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 September 28, 2024

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 000-22874

Viavi Solutions Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**94-2579683**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1445 South Spectrum Blvd, Suite 102, Chandler, Arizona 85286

(Address of principal executive offices including Zip code)

(408) 404-3600

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of the exchange on which registered
Common Stock, par value of $0.001 per share	VIAV	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer (Do not check if a smaller reporting company)	☐	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 October 26, 2024, the Registrant had 221,813,229 shares of common stock outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

VIAVI SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three Months Ended	
	September 28, 2024	September 30, 2023
Revenues:		
Product revenue	$ 197.5	$ 205.6
Service revenue	40.7	42.3
Total net revenue	238.2	247.9
Cost of revenues:		
Product cost of revenue	81.9	78.2
Service cost of revenue	16.9	21.8
Amortization of acquired technologies	3.3	3.5
Total cost of revenues	102.1	103.5
Gross profit	136.1	144.4
Operating expenses:		
Research and development	49.4	49.9
Selling, general and administrative	74.1	77.2
Amortization of other intangibles	1.1	2.1
Restructuring and related benefits	—	(0.8)
Total operating expenses	124.6	128.4
Income from operations	11.5	16.0
Interest and other income, net	3.2	10.2
Interest expense	(7.5)	(7.8)
Income before income taxes	7.2	18.4
Provision for income taxes	9.0	8.6
Net (loss) income	$ (1.8)	$ 9.8
Net (loss) income per share:		
Basic	$ (0.01)	$ 0.04
Diluted	$ (0.01)	$ 0.04
Shares used in per share calculations:		
Basic	222.0	222.0
Diluted	222.0	224.2

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

VIAVI SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)
(unaudited)

	Three Months Ended	
	September 28, 2024	September 30, 2023
Net (loss) income	$ (1.8)	$ 9.8
Other comprehensive income (loss):		
Net change in cumulative translation adjustment, net of tax	30.3	(20.4)
Amortization of net actuarial losses (gains) and other pension adjustments	0.1	(0.1)
Net change in accumulated other comprehensive loss	30.4	(20.5)
Comprehensive income (loss)	$ 28.6	$ (10.7)

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

VIAVI SOLUTIONS INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except share and par value data)
(unaudited)

	September 28, 2024	June 29, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 467.9	$ 471.3
Short-term investments	25.2	19.9
Restricted cash	4.8	5.0
Accounts receivable, net	203.1	213.1
Inventories, net	93.2	96.5
Prepayments and other current assets	69.8	70.7
Total current assets	864.0	876.5
Property, plant and equipment, net	230.5	228.2
Goodwill, net	461.2	452.9
Intangibles, net	34.0	38.2
Deferred income taxes	86.1	82.5
Other non-current assets	61.8	58.0
Total assets	$ 1,737.6	$ 1,736.3
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 47.4	$ 50.4
Accrued payroll and related expenses	44.4	48.2
Deferred revenue	63.7	65.7
Accrued expenses	23.8	25.3
Other current liabilities	53.5	57.5
Total current liabilities	232.8	247.1
Long-term debt	637.6	636.0
Other non-current liabilities	165.1	171.6
Total liabilities	1,035.5	1,054.7
Commitments and contingencies (Note 18)		
Stockholders’ equity:		
Preferred stock, $0.001 par value; 1 million shares authorized, no shares issued or outstanding at September 28, 2024 and June 29, 2024	—	—
Common stock, $0.001 par value; 1 billion shares authorized; 222 million shares at September 28, 2024 and June 29, 2024, issued and outstanding	0.2	0.2
Additional paid-in capital	70,480.2	70,471.9
Accumulated deficit	(69,664.7)	(69,646.5)
Accumulated other comprehensive loss	(113.6)	(144.0)
Total stockholders’ equity	702.1	681.6
Total liabilities and stockholders’ equity	$ 1,737.6	$ 1,736.3

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

VIAVI SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Three Months Ended	
	September 28, 2024	September 30, 2023
OPERATING ACTIVITIES:		
Net (loss) income	$ (1.8)	$ 9.8
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation expense	9.7	9.8
Amortization of acquired technologies and other intangibles	4.4	5.6
Stock-based compensation	12.7	11.2
Amortization of debt issuance costs	1.8	1.9
Net change in fair value of contingent liabilities	(3.5)	(1.4)
Deferred taxes, net	(4.7)	1.2
Restructuring	—	(0.8)
Other	(0.2)	0.2
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	13.2	38.0
Inventories	2.9	(0.3)
Other current and non-currents assets	(2.4)	3.9
Accounts payable	(4.0)	(7.6)
Income taxes payable	2.6	(0.6)
Deferred revenue, current and non-current	(4.6)	(10.1)
Accrued payroll and related expenses	(5.1)	(9.1)
Accrued expenses and other current and non-current liabilities	(7.5)	(1.4)
Net cash provided by operating activities	$ 13.5	$ 50.3
INVESTING ACTIVITIES:		
Purchases of short-term investments	$ (43.3)	$ (52.3)
Maturities of short-term investments	38.6	45.8
Capital expenditures	(7.3)	(6.7)
Proceeds from the sale of assets	3.5	0.6
Other investing activities	(3.0)	—
Net cash used in investing activities	$ (11.5)	$ (12.6)
FINANCING ACTIVITIES:		
Repurchase and retirement of common stock	$ (16.4)	$ (10.0)
Withholding tax payment on vesting of restricted stock and performance- based awards	(7.3)	(9.1)
Proceeds from employee stock purchase plan	2.7	3.0
Net cash used in financing activities	$ (21.0)	$ (16.1)
Effect of exchange rates on cash, cash equivalents and restricted cash	$ 15.3	$ (9.3)
Net (decrease) increase in cash, cash equivalents and restricted cash	(3.7)	12.3
Cash, cash equivalents and restricted cash at the beginning of the period [(1)]	481.8	515.6
Cash, cash equivalents and restricted cash at the end of the period [(2)]	$ 478.1	$ 527.9

(1) These amounts include both current and non-current balances of restricted cash totaling $10.5 million and $9.1 million as of June 29, 2024 and July 1, 2023, respectively.
(2) These amounts include both current and non-current balances of restricted cash totaling $10.2 million and $7.3 million as of September 28, 2024 and September 30, 2023, respectively.

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

VIAVI SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions)
(unaudited)

Three Months Ended September 28, 2024

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance at June 29, 2024	221.9	$ 0.2	$ 70,471.9	$ (69,646.5)	$ (144.0)	$ 681.6
Net loss	—	—	—	(1.8)	—	(1.8)
Other comprehensive income	—	—	—	—	30.4	30.4
Shares issued under employee stock plans, net of tax	1.9	—	(4.7)	—	—	(4.7)
Stock-based compensation	—	—	12.7	—	—	12.7
Repurchase of common stock	(2.0)	—	0.3	(16.4)	—	(16.1)
Balance at September 28, 2024	221.8	$ 0.2	$ 70,480.2	$ (69,664.7)	$ (113.6)	$ 702.1

Three Months Ended September 30, 2023

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance at July 1, 2023	221.5	$ 0.2	$ 70,427.3	$ (69,600.7)	$ (136.0)	$ 690.8
Net income	—	—	—	9.8	—	9.8
Other comprehensive loss	—	—	—	—	(20.5)	(20.5)
Shares issued under employee stock plans, net of tax	1.9	—	(6.1)	—	—	(6.1)
Stock-based compensation	—	—	11.2	—	—	11.2
Repurchase of common stock	(1.0)	—	—	(10.0)	—	(10.0)
Balance at September 30, 2023	222.4	$ 0.2	$ 70,432.4	$ (69,600.9)	$ (156.5)	$ 675.2

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

VIAVI SOLUTIONS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

The financial information for Viavi Solutions Inc. (VIAVI, also referred to as the Company, we, our and us) for the three months ended September 28, 2024 and September 30, 2023 is unaudited and includes all normal and recurring adjustments the Company's management considers necessary for a fair statement of the financial information set forth herein. The accompanying Consolidated Financial Statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, such information does not include all of the information and footnotes required by U.S. GAAP for annual Consolidated Financial Statements. For further information please refer to the Consolidated Financial Statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended June 29, 2024.

There have been no material changes to the Company's accounting policies during the three months ended September 28, 2024 as compared to the significant accounting policies presented in "Note 1. Basis of Presentation" of the Notes to the Consolidated Financial Statements included in the Company's Annual Report for the year ended June 29, 2024 on Form 10-K, filed with the SEC on August 16, 2024.

The Consolidated Balance Sheet as of June 29, 2024 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The results for the three months ended September 28, 2024 and September 30, 2023 may not be indicative of results for the fiscal year ending June 28, 2025 or any future periods.

Fiscal Years

The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to June 30th. The Company's fiscal 2025 is a 52-week year ending on June 28, 2025. The Company's fiscal 2024 was a 52-week year ending on June 29, 2024.

Principles of Consolidation

The Consolidated Financial Statements include the Company and its wholly-owned subsidiaries. All inter-company accounts and transactions have been eliminated.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, the reported amount of net revenue and expense and the disclosure of commitments and contingencies during the reporting periods. Estimates are based on historical factors, current circumstances and the experience and judgment of management. Under changed conditions, the Company's reported financial position or results of operations may be materially impacted when using different estimates and assumptions, particularly with respect to significant accounting policies. If estimates or assumptions differ from actual results, subsequent periods are adjusted to reflect more readily available information.

Note 2. Recently Issued Accounting Pronouncements

SEC Climate Rules

In March 2024, the SEC issued its final climate disclosure rules, which require the disclosure of climate-related information in annual reports and registration statements. The rules require disclosure in the audited financial statements of certain effects of severe weather events and other natural conditions above certain financial thresholds, as well as amounts related to carbon offsets and renewable energy credits or certificates, if material.

On April 4, 2024, the SEC voluntarily stayed the implementation of the final rules pending the completion of judicial review of the consolidated challenges to the final rules by the Court of Appeals for the Eighth Circuit. The final rules, as originally issued, would be effective for the Company in various fiscal years, starting with its Annual Report on Form 10-K for fiscal year 2026. Disclosures pursuant to the final rules, as originally issued, would be required prospectively, with information for prior periods required only to the extent it was previously disclosed in an SEC filing. The Company is currently evaluating the impact of the final rules on its Consolidated Financial Statements and disclosures and continue to monitor the status of the related legal challenges.

Accounting Standards Issued But Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*, to enhance the transparency and decision usefulness of income tax disclosures through changes to the rate reconciliation and income taxes paid information. This guidance is effective for fiscal years beginning after December 15, 2024 (fiscal 2026 for the Company), with early and retrospective adoption permitted. The Company is evaluating the impact of adopting this new accounting guidance on its Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures (Topic 280)*, to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The amendments in this update will require public entities to disclose significant segment expenses included within segment profit and loss that are regularly provided to the Company’s Chief Executive Officer as the Company’s Chief Operating Decision Maker (CODM). This guidance is effective for fiscal years beginning after December 15, 2023 (fiscal 2025 for the Company), and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted and will be applied retrospectively to all prior periods presented in the financial statements. The Company is evaluating the impact of adopting this new accounting guidance on its Consolidated Financial Statements.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements - Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative*. The amendments clarify or improve disclosure and presentation requirements on various disclosure areas, including the statement of cash flows, earnings per share, debt, equity, and derivatives. The amendments will align the requirements in the FASB Accounting Standards Codification (ASC) with the SEC’s regulations. The amendments in this ASU will be effective on the date the related disclosures are removed from Regulation S-X or Regulation S-K by the SEC, and will not be effective if the SEC has not removed the applicable disclosure requirement by June 30, 2027. Early adoption is prohibited. This ASU is not expected to have a material impact on our Consolidated Financial Statements or related disclosures.

Note 3. Earnings Per Share

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

	Three Months Ended	
	September 28, 2024	September 30, 2023
Numerator:		
Net (loss) income	$ (1.8)	$ 9.8
Denominator:		
Weighted-average shares outstanding:		
Basic	222.0	222.0
Effect of dilutive securities from stock-based compensation plans	—	2.2
Diluted	222.0	224.2
Net (loss) income per share:		
Basic	$ (0.01)	$ 0.04
Diluted	$ (0.01)	$ 0.04

The following table sets forth the weighted-average potentially dilutive securities excluded from the computation of the diluted net (loss) income per share because their effect would have been anti-dilutive (*in millions*):

	Three Months Ended	
	September 28, 2024 [(1)]	September 30, 2023 [(1)(2)]
Restricted stock units	2.5	0.5

(1) The Company's 1.625% Senior Convertible Notes due 2026 (2026 Notes) are not included in the table above. The par amount of convertible notes is payable in cash equal to the principal amount of the notes plus any accrued and unpaid interest and then the "in-the-money" conversion benefit feature at the conversion price above $13.19 per share is payable in cash, shares of the Company's common stock or a combination of both at the Company's election. Refer to "Note 11. Debt" for more details.

(2) The Company's 1.00% Senior Convertible Notes due 2024 (2024 Notes) are not included in the table above. The par amount of convertible notes is payable in cash equal to the principal amount of the notes plus any accrued and unpaid interest and then the "in-the-money" conversion benefit feature at the conversion price above $13.22 per share is payable in cash, shares of the Company's common stock or a combination of both at the Company's election. Refer to "Note 11. Debt" for more details.

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Note 4. Accumulated Other Comprehensive Loss

The Company's accumulated other comprehensive loss consists of the accumulated net unrealized gains or losses on available-for-sale investments, foreign currency translation adjustments and change in unrealized components of defined benefit obligations.

For the three months ended September 28, 2024, the changes in accumulated other comprehensive loss, net of tax, by component were as follows (*in millions*):

	Unrealized losses on available-for sale investments	Foreign currency translation adjustments	Change in unrealized components of defined benefit obligations (1)	Total
Beginning balance as of June 29, 2024	$ (5.3)	$ (131.4)	$ (7.3)	$ (144.0)
Other comprehensive income before reclassification	—	30.3	—	30.3
Amounts reclassified out of accumulated other comprehensive loss	—	—	0.1	0.1
Net current-period other comprehensive income	—	30.3	0.1	30.4
Ending balance as of September 28, 2024	$ (5.3)	$ (101.1)	$ (7.2)	$ (113.6)

(1) The amount reclassified out of accumulated other comprehensive loss represents the amortization of actuarial loss included as a component of Cost of revenues, Research and development (R&D) and Selling, general and administrative (SG&A) in the Consolidated Statements of Operations, net of reclassification adjustments, for the three months ended September 28, 2024. There was no tax impact for the three months ended September 28, 2024. Refer to "Note 17. Employee Pension and Other Benefit Plans" for more details on the computation of net periodic cost for pension plans.

Note 5. Acquisitions

Jackson Labs Technologies, LLC

On October 5, 2022, the Company acquired all of the equity of Jackson Labs Technologies, LLC (Jackson Labs), a privately held company which specializes in Position, Navigation and Timing (PNT) solutions for critical infrastructure serving both military and civilian applications. The acquisition enables the Company to broaden its solutions offering into the rapidly developing PNT landscape.

The total purchase consideration included approximately $49.9 million paid in cash at closing and additional contingent consideration of up to $117.0 million for which future cash payments are dependent on the achievement of certain operational and revenue targets over the course of a three-year period beginning in January 2023. The cash consideration paid at closing included escrow payments of $5.0 million for indemnity holdback and $2.0 million subject to final cash and net working capital adjustments. The acquisition has been accounted for in accordance with the authoritative guidance on business combinations; therefore, the tangible and intangible assets acquired and liabilities assumed were recorded at fair value on the acquisition date. In connection with this acquisition, the Company recorded approximately $48.3 million of goodwill and $30.6 million of developed technology and other intangibles. The acquired developed technology and other intangible assets are being amortized over their estimated useful lives ranging from one to six years. Acquisition-related costs incurred were approximately $0.8 million and have been recorded within SG&A expense in the Consolidated Statements of Operations in fiscal year 2023.

Goodwill represents the excess of the preliminary estimated purchase consideration over the preliminary estimates of the fair value of the net tangible and intangible assets acquired and has been allocated to the Network Enablement segment. Goodwill is primarily attributable to expected synergies in the acquired technologies that may be leveraged by the Company in future PNT offerings. The goodwill was deductible for U.S. income tax purposes in the year of acquisition.

The Company has included the financial results of Jackson Labs in its Consolidated Financial Statements from the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material to the Consolidated Statements of Operations.

Other Acquisitions

On March 29, 2023, April 21, 2023 and June 8, 2023, the Company completed acquisitions accounted for as asset purchases consisting of an aggregate cash paid at closing of $2.9 million and $0.2 million of indemnity holdback. In connection with these acquisitions, the Company recorded developed technology intangibles of $2.5 million which are being amortized over their estimated useful life of 5 years.

On July 18, 2022, the Company completed an acquisition accounted for as a business combination consisting of cash paid at closing of $17.5 million and $2.0 million of indemnity holdback. In connection with this acquisition, the Company recorded approximately $11.2 million of goodwill, $5.1 million of developed technology and $1.8 million of deferred tax liability. The acquired developed technology asset is being amortized over its estimated useful life of 4 years.

Acquisition-related Contingent Consideration

The following table provides a reconciliation of changes in the fair value of the Company’s earn-out liabilities associated with the Company’s acquisitions for the three months ended September 28, 2024 and September 30, 2023 (*in millions*):

	Three Months Ended	
	September 28, 2024	September 30, 2023
Beginning period balance	$ 9.5	$ 19.7
Fair value adjustment of earn-out liabilities	(3.5)	(1.4)
Ending period balance	$ 6.0	$ 18.3

Note 6. Balance Sheet and Other Details

Contract Balances

Gross receivables include both billed and unbilled receivables (including Contract assets). As of September 28, 2024, and June 29, 2024, the Company had total unbilled receivables of $14.4 million and $16.3 million, respectively.

The Company also has short-term and long-term deferred revenues related to undelivered product and professional services, consisting of installations and consulting engagements, which are recognized as the Company's performance obligations under the contract are completed and accepted by the customer.

The following table presents the activity related to deferred revenue (*in millions*):

	September 28, 2024
	Three Months Ended
Deferred revenue:	
Balance at beginning of period	$ 91.4
Revenue deferrals for new contracts (1)	24.9
Revenue recognized during the period (2)	(27.5)
Balance at end of period	$ 88.8

(1) Included in these amounts is the impact from foreign currency exchange rate fluctuations.
(2) Revenue recognized during the period represents releases from the balance at the beginning of the period as well as releases from the current period deferrals.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, adjustments for revenue that have not materialized, and currency fluctuations.

The value of the transaction price allocated to remaining performance obligations as of September 28, 2024, was $258.9 million. The Company expects to recognize approximately 89% of remaining performance obligations as revenue within the next 12 months, and the remainder thereafter.

Accounts receivable allowances - Credit losses

The following table presents the activities and balances for allowance for credit losses (*in millions*):

	June 29, 2024	Charged to Costs and Expenses	Deductions (1)	September 28, 2024
Allowance for credit losses	$ 1.6	$ 0.1	$ (0.3)	$ 1.4

(1) Represents the effect of currency translation adjustments and write-offs of uncollectible accounts, net of recoveries.

Inventories, net

The following table presents the components of inventories, net (*in millions*):

	September 28, 2024	June 29, 2024
Finished goods	$ 45.2	$ 44.6
Work in process	12.9	15.4
Raw materials	35.1	36.5
Inventories, net	$ 93.2	$ 96.5

Prepayments and other current assets

The following table presents the components of prepayments and other current assets (*in millions*):

	September 28, 2024	June 29, 2024
Refundable income taxes	$ 29.6	$ 28.5
Prepayments	17.0	18.5
Advances to contract manufacturers	4.7	5.7
Transaction tax receivables	2.1	3.3
Fair value of forward contracts	4.9	1.7
Asset held for sale	—	2.5
Other current assets	11.5	10.5
Prepayments and other current assets	$ 69.8	$ 70.7

Other non-current assets

The following table presents the components of other non-current assets (*in millions*):

	September 28, 2024	June 29, 2024
Operating right-of-use (ROU) assets	$ 35.4	$ 35.8
Long-term restricted cash	5.4	5.5
Long-term investment (Note 7)	3.0	—
Deposits	2.5	2.4
Deferred contract cost	2.4	2.5
Debt issuance cost - Revolving Credit Facility	1.8	1.9
Other non-current assets	11.3	9.9
Other non-current assets	$ 61.8	$ 58.0

Other current liabilities

The following table presents the components of other current liabilities (*in millions*):

	September 28, 2024	June 29, 2024
Operating lease liabilities	$ 9.7	$ 9.8
Interest payable	7.9	5.1
Income tax payable	6.4	5.3
Restructuring accrual	5.7	14.1
Transaction tax payable	4.5	4.0
Warranty accrual	4.0	3.4
Fair value of forward contracts	3.3	1.5
Other current liabilities	12.0	14.3
Other current liabilities	$ 53.5	$ 57.5

Other non-current liabilities

The following table presents components of other non-current liabilities (*in millions*):

	September 28, 2024	June 29, 2024
Pension and post-employment benefits	$ 53.5	$ 51.2
Operating lease liabilities	25.6	25.7
Long-term deferred revenue	25.1	25.7
Uncertain tax position	17.3	17.0
Financing obligation	15.7	15.7
Deferred tax liability	7.5	11.7
Fair value of contingent consideration (Note 5)	6.0	9.5
Asset retirement obligations	3.1	3.0
Warranty accrual	3.0	4.0
Restructuring accrual	1.1	0.8
Other non-current liabilities	7.2	7.3
Other non-current liabilities	$ 165.1	$ 171.6

Note 7. Investments and Forward Contracts

Short-Term Investments

As of September 28, 2024, the Company's short-term investments of $25.2 million were comprised of 30-day term deposits of $23.6 million and trading securities related to the deferred compensation plan of $1.6 million, of which $1.4 million was invested in equity securities, $0.1 million was invested in money market instruments and $0.1 million was invested in debt securities.

As of June 29, 2024, the Company's short-term investments of $19.9 million were comprised of 30-day term deposits of $18.4 million and trading securities related to the deferred compensation plan of $1.5 million, of which $1.4 million was invested in equity securities and $0.1 million was invested in debt securities.

Trading securities are reported at fair value, with unrealized gains or losses resulting from changes in fair value recognized in the Consolidated Statements of Operations as a component of Interest and other income, net.

Strategic Investment

During the first fiscal quarter of 2025, the Company invested $3.0 million in a non-marketable equity security in a privately held company. The investment is included in Other non-current assets on our Consolidated Balance Sheets and is classified as Level 3 within the fair value hierarchy.

This investment is carried at cost and because the investment does not have a readily determinable fair value it will be adjusted for changes resulting from observable price changes under the Measurement Alternative methodology. There were no impairments or adjustments to the carrying value for the three months ended September 28, 2024.

Non-Designated Foreign Currency Forward Contracts

The Company has foreign subsidiaries that operate and sell the Company's products in various markets around the world. As a result, the Company is exposed to foreign exchange risks. The Company utilizes foreign exchange forward contracts to manage foreign currency risk associated with foreign currency denominated monetary assets and liabilities, primarily certain short-term intercompany receivables and payables, and to reduce the volatility of earnings and cash flows related to foreign currency transactions. The Company does not use these foreign currency forward contracts for trading purposes.

As of September 28, 2024, the Company had forward contracts that were effectively closed but not settled with the counterparties as of the balance sheet date. Therefore, the fair value of these contracts of $4.9 million and $3.3 million is reflected as Prepayments and other current assets and Other current liabilities on the Consolidated Balance Sheets, respectively. As of June 29, 2024, the fair value of these contracts of $1.7 million and $1.5 million is reflected as Prepayments and other current assets and Other current liabilities on the Consolidated Balance Sheets, respectively.

The forward contracts outstanding and not effectively closed, with a term of less than 120 days, were transacted near quarter end; therefore, the fair value of the contracts is not significant. As of September 28, 2024 and June 29, 2024, the notional amounts of the forward contracts that the Company held to purchase foreign currencies were $91.2 million and $81.9 million, respectively, and the notional amounts of forward contracts that the Company held to sell foreign currencies were $23.9 million and $26.8 million, respectively.

The change in the fair value of these foreign currency forward contracts is recorded as gain or loss in the Consolidated Statements of Operations as a component of Interest and other income, net. The cash flows related to the settlement of foreign currency forward contracts are classified as operating activities. The foreign exchange forward contracts incurred a gain of $1.4 million for the three months ended September 28, 2024 and a loss of $3.6 million for the three months ended September 30, 2023, respectively.

Note 8. Fair Value Measurements

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. There is an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are inputs which market participants would use in valuing an asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs which reflect the assumptions market participants would use in valuing an asset or liability.

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: includes financial instruments for which quoted market prices for identical instruments are available in active markets. Level 1 assets of the Company include money market funds, U.S. Treasury securities and marketable equity securities as they are traded with sufficient volume and frequency of transactions.
- Level 2: includes financial instruments for which the valuations are based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities. Level 2 instruments of the Company include asset-backed securities, foreign currency forward contracts and debt. To estimate their fair value, the Company utilizes pricing models based on market data. The significant inputs for the valuation model usually include benchmark yields, reported trades, broker and dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data, and industry and economic events.
- Level 3: includes financial instruments for which fair value is derived from valuation-based inputs, that are unobservable and significant to the overall fair value measurement. The Company’s Level 3 assets consist of an investment in a non-marketable equity security in a privately held company. We measure the non-marketable equity security under the Measurement Alternative at cost minus impairment, if any, adjusted for observable price changes in orderly transactions for an identical or similar investment in the same issuer. The Company’s Level 3 liabilities consist of contingent purchase consideration liabilities related to business acquisitions. The fair value of such earn-out liabilities are generally determined using a Monte Carlo Simulation that includes significant unobservable inputs such as the risk-adjusted discount rate, gross profit volatility, and projected financial forecast of acquired business over the earn-out period. The fair value of certain earn-out liabilities is derived using the estimated probability of success of achieving the earn-out milestones discounted to present value. The fair value of contingent consideration liabilities is remeasured at each reporting period at the estimated fair value based on the inputs on the date of remeasurement, with the change in fair value recognized as a component of SG&A expense in the Consolidated Statements of Operations.

Fair Value Measurements

The Company's assets and liabilities measured at fair value for the periods presented are as follows (*in millions*):

	September 28, 2024				June 29, 2024			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Debt available-for-sale securities:								
Asset-backed securities (1)	$ 0.3	$ —	$ 0.3	$ —	$ 0.3	$ —	$ 0.3	$ —
Total debt available-for-sale securities	0.3	—	0.3	—	0.3	—	0.3	—
Money market funds (2)	289.4	289.4	—	—	295.3	295.3	—	—
Trading securities (3)	1.6	1.6	—	—	1.5	1.5	—	—
Foreign currency forward contracts (4)	4.9	—	4.9	—	1.7	—	1.7	—
Non-marketable equity security (5)	3.0	—	—	3.0	—	—	—	—
Total assets	$ 299.2	$ 291.0	$ 5.2	$ 3.0	$ 298.8	$ 296.8	$ 2.0	$ —
Liabilities:								
Foreign currency forward contracts (6)	$ 3.3	$ —	$ 3.3	$ —	$ 1.5	$ —	$ 1.5	$ —
Contingent consideration (7)	6.0	—	—	6.0	9.5	—	—	9.5
Total liabilities	$ 9.3	$ —	$ 3.3	$ 6.0	$ 11.0	$ —	$ 1.5	$ 9.5

(1) Included in Other non-current assets on the Consolidated Balance Sheets.
(2) Includes, as of September 28, 2024, $281.0 million in Cash and cash equivalents, $4.7 million in Restricted cash and $3.7 million in Other non-current assets on the Consolidated Balance Sheets. Includes, as of June 29, 2024, $286.7 million in Cash and cash equivalents, $4.9 million in Restricted cash and $3.7 million in Other non-current assets on the Consolidated Balance Sheets.
(3) Included in Short-term investments on the Consolidated Balance Sheets.
(4) Included in Prepayments and other current assets on the Consolidated Balance Sheets.
(5) Included in Other non-current assets on the Consolidated Balance Sheets.
(6) Included in Other current liabilities on the Consolidated Balance Sheets.
(7) Included in Other non-current liabilities on the Consolidated Balance Sheets.

Other Fair Value Measures

Fair Value of Debt: If measured at fair value on the Consolidated Balance Sheets, the Company's 3.75% Senior Notes (2029 Notes) and 1.625% Senior Convertible Notes (2026 Notes) would be classified in Level 2 of the fair value hierarchy as they are not actively traded in the markets. The Company's debt measured at fair value for the periods presented is as follows (*in millions*):

	September 28, 2024				June 29, 2024			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Debt:								
3.75% Senior Notes	$ 363.7	$ —	$ 363.7	$ —	$ 338.9	$ —	$ 338.9	$ —
1.625% Senior Convertible Notes	248.5	—	248.5	—	238.1	—	238.1	—
Total	$ 612.2	$ —	$ 612.2	$ —	$ 577.0	$ —	$ 577.0	$ —

Note 9. Goodwill

The following table presents changes in goodwill allocated to the Company's reportable segments *(in millions)*:

	Network Enablement	Service Enablement	Optical Security and Performance Products	Total
Balance as of June 29, 2024	$ 398.1	$ 12.6	$ 42.2	$ 452.9
Currency translation	8.0	0.3	—	8.3
Balance as of September 28, 2024	$ 406.1	$ 12.9	$ 42.2	$ 461.2

The Company tests goodwill for impairment at the reporting unit level annually during the fourth quarter of each fiscal year, or more frequently if events or circumstances indicate that the asset may be impaired. In the fourth quarter of fiscal 2024, the Company performed a qualitative assessment of goodwill impairment and concluded that it was more likely than not that the fair value of each reporting unit exceeded its carrying amount and that no indication of impairment existed.

There were no events or changes in circumstances which triggered an impairment review during the three months ended September 28, 2024.

Note 10. Acquired Developed Technology and Other Intangibles

The following tables present details of the Company's acquired developed technology, customer relationships and other intangibles as of September 28, 2024 and June 29, 2024 (*in millions*):

As of September 28, 2024	Gross Carrying Amount	Accumulated Amortization	Net
Acquired developed technology	$ 438.3	$ (407.2)	$ 31.1
Customer relationships	198.1	(195.2)	2.9
Other [(1)]	37.7	(37.7)	—
Total intangibles	$ 674.1	$ (640.1)	$ 34.0

As of June 29, 2024	Gross Carrying Amount	Accumulated Amortization	Net
Acquired developed technology	$ 436.2	$ (401.9)	$ 34.3
Customer relationships	194.8	(191.0)	3.8
Other [(1)]	36.7	(36.6)	0.1
Total intangibles	$ 667.7	$ (629.5)	$ 38.2

(1) Other intangibles consist primarily of patents, proprietary know-how and trade secrets, trademarks and trade names.

The following table presents the amortization recorded relating to acquired developed technology, customer relationships and other intangibles (*in millions*):

	Three Months Ended	
	September 28, 2024	September 30, 2023
Cost of revenues	$ 3.3	$ 3.5
Operating expenses	1.1	2.1
Total amortization of intangible assets	$ 4.4	$ 5.6

Based on the carrying amount of acquired developed technology, customer relationships and other intangibles as of September 28, 2024, and assuming no future impairment of the underlying assets, the estimated future amortization is as follows (*in millions*):

Fiscal Years	
Remainder of 2025	$ 11.5
2026	11.4
2027	7.5
2028	3.0
2029	0.6
Total amortization	$ 34.0

The acquired developed technology, customer relationships and other intangibles balances are adjusted quarterly to record the effect of currency translation adjustments.

Note 11. Debt

As of September 28, 2024 and June 29, 2024, the Company's debt on the Consolidated Balance Sheets represented the carrying amount of the Senior Convertible and Senior Notes, net of unamortized debt discount and issuance costs, as follows (*in millions*):

	September 28, 2024	June 29, 2024
Principal amount of 3.75% Senior Notes	$ 400.0	$ 400.0
Unamortized 3.75% Senior Notes debt issuance cost	(4.4)	(4.6)
Principal amount of 1.625% Senior Convertible Notes	250.0	250.0
Unamortized 1.625% Senior Convertible Notes debt discount	(6.9)	(8.1)
Unamortized 1.625% Senior Convertible Notes debt issuance cost	(1.1)	(1.3)
Long-term debt	$ 637.6	$ 636.0

The Company was in compliance with all debt covenants as of September 28, 2024 and June 29, 2024.

1.625% Senior Convertible Notes (2026 Notes)

On March 6, 2023, the Company issued $250.0 million aggregate principal amount of 1.625% Senior Convertible Notes due 2026 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The Company issued $132.0 million aggregate principal amount of the 2026 Notes to certain holders of the 1.00% Senior Convertible Notes due 2024 (2024 Notes) in exchange for $127.5 million principal amount of the 2024 Notes (the Exchange Transaction) and issued and sold $118.0 million aggregate principal amount of the 2026 Notes in a private placement to accredited institutional buyers (the Subscription Transactions).

The Exchange Transaction was accounted for as a modification. The $127.5 million principal of the 2024 Notes was reduced by $10.1 million, with offsetting increase to additional paid-in capital, to account for the increase in the fair value of the embedded conversion option in the modification. The increase in principal and coupon interest, along with the increased option value, totaled $14.6 million and is a direct reduction from the carrying amount of the debt on the Consolidated Balance Sheets. This amount will be accreted as an adjustment to interest expense on a straight-line basis and will accrete up to the full face value of the 2026 Notes at maturity.

The proceeds of the Subscription Transactions amounted to $113.8 million after issuance costs of $4.2 million. The exchange resulted in $2.2 million of the issuance costs recorded as Loss on convertible note modification in the Consolidated Statements of Operations. The remaining issuance costs of $2.0 million, as well as $0.3 million of unamortized costs carried over from the 2024 Notes at the exchange date were capitalized within Long-term debt (as a contra-balance) on the Consolidated Balance Sheets and will be amortized to interest expense using the straight-line method until maturity.

The 2026 Notes are an unsecured obligation of the Company and bear interest at an annual rate of 1.625%, payable semi-annually in arrears on March 15 and September 15 of each year, beginning September 15, 2023. The 2026 Notes mature on March 15, 2026 unless earlier converted, redeemed or repurchased. As of September 28, 2024, the expected remaining term of the 2026 Notes is 1.5 years.

3.75% Senior Notes (2029 Notes)

On September 29, 2021, the Company issued $400.0 million aggregate principal amount of 3.75% Senior Notes due 2029 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. In connection with the issuance of the 2029 Notes, the Company incurred $7.0 million of issuance costs. The debt issuance costs were capitalized and will be amortized to interest expense using the straight-line method until maturity. The 2029 Notes are an unsecured obligation of the Company and bear annual interest of 3.75%, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2022. The 2029 Notes mature on October 1, 2029 unless earlier redeemed or repurchased. As of September 28, 2024, the expected remaining term of the 2029 Notes is 5.0 years.

1.75% Senior Convertible Notes (2023 Notes)

On May 29, 2018, the Company issued $225.0 million aggregate principal amount of 1.75% Senior Convertible Notes due 2023 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The Company issued $155.5 million aggregate principal of the 2023 Notes to certain holders of the 2033 Notes in exchange for $151.5 million principal of the 2033 Notes and issued and sold $69.5 million aggregate principal amount of the 2023 Notes in a private placement to accredited institutional buyers (the Private Placement).

In connection with the issuance of the 2023 Notes, the Company incurred $2.2 million of issuance costs. The debt issuance costs were capitalized and amortized to interest expense using the straight-line method from the issuance date through maturity on June 1, 2023.

During fiscal 2022, the Company entered into separate privately-negotiated agreements with certain holders of the 2023 Notes, settling $156.9 million principal in exchange for an aggregate of 2.0 million shares of its common stock, par value $0.001 per share, and $168.5 million in cash. On June 1, 2023, the remaining 2023 Notes principal of $68.1 million was retired upon maturity.

1.00% Senior Convertible Notes (2024 Notes)

On March 3, 2017, the Company issued $400.0 million aggregate principal amount of 1.00% Senior Convertible Notes due 2024 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. On March 22, 2017, the Company issued an additional $60.0 million upon exercise of the over-allotment option of the initial purchasers. The total proceeds from the 2024 Notes amounted to $451.1 million after issuance costs of $8.9 million. The debt issuance costs were capitalized and amortized to interest expense using the straight-line method from the issuance date through maturity on March 1, 2024.

During fiscal 2022, the Company entered into separate privately-negotiated agreements with certain holders of the 2024 Notes, settling $236.1 million principal in exchange for an aggregate of 8.6 million shares of its common stock, par value $0.001 per share, and $178.8 million in cash. During fiscal 2023 the Exchange Transaction resulted in the reduction of $127.5 million principal of the 2024 Notes. On March 1, 2024, the Company converted two notes at the request of the respective note-holders and retired the remaining 2024 Notes principal of $96.4 million upon maturity.

Senior Secured Asset-Based Revolving Credit Facility

On December 30, 2021, we entered into a credit agreement (the Credit Agreement) with Wells Fargo Bank, National Association (Wells Fargo) as administrative agent, and other lender related parties. The Credit Agreement provides for a senior secured asset-based revolving credit facility in a maximum aggregate amount of $300 million, which matures on December 30, 2026. The Credit Agreement also provides that, under certain circumstances, the Company may increase the aggregate amount of revolving commitments thereunder by an aggregate amount of up to $100 million so long as certain conditions are met. The proceeds from the credit facility established under the Credit Agreement will be used for working capital and other general corporate purposes. The obligations under the Credit Agreement are secured by substantially all of the assets of the Company and those of its subsidiaries that are borrowers and guarantors under the Credit Agreement.

Amounts outstanding under the Credit Agreement accrue interest as follows: (i) if the amounts outstanding are denominated in U.S. Dollars, at a per annum rate equal to either, at the Company’s election, Term Secured Overnight Financing Rate (SOFR) plus a margin of 1.35% to 1.85% per annum, or a specified base rate plus a margin of 0.25% to 0.75%, in each case, depending on the average excess availability under the facility, (ii) if the amounts outstanding are denominated in Sterling, at a per annum rate equal to the Sterling Overnight Interbank Average Rate (SONIA) plus a margin of 1.2825% to 1.7825%, depending on the average excess availability under the facility, (iii) if the amounts outstanding are denominated in Euros, at a per annum rate equal to the Euro Interbank Offered Rate plus a margin of 1.25% to 1.75%, depending on the average excess availability under the facility, or (iv) if the amounts outstanding are denominated in Canadian Dollars, at a per annum rate equal to either, at the Company’s election, the adjusted Term Canadian Overnight Repo Rate Average (CORRA) plus a margin of 1.25% to 1.75%, or a specified base rate plus a margin of 0.25% to 0.75%, in each case, depending on the average excess availability under the facility.

The covenants of the Credit Agreement include customary restrictive covenants that, among other things, restrict the Company’s ability to incur additional indebtedness, grant liens and make certain acquisitions, investments, asset dispositions and restricted payments. In addition, the Credit Agreement contains certain financial covenants that require the Company to maintain a fixed charge coverage ratio of at least 1.00 to 1.00 if excess availability under the facility is less than the greater of 10% of the lesser of maximum revolver amount and borrowing base and $20 million.

As of September 28, 2024, we had no borrowings under this facility and our available borrowing capacity was approximately $143.7 million, net of outstanding standby letters of credit of $4.2 million.

Interest Expense

The following table presents the interest expense for contractual interest, amortization of debt issuance cost, accretion of debt discount and other (*in millions*):

	Three Months Ended	
	September 28, 2024	September 30, 2023
Interest expense-contractual interest	$ 4.8	$ 5.0
Amortization of debt issuance cost	0.6	0.7
Accretion of debt discount	1.2	1.2
Other	0.9	0.9
Total interest expense	$ 7.5	$ 7.8

Note 12. Leases

The Company is a lessee in several operating leases, primarily real estate facilities for office space. The Company's lease arrangements are comprised of operating leases with various expiration dates through March 31, 2042. The Company's leases do not contain any material residual value guarantees.

Lease expense and cash flow information related to our operating leases is as follows (*in millions*):

	Three Months Ended	
	September 28, 2024	September 30, 2023
Operating lease costs [(1)]	$ 3.3	$ 3.3
Cash paid for amounts included in the measurement of operating lease liabilities	$ 4.7	$ 4.6
Operating ROU assets obtained in exchange for operating lease obligations	$ 1.7	$ 0.9
Weighted-average remaining lease term	6.1 years	6.7 years
Weighted-average discount rate	5.7 %	4.8 %

(1) Total variable lease costs were immaterial during the three months ended September 28, 2024 and September 30, 2023. The total operating costs were included in Cost of revenues, R&D, and SG&A in the Consolidated Statements of Operations.

Future minimum operating lease payments as of September 28, 2024 are as follows (*in millions*):

	Operating Leases
Remainder of 2025	$ 7.6
Fiscal 2026	9.9
Fiscal 2027	7.6
Fiscal 2028	5.3
Fiscal 2029	3.4
Thereafter	8.8
Total lease payments	42.6
Less: Interest	(7.3)
Present value of lease liabilities	$ 35.3

Note 13. Restructuring

The Company's restructuring events are primarily intended to reduce costs, consolidate operations, integrate various acquisitions, streamline product manufacturing and address market conditions. Restructuring charges include severance, benefits and outplacement costs to eliminate a specified number of positions. The timing of associated cash payments is dependent upon the jurisdiction of the affected employees and can extend over multiple periods.

Fiscal 2024 Plan

During the fourth quarter of fiscal 2024, management approved a restructuring and workforce reduction plan (the Fiscal 2024 Plan) across our Network and Service Enablement (NSE) and Optical Security and Performance Products (OSP) segments and Corporate (Corp) functions intended to improve operational efficiencies and better align the Company's workforce with current business needs. The Company expects approximately 6% of its global workforce to be affected. The Company anticipates the Fiscal 2024 Plan to be substantially complete by the end of fiscal 2025.

Fiscal 2023 Plan

The restructuring and workforce reduction plan initiated in the second quarter of fiscal 2023 (the Fiscal 2023 Plan) across various functions to better align the Company's workforce with current business needs and strategic growth opportunities was completed in the first quarter of fiscal 2025. The Fiscal 2023 Plan impacted approximately 5% of the Company's global workforce.

A summary of the activity in the restructuring accrual is outlined below *(in millions)*:

	Balance as of June 29, 2024	Restructuring and related charges (benefits)	Non-cash settlements and other adjustments (1)	Cash settlements	Balance as of September 28, 2024
Fiscal 2024 Plan					
NSE/Corp	$ 13.4	$ 0.1	$ 0.3	$ (7.6)	$ 6.2
OSP	1.2	0.1	—	(0.7)	0.6
Fiscal 2024 Plan	14.6	0.2	0.3	(8.3)	6.8
Fiscal 2023 Plan					
NSE	0.3	(0.2)	—	(0.1)	—
Fiscal 2023 Plan	0.3	(0.2)	—	(0.1)	—
Total (2)	$ 14.9	$ —	$ 0.3	$ (8.4)	$ 6.8

(1) Includes currency translation adjustments.
(2) Includes certain amounts in Other current liabilities and Other non-current liabilities on the Consolidated Balance Sheets as of September 28, 2024 and June 29, 2024.

Note 14. Income Taxes

The Company recorded an income tax provision of $9.0 million and $8.6 million for the three months ended September 28, 2024 and September 30, 2023, respectively.

The income tax provision for the three months ended September 28, 2024 and September 30, 2023 primarily relates to income tax in certain foreign and state jurisdictions based on the Company's forecasted pre-tax income or loss.

The income tax provision recorded differs from the expected tax provision that would be calculated by applying the federal statutory rate to the Company's income from continuing operations before taxes primarily due to the changes in valuation allowance for deferred tax assets attributable to the Company's domestic and foreign income from continuing operations.

As of September 28, 2024 and June 29, 2024, the Company's unrecognized tax benefits (net of Federal benefits) totaled $50.8 million and $50.7 million, respectively, and are included in deferred taxes and other non-current tax liabilities. The Company had $4.0 million accrued for the payment of interest and penalties as of September 28, 2024. The timing and resolution of income tax examinations is uncertain, and the amounts ultimately paid, if any, upon resolution of issues raised by the taxing authorities may differ from the amounts accrued for each year. Although the Company does not expect that our balance of gross unrecognized tax benefits will change materially in the next 12 months, given the uncertainty in the development of ongoing income tax examinations, the Company is unable to estimate the full range of possible adjustments to this balance.

Note 15. Stockholders' Equity

Repurchase of Common Stock

In September 2022 the Board of Directors authorized a stock repurchase plan (2022 Repurchase Plan) of up to $300 million effective October 1, 2022 which will remain in effect until the amount authorized has been fully repurchased or until suspension or termination of the program. Under the 2022 Repurchase Plan, the Company is authorized to repurchase shares through a variety of methods, including open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans. The timing of repurchases under the plan will depend upon business and financial market conditions.

During the three months ended September 28, 2024, the Company repurchased 2.0 million shares of its common stock for $16.4 million under the 2022 Repurchase Plan. As of September 28, 2024, the Company had remaining authorization of $198.4 million for future share repurchases under the 2022 Repurchase Plan.

Note 16. Stock-Based Compensation

The Company's stock-based compensation includes a combination of time-based restricted stock awards and performance-based awards. Restricted stock awards are granted without an exercise price and are converted to shares immediately upon vesting. When converted into shares upon vesting, shares equivalent in value to the minimum withholding taxes liability on the vested shares are withheld by the Company for the payment of such taxes.

The Company generally estimates the fair value of stock-based awards based on the closing market price of the Company's common stock on the grant date. In the case of performance-based awards that include a market condition, the Company estimates the fair value of the award using a combination of the closing market price of the Company's common stock on the grant date and the Monte Carlo simulation model. For performance-based awards, shares attained over target upon vesting are reflected as awards granted during the period.

Time-based restricted stock awards granted to eligible employees will generally vest in annual installments over a period of three to four years subject to the employees' continuing service to the Company and do not have an expiration date. The Company's performance-based awards may include performance conditions, market conditions, time-based service conditions or a combination thereof and are generally expected to vest in annual installments over a period of three to four years. In addition, the actual number of shares awarded upon vesting of performance-based grants may vary from the target shares depending upon the achievement of the relevant performance or market-based conditions.

During the three months ended September 28, 2024 and September 30, 2023, the Company granted 4.2 million and 2.9 million time-based restricted stock awards, respectively. The aggregate grant-date fair value of time-based restricted stock awards granted during the three months ended September 28, 2024 and September 30, 2023 were estimated to be $35.3 million and $30.0 million, respectively.

During the three months ended September 28, 2024 and September 30, 2023, the Company granted 1.5 million and 0.8 million performance-based awards, respectively. There were no performance-based shares attained over target during the three months ended September 28, 2024 and September 30, 2023. The aggregate grant-date fair value of performance-based awards granted during the three months ended September 28, 2024 and September 30, 2023 were estimated to be $15.1 million and $9.7 million, respectively.

As of September 28, 2024, $90.9 million of unrecognized stock-based compensation costs remain to be amortized.

The impact on the Company's results of operations of recording stock-based compensation by function for the three months ended September 28, 2024 and September 30, 2023, is as follows *(in millions)*:

	Three Months Ended	
	September 28, 2024	September 30, 2023
Cost of revenues	$ 1.2	$ 1.2
Research and development	2.1	2.1
Selling, general and administrative	9.4	7.9
Total stock-based compensation expense	$ 12.7	$ 11.2

Approximately $1.2 million of stock-based compensation was capitalized to inventory as of September 28, 2024 and September 30, 2023.

Note 17. Employee Pension and Other Benefit Plans

The Company sponsors significant qualified and non-qualified pension plans for certain past and present employees in the United Kingdom (U.K.) and Germany. The Company also is responsible for the non-pension post-retirement benefit obligation assumed from a past acquisition.

Most of the plans have been closed to new participants and no additional service costs are being accrued, except for certain plans in Germany assumed in connection with an acquisition in fiscal 2010. Benefits are generally based upon years of service and compensation or stated amounts for each year of service.

As of September 28, 2024, the U.K. plan was fully funded while the other plans were unfunded. The Company's policy for funded plans is to make contributions equal to or greater than the requirements prescribed by law or regulation. For unfunded plans, the Company pays the post-retirement benefits when due. During the three months ended September 28, 2024, the Company contributed $0.3 million to the U.K. plan and $0.9 million to the other plans. The funded plan assets consist primarily of managed investments.

The following table presents the components of net periodic cost for the pension and benefits plans (*in millions*):

	Three Months Ended	
	September 28, 2024	September 30, 2023
Interest cost	$ 0.8	$ 0.9
Expected return on plan assets	(0.4)	(0.5)
Amortization of net actuarial losses (gains)	0.1	(0.1)
Net periodic benefit cost	$ 0.5	$ 0.3

Both the calculation of the projected benefit obligation and net periodic cost are based upon actuarial valuations. These valuations use participant-specific information such as salary, age, years of service, and assumptions about interest rates, compensation increases and other factors. At a minimum, the Company evaluates these assumptions annually and makes changes as necessary.

Based on actuarial assumptions, the Company expects to incur cash outlays of approximately $9.3 million related to its defined benefit pension plans during fiscal 2025 to make current benefit payments and fund future obligations. As of September 28, 2024, approximately $1.2 million had been incurred. These payments have been estimated based on the same assumptions used to measure the Company's projected benefit obligation at June 29, 2024.

Note 18. Commitments and Contingencies

Legal Proceedings

The Company is subject to a variety of claims and suits that arise from time to time in the ordinary course of its business. While management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on its financial position, results of operations or statement of cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. Were an unfavorable final outcome to occur, there exists the possibility of a material adverse impact on the Company's financial position, results of operations or cash flows for the period in which the effect becomes reasonably estimable.

Tel-Instruments Electronics Corp. Settlement

In July 2023, the Court of Appeals in the State of Kansas affirmed a lower court decision in a case filed by Aeroflex Wichita (Aeroflex), a VIAVI subsidiary, against Tel-Instrument Electronics Corp. (TIC) and two of its employees with total damages of $7.3 million owed to VIAVI. The lower court case, filed by Aeroflex prior to the acquisition by VIAVI and affirmed by the Kansas Court of Appeals, awarded damages caused by tortious interference and improper use and disclosure of Aeroflex's confidential and proprietary business information used by the defendants to win a competitive U.S. Army contract.

TIC did not file a petition to appeal the decision and acknowledged its obligation to pay damages in full. VIAVI subsequently received total payments of $7.3 million from TIC and the two former employees and recorded a gain to Interest and other income, net in the Consolidated Statements of Operations for the three months ended September 30, 2023.

U.K. Pension Settlement

In June 2016, the Company received a court decision regarding the validity of an amendment to a pension deed of trust related to one of its foreign subsidiaries which the Company contends contained an error requiring the Company to increase the pension plan's benefit. The Company had subsequently further amended the deed to rectify the error. The court ruled that the amendment increasing the pension plan benefit was valid until the subsequent amendment. The Company estimated the liability to range from (amounts represented as £ denote GBP) £5.7 million to £8.4 million. The Company determined the likelihood of loss to be probable and accrued £5.7 million as of July 2, 2016 in accordance with authoritative guidance on contingencies.

The Company pursued an appeal of the court decision. In March 2018, the appellate court affirmed the decision of the lower court. The Company pursued a motion for summary judgement on the deed of rectification claim. As of July 2, 2022, the related accrued pension liability of £5.4 million or $6.5 million was included in pension and post-employment benefits within Other non-current liabilities on the Consolidated Balance Sheets.

In September 2022, the Company received a favorable court decision which removed completely and definitively the obligation to fund the increased pension benefit with retrospective effect to 1999. As a result of the judgment, and in accordance with authoritative guidance on contingencies, the Company reversed the liability and recorded a gain (reduction to SG&A expense in the Consolidated Statements of Operations) of £5.7 million or $6.7 million during fiscal 2023.

Guarantees

Outstanding Letters of Credit, Performance Bonds and Other Claims

As of September 28, 2024, the Company had standby letters of credit of $8.3 million and performance bonds and other claims of $1.9 million collateralized by restricted cash.

Product Warranties

The following table presents the changes in the Company's warranty reserve during the three months ended September 28, 2024 and September 30, 2023 (*in millions*):

	Three Months Ended	
	September 28, 2024	September 30, 2023
Balance as of beginning of period	$ 7.5	$ 9.0
Provision for warranty	0.2	0.4
Utilization of reserve	(0.7)	(0.8)
Adjustments to pre-existing warranties (includes changes in estimates)	—	0.2
Balance as of end of period	$ 7.0	$ 8.8

Note 19. Operating Segments and Geographic Information

The Company evaluates its reportable segments in accordance with the authoritative guidance on segment reporting. The Company's CODM uses operating segment financial information to evaluate segment performance and to allocate resources.

The Company's reportable segments are:

(i) Network Enablement (NE):

NE provides an integrated portfolio of testing solutions that access the network to perform build-out and maintenance tasks. These solutions include instruments, software and services to design, build, turn-up, certify, troubleshoot and optimize networks. NE also offers a range of product support and professional services such as repair, calibration, software support and technical assistance for its products. NE's avionics products provide test and measuring solutions for aviation, aerospace, government, defense, communications and public safety.

(ii) Service Enablement (SE):

SE provides embedded systems and enterprise performance management solutions that give global communications service providers, enterprises and cloud operators visibility into network, service and application data. These solutions - including instruments, microprobes and software - monitor, collect and analyze network data to reveal the actual customer experience and to identify opportunities for new revenue streams and network optimization.

(iii) Optical Security and Performance Products (OSP):

OSP leverages its core optical coating technologies and volume manufacturing capability to design, manufacture, and sell technologies for the anti-counterfeiting, consumer electronics, industrial, government and automotive markets.

Segment Reporting

The CODM manages the Company in two broad business categories: NSE and OSP. The CODM evaluates segment performance of the NSE business based on the combined segments (NE and SE) gross and operating margins. Operating expenses associated with the NSE business are not allocated to the individual segments within NSE, as they are managed centrally at the business unit level. The CODM evaluates segment performance of the OSP business based on segment operating margin. The Company allocates corporate-level operating expenses to its segment results, except for certain non-core operating and non-operating activities as discussed below.

The Company does not allocate stock-based compensation, acquisition-related charges, amortization of intangibles, restructuring, impairment of goodwill, non-operating income and expenses, changes in fair value of contingent consideration liabilities, or other charges unrelated to core operating performance to its segments because management does not include this information in its measurement of the performance of the operating segments. These items are presented as "Other Items" in the table below. Additionally, the Company does not specifically identify and allocate all assets by operating segment.

The following tables present information on the Company's reportable segments for the three months ended September 28, 2024 and September 30, 2023 (*in millions*):

	Three Months Ended September 28, 2024					
	Network and Service Enablement					
	Network Enablement	Service Enablement	Network and Service Enablement	Optical Security and Performance Products	Other Items [1]	Consolidated GAAP Measures
Product revenue	$ 112.6	$ 6.1	$ 118.7	$ 78.8	$ —	$ 197.5
Service revenue	29.0	11.7	40.7	—	—	40.7
Net revenue	$ 141.6	$ 17.8	$ 159.4	$ 78.8	$ —	$ 238.2
Gross profit	$ 86.3	$ 10.8	$ 97.1	$ 43.6	$ (4.6)	$ 136.1
Gross margin	60.9 %	60.7 %	60.9 %	55.3 %		57.1 %
Operating (loss) income			$ (7.3)	$ 31.2	$ (12.4)	$ 11.5
Operating margin			(4.6)%	39.6 %		4.8 %

	Three Months Ended September 30, 2023					
	Network and Service Enablement					
	Network Enablement	Service Enablement	Network and Service Enablement	Optical Security and Performance Products	Other Items [1]	Consolidated GAAP Measures
Product revenue	$ 120.4	$ 7.7	$ 128.1	$ 77.5	$ —	$ 205.6
Service revenue	29.6	12.7	42.3	—	—	42.3
Net revenue	$ 150.0	$ 20.4	$ 170.4	$ 77.5	$ —	$ 247.9
Gross profit	$ 94.6	$ 13.7	$ 108.3	$ 40.7	$ (4.6)	$ 144.4
Gross margin	63.1 %	67.2 %	63.6 %	52.5 %		58.2 %
Operating income			$ 1.5	$ 29.3	$ (14.8)	$ 16.0
Operating margin			0.9 %	37.8 %		6.5 %

(1) See below table for details of reconciling items impacting gross profit and operating income.

	Three Months Ended	
	September 28, 2024	September 30, 2023
Corporate reconciling items impacting gross profit:		
Total segment gross profit	$ 140.7	$ 149.0
Stock-based compensation	(1.2)	(1.2)
Amortization of intangibles	(3.3)	(3.5)
Other (charges) benefits unrelated to core operating performance (1)	(0.1)	0.1
Total reconciling items	(4.6)	(4.6)
GAAP gross profit	$ 136.1	$ 144.4
Corporate reconciling items impacting operating income:		
Total segment operating income	$ 23.9	$ 30.8
Stock-based compensation	(12.7)	(11.2)
Amortization of intangibles	(4.4)	(5.6)
Change in fair value of contingent liability	3.5	1.4
Acquisition and integration related charges	(0.6)	—
Other benefits (charges) unrelated to core operating performance (1)(2)	0.5	(0.2)
Litigation settlement	1.3	—
Restructuring and related benefits	—	0.8
Total reconciling items	(12.4)	(14.8)
GAAP operating income from continuing operations	$ 11.5	$ 16.0

(1) Other items include (charges) benefits unrelated to core operating performance primarily consisting of transformational initiatives such as site consolidations, intangible impairment and gain or loss on disposal of long-lived assets.
(2) Included in the three months ended September 28, 2024 is a gain of $0.9 million on the sale of assets previously classified as held for sale.

VIAVI SOLUTIONS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company operates primarily in three geographic regions: Americas, Asia-Pacific, and Europe, Middle East and Africa (EMEA). Net revenue is assigned to the geographic region and country where the Company's product is initially shipped. For example, certain customers may request shipment of the Company's 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 in which the Company operates and net revenue from countries that exceeded 10% of the Company's total net revenue for the three months ended September 28, 2024 and September 30, 2023 *(in millions):*

	Three Months Ended					
	September 28, 2024			September 30, 2023		
	Product Revenue	Service Revenue	Total	Product Revenue	Service Revenue	Total
Americas:						
United States	$ 58.4	$ 14.6	$ 73.0	$ 67.6	$ 15.2	$ 82.8
Other Americas	11.7	4.0	15.7	13.7	4.0	17.7
Total Americas	$ 70.1	$ 18.6	$ 88.7	$ 81.3	$ 19.2	$ 100.5
Asia-Pacific:						
Greater China	$ 52.6	$ 1.2	$ 53.8	$ 49.4	$ 1.7	$ 51.1
Other Asia-Pacific	26.2	5.9	32.1	28.3	6.5	34.8
Total Asia-Pacific	$ 78.8	$ 7.1	$ 85.9	$ 77.7	$ 8.2	$ 85.9
EMEA:	$ 48.6	$ 15.0	$ 63.6	$ 46.6	$ 14.9	$ 61.5
Total net revenue	$ 197.5	$ 40.7	$ 238.2	$ 205.6	$ 42.3	$ 247.9

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Statements contained in this Quarterly Report on Form 10-Q, which we also refer to as the Report, which are not historical facts, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. A forward-looking statement may contain words such as "anticipate," "believe," "can," "can impact," "could," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "projects," "should," "will," "will continue to be," "would," or the negative thereof or other comparable terminology regarding beliefs, plans, expectations or intentions regarding the future. Forward-looking statements include statements, but are not limited to statements such as:

- *Financial projections and expectations, including profitability of certain business units, plans to reduce costs and improve efficiencies including through restructuring programs, the effects of seasonality on certain business units, the consolidation of the communication industry and continued reliance on key customers for a significant portion of our revenue, future sources of revenue, competition and pricing pressures, the future impact of certain accounting pronouncements, and our estimation of the potential impact and materiality of litigation;*
- *Sufficiency of our sources of funding for working capital, capital expenditures, contractual obligations, acquisitions, stock repurchases, debt repayments and other matters;*
- *Our expectations regarding demand for our products and services, including industry trends and technological advancements that may drive such demand, the role we will play in those advancements and our ability to benefit from such advancements;*
- *Our plans for growth and innovation opportunities;*
- *Our plans for continued development, use and protection of our intellectual property;*
- *Our strategies for achieving our current business objectives, including related risks and uncertainties;*
- *Our plans or expectations relating to investments, execution of capital allocation and debt management strategies, acquisitions, partnerships and other strategic opportunities;*
- *Our research and development plans and investments and the expected impact of such plans on our financial performance;*
- *Our expectations related to our products, including costs associated with the development of new products, product yields, quality and other issues;*
- *Our expectations related to future tax liabilities resulting from future tax legislation; and*
- *Our expectations related to macro-economic conditions, including the impact of inflation, fiscal tightening at central banks, changes in foreign exchange rates, the risk of increased tensions and trade actions between China and the U.S., the ongoing conflict between Russia and Ukraine and the ongoing conflict between Israel and Hamas and the expansion of conflict in the Middle East, including in Lebanon and with Iran, on our business, operations and financial results.*

Management cautions that forward-looking statements are based on current expectations and assumptions and are subject to risks and uncertainties that could cause our actual results to differ materially from those projected in such forward-looking statements. These forward-looking statements are only predictions and are subject to risks and uncertainties including those set forth in Part II, Item 1A "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q and in other documents we file with the U.S. Securities and Exchange Commission. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Forward-looking statements are made only as of the date of this Report and subsequent facts or circumstances may contradict, obviate, undermine or otherwise fail to support or substantiate such statements. We are under no duty to update any of the forward-looking statements after the date of this Form 10-Q to conform such statements to actual results or to changes in our expectations.

In addition, Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended June 29, 2024.

You should read the following discussion of our financial condition and results of operations in conjunction with the financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in "Risk Factors" and "Forward-Looking Statements."

Overview

VIAVI is a global provider of network test, monitoring and assurance solutions for telecommunications, cloud, enterprises, first responders, military, aerospace and railway. VIAVI is also a leader in light management technologies for 3D sensing, anti-counterfeiting, consumer electronics, industrial, automotive, government and aerospace applications.

To serve our markets we operate the following business segments:

- Network Enablement (NE);
- Service Enablement (SE); and,
- Optical Security and Performance Products (OSP).

During the first quarter of fiscal 2025, the VIAVI business environment continued to be challenging, particularly in the North American service provider and enterprise customer markets. NE product demand continues to be impacted by reduced research and development (R&D) and production capital expenditure spend by major wireless network equipment manufacturers (NEMs), offset by OSP performance.

Our financial results and long-term growth model will continue to be driven by revenue growth, non-GAAP operating income, non-GAAP operating margin, non-GAAP diluted earnings per share (EPS) and cash flow from operations. We believe these key operating metrics are useful to investors because management uses these metrics to assess the growth of our business and the effectiveness of our marketing and operational strategies.

Looking Ahead

As we look forward to the second quarter of fiscal 2025, we are seeing many of our end markets show signs of stabilization which we believe indicates the beginning of a gradual recovery and expect this to continue in the second half of fiscal 2025. Our long-term focus remains on executing against our strategic priorities to drive revenue and earnings growth, capture market share and continue to optimize our capital structure. We remain positive on our long-term growth drivers and will continue to focus on executing our strategic priorities over the long-term to:

- Defend and consolidate leadership in core business segments;
- Invest in secular trends to drive growth and expand Total Addressable Market (TAM);
- Extend VIAVI technologies and platforms into adjacent markets and applications; and,
- Continue productivity improvements in Operations, R&D and Selling, General and Administrative (SG&A).

Financial Highlights

First quarter fiscal 2025 results included the following notable items:

- Net revenue of $238.2 million, down $9.7 million or 3.9% year-over-year.
- GAAP operating margin of 4.8%, down 170 bps year-over-year.
- Non-GAAP operating margin of 10.0%, down 240 bps year-over-year.
- GAAP net loss of $1.8 million, down $11.6 million or 118.4% year-over-year.
- Non-GAAP net income of $12.4 million, down $7.1 million or 36.4% year-over-year.
- GAAP diluted EPS of $(0.01), down $0.05 or 125.0% year-over-year.
- Non-GAAP diluted EPS of $0.06, down $0.03 or 33.3% year-over-year.

A reconciliation of GAAP financial measures to Non-GAAP financial measures is provided below *(in millions, except EPS amounts)*:

	Three Months Ended			
	September 28, 2024		September 30, 2023	
	Operating Income	Operating Margin	Operating Income	Operating Margin
GAAP measures	$ 11.5	4.8 %	$ 16.0	6.5 %
Stock-based compensation	12.7	5.3 %	11.2	4.5 %
Change in fair value of contingent liability	(3.5)	(1.5)%	(1.4)	(0.6)%
Acquisition and integration related charges	0.6	0.3 %	—	— %
Other (benefits) charges unrelated to core operating performance [(1)]	(0.5)	(0.2)%	0.2	0.1 %
Amortization of intangibles	4.4	1.8 %	5.6	2.2 %
Restructuring and related benefits	—	— %	(0.8)	(0.3)%
Litigation settlement	(1.3)	(0.5)%	—	— %
Total related to Cost of Revenue and Operating Expenses	12.4	5.2 %	14.8	5.9 %
Non-GAAP measures	$ 23.9	10.0 %	$ 30.8	12.4 %

	Three Months Ended			
	September 28, 2024		September 30, 2023	
	Net (Loss) Income	Diluted EPS	Net Income	Diluted EPS
GAAP measures	$ (1.8)	$ (0.01)	$ 9.8	$ 0.04
Items reconciling GAAP Net (Loss) Income and EPS to Non-GAAP Net Income and EPS:				
Stock-based compensation	12.7	0.06	11.2	0.05
Change in fair value of contingent liability	(3.5)	(0.01)	(1.4)	—
Acquisition and integration related charges	0.6	—	—	—
Other (benefits) charges unrelated to core operating performance [(1)]	(0.5)	—	0.2	—
Amortization of intangibles	4.4	0.02	5.6	0.02
Restructuring and related benefits	—	—	(0.8)	—
Litigation settlement	(1.3)	(0.01)	(7.3)	(0.03)
Non-cash interest expense and other expense	1.1	0.01	1.2	0.01
Provision for income taxes	0.7	—	1.0	—
Total related to Net (Loss) Income and EPS	14.2	0.07	9.7	0.05
Non-GAAP measures	$ 12.4	$ 0.06	$ 19.5	$ 0.09
Shares used in per share calculation for Non-GAAP EPS		224.0		224.2

(1) Included in the three months ended September 28, 2024 is a gain of $0.9 million on the sale of assets previously classified as held for sale and other charges unrelated to core operating performance of $0.4 million.

Use of Non-GAAP (Adjusted) Financial Measures

The Company provides non-GAAP operating income, non-GAAP operating margin, non-GAAP net income and non-GAAP EPS financial measures as supplemental information regarding the Company's operational performance. The Company uses the measures disclosed in this Report to evaluate the Company's historical and prospective financial performance, as well as its performance relative to its competitors. Specifically, management uses these items to further its own understanding of the Company's core operating performance, which the Company believes represents its performance in the ordinary, ongoing and customary course of its operations. Accordingly, management excludes from core operating performance items such as those relating to certain purchase price accounting adjustments, amortization of acquisition-related intangibles, stock-based compensation, legal settlements, restructuring, changes in fair value of contingent consideration liabilities and certain investing and acquisition related expenses and other activities that management believes are not reflective of such ordinary, ongoing and core operating activities.

The Company believes providing this additional information allows investors to see Company results through the eyes of management. The Company further believes that providing this information allows investors to better understand the Company's financial performance and, importantly, to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance.

The non-GAAP adjustments described in this Form 10-Q are excluded by the Company from its GAAP financial measures because the Company believes excluding these items enables investors to evaluate more clearly and consistently the Company's core operational performance. The non-GAAP adjustments are outlined below.

Cost of revenues, costs of research and development and costs of selling, general and administrative: The Company's GAAP presentation of operating expenses may include (i) additional depreciation and amortization from changes in estimated useful life and the write-down of certain property, equipment and intangibles that have been identified for disposal but remained in use until the date of disposal, (ii) charges such as severance, benefits and outplacement costs related to restructuring plans, (iii) costs for facilities not required for ongoing operations, and costs related to the relocation of certain equipment from these facilities and/or contract manufacturer facilities, (iv) stock-based compensation, (v) amortization expense related to acquired intangibles, (vi) changes in fair value of contingent consideration liabilities and (vii) other charges unrelated to our core operating performance comprised mainly of acquisition related transaction costs, integration costs related to acquired entities, litigation and legal settlements and other costs and contingencies unrelated to current and future operations, including transformational initiatives such as the implementation of simplified automated processes, site consolidations, and reorganizations. The Company excludes these items in calculating non-GAAP operating margin, non-GAAP net income and non-GAAP EPS.

Non-cash interest expense and other expense: The Company excludes certain investing expenses, including accretion of debt discount and other non-cash activities that management believes are not reflective of such ordinary, ongoing and core operating activities, when calculating non-GAAP net income and non-GAAP EPS.

Income tax expense or benefit: The Company excludes certain non-cash tax expense or benefit items, such as the utilization of net operating losses where valuation allowances were released, intra-period tax allocation benefit and the tax effect for amortization of non-tax deductible intangible assets when calculating non-GAAP net income and non-GAAP EPS.

Non-GAAP financial measures are not in accordance with, preferable to, or an alternative for, generally accepted accounting principles in the United States. The GAAP measure most directly comparable to non-GAAP operating income is operating income. The GAAP measure most directly comparable to non-GAAP operating margin is operating margin. The GAAP measure most directly comparable to non-GAAP net income is net income. The GAAP measure most directly comparable to non-GAAP EPS is earnings per share. The Company believes these GAAP measures alone are not fully indicative of its core operating expenses and performance and that providing non-GAAP financial measures in conjunction with GAAP measures provides valuable supplemental information regarding the Company's overall performance.

RESULTS OF OPERATIONS

The results of operations for the current period are not necessarily indicative of results to be expected for future periods. The following table summarizes selected Consolidated Statements of Operations items (*in millions, except for percentages*):

	Three Months Ended			
	September 28, 2024	September 30, 2023	Change	Percent Change
Segment net revenue:				
NE	$ 141.6	$ 150.0	$ (8.4)	(5.6)%
SE	17.8	20.4	(2.6)	(12.7)%
OSP	78.8	77.5	1.3	1.7 %
Total net revenue	$ 238.2	$ 247.9	$ (9.7)	(3.9)%
Amortization of acquired technologies	$ 3.3	$ 3.5	$ (0.2)	(5.7)%
Percentage of net revenue	1.4 %	1.4 %		
Gross profit	$ 136.1	$ 144.4	$ (8.3)	(5.7)%
Gross margin	57.1 %	58.2 %		
Research and development	$ 49.4	$ 49.9	$ (0.5)	(1.0)%
Percentage of net revenue	20.7 %	20.1 %		
Selling, general and administrative	$ 74.1	$ 77.2	$ (3.1)	(4.0)%
Percentage of net revenue	31.1 %	31.1 %		
Amortization of other intangibles	$ 1.1	$ 2.1	$ (1.0)	(47.6)%
Percentage of net revenue	0.5 %	0.8 %		
Restructuring and related benefits	$ —	$ (0.8)	$ 0.8	(100.0)%
Percentage of net revenue	— %	0.3 %		
Interest and other income, net	$ 3.2	$ 10.2	$ (7.0)	(68.6)%
Percentage of net revenue	1.3 %	4.1 %		
Interest expense	$ (7.5)	$ (7.8)	$ 0.3	3.8 %
Percentage of net revenue	3.1 %	3.1 %		
Provision for income taxes	$ 9.0	$ 8.6	$ 0.4	4.7 %
Percentage of net revenue	3.8 %	3.5 %		

Net Revenue

Revenue from our service offerings exceeds 10% of our total consolidated net revenue and is presented separately in our Consolidated Statements of Operations. Service revenue primarily consists of maintenance and support, extended warranty, professional services and post-contract support in addition to other services such as calibration and repair services. When evaluating the performance of our segments, management focuses on total net revenue, gross profit and operating income and not the product or service categories. Consequently, the following discussion of business segment performance focuses on total net revenue, gross profit, and operating income consistent with our approach for managing the business.

Three Months Ended September 28, 2024 and September 30, 2023

Net revenue decreased by $9.7 million, or 3.9%, during the three months ended September 28, 2024 compared to the same period a year ago. This decrease reflects the continuing weakness in service provider spending partially offset by higher consumer and industrial, government and anti-counterfeiting revenue.

Product revenues decreased by $8.1 million, or 3.9%, during the three months ended September 28, 2024 compared to the same period a year ago, driven by revenue decreases in our NE and SE segments partially offset by revenue increases in our OSP segment.

Service revenues decreased by $1.6 million, or 3.8% during the three months ended September 28, 2024, respectively, compared to the same periods a year ago. This was driven by revenue decreases from our NE and SE segments.

Going forward, we expect to continue to encounter a number of industry and market risks and uncertainties. For example, uncertainty around the timing of our customers' procurement decisions on infrastructure maintenance and upgrades and decisions on new infrastructure investments or uncertainty about speed of adoption of 5G technology at a commercially viable scale. This may limit our visibility, and consequently, our ability to predict future revenue, seasonality, profitability, and general financial performance, which could create period-over-period variability in our financial measures and present foreign exchange rate risks.

We cannot predict when or to what extent these uncertainties will be resolved. Our revenues, profitability, and general financial performance may also be affected by: (a) pricing pressures due to, among other things, a highly concentrated customer base, increasing competition, particularly from Asia-based competitors, and a general commoditization trend for certain products; (b) strategic execution challenges arising from competition with larger and more well-resourced competitors; (c) product mix variability in our markets, which affects revenue and gross margin; (d) fluctuations in customer buying patterns, which cause demand, revenue and profitability volatility; (e) the current trend of communication industry consolidation, which is expected to continue, that directly affects our NE and SE customer bases and adds additional risk and uncertainty to our financial and business projections; (f) the impact of ongoing global trade policies, tariffs and sanctions; and (g) regulatory or economic developments and/or technology challenges that slow or change the rate of adoption of 5G, 3D sensing and other emerging secular technologies and platforms.

Revenue by Region

We operate in three geographic regions: Americas, Asia-Pacific and Europe, Middle East and Africa (EMEA). 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 exceeded 10% of our total net revenue (*in millions*):

	Three Months Ended			
	September 28, 2024		September 30, 2023	
Americas:				
United States	$ 73.0	30.6 %	$ 82.8	33.4 %
Other Americas	15.7	6.6 %	17.7	7.1 %
Total Americas	$ 88.7	37.2 %	$ 100.5	40.5 %
Asia-Pacific:				
Greater China	$ 53.8	22.6 %	$ 51.1	20.6 %
Other Asia-Pacific	32.1	13.5 %	34.8	14.1 %
Total Asia-Pacific	$ 85.9	36.1 %	$ 85.9	34.7 %
EMEA:	$ 63.6	26.7 %	$ 61.5	24.8 %
Total net revenue	$ 238.2	100.0 %	$ 247.9	100.0 %

Net revenue from customers outside the Americas represented 62.8% and 59.5% of net revenue, respectively, during the three months ended September 28, 2024 and September 30, 2023.

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.

Amortization of Acquired Technologies (Cost of revenues)

Amortization of acquired technologies within Cost of revenues decreased $0.2 million or 5.7% during the three months ended September 28, 2024 compared to the same period a year ago. This decrease is primarily due to certain intangible assets becoming fully amortized in fiscal 2024.

Gross Margin

Gross margin decreased by 1.1 percentage points during the three months ended September 28, 2024 from 58.2% in the same period a year ago to 57.1% in the current period. The decrease was primarily due to gross margin reduction in NE and SE, partially offset by gross margin increase in OSP, as discussed below in the Operating Segment Information section.

As discussed in more detail under “Net Revenue” above, we sell products in certain markets that are consolidating, undergoing product, architectural and business model transitions, have high customer concentrations, are highly competitive (increasingly due to Asia-Pacific-based competition), are price sensitive and/or are affected by customer seasonal and mix variant buying patterns. We expect these factors to continue to result in variability of our gross margin.

Research and Development

R&D expense decreased by $0.5 million, or 1.0% during the three months ended September 28, 2024 compared to the same period a year ago. This decrease was primarily due to benefits from our restructuring activities. As a percentage of net revenue, R&D expense increased by 0.6 percentage points during the three months ended September 28, 2024 compared to the same period a year ago.

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 will further differentiate us in the marketplace. One such investment is the VIAVI Automated Lab-as-a-Service for Open RAN (VALOR), which became fully operational in the second quarter of fiscal 2025.

Selling, General and Administrative

SG&A expense decreased by $3.1 million, or 4.0%, during the three months ended September 28, 2024 compared to the same period a year ago. This decrease was primarily due to the change in fair value of acquisition-related contingent consideration and the gain on litigation settlement partially offset by higher variable expenses. As a percentage of net revenue, SG&A was flat during the three months ended September 28, 2024 compared to the same period a year ago.

Amortization of Intangibles (Operating expenses)

Amortization of intangibles within Operating expenses decreased $1.0 million or 47.6% during the three months ended September 28, 2024 compared to the same period a year ago. This decrease is primarily due to certain intangible assets becoming fully amortized in fiscal 2024.

Restructuring

The Company’s restructuring events are primarily intended to reduce costs, consolidate operations, integrate various acquisitions, streamline product manufacturing and address market conditions.

During the fourth quarter of fiscal 2024, management approved a restructuring and workforce reduction plan (the Fiscal 2024 Plan) across various functions intended to improve operational efficiencies and better align the Company’s workforce with current business needs. The Company expects approximately 6% of its global workforce to be affected, impacting all segments and corporate functions. We estimate annualized gross cost savings of approximately $25.0 million excluding any one-time charges as a result of the restructuring activities initiated under the Fiscal 2024 Plan. The Company anticipates the Fiscal 2024 Plan to be substantially complete by the end of fiscal 2025.

The restructuring and workforce reduction plan initiated in the second quarter of fiscal 2023 (the Fiscal 2023 Plan) across various functions to better align the Company’s workforce with current business needs and strategic growth opportunities was completed in the first quarter of fiscal 2025. The Fiscal 2023 Plan affected approximately 5% of the Company's workforce and resulted in an estimated annualized gross cost savings of approximately $25.0 million excluding any one-time charges.

As of September 28, 2024, our total restructuring accrual was $6.8 million.

During the three months ended September 28, 2024, the Company recorded restructuring charges of $0.2 million related to the Fiscal 2024 Plan and benefits of $0.2 million related to the Fiscal 2023 Plan. During the three months ended September 30, 2023, the Company recorded benefits of $0.8 million related to the Fiscal 2023 Plan.

We estimate future cash payments of $6.8 million under the Fiscal 2024 Plan, funded by operating cash flow.

Refer to “Note 13. Restructuring and Related Charges” for more information.

Interest and other income, net

Interest and other income, net, was $3.2 million during the three months ended September 28, 2024 compared to $10.2 million during the same period a year ago. This $7.0 million decrease was primarily driven by a legal settlement in our favor in the amount of $7.3 million in the prior period.

Interest Expense

Interest expense decreased by $0.3 million, or 3.8% during the three months ended September 28, 2024 compared to the same period a year ago. This decrease was primarily driven by lower outstanding debt when compared to the prior period.

Provision for Income Taxes

We recorded an income tax provision of $9.0 million and $8.6 million for the three months ended September 28, 2024 and September 30, 2023, respectively.

The income tax provision for the three months ended September 28, 2024 and September 30, 2023 primarily relates to income tax in certain foreign and state jurisdictions based on our forecasted pre-tax income or loss.

The income tax provision recorded differs from the expected tax provision that would be calculated by applying the federal statutory rate to our income from continuing operations before taxes primarily due to changes in the valuation allowance for deferred tax assets attributable to our domestic and foreign income from continuing operations.

As of September 28, 2024, and June 29, 2024, our unrecognized tax benefits (net of Federal benefits) totaled $50.8 million and $50.7 million, respectively, and are included in deferred taxes and other non-current tax liabilities. We had $4.0 million accrued for the payment of interest and penalties as of September 28, 2024. The timing and resolution of income tax examinations are uncertain, and the amounts ultimately paid, if any, upon resolution of issues raised by the taxing authorities may differ from the amounts accrued for each year. Although we do not expect that our balance of gross unrecognized tax benefits will change materially in the next 12 months, given the uncertainty in the development of ongoing income tax examinations, we are unable to estimate the full range of possible adjustments to this balance.

Operating Segment Information

Information related to our operating segments was as follows *(in millions)*:

	Three Months Ended			
	September 28, 2024	September 30, 2023	Change	Percentage Change
Network Enablement				
Net revenue	$ 141.6	$ 150.0	$ (8.4)	(5.6)%
Gross profit	86.3	94.6	(8.3)	(8.8)%
Gross margin	60.9 %	63.1 %		
Service Enablement				
Net revenue	$ 17.8	$ 20.4	$ (2.6)	(12.7)%
Gross profit	10.8	13.7	(2.9)	(21.2)%
Gross margin	60.7 %	67.2 %		
Network and Service Enablement				
Net revenue	$ 159.4	$ 170.4	$ (11.0)	(6.5)%
Operating (loss) income	(7.3)	1.5	(8.8)	(586.7)%
Operating margin	(4.6)%	0.9 %		
Optical Security and Performance				
Net revenue	$ 78.8	$ 77.5	$ 1.3	1.7 %
Gross profit	43.6	40.7	2.9	7.1 %
Gross margin	55.3 %	52.5 %		
Operating income	$ 31.2	$ 29.3	$ 1.9	6.5 %
Operating margin	39.6 %	37.8 %		

<u>Network Enablement</u>

NE net revenue decreased by $8.4 million, or 5.6% during the three months ended September 28, 2024 compared to the same period a year ago, primarily driven by lower volume in Fiber and Access and Lab and Production and Wireless, partially offset by higher AvComm revenue.

NE gross margin decreased by 2.2 percentage points during the three months ended September 28, 2024 to 60.9% from 63.1% in the same period a year ago primarily due to lower volume and unfavorable product mix.

<u>Service Enablement</u>

SE net revenue decreased by $2.6 million, or 12.7%, during the three months ended September 28, 2024 compared to the same period a year ago primarily due to lower Data Center and Assurance revenue.

SE gross margin decreased by 6.5 percentage points during the three months ended September 28, 2024 to 60.7% from 67.2% in the same period a year ago primarily due to lower volume.

<u>Network and Service Enablement</u>

NSE operating margin decreased by 5.5 percentage points during the three months ended September 28, 2024 to (4.6)% from 0.9% in the same period a year ago primarily due to lower volume.

Optical Security and Performance Products

OSP net revenue increased by $1.3 million, or 1.7%, during the three months ended September 28, 2024 compared to the same period a year ago. This increase was primarily driven by higher consumer and industrial, government and anti-counterfeiting revenue.

OSP gross margin increased by 2.8 percentage points during the three months ended September 28, 2024 to 55.3% from 52.5% in the same period a year ago primarily due to manufacturing volume.

OSP operating margin increased by 1.8 percentage points during the three months ended September 28, 2024 to 39.6% from 37.8% in the same period a year ago primarily due to the aforementioned increase in gross margin.

Liquidity and Capital Resources

We believe our existing liquidity and sources of liquidity, namely operating cash flows, credit facility capacity, and access to capital markets, will continue to be adequate to meet our liquidity needs, including but not limited to, contractual obligations, working capital and capital expenditure requirements, financing strategic initiatives, funding debt maturities, and executing purchases under our share repurchase program over the next twelve months and beyond. However, there are a number of factors that could positively or negatively impact our liquidity position, including:

- Global economic conditions which affect demand for our products and services and impact the financial stability of our suppliers and customers;
- Changes in accounts receivable, inventory or other operating assets and liabilities which affect our working capital;
- Increase in capital expenditure to support the revenue growth opportunity of our business;
- Changes in customer payment terms and patterns, which typically results in customers delaying payments or negotiating favorable payment terms to manage their own liquidity positions;
- Timing of payments to our suppliers;
- Factoring or sale of accounts receivable;
- Volatility in fixed income and credit markets which impact the liquidity and valuation of our investment portfolios;
- Volatility in credit markets which would impact our ability to obtain additional financing on favorable terms or at all;
- Volatility in foreign exchange markets which impacts our financial results;
- Possible investments or acquisitions of complementary businesses, products or technologies;
- Principal payment obligations of our 1.625% Senior Convertible Notes due 2026, and our 3.75% Senior Notes due 2029 (together the Notes) and covenants that restrict our debt level and credit facility capacity;
- Issuance or repurchase of debt which may include open market purchases of our 2026 Notes and/or 2029 Notes prior to their maturity;
- Issuance or repurchase of our common stock or other equity securities;
- Factors beyond our control that may impact timing of and/or appropriation of government funding for certain of our strategic research and development programs;
- Potential funding of pension liabilities either voluntarily or as required by law or regulation;
- Compliance with covenants and other terms and conditions related to our financing arrangements; and
- The risks and uncertainties detailed in Item 1A “Risk Factors” section of our Quarterly Report on Form 10-Q.

Cash and Cash Equivalents and Short-Term Investments

Our cash and cash equivalents and short-term investments mainly consist of investments in institutional money market funds and short-term deposits at major global financial institutions. Our strategy is focused on capital preservation and supporting our liquidity requirements that meet high credit quality standards, as specified in our investment policy approved by the Audit Committee of our Board of Directors. Our investments in debt securities and marketable equity securities are primarily classified as available for sale or trading assets and are recorded at fair value. The cost of securities sold is based on the specific identification method. Unrealized gains and losses on available-for-sale investments are recorded as Other comprehensive (loss) income and reported as a separate component of stockholders' equity. As of September 28, 2024, U.S. subsidiaries owned approximately 19.9% of our cash and cash equivalents, short-term investments and restricted cash.

As of September 28, 2024, the majority of our cash investments have maturities of 90 days or less and are of high credit quality. Nonetheless we could realize investment losses under adverse market conditions. During the three months ended September 28, 2024, we have not realized material investment losses but we can provide no assurance that the value or liquidity of our investments will not be impacted by adverse conditions in the financial markets. In addition, we maintain cash balances in operating accounts with third-party financial institutions. These balances in the U.S. may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. While we monitor the cash balances in our operating accounts and adjust as appropriate, these cash balances could be impacted if the underlying financial institutions fail.

Senior Secured Asset-Based Revolving Credit Facility

On December 30, 2021, we entered into a credit agreement (the Credit Agreement) with Wells Fargo Bank, National Association (Wells Fargo) as administrative agent, and other lender-related parties. The Credit Agreement provides for a senior secured asset-based revolving credit facility in a maximum aggregate amount of $300.0 million, which matures on December 30, 2026. The Credit Agreement also provides that, under certain circumstances, we may increase the aggregate amount of revolving commitments thereunder by an aggregate amount of up to $100.0 million so long as certain conditions are met.

As of September 28, 2024, we had no borrowings under this facility and our available borrowing capacity was approximately $143.7 million, net of outstanding standby letters of credit of $4.2 million.

Refer to "Note 11. Debt" for more information.

Cash Flows for the Three Months Ended September 28, 2024

As of September 28, 2024, our combined balance of cash and cash equivalents and restricted cash decreased by $3.7 million to $478.1 million from $481.8 million as of June 29, 2024.

During the three months ended September 28, 2024, Cash provided by operating activities was $13.5 million, consisting of net loss of $1.8 million adjusted for non-cash charges (e.g., depreciation, amortization, stock-based compensation and other non-cash items) totaling $20.2 million, including changes in deferred tax balances, and changes in operating assets and liabilities that used $4.9 million. Changes in our operating assets and liabilities related primarily to a decrease in accounts receivable of $13.2 million due to collections outpacing billings, a decrease in inventory of $2.9 million and an increase in income taxes payable of $2.6 million. These were offset by a decrease in accrued expenses and other current and non-current liabilities of $7.5 million, a decrease in accrued payroll and related expenses of $5.1 million due primarily to timing of payroll, reduced headcount from restructuring activities and lower vacation accrual due to higher usage, a decrease in deferred revenue of $4.6 million primarily due to timing of support billings and project acceptances and a decrease in accounts payable of $4.0 million driven by timing of purchases and related payments.

During the three months ended September 28, 2024, Cash used in investing activities was $11.5 million, primarily resulting from $7.3 million used for capital expenditures, $4.7 million net purchases of short-term investments and $3.0 million investment in non-marketable equity security offset by $3.5 million in proceeds from the sale of assets.

During the three months ended September 28, 2024, Cash used in financing activities was $21.0 million, primarily resulting from $16.4 million cash paid to repurchase common stock under our share repurchase program and $7.3 million in withholding tax payments on the vesting of restricted stock and performance-based awards. These were offset by $2.7 million in proceeds from the issuance of common stock under our employee stock purchase plan.

Share Repurchase Program

During the three months ended September 28, 2024, we repurchased 2.0 million shares of our common stock for $16.4 million pursuant to our 2022 Repurchase Plan. As of September 28, 2024, the Company had remaining authorization of $198.4 million for future share repurchases under the 2022 Repurchase Plan.

Refer to “Note 15. Stockholders Equity” for more information.

Contractual Obligations

There were no material changes to our existing contractual commitments during the first quarter of fiscal 2025.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as such term is defined in rules promulgated by the SEC, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors, other than the guarantees discussed in “Note 18. Commitments and Contingencies.”

Employee Equity Incentive Plan

Our stock-based benefit plans are a broad-based, long-term retention program that is intended to attract and retain employees and align stockholder and employee interests. Refer to “Note 16. Stock-Based Compensation” for more details.

Employee Defined Benefit Plans and Other Post-retirement Benefits

We sponsor significant qualified and non-qualified pension plans for certain past and present employees in the U.K. and Germany. Most of these plans have been closed to new participants and no additional service costs are being accrued.

The U.K. plan is fully funded, and the other German plans, which were initially established as “pay-as-you-go” plans, are unfunded. As of September 28, 2024, our pension plans were under-funded by $53.1 million since the post-retirement benefit obligation (PBO) exceeded the fair value of plan assets. Pension plan assets are managed by external third parties and we monitor the performance of our investment managers. As of September 28, 2024, the fair value of plan assets had increased approximately 7.1% since June 29, 2024, our most recent fiscal year end.

We are also responsible for the non-pension PBO assumed from a past acquisition of $0.3 million.

In estimating the expected return on plan assets, we consider historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of active management of the plan’s invested assets. While it is not possible to accurately predict future rate movements, we believe our current assumptions are appropriate. Refer to “Note 17. Employee Pension and Other Benefit Plans” for more details.

Recently Issued Accounting Pronouncements

Refer to "Note 2. Recently Issued Accounting Pronouncements" regarding the effect of certain recent accounting pronouncements on our Consolidated Financial Statements.

Critical Accounting Estimates

Our Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, net revenue and expenses, and the disclosure of contingent assets and liabilities. Our estimates are based on historical experience and assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. We believe that the accounting estimates employed and the resulting balances are reasonable; however, actual results may differ from these estimates and such differences may be material.

Post-retirement benefit obligation (PBO)

A key actuarial assumption in calculating the net periodic cost and the PBO is the discount rate. Changes in the discount rate impact the interest cost component of the net periodic benefit cost calculation and PBO due to the fact that the PBO is calculated on a net present value basis. Decreases in the discount rate will generally increase pre-tax cost, recognized expense and the PBO. Increases in the discount rate tend to have the opposite effect. We estimate a 50-basis point decrease or increase in the discount rate would cause a corresponding increase or decrease, respectively, in the PBO of approximately $4.0 million based upon data as of June 29, 2024.

Item 3. Quantitative and Qualitative Disclosure About Market Risks

The Company's market risk has not changed materially from the foreign exchange and interest rate risks disclosed in Item 7A of the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), which are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure. Our management, with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 28, 2024.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures of our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems will be achieved. No evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company, have been detected. Accordingly, our disclosure controls and procedures provide reasonable assurance of achieving their objective.

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. While management currently believes that resolving claims against us, individually or in aggregate, will not have a material adverse impact on our financial position, results of operations or statement of cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. If an unfavorable final outcome were to occur, it may have a material adverse impact on our financial position, results of operations or cash flows for the period in which the effect becomes reasonably estimable.

ITEM 1A. RISK FACTORS

Global Risks

Geopolitical conditions, including political turmoil and volatility, regional conflicts, terrorism and war could result in market instability, which could negatively impact our business results.

We operate globally and sell our products in countries throughout the world. Recent escalation in regional conflicts, including the Russian invasion of Ukraine, resulting in ongoing and expanding economic sanctions, the conflict between Israel and Hamas, resulting in rising instability in the Middle East, and the risk of increased tensions between the U.S. and China, could curtail or prohibit our ability to transfer certain technologies, to sell our products and solutions, or to continue to operate in certain locations. Foreign companies with a presence in China are facing increasing operational challenges and enhanced scrutiny from governmental entities in the region. Further, it is possible that the U.S.-Chinese geopolitical tensions could result in government measures that could adversely impact our business. For example, in May 2023, China announced controls on the use of Micron products in China, following a cybersecurity review of Micron. At this time, the scope of these restrictions and entities impacted, and impact on VIAVI, is unclear. In September 2023, a bill was introduced by the House Financial Services Committee that would authorize sanctions on certain Chinese entities in China's defense and surveillance technology sectors. This could have an adverse impact on our revenues in this region. International conflict has contributed to (i) increased pressure on the supply chain and could further result in increased energy costs, which could increase the cost of manufacturing, selling and delivering products and solutions (ii) inflation, which could result in increases in the cost of manufacturing products, reduced customer purchasing power, increased price pressure, and reduced or cancelled orders (iii) increased risk of cybersecurity attacks and (iv) general market instability, all of which could adversely impact our financial results.

Risks Related to Our Business Strategy and Industry

Our future profitability is not assured.

Our profitability in a particular period will be impacted by revenue, product mix and operational costs that vary significantly across our product portfolio and business segments.

Specific factors that may undermine our profit and financial objectives include, among others:

- Uncertainty around the timing of our customers procurement decisions on infrastructure maintenance and upgrades;
- Uncertain future telecom carrier and cable operator capital and R&D spending levels, which particularly affects our NE and SE segments;
- Adverse changes to our product mix, both fundamentally (resulting from new product transitions, the declining profitability of certain legacy products and the termination of certain products with declining margins, among other things) and due to quarterly demand fluctuations;
- Pricing pressure across our NSE product lines due to competitive forces, particularly from Asia-based competitors, advanced chip component shortages, and a highly concentrated customer base for many of our product lines, which may offset some of the cost improvements;
- Strategic execution challenges arising from competition with larger and more well-resourced competitors;
- Our OSP operating margin may experience some downward pressure as a result of a higher mix of 3D sensing products and increased operating expenses;
- Limited availability of components and resources for our products which leads to higher component prices;
- Resource rationing, including rationing of utilities like electricity by governments and/or service providers;
- Budgetary constraints that impact or slow customer inventory consumption;
- Increasing commoditization of previously differentiated products, and the attendant negative effect on average selling prices and profit margins;

- Execution challenges, which limit revenue opportunities and harm profitability, market opportunities and customer relations;
- Decreased revenue associated with terminated or divested product lines;
- Redundant costs related to periodic transitioning of manufacturing and other functions to lower-cost locations;
- Ongoing costs associated with organizational transitions, consolidations and restructurings, which are expected to continue in the nearer term;
- Cyclical demand for our currency products;
- Changing market and economic conditions, including the impacts due to tariffs, economic sections and export restrictions, the ongoing conflict between Russia and Ukraine, the armed conflict between Israel and Hamas; tensions and trade sanctions between the U.S. and China, supply chain constraints, pricing and inflationary pressures;
- Ability of our customers, partners, manufacturers and suppliers to purchase, market, sell, manufacture and/or supply our products and services, including as a result of disruptions arising from supply chain constraints;
- Financial stability of our customers, including the solvency of private sector customers and statutory authority for government customers to purchase goods and services; and
- Factors beyond our control resulting from pandemics and similar outbreaks, manufacturing restrictions, travel restrictions and shelter-in-place orders to control the spread of a disease regionally and globally, and limitations on the ability of our employees and our suppliers' and customers' employees to work and travel.

Taken together, these factors limit our ability to predict future profitability levels and to achieve our long-term profitability objectives. If we fail to achieve profitability expectations, the price of our debt and equity securities, as well as our business and financial condition, may be materially adversely impacted.

Rapid technological change in our industry presents us with significant risks and challenges, and if we are unable to keep up with the rapid changes, our customers may purchase less of our products.

The manufacture, quality and distribution of our products, as well as our customer relations, may be affected by several factors, including the rapidly changing market for our products, supply chain issues and internal restructuring efforts. We expect the impact of these issues will become more pronounced as we continue to introduce new product offerings and when overall demand increases.

Our success depends upon our ability to deliver both our current product offerings and new products and technologies on time and at an acceptable cost to our customers. The markets for our products are characterized by rapid technological change, frequent new product introductions, substantial capital investment, changes in customer requirements and a constantly evolving industry. Our future performance will depend on the successful development, introduction and market acceptance of new and enhanced products that address these issues and provide solutions that meet our customers' current and future needs. As a technology company, we also constantly encounter quality, volume and cost concerns such as:

- Our continuing cost reduction programs which include site and organization consolidations, asset divestitures, outsourcing the manufacture of certain products to contract manufacturers, other outsourcing initiatives, and reductions in employee headcount, requirements related to re-establishment and re-qualification by our customers of complex manufacturing lines, and modifications to systems, planning and operational infrastructure. During this process, we have experienced, and may continue to experience, additional costs, delays in re-establishing volume production levels, planning difficulties, inventory issues, factory absorption concerns and systems integration problems.
- We have experienced variability of manufacturing yields caused by difficulties in the manufacturing process, the effects from a shift in product mix, changes in product specifications and the introduction of new product lines. These difficulties can reduce yields or disrupt production and thereby increase our manufacturing costs and adversely affect our margin.

- We may incur significant costs to correct defective products (despite rigorous testing for quality both by our customers and by us), which could include lost future sales of the affected product and other products, and potentially severe customer relations problems, litigation and damage to our reputation.
- We are dependent on a limited number of vendors, who are often small and specialized, for raw materials, packages and standard components. We also rely on contract manufacturers around the world to manufacture certain products. Our business could continue to be adversely affected by this dependency. Specific concerns we periodically encounter with our suppliers include stoppages or delays of supply, insufficient vendor resources to supply our requirements, substitution of more expensive or less reliable products, receipt of defective parts or contaminated materials, increases in the price of supplies and an inability to obtain reduced pricing from our suppliers in response to competitive pressures. Additionally, the ability of our contract manufacturers to fulfill their obligations may be affected by economic, political or other forces that are beyond our control. Any such failure could have a material impact on our ability to meet customers' expectations and may materially impact our operating results.
- New product programs and introductions involve changing product specifications and customer requirements, unanticipated engineering complexities, difficulties in reallocating resources and overcoming resource limitations and increased complexity, which expose us to yield and product risk internally and with our suppliers.

These factors have caused considerable strain on our execution capabilities and customer relations. We have seen and could continue to see periodic difficulty responding to customer delivery expectations for some of our products, and yield and quality problems, particularly with some of our new products and higher volume products which could require additional funds and other resources to respond to these execution challenges. From time to time, we have had to divert resources from new product R&D and other functions to assist with resolving these matters. If we do not improve our performance in all of these areas, our operating results will be harmed, the commercial viability of new products may be challenged, and our customers may choose to reduce or terminate their purchases of our products and purchase additional products from our competitors.

Unfavorable, uncertain or unexpected conditions in the transition to new technologies may cause our growth forecasts to be inaccurate and/or cause fluctuations in our financial results.

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. Our estimates of the market opportunities related to 5G infrastructure, 3D sensing and other developing technologies are subject to significant uncertainty and are based on assumptions and estimates, including our internal analysis, industry experience and third-party data. Accordingly, these markets may not develop in the manner or in the time periods we anticipate, and our estimated market opportunities may prove to be materially inaccurate.

If domestic and global economic conditions worsen, including as a result of pricing and inflationary pressures, overall spending on 5G infrastructure, 3D sensing and other developing technologies may be reduced, which would adversely impact demand for our products in these markets. In addition, unfavorable developments with evolving laws and regulations worldwide related to such technologies may limit or slow the rate of global adoption, impede our strategy, and negatively impact our long-term expectations in these markets.

Our growth and ability to serve a significant portion of these markets are subject to many factors including our success in implementing our business strategy as well as market adoption and expansion of 5G infrastructure, 3D sensing and other applications for consumer electronics. We may not be able to serve a significant portion of these markets and the growth forecasts should not be taken as indicative of our future growth. Even if the markets and rates of adoption develop in the manner or in the time periods we anticipate, if we do not have timely, competitively priced, market-accepted products available to meet our customers' planned roll-out of 5G platforms and systems, 3D sensing products and other technologies, we may miss a significant opportunity and our business, financial condition, results of operations and cash flows could be materially and adversely affected.

We may experience increased pressure on our pricing and contract terms due to our reliance on a limited number of customers for a significant portion of our sales.

We believe that we will continue to rely upon a limited number of customers for a significant portion of our revenues for the foreseeable future. Any failure by us to continue capturing a significant share of key customer sales could materially harm our business. Dependence on a limited number of customers exposes us to the risk that order reductions from any one customer can have a material adverse effect on periodic revenue. Due to the current trend of communication industry consolidation, we may have increased dependence on fewer customers who may be able to exert increased pressure on our prices and other contract terms. Customer consolidation activity and periodic manufacturing and inventory initiatives could also create the potential for disruptions in demand for our products as a consequence of such customers streamlining, reducing or delaying purchasing decisions.

We have a strategic alliance with SICPA to market and sell our OVP and OVMP product lines for banknote anti-counterfeiting applications worldwide. A material reduction in sales, or loss of the relationship with SICPA, may harm our business and operating results as we may be unable to find a substitute marketing and sales partner or develop these capabilities ourselves in a timely manner.

Movement towards virtualized networks and software solutions may result in lower demand for our hardware products and increased competition.

The markets for our NE and SE segments are increasingly looking towards virtualized networks and software solutions. This trend may result in lower demand for our legacy hardware products. Additionally, barriers to entry are generally lower for software solutions, which may lead to increased competition for our products and services.

We face a number of risks related to our strategic transactions.

Our strategy continues to include periodic acquisitions and divestitures of businesses and technologies. Strategic transactions of this nature involve numerous risks, including the following:

- Competition for suitable acquisition targets;
- Inability to consummate deals on favorable or acceptable terms, or due to failure to obtain stockholder, government, regulatory or other necessary approvals or satisfy other closing conditions;
- Diversion of management’s attention from normal daily operations of the business;
- Potential difficulties in completing projects associated with in-process R&D;
- Difficulties in entering markets in which we have no or limited prior experience and where competitors have stronger market positions;
- Difficulties in obtaining or providing sufficient transition services and accurately projecting the time and cost associated with providing these services;
- Inability of an acquisition to further our business strategy as expected or overpay for, or otherwise not realize the expected return on our investments;
- Expected earn-outs may not be achieved in the time frame or at the level expected or at all;
- Lack of ability to recognize or capitalize on expected growth, synergies or cost savings;
- Insufficient net revenue to offset increased expenses associated with acquisitions;
- Potential loss of key employees of the acquired companies;
- Difficulty in forecasting revenues and margins;
- Adverse public health developments, epidemic disease or pandemics in the countries in which we operate or our customers are located, including regional quarantines restricting the movement of people or goods, reductions in labor supply or staffing, the closure of facilities to protect employees, including those of our customers, disruptions to global supply chains and both our and our suppliers’ ability to deliver materials and products on a timely or cost-effective basis, shipment, acceptance or verification delays, the resulting overall significant volatility and disruption of financial markets, and economic instability affecting customer spending patterns; and

- Inadequate internal control procedures and disclosure controls to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or poor integration of a target company's or business's procedures and controls.

Acquisitions may also cause us to:

- Issue common stock that would dilute our current stockholders' percentage ownership and may decrease earnings per share;
- Assume liabilities, some of which may be unknown at the time of the acquisitions;
- Record goodwill and non-amortizable intangible assets that will be subject to impairment testing and potential periodic impairment charges;
- Incur additional debt to finance such acquisitions;
- Incur amortization expenses related to certain intangible assets; or
- Acquire, assume, or become subject to litigation related to the acquired businesses or assets.

We may not generate positive returns on our research and development strategy.

Developing our products is expensive, and the investment in product development may involve a long payback cycle. We expect to continue to invest heavily in R&D in order to expand the capabilities of 3D sensing and smart phone sensors, handheld spectrometer solution and portable test instruments, introduce new products and features and build upon our technology. We expect that our results of operations may be impacted by the timing and size of these investments. In addition, these investments may take several years to generate positive returns, if ever.

Operational Risks

Our restructuring activities could adversely affect our business and results of operations.

We have from time-to-time engaged in restructuring activities to realign our cost base with current and anticipated future market conditions, including ones initiated during fiscal 2023 and fiscal 2024. Significant risks associated with these types of actions that may impair our ability to achieve the anticipated cost reductions or disrupt our business include delays in the implementation of anticipated workforce reductions in highly regulated locations outside of the U.S. and the failure to meet operational targets due to the loss of key employees. In addition, our ability to achieve the anticipated cost savings and other benefits from these actions within the expected timeframe is subject to many estimates and assumptions. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. If these estimates and assumptions are incorrect, if we experience delays, or if other unforeseen events occur, our business and results of operations could be adversely affected.

Management transitions and talent retention create uncertainties that could harm our business.

Management changes could adversely impact our results of operations and our customer relationships and may make recruiting for future management positions more difficult. Our executives and other key personnel are generally at-will employees and we generally do not have employment or non-compete agreements with our other employees, and we cannot assure you that we will be able to retain them. We have in the past experienced, and could continue to experience changes in our leadership team. Competition for people with the specific technical and other skills we require is significant. Moreover, we may face difficulties in attracting, retaining and motivating employees in connection with the change of our headquarters to Chandler, Arizona. As remote work has become more available, the competition for highly qualified talent has intensified. If we are unable to attract and retain qualified executives and employees, or to successfully integrate any newly hired personnel within our organization, we may be unable to achieve our operating objectives, which could negatively impact our financial performance and results of operations.

We face risks related to our international operations and revenue.

Our customers are located throughout the world. In addition, we have significant operations outside North America, including product development, manufacturing, sales and customer support operations.

Our international presence exposes us to certain risks, including the following:

- Fluctuations in exchange rates between the U.S. dollar and among the currencies of the countries in which we do business may adversely affect our operating results by negatively impacting our revenues or increasing our expenses;
- Our ability to comply with the laws and regulations of the countries in which we do business, including, among others, customs, import/export, economic sanctions, anti-bribery, anti-competition, climate/sustainability regulations, and tax and data privacy laws, which may be subject to sudden and unexpected changes;
- Difficulties in establishing and enforcing our intellectual property rights;
- Tariffs and other trade restrictions;
- Political, legal and economic instability in foreign markets, particularly in those markets in which we maintain manufacturing and product development facilities;
- Strained or worsening relations between the United States, Russia and China and related impacts on other countries;
- Difficulties in staffing and management;
- Language and cultural barriers;
- Seasonal reductions in business activities in the countries where our international customers are located;
- Integration of foreign operations;
- Longer payment cycles;
- Difficulties in management of foreign distributors; and
- Potential adverse tax consequences.

Global and regional health pandemics have affected and may in the future affect the manufacturing and shipment of goods globally. Any delay in production or delivery of our products due to an extended closure of our suppliers' plants could adversely impact our business, along with delays in shipment of our products as well as increased logistics costs.

We expect that net revenue from customers outside North America will continue to account for a significant portion of our total net revenue. Lower sales levels that typically occur during the summer months in Europe and some other overseas markets may materially and adversely affect our business. In addition, the revenues we derive from many of our customers depend on international sales and further expose us to the risks associated with such international sales.

Legal, Regulatory and Compliance Risks

Certain of our products are subject to governmental and industry regulations, certifications and approvals.

The commercialization of certain of the products we design, manufacture and distribute may be more costly due to required government approval and industry acceptance processes. For example, in our OSP segment, development of applications for our anti-counterfeiting and special effects pigments may require significant testing that could delay our sales. In addition, durability testing by the automobile industry of our special effects pigments used with automotive paints can take up to three years. If we change a product for any reason, including technological changes or changes in the manufacturing process, prior approvals or certifications may be invalid and we may need to go through the approval process again. If we are unable to obtain these or other government or industry certifications in a timely manner, or at all, our operating results could be adversely affected.

We receive formal and informal government inquiries or audits related to our products, practices or services from time to time.

We receive formal and informal inquiries from, or become subject to, investigations by various government authorities regarding our business and compliance with federal, state and local laws, regulations, or standards. Any determination or allegation that our operations, products, activities, or the activities of our employees, contractors or agents, are not in compliance with existing laws, regulations or standards, could adversely affect our business. Even if such inquiries or investigations do not result in the imposition of fines, interruptions to our business, loss of suppliers or other third-party relationships, terminations of necessary licenses and permits, the existence of those inquiries or investigations alone could create negative publicity that could cause business or reputational harm.

U.S. government trade actions and restrictions could have an adverse impact on our business, financial position, and results of operation.

The United States and China have been engaged in protracted negotiations over the Chinese government's acts, policies, and practices related to technology transfer, intellectual property, and innovation. For example, the United States has increased tariffs on certain categories of high-tech and consumer goods imported from China pursuant to Section 301 of the Trade Act of 1974, including a current 25% tariff on List 1, List 2 and List 3 goods, which lists cover certain materials and/or products that we import from China.

On May 16, 2019, Huawei Technologies Co. Ltd. and a score of non-U.S. affiliates (collectively, Huawei) were added to the Entity List of the Bureau of Industry and Security of the U.S. Department of Commerce (BIS), which imposes limitations on the supply of certain U.S. items and product support to Huawei. On August 17, 2020, BIS issued final rules that further restrict access by Huawei to items produced domestically and abroad from U.S. technology and software. Certain products of VIAVI are subject to the restrictions; however, the impact is not expected to be material to our overall operations.

These measures, along with any additional tariffs or other trade actions that may be implemented, may increase the cost of certain materials and/or products that we import from China, thereby adversely affecting our profitability. These actions could require us to raise our prices, which could decrease demand for our products. As a result, these actions, including potential retaliatory measures by China and further escalation of trade restrictions could adversely impact our business.

Furthermore, the geopolitical and economic uncertainty and/or instability that may result from changes in the relationship among the United States, Taiwan and China, may, directly or indirectly, materially harm our business, financial condition and results of operations. For example, certain of our suppliers are dependent on products sourced from Taiwan which are prevalent in certain global markets, most specifically semiconductor manufacturing. Hence, greater restrictions and/or disruptions of our suppliers' ability to operate facilities and/or do business in these jurisdictions may increase the cost of certain materials and/or limit the supply of products and may result in deterioration of our profit margins, a potential need to increase our pricing and, in so doing, may decrease demand for our products and thereby adversely impact our revenue or profitability.

Due to the ongoing conflict between Russia and Ukraine, the U.S., E.U. and U.K. have broadened restrictions on supply to Russia, thereby blocking shipments of technology, telecommunications and consumer electronics products to Russia. This caused us to suspend transactions in the region effective February 2022 and has negatively impacted our business in the region. The ongoing situation in Ukraine as well as the potential for additional trade actions or retaliatory cyber-attacks aimed at infrastructure or supply chains, could have an impact on our future operations and financial results.

Failure to maintain satisfactory compliance with certain privacy and data protections laws and regulations may harm our business.

Complex local, state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy laws and regulations are quickly evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations. In addition, our legal and regulatory obligations in jurisdictions outside of the U.S. are subject to unexpected changes, including the potential for regulatory or other governmental entities to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations, or to increase penalties significantly. Complying with these laws and regulations can be costly and can impede the development and offering of new products and services. For example, the E.U. General Data Protection Regulation (GDPR), which became effective in May 2018, imposes stringent data protection requirements and provides for significant penalties for noncompliance. Additionally, California enacted legislation, the California Consumer Privacy Act (CCPA), which became effective January 1, 2020. The CCPA requires, among other things, covered companies to provide new disclosures to California consumers, and allow such consumers new abilities to opt-out of certain sales of personal data. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. Several state privacy laws became effective in 2023, including the California Privacy Rights Act (expanding the CCPA to provide for certain obligations with respect to California employee's sensitive personal data and an expansion of rights, including the right to limit, correct and request deletion of certain sensitive personal data), the Virginia Consumer Data Protection Act, the Utah Consumer Privacy Act, the Colorado Privacy Act and the Connecticut Data Privacy Act. Additional state privacy laws become effective in 2024, including the Montana Consumer Data Privacy Act, Oregon Consumer Data Privacy Act and Texas Data Privacy and Security Act, and a number of other states have passed laws that will go into effect in the next few years, including Delaware, Kentucky, Maryland, Minnesota, Nebraska, New Hampshire, New Jersey, Rhode Island, Tennessee, Indiana and Iowa and many more that are considering similar laws. The new state privacy laws will impose additional data protection obligations on covered businesses, including additional consumer rights, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. The new and proposed privacy laws may result in further uncertainty and would require us to incur additional expenditures to comply. These regulations and legislative developments have potentially far-reaching consequences and may require us to modify our data management practices and incur substantial compliance expense.

Our failure to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal data, or to protect personal data from unauthorized access, use, or other processing, could result in enforcement actions and regulatory investigations against us, claims for damages by customers and other affected individuals, fines, damage to our reputation, and loss of goodwill, any of which could have a material adverse effect on our operations, financial performance, and business.

Information Security, Technology and Intellectual Property Risks

Our business and operations could be adversely impacted in the event of a failure of information technology infrastructure.

We rely upon the capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure in response to our changing needs. In some cases, we rely upon third-party hosting and support services to meet these needs. Company and third-party providers have experienced increasingly sophisticated and damaging cybersecurity threats in the form of phishing emails, malware, malicious websites, ransomware, exploitation of application vulnerabilities, and nation-state attacks, and the threat landscape continues to evolve. Such threats can lead to increased operational risks; intellectual property theft; fraud; extortion; harm to employees or customers; violation of privacy or security laws and other litigation and legal risks; and reputational risks. The growing and evolving cyber-risk environment means that individuals, companies, and organizations of all sizes, including ourselves, our customers, suppliers and our hosting and support partners, are increasingly vulnerable to attacks and disruptions on their networks and systems by a wide range of actors on an ongoing and regular basis. We also design and manage IT systems and products that contain IT systems for various customers, and generally face the same threats for these systems as for our own internal systems.

Our network security controls are comprised of administrative, physical and technical controls, which include, but are not limited to, the implementation of firewalls, anti-virus protection, patches, log monitors, routine backups, off-site storage, network audits and other routine updates and modifications. We also routinely monitor and develop our internal information technology systems to address risks to our information systems. However, there can be no assurance that the controls we implement and internal information technology systems we develop will be adequate and successful. Our systems are regularly targeted by bad actors and have been exposed to computer viruses, natural disasters, unauthorized access and other similar disruptions and attacks that continue to emerge and evolve. Any system failure, accident or security breach could result in disruptions to our business processes, network degradation, and system downtime, along with the potential that a third-party will gain unauthorized access to, or acquire intellectual property, proprietary business information, and data related to our employees, customers, suppliers, and business partners, including personal data. While we maintain system data and security logs, our logging also may not be sufficient to fully investigate a security incident. To the extent that any disruption, degradation, downtime or other security event results in a loss or damage to our data or systems, or in inappropriate disclosure of confidential or personal information, it could adversely impact us and our clients, potentially resulting in, among other things, financial losses, loss of customers or business, our inability to transact business on behalf of our clients, adverse impact on our brand and reputation, violations of applicable privacy and other laws, regulatory fines, penalties, litigation, reimbursement or other compensation costs, and/or additional compliance costs. We may also incur additional costs related to cybersecurity risk management and remediation. We or our service providers, if applicable, may suffer losses relating to cyber-attacks or other information security breaches in the future and any insurance coverage may not be adequate to cover all the costs resulting from such events. Our efforts to reduce the risk of such attacks or to detect attacks that occur may not be successful.

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

We seek to protect our products and our 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. The steps taken by us to protect our intellectual property may not adequately prevent misappropriation or ensure that others will not develop competitive technologies or products and the costs associated with protecting our intellectual property may outweigh the benefits. Other companies may be investigating or developing other technologies that are similar to our own. 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. 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 protection. 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 in all of our operating segments for a number of third-party technologies, software and intellectual property rights from academic institutions, our competitors and others, and are required to pay royalties to these licensors for the use thereof. Unless we are able to obtain such licenses on commercially reasonable terms, patents or other intellectual property held by others 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. In the past, licenses generally have been available to us where third-party technology was necessary or useful for the development or production of our products. In the future licenses to third-party technology may not be available on commercially reasonable terms, if at all.

Our products may be subject to claims that they infringe the intellectual property rights of others.

Lawsuits and allegations of patent infringement and violation of other intellectual property rights occur in our industry on a regular basis. We have received in the past, and anticipate that we will receive in the future, notices from third parties claiming that our products infringe their proprietary rights. Over the past several years there has been a marked increase in the number and potential severity of third-party patent infringement claims, primarily from two distinct sources. 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 have approached us with demands to enter into license agreements. Second, patent-holding companies, entities that do not make or sell products (often referred to as “patent trolls”), have claimed that our products infringe upon their proprietary rights. We will continue to respond to these claims in the course of our business operations. In the past, the resolution of these disputes has not had a material adverse impact on our business or financial condition; however, this may not be the case in the future. Further, the litigation or settlement of these matters, regardless of the merit of the claims, could result in significant expense to us and divert the efforts of our technical and management personnel, 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 terms acceptable to us, if at all. Without such a license, we could be enjoined from future sales of the infringing product or products, which could adversely affect our revenues and operating results.

The use of open-source software and generative artificial intelligence may expose us to risks and harm our intellectual property position.

Certain of the software and/or firmware that we use and distribute (as well as that of our suppliers, manufacturers and customers) may be, derived from, or contain, “open-source” software, which is software that is generally made available to the public by its authors and/or other third parties, as well as generative artificial intelligence (GenAI) technology (discussed further below). Such open-source software is often made available under licenses which impose obligations in the event the software or derivative works thereof are distributed or re-distributed. These obligations may require us to make source code for the derivative works available to the public, and/or license such derivative works under a particular type of license, rather than the forms of license customarily used to protect our own software products. In the event that a court rules that these licenses are unenforceable, or in the event the copyright holder of any open-source software were to successfully establish in court that we had not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public and/or stop distribution of that work. Additionally, open-source licenses are subject to occasional revision. In the event future iterations of open-source software are made available under a revised license, such license revisions may adversely affect our ability to use such future iterations.

Similarly, GenAI technology has proliferated including as a feature in existing commercially available products, some of which we use. GenAI is a type of machine-learning model capable of generating various types of content, including data, text and images. Use of GenAI tools could expose us to data and network security risks. These risks include the exposure of our intellectual property, confidential and proprietary information (including customer information) to unknown recipients; the introduction of malware into our network; and the creation of content subject to copyright, trademark, or other intellectual property protection of an unknown third party.

Environmental, Social and Governance (ESG) Risks

We may be subject to environmental liabilities.

We are subject to various federal, state and foreign laws and regulations, including those governing pollution, protection of human health, the environment and recently, those restricting the presence of certain substances in electronic products as well as holding producers of those products financially responsible for the collection, treatment, recycling and disposal of certain products. Such laws and regulations have been passed in several jurisdictions in which we operate, are often complex and are subject to frequent changes. We will need to ensure that we comply with such laws and regulations as they are enacted, as well as all environmental laws and regulations, and as appropriate or required, that our component suppliers also comply with such laws and regulations. If we fail to comply with such laws, we could face sanctions for such noncompliance, and our customers may refuse to purchase our products, which would have a materially adverse effect on our business, financial condition and results of operations.

With respect to compliance with environmental laws and regulations in general, we have incurred, and in the future could incur, substantial costs for the cleanup of contaminated properties, either those we own or operate or to which we have sent wastes in the past, or to comply with such environmental laws and regulations. Additionally, we could be subject to disruptions to our operations and logistics as a result of such clean-up or compliance obligations. If we were found to be in violation of these laws, we could be subject to governmental fines and liability for damages resulting from such violations. If we have to make significant capital expenditures to comply with environmental laws, or if we are subject to significant expenditures in connection with a violation of these laws, our financial condition or operating results could be materially adversely impacted.

Our business is subject to evolving regulations and expectations with respect to ESG matters that could expose us to numerous risks.

Regulators, customers, investors, employees and other stakeholders continue to focus on ESG-related matters and related disclosures. These developments have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting ESG-related requirements and expectations. For example, developing and acting on ESG-related initiatives and collecting, measuring and reporting ESG-related information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC’s climate-related reporting requirements, which are currently stayed pending legal challenges but which could come into effect in the coming years along with reporting requirements in California and other jurisdictions, including the European Union, which we may be subject to. We may also communicate certain initiatives and goals regarding ESG-related matters in our SEC filings or in other public disclosures. These ESG-related initiatives and goals could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and we could be criticized for the accuracy, adequacy or completeness of the disclosure. Further, statements about our ESG-related initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. In addition, we could be criticized for the scope or nature of such initiatives or goals, or for any revisions to these goals. If our ESG-related data, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our ESG-related goals on a timely basis, or at all, our reputation, business, financial performance and growth could be adversely affected.

We may be subject to risks related to climate change, natural disasters and catastrophic events.

We operate in geographic regions which face a number of climate and environmental challenges. Our new corporate headquarters is located in Chandler, Arizona, a desert climate, subject to extreme heat and drought. The geographic location of our Northern California offices and production facilities subject them to drought, earthquake and wildfire risks. It is impossible to predict the timing, magnitude or location of such natural disasters or their impacts on the local economy and on our operations. If a major earthquake, wildfire or other natural disaster were to damage or destroy our facilities or manufacturing equipment, we may experience potential impacts ranging from production and shipping delays to lost profits and revenues. In October 2017 and again in October 2019, we temporarily closed our Santa Rosa, California facility due to wildfires in the region and the facility's close proximity to the wildfire evacuation zone which resulted in production stoppage. The location of our production facility could subject us to production delays and/or equipment and property damage. Moreover, Pacific Gas and Electric (PG&E), the public electric utility in our Northern California region, has previously implemented and may continue to implement widespread blackouts during the peak wildfire season to avoid and contain wildfires sparked during strong wind events by downed power lines or equipment failure. Ongoing blackouts, particularly if prolonged or frequent, could impact our operations going forward. Additionally, the occurrence of adverse public health developments, epidemic disease or pandemics may adversely affect our business, operations, financial condition, and results of operations. The extent to which global pandemics impact our business going forward will depend on factors such as the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity, including the possibility of recession or financial market instability. Measures to contain a global pandemic may intensify other risks described in these Risk Factors.

Risks Related to our Liquidity and Indebtedness

Any deterioration or disruption of the capital and credit markets may adversely affect our access to sources of funding.

Global economic conditions have caused and may cause volatility and disruptions in the capital and credit markets. When the capital or credit markets deteriorate or are disrupted, our ability to incur additional indebtedness to fund a portion of our working capital needs and other general corporate purposes, or to refinance maturing obligations as they become due, may be constrained. In the event that we were to seek to access the capital markets or other sources of financing, there can be no assurance that we will be able to obtain financing on acceptable terms or within an acceptable time, if at all. We may seek to access the capital or credit markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time. For example, in December 2021, we entered into a $300 million asset-based secured credit facility which has certain limitations based on our borrowing capacity. Our access to the financial markets and the pricing and terms we receive in the financial markets could be adversely impacted by various factors, including changes in financial markets and interest rates. In addition, if we do access the capital or credit markets, agreements governing any borrowing arrangement could contain covenants restricting our operations.

Our term notes increased our overall leverage and our convertible notes could dilute our existing stockholders and lower our reported earnings per share.

The issuance of our 1.625% Senior Convertible Notes due 2026 and our 3.75% Senior Notes due 2029 (together the "Notes") substantially increased our principal payment obligations. The degree to which we are leveraged could materially and adversely affect our ability to successfully obtain financing for working capital, acquisitions or other purposes and could make us more vulnerable to industry downturns and competitive pressures. In addition, the holders of the 2026 Notes are entitled to convert the Notes into shares of our common stock or a combination of cash and shares of common stock under certain circumstances which would dilute our existing stockholders and lower our reported per share earnings.

Our ability to make payments on our indebtedness when due, to make payments upon conversion with respect to our convertible senior notes or to refinance our indebtedness as we may need or desire, depends on our future performance and our ability to generate cash flow from operations, which is subject to economic, financial, competitive and other factors beyond our control. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. We may not be able to engage in these activities on desirable terms or at all, which may result in a default on our existing or future indebtedness and harm our financial condition and operating results.

Our outstanding indebtedness may limit our operational and financial flexibility.

Our level of indebtedness could have important consequences, including:

- Impairing our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes;
- Requiring us to dedicate a substantial portion of our operating cash flow to paying principal and interest on our indebtedness, thereby reducing the funds available for operations;
- Limiting our ability to grow and make capital expenditures due to the financial covenants contained in our debt arrangements;
- Impairing our ability to adjust rapidly to changing market conditions, invest in new or developing technologies, or take advantage of significant business opportunities that may arise;
- Making us more vulnerable if a general economic downturn occurs or if our business experiences difficulties; and
- Resulting in an event of default if we fail to satisfy our obligations under the Notes or our other debt or fail to comply with the financial and other restrictive covenants contained in the indentures governing the Notes, or any other debt instruments, which event of default could result in all of our debt becoming immediately due and payable and could permit certain of our lenders to foreclose on our assets securing such debt.

We may not generate sufficient cash flow to meet our debt service and working capital requirements, which may expose us to the risk of default under our debt obligations.

We will need to implement our business strategy successfully on a timely basis to meet our debt service and working capital needs. We may not successfully implement our business strategy, and even if we do, we may not realize the anticipated results of our strategy and generate sufficient operating cash flow to meet our debt service obligations and working capital needs. In addition, our ability to make scheduled payments on our indebtedness, including the Notes, is affected by general and regional economic, financial, competitive, business and other factors beyond our control.

In the event our cash flow is inadequate to meet our debt service and working capital requirements, we may be required, to the extent permitted under the indentures covering the Notes and any other debt agreements, to seek additional financing in the debt or equity markets, refinance or restructure all or a portion of our indebtedness, sell selected assets or reduce or delay planned capital or operating expenditures. Any insufficient cash flow may make it more difficult for us to obtain financing on terms that are acceptable to us, or at all.

Despite our current level of indebtedness, we and our subsidiaries may still be able to incur substantially more debt.

We and our subsidiaries may be able to incur significant additional indebtedness in the future. The indentures that govern the Notes and the agreement that governs our secured credit facility contain restrictions on the incurrence of additional indebtedness, which are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness under the agreements governing our existing debt.

The terms of the indentures that govern the Notes and the agreement that governs our secured credit facility restrict our current and future operations.

The indentures governing the Notes and the agreement governing the secured credit facility contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to:

- Incur or guarantee additional indebtedness;
- Incur or suffer to exist liens securing indebtedness;
- Make investments;
- Consolidate, merge or transfer all or substantially all of our assets;
- Sell assets;
- Pay dividends or other distributions on, redeem or repurchase capital stock;
- Enter into transactions with affiliates;
- Amend, modify, prepay or redeem subordinated indebtedness;
- Enter into certain restrictive agreements;
- Engage in a new line of business;
- Amend certain material agreements, including material leases and debt agreements; and
- Enter into sale leaseback transactions.

Tax Risks

Our ability to use our net operating loss carryforwards to offset future taxable income may be subject to certain limitations and/or changes in regulations.

Changes in U.S. federal income or other tax laws or the interpretation of tax laws, including the Inflation Reduction Act of 2022, may impact our tax liabilities. Utilization of our net operating losses (NOLs) and tax credit carryforwards may be subject to a substantial annual limitation if the ownership change limitations under Sections 382 and 383 of the Internal Revenue Code and similar state provisions are triggered by changes in the ownership of our capital stock. In general, an ownership change occurs if there is a cumulative change in our ownership by “5-percent shareholders” that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. Accordingly, purchases of our capital stock by others could limit our ability to utilize our NOLs and tax credit carryforwards in the future.

Furthermore, we may not be able to generate sufficient taxable income to utilize our NOLs and tax credit carryforwards before they expire. Due to uncertainty regarding the timing and extent of our future profitability, we continue to record a valuation allowance to offset our U.S. and certain of our foreign deferred tax assets because of uncertainty related to our ability to utilize our NOLs and tax credit carryforwards before they expire.

If any of these events occur, we may not derive some or all of the expected benefits from our NOLs and tax credit carryforwards.

Changes in tax legislation or policies could materially impact our financial position and results of operations.

VIAVI operates in many jurisdictions around the world. Global tax policy is in a heightened state of evolution, with particular attention to Base Erosion and Profit Shifting (BEPS), transfer pricing, and general corporate tax reform. Any substantial changes in domestic or international corporate tax policies, regulations, or guidance may materially adversely affect our business, the amount of taxes we are required to pay, and our financial condition and results of operations generally. Enforcement activities or legislative initiatives may also have similar effects.

The Organization for Economic Co-operation & Development (OECD) has issued BEPS Pillar Two Model Rules. Pillar Two establishes a minimum global effective tax rate of 15% on profits of large multinational companies. While the U.S. has not adopted the Pillar Two rules, many countries where we operate have adopted or are expected to adopt the OECD Pillar Two Model. These changes could increase our tax burden, reduce net income and impact cash flow. The Pillar Two rules, if enacted, are generally effective for tax years beginning on or after January 1, 2024. We expect this to be applicable for fiscal year 2025 and do not expect any material impacts to our current financial statements. We will continue to monitor the tax legislation for any future implications.

General Risks

Certain provisions in our charter and under Delaware laws could hinder a takeover attempt.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law prohibiting, under some circumstances, publicly-held Delaware corporations 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 the 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, 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 change in our management.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Our common stock is traded on the Nasdaq Global Select Market under the symbol "VIAV". As of October 26, 2024, we had 1,454 holders of record of our common stock. We have not paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future.

The following table provides stock repurchase activity during the three months ended September 28, 2024 *(in millions, except per share amounts)*:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value of Shares that May Still Be Purchased Under the Plans or Programs (1)
Period				
June 30 - July 27, 2024	—	—	—	$ 214.8
July 28 - August 24, 2024	0.9	$7.89	0.9	$ 207.7
August 25 - September 28, 2024	1.1	$8.45	1.1	$ 198.4
Total	2.0		2.0	

(1) Share repurchases were made under our 2022 Repurchase Plan with authorization up to $300 million. Refer to "Note 15. Stockholders' Equity" for more details.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Rule 10b5-1 Trading Arrangements

On September 10, 2024, Kevin Siebert, Senior Vice President, General Counsel and Secretary of VIAVI, entered into a prearranged trading plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of an indeterminable number of shares of common stock. Mr. Siebert's plan begins on September 10, 2024, and expires when all of the shares are sold or on September 30, 2025, whichever occurs first. The earliest date that sales could occur under this plan is December 10, 2024.

On September 11, 2024, Luke Scrivanich, Senior Vice President, General Manager OSP of VIAVI, entered into a prearranged trading plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of an indeterminable number of shares of common stock. Mr. Scrivanich's plan begins on September 11, 2024, and expires when all of the shares are sold or on September 30, 2025, whichever occurs first. The earliest date that sales could occur under this plan is December 11, 2024.

None of VIAVI's other directors or Section 16 officers adopted, modified or terminated a trading arrangement intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a "non-Rule" 10b5–1 trading arrangement, as those terms are defined in Regulation S-K, Item 408, during the fiscal quarter ended September 28, 2024.

Item 6. Exhibits

The exhibits required to be filed herewith by Item 601 of Regulation S-K, as described in the following index of exhibits, are attached hereto unless otherwise indicated as being incorporated by reference, as follows:

		Incorporated by Reference			Filed	Furnished
Exhibit No.	Exhibit Description	Form	Exhibit	Filing Date	Herewith	Not Filed
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
10.1	Equity Incentive Plan Form of Notice and Restricted Stock Unit Agreement	8-K	10.1		X	
101.SCH	Inline XBRL Taxonomy Extension Schema				X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X	
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)				X	

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.

Date: November 1, 2024	VIAVI SOLUTIONS INC.	
	(Registrant)	
	By:	/s/ ILAN DASKAL
	Name:	ILAN DASKAL
	Title:	Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial and Accounting Officer)

VIAVI SOLUTIONS INC. 2003 EQUITY INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name:	______________________	Award Number:	______________________
Employee ID:	______________________	Date of Award:	______________________
		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 Notice of Restricted Stock Unit Award (the "Notice"), the Viavi Solutions Inc. 2003 Equity Incentive Plan, as amended from time to time (the "Plan") and the attached Restricted Stock Unit Award Agreement and any addendum thereto, which contains country specific provisions (collectively, the "Agreement"), 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"): _________________

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: ____.

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.

Viavi Solutions Inc.,
a Delaware corporation

By:

Title: SVP, Human Resources

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, 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 hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Agreement [(other than with respect to the Restrictive Covenants)] shall be resolved in accordance with Section 12 of the Agreement [and that all disputes arising out of or relating to Restrictive Covenants shall be resolved in accordance with Section __ of the Restrictive Covenants Agreement]. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: ___________________ Signed: ________________________________

[**Restrictive Covenants Agreement**]

Your signature above and acceptance of the terms of this Agreement signifies your agreement to the following covenants effective beginning as of _________________.

Noncompetition. During the term of your employment with the Company and for a period of _________________ months commencing on the first of occur of (x) the date your service relationship with the Company terminates for any reason, whether with or without cause (such date, the “Termination Date”), whether voluntary or involuntary, with or without notice and (y) the date of a Change of Control (as defined in the Company’s Change of Control Benefits Plan as in effect on the date of this Agreement) (such earlier date, the “Measurement Date”), you will not, without the prior written consent of the Company: (i) serve as a partner, principal, licensor, licensee, employee, consultant, officer, director, manager, agent, affiliate, representative, advisor, promoter, associate, investor, or otherwise for; (ii) directly or indirectly, own, purchase, organize or take preparatory steps for the organization of; or (iii) build, design, finance, acquire, lease, operate, manage, control, invest in, or otherwise work or consult for (any of (i) through (iii), “Compete For”) any entity engaged in the “Business of the Company”. The “Business of the Company” means the manufacture of (i) test equipment and software to test Layer 1 through Layer 7 of telecom and data on networks, systems, and modules, (ii) test equipment and software to test communication and avionics systems in mission critical applications, and (iii) advanced thin film optical coatings used for anti-counterfeiting, 3-D sensing, and industrial, and scientific applications. The following entities are acknowledged to engage in the Business of the Company: _________________.

No Solicitation. You agree that for a period of _________________months immediately following your Termination Date, whether voluntary or involuntary, with or without notice, you will not solicit, encourage, or induce, or cause to be solicited, encouraged or induced, directly or indirectly, any franchisee, joint venturer, supplier, vendor or contractor who conducted business with the Company at any time during the two-year period preceding your Measurement Date, to terminate or adversely modify any business relationship with the Company or not to proceed with, or enter into, any business relationship with the Company, nor shall you otherwise adversely interfere with any business relationship between the Company and any such franchisee, joint venture, supplier, vendor or contractor.

Exceptions. Notwithstanding anything to the contrary in this Agreement, the following shall not be deemed a violation by you of your obligations to the Company under this Agreement: (i) holding or making investments not in excess of (x) 1% of the outstanding securities of any entity that is engaged in the Business of the Company and/or (y) 1% of the investment in any entity that is engaged in the Business of the Company which investment is made by a venture capital, private equity or other pooled investment fund, (ii) performing speaking engagements and receiving honoraria in connection with such engagements, provided that in so doing you comply with all confidentiality obligations to the Company, (iii) directly or indirectly making general solicitations through public advertisement, general recruiting efforts or search firm outreach not specifically targeted at the Company’s franchisees, joint venturers, suppliers, vendors and/or contractors or (iv) making truthful statements in response to legal process, governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

Remedies. You acknowledge and agree that your rights to compensation under the Company's Change of Control Benefits Plan [(as amended by your offer letter from the Company dated _________________ to provide that _________________)] are being provided to you in part because of your agreement to this Restrictive Covenants Agreement and that any intentional and material breach of this Restrictive Covenants Agreement shall entitle the Company to immediately terminate any post-termination payments that you are receiving or are slated to receive from the Company under the Company's Change of Control Benefits Plan, including but not limited to payments in the form of equity of any kind issued by the Company (the "Termination Payments"). The remedies in the prior sentence are in addition to, and not in lieu of, any other remedies available at law or in equity. You acknowledge and agree that any intentional and material breach of these restrictive covenants will entitle the Company to immediately terminate any pending Termination Payments. If the Company ceases operations on a permanent basis or if the Company ceases making any Termination Payments to you to which you would otherwise be entitled, the restrictions of this section shall immediately terminate.

Reformation. In the event that the provisions of Sections 1 or 2 above are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, then permitted by such law. In the event that the applicable court or arbitrator does not exercise the power granted to it in the prior sentence, you and the Company agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

Choice of Law; Choice of Venue. This Restrictive Covenants Agreement shall be construed in accordance with and governed by the internal laws of the State of _________________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 _________________to the rights and duties of the parties. 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 District of _________________ (or should such court lack jurisdiction to hear such action, suit or proceeding, in a _________________state court in _________________) 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 5 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.]

VIAVI SOLUTIONS INC. EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

1. Issuance of Units. Viavi Solutions Inc., a Delaware corporation (the "Company"), hereby issues to the Grantee (the "Grantee") named in the Notice of Restricted Stock Unit Award (the "Notice"), the Total Number of Restricted Stock Units Awarded set forth in the Notice (the "Units"), subject to the Notice, this Restricted Stock Unit Award Agreement and any addendum thereto, which contains country specific provisions (collectively, the "Agreement") and the terms and provisions of the Company's 2003 Equity Incentive Plan, as amended from time to time (the "Plan"), which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Agreement.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Grantee may designate a beneficiary of the Units in the event of the Grantee's death on the beneficiary designation form attached hereto as Exhibit A. 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 change in status from an Employee to a Consultant (in which case vesting of the Units shall continue only to the extent determined by the Administrator) [or in the event of the Grantee's death or Disability], vesting of the Units shall cease upon the date of termination of the Grantee's Continuous Active Service. In the event the Grantee's Continuous Active Service [is terminated due to death or Disability, any unvested Units held by the Grantee shall immediately vest. However, in the event the Grantee's Continuous Active Service] is terminated for any reason[, other than death or Disability], any unvested Units held by the Grantee immediately following such termination of Continuous Active Service shall be 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) ["Disability" for the purpose of this Agreement means the Grantee's disability, as determined by the Social Security Administration or the long-term disability plan maintained by the Company; provided however, that if the Grantee resides outside of the United States, "Disability" shall have such meaning as is required by Applicable Law.]

5. Conversion of Units and Issuance of Shares. Upon the vesting of a Unit, one share of Common Stock shall be issuable for such vested Unit (the "Shares"), subject to the terms and provisions of the Plan and this Agreement. Thereafter, the Company will transfer such Shares to the Grantee as soon as practicable following the satisfaction of any Tax-Related Items (as defined below) but in any event no later than the date that is two and one-half (2½) months from the later of the end of (i) the Company's tax year that includes the vesting date or (ii) the calendar year that includes the vesting date. Any fractional 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. Withholding of Taxes.

(a) Regardless of any action the Company or the Grantee's employer (the "Employer") takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant or vesting of the Units or the holding or subsequent sale of Shares, and the receipt of dividends, if any, or otherwise in connection with the Units or the Shares ("Tax-Related Items"), the Grantee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by the Grantee is and remains the Grantee's responsibility and may exceed any amount actually withheld by the Company or the Employer. The Grantee further acknowledges and agrees that the Grantee is solely responsible for filing all relevant documentation that may be required in relation to the Units or any Tax-Related Items (other than filings or documentation that is the specific obligation of the Company or a Parent, Subsidiary, or Employer pursuant to Applicable Laws) such as but not limited to personal income tax returns or reporting statements in relation to the grant, vesting or settlement of the Units, the holding of Shares or any bank or brokerage account, the subsequent sale of Shares, and the receipt of any dividends. The Grantee further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Units, including the grant or vesting of the Units, the subsequent sale of Shares acquired under the Plan, and the receipt of dividends, if any; and (b) does not commit to and is under no obligation to structure the terms of the Units or any aspect of the Units to reduce or eliminate the Grantee's liability for Tax-Related Items, or achieve any particular tax result. The Grantee also understands that Applicable Laws may require varying Share or Unit valuation methods for purposes of calculating Tax-Related Items, and the Company assumes no responsibility or liability in relation to any such valuation or for any calculation or reporting of income or Tax-Related Items that may be required of the Grantee under Applicable Laws. Further, if the Grantee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, 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. Notwithstanding any contrary provision of this Agreement, no Shares will be issued to the Grantee, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by the Grantee with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to such Shares.

(b) As a condition to the grant and vesting of the Units, the Grantee hereby agrees to make adequate provision for the satisfaction of (and will indemnify the Company and any Parent or Subsidiary for) any Tax-Related Items. The Tax-Related Items shall be satisfied by the Company's withholding all or a portion of any Shares that otherwise would be issued to the Grantee upon payment of the vested Units; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's minimum tax withholding obligations, unless the Grantee is an Officer and elects a higher tax withholding rate. Such withheld Shares shall be valued based on the closing price of the Shares on the applicable vesting date. Furthermore, the Grantee agrees to pay the Company or any Parent, Subsidiary, or Employer any Tax-Related Items that cannot be satisfied by the foregoing methods.

8. Rights as Stockholder. Neither the Grantee nor any person claiming under or through the Grantee will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until such Shares have been issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). After such issuance, the Grantee will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares, but prior to such issuance, the Grantee will not have any rights to dividends and/or distributions on such Shares.

9. 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. [Other than with respect to the Restrictive Covenants Agreement, which shall be construed in accordance with its terms,] these agreements are to be construed in accordance with and governed by the internal laws of the State of _________________ 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 _________________ 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, 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.

10. Section 409A. Notwithstanding anything in the Notice, the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Units is accelerated in connection with the termination of the Grantee's Continuous Active Service (provided that such termination is a "separation from service" within the meaning of Code Section 409A, as determined by the Company), other than due to death, and if (x) the Grantee is a "specified employee" within the meaning of Code Section 409A at the time of such termination of Continuous Active Service and (y) the payment of such accelerated Units will result in the imposition of additional tax under Code Section 409A if paid to the Grantee on or within the six (6) month period following the Grantee's termination of Continuous Active Service, then the payment of such accelerated Units will not be made until the date six (6) months and one (1) day following the date of the Grantee's termination of Continuous Active Service, unless the Grantee dies following his or her termination of Continuous Active Service, in which case, the Units will be settled in Shares to the Grantee's estate or designated beneficiary as soon as practicable following his or her death. It is the intent of this Agreement that it and all payments and benefits hereunder be exempt from, or comply with, the requirements of Code Section 409A so that none of the Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Code Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Agreement is intended to constitute a separate payment for purposes of United States Treasury Regulation Section 1.409A-2(b)(2). For purposes of this Agreement, "Code Section 409A" means Section 409A of the Code, and any final United States Treasury Regulations and United States Internal Revenue Service guidance thereunder, as each may be amended from time to time.

11. 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.

12. [Dispute Resolution. [Other than as set forth under the Restrictive Covenants Agreement to which this Section 12 shall not apply,] the provisions of this Section 12 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 _________________ (or should such court lack jurisdiction to hear such action, suit or proceeding, in a _________________ state court in the _________________) 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 12 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.]

13. 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.

14. 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 restricted stock unit grants or continuation of the 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 purchase rights or shares or any other rights under the Plan.**

15. Data Privacy.

(a) The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's Personal Data (as defined below) by and among, as applicable, the Company, any Parent, Subsidiary, or Affiliate, or third parties as may be selected by the Company for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that refusal or withdrawal of consent will affect the Grantee's ability to participate in the Plan; without providing consent, the Grantee will not be able to participate in the Plan or realize benefits (if any) from the Units.

(b) The Grantee understands that the Company and any Parent, Subsidiary, affiliate, or designated third parties may hold personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Parent, Subsidiary, or Affiliate, details of all Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Personal Data"). The Grantee understands that Personal Data may be transferred to any Parent, Subsidiary, affiliate, or third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, the Grantee's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. In particular, the Company may transfer Personal Data to the broker or stock plan administrator assisting with the Plan, to its legal counsel and tax/accounting advisor, and to the affiliate or entity that is the Grantee's employer and its payroll provider. The Grantee should also refer to any data privacy policy implemented by the Company (which will be available to the Grantee separately and may be updated from time to time) for more information regarding the collection, use, storage, and transfer of the Grantee's Personal Data.

16. Foreign Exchange Fluctuations and Restrictions. The Grantee understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. The Grantee also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Units or Shares received (or the calculation of income or Tax-Related Items thereunder). The Grantee understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency and may require the Grantee to provide such entity with certain information regarding the transaction.

17. Electronic Delivery and Acceptance; Translation. The Company may, in its sole discretion, decide to deliver any documents related to the Grantee's current or future participation in the Plan, this Award, the Shares subject to this Award, any other securities of the Company or any other Company-related documents, by electronic means. By accepting this Award, whether electronically or otherwise, the Grantee hereby (i) consents to receive such documents by electronic means, (ii) consents to the use of electronic signatures, and (iii) agrees to participate in the Plan and/or receive any such documents through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions.

18. Documents in English. The Plan documents, including this Agreement, are in English, and if the Grantee requires a translation of the documents into a language other than English, Grantee will be responsible for arranging for accurate translations. If the documents are translated into a language other than English and if the translated versions are different front the English versions, the English versions will take precedence.

Exhibit 31.1

VIAVI SOLUTIONS INC.
CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Oleg Khaykin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Viavi Solutions 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: November 1, 2024

/s/ OLEG KHAYKIN

Oleg Khaykin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

VIAVI SOLUTIONS INC.
CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Ilan Daskal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Viavi Solutions 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: November 1, 2024

/s/ ILAN DASKAL
Ilan Daskal
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Exhibit 32.1

VIAVI SOLUTIONS INC.
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Viavi Solutions Inc. (the “Company”) on Form 10-Q for the quarter ended September 28, 2024 as filed with the Securities and Exchange Commission (the “Report”), I, Oleg Khaykin, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1.The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

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

Dated: November 1, 2024

/s/ OLEG KHAYKIN

Oleg Khaykin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

VIAVI SOLUTIONS INC.
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Viavi Solutions Inc. (the “Company”) on Form 10-Q for the quarter ended September 28, 2024 as filed with the Securities and Exchange Commission (the “Report”), I, Ilan Daskal, Executive Vice President and Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

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

Dated: November 1, 2024

/s/ ILAN DASKAL

Ilan Daskal
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)