



Earnings Call Presentation Second Quarter 2025

August 5, 2025 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

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 third quarter of 2025. 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.

Q2 '25 Summary

\$250.7M
Revenue

\$31.5M
Adj. EBITDA

\$0.30
Adj. EPS

- Delivered results above expectations:
 - Modest demand improvement in industrial and e-mobility markets
 - Strong growth in medical and advanced applications as we continued to execute on our strategy
 - Shipped \$10M out of \$15M in orders impacted by tariffs
- Gross margin benefited from higher volumes and lower inventory provisions, offset by higher product costs and tariffs
- Bought back \$30M of shares and continued to explore M&A opportunities
- Strengthened Leadership Team with five newly appointed executives to focus on advancing our strategy and supporting growth

Senior Leadership Team



Mark M. Gitin, Ph.D.
Chief Executive Officer

Joined IPGP: 2024; Appointed to Role: 2024



Timothy P.V. Mammen
Senior Vice President,
Chief Financial Officer
Joined IPGP: 1999; Appointed to Role: 2000



Igor Samartsev, Ph.D.
Senior Vice President,
Chief Scientist
Joined IPGP: 1990; Appointed to Role: 2022



Trevor D. Ness
Senior Vice President, Sales and
Strategic Business Development
Joined IPGP: 2011; Appointed to Role: 2022



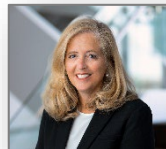
Mira Sahney
Senior Vice President,
Global Laser Systems
Joined IPGP: 2025; Appointed to Role: 2025



Alex Schoenfelder, Ph.D.
Senior Vice President,
GM Global Components
Joined IPGP: 2025; Appointed to Role: 2025



Andrey Mashkin
Vice President,
GM Global Lasers
Joined IPGP: 2000; Appointed to Role: 2025



Jennifer Kartono
Senior Vice President, Chief Human
Resources Officer
Joined IPGP: 2025; Appointed to Role: 2025



Paulus Bucher, Ph.D.
Senior Vice President,
Global Operations
Joined IPGP: 2025; Appointed to Role: 2025



Angelo P. Lopresti
General Counsel, Secretary and
Senior Vice President
Joined IPGP: 2001; Appointed to Role: 2001



Adolfo Chin
Vice President, Strategic New
Business Development
Joined IPGP: 2022; Appointed to Role: 2022

Summary by Application

Welding – improved sequentially driven by share gains and increased demand in e-mobility and general industrial markets

Cutting – showing some strength in Asia and North America, and stabilization in Europe

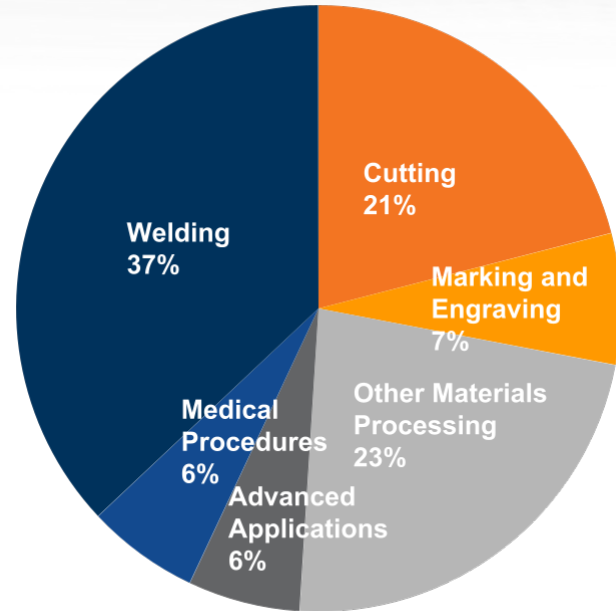
Cleaning* – benefited from acquisition of cleanLASER

Micromachining* - revenue was strong compared with the prior year despite some shipment delays

Medical – revenue grew, benefiting from shipments to the new customer

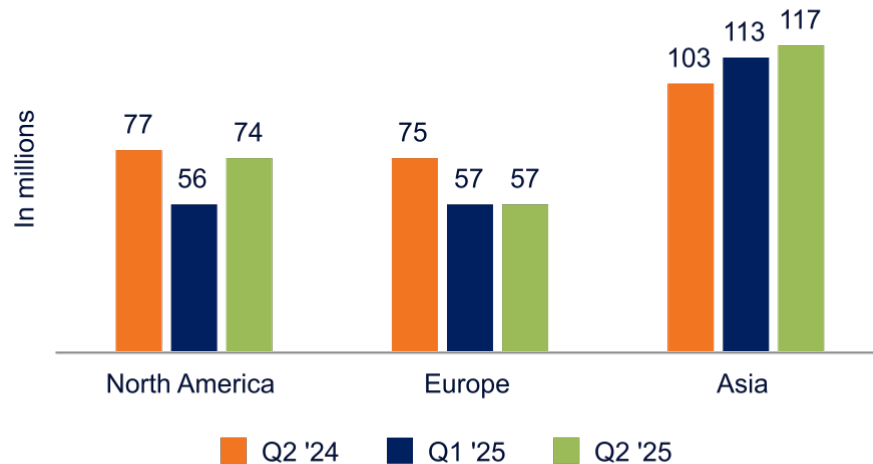
Advanced Applications – revenue growth was driven by semiconductor and defense markets

*included in Other Materials Processing



Note: Percentages are based on full year 2024 revenue by application

Revenue by Geography



North America - sales improved sequentially driven by higher revenue in cutting, cleaning, medical and advanced applications

Europe - sales were flat sequentially and down Y/Y primarily due to lower demand in cutting and welding applications and exit from Russia, partially offset by cleanLaser acquisition

Asia - sales increase driven by growth in welding, cutting and advanced applications, partially offset by lower sales to additive manufacturing

Financial Review

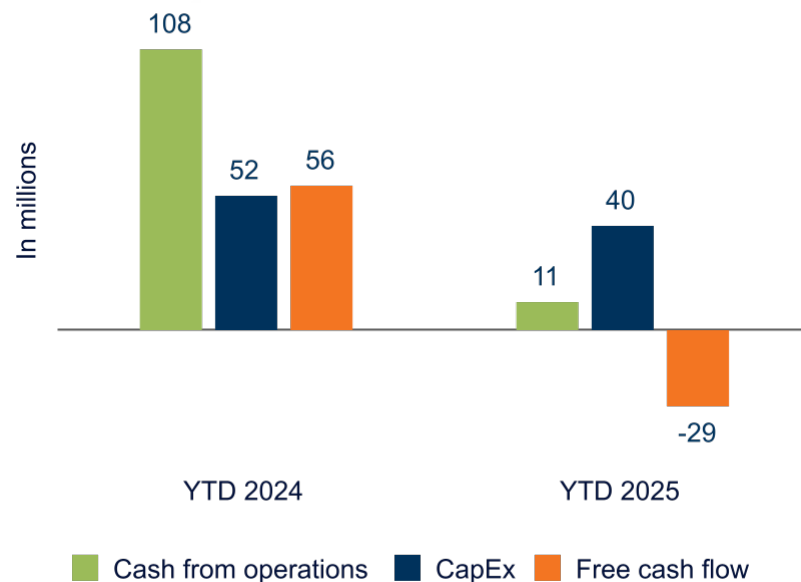
In millions except per share	Q2 '25	Q2 '24	Y/Y	Q1 '25	Q/Q
Revenue	\$250.7	\$257.6	(3)%	\$227.8	10%
Gross margin	37.3%	37.3%		39.4%	
Operating expenses excluding Fx and other items	\$90.4	\$81.6	11%	\$85.6	6%
Operating income	\$0.1	\$12.0	(99)%	\$1.8	(94)%
Net income	\$6.6	\$20.2	(67)%	\$3.8	74%
Earnings per diluted share	\$0.16	\$0.45	(64)%	\$0.09	78%
Adjusted EBITDA	\$31.5	\$39.4	(20)%	\$32.7	(4)%
Adjusted EPS	\$0.30	\$0.52	(42)%	\$0.31	(3)%

Lower sales year over year and higher operating expenses reduced operating income

Operating expenses, excluding FX impact and other gain/loss, increased Q/Q and Y/Y driven by investments in growth opportunities and organization

Balance Sheet and Cash Flow Summary

In millions	Q2 '25
Cash and Short-term Investments	\$900
Inventories	\$304
Total Debt	\$—
Net Income to IPG	\$7
Cash from Operations	\$(2)
Depreciation and Amortization	\$16
Capital Expenditures	\$15
Stock Repurchases	\$30
Days Sales Outstanding	73



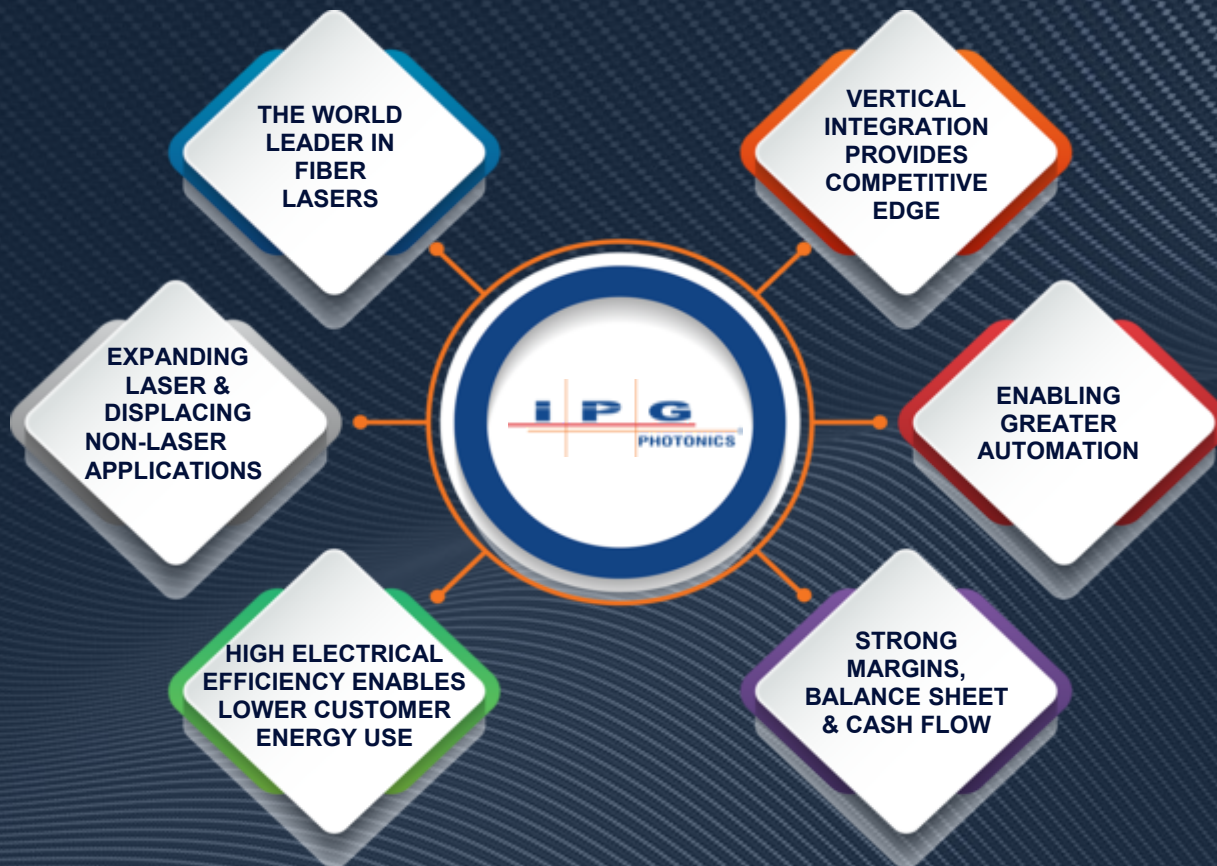
Q2 '25 Cash from operations was negatively impacted by the timing of collection of receivables and tax payments

Q3 '25 Outlook

Revenue	\$225M - \$255M
Adjusted Gross Margin	36% - 38%
Operating Expenses	\$89M - \$91M
Adjusted EPS	\$0.05 - \$0.35
Adjusted EBITDA	\$22M - \$36M
Tax Rate	~25%
Diluted common shares	~42.5M

ADDITIONAL DETAILS

Q2 book-to-bill was approximately 1
Revenue outlook includes assumptions of continued stabilization and improvement in the operating environment
Q3 gross margin includes a 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 per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gross profit	\$ 93,573	\$ 96,186	\$ 183,385	\$ 193,722
Gross margin	37.3 %	37.3 %	38.3 %	38.0 %
Amortization of acquisition-related intangibles	1,061	440	2,077	928
Acquisition and integration charges	260	—	482	—
Adjusted gross profit	<u>\$ 94,894</u>	<u>\$ 96,626</u>	<u>\$ 185,944</u>	<u>\$ 194,650</u>
Adjusted gross margin	37.8 %	37.5 %	38.9 %	38.2 %

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, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Operating income	\$ 104	\$ 12,040	\$ 1,931	\$ 31,140
Amortization of acquisition-related intangibles	2,594	1,377	5,096	2,802
Acquisition and integration charges	1,068	—	2,059	—
Loss on foreign exchange	3,098	3,244	5,509	4,919
Gain on sale of assets	—	—	—	(6,776)
Adjusted operating income	<u>\$ 6,864</u>	<u>\$ 16,661</u>	<u>\$ 14,595</u>	<u>\$ 32,085</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, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 6,605	\$ 20,154	\$ 10,363	\$ 44,253
Interest income, net	(8,001)	(12,778)	(15,445)	(26,955)
Provision for income taxes	1,666	4,858	8,523	14,361
Depreciation	12,172	13,309	23,728	27,236
Amortization	3,654	2,010	7,439	4,270
EBITDA	16,096	27,553	34,608	63,165
Stock based compensation	11,287	8,570	22,054	18,302
Acquisition and integration charges	1,068	—	2,059	—
Loss on foreign exchange	3,098	3,244	5,509	4,919
Gain on sale of assets	—	—	—	(6,776)
Adjusted EBITDA	\$ 31,549	\$ 39,367	\$ 64,230	\$ 79,610

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 6,605	\$ 20,154	\$ 10,363	\$ 44,253
Amortization of acquisition-related intangibles	2,594	1,377	5,096	2,802
Acquisition and integration charges	1,068	—	2,059	—
Loss on foreign exchange	3,098	3,244	5,509	4,919
Gain on sale of assets	—	—	—	(6,776)
Certain discrete tax items	275	(85)	4,889	1,912
Tax impact of non-GAAP adjustments	(710)	(1,075)	(1,858)	(342)
Adjusted net income	<u>\$ 12,930</u>	<u>\$ 23,615</u>	<u>\$ 26,058</u>	<u>\$ 46,768</u>
Adjusted net earnings per diluted share	<u>\$ 0.30</u>	<u>\$ 0.52</u>	<u>\$ 0.61</u>	<u>\$ 1.03</u>
Weighted average diluted shares outstanding	42,577	45,012	42,720	45,601

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Tax Rate	20 %	19 %	45 %	25 %
Discrete tax items	(3)%	— %	(26)%	(3)%
Net impact of non-GAAP adjustments	(3)%	1 %	(2)%	(1)%
Adjusted tax Rate	14 %	20 %	17 %	21 %

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