



IPG Photonics Announces Sale of its Telecom Transmission Product Lines

Transaction Allows Enhanced Focus on Core Products and Markets

OXFORD, Mass. – August 15, 2022 - [IPG Photonics Corporation](#) (NASDAQ: IPGP) today announced that it has sold its telecom transmission product lines, comprised of optical transceivers and coherent components, to Lumentum (NASDAQ: LITE). The divested activities include the former Menara Networks and a subsidiary in Brazil.

“While we have made good progress in developing fundamental technologies in our telecom transmission business, our ability to scale these product lines would require a step-up in investment that we believe would be better spent on our core materials processing and adjacent markets. After an in-depth review, we have determined that participation in the broader telecom market is non-core to IPG’s strategy. Our strategy is to remain focused on revenue diversification and growth opportunities in markets where we can increase our value proposition to customers by delivering advanced laser processing and technology solutions. We are exploring substantial new markets and applications where fiber lasers are replacing existing laser and non-laser technologies by improving efficiency, productivity, or enabling technological breakthroughs for our customers. We would like to thank our telecom transmission employees for their contributions and wish them success with Lumentum, a market leader in optical communications,” said Dr. Eugene Scherbakov, IPG Photonics' Chief Executive Officer.

The sale will have an immaterial effect on the Company’s total revenue and earnings per share, but is expected to reduce R&D spending and operating expenses going forward. The reduction will help to offset some inflationary pressures, including merit increases, impacting the rest of the year.

Details of the transaction were not disclosed. Centerview Partners LLC served as financial advisor and Locke Lord LLP served as legal counsel to IPG Photonics in the transaction.

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About IPG Photonics Corporation

IPG Photonics Corporation is the leader in high-power fiber lasers and amplifiers used primarily in materials processing and other diverse applications. The Company’s mission is to make its fiber laser technology the tool of choice in mass production. IPG accomplishes this mission by delivering superior performance, reliability and usability at a lower total cost of ownership compared with other types of lasers and non-laser tools, allowing end users to increase productivity and decrease costs. IPG is headquartered in Oxford, Massachusetts and has more than 30 facilities worldwide. For more information, visit www.ipgphotonics.com.

Safe Harbor Statement

Information and statements provided by IPG and its employees, including statements in this press release, that relate to future plans, events or performance are forward-looking statements, including but not limited to the sale having an immaterial effect on the Company’s total revenue and earnings per share, the expected reduction in R&D spending and operating expenses, offsetting

inflationary pressures, including merit increases, impacting the rest of the year. These statements involve risks and uncertainties. Factors that could cause actual results to differ materially include risks and uncertainties, including risks associated with the strength or weakness of the business conditions in industries and geographic markets that IPG serves, particularly the effect of downturns in the markets IPG serves; uncertainties and adverse changes in the general economic conditions of markets; inability to manage risks associated with international customers and operations; changes in trade controls and trade policies; IPG's ability to penetrate new applications for fiber lasers and increase market share; the rate of acceptance and penetration of IPG's products; foreign currency fluctuations; high levels of fixed costs from IPG's vertical integration; the appropriateness of IPG's manufacturing capacity for the level of demand; competitive factors, including declining average selling prices; the effect of acquisitions and investments; inventory write-downs; asset impairment charges; intellectual property infringement claims and litigation; interruption in supply of key components; manufacturing risks; government regulations and trade sanctions; and other risks identified in IPG's SEC filings. Readers are encouraged to refer to the risk factors described in IPG's Annual Report on Form 10-K (filed with the SEC on February 22, 2022) and IPG's reports filed with the SEC, as applicable. Actual results, events and performance may differ materially. Readers are cautioned not to rely on the forward-looking statements, which speak only as of the date hereof. IPG undertakes no obligation to update the forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.