.5	$ 148.5	$ 13.0	8.8 %
Percentage of net revenue	12.0 %	18.4 %			13.5 %	20.1 %		
Selling, general and administrative	$ 96.1	$ 76.3	$ 19.8	26.0 %	$ 181.2	$ 152.6	$ 28.6	18.7 %
Percentage of net revenue	14.4 %	19.0 %			15.1 %	20.6 %		
Restructuring and related charges (reversals)	$ (0.4)	$ 0.7	$ (1.1)	(157.1)%	$ 7.9	$ 10.4	$ (2.5)	(24.0)%
Percentage of net revenue	— %	0.2 %			0.7 %	1.4 %		

Net Revenue

Net revenue increased by $263.3 million, or 65.5%, during the three months ended December 27, 2025 compared to the three months ended December 28, 2024, driven by a $180.0 million increase in Components products and an $83.3 million increase in Systems products. Approximately three-quarters of the increase in Components products relates to our ramp of laser chip and laser assembly product shipments to support strong, broad-based demand across intra-data center, data center interconnect, and long-haul applications. Additionally, a slight increase in average selling prices of laser chip products contributed to the increase in Components revenue driven primarily by a shift to 200G lane speeds. The remaining approximately one-quarter of Components revenue growth was due to an increase in shipment volume of data transport products, encompassing line subsystems solutions for long-haul terrestrial networks and charge pump products used in sub-sea network installations.

Nearly all of the increase in our Systems products was driven by our cloud transceiver product lines due to an increase in shipment volume, which was partially offset by lower pricing across multiple transceiver lines. We also continued the initial phase of optical circuit switch shipments, which contributed more than $10.0 million in revenue during the three months ended December 27, 2025, and we remain on track for manufacturing expansion over the coming quarters to support future growth.

Net revenue increased by $460.2 million, or 62.3%, during the six months ended December 27, 2025 compared to the six months ended December 28, 2024, driven by a $327.8 million increase in Components products and a $132.4 million increase in Systems products. Approximately three-quarters of the increase in Components products relates to our ramp of laser chip and laser assembly product shipments to support strong, broad-based demand across intra-data center, data center interconnect, and long-haul applications. Additionally, a slight increase in average selling prices of laser chip products contributed to the increase in Components revenue driven primarily by a shift to 200G lane speeds. The remaining approximately one-quarter of Components revenue growth was due to an increase in shipment volume of data transport products, encompassing line subsystems solutions for long-haul terrestrial networks and charge pump products used in sub-sea network installations.

Nearly all of the increase in our System products was driven by our cloud transceiver product lines due to an increase in shipment volume, which was partially offset by lower pricing across multiple transceiver lines. We also continued the initial phase of optical circuit switch shipments, which contributed more than $10.0 million of revenue during the six months ended December 27, 2025, and we remain on track for manufacturing expansion over the coming quarters to support future growth.

During the three months ended December 27, 2025, two customers individually accounted for 24% and 17% of our total revenue, respectively. During the six months ended December 27, 2025, two customers individually accounted for 23% and 19% of our total net revenue, respectively. We had no other customers that represented 10% or greater of our 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. 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 generally represented 10% or more of our total net revenue based on customer shipping locations *(in millions, except percentage data):*

	Three Months Ended				Six Months Ended			
	December 27, 2025		December 28, 2024		December 27, 2025		December 28, 2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Net revenue:								
Americas:								
United States	$ 144.7	21.7 %	$ 77.6	19.3 %	$ 238.4	19.9 %	$ 143.0	19.3 %
Mexico	102.6	15.4	37.4	9.3	176.2	14.7	71.3	9.6
Other Americas	2.0	0.3	4.2	1.0	10.6	0.9	7.1	1.0
Total Americas	$ 249.3	37.4 %	$ 119.2	29.6 %	$ 425.2	35.5 %	$ 221.4	29.9 %
Asia-Pacific:								
Hong Kong	$ 118.9	17.9 %	$ 100.5	25.0 %	$ 211.8	17.7 %	$ 189.2	25.6 %
Thailand	123.0	18.5	74.7	18.6	232.1	19.3	127.2	17.2
China	54.6	8.2	18.1	4.5	103.9	8.7	32.7	4.4
Japan	23.8	3.6	18.4	4.5	44.8	3.7	35.3	4.8
Other Asia-Pacific	55.8	8.4	30.5	7.6	105.2	8.7	61.9	8.4
Total Asia-Pacific	$ 376.1	56.6 %	$ 242.2	60.2 %	$ 697.8	58.1 %	$ 446.3	60.4 %
EMEA	$ 40.1	6.0 %	$ 40.8	10.2 %	$ 76.3	6.4 %	$ 71.4	9.7 %
Total net revenue	$ 665.5	100.0 %	$ 402.2	100.0 %	$ 1,199.3	100.0 %	$ 739.1	100.0 %

For the three and six months ended December 27, 2025, net revenue from customers outside the United States, based on customer shipping locations, represented 78.3% and 80.1% 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 an increasing 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 negatively impact net revenue from customers outside the United States.

Gross Margin

Gross margin for the three months ended December 27, 2025 increased to 36.1% from 24.8% for the three months ended December 28, 2024, primarily driven by the positive impact of higher revenue from our laser chip, laser assembly, and data transport products. Approximately 60% of the gross margin increase was driven by lower manufacturing costs as a percentage of revenue, primarily due to higher internal factory utilization, partially offset by an increase in warranty expense associated with Cloud Light legacy products. Additionally, 20% of the gross margin increase was driven by higher average selling prices of our higher-margin laser chip products. The remaining 20% increase in gross margin relates to the decrease in amortization of acquired intangibles as certain assets were fully amortized.

Gross margin for the six months ended December 27, 2025 increased to 35.2% from 24.0% for the six months ended December 28, 2024, primarily driven by the positive impact of higher revenue from our laser chip, laser assembly, and data transport products. Approximately 70% of the gross margin increase was driven by lower manufacturing costs as a percentage of revenue, primarily due to higher internal factory utilization, partially offset by an increase in warranty expense associated with Cloud Light legacy products. Additionally, 10% of the gross margin increase was driven by higher average selling prices of our higher-margin laser chip products. The remaining 20% increase in gross margin relates to the decrease in amortization of acquired intangibles as certain assets were fully amortized.

The markets in which we sell products are undergoing product, architectural and business model transitions driven in part by the deployment of AI, have high customer concentrations, are highly competitive, are price sensitive and/or are affected by customer seasonal and variants in 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.

Research and Development (“R&D”)

R&D expense increased by $5.9 million, or 8.0% for the three months ended December 27, 2025 compared to the three months ended December 28, 2024, primarily due to a $6.3 million increase in our cash incentive compensation due to higher revenue and profit levels and $2.6 million increase in charges related to new R&D programs partially offset by a $2.1 million decrease in stock-based compensation.

R&D expense increased by $13.0 million, or 8.8% for the six months ended December 27, 2025 compared to the six months ended December 28, 2024, primarily due to a $11.6 million increase in our cash incentive compensation due to higher revenue and profit levels. In addition, incremental investments related to new R&D programs were almost completely offset by a decrease in stock-based compensation.

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 $19.8 million, or 26.0%, during the three months ended December 27, 2025 compared to the three months ended December 28, 2024, primarily due to a $7.5 million impairment charge to write-down assets held for sale to its fair value less cost to sell, a $6.1 million increase in our cash incentive compensation due to higher revenue and profit levels, a $5.0 million increase in stock-based compensation as well as a $2.9 million increase in employee benefits mainly due to payroll taxes on share-based compensation. These increases were partially offset by a $3.2 million decrease in amortization of acquired intangibles as certain assets were fully amortized.

SG&A expense increased by $28.6 million, or 18.7%, during the six months ended December 27, 2025 compared to the six months ended December 28, 2024, primarily due to a $12.0 million increase in our cash incentive compensation due to higher revenue and profit levels, as well as a $11.9 million increase in stock-based compensation, a $7.5 million impairment charge to write-down assets held for sale to its fair value less cost to sell and a $4.6 million increase in legal fees. These increases were offset by a $7.5 million decrease in amortization of acquired intangibles as certain assets were fully amortized.

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 (Reversals)

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 the three months ended December 27, 2025, we recorded a net reversal to our restructuring and related charges of $0.4 million attributable to lower than previously recorded employee severance and wind-down charges. During the six months ended December 27, 2025, we recorded $7.9 million of restructuring and related charges related to a reduction in force during the period in order to enhance operational efficiency and realign our investments toward the most critical initiatives.

Escrow Settlement

On November 7, 2023, we completed the acquisition of Cloud Light Technology Limited ("Cloud Light"). In accordance with a definitive merger agreement, dated as of October 29, 2023, between the Company and Cloud Light, cash consideration included $75.8 million of cash held in an escrow fund to support Cloud Light's indemnification obligations and customary adjustment for working capital. In November 2025, the Company and the former shareholders of Cloud Light mutually agreed to settle outstanding indemnification claims for $27.5 million and signed a settlement agreement releasing the balance of the escrow fund to the former Cloud Light shareholders and releasing them of their indemnification obligations. Since the measurement period expired, we recorded the settlement amount of $27.5 million as other income, net in our condensed consolidated statements of operations during the three and six months ended December 27, 2025.

Interest Expense

For the three months ended December 27, 2025 and December 28, 2024, we recorded interest expense of $6.3 million and $5.6 million, respectively. The increase in interest expense for the three months ended December 27, 2025 is mainly due to the issuance of the 2032 Notes in September 2025.

For the six months ended December 27, 2025 and December 28, 2024, we recorded interest expense of $12.0 million and $11.1 million, respectively. The increase in interest expense for the six months ended December 27, 2025 is mainly due to the issuance of the 2032 Notes in September 2025. Interest expense is primarily driven by the amortization of the debt issuance costs of our convertible notes.

Other Income, Net

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

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Foreign exchange and other gains (losses), net	$ (0.6)	$ 5.9	$ 0.9	$ 5.2
Interest and investment income, net	11.6	9.0	20.2	18.4
Inducement expense	—	—	(5.9)	—
Total other income, net	$ 11.0	$ 14.9	$ 15.2	$ 23.6

Other income, net for the three months ended December 27, 2025 decreased by $3.9 million compared to the three months ended December 28, 2024 primarily driven by a decrease in net foreign exchange gains of $6.5 million as the U.S. dollar strengthened against the Japanese Yen, which is the underlying currency for our term loans. This was offset by an increase of $2.6 million in interest and investment income mainly due to the $2.0 million interest income from the Cloud Light escrow settlement.

Other income, net for the six months ended December 27, 2025 decreased by $8.4 million from the six months ended December 28, 2024 primarily due to a $5.9 million inducement expense related to the partial repurchase of 2026 Notes and a decrease in net foreign exchange gains of $4.3 million mainly driven by the Japan term loans denominated in Japanese Yen offset by an increase of $2.0 million in interest and investment income related to the Cloud Light escrow settlement.

Provision for Income Taxes

The following table summarizes provision for income taxes for the periods presented (*in millions*):

	Three Months Ended		Six Months Ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Income tax provision	$ 18.3	$ 18.6	$ 19.3	$ 21.8

We recorded a tax provision of $18.3 million and $19.3 million for the three and six months ended December 27, 2025. Our tax provision for the three months ended December 27, 2025 includes a discrete tax expense of 1.1 million primarily related to the tax expense associated with income from a claim settlement, partially offset by the tax benefit from the revaluation of deferred tax balances, a windfall in connection with stock-based compensation vested during the quarter, and currency re-measurement of certain tax-related accounts. Our tax provision for the six months ended December 27, 2025 includes a discrete tax expense of $0.5 million, primarily related to the tax expense associated with income from a claim settlement, currency re-measurement of certain tax-related accounts, and interest accrual on uncertain tax positions, partially offset by the tax benefit from a windfall in connection with stock-based compensation vested during the periods, revaluation of deferred tax balances, and foreign return to provision differences.

Our estimated effective tax rate for the six months ended December 27, 2025 differs from the 21% U.S. statutory rate primarily due to the income tax expense from foreign income inclusions in the U.S., current year valuation allowance change, and changes in unrecognized tax benefits, partially offset by the income tax benefit from foreign rate differential and various income tax credits.

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. As of December 27, 2025, we maintain a full valuation allowance on U.S. federal and state and certain foreign deferred tax assets. Due to cumulative losses over recent years and based on all available evidence, we determined that it is more likely than not that our U.S. deferred tax assets will not be realized. However, given our current and anticipated future earnings, we believe there is a reasonable possibility that within the next several quarters, sufficient positive evidence may become available to support a release of all or a significant portion of the U.S. valuation allowance. The release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period in which the release is recorded. The exact timing and amount of the valuation allowance released are subject to change and are based on the level of profitability that we are able to achieve and can reasonably forecast, as well as other positive and negative evidence.

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”.

Financial Condition

Liquidity and Capital Resources

As of December 27, 2025 and June 28, 2025, our cash and cash equivalents were $657.7 million and $520.7 million, respectively. As of December 27, 2025 and June 28, 2025, our short-term investments of $497.6 million and $356.4 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 provide for diversification of investments and is focused on the preservation of capital and supporting our liquidity requirements.

The total amount of cash held by the non-United States entities as of December 27, 2025 and June 28, 2025 was $397.7 million and $398.3 million, respectively, which was primarily held by entities incorporated in the United Kingdom, Japan, Hong Kong, China, Switzerland, China, 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. Except for the funds held in the Cayman Islands, the British Virgin Islands, Hong Kong 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 One Big Beautiful Bill Act (“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 have evaluated these changes during the three and six months ended December 27, 2025, and the impact to our tax provision during these periods is not material.

Liquidity and Capital Resources Requirements

We believe that our cash and cash equivalents as of December 27, 2025, available borrowing capacity under our Credit Agreement, 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:

- the settlement of any conversion or redemption of our convertible notes in cash;
- 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; and
- acquisitions or strategic transactions.

Contractual Obligations

The following table summarizes our contractual obligations as of December 27, 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**
Contractual Obligations			
Asset retirement obligations	$ 7.1	$ —	$ 7.1
Operating lease liabilities, including imputed interest [1]	37.8	14.0	23.8
Pension plan contributions [2]	2.0	2.0	—
Purchase obligations [3]	1,086.0	1,022.8	63.2
Term loans - principal [5]	104.8	57.7	47.1
Term loans - interest [5]	1.8	1.0	0.8
Convertible notes - principal [4]	3,198.5	468.8	2,729.7
Convertible notes - interest [4]	80.1	20.5	59.6
Others	15.0	1.4	13.6
Total	$ 4,533.1	$ 1,588.2	$ 2,944.9

[1] The amounts of operating lease liabilities do not include any sublease income nor do they include payments for short-term leases or variable lease payments. As of December 27, 2025, we expect to receive sublease income of approximately $1.9 million over the remaining sublease periods.

[2] 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 amounts 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.

[3] 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 14. Commitments and Contingencies” in the notes to condensed consolidated financial statements.

[(4)] The amounts related to convertible notes include principal and interest on our 0.50% Convertible Senior Notes due 2026 (the "2026 Notes"), principal and interest on our 0.50% Convertible Senior Notes due 2028 (the "2028 Notes"), principal and interest on our 1.50% Convertible Senior Notes due 2029 (the "2029 Notes"), and principal and interest on our 0.375% Convertible Senior Notes due 2032 (the "2032 Notes"). The 2026 Notes have a maturity date of December 15, 2026, the 2028 Notes have a maturity date of June 15, 2028, the 2029 Notes have a maturity date of December 15, 2029, and the 2032 Notes have a maturity date of March 15, 2032. The principal balances of our convertible notes are reflected in the payment periods in the table above based on their respective contractual maturities, which may be accelerated if the holders elect to convert the notes prior to maturity. The principal amounts of all of our outstanding convertible notes must be settled in cash. The actual cash settlement may be higher if we decide to settle the conversion value in excess of the principal amounts in cash, rather than issuing shares of common stock.

[(5)] The amounts related to term loans include principal and interest on our Sumitomo Mitsui Banking Corporation ("SMBC") 2029 and 2026 Term Loans with a fixed annual interest rate of 0.88% and 1.44%, respectively, and Mizuho Bank, Ltd. ("Mizuho") term loan with a fixed annual interest rate of 0.90%. The SMBC Term Loans require monthly principal payments with the remaining principal due on the loan maturity dates of July 31, 2029 and December 19, 2026 while the Mizuho term loan requires quarterly principal payments with the final payment due on September 20, 2029.

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.

Indebtedness

During the three months ended December 27, 2025, the last reported sale price of the Company's common stock was at least 130% of the applicable conversion price of each series of our convertible notes, which includes 2032 Notes, 2029 Notes, 2028 Notes, and 2026 Notes (collectively referred to as the "Notes") for at least 20 trading days during the 30 consecutive trading-day period ended on December 27, 2025. Therefore, the Notes are convertible at the option of the holders, and we are required to satisfy the conversion obligation with respect to any such converted series of Notes by paying cash equal to the principal amount of such converted series of Notes, and paying or delivering, as the case maybe, 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. Accordingly, pursuant to ASC 470-20 under U.S. GAAP, although the applicable contractual maturity dates of these Notes extend beyond 12 months from the balance sheet date, we are required to classify our 2028 Notes, 2029 Notes and 2032 Notes, that have an aggregate carrying value of $2,714.2 million, as current portion of long-term debt as of December 27, 2025. Only the 2026 Notes with carrying value of $468.3 million mature within the next 12 months.

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

	December 27, 2025		June 28, 2025	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2032 Notes	$ 1,255.3	$ 2,840.8	$ —	$ —
2029 Notes	600.6	3,400.1	600.2	925.5
2028 Notes	858.3	2,584.6	857.7	890.2
2026 Notes	468.3	1,844.6	1,048.3	1,233.3
	$ 3,182.5	$ 10,670.1	$ 2,506.2	$ 3,049.0

The 2028 Notes, 2029 Notes and 2032 Notes are held by more than 60 unique holders and no holders had individual aggregate principal values greater than $505.0 million at December 27, 2025. To the extent Note holders elect to convert all or a significant portion of the Notes within a short period of time, our liquidity would be adversely impacted, and the Note holders' ability to exercise their conversion right raises a substantial doubt that we could continue as a going concern. If we receive a significant number of requests for early conversion of Notes, we would utilize existing cash, cash equivalents and short-term investments, together with available borrowings under our existing revolving credit facility, cash flows from operations, and proceeds from one or more potential new financings to settle the principal amount of such converted Notes in cash, with any excess conversion value thereof to be settled in cash, shares of common stock, or a combination of cash and shares of common stock, at our election.

However, the fair value of the Notes, which would be the estimated value the holders would receive if they sell their Notes in the bond market, is generally higher than the value the holders would receive upon early conversion. The fair value is generally higher than the conversion value due to the embedded call option in the Notes which has time left until the Notes mature. Conversion also requires a holder to be subject to a holding period in which they are subject to further volatility. Therefore, historically, the holders' requests for early conversion of our Notes have not been significant prior to the three-month period immediately preceding maturity. For additional information, refer to Part II Item 1A "Risk Factors".

The table below summarizes the applicable conversion price and the equivalent 130% of the conversion price of each series of Notes (*per share amount*):

	Conversion Price [1]	130% of Conversion Price [1]
2032 Notes	$ 187.77	$ 244.10
2029 Notes	69.54	90.40
2028 Notes	131.03	170.34
2026 Notes	99.29	129.08

[1] Since the closing price of our stock was at least 130% of the applicable conversion price for each series of Notes for 20 of the last 30 trading days of our second quarter of fiscal year 2026, all of our Notes became convertible at the option of the holders during the third quarter of fiscal year 2026. The outstanding Notes are recorded as short-term debt, which is presented as current liabilities in our condensed consolidated balance sheets as of December 27, 2025, net of unamortized debt issuance costs. If the Notes are converted by holders, we are required to satisfy our conversion obligations with respect to each series of converted Notes by paying cash equal to the principal amount of such series of converted Notes and paying or delivering, as the case may be, 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. The outstanding Notes are recorded as convertible notes, non-current in our consolidated balance sheets as of June 28, 2025, net of unamortized debt issuance costs.

As of December 27, 2025, the Company had $83.3 million in principal amount outstanding on our SMBC Term Loans, of which the short-term portion of $52.0 million is recorded as current liabilities while the long-term portion of $31.3 million is recorded as long-term debt in the Company's condensed consolidated balance sheets.

As of December 27, 2025, the Company had $21.5 million in principal amount outstanding on our Mizuho term loan, of which the short-term portion of $5.7 million is recorded as current liabilities while the long-term portion of $15.8 million is recorded as long-term debt in the Company's condensed consolidated balance sheets.

On December 19, 2025, the Company entered into a Credit Agreement providing for a senior secured revolving credit facility in an aggregate principal amount of $400.0 million, including a $23.0 million sublimit for the issuance of letters of credit. As of December 27, 2025, there were no borrowings outstanding under the revolving credit facility. For additional information regarding the Credit Agreement, refer to "Note 9. Debt", in the condensed consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q. For additional information, refer to Part II Item 1A "Risk Factors".

Unrecognized Tax Benefits

As of December 27, 2025 and June 28, 2025, our other non-current liabilities include unrecognized tax benefit for uncertain tax positions of $60.4 million and $55.6 million, respectively. We are unable to reliably estimate the timing of future payments related to uncertain tax positions.

Cash Flows

Our balance of cash and cash equivalents increased by $137.0 million from $520.7 million as of June 28, 2025 to $657.7 million as of December 27, 2025. The increase in cash and cash equivalents during the six months ended December 27, 2025 was due to cash from operating activities of $184.6 million and cash from financing activities of $251.6 million, offset by cash used in investing activities of $299.2 million.

Operating Cash Flow

Cash from operating activities was $184.6 million during the six months ended December 27, 2025, which reflects a net income of $82.4 million and non-cash items of $229.5 million, offset by changes in operating assets and liabilities of $127.3 million. Changes in operating assets and liabilities were primarily driven by an increase in accounts payable of $79.9 million primarily due to higher inventory purchases and capital expenditures, an increase of $27.4 million in accrued payroll and related expenses mainly driven by our accrual on employee cash bonuses and outstanding payroll taxes mainly related to stock-based compensation, and an increase of $21.8 million in accrued expenses and other current and non-current liabilities driven by contractual liabilities and increase in provision for warranty reserves, offset by an increase in accounts receivable of $126.7 million mainly driven by higher revenue, an increase of $102.5 million in inventories driven by inventory builds to support market demand and an increase of $27.4 million in prepayments and other current and non-current assets primarily driven by increase in value-added-tax receivables due to higher capital expenditures and inventory purchases and deferred financing costs related to our revolving credit facility.

Cash from operating activities was $63.9 million during the six months ended December 28, 2024, which reflects a net loss of $143.3 million, offset by non-cash items of $209.1 million and changes in operating assets and liabilities of $1.9 million. Changes in operating assets and liabilities were primarily driven by an increase in accounts payable of $38.7 million primarily due to higher inventory purchases and capital expenditures and an increase in income tax liabilities of $28.5 million primarily due to income tax provision for the six months ended December 28, 2024, offset by an increase of $15.0 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 $19.9 million in accrued expenses and other current and non-current liabilities primarily due to payment of the net settlement amount of the Oclaro merger litigation.

Investing Cash Flow

Cash used in investing activities of $299.2 million during the six months ended December 27, 2025 was attributable to capital expenditures of $159.8 million and net payments from sales or maturities of short-term investments of $139.5 million, offset by $0.1 million proceeds from sale of assets.

Cash used in investing activities of $77.8 million during the six months ended December 28, 2024 was attributable to capital expenditures of $114.3 million, offset by net proceeds from sales or maturities of short-term investments of $36.3 million and proceeds from sales of property and equipment of $0.2 million.

Financing Cash Flow

Cash from financing activities of $251.6 million during the six months ended December 27, 2025 was attributable to $1,254.7 million of net proceeds from the issuance of 2032 Notes, $47.9 million of proceeds from SMBC term loans and $8.7 million of proceeds from employee stock plans, offset by payments for the partial repurchase of the 2026 Notes of approximately $843.1 million, payments for the 2032 Capped Call Options of $102.0 million, tax payments related to net share settlement of restricted stock of $107.4 million, $5.1 million of principal payments on term loans, $2.0 million payments for financing costs related to our revolving credit facility, and $0.1 million of payments for Notes conversions.

Cash used in financing activities of $56.9 million during the six months ended December 28, 2024 was attributable to $76.5 million of proceeds from SMBC and Mizuho term loans and $8.1 million of proceeds from employee stock plans, offset by tax payments related to net share settlement of restricted stock of $23.8 million, payment for an intangible asset acquisition holdback of $1.0 million and $2.9 million of principal payments on term loans.

ITEM 3. 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 a net foreign exchange loss of $0.6 million and net foreign exchange gain of $0.9 million in the condensed consolidated statements of operations for the three and six months ended December 27, 2025, respectively.

Although we sell primarily in the U.S. Dollar, we have foreign currency exchange risks related to our expenses and working capital denominated in currencies other than the U.S. Dollar, principally the Japanese Yen, Chinese Yuan, Canadian Dollar, Thai Baht, UK Pound, Swiss Franc, and the Euro. In addition, in the first quarter of fiscal year 2025, we entered into term loan agreements denominated in Japanese Yen. 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 2032 Notes, 2029 Notes, 2028 Notes and 2026 Notes.

We issued the 2032 Notes in September 2025, 2029 Notes in June 2023, the 2028 Notes in March 2022 and the 2026 Notes in December 2019. As of December 27, 2025, the aggregate principal amount of the 2032 Notes, 2029 Notes, 2028 Notes and 2026 Notes is $1,265.0 million, $603.7 million, $861.0 million, $468.8 million, respectively, and bear interest at a rate of 0.375%, 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 2032 Notes, 2029 Notes, 2028 Notes and 2026 Notes will mature on March 15, 2032, 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 $187.77 per share for the 2032 Notes, $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.

In connection with the issuance of the 2032 Notes, we entered into the 2032 Capped Call Options with the 2032 Capped Call Counterparties. The cap price of the 2032 Capped Call Options was initially $268.24 per share, and is subject to certain adjustments under the terms of the 2032 Capped Call Options. To the extent the market price per share of our common stock, as measured under the terms of the 2032 Capped Call Options, exceeds the cap price of the 2032 Capped Call Options, there would be dilution and/or there would not be an offset of any potential cash payments in excess of the principal amount of converted 2032 Notes, in each case, to the extent that such market price exceeds the cap price of the 2032 Capped Call Options.

Interest Rate Fluctuation Risk

As of December 27, 2025, we had cash, cash equivalents, and short-term investments of $1,155.3 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 December 27, 2025, the weighted-average life of our investment portfolio was approximately six 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 December 27, 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 $4.9 million, and a hypothetical increase or decrease in interest rates of 0.50% (50 basis points) would have resulted in a decrease or an increase in the fair value of our portfolio of approximately $2.0 million.

On December 19, 2025, the Company entered into a Credit Agreement providing for a senior secured revolving credit facility in an aggregate principal amount of $400.0 million, including a $23.0 million sublimit for the issuance of letters of credit. At our option, borrowings bears interest at a variable rate tied to either a base rate or a term Secured Overnight Financing Rate, plus, in each case, a margin based on our secured net leverage ratio. Consequently, our interest expense could fluctuate due to the variable interest rates applicable to any borrowing under the Credit Agreement. As of December 27, 2025, there were no borrowings outstanding under the Credit Agreement.

Bank Liquidity Risk

As of December 27, 2025, we had approximately $460.1 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 4. 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 December 27, 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 December 27, 2025, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rules 13a-15(d) or 15d-15(d) that occurred during the quarter ended December 27, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) 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.

PART II - OTHER INFORMATION

ITEM 1. 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 previously accrued liabilities 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 estimatable. For a description of our material pending legal proceedings, refer to “Note 14. Commitments and Contingencies” in the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

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 Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed 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 macroeconomic 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 over time;
- challenges relating to supply chain constraints;
- changes in technology and intense competition;
- our ability to sell to a significant customer;
- 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 ability to increase our manufacturing capacity;
- 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 Our Indebtedness

- our ability to service our current and future debt; and
- our ability to comply with the covenants under our revolving credit facility

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;
- 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;
- exclusive forum provisions in our bylaws;
- the potential impact of the hedging activity of the 2032 Capped Call Counterparties on the market price of our common stock; and

- counterparty risk with respect to the 2032 Capped Call Options

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, political and territorial conflicts in the Western Hemisphere, 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. 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, which may limit our ability to produce products, increase our selling and/or manufacturing costs, decrease margins, reduce the competitiveness of our products, reduce customer demand for our products, or inhibit our ability to sell products or purchase necessary equipment and supplies. 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 implemented 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 previously 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 resulted in our inability to earn revenue from Huawei and negatively impacted our financial condition and results of operations. Huawei has been required to obtain similar or substitute products from other sources, which may include our competitors that are not subject to these restrictions.

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. For example, other customers, such as FiberHome Technologies Group, have been subject to export control restriction since May 2020, and BIS continues to add entities to the list of restricted parties, and may 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 and operating margins 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 are experiencing 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, manufacturing or supply chain capacity, 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. In addition, if we are unable to satisfy customer demand and customers are required to purchase products from our competitors, they may shift immediate and future purchases to such competitors, which could harm our customer relationships and adversely impact our access to certain end 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, political and territorial conflicts in the Western Hemisphere, 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, fires, and/or other natural disasters.

Changes in demand and customer requirements for our products may be difficult to forecast. We may be unable to increase our manufacturing capacity to meet future demand, or we may experience difficulties in generating and maintaining demand to optimize our manufacturing capacity. If we are unable to align supply with demand, it could have an adverse effect on our business, results of operations, or financial condition.

We operate in a market where demand can fluctuate rapidly and we may not be able to predict or quickly respond to trends in the dynamics of our markets and our customers or changes in customer demand, which could negatively impact our gross margins. Although AI is a relatively new demand driver for our products, it is evolving rapidly, and the expected timing and amount of investments related to AI can change significantly. As a result, it may be difficult to accurately forecast such demand and we may incur costs in anticipation of demand that ultimately does not materialize. We manufacture and purchase or commit to supplies based on forecasts of demand from our customers. If we overestimate demand, or if customers cancel or defer orders, change requirements or choose to purchase from our competitors, we may not be able to utilize on-hand inventory or reduce purchase commitments accordingly. If demand does materialize, but is lower than expected, we may not be able to reduce our costs in response, which would adversely impact our gross margins. We have had to reduce average selling prices, increase prices for certain of our products as a result of our suppliers' increase in prices, write down our inventory, incur cancellation penalties, and record impairments, and may have to do so in the future.

Our ability to meet demand is influenced by numerous factors, including changes in product development cycles, ramping technologies, and evolving customer requirements. Our ability to increase supply of our products is especially dependent on our ability to increase our manufacturing capacity, both at our own facilities and those of our contract manufacturers. Our ability to increase production is subject to a number of uncertainties inherent in all new manufacturing operations, including ongoing compliance with regulatory requirements, procurement and maintenance of construction, environmental and operational licenses and approvals for additional expansion, clean-room capacity, supply chain constraints, hiring, training and retention of qualified employees, implementing highly complex manufacturing processes, and the pace of bringing production equipment and processes online with the capability to manufacture high-quality products. We may also face difficulties in optimizing our manufacturing capacity, which may result in underutilization of our manufacturing facilities and excess inventory of our manufactured products. If we experience any issues or delays in increasing production capacity in our current or new manufacturing facilities or generating and maintaining demand for our products we manufacture there, our business, prospects, operating results and financial condition may be harmed.

If demand exceeds our forecasts, we may be unable to scale and increase supply sufficiently to meet such demand, which could result in a loss of revenue, decisions about manufacturing priorities, decisions on supply allocation, damage to customer relationships, legal or other disputes, loss of business and market share to competitors, and loss of future opportunities.

If we are unable to manufacture certain products in our manufacturing facilities or if we or our contract manufacturers and suppliers are unable or fail to meet our production requirements, our business maybe adversely affected.

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.

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.

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 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.

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. The OECD and participating jurisdictions have recently agreed to a “side-by-side” solution that exempts U.S.-parented multinational businesses, like us, from certain provisions of Pillar Two for fiscal years beginning on or after January 1, 2026. 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 ("OBBBA"), 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. We have evaluated these changes during the three and six months ended December 27, 2025 and believe the impact to our tax provision during these periods is not material.

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"). In September 2025, we issued and sold a total of $1,265.0 million aggregate principal amount of our 0.375% Convertible Senior Notes due 2032 ("2032 Notes"). In December 2025, we entered into a Credit Agreement providing for a senior secured revolving credit facility in an aggregate principal amount of $400.0 million, including a $23.0 million sublimit for the issuance of letters of credit. 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 artificial intelligence ("AI") capabilities improve and become increasingly commonplace, cyber-attacks leveraging AI technology are likely to pose increasing threats. These attacks could, for example, 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 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 II, Item 1. Legal Proceedings," and "Note 14. Commitments and Contingencies" to the condensed 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 Our Indebtedness

Servicing our existing and future indebtedness, including the 2026 Notes, 2028 Notes, 2029 Notes and 2032 Notes (collectively referred to as the "convertible notes") and any revolving loans under our Credit Agreement (as defined in the next risk factor below), 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 Credit Agreement, 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. In addition, during the three months ended December 27, 2025, the last reported sale price of the Company's common stock was at least 130% of the applicable conversion price of each of the respective convertible notes in effect for at least 20 trading days during the last 30 trading days in the three months ended December 27, 2025; therefore, the convertible notes are convertible at the option of the holders with the principal balance to be settled in cash. To the extent all convertible note holders elect to convert all or a significant portion of the convertible notes within a short period of time, our liquidity would be adversely impacted, and could adversely impact our ability to continue as a going concern. If we are unable to generate sufficient cash flow to meet our obligations, 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 or our Credit Agreement;
- 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.

Any of these factors could harm our business, results of operations, and financial condition. In addition, we and our subsidiaries may be able to incur significant additional indebtedness in the future. If we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase.

Our revolving credit facility contains financial covenants and other covenants that may restrict our actions, and failure to comply with these covenants could have a material adverse effect on our financial condition.

On December 19, 2025, we entered into a credit agreement (the "Credit Agreement") with the lenders party thereto and Wells Fargo Bank, National Association, as administrative and collateral agent. The Credit Agreement provides for a senior secured revolving credit facility in an aggregate principal amount of $400.0 million, including a $23.0 million sublimit for the issuance of letters of credit. As of December 27, 2025, there were no borrowings outstanding under the revolving credit facility.

Our Credit Agreement contains covenants that limit our ability and the ability of certain of our subsidiaries to, among other things, incur liens, make investments, incur indebtedness, merge or consolidate with other companies, sell substantially all of our assets, make restricted payments, enter into certain transactions with affiliates and make certain prepayments of subordinated debt, in each case subject to certain exceptions. In addition, the Credit Agreement contains financial covenants that require compliance with a maximum secured net leverage ratio and minimum interest coverage ratio, in each case tested at the end of each fiscal quarter. These covenants may adversely affect our ability to finance our operations, meet or otherwise address our capital needs, pursue business opportunities or react to market conditions, or otherwise restrict our activities or business plans. In addition, our obligations to repay principal and interest on our indebtedness could make us vulnerable to economic or market downturns. Our ability to comply with these covenants depends on many factors, some of which are beyond our control.

The Credit Agreement contains various events of default that include, among others, non-payment of principal, interest or fees, inaccuracy of representations and warranties, breach of covenants, cross default to certain other indebtedness, bankruptcy and insolvency events, material judgments and events constituting a change of control, subject to thresholds and cure periods as set forth in the Credit Agreement. Upon the occurrence and during the continuance of an event of default, the Lenders may terminate their commitments and accelerate the Company’s obligations under the Credit Agreement and may exercise certain other rights and remedies provided for under the Credit Agreement, the other loan documents and applicable law. If outstanding borrowings under the Credit Agreement were accelerated, we may not have sufficient cash on hand or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could immediately adversely affect our business, cash flows, results of operations, and financial condition.

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, and the U.S. Department of Justice has issued regulations restricting certain bulk transfers of sensitive personal data. 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. The United Kingdom made targeted amendments to this legislation in 2025. 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 European Commission has adopted an 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, which it renewed in 2025 to extend through December 2031. The European Commission's adequacy decision is, however, subject to potential revocation or modification. 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.

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, and pursuant to the terms of our 2032 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.

The 2032 Capped Call Options may affect the value of our common stock.

In connection with the issuance of the 2032 Notes, we entered into the 2032 Capped Call Options with the 2032 Capped Call Counterparties. We have been advised that the 2032 Capped Call Counterparties may modify the hedge positions they established when they entered into the 2032 Capped Call Options by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the 2032 Notes (and are likely to do so in connection with any conversion, repurchase or redemption of the 2032 Notes or if we unwind all or a portion of the 2032 Capped Call Options). This activity could cause or prevent an increase or a decrease in the market price of our common stock.

We are subject to counterparty risk with respect to the 2032 Capped Call Options.

The 2032 Capped Call Counterparties are financial institutions, and we will be subject to the risk that one or more of the 2032 Capped Call Counterparties may default under the 2032 Capped Call Options. Our exposure to the credit risk of the 2032 Capped Call Counterparties will not be secured by any collateral.

Global economic conditions have in the past resulted in the actual or perceived failure and/or financial difficulties of many financial institutions. If a 2032 Capped Call Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under the 2032 Capped Call Option with such 2032 Capped Call Counterparty. Our exposure will depend on many factors but, generally, our exposure will increase if the market price or the volatility of our common stock increases. In addition, upon a default by a 2032 Capped Call Counterparty, we may suffer adverse tax consequences and experience more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the 2032 Capped Call Counterparties.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, the following officers, as defined in Rule 16a-1(f), adopted a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408.

On November 5, 2025, Wupen Yuen, our President, Global Business Units, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 28,522 shares of our common stock (based on PSUs vesting at target). The actual number of shares sold under the trading arrangement will depend on achievement of performance targets applicable to the PSUs subject to the trading arrangement, be subject to vesting of the PSUs and RSUs subject to the trading arrangement, and be net of shares withheld for taxes upon vesting and settlement of the PSUs and RSUs subject to the trading arrangement. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until December 31, 2026, or earlier if all transactions under the trading arrangement are completed.

On November 13, 2025, Vince Retort, our President, Modules R&D and New Product Design and Development, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate up to 105,445 shares of our common stock (based on PSUs vesting at target). The actual number of shares sold under the trading arrangement will depend on achievement of performance targets applicable to the PSUs subject to the trading arrangement, be subject to vesting of the PSUs and RSUs subject to the trading arrangement, and be net of shares withheld for taxes upon vesting and settlement of the PSUs and RSUs subject to the trading arrangement. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until November 20, 2026, or earlier if all transactions under the trading arrangement are completed.

On November 28, 2025, Wajid Ali, our Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 66,265 shares of our common stock (based on PSUs vesting at target). The actual number of shares sold under the trading arrangement will depend on achievement of performance targets applicable to the PSUs subject to the trading arrangement, be subject to vesting of the PSUs and RSUs subject to the trading arrangement, and be net of shares withheld for taxes upon vesting and settlement of the PSUs and RSUs subject to the trading arrangement. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until November 30, 2026, or earlier if all transactions under the trading arrangement are completed.

ITEM 6. 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 Form	File No.	Exhibit	Filing Date	Filed Herewith
10.1	Lumentum Holdings Inc. 2025 Equity Incentive Plan.	S-8	333-291645	4.3	11/19/2025	
10.2	Credit Agreement, dated as of December 19, 2025, among Lumentum Holdings Inc., as borrower, the lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent and collateral agent.	8-K	001-36861	10.1	12/22/2025	
10.3	Global Performance Unit Award Agreement (2025 Equity Incentive Plan).					X
10.4	Global Restricted Stock Unit Award Agreement (2025 Equity Incentive Plan).					X
31.1	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.					X
31.2	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.					X
32.1†	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.					X
32.2†	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.					X
101	The following financial information from Lumentum Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended December 27, 2025 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the three and six months ended December 27, 2025 and December 28, 2024; (ii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended December 27, 2025 and December 28, 2024; (iii) Condensed Consolidated Balance Sheets as of December 27, 2025 and June 28, 2025; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended December 27, 2025 and December 28, 2024; (v) Condensed Consolidated Statements of Stockholders' Equity for the three and six months ended December 27, 2025 and December 28, 2024, and (vi) Notes to Condensed Consolidated Financial Statements.					X
104	Cover Page Interactive Data File, formatted in Inline XBRL (included in Exhibit 101).					X

† The certifications furnished in Exhibits 32.1 and 32.2 that accompany this report 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 report, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LUMENTUM HOLDINGS INC.

Date: February 3, 2026

By: /s/ Wajid Ali

By: Wajid Ali
Executive Vice President, Chief Financial Officer

LUMENTUM HOLDINGS INC.
2025 EQUITY INCENTIVE PLAN

GLOBAL NOTICE OF PERFORMANCE UNIT AWARD

Grantee's Name and Employee ID:		Award Number:	___________________________________
[NAME]		Date of Award:	___________________________________
[EMPLOYEE ID]		Type of Award:	Performance units

You (the "**Grantee**") have been granted a Performance Unit award (the "**Award**"), subject to the terms and conditions of this Global Notice of Performance Unit Award (the "**Notice**"), the Lumentum Holdings Inc. 2025 Equity Incentive Plan, as amended from time to time (the "**Plan**"), and the Global Performance Unit Award Agreement (the "**Performance Unit Agreement**"), including any terms and conditions for the Grantee's country set forth in any appendix attached hereto (the "**Appendix**") (the Performance Unit Agreement and the Appendix, together, the "**Agreement**") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Target Number of Performance Units Awarded: ____

Maximum Number of Performance Units Awarded: ____

Performance Period: ____

Performance Matrix:

The number of Performance Units subject to this Award that may become earned (the "**Earned Units**") is based on the attainment of the performance goal(s) set forth in the Performance Matrix as determined by the Administrator following the applicable performance period; provided that in no event will the total number of Earned Units under this Award exceed the Maximum Number of Performance Units Awarded.

Following the end of the Performance Period, the Administrator will determine the number of Performance Units that become Earned Units in accordance with Section 3 (the date of such determination, the "**Determination Date**"), and such Earned Units will vest on [*to be determined for each award*] (the "**Vesting Date**"), subject to vesting acceleration described in Section 4 of the Agreement and further subject to the terms and conditions set forth in the Agreement.

In the event of Grantee's termination of Continuous Active Service before the Vesting Date, any unvested Performance Units (including any such units that are Earned Units) and Grantee's right to acquire any Shares hereunder will terminate, except as set forth in Section 4 of the Agreement.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

Lumentum Holdings Inc.,
a Delaware corporation

By: __

Title: __

By signing below or by electronic acceptance or authentication in a form authorized by the Company, the Grantee acknowledges that copies of this Notice, the Agreement, the Plan and the prospectus for the Plan prepared in connection with the registration of the shares issuable pursuant to the Award with the Securities and Exchange Commission have been provided to the

Grantee or made available to the Grantee on the Company's internal website or a website of the Company's third party plan administrator and may be viewed and printed by the Grantee for attachment to the Grantee's copy of this Notice. The Grantee represents that he or she is familiar with the terms and provisions of this Notice, the Agreement and the Plan, and hereby accepts the Award subject to all of their terms and conditions. The Grantee has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee will be deemed to have accepted the Award and the terms and conditions of the Plan and the Agreement, unless within 45 days of the grant date of the Award, the Grantee notifies the Company at equity@lumentum.com that he/she chooses to decline the Award. **The Grantee agrees that all disputes arising out of or relating to this Notice, the Agreement and the Plan shall be resolved in accordance with Section 10 of the Agreement.** The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: __ Signed: __
Grantee

(a) Performance Matrix.

[To be determined for each award.]

(b) Award Determination and Payout. On each Determination Date, the Administrator will certify whether and to what extent the performance goal(s) have been achieved for the applicable Performance Period. The actual number of Performance Units corresponding to the applicable Performance Period that will become Earned Units under the Award Agreement, if any, upon achievement of the applicable performance goal(s) will be rounded down to the nearest whole number so as to avoid fractional shares.

(c) Definitions

[To be determined for each award.]

LUMENTUM HOLDINGS INC.
2025 EQUITY INCENTIVE PLAN
GLOBAL PERFORMANCE UNIT AWARD AGREEMENT

Unless otherwise defined herein, terms defined in the Lumentum Holdings Inc. 2025 Equity Incentive Plan, as amended from time to time (the "**Plan**") and the Global Notice of Performance Unit Award (the "**Notice**") attached hereto shall have the same defined meanings in this Agreement.

1. Issuance of Performance Units. Lumentum Holdings Inc., a Delaware corporation (the "**Company**"), hereby issues to the Grantee named in the Notice, the of Performance Unit Award (the "**Notice**"), up to the Maximum Number of Performance Units Awarded set forth in the Notice (the "**Performance Units**" or "**Units**"), subject to the Notice, this Agreement (including the Appendix) and the terms and provisions of the Plan, which is incorporated herein by reference.

2. Transfer Restrictions. The Performance Units may not be transferred in any manner other than by will or by the laws of descent and distribution. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

3. Earning and Vesting of Performance Units. The Performance Units awarded by this Agreement will become Earned Units and will vest in accordance with the provisions set forth in the Notice, including its Performance Matrix, and Section 4. The term "vest" shall mean, with respect to any Earned Units, that such Performance Units are no longer subject to forfeiture to the Company.

4. Termination of Continuous Active Service. Except as provided otherwise in (i) any provision of the Severance Plan, (ii) any employment, change in control, separation or similar agreement by and between the Company or an affiliate and Grantee, (iii) any policy of the Company or an affiliate applicable to Grantee, (iv) Section 11 of the Plan, or (v) as otherwise determined by the Administrator, if Grantee's Continuous Active Service is terminated for any reason, then vesting of the Performance Units shall cease upon the date of termination of Grantee's Continuous Active Service. Any unvested Performance Units held by Grantee immediately prior to such termination of Continuous Active Service shall be forfeited without compensation and deemed reconveyed to the Company. In the event of Grantee's change in status from an Employee to a Consultant, vesting of the Performance Units shall continue only to the extent determined by the Administrator. Further, in the event that, as of immediately prior to the date Grantee's Continuous Active Services terminates, Grantee is a participant in, the terms of the Severance Plan shall apply.

5. Conversion of Units and Issuance of Shares. Upon the Vesting Date, one share of Common Stock shall be issuable for each Performance Unit that vests on such date (the "**Shares**"), subject to the terms and provisions of the Plan and this Agreement. Thereafter, the Company will transfer such Shares to the Grantee upon satisfaction of any required tax or other withholding obligations, and in any event no later than the later of (i) the 15th day of the third fiscal month following the end of the fiscal year that contains the applicable vesting date or (ii) March 15th following the end of the calendar year that contains the applicable vesting date. Any fractional Performance Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share.

6. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

7. Taxes.

(a) Generally. The Grantee acknowledges that, regardless of any action by the Company, or if different, the Subsidiary or Affiliate that employs the Grantee (the "**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable or deemed applicable to the Grantee ("**Tax-Related Items**") is and remains the Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Units, including, but not limited to, the grant, vesting, or settlement of the Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or Dividend Equivalent Rights (if any); and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee is subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to issue or deliver the Shares, or the proceeds of the sale of Shares, if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (*e.g.*, grant, vesting, issuance of Shares, sale of Shares) that the Company and/or Employer determines may result in any Tax-Related Items, the Grantee understand and agrees he or she must arrange for the satisfaction of all Tax-Related Items in a manner acceptable to the Company and/or the Employer. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion and pursuant to such procedures as they may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) *By Sale of Shares*. The Grantee's acceptance of this Award constitutes the Grantee's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose (the "**Designated Broker**") to sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Tax-Related Items. The Grantee will be responsible for all broker's fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's Tax-Related Items, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's Tax-Related Items.

(ii) *By Withholding Shares*. The Company shall have the right, but not the obligation, to require the Grantee to satisfy all or any portion of the Tax-Related Items by deducting from the Shares otherwise deliverable to the Grantee in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the Tax-Related Items arise; or

(iii) *By Check, Wire Transfer or Other Means*. Only if permitted by the Administrator, at any time not less than five (5) business days before any Tax Withholding Obligation arises, the Grantee may elect to satisfy the Grantee's Tax-Related Items by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax-Related Items by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Administrator.

The Company may withhold or account for Tax-Related Items by considering applicable statutory or other applicable withholding rates, including minimum or maximum rates applicable in the Grantee's jurisdiction(s). In the event of over-withholding, the Grantee may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Common Stock), or if not refunded, the Grantee may seek a refund from the local tax authorities. In the event of under-withholding, the Grantee may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Employer(s). If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, the Grantee will be deemed to have been issued the full number of shares of Common Stock subject to the vested Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

Finally, the Grantee agrees to pay to the Company or the Employer, including through withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described.

(c) Right to Retain Shares. The Company may refuse to issue any Shares or the proceeds of the sale of Shares to the Grantee until the Grantee satisfies the Tax-Related Items. If Grantee fails to satisfy the Tax-Related Items at the time any portion of the Award is otherwise scheduled to vest or Grantee's Tax-Related Items otherwise become due, Grantee will permanently forfeit such portion of the Award and any right to receive the Shares thereunder as to which the Tax-Related Items are not satisfied and such portion will be returned to the Company at no cost to the Company.

8. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable. Notwithstanding any provision of this Agreement or the Plan to the contrary, if the Grantee is a U.S. taxpayer, the Administrator may amend this Agreement, either retroactively or prospectively, without the consent of the Grantee, if the Administrator determines in its discretion that such amendment is required or advisable for this Agreement and the Award to satisfy or comply with or meet the requirements of Code Section 409A so that no additional tax under Code Section 409A is applied to this Award. However, the Company has not obtained a tax ruling or other confirmation from the Internal Revenue Service with regard to the application of Code Section 409A to the Award, and the Company does not represent or warrant that this Agreement will avoid adverse tax consequences to the Grantee, including as a result of the application of Code Section 409A to the Award.

9. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

10. Dispute Resolution. The provisions of this Section 10 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Agreement. The Company, the Grantee, and the Grantee's assignees (the "**parties**") shall attempt in good faith to resolve any disputes arising out of or relating to the Notice, the Plan and this Agreement

by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party's position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Santa Clara) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 10 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

12. No Effect on Terms of Service. The Units subject to the Award shall vest, if at all, only during the period of the Grantee's Continuous Active Service (not through the act of being hired, being granted the Award or acquiring Shares hereunder) and the Award has been granted as an inducement for the Grantee to remain in such Continuous Active Service and as an incentive for increased efforts on behalf of the Company and its Affiliates by the Grantee during the period of his or her Continuous Active Service. Nothing in the Notice, the Agreement, or the Plan shall confer upon the Grantee any right with respect to future compensation, including equity compensation grants, or continuation of Grantee's Continuous Active Service, nor shall it interfere in any way with the Grantee's right or the right of the Grantee's employer to terminate Grantee's Continuous Active Service, with or without cause, and with or without notice. Unless the Grantee has a written employment agreement with the Company to the contrary, Grantee's status is at will. **This Award shall not, under any circumstances, be considered or taken into account for purposes of calculation of severance payments in those jurisdictions requiring such payments upon termination of employment. The Grantee shall not have and waives any and all rights to compensation or damages as a result of the termination of the Grantee's employment with the Company or the Grantee's employer for any reason whatsoever, insofar as those rights result or may result from (i) the loss or diminution in value of such rights or entitlements or claimed rights or entitlements under the Plan, or (ii) the Grantee's ceasing to be entitled to any restricted stock units or Shares or any other rights under the Plan.**

13. Nature of Grant. In accepting the Units, the Grantee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company and it is discretionary in nature;

(b) the grant of the Units is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(c) all decisions with respect to future grants of restricted stock units or other grants, if any, will be at the sole discretion of the Company;

(d) the Grantee is voluntarily participating in the Plan;

(e) the Units and any Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) the Units and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for purposes of, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, holiday pay, bonuses, long-service awards, leave related payments, pension or retirement or welfare benefits, or similar mandatory payments and in no event should be considered as compensation for or relating in any way to, past services for the Company, the Employer, or any Subsidiary or Affiliate;

(g) unless otherwise agreed with the Company, the Units and any Shares acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, any service the Grantee may provide as a director of any Parent, Subsidiary or Affiliate;

(h) the future value of the Shares underlying the Units is unknown, indeterminable, and cannot be predicted with certainty and the value of such Shares acquired under the Plan may increase or decrease in the future;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Units resulting from termination of Continuous Active Service (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of applicable law in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment or service agreement, if any);

(j) neither the Employer, the Company nor any Parent, Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the U.S. Dollar that may affect the value of the Units or of any amounts due to the Grantee pursuant to the settlement of the Units or the subsequent sale of any Shares acquired upon settlement.

14. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying Shares. The Grantee understands and agrees that he or she should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

15. Data Privacy. The Grantee understand that if the Grantee would like to participate in the Plan, the Grantee needs to review the information provided in Sections 15(a) through (f) below and declare the Grantee's consent according to Section 15(g) below.

If the Grantee is based in the European Union ("EU"), the European Economic Area ("EEA") Switzerland, or the United Kingdom (collectively, "EEA+"), Lumentum Holdings Inc. located at 1001 Ridder Park Drive, San Jose, California 95131 U.S.A. is the controller responsible for the processing of the Grantee's personal data in connection with the Participation Agreement and the Plan. Contact for EEA data privacy matters is privacy@lumentum.com.

(a) Data Collection and Usage. The Grantee understands that the Company the Employer, may collect, process and use certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all restricted stock units granted under the Plan or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The legal basis, where required, for the processing of Data is the Grantee's consent.

(b) Stock Plan Administration Service Providers. The Grantee understands that Data is transferred to the Company's designated broker E*Trade Financial Corporate Services, Inc. (and E*Trade Securities LLC) (collectively, the "Designated Broker"), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other service providers in a similar manner. The Grantee may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(c) International Data Transfers. The Grantee understands that the recipients of the Data are located in the United States, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country and that the United States might not provide a level of protection of personal data equivalent to the level of protection in the Grantee's country. The Company's legal basis, where required, for the transfer of Data is the Grantee's consent.

(d) Data Retention. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond the Grantee's Continuous Active Service. When the Company or the Employer no longer need the Data for the above purposes, they will cease processing it in this context and remove it from all of their systems used for such purposes, to the fullest extent possible.

(e) Voluntariness and Consequences of Consent, Denial or Withdrawal. The Grantee understands that the Grantee is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, the Grantee's status as an Employee and career with the Company and/or the Employer will not be adversely affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant the Grantee future restricted stock units or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understand that he or she may contact the data privacy officer at privacy@lumentum.com.

(f) Data Subject Rights. The Grantee understands that data subject rights regarding the processing of Data vary depending on applicable law and that, depending on where the Grantee is based and subject to the conditions set

out in such applicable law, the Grantee may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about the Grantee and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about the Grantee that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of the Grantee's Data in certain situations where the Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of the Grantee's Data that he or she have actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or the Grantee's employment and is carried out by automated means. In case of concerns, the Grantee understands that he or she may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Grantee's rights, the Grantee understands that he or she should contact the data privacy officer at privacy@lumentum.com.

(a) ***(g) By clicking "Accept" on the E*Trade award acceptance page or otherwise accepting this Agreement, the Grantee acknowledges that the Grantee provides his or her consent to the data processing practices described in this Section 15 to the extent such consent is required by applicable law.***

16. The Grantee acknowledges that the Grantee is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Grantee to understand the terms and conditions of this Agreement. Furthermore, if the Grantee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. Insider Trading / Market Abuse Laws. The Grantee acknowledges that he or she is subject to any applicable Company insider trading policy. In addition, the Grantee may be subject to additional insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect his or her ability to, directly or indirectly, acquire, sell, or attempt to sell Shares or rights to Shares (*e.g.*, Units) under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions or the Grantee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is the Grantee's responsibility to comply with any applicable Company insider trading policy and any additional restrictions that may apply due to local insider trading restrictions or market abuse laws. The Grantee should speak to his or her personal legal advisor regarding any applicable local insider trading restrictions or market abuse laws.

18. Exchange Control and Foreign Asset / Account Reporting Requirements. The Grantee acknowledges that his or her country may have certain foreign asset and/or account reporting requirements and/or exchange controls which may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or Dividend Equivalent Rights (if any) received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside his or her country. The Grantee understands that he or she may be required to report such accounts, assets or related transactions to the tax or other authorities in his or her country. The Grantee also may be required to repatriate sale proceeds or other funds received as a result of the Grantee's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. In addition, the Grantee may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of Shares. The Grantee acknowledges that it is his or her responsibility to be compliant with all such requirements, and the Grantee should consult his or her personal legal or tax advisor, as applicable, on this matter.

19. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. Appendix. Notwithstanding any provisions in this Agreement, the Units shall be subject to any terms and conditions set forth in any Appendix to this Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. Waiver. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Grantee or any other Grantee.

23. Clawback. This Award of Performance Units, vested or unvested, and/or the Shares (or other benefits) acquired upon settlement of the Performance Units, shall be subject to the Company's clawback policy, as may be amended from time to time (whether such policy is adopted on or after the date of grant or required under Applicable Laws) (the "**Clawback Policy**"), such that any Award that was made to the Grantee who is subject to the Clawback Policy, and any Shares (or other benefits) acquired pursuant to such Award, shall be subject to deduction, clawback or forfeiture, as provided under the Clawback Policy. Further, the Performance Units, whether vested or unvested, and any Shares (or other benefits) acquired upon settlement of the Performance Units, shall be subject to deduction, clawback or forfeiture to the extend required to comply with any recoupment requirement imposed under Applicable Laws, rules, regulations or stock exchange listing standards. In order to satisfy any recoupment obligation arising under the Clawback Policy or otherwise required by Applicable Laws, rules, regulations or stock exchange listing standards, among other things, the Grantee expressly and explicitly authorizes the Company to issue instructions, on the Grantee's behalf, to any brokerage firm or stock plan service provider engaged by the Company to hold any Shares or other amounts acquired pursuant to the Performance Units to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the Company's enforcement of the Clawback Policy. No recovery of compensation as described in this Section 23 will be an event giving rise to the Grantee's right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company and/or the Employer.

APPENDIX TO THE

LUMENTUM HOLDINGS INC.
2025 EQUITY INCENTIVE PLAN

GLOBAL PERFORMANCE UNIT AWARD AGREEMENT

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan, the Notice and the Agreement.

Terms and Conditions

This Appendix includes additional country-specific terms and conditions that govern the Units if the Grantee resides in and/or works in one of the countries listed below. If the Grantee is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Grantee is currently residing and/or working, or if the Grantee transfers employment and/or residency to another country after the grant of the Units, the Administrator shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to the Grantee.

Notifications

This Appendix also includes information regarding securities, exchange control, foreign asset and/or account reporting, tax and certain other issues of which the Grantee should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control, foreign asset and/or account reporting, tax and other laws in effect in the respective countries as of [_____________]. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee not rely on the information contained herein as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time the Grantee vests in the Units or sells any Shares acquired under the Plan. In addition, the information is general in nature and may not apply to the Grantee's particular situation and the Company is not in a position to assure the Grantee of any particular result. Therefore, the Grantee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to the Grantee's individual situation.

If the Grantee is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Grantee is currently residing and/or working, or if the Grantee transfers employment and/or residency to another country after the grant of the Units, the information contained herein may not be applicable to the Grantee in the same manner.

LUMENTUM HOLDINGS INC.
2025 EQUITY INCENTIVE PLAN

GLOBAL NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name and Employee ID:		Award Number:	____________________________
[NAME]		Date of Award:	____________________________
[EMPLOYEE ID]		Type of Award:	Restricted Stock Units
		Vesting Commencement Date:	____________________________

You (the "**Grantee**") have been granted a restricted stock unit award (the "**Award**"), subject to the terms and conditions of this Global Notice of Restricted Stock Unit Award (the "**Notice**"), the Lumentum Holdings Inc. 2025 Equity Incentive Plan, as amended from time to time (the "**Plan**"), and the Global Restricted Stock Unit Award Agreement (the "**RSU Agreement**") including any terms and conditions for the Grantee's country set forth in any appendix attached thereto (the "**Appendix**") (the RSU Agreement and Appendix, together, the "**Agreement**") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Total Number of Restricted Stock Units Awarded (the "**Units**"): %%TOTAL_SHARES_GRANTED,'999,999,999'%-%

Vesting Schedule:

Subject to the Grantee's Continuous Active Service and other provisions and limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule, with each date on which Units vest a "**Vesting Date**":

[To be determined for each award.]

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

Lumentum Holdings Inc., a Delaware corporation

By: __

Title: __

By signing below or by electronic acceptance or authentication in a form authorized by the Company, the Grantee acknowledges that copies of this Notice, the Agreement, the Plan and the prospectus for the Plan prepared in connection with the registration of the shares issuable pursuant to the Award with the Securities and Exchange Commission have been provided to the Grantee or made available to the Grantee on the Company's internal website or a website of the Company's third party plan administrator and may be viewed and printed by the Grantee for attachment to the Grantee's copy of this Notice. The Grantee represents that he or she is familiar with the terms and provisions of this Notice, the Agreement and the Plan, and hereby accepts the Award subject to all of their terms and conditions. The Grantee has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee will be deemed to have accepted the Award and the terms and conditions of the Plan and the Agreement, unless within 45 days of the grant date of the Award, the Grantee notifies the Company at equity@lumentum.com that he/she chooses to decline the Award. **The Grantee agrees that all disputes arising out of or relating to this Notice, the Agreement and the Plan shall be resolved in accordance with Section 10 of the Agreement.** The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: ______________________ Signed: __
Grantee

LUMENTUM HOLDINGS INC.
2025 EQUITY INCENTIVE PLAN

GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, terms defined in the Lumentum Holdings Inc. 2025 Equity Incentive Plan, as amended from time to time (the "**Plan**") and the Global Notice of Restricted Stock Unit Award (the "**Notice**") attached hereto shall have the same defined meanings in this Agreement.

1. Issuance of Units. Lumentum Holdings Inc., a Delaware corporation (the "**Company**"), hereby issues to the Grantee named in the Notice, the Total Number of Restricted Stock Units Awarded set forth in the Notice (the "**Units**"), subject to the Notice, this Agreement (including the Appendix) and the terms and provisions of the Plan, which is incorporated herein by reference.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

3. Vesting.

(a) For purposes of this Agreement and the Notice, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit.

(b) The Units shall commence vesting and shall vest pursuant to the schedule within the Notice, subject to and in accordance with the terms of the Notice, this Agreement and the Plan.

4. Termination of Continuous Active Service.

(a) Except in the event of the Grantee's death or Disability (as defined below), with such events treated as described in Section 4(b), or change in status from an Employee to a Consultant, or if Grantee is designated by the Administrator as eligible under a policy that provides for continued vesting on retirement to the extent determined by the Administrator, in which cases vesting of the Units shall continue only to the extent determined by the Administrator, vesting of the Units shall cease upon the date of termination of the Grantee's Continuous Active Service and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Grantee is employed or the terms of Grantee's employment agreement, if any. Other than as described in Section 4(b), in the event the Grantee's Continuous Active Service is terminated for any reason, any unvested Units held by the Grantee immediately following such termination of Continuous Active Service shall be forfeited without compensation and deemed reconveyed to the Company, and the Company shall thereafter be the legal and beneficial owner of the unvested Units and shall have all rights and interest in or related thereto without further action by the Grantee.

(b) In the event of the Grantee's death or Disability prior to the termination of Grantee's Continuous Active Service, including the Grantee's death or Disability while on an approved leave of absence, all unvested Units held by the Grantee will vest immediately.

(c) "Disability" means a mental or physical disability, illness or injury, evidenced by medical reports from a duly qualified medical practitioner, which renders Grantee unable to unable to perform the essential duties of Grantee's position after the provision of reasonable accommodation and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

(d) The Company shall have the exclusive discretion to determine when the Grantee's Continuous Active Service is terminated for purposes of the Units and whether or not the provisions of Section 4(b) apply.

5. Conversion of Units and Issuance of Shares. Upon each Vesting Date, one share of Common Stock shall be issuable for each Unit that vests on such date (the "**Shares**"), subject to the terms and provisions of

the Plan, the Notice and this Agreement. Thereafter, the Company will transfer such Shares to the Grantee upon satisfaction of any required tax or other withholding obligations, and in any event no later than the later of (i) the 15th day of the third fiscal month following the end of the fiscal year that contains the applicable Vesting Date or (ii) March 15th following the end of the calendar year that contains the applicable Vesting Date. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share. For avoidance of doubt, the Grantee shall not have any further right to such fractional Unit or any right to a fractional Share.

6. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

7. Taxes.

(a) Generally. The Grantee acknowledges that, regardless of any action by the Company, or if different, the Subsidiary or Affiliate that employs the Grantee (the "**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable or deemed applicable to the Grantee ("**Tax-Related Items**") is and remains the Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Units, including, but not limited to, the grant, vesting, or settlement of the Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or Dividend Equivalent Rights (if any); and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee is subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company may refuse to issue or deliver the Shares, or the proceeds of the sale of Shares, if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (*e.g.*, grant, vesting, issuance of Shares, sale of Shares) that the Company and/or Employer determines may result in any Tax-Related Items, the Grantee understand and agrees he or she must arrange for the satisfaction of all Tax-Related Items in a manner acceptable to the Company and/or the Employer. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion and pursuant to such procedures as they may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) *By Sale of Shares*. The Grantee's acceptance of this Award constitutes the Grantee's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose (the "**Designated Broker**") to sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Tax-Related Items. The Grantee will be responsible for all broker's fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's Tax-Related Items, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's Tax-Related Items.

(ii) *By Withholding Shares*. The Company shall have the right, but not the obligation, to require the Grantee to satisfy all or any portion of the Tax-Related Items by deducting from the Shares otherwise deliverable to the Grantee in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the Tax-Related Items arise; or

(iii) *By Check, Wire Transfer or Other Means*. Only if permitted by the Administrator, at any time not less than five (5) business days before any Tax Withholding Obligation arises, the Grantee may elect to satisfy the Grantee's Tax-Related Items by delivering to the Company an amount that the

Company determines is sufficient to satisfy the Tax-Related Items by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Administrator.

The Company may withhold or account for Tax-Related Items by considering applicable statutory or other applicable withholding rates, including minimum or maximum rates applicable in the Grantee's jurisdiction(s). In the event of over-withholding, the Grantee may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Common Stock), or if not refunded, the Grantee may seek a refund from the local tax authorities. In the event of under-withholding, the Grantee may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Employer(s). If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, the Grantee will be deemed to have been issued the full number of shares of Common Stock subject to the vested Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

Finally, the Grantee agrees to pay to the Company or the Employer, including through withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described.

(c) Right to Retain Shares. The Company may refuse to issue any Shares or the proceeds of the sale of Shares to the Grantee until the Grantee satisfies the Tax-Related Items. If Grantee fails to satisfy the Tax-Related Items at the time any portion of the Award is scheduled to vest or Grantee's Tax-Related Items otherwise become due, Grantee will permanently forfeit such portion of the Award and any right to receive Shares thereunder as to which the Tax-Related Items are not satisfied and such portion will be returned to the Company at no cost to the Company.

8. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable. Notwithstanding any provision of this Agreement or the Plan to the contrary, if the Grantee is a U.S. taxpayer, the Administrator may amend this Agreement, either retroactively or prospectively, without the consent of the Grantee, if the Administrator determines in its discretion that such amendment is required or advisable for this Agreement and the Award to satisfy or comply with or meet the requirements of Code Section 409A so that no additional tax under Code Section 409A is applied to this Award. However, the Company has not obtained a tax ruling or other confirmation from the Internal Revenue Service with regard to the application of Code Section 409A to the Award, and the Company does not represent or warrant that this Agreement will avoid adverse tax consequences to the Grantee, including as a result of the application of Code Section 409A to the Award.

9. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

10. Dispute Resolution. The provisions of this Section 10 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Agreement. The Company, the Grantee, and the Grantee's assignees (the "**parties**") shall attempt in good faith to resolve any disputes arising out of or relating to the Notice, the Plan and this Agreement by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party's position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear

such action, suit or proceeding, in a California state court in the County of Santa Clara) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 10 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

12. No Effect on Terms of Service. The Units subject to the Award shall vest, if at all, only during the period of the Grantee's Continuous Active Service (not through the act of being hired, being granted the Award or acquiring Shares hereunder) and the Award has been granted as an inducement for the Grantee to remain in such Continuous Active Service and as an incentive for increased efforts on behalf of the Company and its Affiliates by the Grantee during the period of his or her Continuous Active Service. Nothing in the Notice, the Agreement, or the Plan shall confer upon the Grantee any right with respect to future compensation, including equity compensation grants, or continuation of Grantee's Continuous Active Service, nor shall it interfere in any way with the Grantee's right or the right of the Grantee's employer to terminate Grantee's Continuous Active Service, with or without cause, and with or without notice. Unless the Grantee has a written employment agreement with the Company to the contrary, Grantee's status is at will. **This Award shall not, under any circumstances, be considered or taken into account for purposes of calculation of severance payments in those jurisdictions requiring such payments upon termination of employment. The Grantee shall not have and waives any and all rights to compensation or damages as a result of the termination of the Grantee's employment with the Company or the Grantee's employer for any reason whatsoever, insofar as those rights result or may result from (i) the loss or diminution in value of such rights or entitlements or claimed rights or entitlements under the Plan, or (ii) the Grantee's ceasing to be entitled to any restricted stock units or Shares or any other rights under the Plan.**

13. Nature of Grant. In accepting the Units, the Grantee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company and it is discretionary in nature;

(b) the grant of the Units is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(c) all decisions with respect to future grants of restricted stock units or other grants, if any, will be at the sole discretion of the Company;

(d) the Grantee is voluntarily participating in the Plan;

(e) the Units and any Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) the Units and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for purposes of, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, holiday pay, bonuses, long-service awards, leave related payments, pension or retirement or welfare benefits, or similar mandatory payments and in no event should be considered as compensation for or relating in any way to, past services for the Company, the Employer, or any Subsidiary or Affiliate;

(g) unless otherwise agreed with the Company, the Units and any Shares acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, any service the Grantee may provide as a director of any Parent, Subsidiary or Affiliate;

(h) the future value of the Shares underlying the Units is unknown, indeterminable, and cannot be predicted with certainty and the value of such Shares acquired under the Plan may increase or decrease in the future;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Units resulting from termination of Continuous Active Service (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of applicable law in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment or service agreement, if any);

(j) neither the Employer, the Company nor any Parent, Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the U.S. Dollar that may affect the value of the Units or of any amounts due to the Grantee pursuant to the settlement of the Units or the subsequent sale of any Shares acquired upon settlement.

14. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying Shares. The Grantee understands and agrees that he or she should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

15. ***Data Privacy. The Grantee understand that if the Grantee would like to participate in the Plan, the Grantee needs to review the information provided in Sections 15(a) through (f) below and declare the Grantee's consent according to Section 15(g) below.***

If the Grantee is based in the European Union ("EU"), the European Economic Area ("EEA") Switzerland, or the United Kingdom (collectively, "EEA+"), Lumentum Holdings Inc. located at 1001 Ridder Park Drive, San Jose, California 95131 U.S.A. is the controller responsible for the processing of the Grantee's personal data in connection with the Participation Agreement and the Plan. Contact for EEA data privacy matters is privacy@lumentum.com.

(a) Data Collection and Usage. The Grantee understands that the Company the Employer, may collect, process and use certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all restricted stock units granted under the Plan or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The legal basis, where required, for the processing of Data is the Grantee's consent.

(b) Stock Plan Administration Service Providers. The Grantee understands that Data is transferred to the Company's designated broker E*Trade Financial Corporate Services, Inc. (and E*Trade Securities LLC) (collectively, the "Designated Broker"), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other service providers in a similar manner. The Grantee may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(c) International Data Transfers. The Grantee understands that the recipients of the Data are located in the United States, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country and that the United States might not provide a level of protection of personal data equivalent to the level of protection in the Grantee's country. The Company's legal basis, where required, for the transfer of Data is the Grantee's consent.

(d) Data Retention. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond the Grantee's Continuous Active Service. When the Company or the Employer no longer need the Data for the above purposes, they will cease processing it in this context and remove it from all of their systems used for such purposes, to the fullest extent possible.

(e) Voluntariness and Consequences of Consent, Denial or Withdrawal. The Grantee understands that the Grantee is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, the Grantee's status as an Employee and career with the Company and/or the Employer will not be adversely affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant the Grantee future restricted stock units or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understand that he or she may contact the data privacy officer at privacy@lumentum.com.

(f) Data Subject Rights. The Grantee understands that data subject rights regarding the processing of Data vary depending on applicable law and that, depending on where the Grantee is based and subject to the conditions set out in such applicable law, the Grantee may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about the Grantee and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about the Grantee that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of the Grantee's Data in certain situations where the Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of the Grantee's Data that he or she have actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or the Grantee's employment and is carried out by automated means. In case of concerns, the Grantee understands that he or she may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Grantee's rights, the Grantee understands that he or she should contact the data privacy officer at privacy@lumentum.com.

(g) By clicking "Accept" on the E*Trade award acceptance page or otherwise accepting this Agreement, the Grantee acknowledges that the Grantee provides his or her consent to the data processing practices described in this Section 15 to the extent such consent is required by applicable law.

16. Documents in English. The Grantee acknowledges that the Grantee is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Grantee to understand the terms and conditions of this Agreement. Furthermore, if the Grantee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. Insider Trading / Market Abuse Laws. The Grantee acknowledges that he or she is subject to any applicable Company insider trading policy. In addition, the Grantee may be subject to additional insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect his or her ability to, directly or indirectly, acquire, sell, or attempt to sell Shares or rights to Shares (*e.g.*, Units) under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions or the Grantee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is the Grantee's responsibility to comply with any applicable Company insider trading policy and any additional restrictions that may apply due to local insider trading restrictions or market abuse laws. The Grantee should speak to his or her personal legal advisor regarding any applicable local insider trading restrictions or market abuse laws.

18. Exchange Control and Foreign Asset / Account Reporting Requirements. The Grantee acknowledges that his or her country may have certain foreign asset and/or account reporting requirements and/or exchange controls which may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or Dividend Equivalent Rights (if any) received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside his or her country. The Grantee understands that he or she may be required to report such accounts, assets or related transactions to the tax or other authorities in his or her country. The Grantee also may be required to repatriate sale proceeds or other funds received as a result of the Grantee's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. In addition, the Grantee may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of Shares. The Grantee acknowledges that it is his or her responsibility to be compliant with all such requirements, and the Grantee should consult his or her personal legal or tax advisor, as applicable, on this matter.

19. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. Appendix. Notwithstanding any provisions in this Agreement, the Units shall be subject to any terms and conditions set forth in any Appendix to this Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. Waiver. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Grantee or any other Grantee.

23. Clawback. This Award shall be subject to the Company's clawback policy in effect as of the Date of Award, as may be amended from time to time to comply with Applicable Laws (the "**Clawback Policy**"). The Administrator, in its sole discretion, may require Grantee to forfeit, return or reimburse the Company all or a portion of the Award and any amounts paid thereunder pursuant to the terms of the Clawback Policy or as necessary or appropriate to comply with Applicable Laws.

APPENDIX TO THE

LUMENTUM HOLDINGS INC.
2025 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan, the Notice and the Agreement.

Terms and Conditions

This Appendix includes additional country-specific terms and conditions that govern the Units if the Grantee resides in and/or works in one of the countries listed below. If the Grantee is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Grantee is currently residing and/or working, or if the Grantee transfers employment and/or residency to another country after the grant of the Units, the Administrator shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to the Grantee.

Notifications

This Appendix also includes information regarding securities, exchange control, foreign asset and/or account reporting, tax and certain other issues of which the Grantee should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control, foreign asset and/or account reporting, tax and other laws in effect in the respective countries as of [____________]. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee not rely on the information contained herein as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time the Grantee vests in the Units or sells any Shares acquired under the Plan. In addition, the information is general in nature and may not apply to the Grantee's particular situation and the Company is not in a position to assure the Grantee of any particular result. Therefore, the Grantee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to the Grantee's individual situation.

If the Grantee is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Grantee is currently residing and/or working, or if the Grantee transfers employment and/or residency to another country after the grant of the Units, the information contained herein may not be applicable to the Grantee in the same manner.

Exhibit 31.1

LUMENTUM HOLDINGS INC.
CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Hurlston, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: February 3, 2026

/s/ Michael Hurlston

Michael Hurlston
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

LUMENTUM HOLDINGS INC.
CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Wajid Ali, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: February 3, 2026

/s/ Wajid Ali

Wajid Ali
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

LUMENTUM HOLDINGS INC.
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Lumentum Holdings Inc. (the “Company”) for the quarter ended December 27, 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) 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.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Dated: February 3, 2026

/s/ Michael Hurlston

Michael Hurlston
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

LUMENTUM HOLDINGS INC.
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Lumentum Holdings Inc. (the "Company") for the quarter ended December 27, 2025 as filed with the Securities and Exchange Commission (the "Report"), I, Wajid Ali, Executive Vice President and 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) 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.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: February 3, 2026

/s/ Wajid Ali

Wajid Ali
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)