

Ciena to Acquire Nubis Communications to Expand AI-Driven Data Center Strategy

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Hi, this is David Rothenstein, Chief Strategy Officer at Ciena. Today, we're pleased to announce that Ciena has entered into a definitive agreement to acquire Nubis Communications. For purposes of this webinar, I'd like to explain the basis for this acquisition and how and why it's strategic for Ciena in expanding our strategy to address a larger number of opportunities inside the data center, driven by AI.

Before we begin, I want to remind everyone that our presentation materials and my commentary include forward-looking statements, including regarding the proposed transaction, its anticipated benefits, timing, market opportunities, and future outcomes. These statements are based on current expectations and assumptions, and are subject to risks and uncertainties that could cause actual results to differ materially from the statements today. Forward-looking statements should be viewed in the context of the risk factors and other disclosures in our public filings with the SEC, as these outlined important considerations that may impact these statements. Ciena assumes no obligation to update the information discussed in this presentation, whether, as a result of new information, future events or otherwise.

Turning to our agenda, in this presentation, I'll discuss the implications of the ongoing evolution of technology inside the data center; where both Ciena and Nubis fit in this space; more details about Nubis as a company; their technologies and how the pairing of our respective portfolios creates a winning combination; our strategic rationale for this acquisition; and finally, a review of the highlights of the transaction.

It's no secret that the explosive growth of AI-driven traffic and workloads is transforming network architectures, especially in and around data centers. Cloud providers, including hyperscalers and neoscalers, are therefore working to scale connectivity in the back-end AI fabric architecture across three domains based on distance: scale up within server racks inside data centers; scale out between multiple racks inside data centers that form AI clusters; and scale across between multiple data centers that are geographically distributed and for massive AI super factories. This scaling, combined with power constraints due to energy consumption of growing GPU compute clusters, is driving a shift from electrical to optical technologies. Over time, coherent optics will play a larger role in the data center, similar to their adoption in wide area networks, as speeds increased to 100G. Today, short distance scale up, up to a few meters, relies on electrical interconnects like electrical or copper cables, while longer scale out distances up to several kilometers use intensity modulated direct detect (IMDD) pluggables. However, both existing technologies face limitations. With electrical interconnects, the signal integrity degrades as data rates rise, limiting distance and performance. And with IMDD pluggables, bulky designs and power-intensive components like DSPs are increasingly inefficient. These limitations are in turn driving important technological shifts inside the data center.

In both scale up and short-reach scale out applications, electrical interconnects are being replaced by co-packaged optics, or CPO, and near-packaged optics, or NPO solutions. CPO integrates optical components directly adjacent to the switch or compute host ASIC, reducing power consumption, latency, and improving bandwidth and thermal efficiency. Some cloud and AI providers are already starting to adopt CPO to meet growing bandwidth and performance demands. NPO, which places optical components on the separate substrate near the ASIC, offers similar benefits, with added design flexibility for easier integration into existing infrastructure.

Technology shifts will also be occurring in long-reach scale out in scale across applications. Here, IMDD pluggables will be replaced over time by coherent optical technologies, which deliver superior performance over extended distances. Overall, we believe that coherent optical technologies will evolve to play an increasing role in the data center architectures. However, we also believe that this transition will take several years.

In the meantime, a mix of electrical, IMDD, co-packaged and near-packaged optics, and coherent solutions will coexist, with applications depending largely on performance requirements and capabilities. These shifts present a significant market opportunity, with early projections estimating the co-packaged optical and electrical interconnects market to reach between \$5 and \$10 billion by 2030.

Ciena and Nubis complement each other well in this evolving space. For a long time, Ciena has focused on providing high-bandwidth optical connectivity for subsea, long-distance and metro regional applications, and specifically for cloud providers for metro data center interconnects. More recently, Ciena has been working with cloud providers to scale their GPU clusters across data centers and regions, building out their AI backbones to support demands of increasing AI training and inference workloads.

Ciena has also started to adapt and leverage its high-performance optical interconnect technologies for the data center campus and inside the data center. This includes our 1.6T Coherent-Lite plug, powered by our 224G SerDes, which delivers robustness and higher loss budget at comparable power consumption to IMDD. And earlier this year, Ciena was the first to demonstrate 448G PAM 4 in silicon, leveraging ultra-high bandwidth converters built on low-power 3 nanometer CMOS technology.

For its part, Nubis has focused its innovations exclusively for inside the data center applications. Nubis provides ultra-compact, low-power electrical and optical interconnects that enhance bandwidth and reduce latency for scale up within racks and scale out between racks. Together, Ciena and Nubis will now be able to better address critical challenges for customers in and around the data center, positioning us to capitalize on this growing market opportunity.

Turning to Nubis, the company. Nubis is a privately held semiconductor startup founded in 2020 and headquartered in New Jersey. Backed by investors like Matrix Partners, Ericsson, GV and TDK Ventures, Nubis has raised over \$50 million in funding and has more than 100 patent applications related to optical module technologies, with 30 patents issued to date. Nubis has a highly credible reputation in the industry, and to a large degree this can be attributed to the level of

talent on their team. Led by Dan Harding, Peter Winzer and Guilhem de Valicourt, the Nubis team is made up of over 50 employees, 60% of whom are PhDs, which makes Nubis a powerhouse of interconnects expertise and know-how. So, it's not at all surprising that they've developed breakthrough electrical and optical technologies.

Specifically, Nubis has focused its innovation efforts in developing two key solutions. Their flagship product, the XT Optical Engines, are compact, high-density optical modules that enable ultra-fast data transfer using light instead of traditional electrical signals. They support up to 6.4T full-duplex bandwidth and are optimized for low-latency, low-power operation. They support both co-packaged and near-packaged optics through ultra-dense, low-power linear designs that eliminate the need for retimers and DSPs, reducing latency and improving signal integrity, making them ideal for scale up and scale out applications inside the data center.

Their Electronics Interconnect solution, the Nitro Linear Redriver, enables Active Copper Cables or ACC, essentially chips inside the cable harness to support high-speed data transmissions, allowing data to travel up to 4m at speeds of 200G per lane. It uses advanced analog electronics to deliver low-power, low-latency and cost-effective performance, helping customers connect more AI accelerators within racks without the limitations of traditional copper or DSP-based solutions. This makes Nitro well-suited to help cloud operators scale up within their data center racks.

Both of these technologies are still in development, and we expect it will become generally available within the next few quarters, well in time to meet market demand. And based on design validation received through ongoing customer engagements, we're confident in their ability to address customer requirements. With the acquisition of these leading-edge technologies, we now have the ability to significantly augment Ciena's interconnect portfolio.

This chart illustrates where Nubis fills key functional gaps in Ciena's interconnects portfolio, particularly with electrical and IMDD technologies, significantly enhancing our ability to support the range of technologies at play inside the data center today and tomorrow. As we've shown, Nubis's Linear Redriver provides Ciena with new capabilities associated with electrical interconnect technologies. But there's also benefit in bringing our technologies together, thereby providing an enhanced set of solutions to address a broader range of use cases inside the data center.

Nubis's XT optical engines are highly complementary to Ciena's high-speed interconnects portfolio. They leverage a direct-drive architecture that connects directly to a host ASIC's SerDes, eliminating the need for a local DSP to significantly reduce power, size, and cost. While Nubis's engine provides the low-power optical input-output, integration with Ciena's SerDes creates a differentiated co-packaged optics solution that serves the high-performance scaling needs inside the data center.

This is obviously a rapidly evolving space, enabled by a dynamic ecosystem of emerging and established vendors. Within this ecosystem, we believe that combined, Ciena and Nubis are well-positioned to deliver a unique value proposition in the market. In the CPO/NPO space, Nubis

brings a novel 2D-array coupled fiber interface, which provides maximum density and a common connector, allowing flexibility between optical and active copper.

The XT optical engines deliver up to 30% lower power per bit at 200G per lane, and when these engines are integrated with Ciena's high-speed SerDes, the combined solution will support the highest data rates in the industry – 224G and eventually 448G. Lastly, we believe that cloud providers will increasingly prioritize flexibility and choice in the optics they deploy inside the data center to optimize scalability.

The combination of Ciena and Nubis will deliver the industry's first truly open CPO solution, empowering customers with maximum interoperability. Similarly, when we look at the active copper cable market, our confidence is rooted in Nubis's Nitro Linear Redriver, which uses an advanced engineering approach to support reaches that are more common in retimed applications at a fraction of the power and latency.

Nitro also supports up to 4m of reach for 200G per lane active copper cables, far beyond the limits of passive copper and legacy analog solutions. This is a game-changer for AI infrastructure, where short-reach, high-bandwidth copper is preferred for cost and latency reasons.

All of this sums to our strategic rationale for this transaction. Through the acquisition of Nubis, Ciena will have a broader portfolio of interconnect technologies available to meet customer needs for all phases of technology evolution inside the data center, including electrical, IMDD, and coherent-based solutions. This will help us to expand our strategy inside the data center by: 1. Opening new market entry points by expanding our interconnects portfolio with the Nubis solutions that we've discussed; 2. Advancing innovation. We will strengthen Ciena's expertise inside the data center with the addition of Nubis's 50+ talented engineers with deep technical expertise and who have a strong cultural alignment and existing relationships with Ciena's R&D team; and 3. Improving our competitive advantage by owning key inside the data center technologies. Nubis's optical engine, paired with Ciena's high-speed SerDes, will accelerate time-to-market for a competitively differentiated CPO solution while reducing development costs and driving long-term efficiency and margin expansion.

Finally, turning to the highlights of the transaction. The deal will be structured as a standard reverse triangular merger, with Nubis merged into a new wholly owned subsidiary of Ciena, and the surviving company then merged into Ciena. We will be acquiring Nubis for \$270 million in cash, funded by cash on our balance sheet. In terms of financial impact, Nubis is a pre-revenue company at this time. We expect that the Nubis products will move into general availability in our fiscal 2026 and then into design wins and revenue over the next few years, starting in the second half of fiscal 2026 and becoming more meaningful over the next few years.

As a result, we don't expect Nubis to have a material impact to our revenue or adjusted operating expense in either fiscal 2025 or fiscal 2026. More specifically, Nubis is expected to have less than a 1% impact on our OpEx next year, but we do expect Nubis to become accretive to our business in fiscal 2028. This is consistent with our view that Ciena components inside the data center will become material contribute to our business in a 2 to 3 year time horizon. And in terms of timing

and completion, the deal has already been approved by the boards of both companies and by the Nubis shareholders. We expect the deal to close in our current Q4.

In summary, we believe that Ciena's acquisition of Nubis Communications is a key strategic move that is designed to meet the clear and growing demand for high-performance, low-power connectivity inside the data center, driven by AI.

We're excited about the new opportunities this will bring, and we look forward to sharing more updates as we move forward with integrating the Nubis business into Ciena. Thank you for listening and for your ongoing interest in and support of Ciena.