



# Earnings Presentation

Q2 2024

August 2, 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 its most recent Annual Report on Form 10-K and subsequently filed Quarterly Reports on Form 10-Q. 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 – Q2 Update



# 2024 Priorities – Q2 Update

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

- Customer contacts using combined offer in LTM increased over 50% YoY

## 2. Drive higher revenue per customer through larger orders

- Revenue per customer contact increased 7% YoY



# Customer Example



Medical innovator of SterisilStraw dental device quickly moved from 3D-printed and molded prototypes to production molding for higher volumes of cost-efficient parts—all with one supplier.

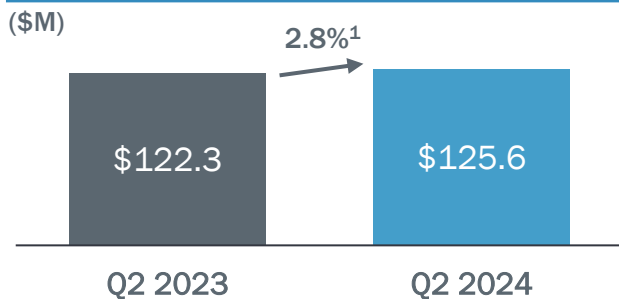


# Q2 2024 Financial Overview



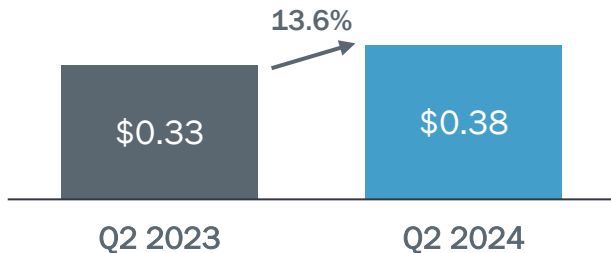
# Financial Highlights | Q2 2024

## Revenue



- Revenue of \$125.6 million, up 2.8%<sup>1</sup> YoY
  - YoY growth in injection molding, CNC machining, 3D printing
  - Protolabs Network generated revenue of \$24.7 million, up 23% YoY in constant currencies

## Non-GAAP EPS\*



- Non-GAAP EPS of \$0.38, up \$0.05 YoY
  - YoY increase driven by gross margin expansion (both Factory and Network) and volume growth
  - Non-GAAP EPS in guidance range

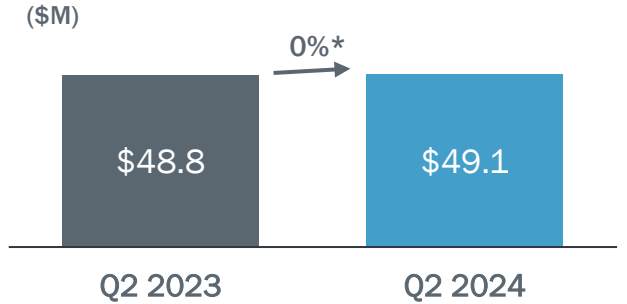
\*Non-GAAP: adjusted for stock-based compensation, intangible amortization, costs related to Japan closure activities, and unrealized gain/loss on foreign currency. See reconciliation in Appendix.



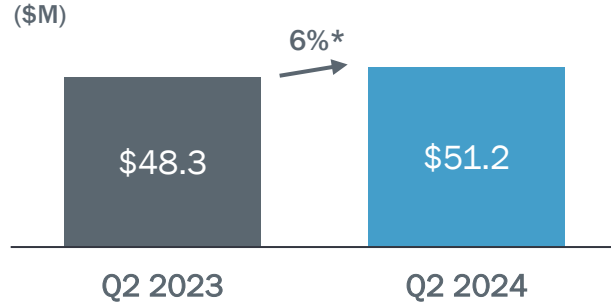


# Revenue by Service | Q2 2024 YoY

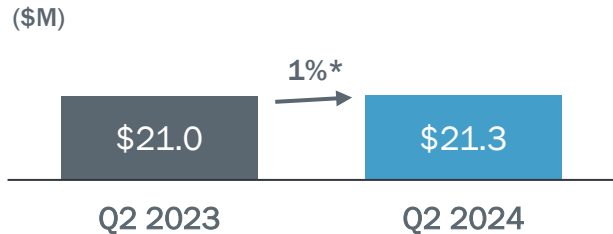
## Injection Molding - Revenue



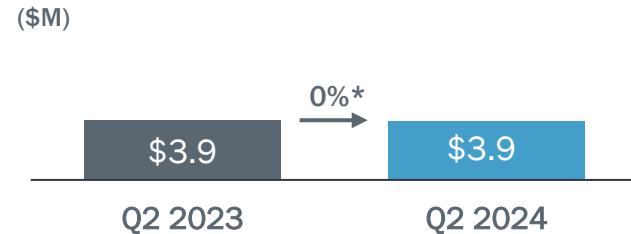
## CNC Machining - Revenue



## 3D Printing - Revenue



## Sheet Metal - Revenue



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



# Financial Results | Q2 2024

	Q2 2024	Q1 2024	QoQ Change	Q2 2023	YoY Change
Revenue	\$125.6	\$127.9	(1.8)%	\$122.3	2.8%
Non-GAAP Gross Margin*	45.7%	45.6%	10 bps	44.1%	160 bps
Non-GAAP Operating Margin*	8.9%	9.5%	(60) bps	8.9%	0 bps
Non-GAAP Earnings Per Share*	\$0.38	\$0.40	(7.0)%	\$0.33	13.6%

\*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.



# Cash Flow and Balance Sheet | Q2 2024

\$M	Q2 2024	Q1 2024	Q2 2023
Operating Cash Flow	\$14.4	\$21.3	\$9.3
Capital Expenditures	\$4.2	\$2.6	\$3.4
Share Repurchases	\$10.9	\$16.0	\$8.9
Cash and Investments*	\$112.9	\$112.9	\$102.8
Debt*	\$0	\$0	\$0

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



**Q3 2024**

**Financial Outlook**



# Outlook | Q3 2024

## Q3 2024 Revenue

Revenue	\$117M - \$125M
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## Q3 2024 Non-GAAP\* EPS

Non-GAAP* EPS	\$0.29 - \$0.37
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## Outlook Commentary

- Expect foreign currency to have a \$200k favorable impact on Q3 2024 revenue
- Expect Q3 2024 Non-GAAP\* effective tax rate between 22% and 23%
- Expect Q3 2024 diluted shares outstanding of approximately 25 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



# Q2 2024

## Detailed Financial Information





# YoY GAAP to Non-GAAP P&L | Q2 2024

\$ in thousands	Three Months Ended June 30, 2024			Three Months Ended June 30, 2023		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
Revenue	\$ 125,631	—	\$ 125,631	\$ 122,265	—	\$ 122,265
Cost of revenue	69,085	(810)	68,275	69,142	(803)	68,339
Gross profit	\$ 56,546	\$ 810	\$ 57,356	\$ 53,123	\$ 803	\$ 53,926
Marketing and sales	23,291	(819)	22,472	21,730	(855)	20,875
Research and development	10,661	(667)	9,994	9,865	(641)	9,224
General and administrative	16,595	(2,869)	13,726	15,822	(2,861)	12,961
Closure of Japan business	—	—	—	98	(98)	—
Total operating expenses	50,547	(4,355)	46,192	47,515	(4,455)	43,060
Income from operations	\$ 5,999	\$ 5,165	\$ 11,164	\$ 5,608	\$ 5,258	\$ 10,866
Adjusted EBITDA	N/A	N/A	\$ 19,339	N/A	N/A	\$ 19,229

## % of Revenue

Gross Margin	45.0%		45.7%	43.4%		44.1%
Marketing and sales	18.5%		17.9%	17.8%		17.1%
Research and development	8.5%		8.0%	8.1%		7.5%
General and administrative	13.2%		10.9%	12.9%		10.6%
Closure of Japan business	— %		— %	0.1%		— %
Total operating expenses	40.2%		36.8%	38.9%		35.2%
Income from operations	4.8%		8.9%	4.6%		8.9%
Adjusted EBITDA	N/A		15.4%	N/A		15.7%

\*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 | Q2 2024

\$ in thousands	Three Months Ended June 30, 2024			Three Months Ended March 31, 2024		
	GAAP	Adjustments	Non-GAAP*	GAAP	Adjustments	Non-GAAP*
Revenue	\$ 125,631	—	\$ 125,631	\$ 127,890	—	\$ 127,890
Cost of revenue	69,085	(810)	68,275	70,423	(801)	69,622
Gross profit	\$ 56,546	\$ 810	\$ 57,356	\$ 57,467	\$ 801	\$ 58,268
Marketing and sales	23,291	(819)	22,472	23,160	(833)	22,327
Research and development	10,661	(667)	9,994	11,167	(692)	10,475
General and administrative	16,595	(2,869)	13,726	16,313	(2,937)	13,376
Closure of Japan business	—	—	—	—	—	—
Total operating expenses	50,547	(4,355)	46,192	50,640	(4,462)	46,178
Income from operations	\$ 5,999	\$ 5,165	\$ 11,164	\$ 6,827	\$ 5,263	\$ 12,090
Adjusted EBITDA	N/A	N/A	\$ 19,339	N/A	N/A	\$ 20,230

## % of Revenue

Gross Margin	45.0%		45.7%	44.9%		45.6%
Marketing and sales	18.5%		17.9%	18.1%		17.5%
Research and development	8.5%		8.0%	8.7%		8.2%
General and administrative	13.2%		10.9%	12.8%		10.5%
Closure of Japan business	— %		— %	— %		— %
Total operating expenses	40.2%		36.8%	39.6%		36.1%
Income from operations	4.8%		8.9%	5.3%		9.5%
Adjusted EBITDA	N/A		15.4%	N/A		15.8%

\*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.

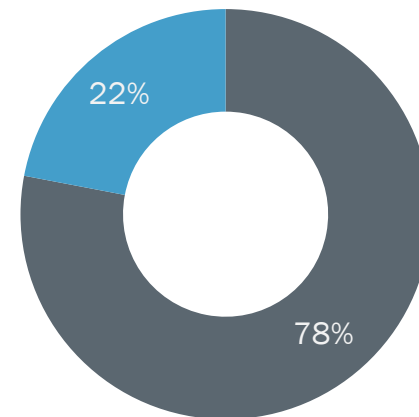


# Revenue by Region | Q2 2024

	Q2 2024	Q2 2023	YoY Change Overall	YoY Change Constant Fx*
Americas	\$98.5	\$96.3	2%	2%
Europe	\$27.1	\$25.9	4%	5%
<b>Total</b>	<b>\$125.6</b>	<b>\$122.3</b>	<b>3%</b>	<b>3%</b>

Revenue % by Region

Q2 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 June 30, 2024			Three Months Ended June 30, 2023		% Change <sup>2</sup>	% Change Organic <sup>3</sup>
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP			
Revenues							
United States	\$ 98,541	\$ -	\$ 98,541	\$ 96,321	2.3%	2.3%	
Europe	27,090	24	27,114	25,944	4.4%	4.5%	
Total revenue	<u>\$ 125,631</u>	<u>\$ 24</u>	<u>\$ 125,655</u>	<u>\$ 122,265</u>	2.8%	2.8%	

1. Revenue for the three months ended June 30, 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 June 30, 2023 to GAAP revenue for the three months ended June 30, 2024.
3. This column presents the percentage change from GAAP revenue for the three months ended June 30, 2023 to non-GAAP revenue for the three months ended June 30, 2024 (as recalculated using the foreign currency exchange rates in effect during the three months ended June 30, 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 June 30, 2024			Three Months Ended June 30, 2023		% Change <sup>2</sup>	% Change Organic <sup>3</sup>
	GAAP	Foreign Currency <sup>1</sup>	Non-GAAP	GAAP			
Revenues							
Injection Molding	\$ 49,080	\$ (60)	\$ 49,020	\$ 48,819		0.5%	0.4%
CNC Machining	51,239	90	51,329	48,297		6.1	6.3
3D Printing	21,281	(20)	21,261	21,005		1.3	1.2
Sheet Metal	3,922	17	3,939	3,939		(0.4)	—
Other Revenue	109	(3)	106	205		(46.8)	(48.3)
Total Revenue	<u>\$ 125,631</u>	<u>\$ 24</u>	<u>\$ 125,655</u>	<u>\$ 122,265</u>		2.8%	2.8%

1. Revenue for the three months ended June 30, 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 June 30, 2023 to GAAP revenue for the three months ended June 30, 2024.
3. This column presents the percentage change from GAAP revenue for the three months ended June 30, 2023 to non-GAAP revenue for the three months ended June 30, 2024 (as recalculated using the foreign currency exchange rates in effect during the three months ended June 30, 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 June 30,	
	2024	2023
Revenue	\$ 125,631	\$ 122,265
Gross profit	56,546	53,123
GAAP gross margin	45.0%	43.4%
Add back:		
Stock-based compensation expense	468	461
Amortization expense	342	342
Total adjustments	810	803
Non-GAAP gross profit	\$ 57,356	\$ 53,926
Non-GAAP gross margin	45.7%	44.1%



# 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</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Revenue	\$ 125,631	\$ 122,265
Income from operations	5,999	5,608
GAAP operating margin	4.8%	4.6%
Add back:		
Stock-based compensation expense	4,244	3,675
Amortization expense	921	1,484
Costs related to Japan closure activities	-	98
Total adjustments	5,165	5,257
Non-GAAP income from operations	\$ 11,164	\$ 10,865
Non-GAAP operating margin	8.9%	8.9%





# GAAP to NON-GAAP Reconciliation | EBITDA

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

	<b>Three Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Revenue	\$ 125,631	\$ 122,265
GAAP net income (loss)	4,540	(383)
GAAP net income (loss) margin	3.6%	(0.3%)
Add back:		
Amortization expense	\$ 921	\$ 1,484
Depreciation expense	8,051	8,011
Interest income, net	(1,149)	(372)
Provision for income taxes	2,820	2,623
EBITDA	<u>15,183</u>	<u>11,363</u>
EBITDA Margin	12.1%	9.3%
Add back:		
Stock-based compensation expense	4,244	3,675
Unrealized (gain) loss on foreign currency	(88)	187
Costs related to Japan closure activities	-	4,004
Total adjustments	4,156	7,866
Adjusted EBITDA	<u>\$ 19,339</u>	<u>\$ 19,229</u>
Adjusted EBITDA Margin	15.4%	15.7%



# GAAP to NON-GAAP Reconciliation | EPS

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

	Three Months Ended June 30,	
	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 (loss)	\$ 4,540	\$ (383)
Add back:		
Stock-based compensation expense	4,244	3,675
Amortization expense	921	1,484
Unrealized (gain) loss on foreign currency	(88)	187
Costs related to Japan closure activities	—	4,004
Total adjustments <sup>1</sup>	5,077	9,350
Income tax benefits on adjustments <sup>2</sup>	(85)	(286)
Non-GAAP net income	<u>\$ 9,532</u>	<u>\$ 8,671</u>
Non-GAAP net income per share:		
Basic	<u>\$ 0.38</u>	<u>\$ 0.33</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.33</u>
Shares used to compute non-GAAP net income per share:		
Basic	25,313,036	26,210,478
Diluted	25,372,972	26,224,562

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 June 30,	
	2024	2023
Cost of revenue	\$ 810	\$ 803
Marketing and sales	819	855
Research and development	667	641
General and administrative	2,869	2,861
Closure of Japan business	—	98
Total operating expenses	4,355	4,455
Other income (loss), net	(88)	4,092
Total adjustments	<u>\$ 4,077</u>	<u>\$ 9,350</u>

2. For the three months ended June 30, 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 | Q3 2024 Outlook

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

	Q3 2024 Outlook	
	Low	High
GAAP diluted earnings per share	\$ 0.10	\$ 0.18
Add back:		
Stock-based compensation expense	0.16	0.16
Amortization expense	0.03	0.03
Unrealized (gain) loss on foreign currency	<u>0.00</u>	<u>0.00</u>
Total adjustments	<u>0.19</u>	<u>0.19</u>
Non-GAAP diluted earnings per share	<u>\$ 0.29</u>	<u>\$ 0.37</u>

