

## Risk Factors Comparison 2024-08-16 to 2023-08-17 Form: 10-K

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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 armed conflict between Israel and Hamas, resulting in 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 ~~of~~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 ~~resulted in~~ **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. ~~Moreover, domestically, U. S. political dissension on raising the debt ceiling may increase the possibility of a government shutdown, default by the U. S. government on its debt obligations, or related credit-rating downgrades, all of which could also have adverse effects on the broader global economy and contribute to, or worsen, an economic recession. The COVID-19 pandemic has and may continue to adversely affect how we and our customers are operating our businesses. The worldwide spread of the COVID-19 virus resulted in a global slowdown of economic activity which led, at times, to slowdowns in shipping and commercial activities. The lingering impacts of the COVID-19 pandemic may continue to adversely affect the financial markets in many countries. In addition, the emergence of new and potentially more contagious variants of the virus, new shutdowns or quarantines, and the resulting staffing and labor supply challenges may impact our suppliers and our ability to source materials in a timely manner, may negatively impact manufacturing or shipment of our products and hence adversely affect our results of operations and financial conditions.~~ 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; • 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 ~~such as the COVID-19 pandemic~~, 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 **is 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** ~~cannot assure you that we will~~ 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** ~~Further, to the extent that there--~~ **the is current trend of communication industry** consolidation ~~among communications equipment manufacturers and service providers~~, we **will 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; **and/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 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 **one ones initiated during recently announced for 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 **and 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 **new and unanticipated** 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 a wide variety of** laws and regulations of the countries in which we do business, including, among **other others things**, 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 **barriers 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. **The spread of COVID-19 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 **through our OSP segment** may be more costly due to required government approval and industry acceptance processes. **For example, in our OSP segment, Development development** of applications for our anti-counterfeiting and special effects pigments may require significant testing that could delay our sales. **For example 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 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 **68 designated 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 into a potential "trade restrictions could war"**, may adversely impact our business. **While recent US export controls on China's semiconductor and artificial intelligence industries may have an indirect impact on VIAVI, the implications of such controls are still being evaluated and are not expected to have a material impact on our consolidated annual revenues.** 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 has been distinguished in its prevalence 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 **exports 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 Sales in the region are not material to our total consolidated revenues or net income and we are not aware of any specific event or circumstances that would require an update to the estimates or judgments or a revision of the carrying value of assets or liabilities at this time. However, these estimates may change, as new events occur and additional information becomes available. Actual results may differ materially from these estimates, assumptions or conditions due to risks and uncertainties, including 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** and ~~an~~ the impact on our future operations and **financial** results ~~in the region remains uncertain~~. 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** ~~Further, there are a number of new~~ state privacy laws **became** ~~that have gone into effect~~ **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, ~~Montana,~~ 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 ~~of ours, our suppliers, customers, vendors or our service providers~~. 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. ~~The internet has~~ **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**. ~~It is also becoming more common~~ **Such threats can lead to increased operational risks; intellectual property theft; fraud; extortion; harm to employees for- or these attacks to leverage previously unknown vulnerabilities- 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. ~~We maintain information security tools and technologies, staff, policies and procedures for managing risk to our networks and information systems, and conduct employee training on cybersecurity to mitigate persistent and continuously evolving cybersecurity threats.~~ 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, Despite our implementation of these there and can be no assurance that other-- the security measures~~ **controls we implement** and those of our third- party vendors, our **internal information technology systems we develop will be adequate and successful. Our** systems are regularly targeted by bad actors and have been ~~subject exposed~~ **damages from** 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** ~~down time~~, 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, reputational damage, reimbursement or other compensation costs, and / or additional compliance costs. We may also incur additional costs related to cybersecurity risk management and remediation. ~~We There can be no assurance that we or our service providers, if applicable, may will not~~ suffer losses relating to cyber- attacks or other information security breaches in the future ~~and any or that our~~ insurance coverage ~~will may not~~ be adequate to cover all the costs resulting from such events. ~~Our No assurances can be given that our~~ efforts to reduce the risk of such attacks or to detect attacks that occur ~~will 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 ~~in our products, as well as those of our suppliers, manufacturers and customers,~~ **generative artificial intelligence** may expose us to ~~additional~~ 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, ~~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 ~~which could increase our expenses and harm our operating results~~. 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 environmental, social and governance~~ matters that could expose us to numerous risks. ~~Increasingly regulators~~ **Regulators**, customers, investors, employees and other stakeholders ~~are~~ **continue to focusing** ~~focus~~ **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 ~~proposed~~ 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 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 ~~resulting in production stoppage~~, 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. 00 % Senior Convertible Notes due 2024,~~ 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 ~~2024 and~~ 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~~ **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, ~~as recently passed by Congress,~~ 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. 27