

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 2, 2020

NEOPHOTONICS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

001-35061

(Commission File No.)

94-3253730

(IRS Employer Identification No.)

**NeoPhotonics Corporation
3081 Zanker Road
San Jose, California 95134**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(408) 232-9200**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class:	Trading symbol(s):	Name of each exchange on which registered:
Common Stock, \$0.0025 par value	NPTN	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 5, 2020, NeoPhotonics Corporation (the “Company”) issued a press release regarding the Company’s preliminary estimated financial results for the third quarter ended September 30, 2020. A copy of the Company’s press release is furnished and attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in this Item 2.02, including Exhibit 99.1 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and shall not be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filings, except as shall be expressly set forth by specific reference in such a filing.

ITEM 2.05 COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES

On October 2, 2020, management of the Company implemented certain restructuring actions to reduce operating expenses and manufacturing costs while maintaining the Company's focus on its core capabilities, including its industry leading coherent components and solutions for data center interconnect and high speed communications networks. The restructuring actions include write-downs of Huawei-specific assets and inventories, consolidation of Indium Phosphide production and a reduction in force. The restructuring actions are expected to be completed by the end of the fourth quarter of 2021.

Under the restructuring actions, the Company estimates it will incur aggregate restructuring charges of approximately \$12.1 million, consisting of \$11.0 million of asset write-downs and accelerated depreciation and \$1.1 million of severance costs and related benefits. The estimated future cash expenditures are expected to consist of non-cancelable commitments of approximately \$3.2 million and severance and related benefits of approximately \$1.1 million.

This Item 2.05 contains forward-looking statements, including, but not limited to, statements related to the expected costs associated with termination benefits and the financial impact of the overall restructuring actions. These forward-looking statements are based on the Company’s current expectations and inherently involve significant risks and uncertainties. The Company’s actual results and the timing of events could differ materially from those anticipated in such forward looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to cost reduction efforts. The Company's overall risk factors are discussed under the heading “Risk Factors” in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, filed by the Company with the Securities and Exchange Commission on August 4, 2020. In addition, the Company’s workforce reduction costs may be greater than anticipated and the workforce reduction and any future workforce and expense reductions may have an adverse impact on the Company’s development activities and results of operations. The Company undertakes no duty or obligation to update any forward-looking statements contained in this Item 2.05 as a result of new information, future events or changes in its expectations.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

Exhibit Number	Description
<u>99.1</u>	Press Release issued by NeoPhotonics Corporation on October 5, 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 5, 2020

NEOPHOTONICS CORPORATION

By: /S/ ELIZABETH EBY

Elizabeth Eby

Senior Vice President, Finance and
Chief Financial Officer

(Principal Financial and
Accounting Officer)

NeoPhotonics Announces Initiatives to Align Cost Structure and Provides Preliminary Third Quarter Financial Results

Future Growth to be Driven by Next Generation Technologies Including 64/96 Gbaud and 400ZR Products & Solutions

Company to Host Q3'20 Earnings Call on November 2, 2020; Details to Follow

SAN JOSE, Calif. - October 5, 2020 - NeoPhotonics Corporation (NYSE: NPTN), a leading developer of silicon photonics and advanced hybrid photonic integrated circuit-based lasers, modules and subsystems for bandwidth-intensive, high speed communications networks, today announced preliminary results for the third quarter 2020. These preliminary results incorporate the changes made by NeoPhotonics to better align its infrastructure and more efficiently manage its cost structure. As previously announced, the Company has adopted a conservative approach to exclude future contributions from Huawei in its Outlook, following the August 17th tightening of Department of Commerce BIS restrictions.

“Our actions better align our capacity and production infrastructure with expected demand levels, and accelerate our goal of returning to profitability,” said Tim Jenks, Chairman and CEO of NeoPhotonics. “We are maintaining our focus on developing products for next generation coherent systems and modules, wherein our silicon photonics, lasers and advanced hybrid photonic integration technologies provide the highest value, fully supporting our expansion into the data center market with coherent products. We are increasingly optimistic about our ability to drive growth both in the near-term with our 64 Gbaud solutions and in the mid-term with 96 Gbaud solutions and as our 400ZR products ramp in mid-2021. With these changes, we continue to pursue growth opportunities and deploy our best-in-class products and solutions for the highest speed over distance applications, and with a more diverse customer set,” concluded Mr. Jenks.

The Company has taken steps to tighten production operations, account for Huawei-specific assets and inventory, consolidate Indium Phosphide production and implement an approximately 4% reduction in force. The costs to implement these changes are expected to be approximately \$12.1 million, with \$1.1 million in severance costs and \$11.0 million in inventory and idle asset charges. The Company expects to incur approximately \$10.7 million of these costs in the third quarter, \$0.7 million in the fourth quarter and the remainder as accelerated depreciation charges through 2021.

The actions taken are expected to reduce expenses with immediate impact and achieve an approximately \$2 million in quarterly operating expense reductions when fully implemented by the second quarter of 2021, in addition to reductions in Cost of Goods Sold. As a result, the Company expects to lower its revenue breakeven level and expects to return to Non-GAAP profitability in Q3'21 and GAAP profitability in Q4'21.

Given these changes, the Company also provided preliminary estimated financial results for the third quarter of 2020. The preliminary Non-GAAP results are in the upper end of the previous ranges, with severance and asset charges included in the preliminary GAAP results.

For the Quarter Ending September 30, 2020

	<i>Revised Outlook</i>		<i>Prior Outlook</i>	
	<i>GAAP</i>	<i>Non-GAAP</i>	<i>GAAP</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$101 to \$103 million		\$97 to \$105 million	
<i>Gross Margin</i>	21% to 23%	32% to 34%	29% to 33%	30% to 34%
<i>Earnings per share</i>	(\$0.14) to (\$0.10)	\$0.10 to \$0.14	(\$0.03) to \$0.07	\$0.03 to \$0.13

The Non-GAAP outlook for the third quarter of 2020 excludes the impact of expected severance and asset write-down charges of \$10.7 million, amortization of acquisition related intangibles and other costs of approximately \$0.3 million and the anticipated impact of stock-based compensation of approximately \$3.5 million, of which \$0.7 million is estimated for cost of goods sold.

As of September 30, 2020, cash, cash equivalents and restricted cash totaled approximately \$120 million.

About NeoPhotonics

NeoPhotonics is a leading developer and manufacturer of lasers and optoelectronic solutions that transmit, receive and switch high-speed digital optical signals for Cloud and hyper-scale data center internet content provider and telecom networks. The Company's products enable cost-effective, high-speed over distance data transmission and efficient allocation of bandwidth in optical networks. NeoPhotonics maintains headquarters in San Jose, California and ISO 9001:2015 certified engineering and manufacturing facilities in Silicon Valley (USA), Japan and China. For additional information visit www.neophotonics.com

Non-GAAP Financial Measures vs. GAAP Financial Measures

NeoPhotonics' non-GAAP financial measures exclude certain GAAP financial measures. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures is provided in this Press Release. 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.

NeoPhotonics 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.

Legal Notice Regarding Forward-Looking Statements

This press release 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; the timely and successful development and market acceptance of new data center products; potential impacts of the Covid-19 pandemic; reduction in or volatility of customer orders or delays in shipments of products to customers;

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 supply or demand conditions in the industry; changes in demand for the Company's products including impact of excess industry capacities following the tighter restrictions on Huawei; 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 difficulty of predicting future cash needs; changes in economic and industry projections; and a decline in general conditions in the telecommunications equipment industry or the world economy generally. 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/A for the year ended December 31, 2019 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2020. All forward-looking statements are made as of the date of this press release, and the Company disclaims any duty to update such statements.

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Investor Contacts

NeoPhotonics Corporation
Beth Eby, Chief Financial Officer
+1-408-895-6086
ir@neophotonics.com

Sapphire Investor Relations, LLC
Erica Mannion, Investor Relations
+1-617-542-6180
ir@neophotonics.com