



Q2'21 SUMMARY

NYSE: NPTN

August 2021

Forward Looking Statements and Other Important Cautions

This presentation includes statements that qualify as forward-looking statements under the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements about the following topics: future financial results, demand for the Company's high-speed products, and the Company's market position.

Forward-looking statements are subject to certain risks and uncertainties that could cause the actual results to differ materially. Those risks and uncertainties include, but are not limited to, such factors as: the Company's reliance on a small number of customers for a substantial portion of its revenues; market growth in key countries; possible reduction in or volatility of customer orders or delays in shipments of products to customers; timing of customer drawdowns of vendor-managed inventory; potential governmental trade actions; possible disruptions in the supply chain or in demand for the Company's products due to industry developments; the ability of the Company's vendors and subcontractors to supply or manufacture the Company's products in a timely manner; ability of the Company to meet customer demand; volatility in utilization of manufacturing operations and manufacturing costs; reductions in the Company's rate of new design wins, and/or the rate at which design wins go into production, and the rate of customer acceptance of new product introductions; potential pricing pressure that may arise from changing conditions in the industry or negotiating leverage of buyers; the impact of any previous or future acquisitions or divestitures of assets and related product lines; the discontinuance or end of life of products; changes in demand for the Company's products; the impact of competitive products and pricing and alternative technological advances; the accuracy of estimates used to prepare the Company's financial statements and forecasts; the timely and successful development and market acceptance of new products and upgrades to existing products; the difficulty of predicting future cash needs; the nature of other investment opportunities available to the Company from time to time; the Company's operating cash flow; changes in economic and industry projections; a decline in general conditions in the telecommunications equipment industry, the cloud and datacenter industry, or the world economy generally; and the effects of seasonality.

For further discussion of these risks and uncertainties, please refer to the documents the Company files with the SEC from time to time, including the Company's Annual Report on Form 10-K for the year ended December 31, 2020 and the Company's Quarterly Report of Form 10-Q for the three months ended June 30, 2021. All forward-looking statements are made as of the date of this presentation, and the Company disclaims any duty to update such statements.

You may obtain these documents for free by visiting EDGAR on the SEC website at www.sec.gov.

Non-GAAP and Adjusted EBITDA Measures vs. GAAP Financial Measures

The Company's non-GAAP and Adjusted EBITDA measures exclude certain GAAP financial measures. A reconciliation of the Non-GAAP and Adjusted EBITDA financial measures to the most directly comparable GAAP financial measures is provided in the financial schedules portion of its press release issued on August 3, 2021 and available in the Investor Relations section of the NeoPhotonics website. These non-GAAP financial measures differ from GAAP measures with the same captions and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies. As such, these non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

The Company uses these non-GAAP financial measures to analyze its operating performance and future prospects, develop internal budgets and financial goals, and to facilitate period-to-period comparisons. NeoPhotonics believes that these non-GAAP financial measures reflect an additional way of viewing aspects of its operations that, when viewed with its GAAP results, provide a more complete understanding of factors and trends affecting its business.

NeoPhotonics:

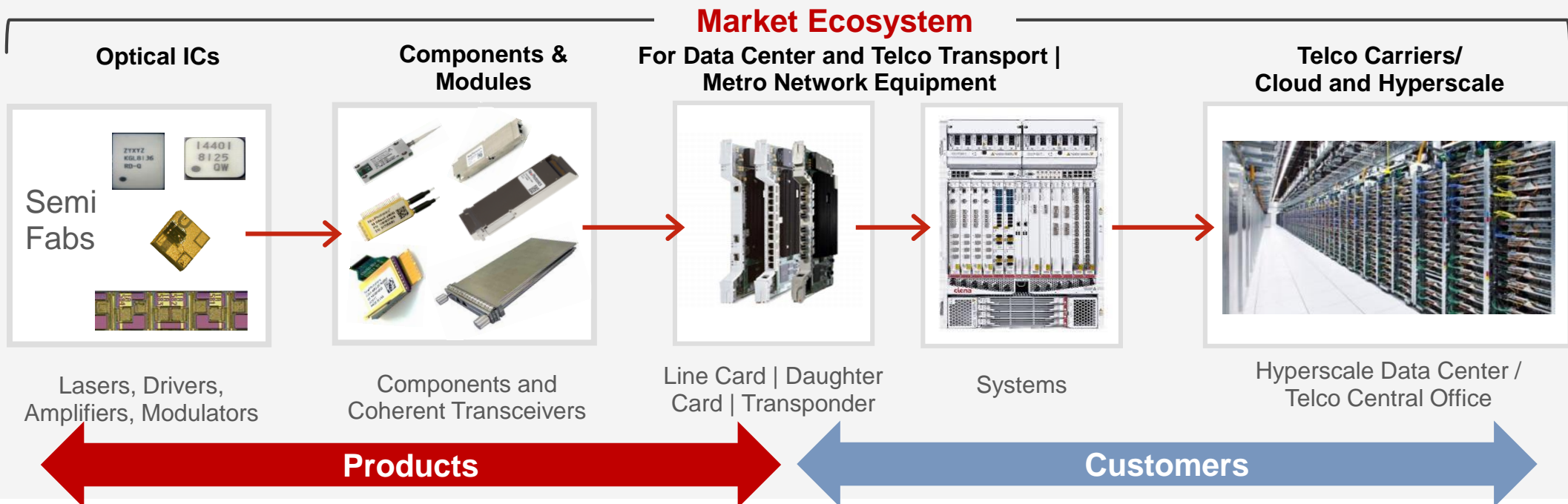
World leader in the highest speed optoelectronics - A New Era of Growth

Deep Technology for Highest Speed Cloud Solutions

- World's primary supplier of purest light tunable lasers
- 400G / 400ZR / 400ZR+ coherent DCO modules enabled by silicon photonics modulator/receiver integration
- Highest speed coherent suite ramping 64 & 96Gbaud components for 600Gbps and 800Gbps systems
- Unique C++ LASER™ for expanded spectrum and capacity

Financial and Operational Scale

- TTM Revenues as of Q2'21 of \$296 million
- Strong growth from products for 400G and above applications:
 - 100% YoY growth for 400G and above
 - These products were 46% of revenue in Q2'21





FIBER OPTIC COMMUNICATIONS: HIGHEST SPEED OVER DISTANCE LEADER

- A Decade of Delivering the Highest Speed Over Distance In the Industry
- Technology Development Teamwork: Unique Corporate and Multinational Culture
- The Outer Limits of Complex Optical Materials Technology
- Currently Shipping Products that Deliver 32 Terabits per second On One Fiber
- Technology and Manufacturing: Seamless Organic Team
- Deep Reservoir of Knowhow Captured in Trade Secrets

**Accelerating Growth,
Expanding Margins in
Highest Speed**
(400G+ since 2018)

\$296Mil TTM Revenues
2020 growth of 97% (92%, ex-
Huawei) in 400G and above
products

~1,200 Employees
(USA, China, Japan, Canada)

**~500
Issued Patents**

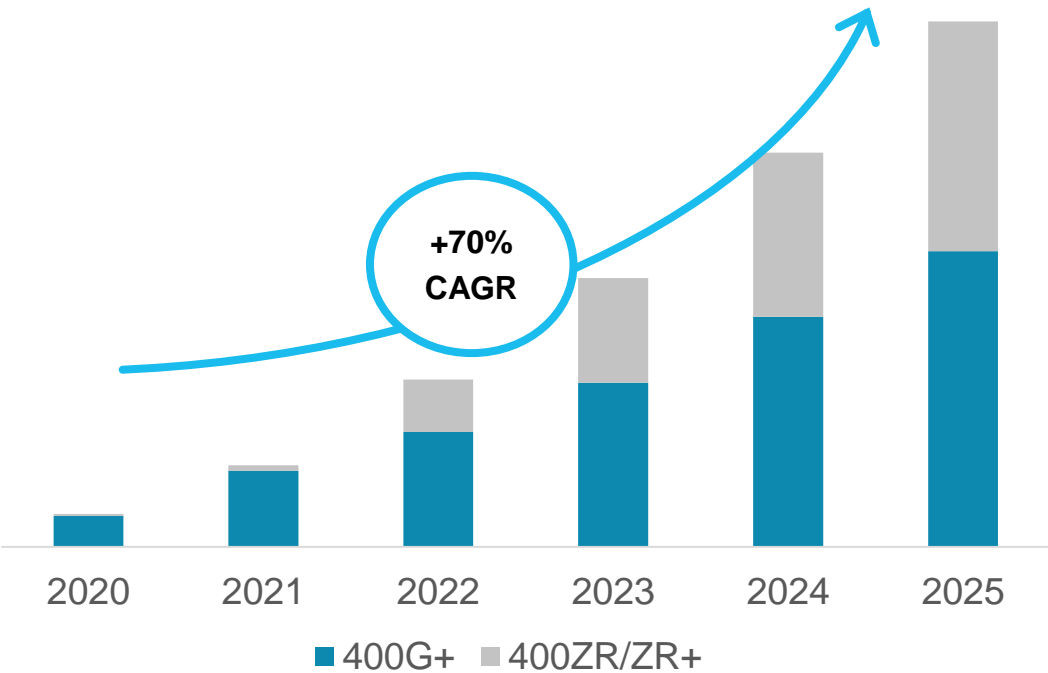
400G+ Ports Forecast TAM for 400ZR/ZR+ Modules + Coherent Components

400G+ Coherent Ports Are The Fastest Growing Segment

Rapid Growth in 400G+ PORTS

Total 400G+ Ports in 2021 forecast is ~250K

COHERENT PORTS SHIPPED

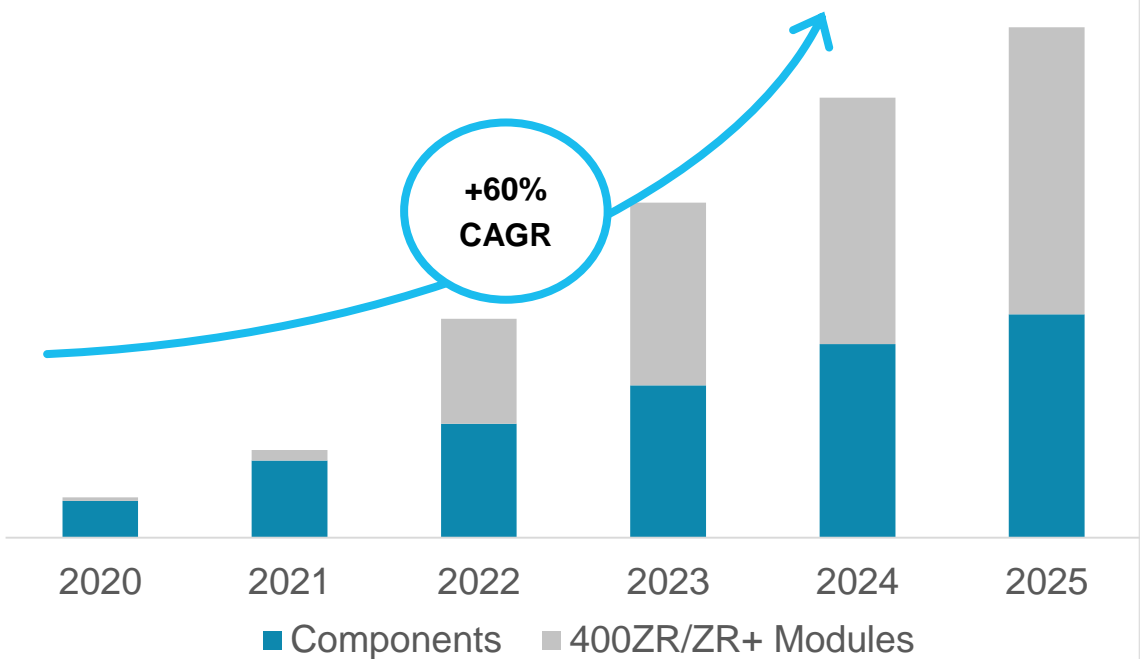


Coherent Pluggables Exceed 30% Of Ports by 2025

Total NPTN 400G+ TAM

Total 400G+ NPTN TAM in 2021 forecast is ~\$250M

TAM



Total NPTN Coherent Exceeds \$3B in 2025

Source: Current company estimates. No contribution from Huawei in 400ZR estimates.

A New Era of Growth for NPTN

Our New Era of Growth is Driven by 400G-800Gbps Data Rates and Expanding Use Cases

Our strategy is to rapidly grow the business by supporting the highest speed over distance solutions at 400G and above for telecom equipment providers, and expand our business by ramping new 400ZR and 400ZR+ coherent lasers and modules to Cloud and hyper-scale data center customers starting in 2021.

- Cloud data centers adopting coherent links leverages NPTN core technologies. These interconnects and network edge provisioning for cloud services drive demand for Speed Over Distance solutions.
- Demand for NPTN high speed products is strong – accelerating at 400G and beyond, and especially for links requiring the highest Speed Over Distance.
- Our highest speed products for 400G, 600G and 800G are used by nearly all leading NEMs.
- 400G and above products grew 100% YoY to reach 46% of revenue in Q2.
- 400ZR & 400ZR+ high speed lasers and modules for the data center market are expected to ramp in 2H'2021.
- 400G and above port growth is forecasted at a 70% CAGR 2020-2025, accelerating NPTN growth.



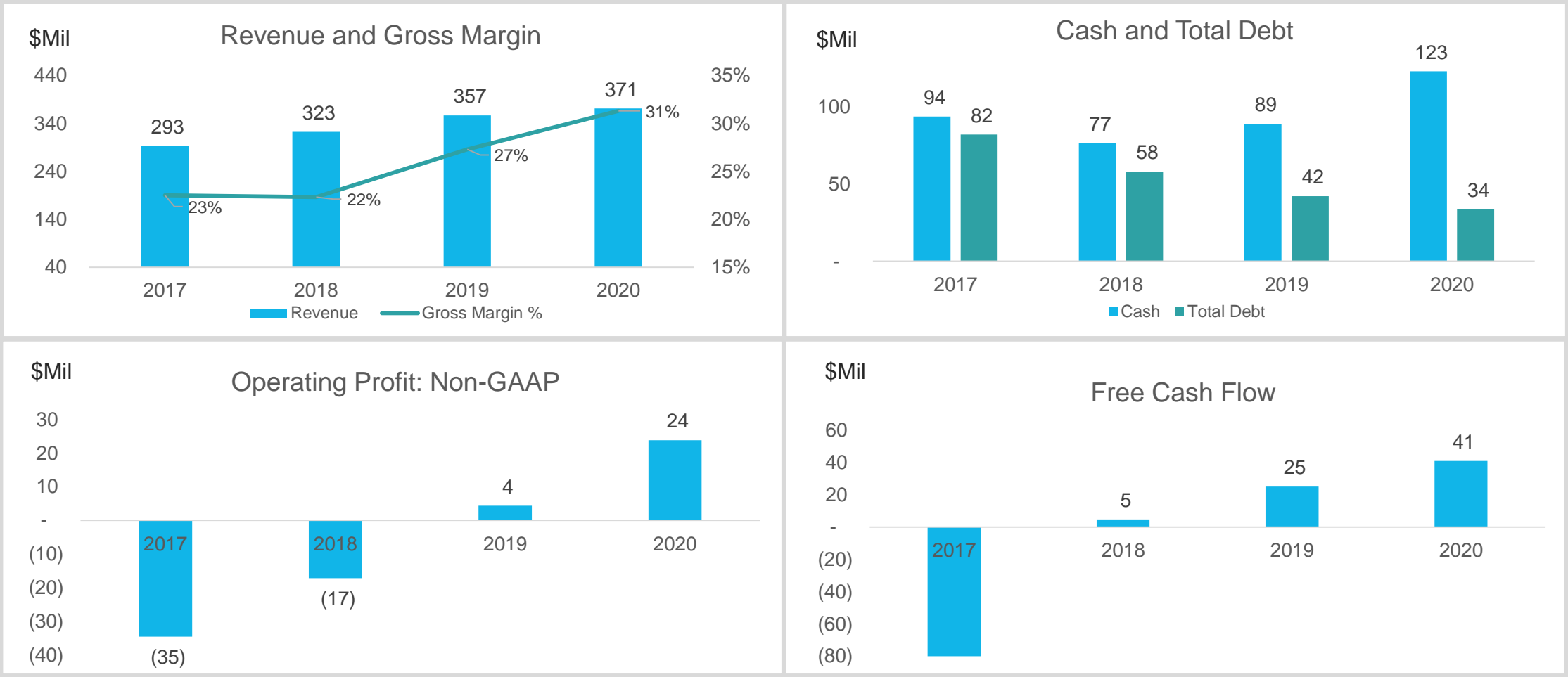
FINANCIAL VIEW

August 2021

Annual Financial Summary

(Non-GAAP, \$M)

Strong execution drove multi-year improvement prior to 2020 BIS restrictions



NOTES: Non-GAAP results in 2020 exclude \$12.3 million of stock-based compensation expense, \$10.1 million for inventory write-downs, accelerated depreciation and restructuring expenses, \$1.0 million of amortization of acquisition-related intangibles and other costs, net gain of \$2.1 million of legal settlements and advisory services and a gain of \$1.0 million on the sale of assets.

Q2'21 Financial Summary

Executing shift to high speed components and coherent modules for data center interconnects

Q2'21 revenue and margin were higher than expected

400G and above capable products were up 100% year-over-year and 46% of Q2 Revenue

Q2 2021	Non-GAAP Results	Outlook
Revenue	\$65.0Mil	\$59Mil to \$65Mil
Gross Margin	21.7%	17% to 21%
Operating Expenses	\$24.4Mil	\$22.5Mil to \$23.5Mil
EPS	(\$0.22)	(\$0.30) to (\$0.20)
Cash incl. STI & Restricted Cash	\$95Mil	

- Gross margin was above range on a favorable product mix and ~\$1.5M COGS to R&D shift for new product introduction materials
- Operating expenses higher than expected on COGS shift
- Cash is down \$16M on new product start up spending, payment of 2020 bonus and debt repayment
- Huawei was a >10% customer for the quarter, but is not expected to be a 10% customer for the year.

Notes:

The non-GAAP results for the second quarter of 2021 exclude expenses of \$3.3 million inventory write down, the impact of stock-based compensation expense of approximately \$2.3 million, of which \$0.6 million is estimated for cost of goods sold, accelerated depreciation, amortization & other costs of approximately \$0.4 million.

Outlook for Q3'21

Demand for our 400G capable components is accelerating

In late stage qualification stages with multiple hyperscalers

Outlook to return to breakeven on a non-GAAP operating profit basis in Q4'21

Q3 2021	GAAP	Non-GAAP
Revenue	\$76Mil to \$84Mil	
Gross Margin	24% to 29%	25% to 30%
Operating Expenses	\$26Mil to \$27Mil	\$23Mil to \$24Mil
EPS	(\$0.20) to (\$0.10)	(\$0.10) to \$0.00

For 2021, we expect

- Continuing strong growth of 400G and beyond products, with H2'21 production ramp of 400ZR and 400ZR+ modules
- Increasing revenue growth into Q4, with expanding margins
- Outlook reflects expectation of operating profit breakeven and a return to profitability by Q4 2021
- Inventory growth to buffer supply chain issues and ramp 400ZR component inventory

Notes:

The non-GAAP outlook for the third quarter of 2021 excludes the expected impact of stock-based compensation expense of approximately \$3.3 million, of which \$0.7 million is estimated for cost of goods sold, accelerated depreciation and amortization of \$0.5 million.

Non-GAAP EPS outlook assumes approximately 52.2 million basic shares outstanding.

NPTN Well Positioned to Deliver Accelerating Growth 2H'21 and Beyond

Market evolutions are fueling growth of NeoPhotonics

Market Growth Drivers

- Hyperscale Data Center move to 400G coherent interconnects
- Bandwidth Deployment rates expanding, notably at highest speeds; accelerating post-pandemic
- 5G: More traffic, deployment, virtualization
- Edge computing with access functions and WAN services to the edge

Operational Growth Drivers

- NPTN is focused on 400G and beyond next generation high speed coherent systems and modules
- Expansion into Cloud data center markets and expanding customer base
- Hyperscale data center interconnects and network edge provisioning for Cloud services is a large \$1Bil market opportunity for NPTN's 400ZR and 400ZR+ high speed modules

Financial Drivers & Outlook

- Outlook reflects our expectation of operating profit breakeven and a return to profitability by Q4'2021.
- Near- and long-term outlook is supported by future demand for unparalleled next generation products.



NeoPhotonics

Reference

See also:

www.neophotonics.com/blog/
and
lr.neophotonics.com

Q2'21 Additional Revenue Detail

By Region	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
China	60%	61%	56%	20%	25%	38%
Americas	19%	16%	17%	17%	9%	9%
Rest of World	21%	23%	27%	63%	66%	53%
TOTAL	100%	100%	100%	100%	100%	100%

By Product Group	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
High Speed Products	92%	90%	92%	92%	94%	94%
Networking Products	8%	10%	8%	8%	6%	6%
TOTAL	100%	100%	100%	100%	100%	100%
400G+ Capable	14%	14%	26%	46%	52%	46%

Customer Detail	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Top 5	85%	82%	82%	75%	80%	77%
Top 10	95%	94%	95%	90%	91%	94%
TOTAL Customers >10%	2	2	3	4	4	3

Revenue by geography is based on “ship to” location; it is not necessarily reflective of end use location.

“High Speed Products” refers to transmitter, receiver and switching products for optical transmission applications at data rates of 100Gbps and faster.

“Networking Products” are sold in optical networks for use at data rates below 100Gbps; includes passive products that do not have a data rate.

400G+ capable includes products that are capable of handling speeds of 400G, 600G, 800G and higher. In Q2'21, we started to include lasers and analog ICs that are used in 400G PAM4 based transceivers.

Q2'21 P&L Performance (Non-GAAP)

(\$ Millions)	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Target Model
Revenue \$	\$356.8	\$97.4	\$103.2	\$102.4	\$68.2	\$371.2	60.9	65.0	100%
Product Margin \$	117.6	34.8	37.4	37.7	25.4	135.4	24.7	24.4	
Product Margin %	33%	36%	36%	37%	37%	36%	41%	38%	
Mfg. Inefficiencies	(15.2)	(4.2)	(1.4)	(2.4)	(6.2)	(14.2)	(7.4)	(7.8)	
Other COGS	(5.1)	(0.2)	(1.7)	(0.9)	(2.4)	(5.2)	(3.6)	(2.5)	
Gross Margin \$	97.3	30.4	34.3	34.4	16.8	116.0	13.7	14.1	
Gross Margin %	27%	31%	33%	34%	25%	31%	22%	22%	35%
R&D	54.3	11.1	12.7	14.5	14.4	52.7	12.2	14.7	
S&M	13.7	3.1	3.5	3.1	3.4	13.2	3.3	3.1	
G&A	25.0	6.1	7.4	6.9	5.9	26.2	6.0	6.6	
TOTAL OPEX	93.0	20.3	23.6	24.5	23.7	92.2	21.5	24.4	25%
Operating Margin	\$4.3	\$10.1	\$10.7	\$9.9	(\$6.9)	\$23.9	(\$7.8)	(\$10.3)	
Operating Margin %	1%	10%	10%	10%	(10%)	6%	(13%)	(16%)	10%
Adj. EBITDA	\$32.7	\$17.8	\$16.9	\$13.1	(\$4.5)	\$43.3	(\$0.7)	(\$5.4)	

Notes:

The non-GAAP results for the second quarter of 2021 exclude expenses of \$3.3 million inventory write down, the impact of stock-based compensation expense of approximately \$2.3 million, of which \$0.6 million is estimated for cost of goods sold, accelerated depreciation, amortization & other costs of approximately \$0.4 million.

Q2'21 P&L Performance (GAAP)

(\$ Millions)	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21
Revenue \$	\$356.8	\$97.4	\$103.2	\$102.4	\$68.2	\$371.2	\$60.9	\$65.0
Cost of Goods Sold	268.0	67.7	69.7	78.0	52.7	268.1	47.6	55.1
Gross Margin \$	88.8	29.7	33.5	24.4	15.5	103.1	13.3	9.9
R&D	57.6	11.9	13.7	15.3	15.3	56.1	13.1	15.4
S&M	16.1	3.6	4.3	3.7	4.0	15.6	3.9	3.4
G&A	29.8	6.8	8.8	7.8	7.2	30.6	7.3	7.4
Other Charges	(0.1)	-	0.1	0.2	(3.1)	(2.8)	0.1	-
TOTAL OPEX	103.4	22.3	26.9	27.0	23.3	99.5	24.4	26.2
Operating Margin	(\$14.5)	\$7.4	\$6.6	(\$2.6)	(\$7.9)	\$3.6	(\$11.1)	(\$16.3)

Financial Measures

GAAP to Non-GAAP Reconciliation

	2020	Q2'21
GAAP Net Income/(Loss)	(4.4)	(17.4)
Stock Based Compensation	12.3	2.3
Legal Settlement and Advisory Services	(2.1)	-
Gain/Loss on Sale of Assets	(1.0)	-
Accelerated Depreciation, Restructuring & Inventory Write Downs	10.1	3.3
Amortization of Intangibles, FA Step Up and Other Costs	1.0	0.4
Tax on Non-GAAP Adjustments	0.8	-
Non-GAAP Net Income/(Loss)	16.7	(11.4)

Q2'21 Balance Sheet

(\$ Millions)	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Cash & Equivalents	\$89	\$109	\$113	\$123	\$123	\$111	\$95
Working Capital	122	133	144	149	147	140	126
Total Assets	\$335	\$342	\$349	\$346	\$324	\$295	\$283
Total Debt	42	41	36	35	34	32	30
Total Liabilities	174	175	170	165	143	125	126
Shareholders' Equity	160	168	179	181	181	170	157



Thank you

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