



# Earnings Call Presentation Fourth Quarter 2025

**February 12, 2026 10:00 am ET**

- By phone: 877-407-6184 in the US or 201-389-0877 internationally
- A live webcast of the call will be available and archived on the investor relations section of the Company's website at [investor.ipgphotonics.com](http://investor.ipgphotonics.com)



# Note Regarding Forward Looking Statements and Use of Non-GAAP Financials

Information and statements provided by IPG and its employees, including statements in this presentation, that relate to future plans, events or performance are forward-looking statements. These statements involve risks and uncertainties. Any statements in this presentation that are not statements of historical fact are forward-looking statements, including those statements related to being confident that our strategy will further differentiate our products, unlock new market opportunities, and fuel the long-term expansion of laser applications, actively taking advantage of our global manufacturing footprint and our in-house supply chain to mitigate potential impacts from tariffs, potential delays in shipping product rather than order cancellations, and statements related to revenue, gross margin and operating expenses outlook, adjusted earnings per share and adjusted EBITDA guidance, and the impact of the U.S. dollar on our guidance for the first quarter of 2026. Factors that could cause actual results to differ materially include risks and uncertainties, including risks associated with the strength or weakness of the business conditions in industries and geographic markets that IPG serves, particularly the effect of downturns in the markets IPG serves; uncertainties and adverse changes in the general economic conditions of markets; inability to manage risks associated with international customers and operations; changes in trade controls and trade and tariff policies; IPG's ability to penetrate new applications for fiber lasers and increase market share; the rate of acceptance and penetration of IPG's products; foreign currency fluctuations; high levels of fixed costs from IPG's vertical integration; the appropriateness of IPG's manufacturing capacity for the level of demand; competitive factors, including declining average selling prices; the effect of acquisitions and investments; inventory write-downs; asset impairment charges; intellectual property infringement claims and litigation; interruption in supply of key components; manufacturing risks; government regulations and trade sanctions; and other risks identified in IPG's SEC filings. Readers are encouraged to refer to the risk factors described in IPG's Annual Report on Form 10-K (filed with the SEC on February 20, 2025) and IPG's reports filed with the SEC, as applicable. Actual results, events and performance may differ materially. Readers are cautioned not to rely on the forward-looking statements, which speak only as of the date hereof. IPG undertakes no obligation to update the forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

# Q4'25 Summary

**\$274M**  
**Revenue**

**\$41M**  
**Adj. EBITDA**

**\$0.46**  
**Adj. EPS**

- Delivered improved results:
  - Revenue, adjusted EBITDA and adjusted EPS were up YoY and above the high end of the guidance range
  - Higher revenue was driven by growth across materials processing, medical and advanced applications
  - Stable industrial demand, new business and growth in battery production have driven sequential and YoY growth in materials processing applications
  - Effective execution of strategic initiatives has driven strong growth in medical and advanced applications
- Gross margin was impacted by tariffs and accelerated depreciation YoY while QoQ decline was due to planned inventory management driving lower fixed cost absorption
- Bought back \$4M of shares and continued to explore tuck-in M&A opportunities

# Summary by Application

**Welding** – Increased YoY and was slightly higher sequentially, driven by stronger demand in battery manufacturing

**Cutting** – Demand stabilized YoY and improved sequentially as we started shipping a new generation of lasers to customers globally

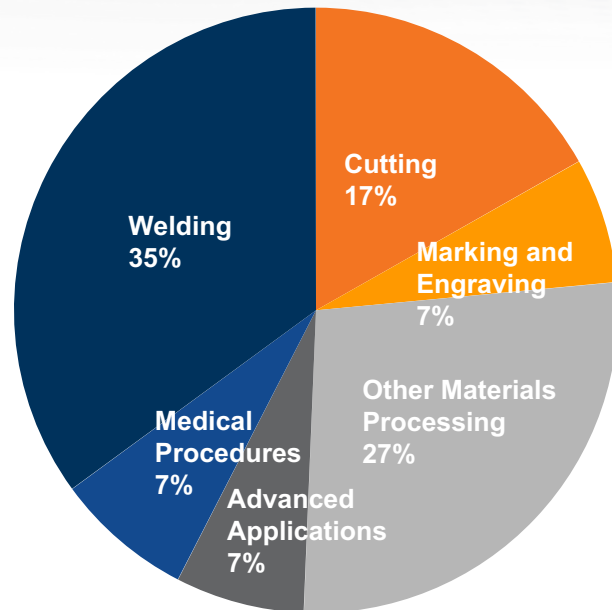
**Cleaning\*** – Increased YoY, driven by the acquisition of cleanLASER and associated revenue synergies

**Micromachining\*** – Revenue was lower due to timing of orders

**Medical** – Sequential and YoY growth, benefiting from strong demand for consumable fibers and new urology product launch in Q4

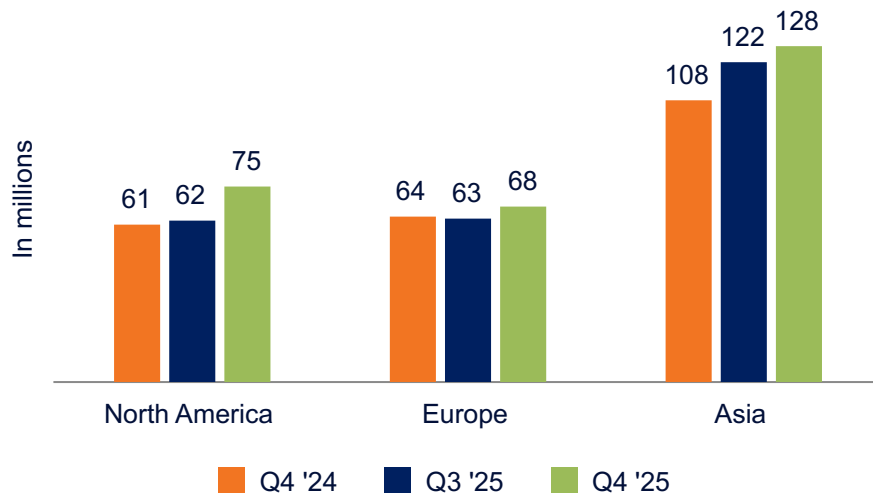
**Advanced Applications** – Sequential and YoY revenue growth was driven by semiconductor markets

\*included in Other Materials Processing



Note: Percentages are based on full year 2025 revenue by application

# Revenue by Geography



**North America** – Strong sequential and YoY growth was driven by higher revenue in cutting, cleaning, medical and advanced applications

**Europe** – Revenue was up sequentially and YoY, driven by increased sales in additive manufacturing and cleaning applications

**Asia** – Sequential and YoY increases were driven by growth in welding, additive manufacturing and advanced applications



# Financial Review

In millions except per share	Q4'25	Q4'24	Y/Y	Q3'25	Q/Q
Revenue	\$274.5	\$234.3	17%	\$250.8	9%
Gross margin	36.1%	38.6%		39.5%	
Operating expenses excluding FX and other items	\$93.4	\$76.9	21%	\$89.6	4%
Operating income (loss)	\$3.3	\$14.0	(76)%	\$7.9	NM
Net income (loss)	\$13.3	\$7.8	71%	\$7.5	77%
Earnings (loss) per diluted share	\$0.31	\$0.18	72%	\$0.18	72%
Adjusted EBITDA	\$41.2	\$37.3	11%	\$37.0	11%
Adjusted EPS	\$0.46	\$0.30	53%	\$0.35	31%

NM - not meaningful

QoQ decline in gross margin was due to underabsorption of fixed costs as we managed inventory levels

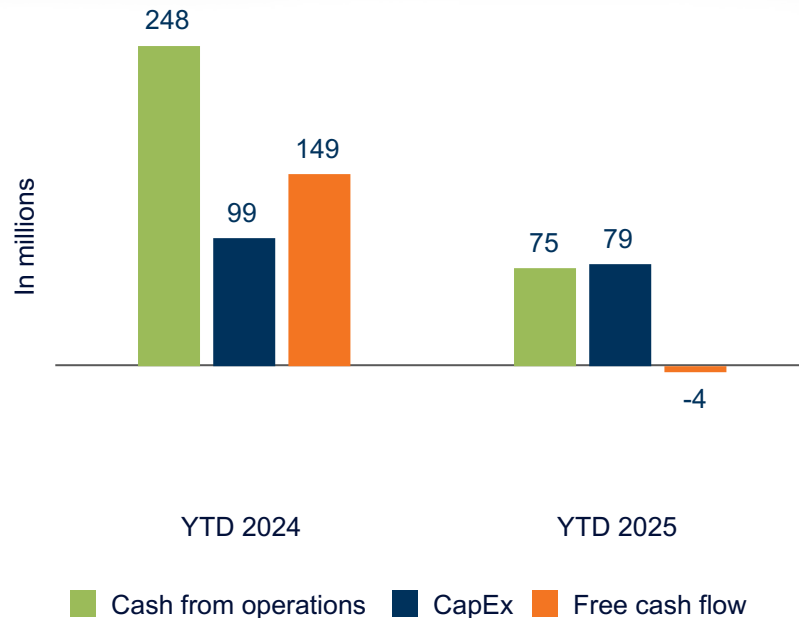
Lower gross margin YoY due to higher product cost and tariffs, offset by lower inventory provisions

Operating expenses were nearly flat sequentially, excluding \$4M in one-time costs

YoY increase in operating expenses was primarily due to investments in growth opportunities and acquisition-related expenses

# Balance Sheet and Cash Flow Summary

In millions	Q4'25
Cash and Short-term Investments	\$839
Long-term Investments	\$77
Inventories	\$313
Total Debt	\$—
Net Income to IPG	\$13
Cash from Operations	\$29
Depreciation and Amortization	\$20
Capital Expenditures	\$18
Stock Repurchases	\$4
Days Sales Outstanding	61



Free cash flow is defined as cash flow from operations less capital expenditures

# Q1 '26 Outlook

Revenue	\$235M - \$265M
Adjusted Gross Margin	37% - 39%
Operating Expenses	\$90M - \$92M
Adjusted EPS	\$0.10 - \$0.40
Adjusted EBITDA	\$25M - \$40M
Tax Rate	~25%
Diluted common shares	~42.5M

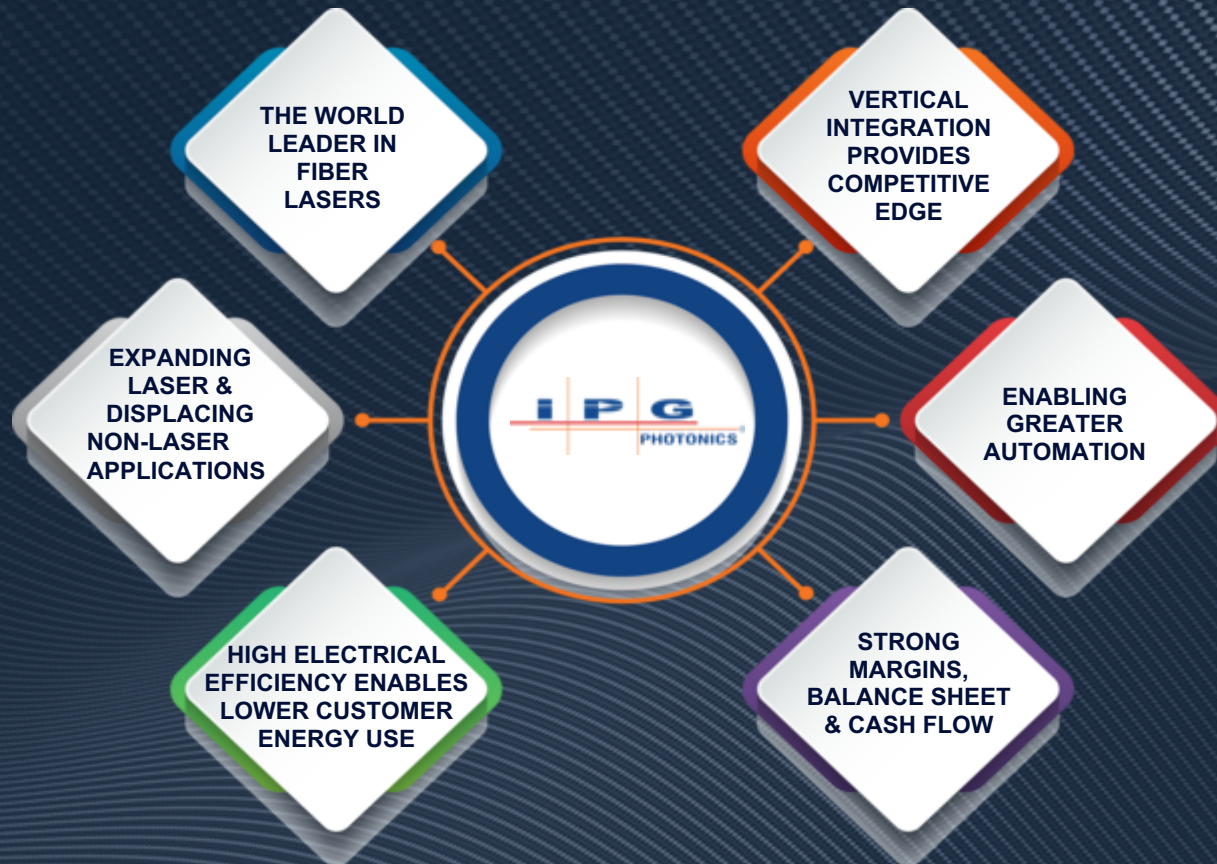
## ADDITIONAL DETAILS

Q4 book-to-bill was firmly above 1

Revenue outlook includes assumptions of continued stable operating environment

Q1 gross margin guidance includes current estimate for tariff-related impact





# Appendix: Reconciliation of Non-GAAP Financial Measures

## Use of Non-GAAP Adjusted Financial Information

We refer to certain financial measures that are not recognized under United States generally accepted accounting principles (“GAAP”) and are provided as supplemental information to enhance understanding of the Company’s financial performance. These measures should not be considered as a substitute for, or superior to, GAAP financial measures. The following information provides the definition of adjusted gross profit, adjusted gross margin, adjusted operating income, EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per share (EPS), and adjusted tax rate as presented, which are financial measures that are not calculated or presented in accordance with GAAP, and reconciliation to the most directly comparable financial measures calculated and presented in accordance with GAAP. The Company has provided adjusted gross profit, adjusted gross margin, adjusted operating income, EBITDA, adjusted EBITDA, adjusted net income, adjusted EPS, and adjusted tax rate as supplemental information and in addition to the financial measures presented by the Company that are calculated and presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for or alternative to, and should be considered in conjunction with, the GAAP financial measure presented by the Company.

Management believes that these non-GAAP financial measures provide additional means of evaluating period-over-period operating performance. Specifically, these non-GAAP financial measures provide management with additional means to understand and evaluate the operating results and trends in our ongoing business by eliminating certain non-cash expenses and other items that management believes might otherwise make comparisons of our ongoing business with prior periods more difficult, obscure trends in ongoing operations, or reduce management’s ability to make useful forecasts.

In addition, management understands that some investors and financial analysts find this information helpful in analyzing our financial and operational performance and comparing this performance to our peers and competitors. However, these non-GAAP financial measures have limitations as an analytical tool and are not intended to be an alternative to financial measures prepared in accordance with GAAP. In addition, it should be noted that these non-GAAP financial measures may be different from non-GAAP measures used by other companies. Management may, however, utilize other measures to illustrate performance in the future. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures.

We have not provided a quantitative reconciliation of forward-looking Non-GAAP adjusted earnings per diluted share and adjusted EBITDA to their most directly comparable GAAP financial measures because we are unable to estimate with reasonable certainty the ultimate timing or amount of certain significant items without unreasonable efforts. This is due to the inherent difficulty of forecasting the timing and/or amount of various items that would impact adjusted earnings per diluted share and adjusted EBITDA. This includes items that have not yet occurred, are out of the Company’s control, cannot be reasonably predicted and/or for which there would not be any meaningful adjustment or difference. For the same reasons, the Company is unable to address the probable significance of the unavailable information.

# Appendix: Reconciliation of Non-GAAP Financial Measures

(In thousands, except percentages)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Gross profit	\$ 99,073	\$ 90,344	\$ 381,463	\$ 338,155
Gross margin	36.1 %	38.6 %	38.0 %	34.6 %
Special Inventory Provision	—	—	—	29,884
Amortization of acquisition-related intangibles	849	631	3,777	2,000
Acquisition and integration charges	—	—	482	—
Accelerated depreciation of certain long-lived assets	3,168	—	3,168	—
Adjusted gross profit	<u>\$ 103,090</u>	<u>\$ 90,975</u>	<u>\$ 388,890</u>	<u>\$ 370,039</u>
Adjusted gross margin	<u>37.6 %</u>	<u>38.8 %</u>	<u>38.7 %</u>	<u>37.9 %</u>

We define adjusted gross profit as reported gross profit, adjusted for non-recurring, infrequent, or unusual changes.

We define adjusted gross margin as adjusted gross profit divided by total revenue.

# Appendix: Reconciliation of Non-GAAP Financial Measures

(In thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Operating income (loss)	\$ 3,318	\$ 13,952	\$ 13,104	\$ (208,254)
Special inventory provisions	—	—	—	29,884
Amortization of acquisition-related intangibles	2,292	1,753	9,790	5,933
Restructuring charges	176	—	601	—
Acquisition and integration charges	5,051	249	7,356	249
Impairment of long-lived assets and accelerated depreciation of certain long-lived assets	3,168	440	3,168	27,006
Loss (gain) on foreign exchange	2,341	(543)	9,354	5,524
Net loss from divestiture and sale of assets	—	—	—	190,875
Adjusted operating income	<u>\$ 16,346</u>	<u>\$ 15,851</u>	<u>\$ 43,373</u>	<u>\$ 51,217</u>

We define adjusted operating income as reported income from operations, adjusted for non-recurring, infrequent, or unusual charges.



# Appendix: Reconciliation of Non-GAAP Financial Measures

(In thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Net income (loss)	\$ 13,270	\$ 7,815	\$ 31,096	\$ (181,526)
Interest income, net	(7,129)	(7,409)	(29,857)	(45,467)
Provision for income taxes	(2,714)	14,197	14,000	19,638
Depreciation	16,637	12,057	52,757	52,399
Amortization	3,418	2,762	14,097	9,044
EBITDA	23,482	29,422	82,093	(145,912)
Special inventory provisions	—	—	—	29,884
Impairment of long-lived assets	—	440	—	27,006
Stock based compensation	10,180	7,720	43,014	37,150
Restructuring charges	176	—	601	—
Acquisition and integration charges	5,051	249	7,356	249
Loss on foreign exchange	2,341	(543)	9,354	5,524
Net loss from divestiture and sale of assets	—	—	—	190,875
Adjusted EBITDA	\$ 41,230	\$ 37,288	\$ 142,418	\$ 144,776

We define EBITDA as net income plus interest expense (income), provision for income taxes, depreciation expense, and amortization expense.

We define Adjusted EBITDA as EBITDA adjusted for non-recurring, infrequent, or unusual charges, and other adjustments that the Company believes appropriate.

# Appendix: Reconciliation of Non-GAAP Financial Measures

(In thousands, except per share data)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Net income (loss)	\$ 13,270	\$ 7,815	\$ 31,096	\$ (181,526)
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Amortization of acquisition-related intangibles	2,292	1,753	9,790	5,933
Restructuring charges	176	—	601	—
Acquisition and integration charges	5,051	249	7,356	249
Loss (gain) on foreign exchange	2,341	(543)	9,354	5,524
Net loss from divestiture and sale of assets	—	—	—	190,875
Certain discrete tax items	(2,390)	3,132	5,913	3,063
Tax impact of non-GAAP adjustments	(4,193)	32	(6,664)	(7,364)
Adjusted net income	<u>\$ 19,715</u>	<u>\$ 12,878</u>	<u>\$ 60,614</u>	<u>\$ 73,644</u>
Adjusted net earnings per diluted share	\$ 0.46	\$ 0.30	\$ 1.42	\$ 1.66
Weighted average diluted shares outstanding	42,620	42,781	42,650	44,336

We define adjusted net income as reported net income, adjusted for non-recurring, infrequent, or unusual changes, and other adjustments that the Company believes appropriate.

We define adjusted EPS as adjusted net income divided by the weighted-average diluted shares outstanding.

# Appendix: Reconciliation of Non-GAAP Financial Measures

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Tax Rate	(26)%	64 %	31 %	(12)%
Discrete tax items	23 %	(14)%	(13)%	2 %
Net impact of non-GAAP adjustments	19 %	(4)%	2 %	35 %
Adjusted tax Rate	16 %	46 %	20 %	25 %

We define adjusted tax rate as the GAAP tax rate, adjusted for discrete tax items and the net impact of non-GAAP adjustments.



**Thank you**