IPG Photonics Corporation
Acquisition of Lumibird Medical Conference Call Prepared Remarks

Operator:

Good morning, and welcome to IPG Photonics' conference call to discuss the company's acquisition of Lumibird Medical. Today's call is being recorded and webcast. At this time, I would like to turn the call over to Eugene Fedotoff, IPG's Senior Director, Investor Relations, for introductions. Please go ahead with your conference.

Eugene Fedotoff:

Thank you, and good morning, everyone. With me today is IPG Photonics' CEO, Dr. Mark Gitin and Senior Vice President and CFO, Tim Mammen. Today's call will cover IPG's proposed acquisition of Lumibird Medical. Let me remind you that statements made during this call that discuss our expectations or predictions of the future are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause the company's actual results to differ materially from those projected in such forward-looking statements. These risks and uncertainties are detailed in our Form 10-K for the period ended December 31, 2025 and other reports on file with the Securities and Exchange Commission. Any forward-looking statements made on this call are the company's expectations or predictions as of today, July 17, 2026 only, and the company assumes no obligation to publicly release any updates or revisions to any such statements. During this call we will be referring to certain non-GAAP measures, including measures derived from or aligned with IFRS reporting standards as well as other non-GAAP measures. 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. For more information on how we define these non-GAAP measures and a reconciliation of such measures to the most directly comparable GAAP measures, please refer to our SEC filings and our investor relations website. We will also post these prepared remarks on our website after this call. Finally, as a reminder, we closed our second quarter on June 30 and will be reporting results in a few weeks. Today's call will be focused solely on the announcement we made last night. With that, I'll now turn the call over to Mark.

Mark Gitin:

Thanks, Eugene. Good morning, everyone, and thank you for joining us. Today marks an important milestone in IPG's strategic evolution. We have signed a binding offer with Lumibird S.A. to acquire Lumibird Medical, a recognized leader in medical laser systems for the ophthalmology market. It's a highly complementary addition to our medical laser business, which is a leader in urology.

There are four key messages we'd like you to take away about this proposed transaction.

- First, this acquisition accelerates IPG's strategic evolution by meaningfully expanding our Advanced Solutions revenue into attractive, higher-margin, medical markets with durable demand, strengthening the quality of our business mix.
- Second, it delivers on our commitment to improve profitability through the addition of a high-margin business that we expect will be accretive to gross margin, EBITDA, and adjusted EPS.
- Third, it creates a scaled medical laser platform by combining our leading urology business with Lumibird Medical's leading ophthalmology business, increasing our addressable medical market by approximately $1 billion.
- And fourth, it expands our long-term value creation opportunity by combining complementary technologies, commercial capabilities, and applications expertise to drive innovation and future growth.

We'll now walk through each of these points in more detail.

Before discussing the specifics of this acquisition, let me briefly revisit the strategy we've been executing, shown on slide 4.

It starts with two clearly defined strategic growth initiatives. The first is strengthening our leadership in Industrial Solutions by expanding laser adoption, displacing incumbent technologies, and further moving up the value chain with differentiated system and subsystem solutions.

The second part of our strategy, and where this acquisition fits, is expanding our leadership in laser and photonics technology in attractive markets and applications in Advanced Solutions, including medical, directed energy and micromachining. We are leveraging core capabilities to expand into new adjacencies, targeting applications where precision, accuracy, control, efficiency, and reliability are required. This includes extending our technologies across multiple industries through organic and inorganic opportunities. We have already established a solid presence in these markets through organic investments and are excited to share how the Lumibird Medical acquisition advances this initiative and increases our Advanced Solutions revenue.

We have also strengthened our organization through the One-IPG operating model to position the company for profitable growth, supported by operational excellence and a self-sustaining Innovation Engine. We have built the M&A function and successfully integrated the cleanLASER acquisition last year. We believe that the acquisition of Lumibird Medical is the natural next step in continuing to accelerate this progress and expand our addressable market utilizing our strong balance sheet.

With that context, let's turn to slide 5, and I'll explain why we believe medical is such an attractive opportunity.

Expanding our participation in medical has been a high-priority growth initiative because it builds directly on the capabilities that already differentiate IPG, including our lasers, photonics and applications expertise. We've established a strong position in urology and developed solutions for dermatology markets through innovation, new product development, and customer wins. Lumibird Medical now expands on that foundation by adding a leadership position in ophthalmology and creating a broader medical platform spanning the three leading medical laser specialties: Ophthalmology, Urology, and Dermatology. Following the acquisition, Advanced Solutions will represent approximately 26% of total pro forma sales, up from 16% today, with approximately $204 million in Medical sales based on 2025 pro forma results.

The ophthalmology medical laser market is characterized by favorable long-term demand, the need for specialized technology and high-quality products, strong brand preference, and specialized clinical and regulatory expertise. With this acquisition, we combine our complementary technologies and capabilities while increasing our exposure to durable, higher-margin medical markets.

Overall, the acquisition of Lumibird Medical would meaningfully expand our medical laser platform and accelerate one of our key strategic initiatives.

I'll now turn the call over to Tim to discuss the financial details of the proposed transaction.

Tim Mammen:

Thank you, Mark, and good morning.

I'll take a few minutes to walk through the financial aspects of the proposed transaction as shown on slide 6. The purchase price is 300 million euros, which represents approximately 15.9 times Lumibird Medical's 2025 adjusted EBITDA. As shown in the appendix to today's presentation, we have reconciled Lumibird's historical IFRS financial information to the adjusted EBIDTA measure used in the presentation and our remarks, adjusting for the differences to GAAP reporting for operating leases and capitalized R&D, as well as other differences with IFRS reporting standards, which decrease reported EBITDA by approximately 5 million euros. The purchase agreement also includes a contingent earnout of up to 50 million euros based on financial performance in 2026 and 2027.

We anticipate that the acquisition would we be accretive to gross margin, EBITDA, and adjusted EPS in the first year. As this is a carve out, in the short-term we don't anticipate any cost synergies. Over the longer term, we see opportunities to create additional value through new product co-development, and leveraging IPG's technical and operational leadership in lasers, optics, and photonics across the combined portfolio. As with any medical technology business, realizing some of these opportunities will depend on regulatory and clinical approval timelines, which we'll approach in a disciplined manner.

Our exceptionally strong balance sheet allows us to fund the acquisition through cash on hand. After the transaction closes, which we anticipate happening by the end of Q4 2026, we expect to maintain a strong balance sheet with go-forward financial flexibility.

With that, I'll turn the call back to Mark to discuss Lumibird Medical's technology, markets, and products in more detail.

Mark Gitin:

Thanks, Tim. I'll continue on slide 7.

Lumibird Medical is a global leader in developing, manufacturing, and marketing innovative diagnostic and treatment solutions primarily for ophthalmology. Their strong brand recognition and broad product portfolio have resulted in an impressive installed base of more than 80,000 systems globally. They have more than 450 talented employees, a highly experienced management team with extensive knowledge of medical markets, a strong R&D organization with over 50 employees, and a proven track record of developing differentiated, best-in-class proprietary solutions. The company is based in France and has three major facilities located in France, Australia, and Slovenia. Lumibird Medical has a broad geographic sales mix serving more than 110 countries.

Like the urology market we participate in, the ophthalmology medical laser market is highly regulated and driven by medical necessity. The market is characterized by rigorous regulatory and clinical approval standards that require specialized expertise and a long-term commitment to quality and innovation. These factors, plus increasing demand driven by demographic changes,

make this business attractive from an acquisition standpoint and provide steady revenue growth drivers with strong profitability. This is reflected in Lumibird Medical's financial profile, with margins that are accretive to our current margin profile.

Turning to slide 8, the addition of Lumibird Medical would create a scaled medical laser platform and adds approximately $1 billion in addressable market opportunity with leadership in the specialized ophthalmology market.

Lumibird Medical's solutions address the full spectrum of ophthalmology care with specific, differentiated products and applications. At a high level, their innovative solutions improve diagnostic precision and treatment outcomes, making them a partner of choice for ophthalmologists worldwide. This is an established franchise with leading global market positions and trusted brands such as Quantel Medical, Ellex, and Optotek Medical. They are well positioned across markets with laser treatment and diagnosis solutions for retinal conditions, cataracts, and glaucoma. In addition, the company is leveraging its technical expertise to develop diagnostic and treatment solutions for dry eye, which is a developing growth market.

One of the key benefits of this acquisition is the combination of complementary core strengths from each organization to enable long-term value creation as shown on slide 9.

Both organizations have strong product portfolios. IPG is the leader in thulium laser systems for urology and OEM lasers used in dermatology. Lumibird Medical's laser treatment and diagnostic systems are the leading solutions for ophthalmology.

The two organizations have complementary global capabilities. Lumibird Medical has robust go-to-market and global distribution infrastructure to complement IPG's global manufacturing footprint and presence. Lumibird Medical has experience navigating the regulatory, clinical and compliance regimes in Europe, while IPG has experience with those systems in the U.S. This is expected to improve and accelerate the approval process of future technology development.

Most importantly, IPG and Lumibird Medical share an innovative mindset along with a commitment to solving complex challenges for our customers by delivering exceptional outcomes where precision, accuracy, efficiency, and reliability are essential. Combining these core strengths creates a scaled medical platform with greater commercial reach, clinical credibility, regulatory and product management experience, and cross-specialty innovation opportunities.

The combination should enable us to advance the strategic roadmap for both businesses, growing our leading position in medical lasers and creating a long runway and strong platform for durable, profitable growth.

In summary and as we've discussed today, we believe this acquisition represents an important step in the execution of our sustained value creation strategy.

It accelerates our expansion in Advanced Solutions, strengthens our financial profile through the addition of a high-margin business, and creates a scaled medical laser platform with leadership positions in both urology and ophthalmology.

Just as importantly, it builds on the capabilities that already differentiate IPG. By combining complementary technologies, applications expertise, commercial capabilities, and clinical and

regulatory experience, we believe we are creating a stronger platform for innovation and future growth.

This acquisition is the result of the strategy we've been executing over the past two years. We've strengthened the organization, streamlined operations, accelerated product development, and made meaningful progress executing our growth strategy. We believe the acquisition of Lumibird Medical is an important next step that further expands our addressable market and positions IPG to create long-term value for our customers and our shareholders.

We are excited about the opportunities ahead and look forward to welcoming the Lumibird Medical team to IPG as we continue building a leading medical laser platform. With that, we will be happy to take your questions.

After Q&A

Eugene Fedotoff:

Thank you for joining us this morning and for your continued interest in IPG. We are looking forward to speaking with you again on our second quarter earnings call. Have a great day everyone.