



# Earnings Presentation

Q1 2024

May 3, 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 provide additional information for investors to compare period to period 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.



# 2024 Priorities – Q1 Update



# 2024 Priorities – Q1 Update

1. Increase number of customers using the combined offer
2. Drive higher revenue per customer through larger orders in all services
  - Revenue per Customer Contact increased 5% YoY
  - Seeing early returns on investments in production
    - Robotics, automated mold polishing, enhanced quality offerings



# Customer Examples



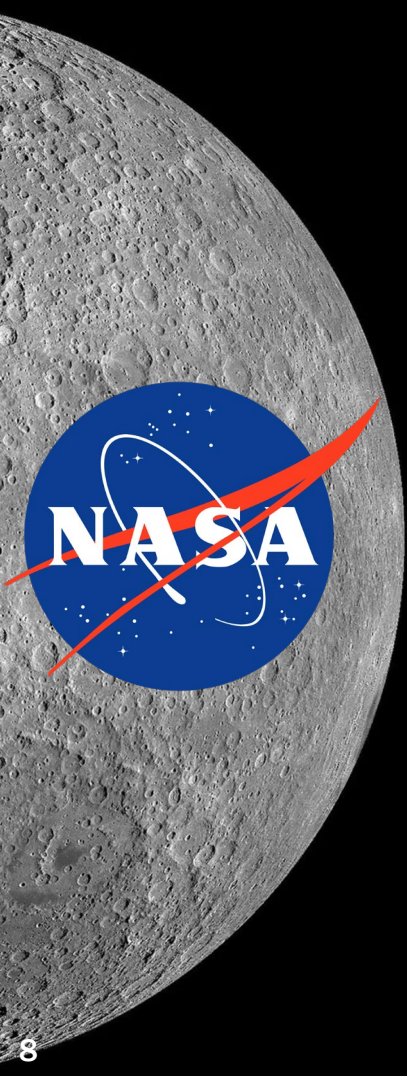
Protolabs worked with BioDapt to machine prosthetic components for future Paris 2024 Summer Paralympian, Noelle Lambert.



Protolabs Network machined production metal prosthetic components for Circleg, a startup company with a mission to empower people through freedom of mobility to achieve positive social and environmental impact.

**circleg**





NASA crowdsourced requirements and design constraints for a tool to capture gases on the moon's surface.

Protolabs had 3D printed and machined parts in NASA's hands in less than 48 hours.



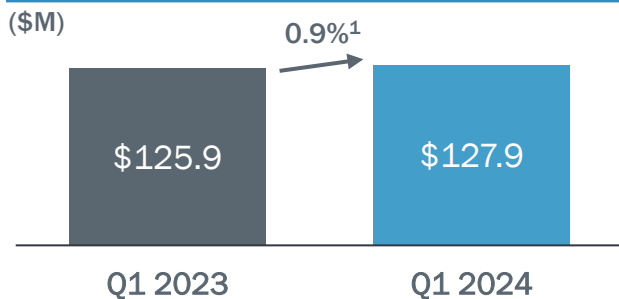


# Q1 2024 Financial Overview



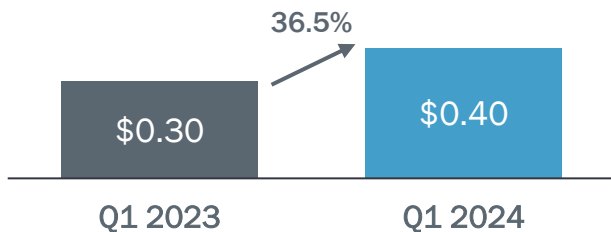
# Financial Highlights | Q1 2024

## Revenue



- Revenue of \$127.9 million, up 0.9%<sup>1</sup> YoY
  - YoY growth in injection molding, CNC machining, 3D printing
  - Protolabs Network generated revenue of \$23.9 million, up 38% YoY in constant currencies

## Non-GAAP EPS\*



- Non-GAAP EPS of \$0.40, up \$0.10 YoY
  - YoY increase driven by gross margin expansion (both Factory and Network) and volume growth
  - Non-GAAP EPS above guidance range due to higher than anticipated volume and gross margin

\*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.



# Financial Results | Q1 2024

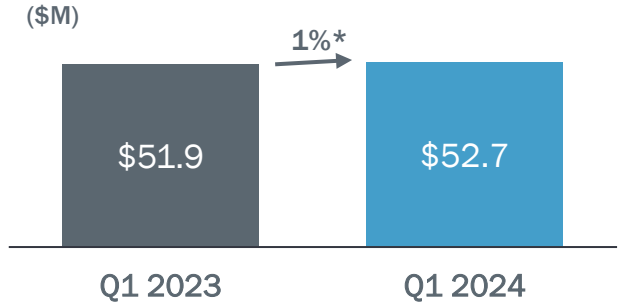
	Q1 2024		Q4 2023	QoQ Change		Q1 2023	YoY Change
Revenue	\$127.9		\$125.0	2.3%		\$125.9	1.6%
Non-GAAP Gross Margin*	45.6%		45.3%	30 bps		43.4%	220 bps
Non-GAAP Operating Margin*	9.5%		11.2%	(170) bps		7.2%	230 bps
Non-GAAP Earnings Per Share*	\$0.40		\$0.46	(11.6)%		\$0.30	36.5%

\*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.

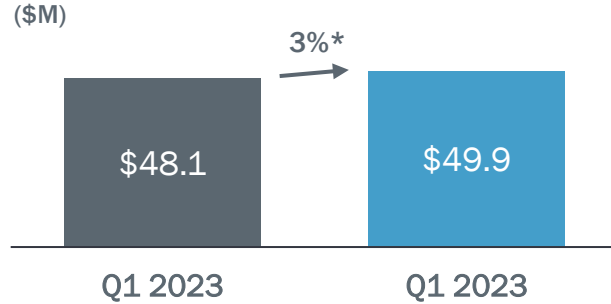


# Revenue by Service | Q1 2024 YoY

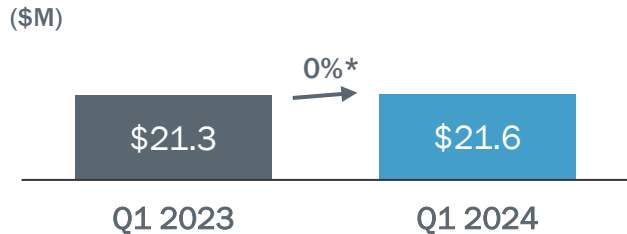
## Injection Molding - Revenue



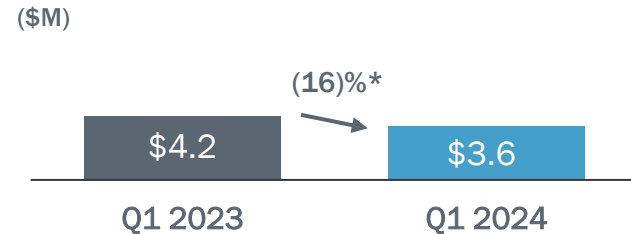
## CNC Machining - Revenue



## 3D Printing - Revenue



## Sheet Metal - Revenue



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



# Cash Flow and Balance Sheet | Q1 2024

\$M	Q1 2024	Q4 2023	Q1 2023
Operating Cash Flow	\$21.3	\$17.2	\$22.6
Capital Expenditures	\$2.6	\$18.2	\$3.4
Share Repurchases	\$16.0	\$4.9	\$21.1
Cash and Investments*	\$112.9	\$110.8	\$104.7
Debt*	\$0	\$0	\$0

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



**Q2 2024**

**Financial Outlook**



# Outlook | Q2 2024

## Q2 2024 Revenue

Revenue	\$122M - \$130M
% Growth YoY	0% - 6%

## Q2 2024 Non-GAAP\* EPS

Non-GAAP* EPS	\$0.30 - \$0.38
% Growth YoY	(9)% - 15%

## Outlook Commentary

- Expect foreign currency to have a negligible impact on Q2 2024 revenue
- Expect Q2 2024 Non-GAAP\* effective tax rate of 24% +/- 50 bps
- Expect Q2 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



# Q1 2024

## Detailed Financial Information



# YoY GAAP to Non-GAAP P&L | Q1 2024

\$ in thousands	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
Revenue	\$ 127,890	—	\$ 127,890	\$ 125,859	—	\$ 125,859
Cost of revenue	70,423	(801)	69,622	72,083	(808)	71,275
Gross profit	\$ 57,467	\$ 801	\$ 58,268	\$ 53,776	\$ 808	\$ 54,584
Marketing and sales	23,160	(833)	22,327	22,451	(692)	21,759
Research and development	11,167	(692)	10,475	10,677	(572)	10,105
General and administrative	16,313	(2,937)	13,376	16,833	(3,149)	13,684
Closure of Japan business	—	—	—	66	(66)	—
Total operating expenses	50,640	(4,462)	46,178	50,027	(4,479)	45,548
Income from operations	\$ 6,827	\$ 5,263	\$ 12,090	\$ 3,749	\$ 5,287	\$ 9,036
Adjusted EBITDA	N/A	N/A	\$ 20,230	N/A	N/A	\$ 17,767

## % of Revenue

Gross Margin	44.9%		45.6%	42.7%		43.4%
Marketing and sales	18.1%		17.5%	17.8%		17.3%
Research and development	8.7%		8.2%	8.5%		8.0%
General and administrative	12.8%		10.5%	13.4%		10.9%
Closure of Japan business	— %		— %	0.1%		— %
Total operating expenses	39.6%		36.1%	39.7%		36.2%
Income from operations	5.3%		9.5%	3.0%		7.2%
Adjusted EBITDA	N/A		15.8%	N/A		14.1%

\*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.



# QoQ GAAP to Non-GAAP P&L | Q1 2024

\$ in thousands	Three Months Ended March 31, 2024			Three Months Ended December 31, 2023		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
Revenue	\$ 127,890	—	\$ 127,890	\$ 125,048	—	\$ 125,048
Cost of revenue	70,423	(801)	69,622	69,236	(794)	68,442
Gross profit	\$ 57,467	\$ 801	\$ 58,268	\$ 55,812	\$ 794	\$ 56,606
Marketing and sales	23,160	(833)	22,327	21,825	(916)	20,909
Research and development	11,167	(692)	10,475	9,488	(669)	8,819
General and administrative	16,313	(2,937)	13,376	16,075	(3,256)	12,819
Closure of Japan business	—	—	—	29	(29)	—
Total operating expenses	50,640	(4,462)	46,178	47,417	(4,870)	42,547
Income from operations	\$ 6,827	\$ 5,263	\$ 12,090	\$ 8,395	\$ 5,664	\$ 14,059
Adjusted EBITDA	N/A	N/A	\$ 20,230	N/A	N/A	\$ 22,298

## % of Revenue

Gross Margin	44.9%		45.6%	44.6%		45.3%
Marketing and sales	18.1%		17.5%	17.5%		16.7%
Research and development	8.7%		8.2%	7.6%		7.1%
General and administrative	12.8%		10.5%	12.9%		10.3%
Closure of Japan business	— %		— %	— %		— %
Total operating expenses	39.6%		36.1%	37.9%		34.0%
Income from operations	5.3%		9.5%	6.7%		11.2%
Adjusted EBITDA	N/A		15.8%	N/A		17.8%

\*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.

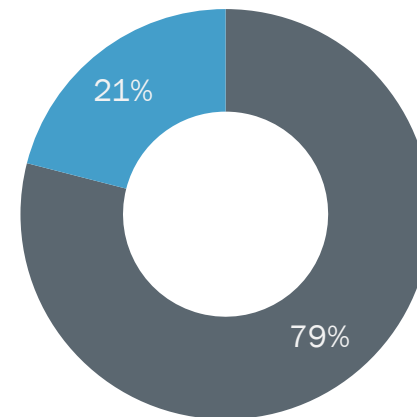


# Revenue by Region | Q1 2024

	Q1 2024	Q1 2023	YoY Change Overall	YoY Change Constant Fx*
Americas	\$101.5	\$97.7	4%	4%
Europe	\$26.4	\$28.1	(6)	(9)%
<b>Total</b>	<b>\$127.9</b>	<b>\$125.9</b>	<b>2%</b>	<b>1%</b>

Revenue % by Region

Q1 2024



■ Americas ■ Europe

*\*YoY change reflected in constant currencies;  
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 March 31, 2024			Three Months Ended March 31, 2023		% Change <sup>2</sup>	% Change Organic <sup>3</sup>
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP			
Revenues							
United States	\$ 101,481	\$ -	\$ 101,481	\$ 97,746	3.8%	3.8%	
Europe	26,409	(907)	25,502	28,113	(6.1%)	(9.3%)	
Total revenue	<u>\$ 127,890</u>	<u>\$ (907)</u>	<u>\$ 126,983</u>	<u>\$ 125,859</u>	1.6%	0.9%	

1. Revenue for the three months ended March 31, 2024 has been recalculated using 2023 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 months ended March 31, 2023 to GAAP revenue for the three months ended March 31, 2024.
3. This column presents the percentage change from GAAP revenue for the three months ended March 31, 2023 to non-GAAP revenue for the three months ended March 31, 2024 (as recalculated using the foreign currency exchange rates in effect during the three months ended March 31, 2023) 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 March 31, 2024			Three Months Ended March 31, 2023		% Change <sup>2</sup>	% Change Organic <sup>3</sup>
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP			
Revenues							
Injection Molding	\$ 52,663	\$ (408)	\$ 52,255	\$ 51,948		1.4 %	0.6 %
CNC Machining	49,932	(308)	49,624	48,104		3.8	3.2
3D Printing	21,582	(187)	21,395	21,325		1.2	0.3
Sheet Metal	3,553	(4)	3,549	4,248		(16.4)	(16.5)
Other Revenue	160	—	160	234		(31.6)	(31.6)
Total Revenue	<u>\$ 127,890</u>	<u>\$ (907)</u>	<u>\$ 126,983</u>	<u>\$ 125,859</u>		1.6%	0.9%

1. Revenue for the three months ended March 31, 2024 has been recalculated using 2023 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 months ended March 31, 2023 to GAAP revenue for the three months ended March 31, 2024.
3. This column presents the percentage change from GAAP revenue for the three months ended March 31, 2023 to non-GAAP revenue for the three months ended March 31, 2024 (as recalculated using the foreign currency exchange rates in effect during the three months ended March 31, 2023) 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 March 31,	
	2024	2023
Revenue	\$ 127,890	\$ 125,859
Gross profit	57,467	53,776
GAAP gross margin	44.9%	42.7%
Add back:		
Stock-based compensation expense	459	466
Amortization expense	342	342
Total adjustments	801	808
Non-GAAP gross profit	\$ 58,268	\$ 54,584
Non-GAAP gross margin	45.6%	43.4%



# GAAP to NON-GAAP Reconciliation | Operating Margin

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

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenue	\$ 127,890	\$ 125,859
Income from operations	6,827	3,749
GAAP operating margin	5.3%	3.0%
Add back:		
Stock-based compensation expense	4,276	3,695
Amortization expense	987	1,526
Costs related to Japan closure activities	-	66
Total adjustments	5,263	5,287
Non-GAAP income from operations	\$ 12,090	\$ 9,036
Non-GAAP operating margin	9.5%	7.2%



# GAAP to NON-GAAP Reconciliation | EBITDA

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenue	\$ 127,890	\$ 125,859
GAAP net income	5,268	2,659
GAAP net income margin	4.1%	2.1%
Add back:		
Amortization expense	\$ 987	\$ 1,526
Depreciation expense	8,116	7,862
Interest income, net	(1,112)	(350)
Provision for income taxes	2,458	2,380
EBITDA	<u>15,717</u>	<u>14,077</u>
EBITDA Margin	12.3%	11.2%
Add back:		
Stock-based compensation expense	4,276	3,695
Unrealized (gain) loss on foreign currency	237	(71)
Costs related to Japan closure activities	-	66
Total adjustments	<u>4,513</u>	<u>3,690</u>
Adjusted EBITDA	<u>\$ 20,230</u>	<u>\$ 17,767</u>
Adjusted EBITDA Margin	15.8%	14.1%



# 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 March 31,	
	2024	2023
Non-GAAP net income, adjusted for stock-based compensation expense, amortization expense, unrealized (gain) loss on foreign currency and costs related to Japan closure activities		
GAAP net income	\$ 5,268	\$ 2,659
Add back:		
Stock-based compensation expense	4,276	3,695
Amortization expense	987	1,526
Unrealized (gain) loss on foreign currency	237	(71)
Costs related to Japan closure activities	—	66
Total adjustments <sup>1</sup>	5,500	5,216
Income tax benefits on adjustments <sup>2</sup>	(354)	(2)
Non-GAAP net income	<u>\$ 10,414</u>	<u>\$ 7,873</u>
Non-GAAP net income per share:		
Basic	<u>\$ 0.41</u>	<u>\$ 0.30</u>
Diluted	<u>\$ 0.40</u>	<u>\$ 0.30</u>
Shares used to compute non-GAAP net income per share:		
Basic	25,624,949	26,580,279
Diluted	25,784,987	26,605,787

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

	Three Months Ended March 31,	
	2024	2023
Cost of revenue	\$ 801	\$ 808
Marketing and sales	833	692
Research and development	692	572
General and administrative	2,937	3,149
Closure of Japan business	-	66
Total operating expenses	4,462	4,479
Other income (loss), net	237	(71)
Total adjustments	<u>\$ 5,500</u>	<u>\$ 5,216</u>

2. For the three months ended March 31, 2024 and 2023, 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 | Q2 2024 Outlook

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

	<b>Q2 2024 Outlook</b>	
	<b>Low</b>	<b>High</b>
GAAP diluted earnings per share	\$ 0.11	\$ 0.19
Add back:		
Stock-based compensation expense	0.15	0.15
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>\$ 0.30</u>	<u>\$ 0.38</u>

