Registered number: 03330283

CIENA LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 OCTOBER 2021

CIENA LIMITED

COMPANY INFORMATION

Directors	J E Moylan Jr D M Rothenstein
Company secretary	D M Rothenstein
Registered number	03330283
Registered office	Ciena House 43 Worship Street London EC2A 2DX
Independent auditors	BKL Audit LLP Chartered Accountants & Statutory Auditors 35 Ballards Lane London N3 1XW
Bankers	J.P. Morgan Bank Luxembourg S.A. European Bank & Business Center 6 route de Trèves L-2633 Senningerberg Luxembourg R.C.S Luxembourg B10.958
Solicitors	Lewis Silkin LLP 5 Chancery Lane Clifford's Inn London EC4A 1BL

CIENA LIMITED

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TAX STRATEGY (UNAUDITED)
FOR THE YEAR ENDED 30 OCTOBER 2021

Introduction
The purpose of the document is to comply with the requirements of Paragraph 22(2), Schedule 19 of the UK Finance Act of 2016 that requires qualifying companies to publish annually their tax strategy.

This strategy is applicable to the qualifying UK members of the Ciena Corporation Group: Ciena Limited, Ciena Global Distribution Company, Ltd and Ciena Global Products Company Ltd (the Ciena UK Companies).

Commitment to compliance
Ciena is committed to complying with all tax laws, regulations, and information reporting requirements on a timely basis. This includes remitting the correct amount of tax and disclosing all relevant information to the tax authorities. Ciena will also utilise available tax incentives and relief to reduce the amount of tax cost to the business. Ciena uses well respected, large firms for technical and compliance support.

Responsible attitude toward tax planning
In structuring our commercial activities Ciena will consider – among other factors – the tax laws of the countries in which it operates, with a view to maximising value on a substantial basis for Ciena's shareholders. Any tax planning undertaken will have commercial and economic substance and will consider the potential impact on Ciena's reputation and broader goals. We will not undertake planning that is contrived or artificial.

Approach to tax risk
Given the scale of our business and volume of our tax obligations, risks will inevitably arise in relation to the interpretation of complex tax laws. We actively seek to identify, evaluate, monitor, and manage these risks to ensure they remain in line with our objectives. Ciena has a low risk tolerance and frequently engages top advisors to ensure our tax compliance obligations are met.

Constructive approach to engaging with HMRC
Ciena engages HMRC with honesty, integrity, respect and fairness to foster a positive and professional relationship.

Tax governance and risk management
Oversight of the global tax function is performed by Ciena's global tax group, located at its corporate headquarters. The day to day administration of UK tax is managed by local management with support and oversight from the global tax group. Material matters (including taxation where relevant) are reviewed annually by an executive group of senior management and the Audit Committee of the Ciena Board.

Ciena's UK tax strategy is aligned with Ciena's code of business conduct and ethics that Ciena's Board of Directors has adopted. The Board reviews Ciena's code of business conduct and ethics periodically and amends it as necessary.

On an annual basis the UK Tax Strategy will be presented to the relevant Ciena UK Companies' Boards of Directors for their review and approval. The UK Tax Strategy was most recently approved in June 2022.

STRATEGIC REPORT
FOR THE YEAR ENDED 30 OCTOBER 2021

Introduction

The directors present the strategic report for the year ended 30 October 2021.

Business review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and level of complexity of our business and is written in the context of the risks and uncertainties we faced.

The company continues to offer pre and post-sales support services to the parent company. Fees are earned by providing installation, maintenance and technical support services in the UK, Europe, the Middle East and Africa to the fellow subsidiaries.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, operating profit and profit before taxation.

Our greatest strengths are our people and technology; we are committed to having the best of both.

Ciena has maintained its continued investment in a highly trained workforce, cutting edge technology and a long-term investment approach, providing clients with consistently superior network solutions and a high level of client service.

Operating profit has increased by €1.51m (33%) (2020: €0.23m (58%)). Turnover has increased by €13.34m (10%) (2020: decreased by €5.52m 4%) from €127.38 in 2020 to €140.71m in 2021.

The cash reserves at the balance sheet date were €30.04m, an increase of €26.81m from €3.23m of the previous year. The directors are pleased to report a profit before taxation of €6.06m.

Following the end of the transition period ending on the 31 December 2020, the UK is no longer a member of the EU. The UK and EU finally agreed a deal which would define the future relationship of the UK and EU. The deal contains new rules for how the UK and EU will live, work and trade together. Decisions are still to be made and agreed between the UK and EU on many of these areas and so we can expect the threat of disputes to be a new constant in UK-EU relations. For our business, the challenges of adapting to Brexit remains and will likely be the case for the future as additional new legislations and cooperative technologies are introduced by the UK and EU. We are an agile business, well positioned to adapt and implement changes required within our business to efficiently operates free from the EU.

Development and performance of the business

	52 weeks ended 30 October 2021	52 weeks ended 31 October 2020	52 weeks ended 2 November 2019	53 weeks ended 3 November 2018	52 weeks ended 28 October 2017
Turnover - €	140,705,959	127,370,925	132,896,354	114,611,459	108,095,151
Turnover growth/(fall) - %	10	(4)	16	6	1
Gross profit margin - %	4	4	4	3	3
Profit before tax - €	6,063,702	4,550,437	4,311,832	2,714,334	3,138,076

Position of the business

At the end of the period, the net assets totalled €356,830,317 (2020: €12,533,202).

Principal risks and uncertainties

We consider our principal risks and uncertainties to be threefold, namely:

- Our future ability to deliver good service and effective networking solutions which are consistent with our clients' objectives and risk tolerances; and

- Our continued innovation and investment in our infrastructure which will enable us to grow and diversify our business by providing specialist high quality efficient networking solutions; and

- Our adherence to all regulatory controls and best practices in order to operate and grow a successful global business.

Regarding the potential implications of Covid-19, please refer to Note 27 Post Balance Sheet Event.

Price risk, credit risk, liquidity risk and cash flow risk

The business's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

The business's principal financial instruments comprise bank balances and trade creditors. The main purpose of these instruments is to finance the business's operations.

The company continues to maintain healthy cash balances and does not have exposure to significant liquidity risks. All of the business's cash balances are held in a way to achieve a competitive rate of interest.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Directors' statement of compliance with duty to promote the success of the Company

Engagement with suppliers, customers and other

Active stakeholder engagement spanning customers, suppliers, community and employees will enable Ciena to drive toward its goal of being the supplier, employer and neighbor of choice as a result of our Corporate Social Responsibility Program.

• Ciena shall operate its business in an ethical and socially responsible way, within the law and taking responsibility for the impacts of its decisions and activities on the environment, its employees, customers, suppliers, stakeholders, and the communities in which it operates.

• Ciena is committed to the CSR principles laid out in the EICC Code of Conduct and the UN Global Compact.

• Ciena shall monitor and report on its ongoing CSR performance against clearly defined objectives.

Streamlined Energy and Carbon Reporting

In the financial year, the following amounts of energy and corresponding CO2 emissions within Scope 1 & Scope 2:

	kWh	MTCO2e
Scope 1		
Fugitive emissions from refrigerants	-	7.50
Scope 2		
Electricity	2,124,085	504

Measures taken to improve energy efficiency:
Addressing climate change is a priority for us. Mitigating climate risks and reducing our Greenhouse Gas (GHG) emissions are integrated into our long-term strategic planning and operations management.
We are on target to meet our goal to be carbon neutral across our global operations by the end of FY2023.

In April 2022, we kicked off a Science Based Target (SBT) program, working with an expert consultancy, to explore and understand the impact of setting a science-based target for our business in order to more closely align our ambitions with the goals of the Paris Climate Accord.

To deliver on our carbon neutrality commitment, we established a new cross-functional Environmental Steering Committee (ESC) in 2020 to provide leadership and oversight for initiatives that support our ongoing commitment to reduce the environmental impact of our operations. Among other things, the ESC will assist the Executive Leadership Team in:

- Implementing functional, geographic, or enterprise-wide programs or goals to support our carbon neutrality goal
- Understanding the impact upon our operations of undertaking a science-based carbon-reduction target
- *Developing, implementing, and monitoring policies intended to promote our environmental goal and* targets

We have also recently introduced a new Sustainability Leadership Committee, comprising members of our Executive Leadership Team, who will be reporting the Board of Directors on all things sustainability related and will be the decision makers when implementing new initiatives.

Energy continues to be a significant part of our GHG profile, particularly driven by our laboratory areas, where we test our products and provide customer training and support facilities. As we grow our operations, energy management is essential to driving down our emissions footprint. We are taking actions to reduce our direct and indirect emissions, including exploration of the following:

- Transitioning to renewable energy sourcing, particularly for our largest sites
- Purchasing Renewable Energy Certificates, where we are unable to bring renewables on board directly.
- Implementing energy-efficiency measures like LED and motion-sensor lighting, replacing electric kettles, and upgrading HVAC systems
- Minimizing the environmental impact of our buildings through alignment with LEED standards
- Reviewing our real-estate portfolio, following the pandemic-working arrangements to determine whether all physical assets are still required to support our business and customers.
- Reviewing location-based energy management improvement programs

This report was approved by the board on and signed on its behalf.

James E. Moylan, Jr.
....
J E Moylan Jr
Director

28/07/2022

....
D M Rothenstein
Director

28/07/2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 OCTOBER 2021

The directors present their report and the financial statements for the year ended 30 October 2021.

Principal activity

The principal activity of the company during the year was pre and post sales support for the parent company's optical fibre multiplexing products.

Results and dividends

The profit for the year, after taxation, amounted to €5,052,701 (2020 - €3,512,396).

No dividend was paid during the current or previous year.

Directors

The directors who served during the year were:

J E Moylan Jr
D M Rothenstein

Future developments

There are no plans for any changes to the activities of the company in the future that will materially affect the business of the company.

Engagement with employees

During the year, the policy of providing employees with information about the company has continued through internal media methods in which employees have been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in the share purchase scheme.

Disabled employees

The company gives full and fair consideration to applications for employment from disabled persons where the requirement of the job may be adequately covered by a handicapped or disabled person.

With regards to existing employees who became disabled, the company has continued to examine ways of providing continuing employment under normal terms and conditions and to provide training, career development and promotion where appropriate.

Branches outside the United Kingdom

During the year the company had branches in the following countries - Belgium, France, Germany, Italy, Switzerland, Poland, United Arab Emirates, Netherlands and Denmark.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the year, Berg Kaprow Lewis LLP acted as auditor to the company until 31 March 2022. On 31 March 2022, Berg Kaprow Lewis LLP transferred its audit business to a new LLP, BKL Audit LLP. The directors consented to treating the appointment of Berg Kaprow Lewis LLP as extending to BKL Audit LLP with effect from 1 April 2022.

Under section 487 (2) of the Companies Act 2006, BKL Audit LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

James E. Moylan, Jr.
....
J E Moylan Jr
Director

Date: 28/07/2022

....
D M Rothenstein
Director

Date: 28/07/2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 OCTOBER 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIENA LIMITED

Opinion

We have audited the financial statements of Ciena Limited (the 'Company') for the year ended 30 October 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 October 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. *Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit* of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:
•Enquiring of management around actual and potential litigation and claims;
•Reviewing minutes of meetings of those charged with governance;
•Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
•Performing audit work over the risks of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Saunderson

Ian Sauderson FCA (Senior Statutory Auditor)
for and on behalf of
BKL Audit LLP
Chartered Accountants
Statutory Auditors
35 Ballards Lane
London
N3 1XW
Date:
28/07/2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 OCTOBER 2021

	Note	2021 €	2020 €
Turnover	4	140,705,959	127,370,925
Cost of sales		(134,631,707)	(122,801,587)
Gross profit		6,074,252	4,569,338
Interest receivable and similar income	8	34,143	2,265
Interest payable and similar expenses	9	(44,693)	(21,166)
Profit before tax		6,063,702	4,550,437
Tax on profit	10	(1,011,001)	(1,038,041)
Profit for the financial year		5,052,701	3,512,396
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		18,896	110,530
Other comprehensive income for the year		18,896	110,530
Total comprehensive income for the year		5,071,597	3,622,926

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 OCTOBER 2021

	Note		30 October 2021 €		31 October 2020 €
Fixed assets					
Tangible assets	11		2,635,671		3,210,989
Investments	12		339,228,525		3,006
			341,864,196		3,213,995
Current assets					
Debtors: amounts falling due within one year	13	22,554,964		35,711,392	
Cash at bank and in hand	14	30,043,645		3,232,332	
		52,598,609		38,943,724	
Creditors: amounts falling due within one year	15	(34,587,118)		(26,771,216)	
Net current assets			18,011,491		12,172,508
Total assets less current liabilities			359,875,687		15,386,503
Creditors: amounts falling due after more than one year	16		(1,369,247)		(1,246,269)
Pension liability			(1,676,123)		(1,607,032)
Net assets			356,830,317		12,533,202
Capital and reserves					
Called up share capital	18		1,607		1,606
Share premium account	19		339,678,198		452,681
Other reserves	19		(23,263)		(23,263)
Profit and loss account	19		17,173,775		12,102,178
			356,830,317		12,533,202

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

James E. Moylan, Jr.

J E Moylan Jr
Director
Date: 28/07/2022

D M Rothenstein
Director
Date: 28/07/2022

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 OCTOBER 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	€	€	€	€	€
At 3 November 2019	1,606	452,681	(23,263)	8,479,252	8,910,276
Comprehensive income for the period					
Profit for the period	-	-	-	3,512,396	3,512,396
Actuarial gains on pension scheme	-	-	-	110,530	110,530
Total comprehensive income for the period	-	-	-	3,622,926	3,622,926
At 31 October 2020	1,606	452,681	(23,263)	12,102,178	12,533,202
Comprehensive income for the year					
Profit for the year	-	-	-	5,052,701	5,052,701
Actuarial gains on pension scheme	-	-	-	18,896	18,896
Shares issued during the year	1	339,225,517	-	-	339,225,518
Total transactions with owners	1	339,225,517	-	-	339,225,518
At 30 October 2021	1,607	339,678,198	(23,263)	17,173,775	356,830,317

The notes on pages 14 to 30 form part of these financial statements.

1. General information

Ciena Limited is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is 43 Worship Street, London, EC2A 2DX.

The company's principal activities and nature of its operation are disclosed in the Strategic and Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Basic Financial Instruments;
- the requirements of Section 12 Other Financial Instruments Issues;
- the requirements of Section 26 Share-based Payment;
- the requirements of Section 33 Related Party Disclosures.

This information is included in the consolidated financial statements of Ciena Corporation as at 30 October 2021 and these financial statements may be obtained from company secretary at 7035 Ridge Road, Hanover, MD 21076, USA.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking not established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.6 Turnover

Turnover is recognised net of VAT and represents a fixed mark up on costs incurred by the company which are recognised on an accrual basis.

The company provides pre and post sales support for the parent's optical fibre multiplexing products. This entails providing administrative and support services on a Europe wide and Middle East basis. All expenses except financing are classified as cost of sales and are accounted for an accrual basis.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Employee benefits

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Retirement benefits

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines

2. Accounting policies (continued)

2.10 Pensions (continued)

the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.11 Share based payments

The ultimate parent company has issued share options and restricted stock units to certain employees of this company. These are measured at fair value and recognised as an expense in profit and loss with a corresponding increase in equity. The fair value of the restricted stock units was estimated at the date of the grant using an external stock market at that date. The fair value of the share options was estimated at the date of the grant using the Black-Scholes method. The fair value will be charged as an expense in profit and loss over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax is not recognised on the share-based payment charge due to the uncertainty of future exercise and the volatility of the share price.

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Straight line basis over the lease term
Plant and machinery	- 20% - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.16 Financial liabilities

Basic financial assets
Basic financial assets, which include amounts owed by group undertaking, accrued income and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being transaction price less amounts settled and less any impairment losses.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade creditors, amounts due to group undertakings, other creditors and accruals, are initially recognised at transaction price and subsequently measured at amortised cost being transaction price less amounts settled.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The actuarial calculation of the unfunded defined benefit pension scheme requires assumptions to be made in respect of the mortality rates of members, the discount rate and the rate of inflation that should be used.

4. Turnover

The whole of the turnover is attributable to the principal activity of the business all generated in the United States of America.

5. Operating profit

The operating profit is stated after charging:

	2021 €	2020 €
Exchange differences	122,726	239,335
Other operating lease rentals	1,894,553	2,003,610
Share based payment	4,347,701	3,977,746

6. Auditors' remuneration

	2021 €	2020 €
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	50,453	40,436

7. Employees

Staff costs were as follows:

	2021 €	2020 €
Wages and salaries	72,849,829	61,412,289
Social security costs	12,268,123	10,385,893
Cost of defined benefit scheme	65,810	115,118
Cost of defined contribution scheme	2,728,640	2,486,463
	87,912,402	74,399,763

Redundancy payments made or committed for the year amount to € 2,124,328 (2020: €1,725,532).

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Selling, support and administrative staff	616	490

8. Interest receivable

	2021 €	2020 €
Group interest receivable	33,950	-
Other interest receivable	193	2,265
	34,143	2,265

9. Interest payable and similar expenses

	2021 €	2020 €
Other loan interest payable	46	294
Loans from group undertakings	22,376	-
Other interest payable	22,271	20,872
	44,693	21,166

10. Taxation

	2021 €	2020 €
Corporation tax		
Current tax on profits for the year	561,513	527,705
Adjustments in respect of previous periods	(93,522)	(855)
	467,991	526,850
Foreign tax		
Foreign tax on income for the year	487,482	492,735
Foreign tax in respect of prior periods	-	(301)
	487,482	492,434
Total current tax	955,473	1,019,284
Deferred tax		
Origination and reversal of timing differences	55,528	18,757
Total deferred tax	55,528	18,757

10. Taxation (continued)

Taxation on profit on ordinary activities	1,011,001	1,038,041

Factors affecting tax charge for the year/period

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 €	2020 €
Profit on ordinary activities before tax	6,063,702	4,550,437
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	1,152,103	864,583
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	29,934	43,408
Capital allowances for year/period in excess of depreciation	(21,905)	100,020
Higher rate taxes on overseas earnings	138,290	160,533
Adjustments to tax charge in respect of prior periods	(82,937)	(1,156)
Changes in provisions leading to an increase (decrease) in the tax charge	(145,330)	(79,980)
Tax deduction arising from exercise of employee options	(877,563)	(822,489)
Expenses not deductible for tax purpose - share based payment charge	826,063	755,772
Foreign exchange difference	(7,654)	17,350
Total tax charge for the year/period	1,011,001	1,038,041

Factors that may affect future tax charges

The standard UK corporation tax rate for the accounting period is 19%. The corporation tax rate is to increase from 19% to 25% on 1 April 2023. Although current tax will still be calculated at 19% until 1 April 2023, deferred tax will be calculated at 25% from 24 May 2021 as this was the date that the change was substantively enacted.

11. Tangible fixed assets

	Short-term leasehold property €	Plant and machinery €	Total €
Cost or valuation			
At 1 November 2020	2,594,188	13,168,301	15,762,489
Additions	322,360	1,198,442	1,520,802
Disposals	(62,406)	(1,838,076)	(1,900,482)
At 30 October 2021	2,854,142	12,528,667	15,382,809
Depreciation			
At 1 November 2020	1,897,088	10,654,412	12,551,500
Charge for the year on owned assets	391,766	848,292	1,240,058
Disposals	(62,406)	(982,014)	(1,044,420)
At 30 October 2021	2,226,448	10,520,690	12,747,138
Net book value			
At 30 October 2021	627,694	2,007,977	2,635,671
At 31 October 2020	697,100	2,513,890	3,210,990

12. Fixed asset investments

	Investments in subsidiary companies €
Cost or valuation	
At 1 November 2020	3,006
Additions	339,225,519
At 30 October 2021	339,228,525

12. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Ciena Spain S.L.	Calle Pinar (Ed Regus Pinar), 5, 28006 Madrid, Spain	Ordinary	100%
Ciena Global Products Company, Ltd.	43 Worship Street, London, United Kingdom, EC2A 2DX	Ordinary	100%

The following entities became subsidiaries of Ciena Limited through check-the-box (CTB) election, which is an entity classification election that is made on Internal Revenue Services (IRS) in the United State of America:
Ciena Australia Pty Limited (effective from 31 October 2021); Ciena Canada ULC (effective from 17 June 2021); Ciena Israel Limited(effective from 31 October 2021) & Ciena Communication Japan Co Limited(effective from 31 October 2021).

13. Debtors

	30 October 2021 €	31 October 2020 €
Amounts owed by group companies	18,149,821	33,315,946
Other debtors	2,540,051	670,663
Prepayments and accrued income	1,259,551	1,063,714
Deferred taxation	605,541	661,069
	22,554,964	35,711,392

14. Cash and cash equivalents

	30 October 2021 €	31 October 2020 €
Cash at bank and in hand	30,043,645	3,232,332
	30,043,645	3,232,332

15. Creditors: Amounts falling due within one year

	30 October 2021 €	31 October 2020 €
Trade creditors	5,532,608	5,578,203
Amounts owed to group undertakings	1,051,872	632,364
Other taxation and social security	5,071,007	4,033,064
Other creditors	644,514	573,180
Accruals and deferred income	22,287,117	15,954,405
	34,587,118	26,771,216

16. Creditors: Amounts falling due after more than one year

	30 October 2021 €	31 October 2020 €
Other creditors	1,369,247	1,246,269
	1,369,247	1,246,269

17. Deferred taxation

	2021 €	2020 €
At beginning of year	661,069	679,826
Charged to the profit or loss	(55,528)	(18,757)
At end of year	605,541	661,069

17. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	30 October 2021 €	31 October 2020 €
Decelerated capital allowances	558,001	598,354
Other timing difference	47,540	62,715
	605,541	661,069

18. Share capital

	30 October 2021 €	31 October 2020 €
Allotted, called up and fully paid		
1,002 (2020 - 1,001) Ordinary shares of £1.00 each	1,607	1,606

Ordinary share rights
The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

On 19 October 2021 the company issued 1 Ordinary share of £1 for a total consideration of €339,225,516.80.

19. Reserves

Share premium account

Share premium account represents the excess of the issue price over the nominal value on shares issued.

Other reserves

Historical foreign exchange reserve.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

20. Share based payments

During the year ended 30 October 2021, the company had share-based payment arrangements, which are described below.

Stock Options

The ultimate parent company, Ciena Corporation, has an equity-settled share option scheme for all employees of the Group. Options are exercisable at a price equal to the closing quoted market price of Ciena's shares on the date grant. The options granted typically vest rateably over a period ranging from 1 to 4 years. If the options remain unexercised after a period of 10 years from the date of grant, they expire. Options are forfeited if the employee leaves the Group before the options vest.

At the reporting date there were exercisable options over 3,097 (2020: 3,097) outstanding which had a weighted average exercise price of €18.30 (2020: €18.30) and a remaining contractual life of 1.90 years.

Restricted Stock Units

A restricted stock unit is a stock award that entitles the holder to receive shares of Ciena Corporation common stock as the unit vests. Ciena's outstanding restricted stock unit awards are subject to service-based vesting conditions and/or performance-based vesting conditions. Awards subject to service-based conditions typically vest in increments over a four-year period. Awards with performance-based vesting conditions require the achievement of certain company-based, financial or other performance criteria or targets as a condition to the vesting, or accelerations of vesting, of such awards.

Restricted stock units are released to the grantees at the point that they vest.

21. Contingent liabilities

The company is the subject of tax enquiries raised by HM Revenue & Customs for the 2020 financial year. HM Revenue & Customs have raised protective assessments for the 2018 financial year, which have been appealed and all tax postponed.

The directors are taking professional advice and are working to resolve the position with HM Revenue & Customs. At this stage of the enquires the directors do not believe that it is possible to conclude whether any additional tax will become payable, nor what the amount of such tax which might become payable would be, with any certainty. Therefore no provision has been made for any such tax at 31 October 2021, nor for any interest and penalties which may become payable.

22. Pension commitments

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totalling €303,952 (2020: €265,321) were payable to the fund at the reporting date and are included in creditors.

The Company operates a Defined Benefit Pension Scheme.

The company is committed to providing a defined benefit pension for some of its overseas employees.

The pension benefits are wholly unfunded. The obligation is therefore funded from the company's reserves rather than from a separately administered plan.

Reconciliation of present value of plan liabilities:

	30 October 2021 €	31 October 2020 €
Reconciliation of present value of plan liabilities		
At the beginning of the year	1,607,032	1,581,593
Current service cost	65,810	115,118
Interest cost	22,177	20,851
Actuarial (gains)/losses	(18,896)	(110,530)
At the end of the year	1,676,123	1,607,032

	30 October 2021 €	31 October 2020 €
Present value of plan liabilities	(1,676,123)	(1,607,032)
Net pension scheme liability	(1,676,123)	(1,607,032)

The amounts recognised in profit or loss are as follows:

	30 October 2021 €	31 October 2020 €
Staff pension costs defined benefit	65,810	115,118
Interest on obligation	22,177	20,851
Total	87,987	135,969

22. Pension commitments (continued)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	1.37	1.38
Future salary increases	2.60	2.60
Future pension increases	1.75	1.75
Mortality rates		
- for a male aged 65 now	20.47	20.33
- at 65 for a male aged 45 now	23.23	23.09
- for a female aged 65 now	23.92	23.81
- at 65 for a female member aged 45 now	26.15	26.04

23. Commitments under operating leases

At 30 October 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 October 2021 €	31 October 2020 €
Not later than 1 year	1,684,115	1,713,742
Later than 1 year and not later than 5 years	646,354	1,358,251
Later than 5 years	173,766	39,741
	2,504,235	3,111,734

24. Related party transactions

Where possible the company has taken advantage of the exemption conferred by section 33.1A of FRS 102 from the requirement to disclose transactions with other wholly owned group undertakings.

25. Controlling party

The immediate parent undertaking is Ciena Global Holding LP incorporated in Scotland and the ultimate parent undertaking and controlling party is Ciena Corporation incorporated in USA and quoted on the NYSE exchange . This is the smallest and largest group for which consolidated accounts including Ciena Limited are prepared. Copies of Ciena Corporation's consolidated financial statements can be obtained from the Company Secretary at 7035 Ridge Road, Hanover, MD 21076, USA.