



# Investor Presentation

April 2024



# Forward-looking Statements and Non-GAAP Measures

- These slides may contain forward-looking statements. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect actual results, levels of activity, performance, or achievements.
- Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in Protolabs’ SEC filings, including the annual Form 10-K filings and the quarterly Form 10-Q filings. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statement you see or hear during this presentation reflects our current views with respect to future events and is subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.
- Non-GAAP Financial Measures: Protolabs management believes that presenting certain non-GAAP financial measures provides meaningful information to investors in understanding operating results and may enhance investors’ ability to analyze financial and business trends. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures. As calculated, our non-GAAP measures may not be comparable to other similarly titled measures of other companies. In addition, Protolabs management believes that these non-GAAP financial measures allow investors to compare period to period more easily by excluding items that could have a disproportionately negative or positive impact on results in any particular period. GAAP to non-GAAP reconciliations are included in this presentation.



Accelerate innovation.  
Drive economic growth.  
Change the world.

We make the future a reality.



# Who is Protolabs?

- ▶ We empower companies to bring new ideas to market by offering the fastest and most comprehensive digital manufacturing service in the world
- ▶ Protolabs pioneered the digital manufacturing industry in 1999, and we are the largest and most profitable today
- ▶ We make custom prototype and production-grade parts through various services, including injection molding, CNC machining, 3D printing, and sheet metal
- ▶ We have the fastest and most reliable lead times in the industry (parts delivered in as fast as one day)
- ▶ We are the only digital manufacturer that combines in-house digital manufacturing (Factory) and a growing network of manufacturing partners (Network)
- ▶ We make a positive impact on the world – our solutions help develop revolutionary products tied to electric/autonomous vehicles, renewable energy, life-saving healthcare equipment, and more

## Quick Facts (2023)

**\$504M** revenue

**45%** Non-GAAP gross margin\*

**\$83M** adj. EBITDA\*

**53,000+** customer contacts

**450M+** parts manufactured to-date

**~1M** sq. ft. of in-house digital manufacturing

**100s** of digitally enabled global manufacturing partners

\* See appendix for reconciliation



# Our Investment Thesis

## We are the digital manufacturing industry leader, serving one the largest customer bases in the industry

- One of the largest, most profitable, and differentiated digital manufacturers in the world

## We service a \$100B+ market at the infancy of digital transition

- Shorter product lifecycles, SKU proliferation, increasing sustainability standards, and onshoring momentum underpins an industry where digital is the next frontier

## Our unique, “one-stop-shop” model is built to grow profitably and withstand economic cycles

- Best-in-class provider of custom prototype parts during periods of innovation and economic growth; designed to capture production market share during economic downturns

## Attractive growth opportunities to add new clients and increase wallet share

- Our hybrid model allows us to scale and nurture new client growth, enabling us to holistically serve our customer throughout the manufacturing journey

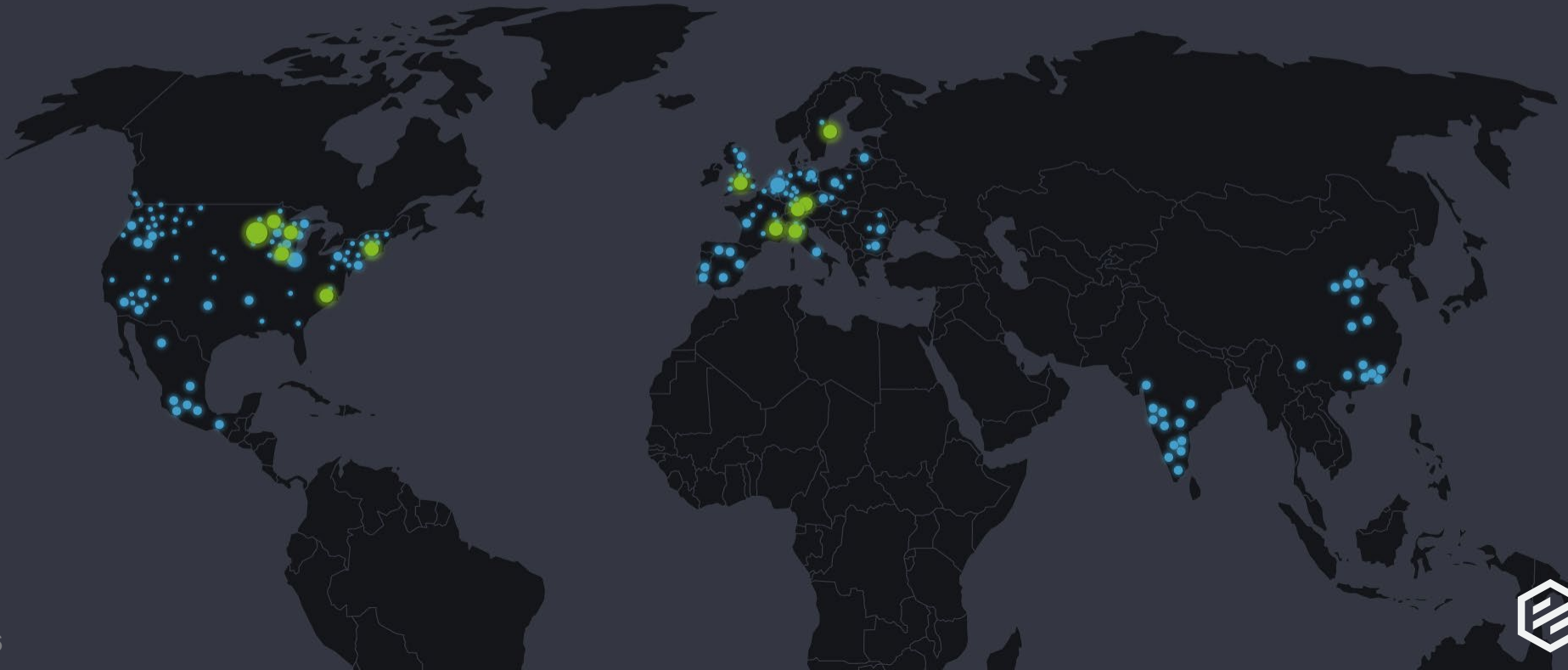
## Strong financial profile

- \$111M<sup>1</sup> of cash and investments, industry-leading cash flow generation, no debt



# Our Global Footprint

- Digital Factory Locations
- Manufacturer in Digital Network



# Key Drivers in a \$100B Market

## 1. Manufacturing is a critical sector of the economy

- Our digital technology puts us at the forefront of a massive industry

## 2. The future of manufacturing and supply chains are digital

- Manufacturing 4.0, artificial intelligence, Internet of Things
- Digitization of manufacturing is causing companies to seek single-source manufacturing providers

## 3. The most comprehensive offer wins

- Our Factory x Network offer dramatically expands our ability to serve the customer through the entire customer journey – from prototyping to production to end of life

## 4. Digitizing production will transform the industry

- Our unmatched automation positions us to win



\$100B SAM <sup>(2)</sup>	
Prototype	\$20B <sup>(2)</sup>
Production	\$80B <sup>(2)</sup>

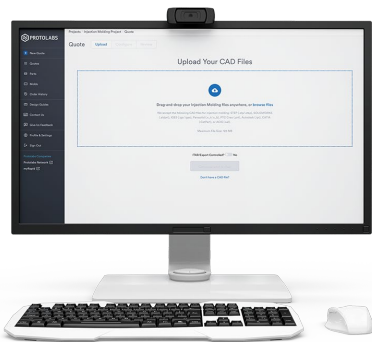
1) BCC research

2) Management estimates



# Digital Manufacturing: Factory x Network

Custom prototype and production parts are manufactured via two fulfillment sources



## Ecommerce Platform

The customer uploads files using our modern, user-friendly ecommerce platform.



## Network x Factory

Parts are manufactured via two fulfillment services:

**Protolabs Factory**  
and/or  
**Protolabs Network**



## Parts Shipped to Customer

On-time delivery of parts when you need them.





# Complementary & Synergistic Hybrid Model



## Digital Factory

- ▶ Fastest, most reliable lead times in the world for custom parts (as fast as 1 day)
- ▶ Automated quoting and digital manufacturing platform
- ▶ Equipment and process standardization to enable speed
- ▶ Industry-leading gross margin profile driven by automation and speed



## Digital Network

- ▶ Significant expansion of manufacturing capabilities via global supplier network
- ▶ Adherence to Protolabs' high-quality standards
- ▶ Can add new manufacturing partners with minimal capital outlay
- ▶ Comprehensive capabilities provide significant gross profit expansion opportunities



# Our Digital Factory Business



## Digital Factory

### Customer Value Prop

- ▶ Quick-turn source for prototype and low-volume production parts
- ▶ Accelerate product development and speed to market
- ▶ Stabilize supply chain disruptions



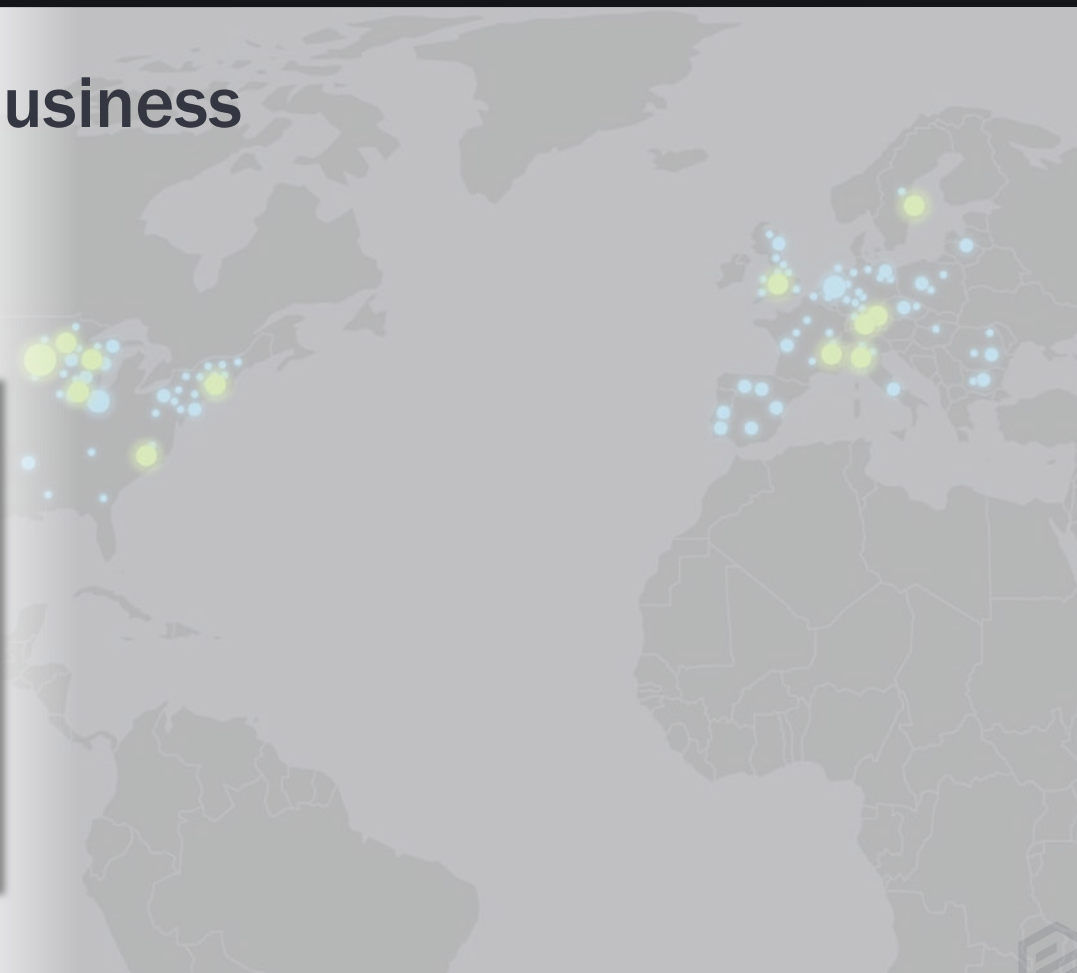
# Our Digital Network Business



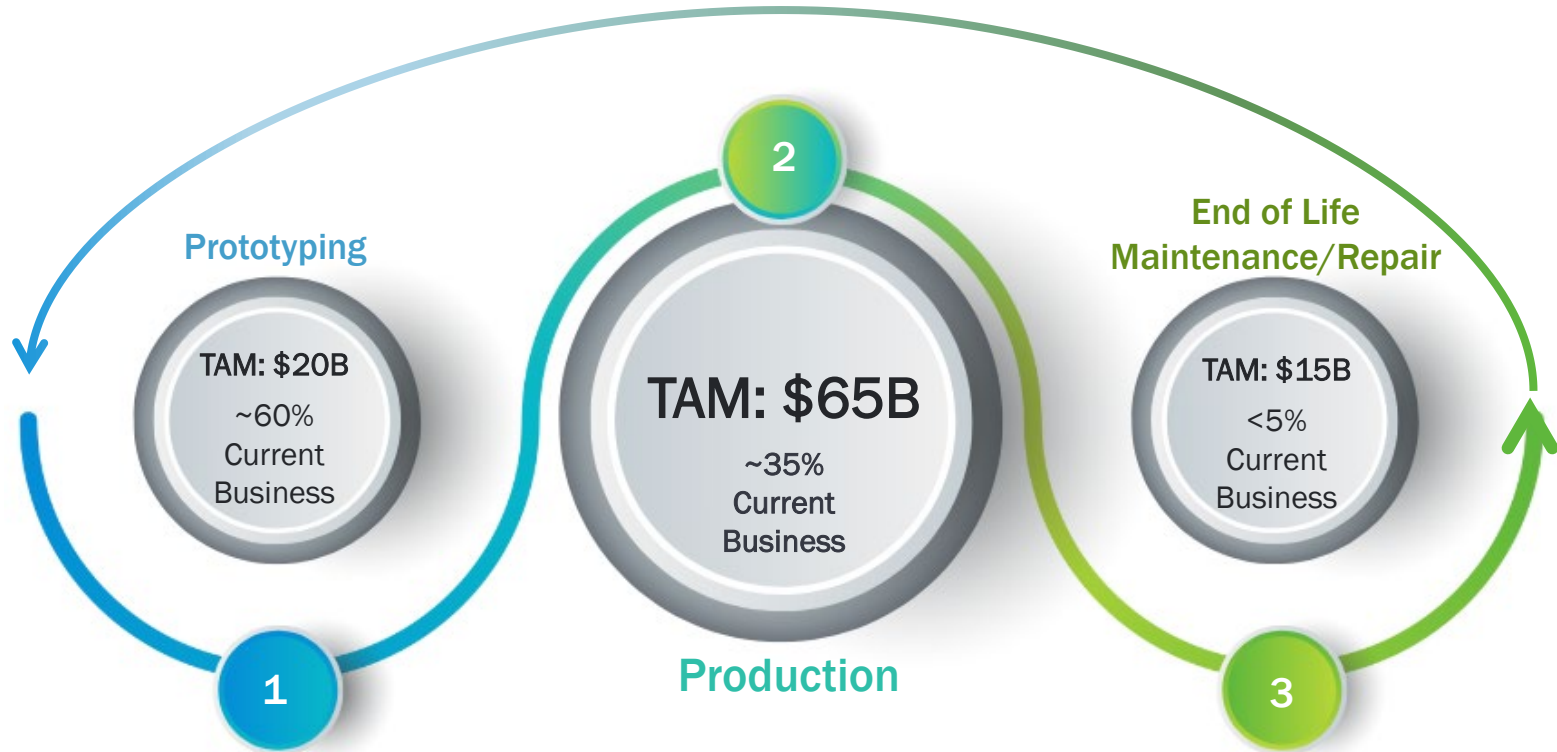
## Digital Network

### Customer Value Prop

- ▶ Cost-efficient pricing with flexible lead times
- ▶ Access to global network of production suppliers
- ▶ Comprehensive and complementary manufacturing capabilities



# Massive Opportunity to Partner Across the Product Lifecycle




*Note: market size and business % are management estimates*



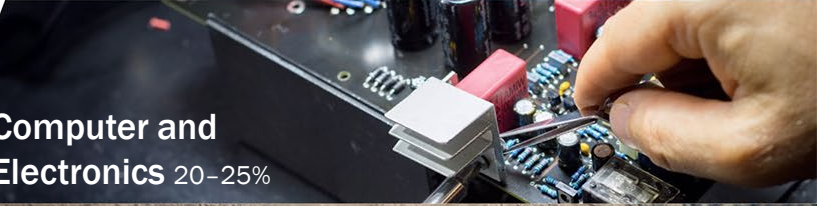
# We Are Essential to Our Customers

- We work with the **most innovative companies** in the world
- In 2023, we served more than **53,000 customer contacts**—one of the largest customer bases in our industry
- We serve more than **85% of Fortune 500 companies** in our target industries



Medical and  
Healthcare 20-25%

A photograph showing medical professionals in a clinical setting, with a patient lying on a table and various medical equipment visible.



Computer and  
Electronics 20-25%

A close-up photograph of a person's hands working on a complex electronic circuit board, using a pair of tweezers.




Aerospace 10-15%

A photograph of a satellite in orbit above a rugged, mountainous landscape on Earth.



Industrial Machinery  
and Equipment 5-10%

A photograph of a large, yellow industrial machine, possibly a conveyor belt or a sorting system, in a factory setting.



Automotive ~5%

A photograph of a blue electric vehicle charging cable plugged into a red car's charging port.

# Case Study: Prototyping to Production

Customers leverage world's most comprehensive digital manufacturing offer

## CHALLENGE

- ▶ Fortune 500 medical company had a line-down situation at an existing vendor, leaving it with a **large gap in delivery of its end-use production equipment** for surgical rooms
- ▶ Company needed **quick-turn machined components**

## SOLUTION

- ▶ Customer is a regular Protolabs IM customer, and was aware of our speed and reliability; it leveraged the **digital factory** for prototype run of machined parts
- ▶ Due to part complexity, production shifted to our **digital network**
- ▶ **Digital network** manufactured and delivered more than \$500,000 in **production-grade, end-use components** over the course of a few months

## VALUE DELIVERED

- ▶ Combination of **factory and network capabilities** provided value by helping customer avoid huge financial losses due to extended shut down of production line

## Quick Stats

Medical



CNC Machining



Factory x  
Network



# Case Study: Factory Injection Molding

Protolabs' factory offers best-in-class speed and reliability

## CHALLENGE

- ▶ A European luxury high end automotive manufacturer was looking to extend its leadership in high performance vehicles to include **electric vehicles**
- ▶ To optimize the hydraulic system for cooling the battery pack in the company's first ever electric vehicle, it required **rapid and innovative solutions in material and design**

## SOLUTION

- ▶ The luxury automaker collaborated with a leading global design firm and manufacturer, that **engaged Protolabs to deliver injection molded components** to prototype the hydraulic system
- ▶ Protolabs worked closely with the design firm to **design, validate, and produce different components** with specific materials and tight tolerances, minimizing space, and ensuring critical fit

## VALUE DELIVERED

- ▶ Protolabs delivered **parts on demand**, meeting the project's stringent timeline and quality standards
- ▶ Protolabs' speed, reliability, and quality allowed the customer to obtain parts to-spec for testing and to be mounted on the electric supercar prototype, **reducing validation and testing times, and accelerating innovation**

## Quick Stats

Automotive



Injection  
Molding



Factory



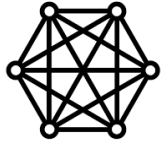
# Why Customers Choose Protolabs

What Customers Value	How We Deliver
Reliability	Investing ahead of demand allows for infinite capacity and <b>reliable</b> lead times
Speed	We digitally manufacture parts, enabling the world's <b>fastest</b> lead times
Quality	Repeatable processes and rigorous <b>digital traceability and quality</b> inspection
Breadth	With our hybrid model, Protolabs now offers: <ul style="list-style-type: none"><li>▶ A <b>wider breadth of capabilities</b></li><li>▶ A <b>broader range of price &amp; lead time options</b></li><li>▶ A <b>single-source manufacturing solution</b> throughout the product lifecycle</li></ul>





# Our Hybrid Model Drives Customer Retention



## A Single Resource for Complex Components

- Manufacture all custom parts regardless of complexity
- Simplified supply chain with one-stop-shop
- Strategic innovation partner



## A Manufacturing Solution Throughout Life Cycle

- Rapid prototyping with iterative design
- Bridge from low- to high-volume production
- Flexibility during demand volatility



## A Source for Competitive Pricing at Any Quantity

- Cost-efficient parts from quantity one to 1 million
- Striving for intuitive pricing options between factory and network

*>90% of revenue comes from returning customers*



# Attractive Near-Term Growth Opportunities

## New customer acquisition

- Focus on brand evolution & expansion
- Leverage paid media
- Increase conversions through internal sales force and more compelling offering
- Engage earlier on the customer journey, support journey with key requirements
- Relevant tradeshows and industry events

## Grow wallet share of existing customers

- Focus on comprehensive opportunities and become end-to-end partner
- Drive customers' knowledge of comprehensive Factory x Network model
- Increase exposure to production (larger market than prototyping, only ~40% of current business)
- Satisfy needs of production buyers

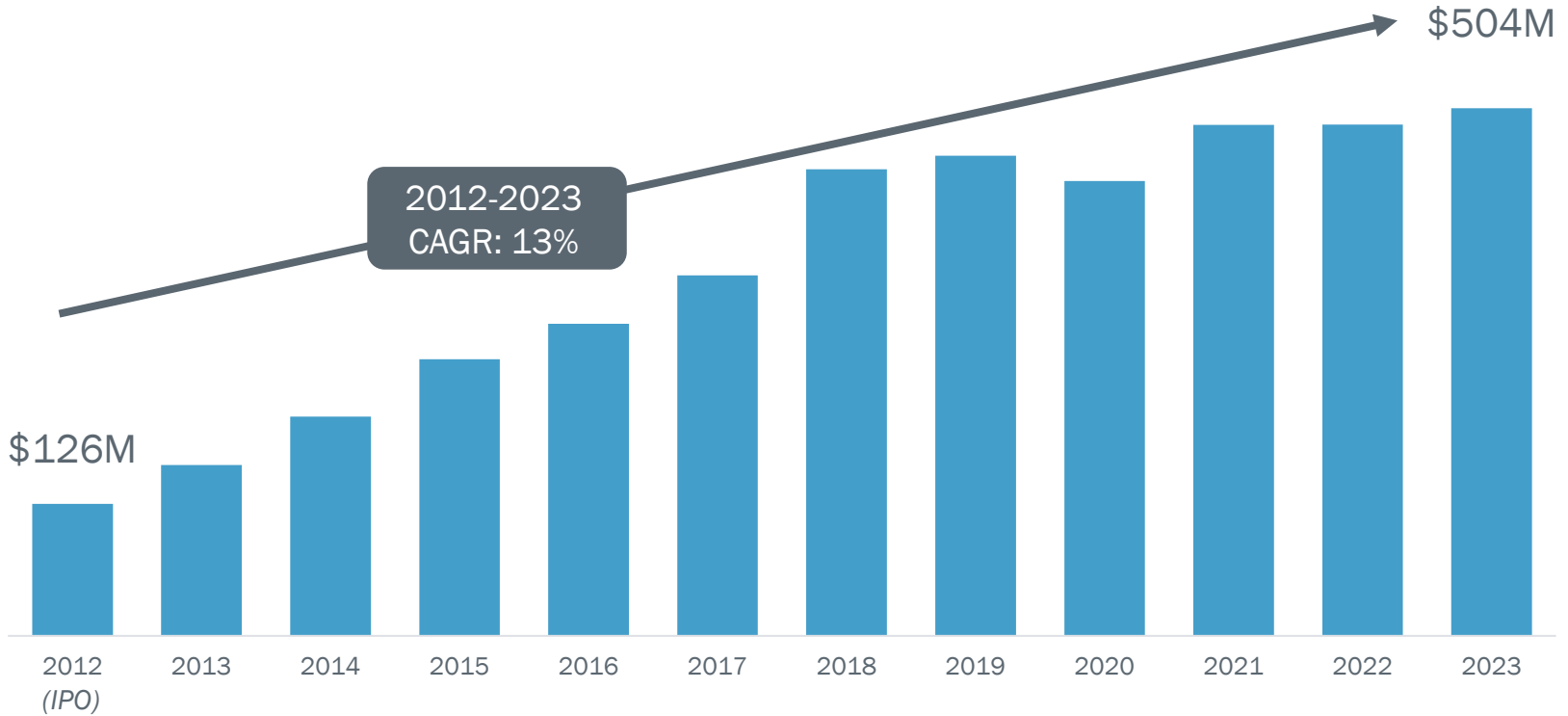




# Financial Information



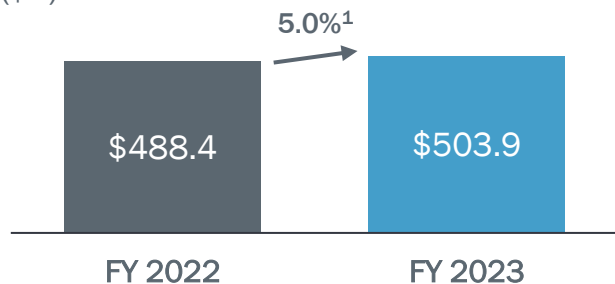
# Long-Term Track Record of Revenue Growth



# Financial Highlights | FY 2023

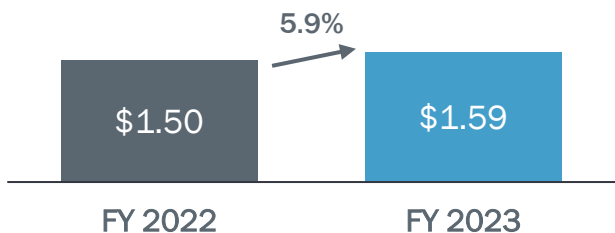
## Revenue

(\$M)



- Revenue of \$503.9 million, up 5.0%<sup>1</sup> YoY
  - Record annual revenue for Protolabs
  - YoY growth in injection molding, CNC machining, and 3D printing
  - Protolabs Network revenue grew 69% YoY in constant currencies

## Non-GAAP EPS\*



- Non-GAAP EPS of \$1.59, up \$0.09 YoY
  - YoY earnings improvement driven primarily by higher volume, as well as factory and network gross margin improvement

<sup>1</sup> YoY change in constant currencies and excluding Japan

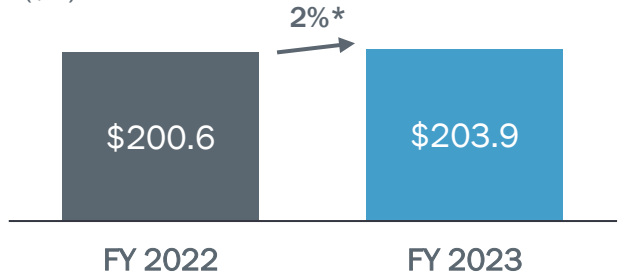
\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, goodwill impairment, costs related to Japan closure activities, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.



# Revenue by Service | FY 2023

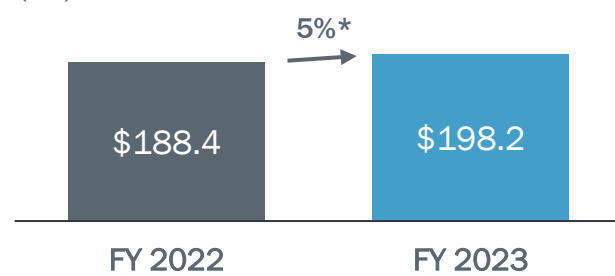
## Injection Molding - Revenue

(\$M)



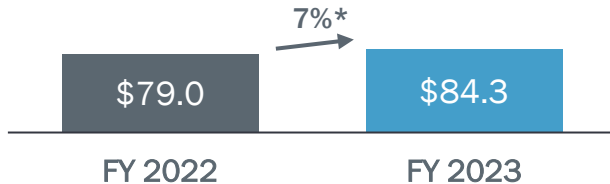
## CNC Machining - Revenue

(\$M)



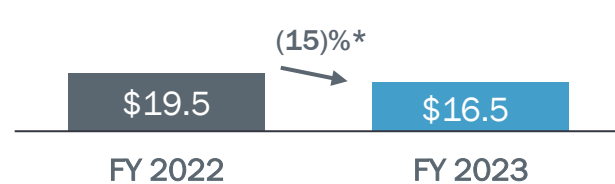
## 3D Printing - Revenue

(\$M)



## Sheet Metal - Revenue

(\$M)



\*YoY change reflected in constant currencies  
See reconciliation in Appendix.



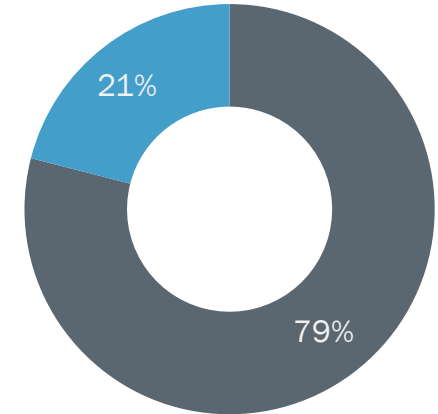
# Revenue by Region | FY 2023

	FY 2023	FY 2022	YoY Change Overall	YoY Change Constant Fx*	YoY Change Constant Fx* (excl. Japan)
Americas	\$396.8	\$387.4	2.4%	2.4%	-
Europe	\$107.1	\$92.8	15.4%	15.6%	-
Japan	-	\$8.2	(100.0)%	(100.0)%	-
<b>Total</b>	<b>\$503.9</b>	<b>\$488.4</b>	<b>3.2%</b>	<b>3.2%</b>	<b>5.0%</b>

\*YoY change reflected in constant currencies;  
see reconciliation in appendix

## Revenue % by Region

FY 2023



■ Americas ■ Europe



# Cash Flow and Balance Sheet | FY 2023

\$M	FY 2023*	FY 2022*
Operating Cash Flow	\$73.3	\$62.1
Capital Expenditures	\$28.1	\$21.7
Share Repurchases	\$44.0 <sup>1</sup>	\$29.7
Cash and Investments	\$110.8	\$106.5
Debt	\$0	\$0

<sup>1</sup> \$44.0M in share repurchases in 2023 – returned 97% of free cash flow to shareholders

\*Cash Flow and Balance Sheet items as of 12/31/23 and 12/31/22, respectively.





# Outlook | Q1 2024

Q1 2024 Revenue	
Revenue	\$120M - \$128M
% Growth YoY	(5)% - 2%

Q1 2024 Non-GAAP* EPS	
Non-GAAP* EPS	\$0.26 - \$0.34
% Growth YoY	(12)% - 15%

## Outlook Commentary

- Expect foreign currency to have a \$0.5 to \$1.0 million favorable impact on Q1 2024 revenue
- Expect Q1 2024 Non-GAAP\* effective tax rate of 21% +/- 50 bps
- Expect Q1 2024 diluted shares outstanding of approximately 26 million

\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, costs related to Japan closure activities, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.



# Thank You!

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# Appendix



# YoY GAAP to Non-GAAP P&L | FY 2023

\$ in thousands	Twelve Months Ended December 31, 2023			Twelve Months Ended December 31, 2022		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
Revenue	\$ 503,877	—	\$ 503,877	\$ 488,398	—	\$ 488,398
Cost of revenue	281,884	(3,210)	278,674	272,933	(3,541)	269,392
Gross profit	\$ 221,993	\$ 3,210	\$ 225,203	\$ 215,465	\$ 3,541	\$ 219,006
Marketing and sales	87,688	(3,424)	84,264	82,752	(3,295)	79,457
Research and development	40,135	(2,557)	37,578	38,222	(2,190)	36,032
General and administrative	65,788	(12,727)	53,061	67,544	(14,615)	52,929
Goodwill Impairment	—	—	—	118,008	(118,008)	—
Closure of Japan business	215	(215)	—	6,922	(6,922)	—
Total operating expenses	193,826	(18,923)	174,903	313,448	(145,030)	168,418
Income (loss) from operations	\$ 28,167	\$ 22,133	\$ 50,300	\$ (97,983)	\$ 148,571	\$ 50,588
Adjusted EBITDA	N/A	N/A	\$ 83,232	N/A	N/A	\$ 83,307

## % of Revenue

Gross Margin	44.1 %		44.7 %	44.1 %		44.8 %
Marketing and sales	17.4 %		16.7 %	16.9 %		16.3 %
Research and development	8.0 %		7.5 %	7.8 %		7.4 %
General and administrative	13.1 %		10.5 %	13.8 %		10.8 %
Goodwill Impairment	— %		— %	24.2 %		— %
Closure of Japan business	0.0 %		— %	1.4 %		— %
Total operating expenses	38.5 %		34.7 %	64.2 %		34.5 %
Income (loss) from operations	5.6 %		10.0 %	(20.1) %		10.4 %
Adjusted EBITDA	N/A		16.5 %	N/A		17.1 %

\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, goodwill impairment, costs related to Japan closure activities, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.



# GAAP to NON-GAAP Reconciliation | Revenue by Region

Proto Labs, Inc.  
Comparison of GAAP to Non-GAAP Revenue Growth by Region  
(In thousands)  
(Unaudited)

	Three Months Ended December 31, 2023			Three Months Ended December 31, 2022		% Change <sup>2</sup>	% Change Organic <sup>3</sup>
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP			
Revenues							
United States	\$ 98,814	\$ -	\$ 98,814	\$ 92,278	7.1%	7.1%	
Europe	26,234	(1,144)	25,090	23,329	12.5%	7.5%	
Total revenue	<u>\$ 125,048</u>	<u>\$ (1,144)</u>	<u>\$ 123,904</u>	<u>\$ 115,607</u>	8.2%	7.2%	
	Twelve Months Ended December 31, 2023			Twelve Months Ended December 31, 2022		% Change <sup>2</sup>	% Change Organic <sup>3</sup>
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP			
Revenues							
United States	\$ 396,821	\$ -	\$ 396,821	\$ 387,399	2.4%	2.4%	
Europe	107,056	167	107,223	92,770	15.4%	15.6%	
Japan	-	-	-	8,229	(100.0%)	(100.0%)	
Total revenue	<u>\$ 503,877</u>	<u>\$ 167</u>	<u>\$ 504,044</u>	<u>\$ 488,398</u>	3.2%	3.2%	

1. Revenue for the three and twelve months ended December 31, 2023 has been recalculated using 2022 foreign currency exchange rates in effect during comparable periods to provide information useful in evaluating the underlying business trends excluding the impact of changes in foreign currency exchange rates.

2. This column presents the percentage change from GAAP revenue for the three and twelve months ended December 31, 2022 to GAAP revenue for the three and twelve months ended December 31, 2023.

3. This column presents the percentage change from GAAP revenue for the three and twelve months ended December 31, 2022 to non-GAAP revenue for the three and twelve months ended December 31, 2023 (as recalculated using the foreign currency exchange rates in effect during the three and twelve months ended December 31, 2022)) in order to provide a constant-currency comparison.



# GAAP to NON-GAAP Reconciliation | Revenue by Service

**Proto Labs, Inc.**  
**Comparison of GAAP to Non-GAAP Revenue Growth by Service Line**  
(In thousands)  
(Unaudited)

	Three Months Ended December 31, 2023			Three Months Ended December 31, 2022		
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP	%	% Change
					Change <sup>2</sup>	Organic <sup>3</sup>
Revenues						
Injection Molding	\$ 51,486	\$ (453)	\$ 51,033	\$ 44,885	14.7 %	13.7 %
CNC Machining	48,905	(395)	48,510	46,563	5.0	4.2
3D Printing	20,339	(268)	20,071	19,530	4.1	2.8
Sheet Metal	4,062	(1)	4,061	4,432	(8.3)	(8.4)
Other Revenue	256	(27)	229	197	29.9	16.2
Total Revenue	\$ 125,048	\$ (1,144)	\$ 123,904	\$ 115,607	8.2%	7.2%
	Twelve Months Ended December 31, 2023			Twelve Months Ended December 31, 2022		
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP	%	% Change
					Change <sup>2</sup>	Organic <sup>3</sup>
Revenues						
Injection Molding	\$ 203,941	\$ 328	\$ 204,269	\$ 200,578	1.7 %	1.8 %
CNC Machining	198,222	(243)	197,979	188,372	5.2	5.1
3D Printing	84,291	9	84,300	78,988	6.7	6.7
Sheet Metal	16,540	(10)	16,530	19,498	(15.2)	(15.2)
Other Revenue	883	83	966	962	(8.2)	0.4
Total Revenue	\$ 503,877	\$ 167	\$ 504,044	\$ 488,398	3.2%	3.2%

- Revenue for the three months ended December 31, 2023 has been recalculated using 2022 foreign currency exchange rates in effect during comparable periods to provide information useful in evaluating the underlying business trends excluding the impact of changes in foreign currency exchange rates.
- This column presents the percentage change from GAAP revenue for the three months ended December 31, 2022 to GAAP revenue for the three months ended December 31, 2023.
- This column presents the percentage change from GAAP revenue for the three months ended December 31, 2022 to non-GAAP revenue for the three months ended December 31, 2023 (as recalculated using the foreign currency exchange rates in effect during the three months ended December 31, 2022) in order to provide a constant-currency comparison.



# GAAP to NON-GAAP Reconciliation | Gross Margin

Proto Labs, Inc.  
Reconciliation of GAAP to Non-GAAP Gross Margin  
(In thousands)  
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 125,048	\$ 115,607	\$ 503,877	\$ 488,398
Gross profit	55,812	48,607	221,993	215,465
GAAP gross margin	44.6%	42.0%	44.1%	44.1%
Add back:				
Stock-based compensation expense	452	498	1,840	2,172
Amortization expense	342	342	1,370	1,369
Total adjustments	794	840	3,210	3,541
Non-GAAP gross profit	\$ 56,606	\$ 49,447	\$ 225,203	\$ 219,006
Non-GAAP gross margin	45.3%	42.8%	44.7%	44.8%

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 125,048	\$ 115,607	\$ 503,877	\$ 488,398
Revenue excluding Japan	\$ 125,048	\$ 115,607	\$ 503,877	\$ 480,169
Gross profit	55,812	48,607	221,993	215,465
GAAP gross margin	44.6%	42.0%	44.1%	44.1%
Less: Japan gross profit	-	(93)	-	3,057
Gross Profit excluding Japan	55,812	48,700	221,993	212,408
GAAP gross margin excluding Japan	44.6%	42.1%	44.1%	44.2%
Add back:				
Stock-based compensation expense	452	498	1,840	2,172
Amortization expense	342	342	1,370	1,369
Less:				
Japan stock-based compensation expense	-	-	-	61
Japan amortization expense	-	-	-	-
Total adjustments	794	840	3,210	3,480
Non-GAAP gross profit excluding Japan	\$ 56,606	\$ 49,540	\$ 225,203	\$ 215,888
Non-GAAP gross margin excluding Japan	45.3%	42.9%	44.7%	45.0%



# GAAP to NON-GAAP Reconciliation | Operating Margin

**Proto Labs, Inc.**  
**Reconciliation of GAAP to Non-GAAP Operating Margin**  
(In thousands)  
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	Revenue	\$ 125,048	\$ 115,607	\$ 503,877
Income (loss) from operations	8,395	(117,132)	28,167	(97,983)
GAAP operating margin	6.7%	(101.3%)	5.6%	(20.1%)
Add back:				
Stock-based compensation expense	4,178	4,210	15,989	17,545
Amortization expense	1,457	1,514	5,928	6,096
Goodwill impairment	-	118,008	-	118,008
Costs related to Japan closure activities	29	534	215	6,922
Total adjustments	5,664	124,266	22,132	148,571
Non-GAAP income from operations	\$ 14,059	\$ 7,134	\$ 50,299	\$ 50,588
Non-GAAP operating margin	11.2%	6.2%	10.0%	10.4%

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	Revenue	\$ 125,048	\$ 115,607	\$ 503,877
Revenue excluding Japan	\$ 125,048	\$ 115,607	\$ 503,877	\$ 480,169
Income (loss) from operations	8,395	(117,132)	28,167	(97,983)
GAAP operating margin	6.7%	(101.3%)	5.6%	(20.1%)
Less: Japan (loss) income from operations	(18)	(594)	(499)	(1,424)
Income from operations excluding Japan	8,413	(116,538)	28,666	(96,559)
GAAP operating margin excluding Japan	6.7%	(100.8%)	5.7%	(20.1%)
Add back:				
Stock-based compensation expense	4,178	4,210	15,989	17,545
Amortization expense	1,457	1,514	5,928	6,096
Goodwill impairment	—	118,008	—	118,008
Costs related to Japan closure activities	29	534	215	6,922
Less:				
Japan stock-based compensation expense	-	20	17	406
Japan amortization expense	-	-	-	-
Total adjustments	5,664	124,246	22,115	148,165
Non-GAAP income from operations excluding Japan	\$ 14,077	\$ 7,708	\$ 50,781	\$ 51,606
Non-GAAP operating margin excluding Japan	11.3%	6.7%	10.1%	10.7%





# GAAP to NON-GAAP Reconciliation | EBITDA

**Proto Labs, Inc.**  
**Reconciliation of GAAP Net Income (Loss) to EBITDA and Adjusted EBITDA**  
(In thousands)  
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 125,048	\$ 115,607	\$ 503,877	\$ 488,398
GAAP net income (loss)	6,990	(115,065)	17,220	(103,462)
GAAP net income margin	5.6%	(99.5%)	3.4%	(21.2%)
Add back:				
Amortization expense	\$ 1,457	\$ 1,514	\$ 5,928	\$ 6,096
Depreciation expense	7,858	7,930	31,600	33,329
Interest income, net	(951)	(509)	(2,234)	(968)
Provision for income taxes	2,948	(1,638)	10,732	5,585
EBITDA	18,302	(107,768)	63,246	(59,420)
EBITDA Margin	14.6%	(93.2%)	12.6%	(12.2%)
Add back:				
Stock-based compensation expense	4,178	4,210	15,989	17,545
Unrealized (gain) loss on foreign currency	(211)	(490)	(125)	252
Goodwill impairment	-	118,008	-	118,008
Costs related to Japan closure activities	29	534	4,122	6,922
Total adjustments	3,996	122,262	19,986	142,727
Adjusted EBITDA	\$ 22,298	\$ 14,494	\$ 83,232	\$ 83,307
Adjusted EBITDA Margin	17.8%	12.5%	16.5%	17.1%



# GAAP to NON-GAAP Reconciliation | EPS

**Proto Labs, Inc.**  
**Reconciliation of GAAP to Non-GAAP Net Income per Share**  
(In thousands, except share and per share amounts)  
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Non-GAAP net income (loss), adjusted for stock-based compensation expense, amortization expense, unrealized (gain) loss on foreign currency, goodwill impairment and costs related to Japan closure activities				
GAAP net income (loss)	\$ 6,990	\$ (115,065)	\$ 17,220	\$ (103,462)
Add back:				
Stock-based compensation expense	4,178	4,210	15,989	17,545
Amortization expense	1,457	1,514	5,928	6,096
Unrealized (gain) loss on foreign currency	(211)	(490)	(125)	252
Goodwill impairment	—	118,008	—	118,008
Costs related to Japan closure activities	29	534	4,122	6,922
Total adjustments <sup>1</sup>	5,453	123,776	25,914	148,823
Income tax benefits on adjustments <sup>2</sup>	(609)	(1,753)	(1,540)	(4,271)
Non-GAAP net income	<u>\$ 11,834</u>	<u>\$ 6,958</u>	<u>\$ 41,594</u>	<u>\$ 41,090</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.46</u>	<u>\$ 0.26</u>	<u>\$ 1.59</u>	<u>\$ 1.50</u>
Diluted	<u>\$ 0.46</u>	<u>\$ 0.26</u>	<u>\$ 1.59</u>	<u>\$ 1.50</u>
Shares used to compute non-GAAP net income per share:				
Basic	25,820,802	27,136,821	26,186,533	27,409,838
Diluted	25,889,004	27,136,821	26,223,498	27,433,257

1. Stock-based compensation expense, amortization expense, unrealized (gain) loss on foreign currency, goodwill impairment and costs related to Japan closure activities were included in the following GAAP consolidated statement of operations categories:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Cost of revenue	\$ 794	\$ 840	\$ 3,210	\$ 3,541
Marketing and sales	916	816	3,424	3,295
Research and development	669	488	2,557	2,190
General and administrative	3,256	3,580	12,727	14,615
Goodwill impairment	-	118,008	-	118,008
Closure of Japan business	29	534	215	6,922
Total operating expenses	<u>4,870</u>	<u>123,426</u>	<u>18,923</u>	<u>145,030</u>
Other income (loss), net	(211)	(490)	3,781	252
Total adjustments	<u>\$ 5,453</u>	<u>\$ 123,776</u>	<u>\$ 25,914</u>	<u>\$ 148,823</u>

2. For the three and twelve months ended December 31, 2023 and 2022, income tax effects were calculated using the effective tax rate for the relevant jurisdictions. The Company's non-GAAP tax rates differ from its GAAP tax rates due primarily to the mix of activity incurred in domestic and foreign tax jurisdictions and removing effective tax rate benefits from stock-based compensation activity in the quarter.



# GAAP to NON-GAAP Reconciliation | Q1 2024 Outlook

**Proto Labs, Inc.**  
**Reconciliation of GAAP to Non-GAAP Guidance**  
**(In thousands, except share and per share amounts)**  
**(Unaudited)**

	Q1 2024 Outlook	
	Low	High
GAAP diluted earnings per share	\$ 0.09	\$ 0.17
Add back:		
Stock-based compensation expense	0.14	0.14
Amortization expense	0.03	0.03
Unrealized (gain) loss on foreign currency	<u>0.00</u>	<u>0.00</u>
Total adjustments	<u>0.18</u>	<u>0.18</u>
Non-GAAP diluted earnings per share	<u>\$ 0.26</u>	<u>\$ 0.34</u>

