



# Earnings Presentation

Q4 & FY 2023

February 9, 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.



# Protolabs Enables Positive Global Impact



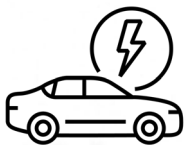


## **Vision**

Accelerating innovation by  
revolutionizing manufacturing.

## **Mission**

We empower companies to bring new ideas to market  
by offering the fastest and most comprehensive digital  
manufacturing service in the world.



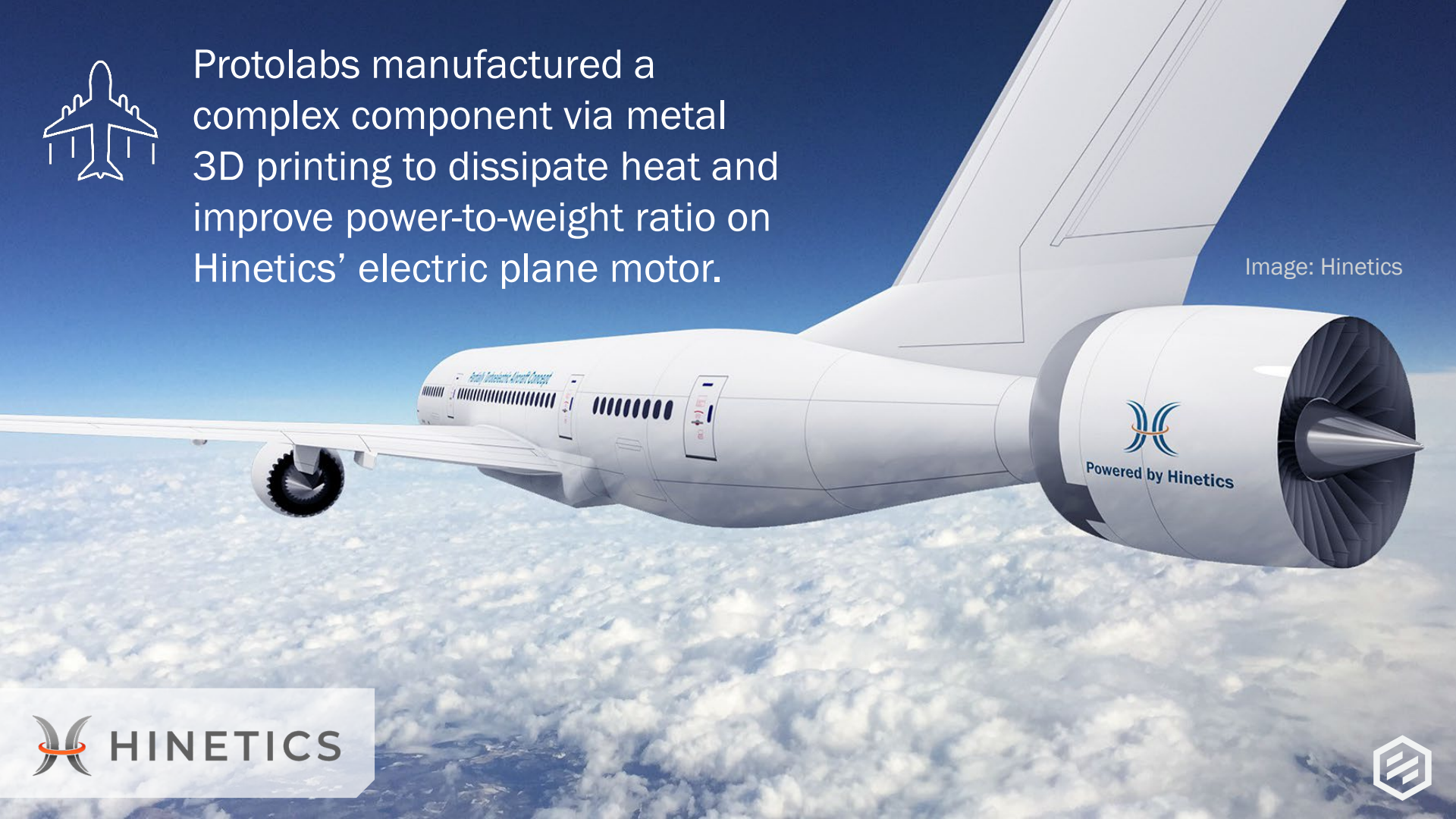
To support Electric Vehicle development, a prominent EV manufacturer and long-time Factory customer leveraged Protolabs Network for large and complex IM components.





Protolabs manufactured a complex component via metal 3D printing to dissipate heat and improve power-to-weight ratio on Hinetics' electric plane motor.

Image: Hinetics





Development of micro-satellites for orbital experimentation was accelerated with Protolabs machined parts for antenna mounts, payload housings, and other features.





Leader in agricultural machinery leveraged Digital Factories and Protolabs Network to provide cost-efficient CNC machined metal components from a single supplier.





# **2023 Accomplishments, 2024 Priorities**



# 2023 Accomplishments

## 1. Drive Growth in Priority Focus Areas ✓

- **Grow Injection Molding** ✓
  - Successfully achieved injection molding revenue growth YoY in 2023
  - Combined factory and network offer gaining traction; winning larger orders
- **Grow CNC Machining** ✓
  - Successfully unlocked greater revenue growth potential via the most complete and comprehensive offer in the industry
  - CNC machining revenue fulfilled via Protolabs Network grew 80% in 2023

## 2. Drive Shareholder Value through Financial Performance ✓

- Both factory and network gross margins improved year-over-year
- 2023 non-GAAP earnings per share grew 6% over 2022
- Protolabs generated \$73 million in cash from operations in 2023, the highest in our industry
- \$44 million in share repurchases in 2023 (97% of free cash flow paid to shareholders)



# 2024 Priorities

## 1. Increase number of customers using the combined offer

- Growth in users of the combined offer will drive revenue growth through both **factory** and **network**

## 2. Drive larger orders in all services

- Continue to increase exposure to production, a larger market than prototyping
- Focus on satisfying needs of production buyers



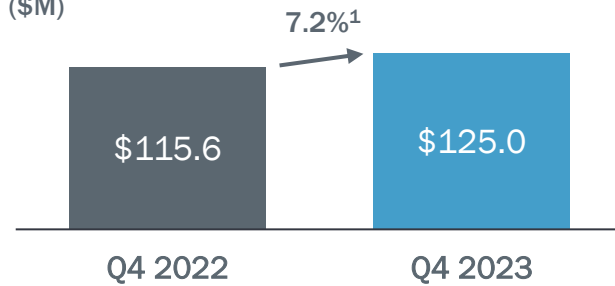
# Q4 2023 Financial Overview



# Financial Highlights | Q4 2023

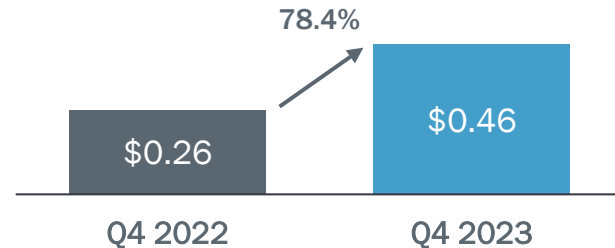
## Revenue

(\$M)



- Revenue of \$125.0 million, up 7.2%<sup>1</sup> YoY
  - YoY growth in injection molding, CNC machining, 3D printing
  - Protolabs Network generated revenue of \$22.5 million, up 49% YoY in constant currencies

## Non-GAAP EPS\*



- Non-GAAP EPS of \$0.46, up \$0.20 YoY
  - Fourth quarter non-GAAP EPS improvement driven primarily by:
    - Higher volume
    - Gross margin improvement (both factory and network)
    - Operating expense leverage

\*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.



# Financial Results | Q4 2023

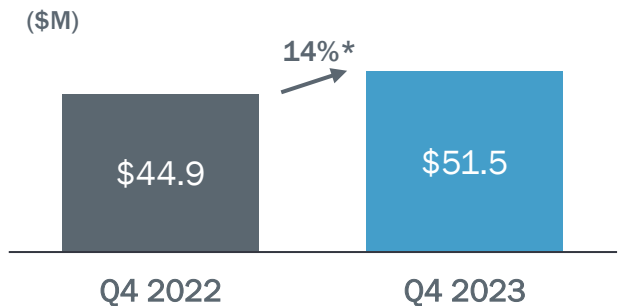
	Q4 2023		Q3 2023	QoQ Change		Q4 2022	YoY Change
Revenue	\$125.0		\$130.7	(4.3)%		\$115.6	8.2%
Non-GAAP Gross Margin*	45.3%		46.0%	(70) bps		42.8%	250 bps
Non-GAAP Operating Margin*	11.2%		12.5%	(130) bps		6.2%	500 bps
Non-GAAP Earnings Per Share*	\$0.46		\$0.51	(10.0)%		\$0.26	78.4%

\*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.

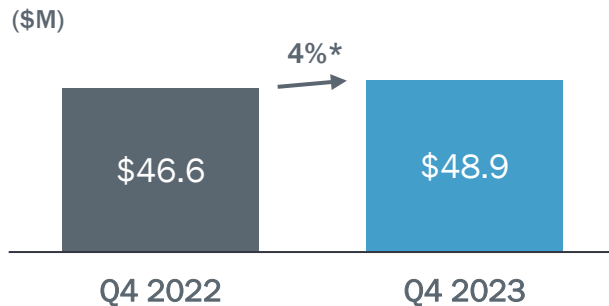


# Revenue by Service | Q4 2023 YoY

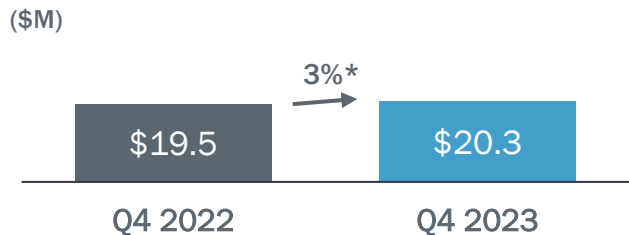
## Injection Molding - Revenue



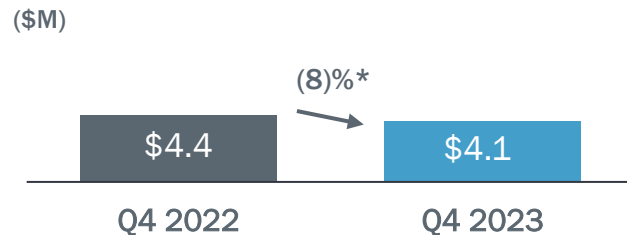
## CNC Machining - Revenue



## 3D Printing - Revenue



## Sheet Metal - Revenue



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



# Cash Flow and Balance Sheet | Q4 2023

\$M	Q4 2023	Q3 2023	Q4 2022
Operating Cash Flow	\$17.2	\$24.2	\$10.5
Capital Expenditures	\$18.2	\$3.1	\$5.3
Share Repurchases	\$4.9	\$9.0	\$16.6
Cash and Investments*	\$110.8	\$114.9	\$106.5
Debt*	\$0	\$0	\$0

\*Balance sheet items as of the end of the period.





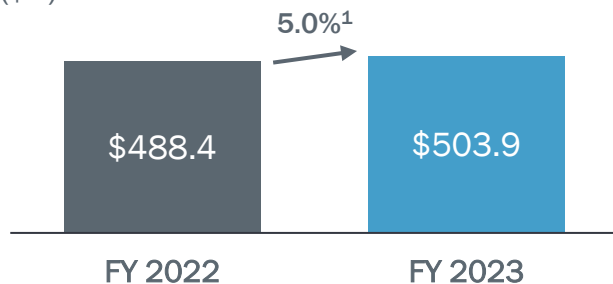
# FY 2023 Financial Overview



# Financial Highlights | FY 2023

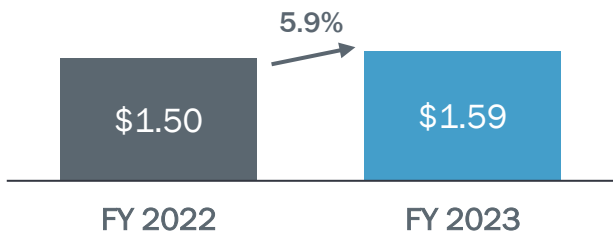
## Revenue

(\$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

\*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.



# Financial Results | FY 2023

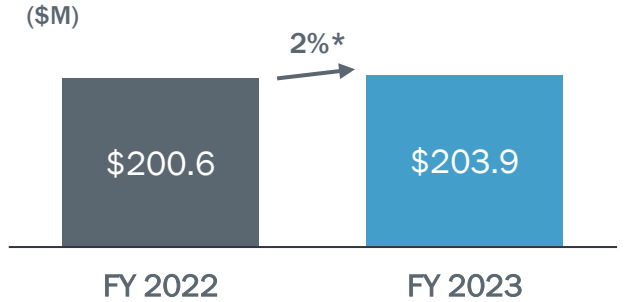
	FY 2023		FY 2022	YoY Change
Revenue	\$503.9		\$488.4	3.2%
Non-GAAP Gross Margin*	44.7%		44.8%	(10) bps
Non-GAAP Operating Margin*	10.0%		10.4%	(40) bps
Non-GAAP Earnings Per Share*	\$1.59		\$1.50	5.9%

\*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.

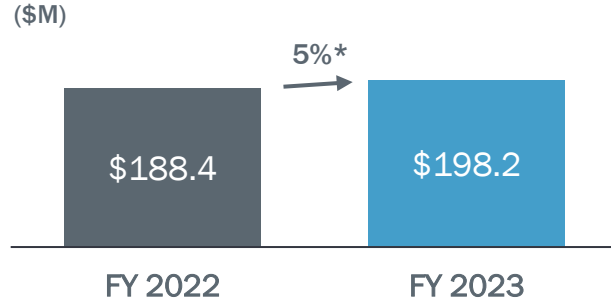


# Revenue by Service | FY 2023

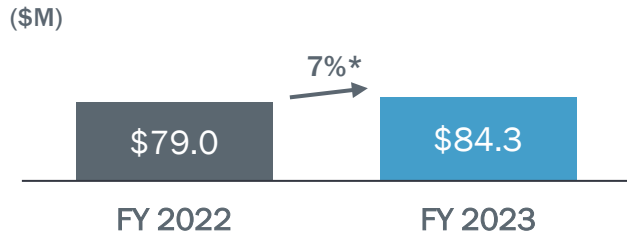
## Injection Molding - Revenue



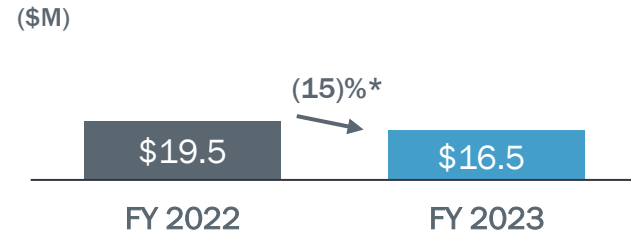
## CNC Machining - Revenue



## 3D Printing - Revenue



## Sheet Metal - Revenue



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



# 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	\$29.7
Cash and Investments*	\$110.8	\$106.5
Debt*	\$0	\$0

\*Balance sheet items as of the end of the period.



**Q1 2024**

**Financial Outlook**



# 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!

---





# Appendix



# Q4 2023

## Detailed Financial Information



# YoY GAAP to Non-GAAP P&L | Q4 2023

\$ in thousands	Three Months Ended December 31, 2023			Three Months Ended December 31, 2022		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
Revenue	\$ 125,048	—	\$ 125,048	\$ 115,607	—	\$ 115,607
Cost of revenue	69,236	(794)	68,442	67,000	(840)	66,160
Gross profit	\$ 55,812	\$ 794	\$ 56,606	\$ 48,607	\$ 840	\$ 49,447
Marketing and sales	21,825	(916)	20,909	20,517	(816)	19,701
Research and development	9,488	(669)	8,819	8,906	(488)	8,418
General and administrative	16,075	(3,256)	12,819	17,774	(3,580)	14,194
Goodwill Impairment	—	—	—	118,008	(118,008)	—
Closure of Japan business	29	(29)	—	534	(534)	—
Total operating expenses	47,417	(4,870)	42,547	165,739	(123,426)	42,313
Income (loss) from operations	\$ 8,395	\$ 5,664	\$ 14,059	\$ (117,132)	\$ 124,266	\$ 7,134
Adjusted EBITDA	N/A	N/A	\$ 22,298	N/A	N/A	\$ 14,494

## % of Revenue

Gross Margin	44.6 %		45.3 %	42.0 %		42.8 %
Marketing and sales	17.5 %		16.7 %	17.7 %		17.0 %
Research and development	7.6 %		7.1 %	7.7 %		7.3 %
General and administrative	12.9 %		10.3 %	15.4 %		12.3 %
Goodwill Impairment	— %		— %	102.1 %		— %
Closure of Japan business	0.0 %		— %	0.5 %		— %
Total operating expenses	37.9 %		34.0 %	143.4 %		36.6 %
Income (loss) from operations	6.7 %		11.2 %	(101.3) %		6.2 %
Adjusted EBITDA	N/A		17.8 %	N/A		12.5 %

\*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.



# QoQ GAAP to Non-GAAP P&L | Q4 2023

\$ in thousands	Three Months Ended December 31, 2023			Three Months Ended September 30, 2023		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
Revenue	\$ 125,048	—	\$ 125,048	\$ 130,705	—	\$ 130,705
Cost of revenue	69,236	(794)	68,442	71,423	(805)	70,618
Gross profit	\$ 55,812	\$ 794	\$ 56,606	\$ 59,282	\$ 805	\$ 60,087
Marketing and sales	21,825	(916)	20,909	21,682	(961)	20,721
Research and development	9,488	(669)	8,819	10,105	(675)	9,430
General and administrative	16,075	(3,256)	12,819	17,058	(3,461)	13,597
Closure of Japan business	29	(29)	—	22	(22)	—
Total operating expenses	47,417	(4,870)	42,547	48,867	(5,119)	43,748
Income from operations	\$ 8,395	\$ 5,664	\$ 14,059	\$ 10,415	\$ 5,924	\$ 16,339
Adjusted EBITDA	N/A	N/A	\$ 22,298	N/A	N/A	\$ 23,938

## % of Revenue

Gross Margin	44.6 %		45.3 %	45.4 %		46.0 %
Marketing and sales	17.5 %		16.7 %	16.6 %		15.9 %
Research and development	7.6 %		7.1 %	7.7 %		7.2 %
General and administrative	12.9 %		10.3 %	13.1 %		10.4 %
Closure of Japan business	0.0 %		— %	0.0 %		— %
Total operating expenses	37.9 %		34.0 %	37.4 %		33.5 %
Income from operations	6.7 %		11.2 %	8.0 %		12.5 %
Adjusted EBITDA	N/A		17.8 %	N/A		18.3 %

\*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.



# FY 2023

## Detailed Financial Information



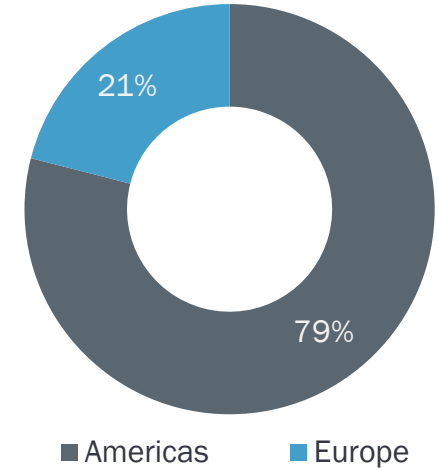
# Revenue by Region | FY 2023

	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



# 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 Reconciliations





# 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 <sup>2</sup>	% Change 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	<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		
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP	% Change <sup>2</sup>	% Change 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	<u>\$ 503,877</u>	<u>\$ 167</u>	<u>\$ 504,044</u>	<u>\$ 488,398</u>	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	488,398
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	488,398
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	<u>18,302</u>	<u>(107,768)</u>	<u>63,246</u>	<u>(59,420)</u>
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	<u>3,996</u>	<u>122,262</u>	<u>19,986</u>	<u>142,727</u>
Adjusted EBITDA	<u>\$ 22,298</u>	<u>\$ 14,494</u>	<u>\$ 83,232</u>	<u>\$ 83,307</u>
Adjusted EBITDA Margin	<u>17.8%</u>	<u>12.5%</u>	<u>16.5%</u>	<u>17.1%</u>



# 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>

