



EARNINGS CALL PRESENTATION

First Quarter 2026

May 5, 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

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 second quarter of 2027. 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.

Revenue by Application Changes

Beginning in the first quarter, the Company revised its revenue disaggregation by application into two categories: Industrial Solutions and Advanced Solutions. This structure better reflects the Company's strategic growth initiatives and provides a clearer separation between the Company's industrial and non-industrial businesses, giving better visibility into the distinct performance and growth profiles of each.

Industrial Solutions

Cutting

Welding

Marking & Engraving

Additive Manufacturing

Cleaning

Advanced Solutions

Medical

Defense

Micromachining

Semiconductor

Instruments & Scientific

\$265M
Revenue

\$35M
Adj. EBITDA

\$0.29
Adj. EPS

Delivered double-digit revenue growth YoY, driven by improved demand in Industrial Solutions

- **Industrial Solutions:** Strong growth in welding and cutting sales, driven by higher demand in battery manufacturing
- **Advanced Solutions:** Growth in medical and semiconductor sales, driven by our key strategic initiatives

Gross margin benefited from lower inventory provisions, partially offset by tariffs and higher YoY product costs

Delivered adjusted EBITDA and adjusted EPS above midpoints of guidance ranges



Revenue by Application

		Q1'26	Q1'25	Y/Y	Q4'25	Q/Q
Industrial Solutions	YoY growth was driven by welding, cutting, marking, and cleaning; revenue was nearly flat QoQ	\$227.6M	\$188.0M	21%	\$231.0M	-1%
Advanced Solutions	YoY decrease in revenue was due to lower micromachining and defense sales offsetting growth in medical and semiconductor; QoQ decrease in revenue was due to uneven quarterly medical sales	\$37.9M	\$39.8M	-5%	\$43.5M	-13%
TOTAL		\$265.5M	\$227.8M	17%	\$274.5M	-3%

Revenue by Geography

North America

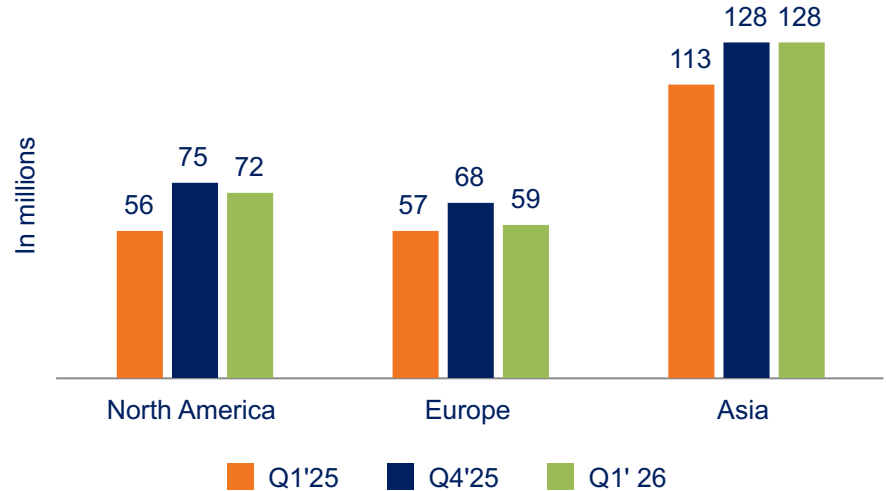
Sales increased YoY, driven by higher revenue in welding, cutting, additive manufacturing, and medical; sales decreased slightly QoQ, mostly in cleaning and medical

Europe

YoY growth was driven by increased revenue in cutting applications; sales decreased QoQ versus a strong Q4 due to lower revenue in welding, cleaning, and additive manufacturing

Asia

YoY growth was driven by increased sales in welding, cutting, marking, and cleaning applications; sales were flat QoQ



Financial Review



Revenue increased YoY, marking a second consecutive quarter of double-digit revenue growth

GAAP and adjusted gross margin improved QoQ, driven by lower inventory provisions and improved absorption; YoY decline in gross margins was due to tariffs and higher product costs

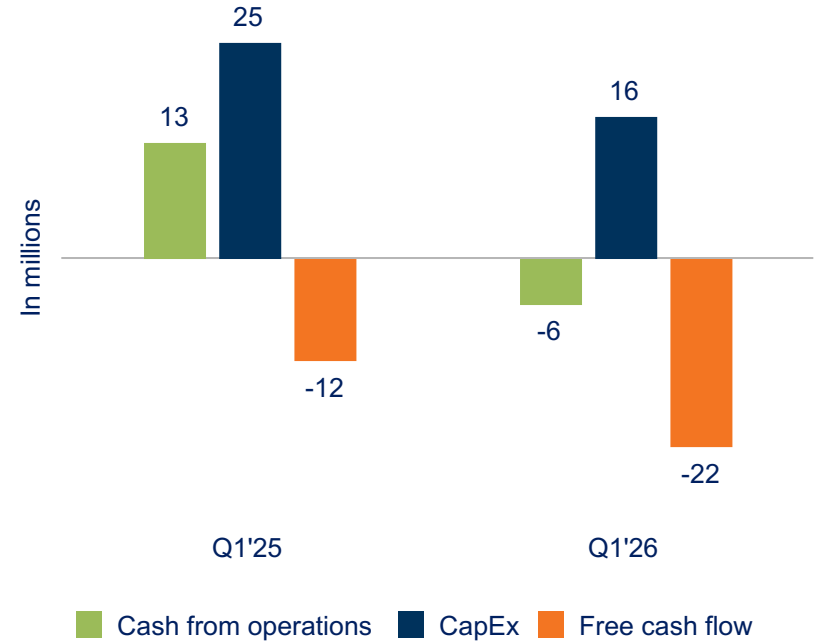
Operating expenses were nearly flat sequentially, excluding approximately \$14M in one-time costs related to litigation settlement; YoY increase in operating expenses was primarily due to investments in growth opportunities

In millions except per share	Q1'26	Q1'25	Y/Y	Q4'25	Q/Q
Revenue	\$265.5	\$227.8	17%	\$274.5	(3)%
Gross margin	37.5%	39.4%	-190bps	36.1%	+140bps
Adjusted gross margin	37.8%	40.0%	-220bps	37.6%	+20bps
Operating expenses excluding FX and other items	\$93.3	\$85.6	9%	\$93.2	— %
Operating income (loss)	\$(7.7)	\$1.8	NM	\$3.3	NM
Adjusted operating income (loss)	\$9.3	\$7.7	21%	\$16.3	(43)%
Net income (loss)	\$1.6	\$3.8	(58)%	\$13.3	(88)%
Adjusted net income (loss)	\$12.6	\$13.1	(4)%	\$19.7	(36)%
Earnings (loss) per diluted share	\$0.04	\$0.09	(56)%	\$0.31	(87)%
Adjusted EPS	\$0.29	\$0.31	(6)%	\$0.46	(37)%
Adjusted EBITDA	\$35.2	\$32.7	8%	\$41.2	(15)%

NM - not meaningful

Balance Sheet and Cash Flow Summary

In millions	Q1'26
Cash and Short-term Investments	\$813
Long-term Investments	\$71
Inventories	\$319
Total Debt	\$—
Net Income to IPG	\$2
Cash from Operations	\$(5)
Depreciation and Amortization	\$16
Capital Expenditures	\$16
Stock Repurchases	\$—
Days Sales Outstanding	65



Q1 Cashflow was impacted by annual bonus payments

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

Revenue	\$260M - \$290M
Adjusted Gross Margin	37% - 40%
Adjusted Operating Expenses	\$92M - \$95M
Adjusted EPS	\$0.25 - \$0.55
Adjusted EBITDA	\$32M - \$48M
Tax Rate	~25%
Diluted common shares	~43M

ADDITIONAL DETAILS

Q1 book-to-bill was firmly above 1

We remain cautiously optimistic, and our revenue outlook factors in assumptions of a generally stable operating environment

Q2 gross margin guidance includes current estimate for tariff-related impact



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 March 31,	
	2026	2025
Gross profit	\$ 99,499	\$ 89,812
Gross margin	37.5 %	39.4 %
Amortization of acquisition-related intangibles	852	1,016
Acquisition and integration charges	—	222
Adjusted gross profit	<u>\$ 100,351</u>	<u>\$ 91,050</u>
Adjusted gross margin	37.8 %	40.0 %

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 March 31,	
	2026	2025
Operating income (loss)	\$ (7,736)	\$ 1,827
Amortization of acquisition-related intangibles	2,089	2,502
Restructuring charges	66	—
Acquisition and integration charges	906	991
Settlement and fees of litigation matters	14,128	—
Loss (gain) on foreign exchange	(200)	2,411
Adjusted operating income	<u>\$ 9,253</u>	<u>\$ 7,731</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 March 31,	
	2026	2025
Net income (loss)	\$ 1,584	\$ 3,758
Interest income, net	(6,922)	(7,444)
Provision for income taxes	(565)	6,857
Depreciation	12,747	11,556
Amortization	3,145	3,785
EBITDA	9,989	18,512
Stock based compensation	10,341	10,767
Restructuring charges	66	—
Acquisition and integration charges	906	991
Settlement and fees of litigation matters	14,128	—
Loss on foreign exchange	(200)	2,411
Adjusted EBITDA	\$ 35,230	\$ 32,681

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 March 31,	
	2026	2025
Net income (loss)	\$ 1,584	\$ 3,758
Amortization of acquisition-related intangibles	2,089	2,502
Restructuring charges	66	—
Acquisition and integration charges	906	991
Settlement and fees of litigation matters	14,128	—
Loss (gain) on foreign exchange	(200)	2,411
Certain discrete tax items	(1,119)	4,614
Tax impact of non-GAAP adjustments	(4,873)	(1,148)
Adjusted net income	<u>\$ 12,581</u>	<u>\$ 13,128</u>
Adjusted net earnings per diluted share	\$ 0.29	\$ 0.31
Weighted average diluted shares outstanding	42,912	42,832

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 March 31,	
	2026	2025
Tax Rate	(55)%	65 %
Discrete tax items	110 %	(43)%
Net impact of non-GAAP adjustments	(25)%	(1)%
Adjusted tax Rate	<u>30 %</u>	<u>21 %</u>

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



Contact

Eugene Fedotoff
Senior Director, Investor Relations
IPG Photonics Corporation
508-597-4713
efedotoff@ipgphotonics.com