



# Earnings Presentation

Q4 and FY 2021

► February 11, 2022





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# 2021 Highlights



## Acquisition of Hubs



- ▶ Rapid prototyping
- ▶ Best-in-class lead times within our current envelope
- ▶ Focus on reliability and quality
- ▶ Expert technical consultation
- ▶ World-class customer support



# HUBS

- ▶ Broad services offer:
  - ▶ Higher tolerances
  - ▶ More complex parts
  - ▶ Additional technologies
  - ▶ More secondary options
- ▶ Variety of lead time and pricing options
- ▶ Instant market-based pricing

### KEY TAKEAWAY

- ▶ Complementary capabilities enable the most comprehensive digital manufacturing offer in the world



## Protolabs 2.0 Launch



Customer Experience  
(eCommerce)

DIGITAL THREAD

Engineering  
Software System

Mfg Execution  
Software System

ERP

Financial  
Reporting

BI Tools

CRM

LAUNCHED!

- ▶ We began the Protolabs 2.0 project in 2017 to improve the customer experience and upgrade back-end supporting systems
- ▶ We launched in Europe in November 2020, and in the Americas in February 2021



- ▶ Recognition of Protolabs' industry-leading efforts to implement Fourth Industrial Revolution technologies, connecting the e-commerce experience to the manufacturing shop floor
- ▶ One of only 10 Lighthouse manufacturing facilities in US
- ▶ Protolabs shares the honor with companies like BMW, HP, Siemens, Micron, and Foxconn.



- ▶ All five finalists considered essential businesses and played important roles in battling COVID-19, making PPE and important medical products
- ▶ Protolabs included as a finalist due to speed-to-market capabilities that were vital during the pandemic for prototyping and commercializing COVID-19-related products
- ▶ Protolabs is the only publicly traded Processor of the Year finalist



- ▶ Leadership in Engineering Achievement Program (LEAP) Awards held annually by WTWH Media (Design World, Fluid Power World, Fastener Engineering, and EE World)
- ▶ Protolabs's new digital quoting platform (Protolabs 2.0) took home Gold in Software category



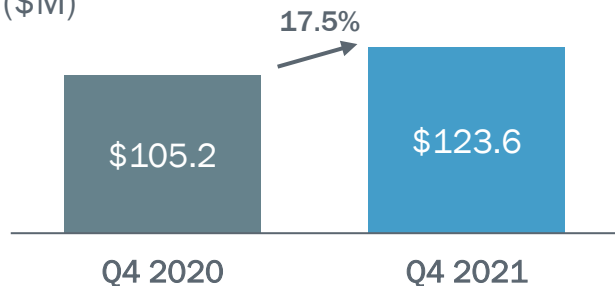
- ▶ Protolabs was recognized with a Design World Leadership in Engineering Award for the digital manufacturer category
- ▶ Voted on by Design World user community

# Q4 2021 Overview

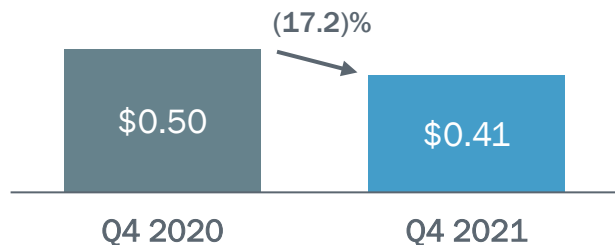


## Revenue

(\$M)



## Non-GAAP EPS\*



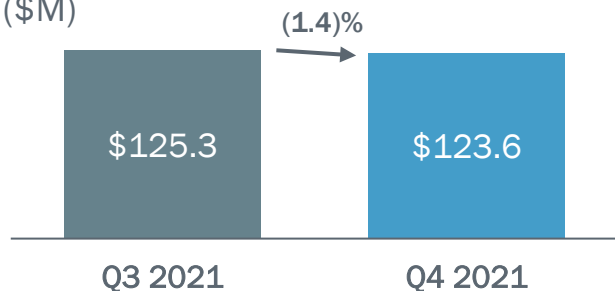
- Revenue of \$123.6 million, up 17.5% YoY
  - Above our guidance range
  - 23,376 unique product developers served
  - Hubs contributed \$9.9 million of revenue in the fourth quarter
- Non-GAAP EPS of \$0.41, down \$(0.09) YoY
  - Legacy volume growth offset by lower margins due to increased labor costs
  - Incurring operating losses at Hubs while we build, scale, and support a network of manufacturing partners for long-term growth





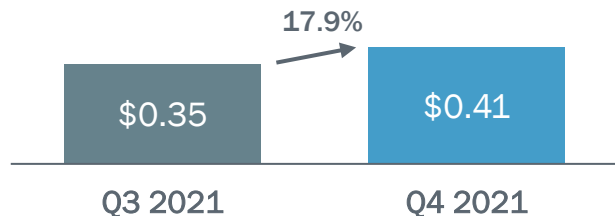
## Revenue

(\$M)



- Revenue of \$123.6 million, down (1.4)% QoQ
  - Above our guidance range
  - Lower sequential revenue in Q4 aligns w/ normal seasonality due to holiday season

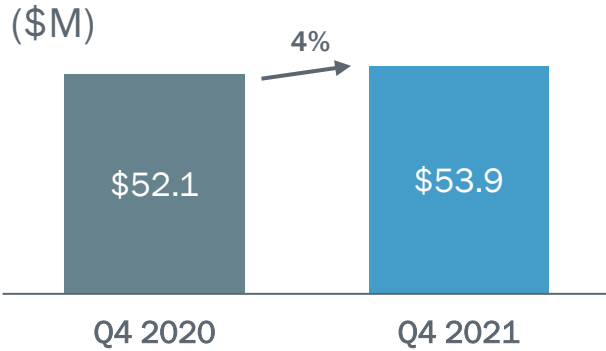
## Non-GAAP EPS\*



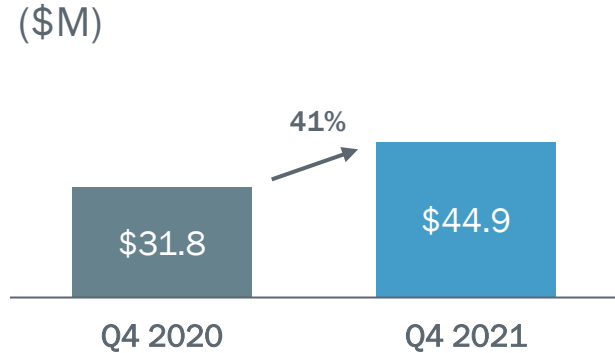
- Non-GAAP EPS of \$0.41, up \$0.06 QoQ
  - Sequential gross margin improvement in legacy operations
  - Lower operating expenses than Q3 2021



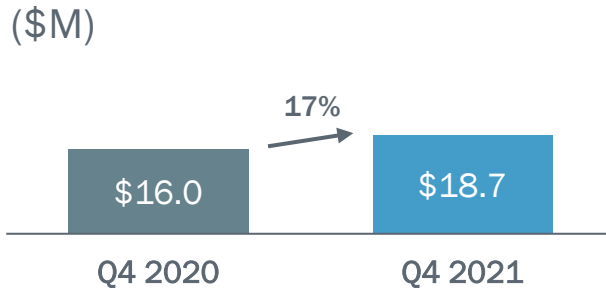
## Injection Molding - Revenue



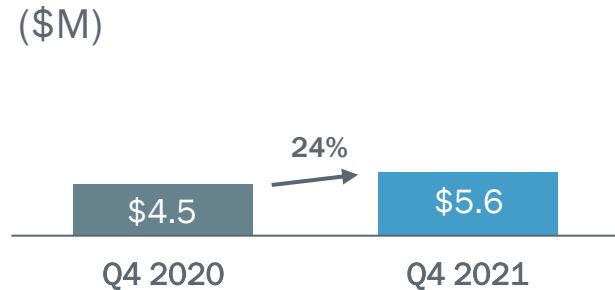
## CNC Machining - Revenue



## 3D Printing - Revenue

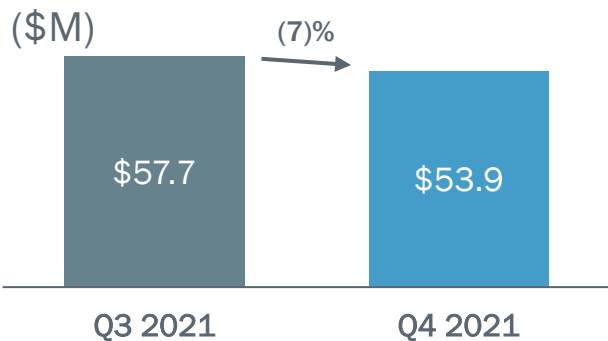


## Sheet Metal - Revenue

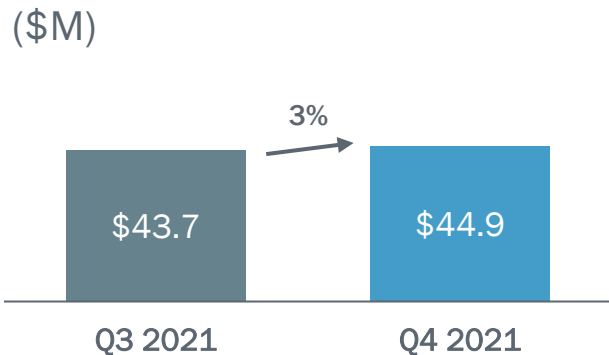




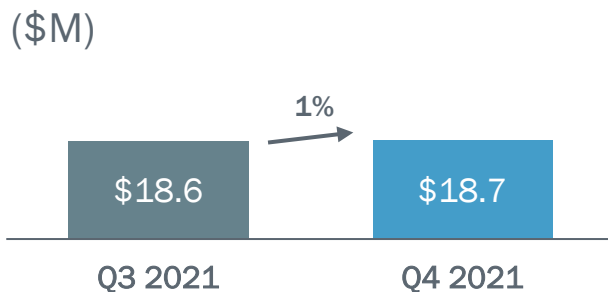
## Injection Molding - Revenue



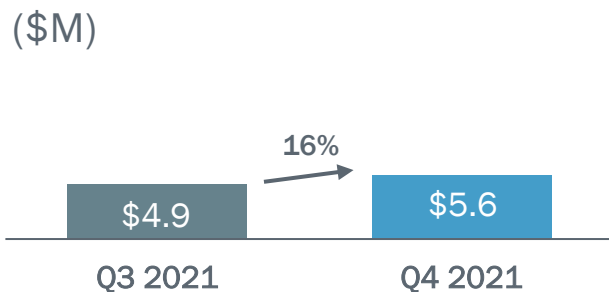
## CNC Machining - Revenue



## 3D Printing - Revenue



## Sheet Metal - Revenue

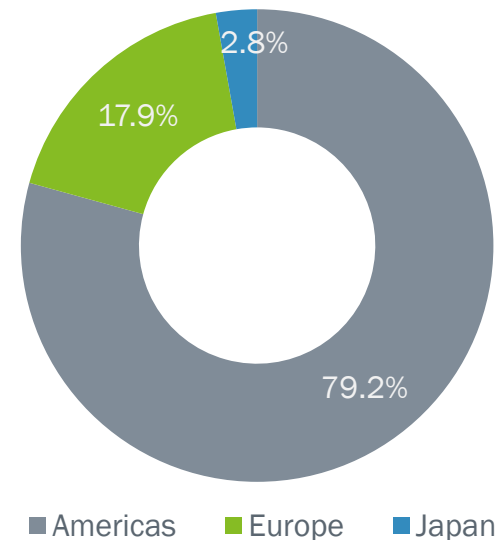


# Revenue by Region | Q4 2021



\$M	Q4 21	Q4 20	YoY Change Overall	YoY Change Organic, Constant Fx*
Americas	\$97.9	\$83.2	18%	12%
Europe	\$22.1	\$18.4	20%	(4)%
Japan	\$3.5	\$3.6	(3)%	5%
<b>TOTAL</b>	<b>\$123.6</b>	<b>\$105.2</b>	<b>17%</b>	<b>9%</b>

## Revenue % by Region Q4 2021



\*YoY change reflected in constant currency, and excluding Hubs  
See reconciliation in Appendix.

# Q4 2021

## Detailed Financial Information

# Financial Results | Q4 2021



\$M, Except per share amounts	Q4 21	Q3 21	QoQ Change	Q4 20	YoY Change
Revenue	\$123.6	\$125.3	(1.4)%	\$105.2	17.5%
Non-GAAP Gross Margin*	45.6%	44.9%	70 bps	51.0%	(540) bps
Non-GAAP Operating Margin*	10.9%	10.2%	70 bps	15.4%	(450) bps
Non-GAAP Earnings Per Share*	\$0.41	\$0.35	17.9%	\$0.50	(17.2)%

\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, transaction expenses, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.

# YoY GAAP to Non-GAAP P&L | Q4 2021



\$ in thousands	Three Months Ended Dec. 31, 2021			Three Months Ended Dec. 31, 2020		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
<b>Revenue</b>	<b>\$123,582</b>	<b>-</b>	<b>\$123,582</b>	<b>\$105,208</b>	<b>-</b>	<b>\$105,208</b>
Cost of Revenue	<u>68,170</u>	<u>(990)</u>	<u>67,180</u>	<u>52,580</u>	<u>(1,032)</u>	<u>51,548</u>
<b>Gross Profit</b>	<b>\$55,412</b>	<b>\$990</b>	<b>\$56,402</b>	<b>\$52,628</b>	<b>\$1,032</b>	<b>\$53,660</b>
Marketing and Sales	20,229	(895)	19,334	17,488	(888)	16,600
Research and Development	10,386	(689)	9,697	11,390	(675)	10,715
General and Administrative	<u>11,747</u>	<u>2,171</u>	<u>13,918</u>	<u>12,759</u>	<u>(2,642)</u>	<u>10,117</u>
Total Operating Expenses	<u>42,362</u>	<u>587</u>	<u>42,949</u>	<u>41,637</u>	<u>(4,205)</u>	<u>37,432</u>
<b>Income from Operations</b>	<b>\$13,050</b>	<b>\$403</b>	<b>\$13,453</b>	<b>\$10,991</b>	<b>\$5,237</b>	<b>\$16,228</b>
<b>Adjusted EBITDA</b>	<b>N/A</b>	<b>N/A</b>	<b>\$22,232</b>	<b>N/A</b>	<b>N/A</b>	<b>\$24,235</b>
<b>% of Revenue</b>						
<b>Gross Margin</b>	<b>44.8%</b>		<b>45.6%</b>	<b>50.0%</b>		<b>51.0%</b>
Marketing and Sales	16.4%		15.6%	16.6%		15.8%
Research and Development	8.4%		7.8%	10.8%		10.2%
General and Administrative	<u>9.5%</u>		<u>11.3%</u>	<u>12.1%</u>		<u>9.6%</u>
Total Operating Expenses	<u>34.3%</u>		<u>34.8%</u>	<u>39.6%</u>		<u>35.6%</u>
<b>Income from Operations</b>	<b>10.6%</b>		<b>10.9%</b>	<b>10.4%</b>		<b>15.4%</b>
<b>Adjusted EBITDA</b>	<b>N/A</b>		<b>18.0%</b>	<b>N/A</b>		<b>23.0%</b>

\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, transaction expenses, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.

# QoQ GAAP to Non-GAAP P&L | Q4 2021



\$ in thousands	Three Months Ended Dec. 31, 2021			Three Months Ended Sept. 30, 2021		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
<b>Revenue</b>	<b>\$123,582</b>	<b>-</b>	<b>\$123,582</b>	<b>\$125,342</b>	<b>-</b>	<b>\$125,342</b>
Cost of Revenue	<u>68,170</u>	<u>(990)</u>	<u>67,180</u>	<u>70,018</u>	<u>(986)</u>	<u>69,032</u>
<b>Gross Profit</b>	<b>\$55,412</b>	<b>\$990</b>	<b>\$56,402</b>	<b>\$55,324</b>	<b>\$986</b>	<b>\$56,310</b>
Marketing and Sales	20,229	(895)	19,334	21,422	(1,059)	20,363
Research and Development	10,386	(689)	9,697	10,614	(776)	9,838
General and Administrative	<u>11,747</u>	<u>2,171</u>	<u>13,918</u>	<u>16,361</u>	<u>(2,995)</u>	<u>13,366</u>
Total Operating Expenses	<u>42,362</u>	<u>587</u>	<u>42,949</u>	<u>48,397</u>	<u>(4,830)</u>	<u>43,567</u>
<b>Income from Operations</b>	<b>\$13,050</b>	<b>\$403</b>	<b>\$13,453</b>	<b>\$6,927</b>	<b>\$5,816</b>	<b>\$12,743</b>
<b>Adjusted EBITDA</b>	<b>N/A</b>	<b>N/A</b>	<b>\$22,232</b>	<b>N/A</b>	<b>N/A</b>	<b>\$21,481</b>
<b>% of Revenue</b>						
<b>Gross Margin</b>	<b>44.8%</b>		<b>45.6%</b>	<b>44.1%</b>		<b>44.9%</b>
Marketing and Sales	16.4%		15.6%	17.1%		16.2%
Research and Development	8.4%		7.8%	8.5%		7.8%
General and Administrative	<u>9.5%</u>		<u>11.3%</u>	<u>13.1%</u>		<u>10.7%</u>
Total Operating Expenses	<u>34.3%</u>		<u>34.8%</u>	<u>38.6%</u>		<u>34.8%</u>
<b>Income from Operations</b>	<b>10.6%</b>		<b>10.9%</b>	<b>5.5%</b>		<b>10.2%</b>
<b>Adjusted EBITDA</b>	<b>N/A</b>		<b>18.0%</b>	<b>N/A</b>		<b>17.1%</b>

\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, transaction expenses, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.





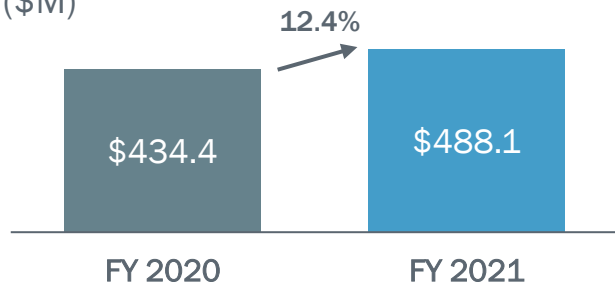
\$M	Q4 21	Q3 21	Q4 20
Operating Cash Flow	\$23.0	\$11.5	\$24.6
Capital Expenditures	\$6.3	\$4.0	\$6.5
Share Repurchases	\$10.2	\$11.8	\$0.0
Cash and Investments*	\$91.8	\$83.9	\$221.0
Debt*	\$0	\$0	\$0

# FY 2021 Overview

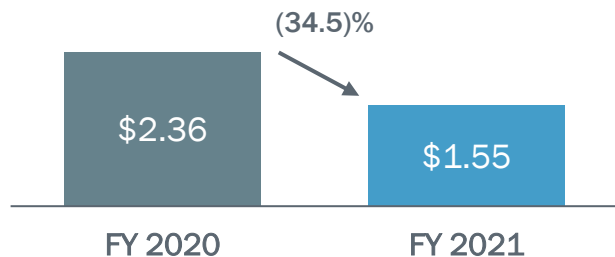


## Revenue

(\$M)



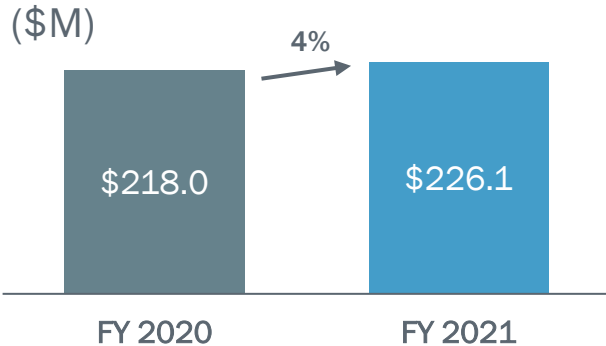
## Non-GAAP EPS\*



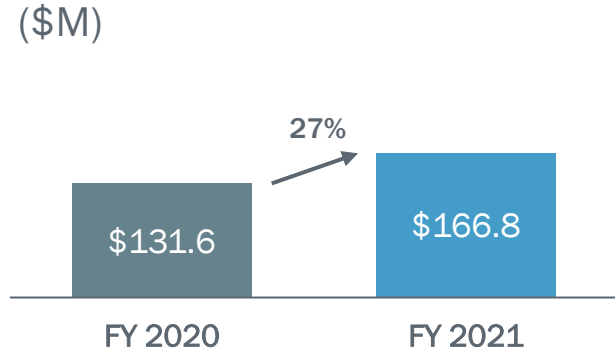
- **Record Revenue of \$488.1 million, up 12.4% YoY**
  - 55,330 unique product developers served
  - Hubs contributed \$33.3 million of revenue in 2021
- **Non-GAAP EPS of \$1.55, down \$(0.82) YoY**
  - Lower gross margin due to increased labor costs
  - Investments in future
    - Incurring operating losses at Hubs while we build, scale, and support a network of manufacturing partners for long-term growth
    - Protolabs 2.0 launch and support expenses (launched in Americas in Q1 2021)
    - R&D investments



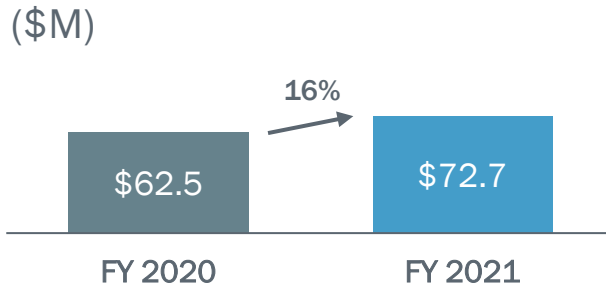
## Injection Molding - Revenue



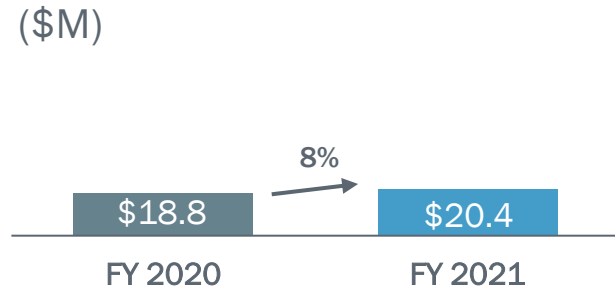
## CNC Machining - Revenue



## 3D Printing - Revenue



## Sheet Metal - Revenue

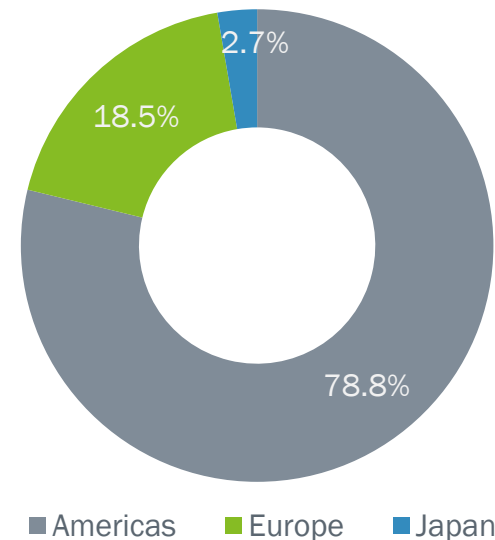


# Revenue by Region | FY 2021



\$M	FY 2021	FY 2020	YoY Change Overall	YoY Change Organic, Constant Fx*
Americas	\$384.5	\$345.7	11%	6%
Europe	\$90.4	\$74.8	21%	(5)%
Japan	\$13.2	\$13.9	(5)%	(2)%
<b>TOTAL</b>	<b>\$488.1</b>	<b>\$434.4</b>	<b>12%</b>	<b>4%</b>

## Revenue % by Region FY 2021



\*YoY change reflected in constant currency, and excluding Hubs  
See reconciliation in Appendix.

# FY 2021

## Detailed Financial Information



\$M, Except per share amounts	FY 2021	FY 2020	YoY Change
Revenue	\$488.1	\$434.4	12.4%
Non-GAAP Gross Margin*	46.4%	51.0%	(460) bps
Non-GAAP Operating Margin*	11.3%	17.9%	(670) bps
Non-GAAP Earnings Per Share*	\$1.55	\$2.36	(34.5)%

\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, transaction expenses, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.

# YoY GAAP to Non-GAAP P&L | FY 2021



\$ in thousands	Twelve Months Ended Dec. 31, 2021			Twelve Months Ended Dec. 31, 2020		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
<b>Revenue</b>	<b>\$488,098</b>	<b>-</b>	<b>\$488,098</b>	<b>\$434,395</b>	<b>-</b>	<b>\$434,395</b>
Cost of Revenue	<u>265,407</u>	<u>(3,964)</u>	<u>261,443</u>	<u>216,568</u>	<u>(3,820)</u>	<u>212,748</u>
<b>Gross Profit</b>	<b>\$222,691</b>	<b>\$3,964</b>	<b>\$226,655</b>	<b>\$217,827</b>	<b>\$3,820</b>	<b>\$221,647</b>
Marketing and Sales	82,175	(3,736)	78,439	69,309	(3,121)	66,188
Research and Development	44,241	(2,833)	41,408	36,940	(2,441)	34,499
General and Administrative	<u>55,933</u>	<u>(4,140)</u>	<u>51,793</u>	<u>51,742</u>	<u>(8,734)</u>	<u>43,008</u>
Total Operating Expenses	<u>182,349</u>	<u>(10,709)</u>	<u>171,640</u>	<u>157,991</u>	<u>(14,296)</u>	<u>143,695</u>
<b>Income from Operations</b>	<b>\$40,342</b>	<b>\$14,673</b>	<b>\$55,015</b>	<b>\$59,836</b>	<b>\$18,116</b>	<b>\$77,952</b>
<b>Adjusted EBITDA</b>	<b>N/A</b>	<b>N/A</b>	<b>\$89,518</b>	<b>N/A</b>	<b>N/A</b>	<b>\$107,934</b>
<b>% of Revenue</b>						
<b>Gross Margin</b>	<b>45.6%</b>		<b>46.4%</b>	<b>50.1%</b>		<b>51.0%</b>
Marketing and Sales	16.8%		16.1%	16.0%		15.2%
Research and Development	9.1%		8.5%	8.5%		7.9%
General and Administrative	<u>11.5%</u>		<u>10.6%</u>	<u>11.9%</u>		<u>9.9%</u>
Total Operating Expenses	<u>37.4%</u>		<u>35.2%</u>	<u>36.4%</u>		<u>33.1%</u>
<b>Income from Operations</b>	<b>8.3%</b>		<b>11.3%</b>	<b>13.8%</b>		<b>17.9%</b>
<b>Adjusted EBITDA</b>	<b>N/A</b>		<b>18.3%</b>	<b>N/A</b>		<b>24.8%</b>

\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, transaction expenses, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.





\$M	FY 2021	FY 2020
Operating Cash Flow	\$55.2	\$107.0
Capital Expenditures	\$34.2	\$47.0
Share Repurchases	\$23.3	\$14.7
Cash and Investments*	\$91.8	\$221.0
Debt*	\$0	\$0

# Q1 2022

## Financial Outlook



## Q1 2022 Revenue

Revenue	\$116M - \$126M
% Growth YoY	0% - 8%

## Q1 2022 Outlook Commentary\*

- ▶ Expect foreign currency to have a ~\$0.5 million unfavorable impact on Q1 2022 revenue
- ▶ Estimated Non-GAAP gross margin of approximately 44%, +/- 100 bps
- ▶ Projected Non-GAAP operating expenses of \$42 million to \$43 million
- ▶ Expect Non-GAAP tax rate of approximately 25%
- ▶ Expect Q1 fully diluted shares outstanding of approximately 28 million

*\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, transaction expenses, and unrealized gain/loss on foreign currency.*

# 2022

## Strategic Priorities



## 1 Accelerate our Growth

- ▶ Integrate Hubs
- ▶ Legacy innovation roadmap
- ▶ Expand production business

## 2 Delight our Customers

- ▶ Maintain lead times and on-time delivery rates
- ▶ Customer experience team

## 3 Be the Digital Leader at Scale

- ▶ Continuous improvement
- ▶ Automation
- ▶ Improve internal efficiency post-Protolabs 2.0

## 4 Be a Great Place to Work

- ▶ Diversity, equity, and inclusion
- ▶ Role-specific training
- ▶ ESG practices

# Thank You



# Appendix

# GAAP to NON-GAAP Reconciliation | Revenue



*\$ in thousands*

	Three Months Ended December 31, 2021				Three Months Ended Dec 31, 2020		%			
	GAAP	Foreign Currency <sup>1</sup>	3D Hubs		GAAP	Change <sup>3</sup>	% Change			
			Acquisition <sup>2</sup>	Non-GAAP			Organic <sup>4</sup>			
Revenues										
United States	\$ 97,934	\$ -	\$ (5,109)	\$ 92,825	\$ 83,201	17.7	%	11.6	%	
Europe	22,140	294	(4,784)	17,650	18,383	20.4		(4.0)		
Japan	3,508	310	-	3,818	3,624	(3.2)		5.4		
Total Revenue	<u>\$ 123,582</u>	<u>\$ 604</u>	<u>\$ (9,893)</u>	<u>\$ 114,293</u>	<u>\$ 105,208</u>	17.5	%	8.6	%	
	Year Ended December 31, 2021				YE Dec 31, 2020		%			
	GAAP	Foreign Currency <sup>1</sup>	3D Hubs		GAAP	Change <sup>3</sup>	% Change			
			Acquisition <sup>2</sup>	Non-GAAP			Organic <sup>4</sup>			
Revenues										
United States	\$ 384,458	\$ -	\$ (17,621)	\$ 366,837	\$ 345,708	11.2	%	6.1	%	
Europe	90,399	(3,692)	(15,726)	70,981	74,796	20.9		(5.1)		
Japan	13,241	393	-	13,634	13,891	(4.7)		(1.9)		
Total Revenue	<u>\$ 488,098</u>	<u>\$ (3,299)</u>	<u>\$ (33,347)</u>	<u>\$ 451,452</u>	<u>\$ 434,395</u>	12.4	%	3.9	%	

<sup>1</sup> Revenue for the three-month and year-ended periods ended December 31, 2021 has been recalculated using 2020 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.

<sup>2</sup> Revenue for the three-month and year-ended periods ended December 31, 2021 has been recalculated to exclude revenue earned from our acquisition of Hubs, Inc. to provide information useful in evaluating the underlying business trends excluding the impact of acquisitions.

<sup>3</sup> This column presents the percentage change from GAAP revenue for the three-month and year-ended periods ended December 31, 2020 to GAAP revenue for the three-month and year-ended periods ended December 31, 2021.

<sup>4</sup> This column presents the percentage change from GAAP revenue for the three-month and year-ended periods ended December 31, 2020 to non-GAAP revenue for the three-month and year-ended periods ended December 31, 2021 (as recalculated using the foreign currency exchange rates in effect during the three-month and year-ended periods ended December 31, 2020, excluding the impact of Hubs, Inc. acquisition) in order to provide a constant-currency comparison.





*\$ in thousands*

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue	\$ 123,582	\$ 105,208	\$ 488,098	\$ 434,395
Income from operations	<u>13,050</u>	<u>10,991</u>	<u>40,342</u>	<u>59,836</u>
GAAP operating margin	10.6%	10.4%	8.3%	13.8%
Add back:				
Stock-based compensation expense	3,556	4,056	19,095	14,673
Amortization expense	1,552	754	6,153	3,016
Transaction costs <sup>1</sup>	<u>(4,705)</u>	<u>427</u>	<u>(10,575)</u>	<u>427</u>
Total adjustments	403	5,237	14,673	18,116
Non-GAAP income from operations	<u>\$ 13,453</u>	<u>\$ 16,228</u>	<u>\$ 55,015</u>	<u>\$ 77,952</u>
Non-GAAP operating margin	10.9%	15.4%	11.3%	17.9%

<sup>1</sup> Transaction costs include direct costs incurred in our acquisition of Hubs, Inc. and the impact of changes in the fair value of acquisition-related contingent consideration obligations.

# GAAP to NON-GAAP Reconciliation | EBITDA



	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<i>\$ in thousands</i>				
GAAP net income	\$ 11,910	\$ 9,579	\$ 33,372	\$ 50,867
Amortization expense	1,552	754	6,153	3,016
Depreciation expense	8,705	7,949	34,335	29,578
Interest income, net	(23)	(149)	(230)	(1,332)
Tax expense	<u>1,022</u>	<u>1,972</u>	<u>6,812</u>	<u>12,078</u>
EBITDA	<u>23,166</u>	<u>20,105</u>	<u>80,442</u>	<u>94,207</u>
Add back:				
Stock-based compensation expense	3,556	4,056	19,095	14,673
Unrealized (gain) loss on foreign currency	215	(353)	556	(1,373)
Transaction costs <sup>1</sup>	<u>(4,705)</u>	<u>427</u>	<u>(10,575)</u>	<u>427</u>
Total adjustments	(934)	4,130	9,076	13,727
Adjusted EBITDA	<u>\$ 22,232</u>	<u>\$ 24,235</u>	<u>\$ 89,518</u>	<u>\$ 107,934</u>

<sup>1</sup> Transaction costs include direct costs incurred in our acquisition of Hubs, Inc. and the impact of changes in the fair value of acquisition-related contingent consideration obligations.

# GAAP to NON-GAAP Reconciliation | EPS



*\$ in thousands, except share and per share amounts*

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Non-GAAP net income, adjusted for stock-based compensation expense, amortization expense, unrealized (gain) loss on foreign currency and transaction costs				
GAAP net income	\$ 11,910	\$ 9,579	\$ 33,372	\$ 50,867
Add back:				
Stock-based compensation expense	3,556	4,056	19,095	14,673
Amortization expense	1,552	754	6,153	3,016
Unrealized (gain) loss on foreign currency	215	(353)	556	(1,373)
Transaction costs <sup>1</sup>	(4,705)	427	(10,575)	427
Total adjustments <sup>2</sup>	618	4,884	15,229	16,743
Income tax benefits on adjustments <sup>3</sup>	(1,150)	(1,013)	(5,789)	(4,043)
Non-GAAP net income	<u>\$ 11,378</u>	<u>\$ 13,450</u>	<u>\$ 42,812</u>	<u>\$ 63,567</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.41</u>	<u>\$ 0.50</u>	<u>\$ 1.55</u>	<u>\$ 2.38</u>
Diluted	<u>\$ 0.41</u>	<u>\$ 0.50</u>	<u>\$ 1.55</u>	<u>\$ 2.36</u>
Shares used to compute non-GAAP net income per share:				
Basic	27,555,357	26,775,279	27,617,627	26,737,425
Diluted	27,562,694	26,976,582	27,653,099	26,896,357

<sup>1</sup> Transaction costs include direct costs incurred in our acquisition of Hubs, Inc. and the impact of changes in the fair value of acquisition-related contingent consideration obligations.

<sup>2</sup> Stock-based compensation expense, amortization expense, unrealized (gain) loss on foreign currency and transaction costs were included in the following GAAP consolidated statement of operations categories:

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Cost of revenue	\$ 990	\$ 1,032	\$ 3,964	\$ 3,820
Marketing and sales	895	888	3,736	3,121
Research and development	689	675	2,833	2,441
General and administrative	(2,171)	2,642	4,140	8,734
Total operating expenses	(587)	4,205	10,709	14,296
Other (income) loss, net	215	(353)	556	(1,373)
Total adjustments	<u>\$ 618</u>	<u>\$ 4,884</u>	<u>\$ 15,229</u>	<u>\$ 16,743</u>

<sup>3</sup> For the three-month and year-ended periods ended December 31, 2021 and 2020, income tax effects were calculated using the effective tax rate for the relevant jurisdictions. Our non-GAAP tax rates differ from our 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.