
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-38835

DESKTOP METAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of Other Jurisdiction of incorporation or Organization)

63 3rd Avenue, Burlington, MA

(Address of principal executive offices)

83-2044042

(I.R.S. Employer Identification No.)

01803

(Zip code)

Registrant's telephone number, including area code: (978) 224-1244

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Class A Common Stock, \$0.0001 Par Value per Share

Trading Symbol(s)
DM

Name Of Each Exchange
On Which Registered
New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 1, 2023, there were 323,070,377 shares of the registrant's Class A common stock outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

DESKTOP METAL, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (in thousands, except share and per share amounts)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 121,660	\$ 76,291
Current portion of restricted cash	824	4,510
Short-term investments	5,933	108,243
Accounts receivable	41,235	38,481
Inventory	100,330	91,736
Prepaid expenses and other current assets	17,041	16,325
Assets held for sale	—	830
Total current assets	287,023	336,416
Restricted cash, net of current portion	612	1,112
Property and equipment, net	42,307	56,271
Goodwill	112,741	112,955
Intangible assets, net	199,609	219,830
Other noncurrent assets	34,806	27,763
Total Assets	\$ 677,098	\$ 754,347
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 25,041	\$ 25,105
Customer deposits	9,275	11,526
Current portion of lease liability	5,931	5,730
Accrued expenses and other current liabilities	28,724	26,723
Current portion of deferred revenue	12,799	13,719
Current portion of long-term debt	389	584
Total current liabilities	82,159	83,387
Long-term debt, net of current portion	187	311
Convertible notes	112,199	111,834
Lease liability, net of current portion	23,196	17,860
Deferred revenue, net of current portion	3,711	3,664
Deferred tax liability	8,060	8,430
Other noncurrent liabilities	3,127	1,359
Total liabilities	232,639	226,845
Commitments and Contingencies (Note 17)		
Stockholders' Equity		
Preferred Stock, \$0.0001 par value—authorized, 50,000,000 shares; no shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	—	—
Common Stock, \$0.0001 par value—500,000,000 shares authorized; 322,656,280 and 318,235,106 shares issued at June 30, 2023 and December 31, 2022, respectively, 322,630,201 and 318,133,434 shares outstanding at June 30, 2023 and December 31, 2022, respectively	32	32
Additional paid-in capital	1,893,548	1,874,792
Accumulated deficit	(1,411,323)	(1,308,954)
Accumulated other comprehensive loss	(37,798)	(38,368)
Total Stockholders' Equity	444,459	527,502
Total Liabilities and Stockholders' Equity	\$ 677,098	\$ 754,347

See notes to condensed consolidated financial statements

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues				
Products	\$ 47,398	\$ 52,672	\$ 84,095	\$ 92,148
Services	5,888	5,002	10,507	9,232
Total revenues	53,286	57,674	94,602	101,380
Cost of sales				
Products	43,224	44,913	82,115	86,815
Services	3,973	4,364	7,762	7,496
Total cost of sales	47,197	49,277	89,877	94,311
Gross profit	6,089	8,397	4,725	7,069
Operating expenses				
Research and development	21,223	31,370	44,367	55,975
Sales and marketing	10,440	20,406	20,047	40,070
General and administrative	22,944	19,691	41,145	43,573
Goodwill impairment	—	229,500	—	229,500
Total operating expenses	54,607	300,967	105,559	369,118
Loss from operations	(48,518)	(292,570)	(100,834)	(362,049)
Interest expense	(1,109)	(633)	(1,920)	(601)
Interest and other (expense) income, net	(78)	(5,013)	(149)	(6,766)
Loss before income taxes	(49,705)	(298,216)	(102,903)	(369,416)
Income tax benefit (expense)	(23)	944	534	2,200
Net loss	\$ (49,728)	\$ (297,272)	\$ (102,369)	\$ (367,216)
Net loss per share—basic and diluted	\$ (0.15)	\$ (0.95)	\$ (0.32)	\$ (1.17)
Weighted average shares outstanding, basic and diluted	321,655,818	313,556,886	320,382,809	312,798,328

See notes to condensed consolidated financial statements.

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (49,728)	\$ (297,272)	\$ (102,369)	\$ (367,216)
Other comprehensive loss, net of taxes:				
Unrealized gain (loss) on available-for-sale marketable securities, net	148	(41)	337	(29)
Foreign currency translation adjustment	(1,316)	(27,411)	233	(38,458)
Total comprehensive loss, net of taxes of \$0	<u>\$ (50,896)</u>	<u>\$ (324,724)</u>	<u>\$ (101,799)</u>	<u>\$ (405,703)</u>

See notes to condensed consolidated financial statements.

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(in thousands, except share amounts)

Three Months Ended June 30, 2023						
	Common Stock Voting		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount				
BALANCE—April 1, 2023	320,401,389	\$ 32	\$ 1,883,764	\$ (1,361,595)	\$ (36,630)	\$ 485,571
Exercise of Common Stock options	472,235	—	560	—	—	560
Vesting of restricted Common Stock	50,218	—	—	—	—	—
Vesting of restricted stock units	1,266,620	—	—	—	—	—
Repurchase of shares for employee tax withholdings	(5,054)	—	(11)	—	—	(11)
Issuance of Common Stock related to settlement of contingent consideration	444,793	—	797	—	—	797
Stock-based compensation expense	—	—	8,438	—	—	8,438
Net loss	—	—	—	(49,728)	—	(49,728)
Other comprehensive income (loss)	—	—	—	—	(1,168)	(1,168)
BALANCE—June 30, 2023	<u>322,630,201</u>	<u>\$ 32</u>	<u>\$ 1,893,548</u>	<u>\$ (1,411,323)</u>	<u>\$ (37,798)</u>	<u>\$ 444,459</u>

Six Months Ended June 30, 2023						
	Common Stock Voting		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount				
BALANCE—January 1, 2023	318,133,434	\$ 32	\$ 1,874,792	\$ (1,308,954)	\$ (38,368)	\$ 527,502
Exercise of Common Stock options	968,111	—	1,157	—	—	1,157
Vesting of restricted Common Stock	75,593	—	—	—	—	—
Vesting of restricted stock units	3,075,042	—	—	—	—	—
Repurchase of shares for employee tax withholdings	(66,772)	—	(109)	—	—	(109)
Issuance of Common Stock related to settlement of contingent consideration	444,793	—	797	—	—	797
Stock-based compensation expense	—	—	16,911	—	—	16,911
Net loss	—	—	—	(102,369)	—	(102,369)
Other comprehensive income (loss)	—	—	—	—	570	570
BALANCE—June 30, 2023	<u>322,630,201</u>	<u>\$ 32</u>	<u>\$ 1,893,548</u>	<u>\$ (1,411,323)</u>	<u>\$ (37,798)</u>	<u>\$ 444,459</u>

Three Months Ended June 30, 2022						
	Common Stock Voting		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount				
BALANCE—April 1, 2022	312,825,572	\$ 31	\$ 1,833,998	\$ (638,555)	\$ (17,449)	\$ 1,178,025
Exercise of Common Stock options	234,307	—	364	—	—	364
Vesting of restricted Common Stock	29,171	—	—	—	—	—
Vesting of restricted stock units	1,962,846	1	—	—	—	1
Net share settlement related to employee tax withholdings upon vesting of restricted stock units	(16,421)	—	(31)	—	—	(31)
Issuance of Common Stock related to settlement of contingent consideration	112,202	—	500	—	—	500
Stock-based compensation expense	—	—	17,005	—	—	17,005
Net loss	—	—	—	(297,272)	—	(297,272)
Other comprehensive income (loss)	—	—	—	—	(27,452)	(27,452)
BALANCE—June 30, 2022	315,147,677	\$ 32	\$ 1,851,836	\$ (935,827)	\$ (44,901)	\$ 871,140

Six Months Ended June 30, 2022						
	Common Stock Voting		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount				
BALANCE—January 1, 2022	311,473,950	\$ 31	\$ 1,823,344	\$ (568,611)	\$ (6,414)	\$ 1,248,350
Exercise of Common Stock options	1,021,000	—	1,264	—	—	1,264
Vesting of restricted Common Stock	113,555	—	—	—	—	—
Vesting of restricted stock units	2,483,111	1	—	—	—	1
Repurchase of shares for employee tax withholdings	(56,141)	—	(189)	—	—	(189)
Issuance of Common Stock related to settlement of contingent consideration	112,202	—	500	—	—	500
Stock-based compensation expense	—	—	26,917	—	—	26,917
Net loss	—	—	—	(367,216)	—	(367,216)
Other comprehensive income (loss)	—	—	—	—	(38,487)	(38,487)
BALANCE—June 30, 2022	315,147,677	\$ 32	\$ 1,851,836	\$ (935,827)	\$ (44,901)	\$ 871,140

See notes to condensed consolidated financial statements.

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (102,369)	\$ (367,216)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	26,965	25,602
Stock-based compensation	19,016	26,917
Goodwill impairment	—	229,500
Amortization (accretion) of discount on investments	(484)	390
Amortization of deferred costs on convertible notes	365	39
Provision for bad debt	962	554
Provision for slow-moving, obsolete, and lower of cost or net realizable value inventories, net	—	—
Loss on disposal of property and equipment	496	156
Net increase (decrease) in accrued interest related to marketable securities	238	917
Net unrealized (gain) loss on equity investment	148	5,080
Net unrealized (gain) loss on other investments	—	800
Deferred tax benefit	(534)	(2,188)
Change in fair value of contingent consideration	—	4
Foreign currency transaction (gain) loss	97	430
Changes in operating assets and liabilities:		
Accounts receivable	(3,661)	8,250
Inventory	(8,760)	(25,384)
Prepaid expenses and other current assets	(675)	(2,994)
Other assets	1,595	1,117
Accounts payable	(407)	(2,767)
Accrued expenses and other current liabilities	1,097	(7,337)
Customer deposits	(2,322)	(1,412)
Deferred revenue	(918)	(70)
Change in right of use assets and lease liabilities, net	(3,110)	(1,467)
Other liabilities	1,767	30
Net cash used in operating activities	(70,494)	(111,049)
Cash flows from investing activities:		
Purchases of property and equipment	(1,305)	(6,747)
Proceeds from sale of property and equipment	9,942	6
Purchase of marketable securities	(4,973)	(126,771)
Proceeds from sales and maturities of marketable securities	107,719	177,150
Cash paid for acquisitions, net of cash acquired	(500)	(23)
Net cash provided by investing activities	110,883	43,615
Cash flows from financing activities:		
Proceeds from the exercise of stock options	1,157	1,266
Payment of taxes related to net share settlement upon vesting of restricted stock units	(108)	(191)
Repayment of loans	(328)	(231)
Proceeds from issuance of convertible notes	—	115,000
Costs incurred in connection with the issuance of convertible notes	—	(3,619)
Net cash provided by financing activities	721	112,225
Effect of exchange rate changes on cash, cash equivalents and restricted cash	73	(819)
Net increase (decrease) in cash, cash equivalents, and restricted cash	41,183	43,972
Cash, cash equivalents, and restricted cash at beginning of period	81,913	68,258
Cash, cash equivalents, and restricted cash at end of period	\$ 123,096	\$ 112,230
Supplemental disclosures of cash flow information		
Reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total shown in the condensed consolidated statements of cash flows:		
Cash and cash equivalents	\$ 121,660	\$ 107,966
Restricted cash included in other current assets	824	3,152
Restricted cash included in other noncurrent assets	612	1,112
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	\$ 123,096	\$ 112,230

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Supplemental cash flow information:		
Interest paid	\$ —	\$ —
Taxes paid	\$ —	\$ —
Non-cash investing and financing activities:		
Net unrealized (gain) loss on investments	\$ (337)	\$ 29
Common Stock issued for settlement of contingent consideration	\$ 797	\$ 500
Deferred contract costs	\$ —	\$ 1,341
Additions to right of use assets and lease liabilities	\$ 8,489	\$ 7,784
Purchase of property and equipment included in accounts payable	\$ 365	\$ 1,022
Purchase of property and equipment included in accrued expense	\$ 32	\$ —
Transfers from property and equipment to inventory	\$ 841	\$ 1,954
Transfers from PP&E to Asset Held-For-Sale	\$ —	\$ —
Transfers from inventory to property and equipment	\$ 1,345	\$ 1,531

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION, NATURE OF BUSINESS, AND RISK AND UNCERTAINTIES

Organization and Nature of Business

Desktop Metal, Inc. is a Delaware corporation headquartered in Burlington, Massachusetts. The company was founded in 2015 and is accelerating the transformation of manufacturing with 3D printing solutions for engineers, designers, and manufacturers. The Company designs, produces and markets 3D printing systems and services to a variety of end customers.

On December 9, 2020 (the “Closing Date”), Trine Acquisition Corp. (“Trine”) consummated the previously announced merger pursuant to the Agreement and Plan of Merger, dated August 26, 2020, by and among Trine, Desktop Metal, Inc. and Sparrow Merger Sub, Inc., pursuant to which Sparrow Merger Sub, Inc. merged with and into Desktop Metal, Inc., with Desktop Metal, Inc. becoming our wholly owned subsidiary (the “Business Combination”). Upon the closing of the Business Combination, Trine changed its name to Desktop Metal, Inc. and Desktop Metal, Inc. changed its name to Desktop Metal Operating, Inc.

Unless otherwise indicated or the context otherwise requires, references in this Quarterly Report on Form 10-Q to the “Company” and “Desktop Metal” refer to the consolidated operations of Desktop Metal, Inc., and its subsidiaries. References to “Trine” refer to the company prior to the consummation of the Business Combination and references to “Legacy Desktop Metal” refer to Desktop Metal Operating, Inc. prior to the consummation of the Business Combination.

Risks and Uncertainties

The Company is subject to a number of risks similar to those of other companies of similar size in its industry, including, but not limited to, the need for successful development of products, the need for additional funding, competition from substitute products and services from larger companies, protection of proprietary technology, patent litigation, dependence on key individuals, and risks associated with changes in information technology. The Company has financed its operations to date primarily with proceeds from the sale of preferred stock, the Business Combination, and the sale of convertible senior notes due in 2027 (the “2027 Notes”) in May 2022. The Company’s long-term success is dependent upon its ability to successfully market its products and services; generate revenue; maintain or reduce its operating costs and expenses; meet its obligations; obtain additional capital when needed; and, ultimately, achieve profitable operations. Management believes that existing cash and short-term investments as of June 30, 2023 will be sufficient to fund operating and capital expenditure requirements through at least twelve months from the date of issuance of these condensed consolidated financial statements.

Proposed Merger with Stratasys Ltd.

On May 25, 2023, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”), by and among Stratasys Ltd. (“Stratasys”), Tetris Sub Inc., a Delaware corporation and a direct wholly owned subsidiary of Stratasys (“Merger Sub”), and the Company, pursuant to which Merger Sub will merge with and into the Company, with the Company surviving the merger as a direct wholly owned subsidiary of Stratasys (the “Merger”).

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of Class A common stock, par value \$0.0001 per share, of Desktop Metal (“Common Stock”) issued and outstanding immediately prior to the Effective Time (other than shares of Common Stock owned or held (x) in treasury or otherwise owned by Desktop Metal or any of its subsidiaries or (y) by Stratasys or any of its subsidiaries), will be converted into the right to receive 0.123 (the “Exchange Ratio”) ordinary shares, 0.01 New Israeli Shekels par value, of Stratasys (“Ordinary Shares”).

Pursuant to the Merger Agreement, following the closing of the transaction, the Board of Directors of the combined company will consist of 11 members, five of whom will be selected by current directors of Stratasys and five of whom will be selected by current directors of the Company, as well as Dr. Yoav Zeif, who will continue to serve as the combined company’s Chief Executive Officer. The Merger Agreement provides that Mr. Ric Fulop, the Chief Executive Officer of the Company, will serve as Chairman of the combined company’s Board of Directors and Stratasys Chairman Mr. Dov Ofer will serve as lead independent director of the combined company’s Board of Directors.

The Company recognized costs of \$6.0 million primarily related to legal and consulting fees incurred in connection with the Merger and \$0.3 million for Merger bonuses for the three and six months ended June 30, 2023, included in general and administrative expenses in the consolidated statements of operations. The Merger is subject to approval by shareholders of Stratasy and Desktop Metal, the receipt of required regulatory approvals, and other customary closing conditions.

For further information on the Merger Agreement, refer to the Merger Agreement, a copy of which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on May 26, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. The condensed consolidated financial statements include the Company's accounts and those of its subsidiaries. In the opinion of the Company's management, the financial information for the interim periods presented reflects all adjustments, which are of a normal and recurring nature, necessary for a fair presentation of the Company's financial position, results of operations, and cash flows. The results reported in these condensed consolidated financial statements are not necessarily indicative of results that may be expected for the entire year.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The functional currency of all wholly owned subsidiaries is U.S. Dollars. All intercompany transactions and balances have been eliminated in consolidation.

Significant Accounting Policies

The Company's significant accounting policies are described in Note 2 to the financial statements in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2022. See the below discussion of changes to the Company's policies for assets held for sale. There have been no other changes to the Company's significant accounting policies during the first six months of fiscal year 2023.

Assets Held for Sale

The Company classifies long-lived assets or asset groups the Company plans to sell as held for sale on our consolidated balance sheets only after certain criteria have been met including: (i) management has the authority and commits to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and the plan to sell the asset have been initiated, (iv) the sale of the asset is probable within 12 months, (v) the asset is being actively marketed at a reasonable sales price relative to its current fair value, and (vi) it is unlikely that the plan to sell will be withdrawn or that significant changes to the plan will be made. The Company records assets or asset groups held for sale at the lower of their carrying value or fair value less costs to sell.

3. REVENUE RECOGNITION

Contract Balances

The Company's deferred revenue balance was \$16.5 million and \$17.4 million as of June 30, 2023 and December 31, 2022, respectively. During the three and six months ended June 30, 2023, the Company recognized \$0.4 million and \$3.8 million of existing deferred revenue from 2022. During the three and six months ended June 30, 2022, the Company recognized \$3.5 million and \$10.4 million of existing deferred revenue from 2021. The deferred revenue consists of billed post-installation customer support and

maintenance, cloud-based software licenses that are recognized ratably over the term of the agreement, and contracts that have outstanding performance obligations or contracts that have acceptance terms that have not yet been fulfilled.

Contract assets were not significant during the six months ended June 30, 2023 and 2022.

Remaining Performance Obligations

At June 30, 2023, the Company had \$16.5 million of remaining performance obligations, of which approximately \$12.8 million is expected to be fulfilled over the next 12 months, notwithstanding uncertainty related to customer site readiness and unanticipated economic events, which could have an adverse effect on the timing of delivery and installation of products and/or services to customers. In addition, the Company also had customer deposits of \$9.3 million at June 30, 2023.

4. CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

The Company's cash equivalents and short-term investments are invested in the following (in thousands):

	June 30, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money market funds	\$ 66,332	\$ —	\$ —	\$ 66,332
Total cash equivalents	66,332	—	—	66,332
U.S. Treasury securities	4,995	—	(2)	4,993
Total short-term investments	4,995	—	(2)	4,993
Total cash equivalents and short-term investments	\$ 71,327	\$ —	\$ (2)	\$ 71,325

	December 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money market funds	\$ 51,274	\$ —	\$ —	\$ 51,274
Total cash equivalents	51,274	—	—	51,274
Commercial paper	39,781	—	—	39,781
Corporate bonds	28,970	—	(156)	28,814
U.S. Treasury securities	19,896	—	(78)	19,818
Government bonds	14,846	—	(102)	14,744
Asset-backed securities	4,000	—	(2)	3,998
Total short-term investments	107,493	—	(338)	107,155
Total cash equivalents and short-term investments	\$ 158,767	\$ —	\$ (338)	\$ 158,429

During the year ended December 31, 2021, the Company made a \$20.0 million investment in equity securities of a publicly-traded company. The Company records this investment at fair value within short-term investments, which was \$0.9 million as of June 30, 2023. During the three and six months ended June 30, 2023, the Company recorded an unrealized gain of \$0.3 million and an unrealized loss of \$0.1 million, respectively, due to the change in fair value of the equity securities. During the three and six months ended June 30, 2022, the Company recorded unrealized losses of \$3.4 million and \$5.1 million, respectively, due to the change in fair value of equity securities, in interest and other (expense) income, net in the consolidated statements of operations.

5. FAIR VALUE MEASUREMENTS

The Company uses the following three-tier fair value hierarchy, which prioritizes the inputs used in measuring the fair values for certain of its assets and liabilities:

Level 1 is based on observable inputs, such as quoted prices in active markets;

Level 2 is based on inputs other than the quoted prices in active markets that are observable either directly or indirectly; and

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Level 3 is based on unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Items measured at fair value on a recurring basis include money market funds.

The following fair value hierarchy table presents information about the Company's financial assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the inputs the Company utilized to determine such fair value (in thousands):

June 30, 2023				
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	\$ 66,332	\$ —	\$ —	\$ 66,332
U.S. Treasury securities	—	4,993	—	4,993
Equity securities	940	—	—	940
Other investments	—	—	2,000	2,000
Total assets	<u>\$ 67,272</u>	<u>\$ 4,993</u>	<u>\$ 2,000</u>	<u>\$ 74,265</u>
Liabilities:				
Contingent consideration	\$ —	\$ —	\$ 197	\$ 197
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 197</u>	<u>\$ 197</u>
December 31, 2022				
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	\$ 51,274	\$ —	\$ —	\$ 51,274
Commercial paper	—	39,781	—	39,781
Corporate bonds	—	28,814	—	28,814
U.S. Treasury securities	—	19,818	—	19,818
Government bonds	—	14,744	—	14,744
Asset-backed securities	—	3,998	—	3,998
Equity securities	1,088	—	—	1,088
Other investments	—	—	2,000	2,000
Total assets	<u>\$ 52,362</u>	<u>\$ 107,155</u>	<u>\$ 2,000</u>	<u>\$ 161,517</u>
Liabilities:				
Contingent consideration	\$ —	\$ —	\$ 2,587	\$ 2,587
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,587</u>	<u>\$ 2,587</u>

The Company has determined that the estimated fair value of its corporate bonds and commercial paper are reported as Level 2 financial assets as they are based on model-driven valuations in which all significant inputs are observable, or can be derived from or corroborated by observable market data for substantially the full term of the asset.

Equity securities include investments made via publicly-traded securities. The Company has determined that the estimated fair value of its equity securities is reported as Level 1 financial assets as they are based on quoted market prices in active markets for identical assets. During the three and six months ended June 30, 2023, the Company recorded an unrealized gain of \$0.3 million and an unrealized loss of \$0.1 million, respectively, in interest and other (expense) income, net in the condensed consolidated statements of operations, due to the change in fair value of the equity securities. During the three and six months ended June 30, 2022, the Company recorded unrealized losses of \$3.4 million and \$5.1 million, respectively, due to the change in fair value of equity securities.

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Other investments include investments made via convertible debt instruments totaling \$2.0 million which is recorded in other noncurrent assets in the condensed consolidated balance sheets. The other investments are reported as a Level 3 financial asset because the methodology used to develop the estimated fair values includes significant unobservable inputs reflecting management's own assumptions. Assumptions used in fair valuing convertible debt instruments include the rights and obligations of the notes the Company holds as well as the probability of a qualified financing event, acquisition, or change in control. During the three and six months ended June 30, 2023, the Company did not recognize any gains or losses on convertible debt instruments. During the three and six months ended June 30, 2022, the Company recognized an unrealized loss of \$0.8 million on convertible debt instruments.

The Aerosint acquisition included contingent consideration related to revenue metrics and technical milestones, with a fair value of \$6.1 million as of the date of acquisition and a fair value of \$0.2 million as of June 30, 2023. The contingent consideration liability was valued using a Monte Carlo simulation in a risk-neutral framework as well as a scenario-based approach (both special cases of the income approach), based on key inputs that are not all observable in the market and is classified as a Level 3 liability. The Company assesses the fair value of the contingent consideration liability at each reporting period, with any subsequent changes to the fair value of the liability reflected in the condensed consolidated statement of operations until the liability is settled. During the three and six months ended June 30, 2023, the Company did not recognize any gains or losses in fair value of contingent consideration. During the three and six months ended June 30, 2022, the Company recognized a change in fair value of contingent consideration of \$0.1 million change in fair value and no change in fair value, respectively. During the six months ended June 30, 2023, the Company paid \$1.6 million in cash and \$0.8 million in shares to Aerosint in connection with the achievement of revenue and technical milestones. During the six months ended June 30, 2022, based on the relevant revenues earned during the first year of the three-year contingent consideration period, the Company paid \$1.0 million in cash and \$0.5 million in shares to Aerosint. As of June 30, 2023, the \$0.2 million balance of contingent consideration is recorded in accrued expenses and other current liabilities in the condensed consolidated balance sheets.

The 2027 Notes are valued as a single liability measured at amortized cost, as no other features require bifurcation and recognition as derivatives.

There were no transfers between fair value measure levels during the six months ended June 30, 2023 and 2022. The following table presents information about the Company's movement in Level 3 assets measured at fair value (in thousands):

	Six Months Ended June 30,	
	2023	2022
Balance at beginning of period	\$ 2,000	\$ 6,750
Additions	—	—
Changes in fair value	—	(800)
Disposals	—	—
Transfers to Level 1	—	—
Balance at end of period	\$ 2,000	\$ 5,950

The following table presents information about the Company's movement in Level 3 liabilities measured at fair value (in thousands):

	Six Months Ended June 30,	
	2023	2022
Balance at beginning of period	\$ 2,587	\$ 5,654
Payment of contingent consideration liability	(2,390)	(1,500)
Changes in fair value	—	5
Balance at end of period	\$ 197	\$ 4,159

6. ACCOUNTS RECEIVABLE

The components of accounts receivable are as follows (in thousands):

	June 30, 2023	December 31, 2022
Trade receivables	\$ 43,837	\$ 40,121
Allowance for doubtful accounts	(2,602)	(1,640)
Total accounts receivable	<u>\$ 41,235</u>	<u>\$ 38,481</u>

The following table summarizes activity in the allowance for doubtful accounts (in thousands):

	June 30, 2023	December 31, 2022
Balance at beginning of period	\$ 1,640	\$ 665
Provision for uncollectible accounts, net of recoveries	1,000	1,393
Uncollectible accounts written off	(38)	(418)
Balance at end of period	<u>\$ 2,602</u>	<u>\$ 1,640</u>

7. INVENTORY

Inventory consists of the following (in thousands):

	June 30, 2023	December 31, 2022
Raw materials	\$ 48,382	\$ 41,971
Work in process	11,909	11,936
Finished goods:		
Deferred cost of sales	4,364	3,602
Manufactured finished goods	35,675	34,227
Total finished goods	<u>40,039</u>	<u>37,829</u>
Total inventory	<u>\$ 100,330</u>	<u>\$ 91,736</u>

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consists of the following (in thousands):

	June 30, 2023	December 31, 2022
Prepaid operating expenses	\$ 10,028	\$ 5,705
Prepaid dues and subscriptions	2,082	2,674
Prepaid insurance	1,747	798
Prepaid taxes	1,686	395
Prepaid rent	127	383
Government grants receivable	60	429
Other	1,311	5,941
Total prepaid expenses and other current assets	<u>\$ 17,041</u>	<u>\$ 16,325</u>

9. ASSETS HELD FOR SALE

During the year ended December 31, 2022, in connection with the Company's strategic integration and cost optimization initiative (the "Initiative"), as discussed in *Note 24. Restructuring Charges*, the Company approved a plan to sell a facility in Troy, Michigan, as well as related equipment in the facility. On March 31, 2023, in connection with the Initiative, the Company approved a plan to sell a facility in North Huntingdon, Pennsylvania.

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The Company ceased recording depreciation on these assets upon meeting the held for sale criteria. As of December 31, 2022, the total carrying value of assets held for sale was \$0.8 million.

During the three months ended June 30, 2023, the Company completed the sales of the Troy, Michigan and the North Huntington, Pennsylvania facilities for a combined \$6.9 million in proceeds. The Company recorded an immaterial loss on the sale of the facilities in the condensed consolidated statements of operations. At June 30, 2023, there were no assets held for sale.

10. PROPERTY AND EQUIPMENT

Property and equipment, net consists of the following (in thousands):

	June 30, 2023	December 31, 2022
Equipment	\$ 48,345	\$ 48,632
Leasehold improvements	19,088	18,527
Land and buildings	9,070	15,893
Construction in process	3,869	5,008
Furniture and fixtures	2,244	2,396
Software	2,097	2,183
Tooling	2,285	2,145
Computer equipment	2,393	2,076
Automobiles	1,103	1,180
Property and equipment, gross	90,494	98,040
Less: accumulated depreciation	(48,187)	(41,769)
Total property and equipment, net	\$ 42,307	\$ 56,271

Depreciation expense was \$3.0 million and \$6.0 million for three and six months ended June 30, 2023. Depreciation expense was \$3.1 million and \$6.2 million for the three and six months ended June 30, 2022.

11. GOODWILL & INTANGIBLE ASSETS

The carrying amount of goodwill at June 30, 2023 and December 31, 2022 was \$112.7 million and \$113.0 million respectively, and has been recorded in connection with the Company's acquisitions. The goodwill activity is as follows (in thousands):

	June 30, 2023	December 31, 2022
Balance, beginning of year	\$ 112,955	\$ 639,301
Foreign currency translation adjustment	(214)	(26,940)
Measurement period adjustments	—	(606)
Goodwill impairment	—	(498,800)
Balance, end of period	\$ 112,741	\$ 112,955

The measurement period adjustments of \$0.6 million during 2022 represent the final measurement period adjustments related to the acquisition of May Dental Lab, Inc. in October 2021 and the acquisition of the ExOne Company in November 2021.

Due to sustained declines in the Company's stock price and the stock prices of comparable companies, the Company performed interim quantitative assessments as of June 30, 2022 and December 31, 2022, utilizing a combination of the income and market approaches. The results of the quantitative analysis performed indicated that the carrying value of the reporting unit exceeded the fair value. As such, \$498.8 million of goodwill impairment charges were recorded during the year ended December 31, 2022.

The Company estimated the fair value using a weighted average of the income and market approaches. Specifically, the discounted cash flow method was used under the income approach and the guideline public company and guideline merged and acquired company methods were used under the market approach. The significant assumptions used under the income approach include management's forecasts of future revenues and EBITDA margins used to calculate projected future cash flows, discount rates,

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and the terminal growth rate. The terminal value is based on an exit revenue multiple which requires significant assumptions regarding the selections of appropriate multiples that consider relevant market trading data. The Company bases its estimates and assumptions on its knowledge of the additive manufacturing industry, recent performance, expectations of future performance and other assumptions the Company believes to be reasonable. The significant assumptions used under the market approach include the control premium and selection of comparable companies and comparable transactions. Comparable companies and transactions are chosen based on factors including industry classification, geographic region, product offerings, earnings growth, and profitability.

During the three and six months ended June 30, 2023, the Company did not record a goodwill impairment charge. During the three and six months ended June 30, 2022, the Company recorded a goodwill impairment charge of \$229.5 million in the condensed consolidated statements of operations.

Intangible assets consisted of the following (in thousands):

	Weighted Average Remaining Useful Lives (in years)	June 30, 2023			December 31, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology	8.2	\$ 197,022	\$ 51,990	\$ 145,032	\$ 196,367	\$ 36,919	\$ 159,448
Trade name	10.0	12,464	3,205	9,259	12,459	2,374	10,085
Customer relationships	9.4	68,123	22,805	45,318	67,915	17,663	50,252
Capitalized software	—	518	518	—	518	473	45
Total intangible assets		<u>\$ 278,127</u>	<u>\$ 78,518</u>	<u>\$ 199,609</u>	<u>\$ 277,259</u>	<u>\$ 57,429</u>	<u>\$ 219,830</u>

During the three and six months ended June 30, 2023 and 2022, the Company recognized the following amortization expense (in thousands):

Category	Statement of Operations Line Item	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Acquired technology	Cost of Sales	\$ 6,928	\$ 5,950	\$ 13,855	\$ 11,940
Acquired technology	Research and Development	556	405	1,109	848
Trade name	General and Administrative	418	421	833	843
Customer relationships	Sales and Marketing	2,537	2,866	5,057	5,768
Capitalized software	Research and Development	18	27	45	54
		<u>\$ 10,457</u>	<u>\$ 9,669</u>	<u>\$ 20,899</u>	<u>\$ 19,453</u>

The Company expects to recognize the following amortization expense (in thousands):

	Amortization Expense
2023 (remaining 6 months)	\$ 20,879
2024	41,878
2025	39,372
2026	29,322
2027	21,076
2028 and after	47,082
Total intangible amortization	<u>\$ 199,609</u>

12. OTHER NONCURRENT ASSETS

The following table summarizes the Company's components of other noncurrent assets (in thousands):

	June 30, 2023	December 31, 2022
Right of use asset	\$ 27,973	\$ 22,147
Other investments	2,000	2,000
Long-term deposits	491	573
Other	4,342	3,043
Total other noncurrent assets	<u>\$ 34,806</u>	<u>\$ 27,763</u>

13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The following table summarizes the Company's components of accrued expenses and other current liabilities (in thousands):

	June 30, 2023	December 31, 2022
Compensation and benefits related	\$ 7,928	\$ 8,058
Professional services	4,792	917
Warranty reserve	4,163	4,301
Franchise and royalty fees	2,066	1,448
Inventory purchases	1,359	925
Current portion of acquisition consideration	1,250	1,750
2027 Notes Interest	901	901
Income tax payable	700	761
Commissions	522	897
Sales and use and franchise taxes	484	286
Current portion of contingent consideration	197	2,587
Other	4,362	3,892
Total accrued expenses and other current liabilities	<u>\$ 28,724</u>	<u>\$ 26,723</u>

The Company recorded warranty reserve as of June 30, 2023 and December 31, 2022, respectively, as follows (in thousands).

	June 30, 2023	December 31, 2022
Warranty reserve, at the beginning of the period	\$ 4,301	\$ 4,048
Additions to warranty reserve	1,384	4,484
Claims fulfilled	(1,522)	(4,231)
Warranty reserve, at the end of the period	<u>\$ 4,163</u>	<u>\$ 4,301</u>

14. DEBT

2027 Convertible Notes—In May 2022, the Company issued an aggregate of \$115.0 million principal amount of convertible senior notes due in 2027 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The 2027 Notes consisted of \$100.0 million initial placement and an over-allotment option that provided the initial purchasers of the 2027 Notes with the option to purchase an additional \$15.0 million aggregate principal amount of the 2027 Notes, which was fully exercised. The 2027 Notes were issued pursuant to an indenture dated May 13, 2022. The net proceeds from the issuance of the 2027 Notes were \$111.4 million, after deducting the initial purchasers' discounts and commissions and our estimated offering expenses. The issuance costs are treated as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the 2027 Notes.

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The 2027 Notes are senior unsecured obligations. The 2027 Notes accrue interest at a rate of 6.0% per annum, payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2022. The 2027 Notes will mature on May 15, 2027, unless earlier repurchased, redeemed or converted in accordance with their terms prior to such date.

Before November 15, 2026, holders of the 2027 Notes will have the right to convert their 2027 Notes only upon the occurrence of certain events and during specified periods, including:

- if the last reported sale price per share of the Company's Common Stock, par value \$0.0001 per share exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;
- if during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") in which the trading price per \$1,000 principal amount of 2027 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's Common Stock on such trading day and the conversion rate on such trading day;
- upon the occurrence of certain corporate events or distributions on the Company's Class A common stock; or
- if the Company calls the 2027 Notes for redemption.

From and after November 15, 2026, holders of the 2027 Notes may convert their 2027 Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. The Company will settle conversions by paying or delivering cash and, if applicable, shares of its Class A common stock.

The initial conversion rate is 601.5038 shares of Class A common stock per \$1,000 principal amount of 2027 Notes, which represents an initial conversion price of approximately \$1.66 per share of Class A common stock. The conversion rate is subject to customary adjustments for certain events as described in the indenture governing the 2027 Notes. In addition, if certain corporate events that constitute a "Make-Whole Fundamental Change" (as defined in the indenture governing the 2027 Notes) occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

The Company may redeem for cash all or any portion of the 2027 Notes, at the Company's option, on or after May 20, 2025, and on or before the 40th scheduled trading day immediately before the maturity date, but only if certain liquidity conditions are satisfied and the last reported sales price of the Company's Class A common stock exceeds 130% of the conversion price then in effect on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice and (ii) the trading day immediately before the date the Company sends such notice.

However, the Company may not redeem less than all of the outstanding 2027 Notes unless at least \$100.0 million aggregate principal amount of 2027 Notes are outstanding and not called for redemption as of the time the Company sends the related redemption notice. The redemption price will be a cash amount equal to the principal amount of the 2027 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, calling any 2027 Note for redemption will constitute a Make-Whole Fundamental Change with respect to that 2027 Note, in which case the conversion rate applicable to the conversion of that 2027 Note will be increased in certain circumstances if it is converted after it is called for redemption.

If certain corporate events that constitute a "Fundamental Change" (as defined in the indenture governing the 2027 Notes) occur, then, subject to a limited exception for certain cash mergers, holders of the 2027 Notes may require the Company to repurchase their 2027 Notes at a cash repurchase price equal to the principal amount of the 2027 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. The definition of Fundamental Change includes certain business combination transactions involving the Company and certain de-listing events with respect to the Company's Class A common stock.

The Merger with Stratasys is expected to result in a "Common Stock Change Event" (as defined in the indenture governing the 2027 Notes). If the Merger is completed, each 2027 Notes holder's right to convert 2027 Notes for shares of Class A common stock will be changed into a right to exchange 2027 Notes for Stratasys Ordinary Shares based on the Exchange Ratio. Following the

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effective time of the Merger, the 2027 Notes are expected to be temporarily exchangeable into, at the combined company's election, (i) cash or (ii) a combination of Stratasys Ordinary Shares and cash in an amount of at least \$1,000 per \$1,000 principal amount of 2027 Notes being exchanged.

The 2027 Notes are valued as a single liability measured at amortized cost, which approximates fair value, as no other features require bifurcation and recognition as derivatives. The following table presents the outstanding principal amount and carrying value of the 2027 Notes as of the date indicated (in thousands):

	June 30, 2023	December 31 2022
Principal	\$ 115,000	\$ 115,000
Unamortized debt discount	(2,213)	(2,502)
Unamortized debt issuance costs	(588)	(664)
Net carrying value	<u>\$ 112,199</u>	<u>\$ 111,834</u>

The annual effective interest rate for the 2027 Notes was approximately 6.1%. Interest expense related to the 2027 Notes for the periods presented below are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Coupon interest	\$ 1,744	\$ 947	\$ 3,469	\$ 947
Amortization of debt discount	144	32	288	32
Amortization of transaction costs	38	8	77	8
Total interest expense	<u>\$ 1,926</u>	<u>\$ 987</u>	<u>\$ 3,834</u>	<u>\$ 987</u>

Bank Debt—In connection with the acquisition of A.I.D.R.O., the Company acquired three loans ("Bank Loans") totaling \$1.1 million in aggregate. The Bank Loans have term of 4.5 years and mature from September 2024 through September 2025, with interest rates ranging from 1.70% to 2.10%. Payments of principal and interest are made quarterly. During the three and six months ended June 30, 2023, the Company paid \$0.1 million and during the three and six months ended June 30, 2022, the Company paid \$0.1 million. As of June 30, 2023, \$0.5 million remains outstanding. \$0.3 million of the outstanding debt is recorded within current portion of long-term debt and \$0.2 million is recorded within long-term debt, in the condensed consolidated balance sheets.

15. OTHER NONCURRENT LIABILITIES

The following table summarizes the Company's components of other noncurrent liabilities (in thousands):

	June 30, 2023	December 31, 2022
Taxes payable	\$ 1,034	\$ 1,034
Other	2,093	325
Total other noncurrent liabilities	<u>\$ 3,127</u>	<u>\$ 1,359</u>

16. LEASES

Lessee

At June 30, 2023, the Company recorded \$28.0 million as a right of use asset and \$29.1 million as a lease liability. At December 31, 2022, the Company recorded \$22.1 million as a right of use asset and \$23.6 million as a lease liability. The Company assesses its right of use asset and other lease-related assets for impairment. There were no impairments recorded related to these assets during the three and six months ended June 30, 2023 and the year ended December 31, 2022.

The Company reviews all supplier, vendor, and service provider contracts to determine whether any service arrangements contain a lease component. The Company identified two service agreements that contain an embedded lease. The agreements do not contain fixed or minimum payments, and the variable lease expense was immaterial during the three and six months ended June 30, 2023 and 2022.

Information about other lease-related balances is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Lease cost				
Operating lease cost	\$ 1,570	\$ 1,319	\$ 3,071	\$ 2,779
Short-term lease cost	39	—	94	70
Variable lease cost	36	61	70	122
Finance lease cost	23	23	46	42
Total lease cost	<u>\$ 1,668</u>	<u>\$ 1,403</u>	<u>\$ 3,281</u>	<u>\$ 3,013</u>
Other Information				
Operating cash flows used in operating leases	\$ 1,741	\$ 1,631	\$ 3,471	\$ 3,095
Operating cash flows used in finance leases	21	19	42	40
Weighted-average remaining lease term—operating leases (years)	5.1	5.4	5.1	5.4
Weighted-average remaining lease term—finance leases (years)	6.8	7.7	6.8	7.7
Weighted-average discount rate—operating leases	5.0 %	3.9 %	5.0 %	3.9 %
Weighted-average discount rate—finance leases	3.1 %	3.1 %	3.1 %	3.1 %

The rate implicit in the lease is not readily determinable in most of the Company's leases, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease.

Future minimum lease payments under noncancelable operating leases, including immaterial future minimum lease payments under finance leases, at June 30, 2023, are as follows (in thousands):

	Operating Leases	Finance Leases
2023 (remaining 6 months)	\$ 3,728	\$ 41
2024	6,945	78
2025	6,559	77
2026	5,495	77
2027	5,008	77
2028 and after	5,082	317
Total lease payments	32,817	667
Less amount representing interest	(4,279)	(78)
Total lease liability	28,538	589
Less current portion of lease liability	(5,867)	(64)
Lease liability, net of current portion	<u>\$ 22,671</u>	<u>\$ 525</u>

In February 2022, the Company amended its existing facility lease for the ExOne European headquarters and operating facility in Gersthofen, Germany, extending the lease term set to expire in December 2022 through December 2027, with the option to extend for two additional five-year extension periods. The rent is fixed through December 31, 2024, for an aggregate annual rent totaling \$1.7 million, plus applicable taxes and is subject to adjustment on an annual basis thereafter (in accordance with the consumer price index for Germany) through December 31, 2027.

In June 2023, the Company amended its existing facility lease for the headquarters and operating facility in Burlington, MA, extending the lease term set to expire in April 2024 through April 2029. The rent is not fixed and increases each year of the lease extension.

17. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, the Company may face legal claims or actions in the normal course of business. At each reporting date, the Company evaluates whether a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Company expenses as incurred the costs related to its legal proceedings. While the outcome of these claims cannot be predicted with certainty, management does not believe the outcome of any current legal proceedings will have a material adverse impact on the Company's condensed consolidated financial statements.

As previously disclosed, on November 8, 2021, a purported stockholder, Leo Lissog Goldstein, filed a Section 220 complaint in Delaware Chancery Court against ExOne (Goldstein v. The ExOne Company, Case No. 2021-0958-KSJM). Mr. Goldstein seeks to discover certain books and records of the company related to the ExOne Merger purportedly in order to investigate, among other things, the events leading up to and the disclosures made in connection with the ExOne Merger. Mr. Goldstein has also moved to intervene and stay the Campanella action, discussed below, until his Section 220 action is complete. Mr. Goldstein dismissed his complaint on February 14, 2023.

As previously disclosed, on November 22, 2021, purported stockholder Pietro Campanella filed a class action lawsuit against ExOne, Desktop Metal, Inc., and former ExOne directors and officers alleging breach of fiduciary duties and aiding and abetting breach of fiduciary duties in connection with the ExOne Merger (Campanella v. The ExOne Company et al., Case No. 2021-1013, Case No. 2021-1013-LWW). In particular, Mr. Campanella alleges that ExOne's proxy statement and supplemental disclosures did not adequately disclose information related to a whistleblower investigation at one of Desktop Metal's subsidiaries, EnvisionTEC, and the resignation of EnvisionTEC's CEO.

As previously disclosed, on December 21, 2021, January 14, 2022, February 2, 2022 and February 22, 2022, four alleged shareholders of Desktop Metal stock filed purported securities class action complaints in the United States District Court for the District of Massachusetts. (Luongo v. Desktop Metal, D. Mass., Case No. 1:21-cv-12099-IT; Hathaway v. Desktop Metal, D. Mass., Case No. 1:22-cv-10059-IT; Guzman-Martinez v. Desktop Metal, D. Mass., Case No. 1:22-cv-10173; Xie v. Desktop Metal, Case No. 1:22-cv-10297-IT). Each complaint alleges that Desktop Metal and certain of its officers and directors violated Sections 10(b) and 20(a) of the Securities and Exchange Act by making false or misleading statements regarding EnvisionTEC's manufacturing and product compliance practices and procedures. On February 4, 2022, the court issued an order consolidating the first three District of Massachusetts securities class actions. On July 7, 2022, the court appointed Sophia Zhou lead plaintiff for the class period of February 17, 2021 through November 15, 2021. The court also vacated its earlier order consolidating the Xie action with the other lawsuits and will allow that action to proceed separately, with a new notice to investors, based on a class period of January 15, 2021 to February 16, 2021. On September 29, 2022, the Court re-consolidated the Xie action with the other actions for all pre-trial proceedings. Plaintiffs filed a Consolidated Complaint on December 19, 2022. The parties will complete briefing on the motion to dismiss in May 2023 and are awaiting a decision.

As previously disclosed, on July 12, 2022, two alleged shareholders of Desktop Metal stock filed derivative actions purportedly on behalf of Desktop Metal in the United States District Court for the District of Massachusetts. (Keyser v. Fulop, et al., Case No. 1:22-cv-11117; Qi v. Fulop, et al., Case No. 1:22-cv-11118). On July 22, 2022, an alleged shareholder of Desktop Metal stock filed a similar derivative complaint in the United States District Court for the District of Delaware (Cherry v. Fulop, et al., Case No. 1:22-cv-00962). The complaints allege that certain officers and directors of Desktop Metal caused harm to the Company by violating Section

14(A) of the Exchange Act and SEC Rule 14a-9 and breaching their fiduciary duties by making false or misleading statements regarding EnvisionTEC's manufacturing and product compliance practice and procedures. The matters are stayed pending the outcome of Defendants' motion to dismiss in the D. Mass. securities class action.

As previously disclosed, on February 9, 2023, purported stockholder Jeffrey Schantz sent a demand letter to the company, requesting certain books and records of the company related to the December 8, 2020 transaction in which Trine Acquisition Corp. ("Trine"), a SPAC, merged with Desktop Metal.

On June 26, 2023 and June 27, 2023, purported stockholders Harold Weber and James Bruinsslot each sent demand letters to Desktop Metal requesting certain books and records of the company related to Desktop Metal's proposed merger with Stratasys Ltd. On June 27, 2023, June 29, 2023 and July 11, 2023, purported stockholders Donald Browning, Jeffrey D. Justice, II, Brian Warden, and Karl Cordes each sent demand letters to the Company alleging material misstatements and omissions in Desktop Metal's public disclosures made in connection with its proposed merger with Stratasys Ltd. Each of the stockholders requests that Desktop Metal disclose additional information related to Desktop Metal's and Stratasys' financial projections and the analysis performed by Desktop Metal's financial advisor Stifel Financial Corporation.

On June 27, 2023 and July 13, 2023, purported stockholders El Mehdi Modar and Gerald Lovoi filed two actions in the United States District Court for the Southern District of New York (Modar v. Desktop Metal, et al., Case No. 1:23-cv-05465, Lovoi v. Desktop Metal, et al., Case No. 1:23-cv-06035). The complaints allege that certain officers and directors of Desktop Metal violated Sections 14(a) and 20(a) of the Exchange Act by causing a materially incomplete and misleading registration statement to be filed with the SEC on June 20, 2023 in connection with Desktop Metal's proposed merger with Stratasys Ltd.

We also are subject to a variety of other claims and suits that arise from time to time in the ordinary course of our business. Although management currently believes that resolving claims against us, individually or in aggregate, will not have a material adverse impact in our condensed consolidated financial statements, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

The Company believes that these complaints are all without merit and intends to defend against them vigorously.

Commitments

The Company has entered into legally binding agreements with certain suppliers to purchase materials used in the manufacturing of the Company's products. As of June 30, 2023, the Company had outstanding purchase orders with contract manufacturers in the amount of \$31.8 million which are not included in the condensed consolidated balance sheets. The Company has an additional purchase commitment of \$22.0 million through 2027 for equipment that it plans to lease to customers in connection with digital dentistry solution offerings related to the Desktop Labs platform.

The Company has also entered into licensing and royalty agreements with certain manufacturing and software companies and universities related to the use of patented technology. Under the terms of each agreement, the Company has made initial, immaterial one-time payments and is obligated to pay a set percentage, ranging from 4% - 13%, of all consideration received by the Company for sales of related products and services, until the agreements are terminated. The Company's aggregate minimum annual commitment under these contracts is \$0.6 million. During the three and six months ended June 30, 2023 and 2022, the Company recorded immaterial licensing and royalty fees.

Within the Company's normal course of operations, it issues these short-term financial guarantees and letters of credit through a credit facility with a German bank to third parties in connection with certain commercial transactions requiring security. The credit facility provides a capacity amount of \$5.4 million for the issuance of financial guarantees and letters of credit for commercial transactions requiring security. The credit facility does not require cash collateral for the issuance of financial guarantees and letters of credit for commercial transactions requiring security for amounts up to \$1.1 million. Amounts in excess of \$1.1 million require cash collateral under the credit facility.

At June 30, 2023, total outstanding financial guarantees and letters of credit issued by the Company under the credit facility were \$0.8 million, of which \$0.4 million have expiration dates ranging from June 2023 to January 2024, and the remaining \$0.4 million

with no expiration date. At June 30, 2023, cash collateral of \$0.8 million was required for financial guarantees and letters of credit issued under the credit facility, and is included in current portion of restricted cash in the condensed consolidated balance sheets.

18. INCOME TAXES

The Company's provision for interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items arising in that quarter. The Company's effective tax rate differs from the U.S. statutory tax rate primarily due to valuation allowances on its deferred tax assets as it is more likely than not that some or all of the Company's deferred tax assets will not be realized. During the three and six months ended June 30, 2023, the Company recorded immaterial income tax expense and a benefit of \$0.5 million, respectively. During the three and six months ended June 30, 2022, the Company recorded an income tax benefit of \$0.9 million and \$2.2 million, respectively.

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Company's condensed consolidated financial statements and tax returns. Deferred tax assets and liabilities are determined based upon the differences between the condensed consolidated financial statements carrying amounts and the tax bases of existing assets and liabilities and for loss and credit carryforwards, using enacted tax rates expected to be in effect in the years in which the differences are expected to reverse. As a result of the fact that the Company has incurred tax losses from inception, the Company maintains that it is more likely than not that the Company would not realize the benefits of federal and state net deferred tax assets nor the benefits of deferred tax assets in certain non-U.S. jurisdictions.

The Company provides reserves for potential payments of taxes to various tax authorities related to uncertain tax positions. Amounts recognized are based on a determination of whether a tax benefit taken by the Company in its tax filings or positions is "more likely than not" to be sustained on audit. The amount associated with uncertain tax positions are recorded as a component of income tax expense. As of June 30, 2023, the Company has accrued uncertain tax positions of approximately \$1.0 million related to the EnvisionTEC acquisition. The amounts relate to U.S. state and foreign tax positions. Included in the balance of unrecognized tax benefits as of June 30, 2023 are amounts that, if recognized, would impact the effective tax rate. As of December 31, 2022, the Company recorded a liability of \$1.0 million for uncertain tax positions acquired in various acquisitions during 2021. As of December 31, 2022, the Company had a balance in accrued interest and penalties related to uncertain tax positions of \$0.2 million.

19. STOCKHOLDERS' EQUITY

The Company's authorized shares consist of 500,000,000 shares of Class A Common Stock, \$0.0001 par value per share (the "Common Stock") and 50,000,000 shares of Preferred Stock, \$0.0001 par value per share (the "Preferred Stock").

20. STOCK BASED COMPENSATION

In 2015, the Board of Directors approved the adoption of the 2015 stock incentive plan (the "2015 Plan"). The 2015 Plan allowed for the award of incentive and nonqualified stock options, restricted stock, and other stock-based awards to employees, officers, directors, consultants, and advisers of the Company. Awards could be made under the 2015 Plan for up to 26,283,789 shares of Common Stock. Option awards expire 10 years from the grant date and generally vest over four years; however, vesting conditions can vary at the discretion of our Board of Directors.

As part of the acquisition of Make Composites, Inc. ("Make") in 2019, the Company assumed the 2018 equity incentive plan of Make (the "Make Plan"). The Make Plan allows for the award of incentive and nonqualified stock options and warrants for those employees and contractors that were hired as part of the acquisition. The Make Plan allowed for 232,304 options and warrants to be issued, which were issued in 2019, with no additional options to be issued in the future. Option awards expire 10 years from the grant date and generally vest over four years; however, vesting conditions can vary at the discretion of our Board of Directors.

In December 2020, the Board of Directors and stockholders of the Company approved the adoption of the 2020 Incentive Award Plan (the "2020 Plan" and together with the 2015 Plan and the Make Plan, the "Plans"), which became effective on the date of the Business Combination. Upon effectiveness of the 2020 Plan, the Company ceased granting new awards under the 2015 Plan.

The 2020 Plan allows for the award of incentive and nonqualified stock options, restricted stock, and other stock-based awards to employees, officers, directors, consultants, and advisers of the Company. The number of shares of common stock initially available

for issuance under the 2020 Plan was 12,400,813 shares of common stock plus the number of shares subject to awards outstanding under the 2015 Plan that expire, lapse, terminate, or are exchanged for cash, surrendered, repurchased, or canceled without having been fully exercised or forfeited. In addition, the number of shares of common stock available for issuance under the 2020 Plan is subject to an annual increase on the first day of each calendar year beginning on January 1, 2021 and ending on and including January 1, 2030 equal to the lesser of (i) 5% of the aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of shares as is determined by the Board of Directors. On January 1, 2023, 15,906,671 shares were added as available for issuance to the 2020 Plan.

Stock Options

The option activity of the Plans for the six months ended June 30, 2023, is as follows (shares in thousands):

	Number of Shares	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2023	8,423	\$ 1.83	6.02	\$ 922
Exercised	(968)	\$ 1.20		
Forfeited/expired	(1,024)	\$ 2.40		
Outstanding at June 30, 2023	6,431	\$ 1.83	5.50	2,167
Options vested at June 30, 2023	5,635	\$ 1.89	5.29	1,875
Options vested or expected to vest at June 30, 2023	6,426	\$ 1.83	5.50	2,166

The aggregate intrinsic value of options exercised during the six months ended June 30, 2023 and 2022, was \$0.9 million and \$2.8 million, respectively.

The total stock-based compensation expense related to stock options was \$0.3 million and \$0.7 million during the three and six months ended June 30, 2023, respectively, and \$1.0 million and \$1.9 million during the three and six months ended June 30, 2022, respectively.

Total unrecognized stock-based compensation expense related to unvested stock options at June 30, 2023 aggregated \$1.4 million and is expected to be recognized over a weighted-average period of 1.1 years.

Performance-Based Stock Options (included above)

During the year ended December 31, 2020, 560,256 performance-based stock options were granted to key employees of the Company. These awards vest upon the achievement of certain performance milestones by the Company and prescribed service milestones by the employee. During the year ended December 31, 2021, 83,958 performance-based stock options were forfeited due to employee termination. During the year ended December 31, 2022, 290,038 performance-based stock options were forfeited due to employee termination and the remaining 186,260 performance-based stock options outstanding expired without vesting as the performance milestones were not achieved by the Company, as such, there is no unrecognized compensation cost related to these awards.

Restricted Stock Awards

In connection with acquisitions, the Company has granted restricted stock awards (“RSAs”) that are considered post-combination expense and accounted for as stock-based compensation as the shares vest.

The activity for stock subject to vesting as of June 30, 2023, is as follows (shares in thousands):

	Shares Subject to Vesting	Weighted-Average Grant Date Fair Value
Balance of unvested shares as of January 1, 2023	102	\$ 8.78
Vested	(76)	\$ 2.09
Balance of unvested shares as of June 30, 2023	26	

The total stock-based compensation expense related to RSAs was \$0.4 million and \$0.6 million during the three and six months ended June 30, 2023, respectively, and \$0.2 million and \$0.6 million during the three and six months ended June 30, 2022, respectively. At June 30, 2023, the total unrecognized stock-based compensation expense related to unvested RSAs is \$0.2 million and is expected to be recognized over a weighted-average period of 0.6 years.

Restricted Stock Units

Restricted Stock Units (“RSUs”) awarded to employees and non-employees generally vest over four years from the anniversary date of the grant, with one-year cliff vesting and quarterly vesting thereafter, provided service with the Company is not terminated. The fair value of RSUs is equal to the estimated fair market value of the Company’s Common Stock on the date of grant.

RSU activity under the 2020 Plan for the six months ended June 30, 2023, is as follows (shares in thousands):

	Shares Subject to Vesting	Weighted-Average Grant Date Fair Value
Balance of unvested shares as of January 1, 2023	22,145	\$ 4.15
Granted	8,833	\$ 1.87
Vested	(3,075)	\$ 5.00
Cancelled/Forfeited	(1,740)	\$ 4.64
Balance of unvested shares as of June 30, 2023	26,163	

The total stock-based compensation expense related to RSUs was \$9.0 million and \$17.7 million during the three and six months ended June 30, 2023, respectively, and \$18.0 million and \$26.6 million during the three and six months ended June 30, 2022, respectively. Total unrecognized compensation costs related to unvested RSUs at June 30, 2023 is \$67.0 million and is expected to be recognized over a period of 2.6 years.

RSUs include awards that vest subject to certain performance and market-based criteria.

Performance-Based Restricted Stock Units (included above)

During the year ended December 31, 2021, 670,000 performance-based RSUs were granted to key employees of the Company. These awards vest upon the achievement of certain performance milestones by the Company and prescribed service milestones by the employee. No performance-based RSUs vested during the years ended December 31, 2022 and 2021. During the year ended December 31, 2021, 120,000 awards expired due to performance milestones not being achieved. During the year ended December 31, 2022, 400,000 performance-based RSUs were forfeited due to employee termination. During the three and six months ended June 30, 2023, no performance-based RSUs vested or were forfeited. As of June 30, 2023, 150,000 performance-based RSUs remain outstanding.

During the year ended December 31, 2020, 124,300 performance-based RSUs were granted to a key employee of the Company. This award vests upon the achievement of certain performance milestones by the Company and prescribed service milestones by the employee. No performance-based RSUs vested during the years ended December 31, 2022 and 2021, or during the three and six

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months ended June 30, 2023. During the three and six months ended June 30, 2023, 62,150 performance-based RSUs were forfeited. As of June 30, 2023, 62,150 performance-based RSUs remain outstanding.

Market-Based Restricted Stock Units (included above)

In October 2021 the Compensation Committee of the Company's Board of Directors awarded certain executive officers a total of up to 9,070,269 market-based RSUs. These RSUs will vest and result in the issuance of shares of Common Stock based on continuing employment and the achievement of certain market conditions set by the Company.

During the year ended December 31, 2021, one of the executive officers resigned from the Company, forfeiting his market-based RSUs. As the service condition was not met prior to his resignation, no stock-based compensation expense was recorded for this award. No market-based RSUs vested or were forfeited during the year ended December 31, 2022 or during the three and six months ended June 30, 2023. As of June 30, 2023, 6,802,702 market-based RSUs remain outstanding.

Bonus Program

The Company's bonus program allows the bonus to be paid out in RSUs, cash, or a combination.

The Company's 2022 bonus program ("2022 Bonus Program") was granted in dollar bonus amounts, which were paid out in RSUs during the three months ended March 31, 2023. The number of RSUs awarded was determined using the closing price of the Company's Common Stock on the date of the Board's final certification of the Company's performance attainment and awards to be issued to each employee. The Company accounted for these awards as liability-based awards until the awards were achieved, at which point the Company accounted for these awards as equity-based awards.

The Company's 2023 bonus program ("2023 Bonus Program") is expected to be paid out in RSUs determined using the closing price of the Company's Common Stock on the date of the Board's final certification of the Company's performance attainment and awards to be issued to each employee. The Company has accounted for these awards as liability-based awards, since the monetary value of the obligation associated with the award is based predominantly on a fixed monetary amount known at inception, and it has an unconditional obligation that it must or may settle by issuing a variable number of its equity shares. The Company will recognize stock-based compensation expense over the employees' requisite service period, based on the expected attainment of the Company-wide targets. As of June 30, 2023, the Company has accrued \$2.9 million associated with these awards, which is recorded in accrued expenses and other current liabilities in the condensed consolidated balance sheets.

Stock-Based Compensation Expense

Total stock-based compensation expense related to all of the Company's stock-based awards granted is reported in the condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Research and development	\$ 4,673	\$ 12,797	\$ 8,950	\$ 17,517
General and administrative expense	3,649	4,362	7,617	7,782
Sales and marketing expense	791	1,388	1,179	2,673
Cost of sales	590	671	1,270	1,158
Total stock-based compensation expense	<u>\$ 9,703</u>	<u>\$ 19,218</u>	<u>\$ 19,016</u>	<u>\$ 29,130</u>

During the three and six months ended June 30, 2023, the Company recognized \$1.3 million and \$2.9 million of stock-based compensation expense associated with liability classified awards related to the 2023 Bonus Program. During the three and six months ended June 30, 2022, the Company recognized \$2.2 million of stock-based compensation expense associated with liability classified awards related to the 2022 Bonus Program.

There were 27,600,801 shares available for award under the 2020 Plan at June 30, 2023.

21. RELATED PARTY TRANSACTIONS

As a result of acquisitions, the Company assumed lease agreements with related parties for facilities across the United States which extend through 2029. As of June 30, 2023, the Company recorded \$4.4 million and \$4.5 million of right of use asset and lease liability, respectively. During the three and six months ended June 30, 2023, the Company paid lease expense of \$0.2 million and \$0.4 million, respectively, to the related party. During the three and six months ended June 30, 2022, the Company paid lease expense of \$0.1 million and \$0.5 million, respectively, to the related party. The Company's annual commitment related to these lease agreements is \$0.8 million.

The Company sells products to Lightforce Orthodontics which is affiliated with a member of the Company's Board of Directors. Management believes the sales were conducted on terms equivalent to those prevailing in an arm's-length transaction. During the three and six months ended June 30, 2023, the Company recognized \$0.4 million and \$0.8 million, respectively, of revenue from Lightforce Orthodontics. During the three and six months ended June 30, 2022, the Company recognized \$0.2 million and \$0.6 million of revenue from Lightforce Orthodontics, respectively. As of June 30, 2023, the Company has an account receivable balance of \$0.3 million with Lightforce Orthodontics.

The Company sells products to Bloom Energy which is affiliated with a member of the Company's Board of Directors. Management believes the sales were conducted on terms equivalent to those prevailing in an arm's-length transaction. During the three and six months ended June 30, 2023, the Company recognized \$0.5 million of revenue from Bloom Energy. As of June 30, 2023, the Company has an account receivable balance of \$0.6 million with Bloom Energy.

22. SEGMENT INFORMATION

In its operation of the business, management, including the Company's chief operating decision maker, who is also Chief Executive Officer, reviews the business as one segment. The Company currently ships its product to markets in the Americas, Europe Middle East and Africa ("EMEA"), and Asia Pacific ("APAC"). Disaggregated revenue data for those markets is as follows (in thousands):

Revenue for the three months ended June 30, 2023

	Americas	EMEA	APAC	Total
Products	\$ 29,344	\$ 13,933	\$ 4,121	\$ 47,398
Services	3,110	2,257	521	5,888
Total	<u>\$ 32,454</u>	<u>\$ 16,190</u>	<u>\$ 4,642</u>	<u>\$ 53,286</u>

Revenue for the three months ended June 30, 2022

	Americas	EMEA	APAC	Total
Products	\$ 37,414	\$ 11,319	\$ 3,939	\$ 52,672
Services	2,738	1,948	316	5,002
Total	<u>\$ 40,152</u>	<u>\$ 13,267</u>	<u>\$ 4,255</u>	<u>\$ 57,674</u>

Revenue for the six months ended June 30, 2023

	Americas	EMEA	APAC	Total
Products	\$ 53,602	\$ 22,655	\$ 7,838	\$ 84,095
Services	5,893	3,794	820	10,507
Total	<u>\$ 59,495</u>	<u>\$ 26,449</u>	<u>\$ 8,658</u>	<u>\$ 94,602</u>

Revenue for the six months ended June 30, 2022

	Americas	EMEA	APAC	Total
Products	\$ 65,343	\$ 19,912	\$ 6,893	\$ 92,148
Services	5,544	3,148	540	9,232
Total	<u>\$ 70,887</u>	<u>\$ 23,060</u>	<u>\$ 7,433</u>	<u>\$ 101,380</u>

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During the three and six months ended June 30, 2023 and 2022, the Company recognized the following revenue from service contracts and cloud-based software licenses over time, and hardware and consumable product shipments and subscription software at a point in time (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue recognized at a point in time	\$ 47,398	\$ 52,672	\$ 84,095	\$ 92,148
Revenue recognized over time	5,888	5,002	10,507	9,232
Total	<u>\$ 53,286</u>	<u>\$ 57,674</u>	<u>\$ 94,602</u>	<u>\$ 101,380</u>

The Company's operations are principally in the United States. The locations of long-lived assets, including property, plant and equipment, net and operating lease right-of-use assets, are summarized as follows (in thousands):

	June 30, 2023	December 31, 2022
Americas	\$ 48,875	\$ 56,145
EMEA	15,555	16,399
APAC	5,851	5,874
Total long-lived assets	<u>\$ 70,281</u>	<u>\$ 78,418</u>

23. NET LOSS PER SHARE

The Company computes basic loss per share using net loss attributable to Common Stockholders and the weighted-average number of Common Stock shares outstanding during each period. Diluted earnings per share include shares issuable upon exercise of outstanding stock options and stock-based awards where the conversion of such instruments would be dilutive.

(in thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator for basic and diluted net loss per share:				
Net loss	\$ (49,728)	\$ (297,272)	\$ (102,369)	\$ (367,216)
Denominator for basic and diluted net loss per share:				
Weighted-average shares	321,656	313,557	320,383	312,798
Net loss per share—Basic and Diluted	<u>\$ (0.15)</u>	<u>\$ (0.95)</u>	<u>\$ (0.32)</u>	<u>\$ (1.17)</u>

The Company's potential dilutive securities, which include outstanding Common Stock options, unvested restricted stock units, unvested restricted stock awards and outstanding Common Stock warrants, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common shares, presented based on amounts outstanding as of June 30, 2023 and 2022, from the computation of diluted net loss per share attributable to common stockholders because including them would have an anti-dilutive effect (in thousands):

	Six Months Ended June 30,	
	2023	2022
Common Stock options outstanding	6,431	10,392
Unvested restricted stock units outstanding	26,163	19,278
Unvested restricted stock awards outstanding	26	146
6.0% Convertible Senior Notes due 2027	86,466	86,466
Total shares	<u>119,086</u>	<u>116,282</u>

The dilution table above excludes RSUs to be awarded under the Company's 2023 Bonus Program, which is expected to have an impact on its outstanding awards in the first quarter of 2024. Refer to *Note 20. Stock-Based Compensation* for further details on the Company's Bonus Program.

24. RESTRUCTURING CHARGES

In June 2022, the Board of Directors approved a strategic integration and cost optimization initiative that includes a global workforce reduction, facilities consolidation, and other operational savings measures. As part of the facilities consolidation, the Company has approved plans to sell two facilities and relocate operations from those locations to existing facilities. The purpose of the Initiative is to streamline the Company's operational structure, reducing its operating expenses and managing its cash flows.

In January 2023, the Company committed to additional action to continue and expand the Initiative, resulting in an estimated \$19.6 million to \$26.0 million of total restructuring costs. The Company anticipates that the Initiative will be substantially complete by the end of 2023.

During the six months ended June 30, 2023 and 2022, the Company recorded the following activity related to the Initiative in accrued expenses and other current liabilities on the balance sheet (in thousands):

	Six Months Ended June 30,	
	2023	2022
Accrued expenses, beginning of period	\$ 1,096	\$ —
Restructuring charges	6,468	9,697
Cash payments	(1,974)	(390)
Stock-based compensation	—	(7,313)
Inventory write-off	(2,484)	—
Accrued expenses, end of period	<u>\$ 3,106</u>	<u>\$ 1,994</u>

As of June 30, 2023, the Company recorded \$3.1 million of restructuring charges in accrued expenses and other current liabilities in the condensed consolidated balance sheet.

During the three and six months ended June 30, 2023, the Company recorded restructuring charges of \$2.9 million and \$6.5 million, respectively, related to employee severance, benefits and related costs, inventory write-offs, royalty expenses associated with discontinued product offerings, and facility consolidations which were expensed as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cost of sales	\$ 2,488	\$ 41	\$ 3,205	\$ 41
Research and development	265	8,117	2,898	8,117
Sales and marketing	4	667	130	667
General and administrative	93	489	235	489
Interest and other (expense) income, net	—	383	—	383
Total restructuring charges	<u>\$ 2,850</u>	<u>\$ 9,697</u>	<u>\$ 6,468</u>	<u>\$ 9,697</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth, trends, events, and our objectives for future operations, are forward-looking statements. The words "may," "will," "expect," "anticipate," "believe," "intend," "project," "could," "would," "estimate," "potential," "continue," "plan," "target," or the negative of these words or similar expressions are intended to identify forward-looking statements.

The forward-looking statements included herein are based on current expectations of management. Actual results may differ from those expressed in forward-looking statements due to additional factors, including those set forth in Item 1A. "Risk Factors" elsewhere in this Quarterly Report on Form 10-Q. Although we believe that expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report on Form 10-Q will prove to be accurate. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances, or otherwise.

You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Business Overview

Desktop Metal is pioneering a new generation of additive manufacturing technologies focused on Additive Manufacturing 2.0, the volume production of end use parts. We offer a comprehensive portfolio of integrated additive manufacturing solutions comprised of hardware, software, materials, and services with support for metals, polymers, elastomers, ceramics, sands, composites, wood, and biocompatible materials. Our solutions span use cases across the product life cycle, from product development to mass production and aftermarket operations, and they address an array of industries, including automotive, healthcare and dental, consumer products, heavy industry, aerospace, machine design and research and development.

Our growth strategy begins with a commitment to research and development. Since our founding in 2015, we have invested significant resources in research and development towards building an extensive portfolio of proprietary and differentiated technologies with a focus on making additive manufacturing an easy-to-use, economic, and scalable solution. These technologies represent the cornerstones of our future product introductions, are critical to enhancing our existing offerings, and are supported by over 950 patents or pending patent applications. Our additive manufacturing platforms, which leverage these technologies for the production of tools and end-use parts, enable businesses to address their specific goals through a range of solutions that span price points, throughput levels and operating environments.

Our product platforms offer several key advantages over competitive additive manufacturing systems including breakthrough print speeds, competitive part costs, accessible workflows and software, turnkey solutions and support for an extensive library of qualified materials, the sale of which represent a recurring revenue stream from customers of our additive manufacturing solutions in addition to system consumables and other services, such as installation, training and technical support. As a result of these strengths, our solutions are lowering the barriers to adopting additive manufacturing and unlocking new applications where conventional manufacturing has customarily held cost and volume advantages. Across printers, parts, and materials, we intend to continue investing to advance our current technology portfolio and develop new technologies that allow us to serve a broader customer base and reach new verticals, thereby expanding our addressable market and driving adoption of Additive Manufacturing 2.0.

We leverage our core competencies in technology innovation and product development by marketing and selling our Additive Manufacturing 2.0 solutions through a leading global distribution network, managed and augmented by our own internal sales and marketing teams. This distribution network, which covers over 65 countries around the world, is composed of sales and distribution professionals with decades of experience in digital manufacturing technologies and works alongside our direct sales force to market and sell products across a range of industries and price points. Similarly, our internal manufacturing and supply chain teams to work

collaboratively with our internal engineering department and third-party contract manufacturers to scale up initial prototypes for commercialization and volume commercial shipments. Together, our hybrid distribution and manufacturing approaches allow us to produce, sell and service our products at-scale in global markets and create substantial operating leverage as we execute our strategy.

Our proprietary technology solutions also serve as the foundation for product parts offerings in which we directly manufacture parts for sale to our customers with a focus on key applications and verticals in which additive manufacturing can provide significant design, performance, cost, and supply chain advantages relative to conventional manufacturing. These offerings will enable us to provide a more holistic suite of solutions for our customers and enable the accelerated adoption of our Additive Manufacturing 2.0 solutions across select high-value production applications, which we refer to as “killer apps”, including, but not limited to, medical and dental devices, fluid power systems, and sustainable, end-use wood parts. We believe such offerings will not only create a high-margin revenue stream but will also facilitate lead generation for our additive manufacturing systems at scale and enable high-performance and specialized applications using new materials ahead of broader market introduction.

Operating Results

During the three and six months ended June 30, 2023, we recognized revenues of \$53.3 million and \$94.6 million, respectively, and incurred net losses of \$49.7 million and \$102.4 million, respectively. During the six months ended June 30, 2023, we used cash in operating activities of \$70.5 million, and we ended the period with \$127.6 million of cash, cash equivalents, and short-term investments. As of June 30, 2023, we had \$121.7 million in cash and cash equivalents, \$5.9 million in short-term liquid investments, and current liabilities of \$82.2 million.

Recent Developments

Proposed Merger with Stratasys Ltd.

On May 25, 2023, we entered into an Agreement and Plan of Merger (the “Merger Agreement”), by and among Stratasys Ltd. (“Stratasys”), Tetris Sub Inc., a Delaware corporation and a direct wholly owned subsidiary of Stratasys (“Merger Sub”) and the Company, pursuant to which Merger Sub will merge with and into the Company, with the Company surviving the merger as a direct wholly owned subsidiary of Stratasys (the “Merger”).

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of Class A common stock, par value \$0.0001 per share, of Desktop Metal (“Common Stock”) issued and outstanding immediately prior to the Effective Time (other than shares of Common Stock owned or held (x) in treasury or otherwise owned by Desktop Metal or any of its subsidiaries or (y) by Stratasys or any of its subsidiaries), will be converted into the right to receive 0.123 (the “Exchange Ratio”) ordinary shares, 0.01 New Israeli Shekels par value, of Stratasys (“Ordinary Shares”).

Pursuant to the Merger Agreement, following the closing of the transaction, the Board of Directors of the combined company will consist of 11 members, five of whom will be selected by current directors of Stratasys and five of whom will be selected by our current directors, as well as Dr. Yoav Zeif, who will continue to serve as the combined company’s Chief Executive Officer. The Merger Agreement provides that Mr. Ric Fulop, our Chief Executive Officer, will serve as Chairman of the combined company’s Board of Directors and Stratasys Chairman Mr. Dov Ofer will serve as lead independent director of the combined company’s Board of Directors.

The Company recognized costs of \$6.0 million primarily related to legal and consulting fees incurred in connection with the Merger and \$0.3 million for Merger bonuses for the three and six months ended June 30, 2023, included in general and administrative expenses in the condensed consolidated statements of operations. The Merger is subject to approval by shareholders of Stratasys and Desktop Metal, the receipt of required regulatory approvals, and other customary closing conditions.

Strategic Integration and Cost Optimization Initiative

On June 10, 2022, the Board of Directors approved a strategic integration and cost optimization initiative that included a global workforce reduction, facilities consolidation, and other operational savings measures (the “Initiative”). The purpose of the Initiative is to streamline our operational structure, reduce our operating expenses and manage our cash flows. We have commenced workforce reductions in the United States and other countries and are planning for additional workforce changes, the timing of which will vary

according to local regulatory requirements. On January 31, 2023, we committed to additional actions to continue and expand the Initiative. These additional actions include closing and consolidating select locations in the United States and Canada and reducing our workforce by an additional 15%, prioritizing investments and operations in line with near-term revenue generation, positioning us to achieve our long-term financial goals.

For all committed restructuring activities under the Initiative, we expect to incur total pre-tax restructuring charges of \$19.6 million to \$26.0 million related to one-time termination benefits and associated costs, inventory write-offs, lease termination and equipment exit costs, and contract termination costs. As a result of the Initiative, we realized \$20.7 million of cost savings in the second half of 2022 and expect annualized cost savings of \$100 million in 2023. We continue to anticipate that the Initiative will be substantially complete by the end of 2023.

In connection with the Initiative, during the three months ended June 30, 2023, we completed the sales of the Troy, Michigan and the North Huntingdon, Pennsylvania facilities for a combined \$6.9 million in proceeds, and recorded an immaterial loss on the sale of the facilities in the condensed consolidated statements of operations. During the three months ended June 30, 2023, we closed four other facilities in connection with the Initiative.

Key Factors Affecting Operating Results

We believe that our performance and future success depend on many factors that present significant opportunities for us, but also pose risks and challenges, including those discussed below and in “*Risk Factors*” section of this Quarterly Report on Form 10-Q.

Adoption of our Additive Manufacturing Solutions

We believe the world is at an inflection point in the adoption of additive manufacturing solutions and that we are well-positioned to take advantage of this opportunity across an array of industries due to our proprietary technologies and global distribution capabilities. We expect that our results of operations, including revenue and gross margins, will fluctuate for the foreseeable future as businesses continue to shift away from conventional manufacturing processes towards additive manufacturing for end-use parts. Our turnkey and volume production solutions are designed to empower businesses to realize the full benefits of additive manufacturing at-scale, including geometric and design flexibility, mass customization and supply chain engineering, among others. The degree to which potential and current customers recognize these benefits and invest in our solutions will affect our financial results.

Pricing, Product Cost and Margins

We offer customers a range of additive manufacturing solutions spanning multiple price points, materials, throughput levels, operating environments, and technologies to enable them to find the solution that achieves their specific goals. Pricing for these products may vary by region due to market-specific supply and demand dynamics and product lifecycles, and sales of certain products have, or are expected to have, higher gross margins than others. As a result, our financial performance depends, in part, on the mix of products we sell during a given period. In addition, we are subject to price competition, and our ability to compete in key markets will depend on the success of our investments in new technologies and cost improvements as well as our ability to efficiently and reliably introduce cost-effective additive manufacturing solutions for our customers.

Continued Investment and Innovation

We believe that we are a leader in mass production and turnkey additive manufacturing solutions, offering breakthrough technologies that enable high throughput and ease-of-use through our broad product portfolio. Our performance is significantly dependent on the investment we make in our research and development efforts and on our ability to be at the forefront of the additive manufacturing industry. It is essential that we continually identify and respond to rapidly evolving customer requirements, develop and introduce innovative new products, enhance existing products and generate customer demand for our solutions. We believe that investment in our additive manufacturing solutions will contribute to long-term revenue growth, but it may adversely affect our near-term profitability.

Commercial Launch of Products

We continually invest in the development of new products and enhancements to existing products to meet constantly evolving customer demands, and during recent months, we launched a number of new products. Prior to commercialization of new products, we must complete final testing, procurement, and manufacturing ramp up of these products in-house or at our third-party contract manufacturers, as applicable. Any delays in successful completion of these steps may impact our ability to generate revenue from these products.

Acquisitions and Transaction-Related Costs

Our growth relies heavily on the successful integration of acquired companies, including our ability to realize the anticipated business opportunities from combining operations in an efficient and effective manner. We expect that the results of our operations will fluctuate as we continue to integrate these businesses, and the technologies, products, and services that they offer. Additionally, our results of operations will be impacted by non-recurring transaction-related costs, including integration costs, severance costs and other costs associated with these acquisitions.

Macroeconomic Conditions

The current macroeconomic environment is impacting our customers financially and operationally. Customers and potential customers are facing significant financial pressure as supply chain constraints and inflation drive up operating costs and rising interest rates make access to credit more expensive. In recent months, the consumer price index has increased substantially. In addition, during inflationary periods, interest rates have historically increased. In March 2022, the Federal Reserve began, and is expected to continue, to raise interest rates in an effort to curb inflation. As a consequence of these financial pressures, some customers may be lowering their capital investment plans and tightening their operational budgets, which may result in extended sales cycles, delayed purchasing decisions, and pricing pressure for our solutions. Higher interest rates may also impact our ability to obtain debt financing at attractive rates. We experienced less revenue growth than we expected in the first quarter, due to the negative impact of customers delaying purchase decisions amidst an uncertain macroeconomic backdrop.

Results of Operations

Comparison of the three months ended June 30, 2023, and June 30, 2022

Revenue

The following table presents the revenue of each of our revenue streams, as well as the percentage of total revenue and change from the prior year.

(Dollars in thousands)	For the Three Months Ended June 30,					
	2023		2022		Change in Revenues	
	Revenue	% of Total	Revenue	% of Total	\$	%
Products Revenue	\$ 47,398	89 %	\$ 52,672	91 %	\$ (5,274)	(10) %
Services Revenue	5,888	11 %	5,002	9 %	886	18 %
Total Revenue	\$ 53,286	100 %	\$ 57,674	100 %	\$ (4,388)	(8) %

Total revenue for the three months ended June 30, 2023 and 2022 was \$53.3 million and \$57.7 million, respectively, a decrease of \$4.4 million, or 8%. Products revenue decreased primarily due to a reduction in units shipped during the second quarter of 2023, driven by the macroeconomic conditions impacting the additive manufacturing industry described above. The decrease in products revenue was partially offset by an increase in services revenue. Services revenue increased approximately 18% during the three months ended June 30, 2023, as compared to the three months ended June 30, 2022, primarily due to an increase in support and installation revenue from increased shipments during recent periods.

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The following table presents revenue by geographic region, as well as the percentage of total revenue and change from the prior period.

(Dollars in thousands)	For the Three Months Ended June 30,				Change in Revenues	
	2023		2022		\$	%
	Revenue	% of Total	Revenue	% of Total		
Americas	\$ 32,454	61 %	\$ 40,152	70 %	\$ (7,698)	(19) %
EMEA (Europe, the Middle East and Africa)	16,190	30 %	13,267	23 %	2,923	22 %
APAC (Asia-Pacific)	4,642	9 %	4,255	7 %	387	9 %
Total Revenue	\$ 53,286	100 %	\$ 57,674	100 %	\$ (4,388)	(8) %

Total revenue decreased during the three months ended June 30, 2023, compared to the three months ended June 30, 2022, due to a decrease in unit shipments in the Americas region, partially offset by an increase in units shipped in the EMEA and APAC regions.

Cost of Sales

Total cost of sales during the three months ended June 30, 2023 and 2022 was \$47.2 million and \$49.3 million, respectively, a decrease of \$2.1 million or 4%. The decrease in cost of sales is partially driven by the decrease in units shipped during the second quarter of 2023. Additionally, we reduced payroll expense by \$2.0 million and transportation costs by \$1.7 million associated with workforce reductions in connection with the Initiative described above. This reduction was partially offset by a \$1.4 million increase in inventory write-offs in connection with the Initiative.

Gross Profit and Gross Margin

The following table presents gross profit by revenue stream, as well as change in gross profit dollars from the prior period.

	For the Three Months Ended June 30,		Change in Gross	
	2023	2022	Profit	
(Dollars in thousands)	Gross Profit		\$	%
Products	\$ 4,174	\$ 7,759	\$ (3,585)	(46)%
Services	1,915	638	1,277	200 %
Total	\$ 6,089	\$ 8,397	\$ (2,308)	(27)%

Total gross profit during the three months ended June 30, 2023 and 2022 was \$6.1 million and \$8.4 million, respectively. The decrease in gross profit of \$2.3 million was driven by a less favorable product mix sold and an increase in inventory write-offs during the second quarter of 2023 in connection with the Initiative.

The following table presents gross margin by revenue stream, as well as the change in gross margin from the prior period.

	For the Three Months Ended June 30,		Change in Gross Margin	
	2023	2022	Percentage Points	%
	Gross Margin			
Products	9 %	15 %	(0.06)	41 %
Services	33 %	13 %	0.20	(150)%
Total	11 %	15 %	(0.04)	(24)%

Total gross margin for the three months ended June 30, 2023 and 2022 was 11% and 15%, respectively. Gross margin decreased period over period as revenue decreased in line with cost of sales. Savings from headcount reductions were offset by an increase in inventory write-offs related to the Initiative.

Research and Development

Research and development expenses during the three months ended June 30, 2023 and 2022 were \$21.2 million and \$31.4 million, respectively, a decrease of \$10.2 million, or 32%. The decrease in research and development expenses was largely due to a

decrease in stock compensation expense of \$8.1 million compared to the same quarter in 2022, due to a one-time stock compensation charge of \$7.3 million in the second quarter of 2022 in connection with the Initiative described above. Additionally, we reduced consulting services expenses by \$1.3 million and reduced research and development materials and program expenses by \$0.8 million, both associated with the Initiative described above.

Sales and Marketing

Sales and marketing expenses during the three months ended June 30, 2023 and 2022 were \$10.4 million and \$20.4 million, respectively, a decrease of \$10.0 million, or 49%. The decrease in sales and marketing expenses was primarily due to a reduction in payroll expense of \$3.4 million and a reduction in stock compensation expense of \$0.5 million, both associated with workforce reductions in connection with the Initiative described above. Additionally, as part of the Initiative, we reduced marketing spend by \$3.2 million, primarily driven by reduced spend on trade shows, advertising, and professional services. Further, there was a reduction in partner commission expenses of \$1.7 million.

General and Administrative

General and administrative expenses during the three months ended June 30, 2023 and 2022 were \$22.9 million and \$19.7 million, respectively, an increase of \$3.2 million, or 16%. The increase in general and administrative expenses was due to an increase of \$5.0 million in accounting, auditing, and legal fees primarily associated with the Merger described above. This increase is partially offset by a reduction in payroll expense of \$0.5 million and a reduction in stock compensation expense of \$0.7 million, both associated with workforce reductions in connection with the Initiative described above.

Goodwill Impairment

There was no goodwill impairment charge recorded during the three months ended June 30, 2023. During the three months ended June 30, 2022, we recognized an impairment charge of \$229.5 million to write down the carrying amount of goodwill.

Interest Expense

Interest expense during the three months ended June 30, 2023 and 2022 was \$1.1 million and \$0.6 million, respectively. Interest expense increased due to the accrued interest on the 2027 Notes during the three months ended June 30, 2023 compared to the three months ended June 30, 2022 where only a portion of quarterly interest expense was incurred from the issuance of the 2027 Notes in May 2022.

Interest and Other (Expense) Income, Net

Interest and other (expense) income, net during the three months ended June 30, 2023 and 2022 was (\$0.1) million and (\$5.0) million, respectively. The decrease in expense during the three months ended June 30, 2023, is attributable to a smaller loss on the investment in equity securities of a publicly-traded company.

Income Taxes

We recorded immaterial income tax expense during the three months ended June 30, 2023, compared to an income tax benefit of \$0.9 million during the three months ended June 30, 2022. The increase in expense was primarily due to the reduced tax benefit of losses in non-U.S. jurisdictions during the three months ended June 30, 2023.

We have provided a valuation allowance for all of our deferred tax assets as a result of our historical net losses in the jurisdictions in which we operate, except Belgium. We continue to assess our future taxable income by jurisdiction based on our recent historical operating results, the expected timing of reversal of temporary differences, various tax planning strategies that we may be able to enact in future periods, the impact of potential operating changes on our business and our forecast results from operations in future periods based on available information at the end of each reporting period. To the extent that we are able to reach the conclusion that deferred tax assets are realizable based on any combination of the above factors in a single, or multiple, taxing jurisdictions, a reversal of the related portion of our existing valuation allowances may occur.

Comparison of the six months ended June 30, 2023, and 2022

Revenue

The following table presents the revenue of each of our revenue streams, as well as the percentage of total revenue and change from the prior year.

(Dollars in thousands)	For the Six Months Ended June 30,				Change in Revenues	
	2023		2022		\$	%
	Revenue	% of Total	Revenue	% of Total		
Products Revenue	\$ 84,095	89 %	\$ 92,148	91 %	\$ (8,053)	(9)%
Services Revenue	10,507	11 %	9,232	9 %	1,275	14 %
Total Revenue	\$ 94,602	100 %	\$ 101,380	100 %	\$ (6,778)	(7)%

Total revenue for the six months ended June 30, 2023 and 2022 was \$94.6 million and \$101.4 million, respectively, a decrease of \$6.8 million, or 7%. Products revenue decreased primarily due to a reduction in units shipped during the first half of 2023, driven by the macroeconomic conditions impacting the additive manufacturing industry described above. The decrease in revenue was partially offset by an increase in Services revenue. Services revenue increased approximately 14% during the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, primarily due to an increase in support and installation revenue from increased shipments during recent periods.

The following table presents revenue by geographic region, as well as the percentage of total revenue and change from the prior period.

(Dollars in thousands)	For the Six Months Ended June 30,				Change in Revenues	
	2023		2022		\$	%
	Revenue	% of Total	Revenue	% of Total		
Americas	\$ 59,495	63 %	\$ 70,887	70 %	\$ (11,392)	(16)%
EMEA	26,449	28 %	23,060	23 %	3,389	15 %
APAC	8,658	9 %	7,433	7 %	1,225	16 %
Total Revenue	\$ 94,602	100 %	\$ 101,380	100 %	\$ (6,778)	(7)%

Total revenue decreased during the six months ended June 30, 2023, compared to the six months ended June 30, 2022, due to a decrease in unit shipments in the Americas region, partially offset by and increase in units shipped in the EMEA and APAC regions.

Cost of Sales

Total cost of sales during the six months ended June 30, 2023 and 2022 was \$89.9 million and \$94.3 million, respectively, a decrease of \$4.4 million or 5%. The decrease in cost of sales is partially driven by the decrease in units shipped during the first half of 2023. Additionally, we reduced payroll expense by \$2.7 million associated with workforce reductions in connection with the Initiative described above. This reduction was partially offset by an increase in transportation and freight costs.

Gross Profit and Gross Margin

The following table presents gross profit by revenue stream, as well as change in gross profit dollars from the prior period.

(Dollars in thousands)	For the Six Months Ended June 30,		Change in Gross	
	2023	2022	Profit	
	Gross Profit (Loss)		\$	%
Products	\$ 1,980	\$ 5,333	\$ (3,353)	(63)%
Services	2,745	1,736	1,009	(58)%
Total	\$ 4,725	\$ 7,069	\$ (2,344)	(33)%

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Total gross profit during the six months ended June 30, 2023 and 2022 was \$4.7 million and \$7.1 million, respectively. The decrease in gross profit of \$2.4 million was driven by less favorable product mix sold and increases in transportation and freight costs.

The following table presents gross margin by revenue stream, as well as the change in gross margin from the prior period.

	For the Six Months Ended June 30,		Change in Gross Margin	
	2023	2022	Percentage Points	%
	Gross Margin			
Products	2 %	6 %	(0.04)	(67)%
Services	26 %	19 %	0.07	(37)%
Total	5 %	7 %	(0.02)	(29)%

Total gross margin for the six months ended June 30, 2023 and 2022 was 5% and 7%, respectively. Gross margin decreased period over period as revenue decreased in line with cost of sales. Savings from headcount reductions were offset by an increase in inventory write-offs related to the Initiative.

Research and Development

Research and development expenses during the six months ended June 30, 2023 and 2022 were \$44.4 million and \$56.0 million, respectively, a decrease of \$11.6 million, or 21%. The decrease in research and development expenses was due primarily to a reduction in stock compensation expense of \$8.6 million, of which \$7.3 million is attributable to a one-time charge during 2022 associated with the acceleration of RSUs for certain key employees in connection with the Initiative described above. Additionally, we reduced payroll expense by \$1.3 million and consulting services expenses by \$2.7 million, both associated with the Initiative described above.

Sales and Marketing

Sales and marketing expenses during the six months ended June 30, 2023 and 2022 were \$20.0 million and \$40.1 million, respectively, a decrease of \$20.1 million, or 50%. The decrease in sales and marketing expenses was primarily due to a reduction in payroll expense of \$6.3 million and a reduction in stock compensation expense of \$1.5 million, both associated with workforce reductions in connection with the Initiative described above. Additionally, as part of the Initiative, we reduced marketing spend by \$7.6 million, primarily driven by reduced spend on trade shows, advertising, and professional services. Further, there was a reduction in partner commission expenses of \$2.8 million.

General and Administrative

General and administrative expenses during the six months ended June 30, 2023 and 2022 were \$41.1 million and \$43.6 million, respectively, a decrease of \$2.5 million or 6%. The decrease in general and administrative expenses was primarily due to a reduction in payroll expense of \$3.2 million and a reduction in stock compensation expense of \$0.2 million, both associated with workforce reductions in connection with the Initiative described above. The decrease in general and administrative expenses was partially offset by an increase of \$2.1 million in accounting, auditing and legal fees associated with the Merger discussed above.

Goodwill Impairment

There was no goodwill impairment charge recorded during the six months ended June 30, 2023. During the six months ended June 30, 2022, we recognized an impairment charge of \$229.5 million to write down the carrying amount of goodwill.

Interest Expense

Interest expense during the six months ended June 30, 2023 and 2022 was \$1.9 million and \$0.6 million, respectively, an increase of \$1.3 million. Interest expense increased due to the accrued interest on the 2027 Notes during the six months ended June 30, 2023, compared to the six months ended June 30, 2022 where only a portion of half year interest expense was incurred from the issuance of the 2027 Notes in May 2022.

Interest and Other Income, Net

Interest and other (expense) income, net during the six months ended June 30, 2023 and 2022 and was (\$0.1) million and (\$6.8) million, respectively, a decrease of \$6.7 million. The decrease is primarily due to a smaller loss on the investment in equity securities of a publicly-traded company.

Income Taxes

We recorded an income tax benefit of \$0.5 million during the six months ended June 30, 2023, compared to an income tax benefit of \$2.2 million during the six months ended June 30, 2022. The decrease in benefit was primarily due to the reduced tax benefit of losses in non-U.S. jurisdictions during the six months ended June 30, 2023.

We have provided a valuation allowance for all of our deferred tax assets as a result of our historical net losses in the jurisdictions in which we operate, except Belgium. We continue to assess our future taxable income by jurisdiction based on our recent historical operating results, the expected timing of reversal of temporary differences, various tax planning strategies that we may be able to enact in future periods, the impact of potential operating changes on our business and our forecast results from operations in future periods based on available information at the end of each reporting period. To the extent that we are able to reach the conclusion that deferred tax assets are realizable based on any combination of the above factors in a single, or multiple, taxing jurisdictions, a reversal of the related portion of our existing valuation allowances may occur.

Non-GAAP Financial Information

In addition to our results determined in accordance with GAAP, we believe the below non-GAAP financial measures are useful in evaluating our operational performance. We use this non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial information, when taken collectively, may be helpful to investors in assessing our operating performance.

The non-GAAP financial information excludes, as applicable, stock-based compensation expense, amortization of acquired intangible assets, restructuring expenses, acquisition-related and other transactional charges, inventory step-up, in-process research and development assets acquired, goodwill impairment, change in fair value of investments and change in fair value of warrant liability. These items are normally included in the comparable measures calculated and presented in accordance with GAAP. Our management excludes these items when evaluating our ongoing performance and/or evaluating earnings potential, and therefore excludes them when presenting non-GAAP financial measures. Management uses non-GAAP financial measures to supplement our GAAP results.

Stock-based compensation is a non-cash expense relating to stock-based awards issued to executive officers, employees, and outside directors, consisting of options and restricted stock units. We exclude this expense because it is a non-cash expense and we assess our internal operations excluding this expense and believe it facilitates comparisons to the performance of other companies in our industry.

Amortization of acquired intangible assets is a non-cash expense that is impacted by the timing and magnitude of our acquisitions. We believe the assessment of our operations excluding these costs is relevant to an understanding of internal operations and to comparisons with the performance of other companies in our industry.

Restructuring expenses are costs related to strategic integration and cost optimization initiatives which include global workforce reductions, facilities consolidation, and other operational savings measures. We believe the assessment of our operations excluding these costs is relevant to an understanding of internal operations and to comparisons with the performance of other companies in our industry.

Acquisition-related and integration costs are direct costs related to potential and completed acquisitions, including transaction fees, due diligence costs, severance, professional fees, and integration activities. Other transactional charges include third-party costs related to structuring unusual transactions. The occurrence and amount of these costs will vary depending on the timing and size of acquisitions. We believe excluding acquisition-related costs facilitates the comparison of our financial results to our historical operating results and to other companies in our industry.

Inventory step-up are adjustments related to recording the inventory of acquired businesses at fair value on the date of acquisition. These adjustments are booked to cost of sales. The occurrence and amount of these adjustments will vary depending on the timing and size of acquisitions. We believe excluding inventory step-up adjustments facilitates the comparison of our financial results to our historical operating results and to other companies in our industry.

Goodwill impairment is a non-cash charge to write down the carrying amount of goodwill following a quantitative impairment assessment where it was determined that the estimated fair value of the reporting unit was less than its carrying amount. We believe the assessment of our operations excluding this charge is relevant to an understanding of internal operations and to comparisons with the performance of other companies in our industry.

Change in fair value of investments is a non-cash gain or loss impacted by the change in fair value of convertible debt instruments and the equity investment. We believe the assessment of our operations excluding this activity is relevant to an understanding of internal operations and to comparisons with the performance of other companies in our industry.

We use the below non-GAAP financial measures, and we believe that they assist our investors, to make period-to-period comparisons of our operational performance because they provide a view of our operating results without items that are not, in our view, indicative of our core operating results. We believe that these non-GAAP financial measures help illustrate underlying trends in our business, and we use the measures to establish budgets and operational goals for managing our business and evaluating our performance. We believe that providing non-GAAP financial measures also affords investors a view of our operating results that may be more easily compared to the results of other companies in our industry that use similar financial measures to supplement their GAAP results.

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The items excluded from the non-GAAP financial measures often have a material impact on our financial results and such items often recur. Accordingly, the non-GAAP financial measures included in this Quarterly Report on Form 10-Q should be considered in addition to, and not as a substitute for, the comparable measures prepared in accordance with GAAP. The following tables reconcile each of these non-GAAP financial measures to its most closely comparable GAAP measure in our financial statements for the three and six months ended June 30, 2023 and 2022:

(Dollars in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
GAAP gross margin	\$ 6,089	\$ 8,397	\$ 4,725	\$ 7,069
Stock-based compensation included in cost of sales ⁽¹⁾	590	671	1,270	1,158
Amortization of acquired intangible assets included in cost of sales	6,928	5,950	13,855	11,940
Restructuring expense in cost of sales	2,488	41	3,205	41
Acquisition-related and integration costs included in cost of sales	434	10	913	1,148
Inventory step-up adjustment in cost of sales	—	315	—	1,496
Non-GAAP gross margin	<u>\$ 16,529</u>	<u>\$ 15,384</u>	<u>\$ 23,968</u>	<u>\$ 22,852</u>
GAAP operating loss	\$ (48,518)	\$ (292,570)	\$ (100,834)	\$ (362,049)
Stock-based compensation ^{(2),(3)}	9,703	19,218	19,016	29,130
Amortization of acquired intangible assets	10,457	9,669	20,899	19,453
Restructuring expense	2,850	2,001	6,469	2,001
Inventory step-up adjustment in cost of sales	—	315	—	1,496
Acquisition-related and integration costs	7,359	1,171	8,765	5,157
Goodwill impairment	—	229,500	—	229,500
Non-GAAP operating loss	<u>\$ (18,149)</u>	<u>\$ (30,696)</u>	<u>\$ (45,685)</u>	<u>\$ (75,312)</u>
GAAP net loss	\$ (49,728)	\$ (297,272)	\$ (102,369)	\$ (367,216)
Stock-based compensation ^{(2),(3)}	9,703	19,218	19,016	29,130
Amortization of acquired intangible assets	10,457	9,669	20,899	19,453
Restructuring expense	2,850	2,384	6,469	2,384
Inventory step-up adjustment in cost of sales	—	315	—	1,496
Acquisition-related and integration costs	7,359	1,171	8,765	5,157
Goodwill impairment	—	229,500	—	229,500
Change in fair value of investments	107	4,741	286	6,441
Non-GAAP net loss	<u>\$ (19,252)</u>	<u>\$ (30,274)</u>	<u>\$ (46,934)</u>	<u>\$ (73,655)</u>

⁽¹⁾ Includes \$0.2 million and \$0.4 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2023, respectively. Includes \$0.1 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2022.

⁽²⁾ Includes \$1.3 million and \$2.9 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2023, respectively. Includes \$2.2 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2022.

⁽³⁾ Includes \$0.0 million of stock-based compensation expense associated with the restructuring initiative for the three and six months ended June 30, 2023. Includes \$7.3 million of stock-based compensation expense associated with the restructuring initiative for the three and six months ended June 30, 2022.

(Dollars in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
GAAP operating expenses	\$ 54,607	\$ 300,967	\$ 105,559	\$ 369,118
Stock-based compensation included in operating expenses ^{(1),(2)}	(9,113)	(18,547)	(17,746)	(27,972)
Amortization of acquired intangible assets included in operating expenses	(3,529)	(3,719)	(7,044)	(7,513)
Restructuring expense included in operating expenses	(362)	(1,960)	(3,264)	(1,960)
Acquisition-related and integration costs included in operating expenses	(6,925)	(1,161)	(7,852)	(4,009)
Goodwill impairment	—	(229,500)	—	(229,500)
Non-GAAP operating expenses	\$ 34,678	\$ 46,080	\$ 69,653	\$ 98,164

⁽¹⁾ Includes \$1.1 million and \$2.5 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2023, respectively. Includes \$2.1 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2022.

⁽²⁾ Includes \$0.0 million of stock-based compensation expense associated with the restructuring initiative for the three and six months ended June 30, 2023. Includes \$7.3 million of stock-based compensation expense associated with the restructuring initiative for the three and six months ended June 30, 2022.

We define “EBITDA” as net loss plus net interest income, provision for income taxes, depreciation, and amortization expense.

We define “Adjusted EBITDA” as EBITDA adjusted for change in fair value of investments, inventory step-up adjustment, stock-based compensation expense, restructuring expense, goodwill impairment and acquisition-related and integration costs.

We believe that the use of EBITDA and Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends because it eliminates the effect of financing, capital expenditures, and non-cash expenses such as stock-based compensation and warrants, and provides investors with a means to compare our financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, you should be aware when evaluating EBITDA and Adjusted EBITDA that we may incur future expenses similar to those excluded when calculating these measures. In addition, our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of these measures, especially Adjusted EBITDA, may not be comparable to other similarly titled measures computed by other companies because not all companies calculate these measures in the same fashion.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA on a supplemental basis. You should review the reconciliation of net loss to EBITDA and Adjusted EBITDA below and not rely on any single financial measure to evaluate our business.

The following table reconciles net loss to EBITDA and Adjusted EBITDA during the three and six months ended June 30, 2023 and 2022:

(Dollars in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss attributable to common stockholders	\$ (49,728)	\$ (297,272)	\$ (102,369)	\$ (367,216)
Interest (income) expense, net	1,109	633	1,920	601
Income tax expense (benefit)	23	(944)	(534)	(2,200)
Depreciation and amortization	13,530	12,719	26,965	25,602
EBITDA	(35,066)	(284,864)	(74,018)	(343,213)
Change in fair value of investments	107	4,741	286	6,441
Inventory step-up adjustment	—	315	—	1,496
Stock-based compensation expense ^{(1),(2)}	9,703	19,218	19,016	29,130
Restructuring expense	2,850	2,384	6,469	2,384
Goodwill impairment	—	229,500	—	229,500
Acquisition-related and integration costs	7,359	1,171	8,765	5,157
Adjusted EBITDA	\$ (15,047)	\$ (27,535)	\$ (39,482)	\$ (69,105)

⁽¹⁾ Includes \$0.0 million of stock-based compensation expense associated with the restructuring initiative for the three and six months ended June 30, 2023.

Includes \$7.3 million of stock-based compensation expense associated with the restructuring initiative for the three and six months ended June 30, 2022.

⁽²⁾ Includes \$1.3 million and \$2.9 million of liability-award stock-based compensation for the three months ended June 30, 2023 and 2022, respectively.

Liquidity and Capital Resources

We have incurred a net loss in each of our annual periods since our inception, and we have an accumulated deficit of \$1,411.3 million as of June 30, 2023. We incurred net losses of \$102.4 million and \$367.2 million during the six months ended June 30, 2023 and 2022, respectively. We expect to continue to incur additional losses and negative cash flows from operations in the near term. As of June 30, 2023, we had \$127.6 million in cash, cash equivalents, and short-term investments.

Since inception, we have received cumulative net proceeds from the Business Combination, the exercise of warrants, and the sale of our preferred and common stock of \$973.4 million to fund our operations, and in May 2022 we received aggregate net proceeds of \$111.4 million from the sale of 6.0% Convertible Senior Notes due 2027 as described below. As of June 30, 2023, our principal sources of liquidity were our cash, cash equivalents, and short-term investments of \$127.6 million which are principally invested in money market funds and fixed income instruments.

In May 2022, we issued \$115.0 million principal amount of our 6.0% Convertible Senior Notes due 2027 ("2027 Notes"). The 2027 Notes were issued pursuant to, and are governed by, an indenture, dated as of May 13, 2022, between us and U.S. Bank Trust Company, National Association, as trustee. Pursuant to the purchase agreement between us and the initial purchasers of the Notes, we granted the initial purchasers an option to purchase up to an additional \$15.0 million principal amount of 2027 Notes, which was exercised on May 19, 2022. We received aggregate net proceeds of \$111.4 million from the sale of the 2027 Notes.

Our material cash requirements have consisted of operating activities, research and development costs, purchase price for acquisitions, transaction costs and capital expenditures. We expect our cash expenditures to decrease in connection with the Initiative. As of June 30, 2023, we had inventory purchase commitments of \$31.8 million, with the majority payable within 12 months. In addition, as of June 30, 2023, we had lease payment obligations of \$29.1 million, with \$5.9 million payable within 12 months.

Capital expenditures for the six months ended June 30, 2023, totaled \$1.3 million and consisted primarily of lab equipment and leasehold improvements. As of June 30, 2023, we had no capital expenditure commitments payable within 12 months. As of June 30, 2023, we had \$121.7 million in cash and cash equivalents, and \$5.9 million in short-term liquid investments. This liquid asset balance significantly exceeds our current liabilities of \$82.2 million as of the same date. Our future cash requirements will depend on many factors including our revenue, research and development efforts, investments in, or acquisitions of, complementary or enhancing

technologies or businesses, the impacts of the COVID-19 pandemic, the timing and extent of additional capital expenditures to invest in existing and new facilities, the expansion of sales and marketing and the introduction of new products.

We expect to continue to incur net losses and negative cash flows from operations, particularly as we continue to invest in commercialization of our product lines. We believe that our existing capital resources will be sufficient to support our operating plan and cash commitments for at least the next 12 months. This belief is based on assumptions that may change as a result of many factors currently unknown to us; however, we expect that we may need to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity, or shares of preferred stock. There is no assurance that sources of financing will be available on a timely basis, or on satisfactory terms, or at all. If we are unable to raise additional funds or reduce costs when needed, we may be required to delay, reduce, or terminate our product development and commercialization efforts, or forego attractive acquisition opportunities.

We have, and intend to continue to, enact cost savings measures to preserve capital. In June 2022, we announced the Initiative and commenced workforce reductions in the United States and other countries, and we are reviewing additional workforce changes, the timing of which will vary according to local regulatory requirements. On January 31, 2023, we committed to additional actions to continue and expand the Initiative. These additional actions include closing and consolidating select locations in the United States and Canada and reducing our workforce by an additional 15%, prioritizing investments and operations in line with near-term revenue generation, positioning us to achieve our long-term financial goals. We are currently evaluating other potential specific initiatives we may undertake to reduce our operating expenses and manage our cash flows. These initiatives could include disposing of certain of our assets, rationalizing our product portfolio, workforce adjustments based on changes to the business, manufacturing consolidation, improving our supply chain and logistics, improving our inventory management, and consolidating certain of our facilities.

We expect to incur a total of \$19.6 million to \$26.0 million of costs in connection with the Initiative, including severance costs, lease termination costs, inventory costs, transportation costs, and other costs to invest in operational improvements. These initiatives may not be successful, and they may not generate the cost savings we expect. Certain future events, such as a global recession, a material supply chain disruption, or other events outside our control, may occur and could negatively impact our operating results and cash position and may require us to use our existing capital resources more quickly than we currently anticipate. These events may cause us to undertake additional cost savings measures or seek additional sources of financing.

Cash Flows

Since inception, we have primarily used proceeds from the Business Combination, issuances of preferred stock and debt instruments to fund our operations and complete acquisitions. The following table sets forth a summary of cash flows for the six months ended June 30, 2023, and 2022:

(Dollars in thousands)	For the Six Months Ended June 30,	
	2023	2022
Net cash used in operating activities	\$ (70,494)	\$ (111,049)
Net cash provided by investing activities	110,883	43,615
Net cash provided by financing activities	721	112,225
Effect of exchange rate changes on cash, cash equivalents and restricted cash	73	(819)
Net change in cash, cash equivalents, and restricted cash	\$ 41,183	\$ 43,972

Operating Activities

Net cash used in operating activities was \$70.5 million for the six months ended June 30, 2023, primarily consisting of \$102.4 million of net losses, adjusted for non-cash items, which primarily included depreciation and amortization expense of \$27.0 million and stock-based compensation expense of \$19.0 million, as well as \$15.4 million in cash consumed by working capital. This increase in cash consumed by working capital was primarily driven by an increase in inventory to support new product launches and commercialization of existing products.

Net cash used in operating activities was \$111.0 million for the six months ended June 30, 2022, primarily consisting of \$138.5 million of net losses, adjusted for non-cash items, which primarily included depreciation and amortization expense of \$25.5 million

and stock-based compensation expense of \$26.9 million, as well as a \$30.5 million increase in cash consumed by working capital. This increase in cash consumed by working capital was primarily driven by an increase in inventory to support new product launches and commercialization of existing products.

Investing Activities

Net cash provided by investing activities was \$110.9 million for the six months ended June 30, 2023, primarily consisting of proceeds from sales and maturities of marketable securities of \$107.7 million, partially offset by purchases of marketable securities of \$5.0 million. We also purchased \$1.3 million of property and equipment and received \$9.9 million in proceeds from the sale of property and equipment.

Net cash provided by investing activities was \$43.6 million for the six months ended June 30, 2022, primarily consisting of proceeds from sales and maturities of marketable securities of \$177.2 million, partially offset by purchases of marketable securities of \$126.8 million. We also purchased \$6.6 million of property and equipment.

Financing Activities

Net cash provided by financing activities was \$0.7 million for the six months ended June 30, 2023, consisting primarily of \$1.1 million in proceeds from the exercise of stock options, partially offset by \$0.3 million in repayment of loans.

Net cash provided by financing activities was \$112.2 million for the six months ended June 30, 2022, consisting primarily of \$115.0 million of proceeds from the issuance of the 2027 Notes, partially offset by \$3.6 million of convertible note costs incurred in connection with the issuance of the 2027 Notes. We also received \$1.3 million in proceeds from the exercise of stock options.

Critical Accounting Policies and Significant Estimates

There were no material changes in the first three months of 2023 to the information provided under the heading “Critical Accounting Policies and Estimates” included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Off-Balance Sheet Arrangements

In the normal course of operations, ExOne’s German subsidiary, ExOne GmbH, issues short-term financial guarantees and letters of credit to third parties in connection with certain commercial transactions requiring security through a credit facility with a German bank. At June 30, 2023, total outstanding financial guarantees and letters of credit issued were \$0.8 million. For further discussion related to financial guarantees and letters of credit, refer to Note 17 in our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

We have no other off-balance sheet arrangements and do not utilize any “structured debt,” “special purpose” or similar unconsolidated entities for liquidity or financing purposes.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is included in *Note 2. Summary of Significant Accounting Policies* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks from fluctuations in interest rates and foreign currency translation, which may adversely affect our results of operations and financial condition. We seek to minimize these risks through regular operating and financing activities and, if we consider it to be appropriate, through the use of derivative financial instruments. We do not purchase, hold, or sell derivative financial instruments for trading or speculative purposes.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our cash, cash equivalents and short-term investment portfolio. Our investment strategy is focused on preserving capital and supporting our liquidity requirements, while earning a reasonable market return. We invest in a variety of U.S. government securities, corporate debt securities, asset-backed securities, and commercial paper. The market value of our marketable securities may decline if current market interest rates rise. As of June 30, 2023, the fair value of our cash, cash equivalents, and short-term investments was \$127.6 million. A 10% change in interest rates would have an immaterial impact on the fair value of our investment portfolio. Our marketable securities are recorded at fair value, and gains and losses from these securities are recognized within other comprehensive income as they occur.

Foreign Currency Risk

The majority of our operations in Europe and Asia use the local currency as the functional currency. We translate the financial statements of the operations in Europe in Asia to United States dollars and as such we are exposed to foreign currency risk. Currently, we do not use foreign currency forward contracts to manage exchange rate risk, as the amount subject to foreign currency risk is not material to our overall operations and results.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision of our Chief Executive Officer and Chief Financial Officer, our management has evaluated the effectiveness of the design and operation of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. As described in our Annual Report on Form 10-K for the year ended December 31, 2022, we identified material weaknesses in our internal control over financial reporting. As a result of these material weaknesses, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2023, our disclosure controls and procedures are not effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities and Exchange Act is recorded, processed, summarized, and reported as and when required.

Notwithstanding these material weaknesses noted above, our management, including our Chief Executive Officer and Chief Financial Officer, has concluded that our financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, our financial position, results of operations, and cash flows for the periods presented in accordance with accounting principles generally accepted in the United States of America.

Changes in Internal Control Over Financial Reporting

During the six months ended June 30, 2023, we continued to implement certain internal controls in connection with remediation efforts related to the material weaknesses identified in our Annual Report on Form 10-K for the year ended December 31, 2022. There were no changes to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the six months ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, errors, and instances of fraud, if any, within the Company have been or will be detected.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are from time to time subject to various claims, lawsuits and other legal and administrative proceedings arising in the ordinary course of business. Some of these claims, lawsuits and other proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions, or relief. We recognize provisions for claims or pending litigation when we determine that an unfavorable outcome is probable, and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates. While the outcome of these claims cannot be predicted with certainty, management does not believe that the outcome of any current legal proceedings will have a material adverse impact on the Company's condensed consolidated financial statements.

As previously disclosed, on November 8, 2021, a purported stockholder, Leo Lissog Goldstein, filed a Section 220 complaint in Delaware Chancery Court against ExOne (Goldstein v. The ExOne Company, Case No. 2021-0958-KSJM). Mr. Goldstein seeks to discover certain books and records of the company related to the ExOne Merger purportedly in order to investigate, among other things, the events leading up to and the disclosures made in connection with the ExOne Merger. Mr. Goldstein has also moved to intervene and stay the Campanella action, discussed below, until his Section 220 action is complete. Mr. Goldstein dismissed his complaint on February 14, 2023.

As previously disclosed, on November 22, 2021, purported stockholder Pietro Campanella filed a class action lawsuit against ExOne, Desktop Metal, Inc., and former ExOne directors and officers alleging breach of fiduciary duties and aiding and abetting breach of fiduciary duties in connection with the ExOne Merger (Campanella v. The ExOne Company et al., Case No. 2021-1013, Case No. 2021-1013-LWW). In particular, Mr. Campanella alleges that ExOne's proxy statement and supplemental disclosures did not adequately disclose information related to a whistleblower investigation at one of Desktop Metal's subsidiaries, EnvisionTEC, and the resignation of EnvisionTEC's CEO.

As previously disclosed, on December 21, 2021, January 14, 2022, February 2, 2022, and February 22, 2022, four alleged shareholders of Desktop Metal stock filed purported securities class action complaints in the United States District Court for the District of Massachusetts. (Luongo v. Desktop Metal, D. Mass., Case No. 1:21-cv-12099-IT; Hathaway v. Desktop Metal, D. Mass., Case No. 1:22-cv-10059-IT; Guzman-Martinez v. Desktop Metal, D. Mass., Case No. 1:22-cv-10173, Xie v. Desktop Metal, Case No. 1:22-cv-10297-IT). Each complaint alleges that Desktop Metal and certain of its officers and directors violated Sections 10(b) and 20(a) of the Securities and Exchange Act by making false or misleading statements regarding EnvisionTEC's manufacturing and product compliance practices and procedures. On February 4, 2022, the court issued an order consolidating the first three District of Massachusetts securities class actions. On July 7, 2022, the court appointed Sophia Zhou lead plaintiff for the class period of February 17, 2021 through November 15, 2021. The court also vacated its earlier order consolidating the *Xie* action with the other lawsuits and will allow that action to proceed separately, with a new notice to investors, based on a class period of January 15, 2021 to February 16, 2021. On September 29, 2022, the Court re-consolidated the *Xie* action with the other actions for all pre-trial proceedings. Plaintiffs filed a Consolidated Complaint on December 19, 2022. On February 28, 2023, Defendants moved to dismiss the Consolidated Complaint. The parties will complete briefing on the motion to dismiss in May 2023 and are awaiting a decision.

As previously disclosed, on July 12, 2022, two alleged shareholders of Desktop Metal stock filed derivative actions purportedly on behalf of Desktop Metal in the United States District Court for the District of Massachusetts. (Keyser v. Fulop, et al., Case No. 1:22-cv-11117; Qi v. Fulop, et al., Case No. 1:22-cv-11118). On July 22, 2022, an alleged shareholder of Desktop Metal stock filed a similar derivative complaint in the United States District Court for the District of Delaware (Cherry v. Fulop, et al., Case No. 1:22-cv-00962). The complaints allege that certain officers and directors of Desktop Metal caused harm to the Company by violating Section 14(A) of the Exchange Act and SEC Rule 14a-9 and breaching their fiduciary duties by making false or misleading statements regarding EnvisionTEC's manufacturing and product compliance practice and procedures. The matters are stayed pending the outcome of Defendants' motion to dismiss in the D. Mass. securities class action.

As previously disclosed, on February 9, 2023, purported stockholder Jeffrey Schantz sent a demand letter to the company, requesting certain books and records of the company related to the December 8, 2020 transaction in which Trine Acquisition Corp. ("Trine"), a SPAC, merged with Desktop Metal.

On June 26, 2023 and June 27, 2023, purported stockholders Harold Weber and James Bruinsslot each sent demand letters to Desktop Metal requesting certain books and records of the company related to Desktop Metal's proposed merger with Stratasys Ltd. On June 27, 2023, June 29, 2023 and July 11, 2023, purported stockholders Donald Browning, Jeffrey D. Justice, II, Brian Warden, and Karl Cordes each sent demand letters to the Company alleging material misstatements and omissions in Desktop Metal's public disclosures made in connection with its proposed merger with Stratasys Ltd. Each of the stockholders requests that Desktop Metal disclose additional information related to Desktop Metal's and Stratasys' financial projections and the analysis performed by Desktop Metal's financial advisor Stifel Financial Corporation.

On June 27, 2023 and July 13, 2023, purported stockholders El Mehdi Modar and Gerald Lovoi filed two actions in the United States District Court for the Southern District of New York (Modar v. Desktop Metal, et al., Case No. 1:23-cv-05465, Lovoi v. Desktop Metal, et al., Case No. 1:23-cv-06035). The complaints allege that certain officers and directors of Desktop Metal violated Sections 14(a) and 20(a) of the Exchange Act by causing a materially incomplete and misleading registration statement to be filed with the SEC on June 20, 2023 in connection with Desktop Metal's proposed merger with Stratasys Ltd.

We also are subject to a variety of other claims and suits that arise from time to time in the ordinary course of our business. Although management currently believes that resolving claims against us, individually or in aggregate, will not have a material adverse impact in our condensed consolidated financial statements, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

The Company believes that these complaints are all without merit and intends to defend against them vigorously.

Item 1A. Risk Factors

Summary of Risk Factors

Our business is subject to numerous risks. Below is a summary of the principal factors that could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found under the heading "Risk Factors" immediately following this section and should be carefully considered, together with other information in this Quarterly Report on Form 10-Q and our other filings with the SEC, before making an investment decision regarding our Class A common stock.

- We may experience significant delays in the design, production and launch of our additive manufacturing solutions, and we may be unable to successfully commercialize products on our planned timelines.
- If demand for our products does not grow as expected, or if market adoption of additive manufacturing does not continue to develop, or develops more slowly than expected, our revenues may stagnate or decline, and our business may be adversely affected.
- The additive manufacturing industry in which we operate is characterized by rapid technological change, which requires us to continue to develop new products and innovations to meet constantly evolving customer demands and which could adversely affect market adoption of our products.
- We cannot guarantee that our restructuring activities and other cost savings measures will achieve their intended results.
- Difficulties or delays integrating the businesses and operations of acquired companies into Desktop Metal, or realizing the expected benefits of these acquisitions, may adversely affect the company's future results.
- We are an early-stage company with a history of losses. We have not been profitable historically and may not achieve or maintain profitability in the future.
- Future sales, or the perception of future sales, of our Class A common stock by us or our existing stockholders in the public market could cause the market price for our Class A common stock to decline.

Risk Factors

Our business is subject to numerous risks. You should carefully consider the risks and uncertainties described below and the other information in this Quarterly Report on Form 10-Q before making an investment decision regarding our Class A common stock. Our business, financial condition, results of operations, or prospects could be materially and adversely affected if any of these risks occurs, and as a result, the market price of our Class A common stock could decline, and you could lose all or part of your investment. This Quarterly Report on Form 10-Q also contains forward-looking statements that involve risks and uncertainties. See “Cautionary Note Regarding Forward-Looking Statements.” Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below.

Risks Related to Our Business and Industry

We may experience significant delays in the design, production and launch of our additive manufacturing solutions, and we may be unable to successfully commercialize products on our planned timelines.

Several of our announced additive manufacturing solutions are yet to be commercially released. There are often delays in the design, testing, manufacture and commercial release of new products, and any delay in the launch of our products could materially damage our brand, business, growth prospects, financial condition, and operating results. Even if we successfully complete the design, testing and manufacture for one or all of our products under development, we may fail to develop a commercially successful product on the timeline we expect for a number of reasons, including:

- misalignment between the products and customer needs;
- lack of innovation of the product;
- failure of the product to perform in accordance with the customer’s expectations or industry standards;
- ineffective distribution and marketing;
- delay in obtaining any required regulatory approvals;
- unexpected production costs; or
- release of competitive products.

Our success in the market for the products we develop will depend largely on our ability to prove our products’ capabilities in a timely manner. Upon demonstration, our customers may not believe that our products and/or technology have the capabilities they were designed to have or that we believe they have. Furthermore, even if we do successfully demonstrate our products’ capabilities, potential customers may be more comfortable doing business with another larger and more established company or may take longer than expected to make the decision to order our products. Significant revenue from new product investments may not be achieved for a number of years, if at all. If the timing of our launch of new products and/or of our customers’ acceptance of such products is different than our assumptions, our revenue and results of operations may be adversely affected.

We may experience significant delays or other obstacles in the design, production, launch and/or maintenance of produced parts offerings, and we may be unable to successfully commercialize said offerings.

We are building out produced parts offerings for customers, and produced parts is an existing offering of some of our recently-acquired businesses. These offerings present similar challenges and risks to those outlined herein with respect to the design, production, launch and profitability of new additive manufacturing solutions. We have a limited history operating in the direct manufacturing and produced parts businesses, and as a result we may face challenges in designing or delivering parts that meet customer specifications, both on time and cost-effectively. Additionally, our produced parts in the healthcare and dental industry may be subject to regulatory approvals and controls, which may delay the design, production or launch of products. In particular, we may fail to develop commercially successful produced parts offerings if we are unable to meet customer needs or industry standards, if we fail to meet our desired gross margins or customer price expectations, or if our marketing and distribution strategy proves ineffective.

If we are unsuccessful in establishing such offerings, sales of our additive manufacturing solutions and our overall operating results could suffer.

Our business activities have been disrupted and may continue to be disrupted by the COVID-19 pandemic.

In 2020 and 2021, the COVID-19 pandemic caused disruption and volatility in the global economy and capital markets, which increased the cost of capital and adversely impacted access to capital. Government-enforced travel bans and business closures around the world significantly impacted our ability to sell, install and service our additive manufacturing systems at customers around the world. The pandemic has, and may continue to, disrupt our third-party contract manufacturers and supply chain and delay payments from customers. We also experienced some delays in installation of our products at customers' facilities, which has and could lead to postponed revenue recognition for those transactions. In addition, installation delays could prevent us from achieving anticipated consumables revenues due to systems being put into operation later, or at lower utilization, than expected. Furthermore, if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, facility closures, remote working, or other restrictions in connection with the COVID-19 pandemic, our operations will likely be adversely impacted.

If future variants of COVID-19 cause any of these events to recur, we or our customers may be unable to perform fully on our contracts, which will likely result in increases in costs and reduction in revenue. These cost increases may not be fully recoverable or adequately covered by insurance. The long-term effects of COVID-19 to the global economy and to us are difficult to assess or predict and may include a further decline in the market prices of our products, risks to employee health and safety, risks for the deployment of our products and services and reduced sales in geographic locations impacted. Any prolonged restrictive measures put in place in order to control COVID-19 or other adverse public health developments in any of our targeted markets may have a material and adverse effect on our business operations and results of operations.

We cannot guarantee that our restructuring activities and other cost savings measures will achieve their intended results.

In June 2022, we implemented a strategic integration and cost savings initiative (the "Initiative") to match strategic and financial objectives and optimize resources for long term growth. In January 2023, we expanded the Initiative. We intend to implement additional cost savings measures in the future. We have incurred, and expect to continue to incur, substantial costs in connection with these initiatives. Our ability to achieve the anticipated cost savings and other benefits from these initiatives within the expected time frame is subject to many estimates and assumptions. There can be no assurance that the anticipated cost savings will be achieved, or that they will not be significantly and materially less than anticipated, or that the completion of such cost savings initiatives will be effectively accomplished. In addition, our ability to realize the anticipated cost savings are subject to significant business, economic and competitive uncertainties, and contingencies, many of which are beyond our control, such as operating difficulties, supply chain disruptions, local regulations, employment laws or general economic or industry conditions. If we fail to realize the anticipated cost savings, it could have a material negative impact on our results of operations and financial position.

In addition, our restructuring activities and cost savings initiatives may subject us to litigation risks and expenses and may have other consequences, such as attrition beyond our planned reduction in workforce, a negative effect on employee morale and productivity or a negative effect on our ability to attract highly skilled employees. Our competitors may use our restructuring plans to seek to gain a competitive advantage over us. As a result, our restructuring plans and cost savings initiatives may affect our revenue and operating results in the future.

Changes in our product mix may impact our gross margins and financial performance.

Our financial performance may be affected by the mix of products and services we sell during a given period. Our products are sold, and will continue to be sold, at different price points. Sales of certain of our products have, or are expected to have, higher gross margins than others. If our product mix shifts too far into lower gross margin products, and we are not able to sufficiently reduce the engineering, production and other costs associated with those products or substantially increase the sales of our higher gross margin products, our profitability could be reduced. Additionally, the introduction of new products or services may further heighten quarterly fluctuations in gross profit and gross profit margins due to manufacturing ramp-up and start-up costs. We may experience significant quarterly fluctuations in gross profit margins or operating income or loss due to the impact of the mix of products, channels, or geographic areas in which we sell our products from period to period. Our financial performance also depends on the portion of our

produced parts revenue supplied using additive manufacturing processes, which may enable higher gross margins and operational efficiencies as compared to conventional manufacturing technologies.

If we fail to meet our customers' price expectations, demand for our products and product lines could be negatively impacted and our business and results of operations could suffer.

Demand for our product lines is sensitive to price. We believe our competitive pricing has been an important factor in our results to date. Therefore, changes in our pricing strategies can have a significant impact on our business and ability to generate revenue. Many factors, including our production and personnel costs and our competitors' pricing and marketing strategies, can significantly impact our pricing strategies. If we fail to meet our customers' price expectations in any given period, demand for our products and product lines could be negatively impacted and our business and results of operations could suffer.

If demand for our products does not grow as expected, or if market adoption of additive manufacturing does not continue to develop, or develops more slowly than expected, our revenues may stagnate or decline, and our business may be adversely affected.

The industrial manufacturing market, which today is dominated by conventional manufacturing processes that do not involve 3D printing technology, is undergoing a shift towards additive manufacturing. We may not be able to develop effective strategies to raise awareness among potential customers of the benefits of additive manufacturing technologies or our products may not address the specific needs or provide the level of functionality or economics required by potential customers to encourage the continuation of this shift towards additive manufacturing. If additive manufacturing technology does not continue to gain broader market acceptance as an alternative to conventional manufacturing processes, or does so more slowly than anticipated, or if the marketplace adopts additive manufacturing technologies that differ from our technologies, we may not be able to increase or sustain the level of sales of our products, and our operating results would be adversely affected as a result.

Declines in the prices of our products and services, or in our volume of sales, together with our relatively inflexible cost structure, may adversely affect our financial results.

Our business is subject to price competition. Such price competition may adversely affect our results of operation, especially during periods of decreased demand. Decreased demand also adversely impacts the volume of our systems sales. If our business is not able to offset price reductions resulting from these pressures, or decreased volume of sales due to contractions in the market, by improved operating efficiencies and reduced expenditures, then our operating results will be adversely affected.

Certain of our operating costs are fixed and cannot readily be reduced, which diminishes the positive impact of our restructuring programs on our operating results. To the extent the demand for our products slows, or the additive manufacturing market contracts, we may be faced with excess manufacturing capacity and related costs that cannot readily be reduced, which will adversely impact our financial condition and results of operations.

Our business model is predicated, in part, on building a customer base that will generate a recurring stream of revenues through the sale of our consumables and service contracts. If that recurring stream of revenues does not develop as expected, or if our business model changes as the industry evolves, our operating results may be adversely affected.

Our business model is dependent, in part, on our ability to maintain and increase sales of our proprietary consumables and service contracts as they generate recurring revenues. Existing and future customers of our systems may not purchase our consumables or related service contracts at the rate we expect for certain product lines or at the same rate at which customers currently purchase those consumables and services. In addition, our entry-level systems focused on low-volume production generally use a lower volume of consumables relative to our volume throughput systems focused on high-volume production. If our current and future customers purchase a lower volume of our consumable materials or service contracts, or if our entry-level systems represent an increasing percentage of our future installed customer base, resulting overall in lower purchases of consumables and service contracts on average than our current installed customer base or than we expect, our recurring revenue stream relative to our total revenues would be reduced and our operating results would be adversely affected.

Defects in new products or in enhancements to our existing products that give rise to product returns or warranty or other claims could result in material expenses, diversion of management time and attention and damage to our reputation.

Our additive manufacturing solutions are complex and may contain undetected defects or errors when first introduced or as enhancements are released that, despite testing, are not discovered until after a machine has been used. This could result in delayed market acceptance of those products or claims from resellers, customers, or others, which may result in litigation, increased end user warranty, support and repair or replacement costs, damage to our reputation and business, or significant costs and diversion of support and engineering personnel to correct the defect or error. We may from time to time become subject to warranty or product liability claims related to product quality issues that could lead us to incur significant expenses.

We attempt to include provisions in our agreements with customers that are designed to limit our exposure to potential liability for damages arising from defects or errors in our products. However, it is possible that these limitations may not be effective as a result of unfavorable judicial decisions or laws enacted in the future.

The sale and support of our products entails the risk of product liability claims. Any product liability claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, damage to our business and reputation and brand, and cause us to fail to retain existing customers or to fail to attract new customers.

Our operations could suffer if we are unable to attract and retain key management or other key employees.

We believe our success has depended, and continues to depend, on the efforts and talents of our senior management and other key personnel, including, in particular, our Co-Founder, Chief Executive Officer, and Chairman, Ric Fulop. Our executive team is critical to the management of our business and operations, as well as to the development of our strategy. Members of our senior management team may resign at any time. The loss of the services of any members of our senior management team, especially Mr. Fulop, could delay or prevent the successful implementation of our strategy or our commercialization of new applications for our systems or other products, or could otherwise adversely affect our ability to manage our company effectively and carry out our business plan. There is no assurance that if any senior executive leaves in the future, we will be able to rapidly replace him or her and transition smoothly towards his or her successor, without any adverse impact on our operations.

To support the continued growth of our business, we may need to effectively recruit and hire new employees, and we need to effectively integrate, develop, motivate, and retain new and existing employees. High demand exists for senior management and other key personnel (including scientific, technical, engineering, financial and sales personnel) in the additive manufacturing industry, and there can be no assurance that we will be able to retain our current key personnel. We experience intense competition for qualified personnel. While we intend to continue to provide competitive compensation packages to attract and retain key personnel, some of our competitors for these employees have greater resources and more experience, making it difficult for us to compete successfully for key personnel. Moreover, new employees may not become as productive as we expect since we may face challenges in adequately integrating them into our workforce and culture. If we cannot attract and retain sufficiently qualified technical employees for our research product development activities, as well as experienced sales and marketing personnel, we may be unable to develop and commercialize new products or new applications for existing products. Furthermore, possible shortages of key personnel, including engineers, in the regions surrounding our Boston facility could require us to pay more to hire and retain key personnel, thereby increasing our costs. Since March 2020, we have had many employees working remotely to protect the health and safety of our employees, contractors, customers, and visitors. We also shifted customer, industry, and other stakeholder events to virtual-only experiences, and may continue to conduct future events virtually. Given our limited history with remote operations, the long-term impacts are uncertain.

Departing employees' knowledge of our business and industry can be extremely difficult to replace and provides their future employers with a competitive advantage. Where applicable law permits, we generally enter into non-competition agreements with our employees. These agreements prohibit our employees from competing directly with us or working for our competitors or clients while they work for us, and in some cases, for a limited period after they cease working for us. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work, and it may be difficult for us to restrict our competitors from benefiting from the expertise that our former employees or consultants developed while working for us. If we cannot demonstrate that our legally protectable interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished.

If we fail to grow our business as anticipated, our net sales, gross margin and operating margin will be adversely affected. If we grow as anticipated but fail to manage our growth and expand our operations accordingly, our business may be harmed and our results of operation may suffer.

Over the past several years, we have experienced rapid growth, and we are attempting to continue to grow our business substantially. To this end, we have made, and expect to continue to make, significant investments in our business, including investments in our infrastructure, technology, marketing, and sales efforts. These investments include dedicated facilities expansion and increased staffing, both domestic and international. If our business does not generate the level of revenue required to support our investment, our net sales and profitability will be adversely affected.

Our ability to effectively manage our anticipated growth and expansion of our operations will also require us to enhance our operational, financial and management controls and infrastructure, human resources policies and reporting systems. These enhancements and improvements may require significant capital expenditures, investments in additional headcount and other operating expenditures and allocation of valuable management and employee resources. Our future financial performance and our ability to execute on our business plan will depend, in part, on our ability to effectively manage any future growth and expansion. There are no guarantees we will be able to do so in an efficient or timely manner, or at all.

We may experience significant delays or obstacles to realizing the success of our Desktop Labs platform and Desktop Health product offerings.

The Desktop Labs platform and our Desktop Health products aim to leverage our proprietary additive manufacturing technologies and materials to grow the market for existing applications in the dental market and identify, develop and/or commercialize future solutions in the healthcare and dental markets for personalized patient care spanning dentistry, orthodontics, dermatology, orthopedics, cardiology, plastic surgery and printed regenerative tissues and grafts. These businesses operate in a highly competitive space which may make it difficult for us to implement business plans and expectations and identify and realize opportunities. In addition, their technology, products, materials, and applications may be subject to strict regulatory requirements in the United States and other countries. The regulatory approval or clearance process may be lengthy and costly, and regulatory requirements may impact the timing of, or our ability to, commercialize the regulated technology, products, materials, and applications. The success of these parts of our business will also depend on our ability to attract, hire, and retain qualified personnel, establish sales, marketing and distribution infrastructure, and establish and maintain supply and manufacturing relationships.

Our existing and planned global operations subject us to a variety of risks and uncertainties that could adversely affect our business and operating results. Our business is subject to risks associated with selling machines and other products in non-United States locations.

Our products and services are distributed in more than 40 countries around the world, and we derive a substantial percentage of our sales from these international markets. In 2022, we derived approximately 35% of our revenues from countries outside the United States. Accordingly, we face significant operational risks from doing business internationally.

Our operating results may be affected by volatility in currency exchange rates and our ability to effectively manage our currency transaction risks. We incur currency transaction risks if we were to enter into either a purchase or a sale transaction using a different currency from the currency in which we report revenues. In such cases we may suffer an exchange loss because we do not currently engage in currency swaps or other currency hedging strategies to address this risk. As we realize our strategy to expand internationally, our exposure to currency risks may increase. Given the volatility of exchange rates, we can give no assurance that we will be able to effectively manage our currency transaction risks or that any volatility in currency exchange rates will not have an adverse effect on our results of operations.

Other risks and uncertainties we face from our global operations include:

- difficulties in staffing and managing foreign operations;
- limited protection for the enforcement of contract and intellectual property rights in certain countries where we may sell our products or work with suppliers or other third parties;

- potentially longer sales and payment cycles and potentially greater difficulties in collecting accounts receivable;
- costs and difficulties of customizing products for foreign countries;
- challenges in providing solutions across a significant distance, in different languages and among different cultures;
- laws and business practices favoring local competition;
- being subject to a wide variety of complex foreign laws, treaties and regulations and adjusting to any unexpected changes in such laws, treaties and regulations;
- specific and significant regulations, including the European Union's General Data Protection Regulation, or GDPR, which imposes compliance obligations on companies who possess and use data of EU residents;
- uncertainty and resultant political, financial and market instability arising from the United Kingdom's exit from the European Union;
- compliance with U.S. laws affecting activities of U.S. companies abroad, including the U.S. Foreign Corrupt Practices Act;
- tariffs, trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets;
- operating in countries with a higher incidence of corruption and fraudulent business practices;
- changes in regulatory requirements, including export controls, tariffs and embargoes, other trade restrictions, competition, corporate practices, and data privacy concerns;
- potential adverse tax consequences arising from global operations;
- seasonal reductions in business activity in certain parts of the world, particularly during the summer months in Europe and at year end globally;
- rapid changes in government, economic and political policies and conditions; and
- political or civil unrest or instability, terrorism or epidemics and other similar outbreaks or events.

In addition, additive manufacturing has been identified by the U.S. government as an emerging technology and is currently being further evaluated for national security impacts. We expect additional regulatory changes to be implemented that will result in increased and/or new export controls related to 3D printing technologies, components and related materials and software. These changes, if implemented, may result in our being required to obtain additional approvals and/or licenses to sell 3D printers in the global market.

Additionally, we have teams that are engaged in marketing, selling, and supporting our products internationally, and we must hire and train experienced personnel to staff and manage our foreign operations. To the extent that we experience difficulties in recruiting, training, managing, and retaining international employees, particularly managers and other members of our international sales team, we may experience difficulties in sales productivity in international markets.

Our failure to effectively manage the risks and uncertainties associated with our global operations could limit the future growth of our business and adversely affect our business and operating results.

Global economic, political and social conditions and uncertainties in the markets that we serve may adversely impact our business.

Our performance depends on the financial health and strength of our customers, which in turn is dependent on the economic conditions of the markets in which we and our customers operate. A decline in the global economy, difficulties in the financial services sector and credit markets, continuing geopolitical uncertainties and other macroeconomic factors all affect the spending behavior of potential customers. The economic uncertainty in Europe, the United States, India, China, and other countries may cause end-users to further delay or reduce technology purchases.

We also face risks from financial difficulties or other uncertainties experienced by our suppliers, distributors or other third parties on which we rely. If third parties are unable to supply us with required materials or components or otherwise assist us in operating our business, our business could be harmed.

For example, the possibility of an ongoing trade war between the United States and China may impact the cost of raw materials, finished products or components used in our products and our ability to sell our products in China. Other changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment could also adversely affect our business. In addition, the United Kingdom's exit from the European Union on January 31, 2020 may result in increased costs of barriers to trade, and uncertainty surrounding this transition may have an effect on global economic conditions and the stability of global financial markets, which in turn could have a material adverse effect on our business, financial condition, and results of operations. If global economic conditions remain volatile for a prolonged period or if European economies experience further disruption, our results of operations could be adversely affected.

In the future, some of our arrangements for additive manufacturing solutions may contain customer-specific provisions that may impact the period in which we recognize the related revenues under GAAP.

Some customers that purchase additive manufacturing solutions from us may require specific, customized factors relating to their intended use of the solution or the installation of the product in the customers' facilities. These specific, customized factors are occasionally required by the customers to be included in our commercial agreements relating to the purchases. As a result, our responsiveness to our customers' specific requirements has the potential to impact the period in which we recognize the revenue relating to that additive manufacturing system sale.

Similarly, some of our customers must build or prepare facilities to install a subset of our additive manufacturing solutions, and the completion of such projects can be unpredictable, which can impact the period in which we recognize the revenue relating to that additive manufacturing solution sale.

We rely on our information technology systems to manage numerous aspects of our business and a disruption of these systems could adversely affect our business.

We rely on our information technology systems to manage numerous aspects of our business, including to efficiently purchase products from our suppliers, provide procurement and logistic services, ship products to our customers, manage our accounting and financial functions, including our internal controls, and maintain our research and development data. Our information technology systems are an essential component of our business and any disruption could significantly limit our ability to manage and operate our business efficiently. A failure of our information technology systems to perform properly could disrupt our supply chain, product development and customer experience, which may lead to increased overhead costs and decreased sales and have an adverse effect on our reputation and our financial condition. In addition, during the COVID-19 pandemic, a substantial portion of our employees have conducted work remotely, making us more dependent on potentially vulnerable communications systems and making us more vulnerable to cyberattacks.

Although we take steps and incur significant costs to secure our information technology systems, including our computer systems, intranet and internet sites, email and other telecommunications and data networks, our security measures may not be effective, and our systems may be vulnerable to damage or interruption. Disruption to our information technology systems could result from power outages, computer and telecommunications failures, computer viruses, cyber-attack or other security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war, terrorism and usage errors by our employees.

Our reputation and financial condition could be adversely affected if, as a result of a significant cyber-event or otherwise:

- our operations are disrupted or shut down;
- our confidential, proprietary information is stolen or disclosed;
- we incur costs or are required to pay fines in connection with stolen customer, employee or other confidential information;
- we must dedicate significant resources to system repairs or increase cyber security protection; or
- we otherwise incur significant litigation or other costs.

If our computer systems are damaged or cease to function properly, or, if we do not replace or upgrade certain systems, we may incur substantial costs to repair or replace them and may experience an interruption of our normal business activities or loss of critical data. Any such disruption could adversely affect our reputation and financial condition.

Additionally, some of the companies we acquire may not have the same level of information technology systems which may require that we invest significant resources to get those systems to the level of security we require.

We also rely on information technology systems maintained by third parties, including third-party cloud computing services and the computer systems of our suppliers for both our internal operations and our customer-facing infrastructure related to our additive manufacturing solutions. These systems are also vulnerable to the types of interruption and damage described above but we have less ability to take measures to protect against such disruptions or to resolve them if they were to occur. Information technology problems faced by third parties on which we rely could adversely impact our business and financial condition as well as negatively impact our brand reputation.

If we fail to implement or are delayed in the implementation of our new ERP system platform, we may not be able to effectively transact our business or produce our financial statements on a timely basis and without incurrence of additional costs, which would adversely affect our business, results of operations and cash flows.

We are currently implementing Oracle Enterprise Resource Planning, or ERP, to manage enterprise functions for our significant subsidiaries. This integration involves significant complexity, requiring us to move and reconfigure all of our current system processes, transactions, data and controls to a new platform. Due to this complexity and the scope and volume of changes involved in this implementation, we may experience delays and higher than planned resource needs in our migration efforts. Although we will conduct testing, assessments and validation to ensure that our internal financial and accounting controls will be effective post-implementation, we may nevertheless experience difficulties in transacting our business due to system challenges, delays or process deficiencies following the initial launch of the system, which could impair our ability to conduct our business or to produce accurate financial statements on a timely basis. If our ability to conduct our business or to produce accurate financial statements on a timely basis is impaired, our business, results of operations and cash flows would be adversely affected.

Our current levels of insurance may not be adequate for our potential liabilities.

We maintain insurance to cover our potential exposure for most claims and losses, including potential product and non-product related claims, lawsuits and administrative proceedings seeking damages or other remedies arising out of our commercial operations. However, our insurance coverage is subject to various exclusions, self-retentions and deductibles. We may be faced with types of liabilities that are not covered under our insurance policies, such as environmental contamination or terrorist attacks, or that exceed our policy limits. Even a partially uninsured claim of significant size, if successful, could have an adverse effect on our financial condition.

In addition, we may not be able to continue to obtain insurance coverage on commercially reasonable terms, or at all, our existing policies may be cancelled or otherwise terminated by the insurer, and/or the companies that we acquire may not be eligible for certain types or limits of insurance. Maintaining adequate insurance and successfully accessing insurance coverage that may be due for a claim can require a significant amount of our management's time, and we may be forced to spend a substantial amount of money in that process.

Due to our acquisition activity, the existing information technology systems and cyber controls of the acquired entities and integration efforts with respect thereto, as well as the state of the cyber insurance market generally, the costs for our cyber insurance increased in 2022, and the cost of such insurance could continue to increase for future policy periods. Our cyber insurance coverage does not extend to all of our group companies and while we are working to implement better cyber controls and infrastructure for these entities, we may continue to be unable to secure cyber risk coverage for them for future periods. Moreover, the scope and limits of our cyber insurance coverage may not be sufficient or available to cover all expenses or other losses, including fines, or all types of claims that may arise in connection with cyberattacks, security compromises, and other related incidents.

Uncertainty and instability resulting from the conflict between Russia and Ukraine could negatively impact our business, financial condition and operations.

The ongoing war in Ukraine could negatively impact global and regional financial markets which could result in businesses postponing spending in response to tighter credit, higher unemployment, financial market volatility, negative financial news, and other factors. In addition, our suppliers and contractors may have staff, operations, materials, or equipment located in the Ukraine or Russia which could impact our supply chain or services being provided to us. Moreover, we outsource some of our software development and design to third-party contractors that have employees and consultants located in Ukraine, Russia and/or Belarus. Poor relations between the United States and Russia, sanctions by the United States and the European Union against Russia, and any escalation of political tensions or economic instability in the area could have an adverse impact on our third-party contractors. In particular, Russia's invasion of Ukraine and the increased tensions among the United States, the North Atlantic Treaty Organization and Russia could increase the scope of armed conflict, cyberwarfare and economic instability that could disrupt or delay the operations of these resources in Russia, Belarus and/or Ukraine, disrupt or delay communication with such resources or the flow of funds to support their operations, or otherwise render our resources unavailable.

The additive manufacturing industry in which we operate is characterized by rapid technological change, which requires us to continue to develop new products and innovations to meet constantly evolving customer demands and which could adversely affect market adoption of our products.

Our revenues are derived from the sale of additive manufacturing systems, produced parts, and consumables and services. We have encountered and will continue to encounter challenges experienced by growing companies in a market subject to rapid innovation and technological change. While we intend to invest substantial resources to remain on the forefront of technological development, continuing advances in additive manufacturing technology, changes in customer requirements and preferences and the emergence of new standards, regulations and certifications could adversely affect adoption of our products either generally or for particular applications. Our ability to compete in the additive manufacturing market depends, in large part, on our success in developing and introducing new additive manufacturing systems and technology, in improving our existing products and technology and qualifying new materials which our systems can support. We believe that we must continuously enhance and expand the functionality and features of our products and technologies in order to remain competitive. However, we may not be able to:

- develop cost-effective new products and technologies that address the increasingly complex needs of prospective customers;
- enhance our existing products and technologies;
- respond to technological advances and emerging industry standards and certifications on a cost-effective and timely basis;
- adequately protect our intellectual property as we develop new products and technologies;
- identify the appropriate technology or product to which to devote our resources; or
- ensure the availability of cash resources to fund research and development.

Even if we successfully introduce new additive manufacturing products and technologies and enhance our existing products and technologies, it is possible that these will eventually supplant our existing products or that our competitors will develop new products and technologies that will replace our own. As a result, any of our products may be rendered obsolete or uneconomical by our or our competitors' technological advances, leading to a loss in market share, decline in revenue and adverse effects to our business and prospects.

The additive manufacturing industry is competitive. We expect to face increasing competition in many aspects of our business, which could cause our operating results to suffer.

The additive manufacturing industry in which we operate is fragmented and competitive. We compete for customers with a wide variety of producers of additive manufacturing and/or 3D printing equipment that creates 3D objects and end-use parts, as well as with providers of materials and services for this equipment. Some of our existing and potential competitors are researching, designing, developing, and marketing other types of products and services that may render our existing or future products obsolete, uneconomical, or less competitive. Existing and potential competitors may also have substantially greater financial, technical, marketing and sales, manufacturing, distribution, and other resources than we do, including name recognition, as well as experience and expertise in intellectual property rights and operating within certain international markets, any of which may enable them to compete effectively against us. For example, a number of companies that have substantial resources have announced that they are beginning production of 3D printing systems, which will further enhance the competition we face.

Future competition may arise from the development of allied or related techniques for equipment, materials and services that are not encompassed by our patents, from the issuance of patents to other companies that may inhibit our ability to develop certain products and from improvements to existing technologies.

We intend to continue to follow a strategy of continuing product development and distribution network expansion to enhance our competitive position to the extent practicable. But we cannot assure you that we will be able to maintain our current position or continue to compete successfully against current and future sources of competition. If we do not keep pace with technological change and introduce new products and technologies, demand for our products may decline, and our operating results may suffer.

Because the additive manufacturing market is rapidly evolving, forecasts of market growth in this Quarterly Report on Form 10-Q may not be accurate.

Market opportunity estimates and growth forecasts included in this Quarterly Report on Form 10-Q are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The forecasts and estimates in this Quarterly Report on Form 10-Q relating to the expected size and growth of the markets for additive manufacturing technology and other markets in which we participate may prove to be inaccurate. Even if these markets experience the forecasted growth described in this Quarterly Report on Form 10-Q, we may not grow our business at similar rates, or at all. Our future growth is subject to many factors, including market adoption of our products, which is subject to many risks and uncertainties. Accordingly, the forecasts and estimates of market size and growth described in this Quarterly Report on Form 10-Q, including our estimates that the size of the total addressable market is expected to be more than \$100 billion in 2030, should not be taken as indicative of our future growth. In addition, these forecasts do not consider the impact of the COVID-19 pandemic, and we cannot assure you that these forecasts will not be materially and adversely affected as a result.

Risks Related to Acquisitions

Difficulties or delays integrating the businesses and operations of acquired companies into Desktop Metal, or realizing the expected benefits of these acquisitions, may adversely affect the company's future results.

Acquisitions involve numerous risks, any of which could harm our business and negatively affect our financial condition and results of operations. The success of our acquisitions, including EnvisionTEC and ExOne, will depend in part on our ability to realize the anticipated business opportunities from combining the operations of acquired companies with our business in an efficient and effective manner. Ongoing and expanded integration processes could take longer than anticipated and could result in the loss of key employees, the disruption of each company's ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, employees or other third parties, or our ability to achieve the anticipated benefits of the acquisitions, and could harm our financial performance. Specifically, our ability to address the following integration matters may impact realization of anticipated benefits of our acquisitions:

- combining the operations and corporate functions of acquired companies;

- meeting the capital requirements of the acquired companies, in a manner that permits us to achieve any cost savings or other synergies anticipated to result from the acquisitions;
- integrating and unifying the offerings and services available to customers;
- identifying and eliminating redundant and underperforming functions, product lines and assets;
- harmonizing the acquired companies' operating practices, employee development and compensation programs, internal controls and other policies, procedures and processes;
- consolidating the acquired companies' administrative and information technology infrastructure; and
- coordinating distribution efforts.

If we are unable to successfully or timely integrate the operations of acquired companies with our business, we may incur unanticipated liabilities and be unable to realize the revenue growth, synergies and other anticipated benefits resulting from the acquisitions, and our business, results of operations and financial condition could be materially and adversely affected.

In addition, at times the attention of certain management individuals may be focused on the integration of the acquired businesses and diverted from day-to-day business operations or other opportunities that may have been beneficial to us, which may disrupt our ongoing business.

We have incurred significant costs in connection with our acquisitions. The substantial majority of these costs are non-recurring acquisition expenses. These non-recurring costs and expenses are reflected in the condensed consolidated financial statements included in this Annual Report on Form 10-K. We may incur additional costs in the integration of acquired companies and may not achieve cost synergies and other benefits sufficient to offset the incremental costs of these acquisitions.

As part of our growth strategy, we may acquire or make investments in other businesses, patents, technologies, products or services. Our efforts to do so, or our failure to do so successfully, could disrupt our business and have an adverse impact on our financial condition.

As part of our business strategy, we may acquire and invest in other companies, patents, technologies, products and/or services. To the extent we seek to grow our business through acquisitions, we may not be able to successfully identify attractive acquisition opportunities or consummate any such acquisitions if we cannot reach an agreement on commercially favorable terms, if we lack sufficient resources to finance the transaction on our own and cannot obtain financing at a reasonable cost or if regulatory authorities prevent such transaction from being consummated. The identification of potential targets, negotiation with targets and due diligence may divert management's attention from their day-to-day responsibilities and require the incurrence of related costs. In addition, competition for acquisitions in the markets in which we operate during recent years has increased, and may continue to increase, which may result in an increase in the costs of acquisitions or cause us to refrain from making certain acquisitions. We may not be able to complete future acquisitions on favorable terms, if at all.

If we do complete future acquisitions, we cannot assure you that they will ultimately strengthen our competitive position or that they will be viewed positively by customers, financial markets, or investors. Furthermore, future acquisitions could pose numerous additional risks to our operations, including:

- diversion of management's attention from their day-to-day responsibilities;
- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs, which would be recognized as a current period expense;
- problems integrating the purchased business, products or technologies;
- challenges in achieving strategic objectives, cost savings and other anticipated benefits;

- inability to maintain relationships with key customers, suppliers, vendors and other third parties on which the purchased business relies;
- the difficulty of incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand;
- difficulty in maintaining controls, procedures, and policies during the transition and integration;
- challenges in integrating the new workforce and the potential loss of key employees, particularly those of the acquired business; and
- use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition.

If we proceed with a particular acquisition, we may have to use cash, issue new equity securities with dilutive effects on existing shareholders, incur indebtedness, assume contingent liabilities, or amortize assets or expenses in a manner that might have a material adverse effect on our financial condition and results of operations. Acquisitions will also require us to record certain acquisition-related costs and other items as current period expenses, which would have the effect of reducing our reported earnings in the period in which an acquisition is consummated. In addition, we could also face unknown liabilities or write-offs due to our acquisitions, which could result in a significant charge to our earnings in the period in which they occur. We will also be required to record goodwill or other long-lived asset impairment charges (if any) in the periods in which they occur, which could result in a significant charge to our earnings in any such period.

Achieving the expected returns and synergies from future acquisitions will depend, in part, upon our ability to integrate the products and services, technology, administrative functions and personnel of these businesses into our product lines in an efficient and effective manner. We cannot assure you that we will be able to do so, that our acquired businesses will perform at levels and on the timelines anticipated by our management or that we will be able to obtain these synergies. In addition, acquired technologies and intellectual property may be rendered obsolete or uneconomical by our own or our competitors' technological advances. Management resources may also be diverted from operating our existing businesses to certain acquisition integration challenges. If we are unable to successfully integrate acquired businesses, our anticipated revenues and profits may be lower. Our profit margins may also be lower, or diluted, following the acquisition of companies whose profit margins are less than those of our existing businesses.

Risks Related to Our Financial Position and Need for Additional Capital

We are an early-stage company with a history of losses. We have not been profitable historically and may not achieve or maintain profitability in the future.

We experienced net losses in each year from our inception, including net losses of \$740.3 million and \$240.3 million for the years ended December 31, 2022, and 2021, respectively, and \$102.4 million for the six months ended June 30, 2023. We believe we will continue to incur operating losses and negative cash flow in the near-term as we continue to invest significantly in our business, in particular across our research and development efforts and sales and marketing programs. These investments may not result in increased revenue or growth in our business or enable us to achieve profitability.

In addition, as a public company, we incur significant additional legal, accounting and other expenses. We will also incur additional legal, accounting and other expenses in connection with acquisitions and integration activities associated therewith. These increased expenditures may make it harder for us to achieve and maintain future profitability. Revenue growth and growth in our customer base may not be sustainable, and we may not achieve sufficient revenue to achieve or maintain profitability. We may incur significant losses in the future for a number of reasons, including due to the other risks described in this Quarterly Report on Form 10-Q, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown events. As a result, our losses may be larger than anticipated, we may incur significant losses for the foreseeable future, and we may not achieve profitability, and even if we do, we may not be able to maintain or increase profitability. Furthermore, if our future growth and operating performance fail to meet investor or securities analyst expectations, or if we have future negative cash flow or losses resulting from our investment in acquiring customers or expanding our operations, this could have a material adverse effect on our business, financial condition, and results of operations.

Our limited operating history and rapid growth makes evaluating our current business and future prospects difficult and may increase the risk of your investment.

Much of our growth has occurred in recent periods. Our limited operating history may make it difficult for you to evaluate our current business and our future prospects, as we continue to grow our business. Our ability to forecast our future operating results is subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly evolving industries, as we continue to grow our business. If our assumptions regarding these uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, our business could suffer, and the trading price of our stock may decline.

We may fail to meet our publicly announced guidance or other expectations about our business, which would cause our stock price to decline.

We provide guidance regarding our expected revenue and Adjusted EBITDA, and we may in the future provide guidance regarding other measures of financial and business performance.

It is difficult to predict our future revenues and appropriately budget for our expenses, and we have limited insight into trends that may emerge and affect our business. Correctly predicting future events is inherently an uncertain process, and our guidance may not ultimately be accurate. Our guidance is based on certain assumptions such as anticipated production and sales volumes, material costs and planned cost reductions. In addition, we have implemented, and in the foreseeable future expect to continue to implement, a number of cost saving measures in order to contain costs from our acquisitions. Those measures may not have their intended effect, and we may not adequately be able to implement them. Even if the measures we implement lead to cost savings, those cost savings may not be sufficient, or we may be unable to sustain the cost savings that we achieve. Our ability to achieve the anticipated cost savings and other benefits from these measures within the expected time frames is subject to many estimates and assumptions, and depends on many factors, some of which are beyond our control. If actual results differ from our guidance or from the expectations of securities analysts or investors, or we adjust our guidance in future periods, whether as a result of our inability to successfully implement our cost saving measures or because of other factors, the market value of our common stock could decline significantly.

Our operating results and financial condition may fluctuate from period to period.

Our operating results and financial condition fluctuate from quarter-to-quarter and year-to-year and are likely to continue to vary due to a number of factors, many of which will not be within our control. Both our business and the additive manufacturing industry are changing and evolving rapidly, and our historical operating results may not be useful in predicting our future operating results. If our operating results do not meet the guidance that we provide to the marketplace or the expectations of securities analysts or investors, the market price of our Class A common stock will likely decline. Fluctuations in our operating results and financial condition may be due to a number of factors, including:

- the degree of market acceptance of our products and services;
- our ability to compete with competitors and new entrants into our markets;
- the mix of products and services that we sell during any period;
- the timing of our sales and deliveries of our products to customers;
- the geographic distribution of our sales;
- changes in our pricing policies or those of our competitors, including our response to price competition;
- changes in the amount that we spend to develop and manufacture new products or technologies;
- changes in the amounts that we spend to promote our products and services;

- changes in the cost of satisfying our warranty obligations and servicing our installed customer base;
- expenses and/or liabilities resulting from litigation;
- delays between our expenditures to develop and market new or enhanced solutions and the generation of revenue from those solutions;
- unforeseen liabilities or difficulties in integrating our acquisitions or newly acquired businesses;
- disruptions to our information technology systems or our third-party contract manufacturers;
- general economic and industry conditions that effect customer demand;
- seasonal reductions in business activity in certain parts of the world, particularly during the summer months in Europe;
- the impact of the COVID-19 pandemic on our customers, suppliers, manufacturers, and operations; and
- changes in accounting rules and tax laws.

In addition, our revenues and operating results may fluctuate from quarter-to-quarter and year-to-year due to our sales cycle and seasonality among our customers. Generally, our additive manufacturing solutions are subject to the adoption and capital expenditure cycles of our customers. As a result, we typically conduct a larger portion of our business during the fourth quarter of our fiscal year relative to the other quarters. Our quarterly sales also have often reflected a pattern in which a disproportionate percentage of each quarter's total sales occurs towards the end of the quarter. This uneven sales pattern makes predicting revenue, earnings, cash flow from operations, adjusted EBITDA and working capital for each period difficult, increases the risk of unanticipated variations in our quarterly results and financial condition, and places pressure on our inventory management and logistics systems. We face a number of uncertainties related to our ability to achieve our targets in a given quarter, including: we may be unable to obtain materials as a result of global supply chain issues, our customers may decline or be unable to take delivery of products during holidays, and we may not receive our expected level of purchase orders or payments. If these or other events were to occur, our results for a given quarter could be negatively impacted and may vary materially and adversely from our stated expectations and the estimates or expectations of securities research analysts, investors, and other market participants.

Additionally, for our more complex solutions, which may require customers to make additional facilities investment, potential customers may spend a substantial amount of time performing internal assessments prior to making a purchase decision. This may cause us to devote significant effort in advance of a potential sale without any guarantee of receiving any related revenues. As a result, revenues and operating results for future periods are difficult to predict with any significant degree of certainty, which could lead to adverse effects on our inventory levels and overall financial condition.

Due to the foregoing factors, and the other risks discussed in this Quarterly Report on Form 10-Q, you should not rely on quarter-over-quarter and year-over-year comparisons of our operating results as an indicator of our future performance.

We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all.

We have funded our operations since inception primarily through debt and equity financings and sales. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges and opportunities, including the need to develop new features or enhance our products, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds if our existing sources of cash and any funds generated from operations do not provide us with sufficient capital. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms

favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges and opportunities could be significantly impaired, and our business may be adversely affected.

Bank failures or other events affecting financial institutions could have a material adverse effect on our business, financial condition or liquidity, or have other adverse consequences.

We maintain the majority of our cash and cash equivalents in accounts with major financial institutions, and our deposits at certain of these institutions exceed insurance limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business, financial condition, and liquidity.

Risks Related to Third Parties

We could be subject to personal injury, property damage, product liability, warranty and other claims involving allegedly defective products that we supply.

The products we supply are sometimes used in potentially hazardous or critical applications, such as the assembled parts of an aircraft, medical device or automobile, that could result in death, personal injury, property damage, loss of production, punitive damages, and consequential damages. While we have not experienced any such claims to date, actual or claimed defects in the products we supply could result in our being named as a defendant in lawsuits asserting potentially large claims.

We attempt to include legal provisions in our agreements with customers that are designed to limit our exposure to potential liability for damages arising from defects or errors in our products. However, it is possible that these limitations may not be effective as a result of unfavorable judicial decisions or laws enacted in the future. Any such lawsuit, regardless of merit, could result in material expense, diversion of management time and efforts and damage to our reputation, and could cause us to fail to retain or attract customers, which could adversely affect our results of operations.

We depend on our network of resellers and our business could be adversely affected if they do not perform as expected.

We rely heavily on our global network of resellers to sell our products and to provide installation and support services to customers in their respective geographic regions. These resellers may not be as effective in selling our products or installing and supporting our customers as we expect. Further, our contracts with our resellers provide for termination for convenience, and if our contracts with a significant number of resellers, or with the most effective resellers, were to terminate or if they would otherwise fail or refuse to sell certain of our products, we may not be able to find replacements that are as qualified or as successful in a timely manner, if at all. In addition, if our resellers do not perform as anticipated, or if we are unable to secure qualified and successful resellers, our sales will suffer, which would have an adverse effect on our revenues and operating results. Because we also depend upon our resellers to provide installation and support services for products, if our reseller relationship were terminated or limited to certain products, we may face disruption in providing support for our customers, which would adversely affect our reputation and our results of operations. Any failure to offer high-quality technical support services may adversely affect our relationships with our customers and adversely affect our financial results.

Additionally, a default by one or more resellers that have a significant receivables balance could have an adverse financial impact on our financial results. We have reviewed our policies that govern credit and collections and will continue to monitor them in light of current payment status and economic conditions. In addition, we try to reduce the credit exposures of our accounts receivable by instituting credit limits. However, there can be no assurance that our efforts to identify potential credit risks will be successful. Our inability to timely identify resellers that are credit risks could result in defaults at a time when such resellers have high accounts receivable balances with us. Any such default would result in a significant charge against our earnings and adversely affect our results of operations and financial condition.

We could face liability if our additive manufacturing solutions are used by our customers to print dangerous objects.

Customers may use our additive manufacturing systems to print parts that could be used in a harmful way or could otherwise be dangerous. For example, there have been news reports that 3D printers were used to print guns or other weapons. We have little, if any, control over what objects our customers print using our products, and it may be difficult, if not impossible, for us to monitor and prevent customers from printing weapons with our products. While we have never printed weapons on any printers in our offices, there can be no assurance that we will not be held liable if someone were injured or killed by a weapon printed by a customer using one of our products.

We depend on a limited number of third-party contract manufacturers for a significant portion of our manufacturing needs. If these third-party manufacturers experience any delay, disruption or quality control problems in their operations, including due to the COVID-19 pandemic, we could lose market share and our brand may suffer.

We depend on third-party contract manufacturers for the production of several of our additive manufacturing systems. While there are several potential manufacturers for most of these products, several of our products are manufactured, assembled, tested and generally packaged by a limited number of third-party manufacturers. In most cases, we rely on these manufacturers to procure components and, in some cases, subcontract engineering work. Our reliance on a limited number of contract manufacturers involves a number of risks, including:

- unexpected increases in manufacturing and repair costs;
- inability to control the quality and reliability of finished products;
- inability to control delivery schedules;
- potential liability for expenses incurred by third-party contract manufacturers in reliance on our forecasts that later prove to be inaccurate;
- potential lack of adequate capacity to manufacture all or a part of the products we require; and
- potential labor unrest affecting the ability of the third-party manufacturers to produce our products.

If any of our third-party contract manufacturers experience a delay, disruption, or quality control problems in their operations, including due to the COVID-19 pandemic, or if a primary third-party contract manufacturer does not renew its agreement with us, our operations could be significantly disrupted, and our product shipments could be delayed. Qualifying a new manufacturer and commencing volume production is expensive and time consuming. Ensuring that a contract manufacturer is qualified to manufacture our products to our standards is time consuming. In addition, there is no assurance that a contract manufacturer can scale its production of our products at the volumes and in the quality that we require. If a contract manufacturer is unable to do these things, we may have to move production for the products to a new or existing third-party manufacturer, which would take significant effort and our business, results of operations and financial condition could be materially adversely affected.

As we contemplate moving manufacturing into different jurisdictions, we may be subject to additional significant challenges in ensuring that quality, processes, and costs, among other issues, are consistent with our expectations. For example, while we expect our third-party contract manufacturers to be responsible for penalties assessed on us because of excessive failures of the products, there is no assurance that we will be able to collect such reimbursements from these manufacturers, which causes us to take on additional risk for potential failures of our products.

In addition, because we use a limited number of third-party contract manufacturers, increases in the prices charged may have an adverse effect on our results of operations, as we may be unable to find a contract manufacturer who can supply us at a lower price. As a result, the loss of a limited source supplier could adversely affect our relationships with our customers and our results of operations and financial condition.

All of our products must satisfy safety and regulatory standards and some of our products must also receive government certifications. Our third-party contract manufacturers are primarily responsible for conducting the tests that support our applications

for most regulatory approvals for our products. If our third-party contract manufacturers fail to timely and accurately conduct these tests, we may be unable to obtain the necessary domestic or foreign regulatory approvals or certifications to sell our products in certain jurisdictions. As a result, we would be unable to sell our products and our sales and profitability could be reduced, our relationships with our sales channel could be harmed and our reputation and brand would suffer.

If our suppliers become unavailable or inadequate, our customer relationships, results of operations and financial condition may be adversely affected.

We acquire certain of our materials, which are critical to the ongoing operation and future growth of our business, from several third parties. If we or one of our contract manufacturers has a supply chain disruption, or our relationship with any of our contract manufacturers or key suppliers terminates, we could experience delays. While most manufacturing equipment and materials for our products are available from multiple suppliers, certain of those items are only available from limited sources. Should any of these suppliers become unavailable or inadequate, or impose terms unacceptable to us, such as increased pricing terms, we could be required to spend a significant amount of time and expense to develop alternate sources of supply, and we may not be successful in doing so on terms acceptable to us, or at all. As a result, the loss of a limited source supplier could adversely affect our relationship with our customers as well as our results of operations and financial condition.

Our facilities and the facilities of our third-party contract manufacturers, suppliers, and customers, are vulnerable to disruption due to natural or other disasters, including climate-related events, strikes and other events beyond our control.

A major earthquake, fire, tsunami, hurricane, cyclone or other disaster, such as a pandemic, major flood, seasonal storms, droughts, extreme temperatures, nuclear event or terrorist attack affecting our facilities or the areas in which they are located, or affecting those of our customers or third-party manufacturers or suppliers, could significantly disrupt our or their operations and delay or prevent product shipment or installation during the time required to repair, reinforce, rebuild or replace our or their damaged manufacturing facilities. These delays could be lengthy and costly. Climate change may contribute to increased frequency or intensity of certain of these events, as well as contribute to chronic changes in the physical environment (such as changes to ambient temperature and precipitation patterns or sea-level rise) any of which may impair the operating conditions of our facilities or the facilities of our customers or third-party manufacturers or suppliers, or otherwise adversely impact our operations and value chain (including the delivery of our services and products), access to capital, access to insurance or access to talent. If any of our facilities or those of our third-party contract manufacturers, suppliers or customers are negatively impacted by such a disaster, production, shipment, and installation of our 3D printing machines could be delayed, which can impact the period in which we recognize the revenue related to that 3D printing machine sale. Additionally, customers may delay purchases of our products until operations return to normal. Even if we are able to respond quickly to a disaster, the continued effects of the disaster could create uncertainty in our business operations. In addition, concerns about terrorism, the effects of a terrorist attack, political turmoil, labor strikes, war or the outbreak of epidemic diseases (including the outbreak of COVID-19) could have a negative effect on our operations and sales.

Risks Related to Our Class A Common Stock

Our issuance of additional shares of Class A common stock or convertible securities may dilute your ownership of us and could adversely affect our stock price.

From time to time, we have issued, and we expect in the future to issue, additional shares of our Class A common stock or securities convertible into our Class A common stock pursuant to a variety of transactions, including acquisitions. Additional shares of our Class A common stock may also be issued upon exercise of outstanding stock options and warrants to purchase our Class A common stock. The issuance by us of additional shares of our Class A common stock or securities convertible into our Class A common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our Class A common stock. Subject to the satisfaction of vesting conditions and the expiration of lockup agreements, shares issuable upon exercise of options will be available for resale immediately in the public market without restriction.

In the future, we expect to obtain financing or to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity, or shares of preferred stock. Issuing additional shares of our capital stock, other equity securities, or securities convertible into equity may dilute the economic and voting rights of our existing stockholders, reduce the market price of our Class A common stock, or both.

Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our Class A common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing, or nature of our future offerings. As a result, holders of our Class A common stock bear the risk that our future offerings may reduce the market price of our Class A common stock and dilute their percentage ownership.

Future sales, or the perception of future sales, of our Class A common stock by us or our existing stockholders in the public market could cause the market price for our Class A common stock to decline.

The sale of substantial amounts of shares of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Certain shares of our common stock are freely tradable without restriction under the Securities Act, except for any shares of our Class A common stock that may be held or acquired by our directors, executive officers, and other affiliates, as that term is defined in the Securities Act, which are restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available. Any such sales, including sales of a substantial number of shares or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. We may also issue shares of our common stock or securities convertible into our common stock from time to time in connection with financings, acquisitions, investments, or otherwise. Any such issuance could result in ownership dilution to you as a stockholder and cause the trading price of our common stock to decline.

Our directors, executive officers and stockholders affiliated with our directors and executive officers own a significant percentage of our Class A common stock and, if they choose to act together, will be able to exert significant control over matters subject to shareholder approval.

Our directors, executive officers, and stockholders affiliated with our directors and executive officers exert significant influence on us. As of December 31, 2022, these holders owned approximately 13.9% of our outstanding Class A common stock. As a result, these holders, acting together, have significant control over all matters that require approval of our stockholders, including the election of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transactions. The interests of these holders may not always coincide with our corporate interests or the interests of other stockholders, and they may act in a manner with which you may not agree or that may not be in the best interests of our other stockholders.

Anti-takeover provisions in our governing documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A common stock.

Our certificate of incorporation, bylaws, and Delaware law contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. Among other things, our certificate of incorporation and bylaws include the following provisions:

- a staggered board, which means that our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;
- limitations on convening special stockholder meetings, which could make it difficult for our stockholders to adopt desired governance changes;
- a prohibition on stockholder action by written consent, which means that our stockholders will only be able to take action at a meeting of stockholders and will not be able to take action by written consent for any matter;
- a forum selection clause, which means certain litigation against us can only be brought in Delaware;

- the authorization of undesignated preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders; and
- advance notice procedures, which apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the DGCL, which prevents interested stockholders, such as certain stockholders holding more than 15% of our outstanding Class A common stock, from engaging in certain business combinations unless (i) prior to the time such stockholder became an interested stockholder, our board of directors approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our Class A common stock, or (iii) following board approval, such business combination receives the approval of the holders of at least two-thirds of our outstanding Class A common stock not held by such interested stockholder at an annual or special meeting of stockholders.

Any provision of our certificate of incorporation, our bylaws or Delaware law that has the effect of delaying, preventing, or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock and could also affect the price that some investors are willing to pay for our Class A common stock.

Our certificate of incorporation and bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our certificate of incorporation and bylaws provide that, unless we consent in writing to the selection of an alternative forum, the (a) Court of Chancery of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action, suit or proceeding brought on our behalf; (ii) any action, suit or proceeding asserting a claim of breach of fiduciary duty owed by any of our directors, officers, or stockholders to us or to our stockholders; (iii) any action, suit or proceeding asserting a claim arising pursuant to the DGCL, our certificate of incorporation or bylaws; or (iv) any action, suit or proceeding asserting a claim governed by the internal affairs doctrine; and (b) subject to the foregoing, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Notwithstanding the foregoing, such forum selection provisions shall not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts of the United States have exclusive jurisdiction. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

Additionally, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As noted above, our certificate of incorporation and bylaws provide that the federal district courts of the United States of America shall have jurisdiction over any action arising under the Securities Act. Accordingly, there is uncertainty as to whether a court would enforce such provision. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Risks Related to Our Indebtedness

Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our obligations under the 2027 Notes.

In May 2022, we issued \$115.0 million principal amount of 6.0% Convertible Senior Notes due 2027. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our existing stockholders as a result of issuing shares of our Class A common stock upon conversion of the 2027 Notes; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than we or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness, including the 2027 Notes, and our cash needs may increase in the future. In addition, any future indebtedness that we may incur may contain financial and other restrictive covenants that limit our ability to operate our business, raise capital or make payments under any existing indebtedness. If we fail to comply with these covenants or to make payments under any existing indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and any other existing indebtedness becoming immediately payable in full.

We may be unable to raise the funds necessary to repurchase the 2027 Notes for cash following a fundamental change, or to pay the cash amounts due upon conversion, and any other existing indebtedness may limit our ability to repurchase the 2027 Notes or pay cash upon their conversion.

Noteholders may require us to repurchase the 2027 Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the 2027 Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion, we will satisfy part or all of our conversion obligation in cash. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the 2027 Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing any other indebtedness may restrict our ability to repurchase the 2027 Notes or pay the cash amounts due upon conversion. Our failure to repurchase the 2027 Notes or pay the cash amounts due upon conversion when required will constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing any other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under any other indebtedness and the 2027 Notes.

Provisions in the indenture governing the 2027 Notes could delay or prevent an otherwise beneficial takeover of us.

Certain provisions in the 2027 Notes and the indenture governing the 2027 Notes could make a third-party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change, then holders of the 2027 Notes will have the right to require us to repurchase their 2027 Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change, then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under the 2027 Notes and the indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing

incumbent management, including in a transaction that holders of our 2027 Notes or holders of our Class A common stock may view as favorable.

Risks Related to Compliance Matters

Failure of our global operations to comply with anti-corruption laws and various trade restrictions, such as sanctions and export controls, could have an adverse effect on our business.

We operate in a number of countries throughout the world, including countries known to have a reputation for corruption. Doing business on a global basis requires us to comply with anti-corruption laws and regulations imposed by governments around the world with jurisdiction over our operations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010, as well as the laws of the countries where we do business. We are also subject to various trade restrictions, including trade and economic sanctions and export controls, imposed by governments around the world with jurisdiction over our operations. For example, in accordance with trade sanctions administered by the Office of Foreign Assets Control and the U.S. Department of Commerce, we are prohibited from engaging in transactions involving certain persons and certain designated countries or territories, including Russia, Belarus, Cuba, Iran, Syria, North Korea and the Crimea Region of Ukraine. In addition, our products are subject to export regulations that can involve significant compliance time and may add additional overhead cost to our products. In recent years the U.S. government has had a renewed focus on export matters. For example, the Export Control Reform Act of 2018 and regulatory guidance have imposed additional controls, and may result in the imposition of further additional controls, on the export of certain “emerging and foundational technologies.” Our current and future products may be subject to these heightened regulations, which could increase our compliance costs.

We are committed to doing business in accordance with applicable anti-corruption laws and regulations and with applicable trade restrictions. We are subject, however, to the risk that our affiliated entities or our and our affiliates’ respective officers, directors, employees, and agents (including distributors of our products) may take action determined to be in violation of such laws and regulations. Any violation by any of these persons could result in substantial fines, sanctions, civil and/or criminal penalties, or curtailment of operations in certain jurisdictions, and might adversely affect our operating results. In addition, actual or alleged violations could damage our reputation and ability to do business.

We are subject to environmental, health and safety laws and regulations related to our operations and the use of our additive manufacturing systems, produced parts, and consumable materials, which could subject us to compliance costs and/or potential liability in the event of non-compliance.

We are subject to domestic and foreign environmental laws and regulations governing our operations, including, but not limited to, emissions into the air and water and the use, handling, disposal and remediation of hazardous substances. A certain risk of environmental liability is inherent in our production activities. These laws and regulations govern, among other things, the generation, use, storage, registration, handling, and disposal of chemicals and waste materials, the presence of specified substances in electrical products, the emission and discharge of hazardous materials into the ground, air or water, the cleanup of contaminated sites, including any contamination that results from spills due to our failure to properly dispose of chemicals and other waste materials and the health and safety of our employees. Under these laws, regulations, and requirements, we could also be subject to liability for improper disposal of chemicals and waste materials, including those resulting from the use of our systems and accompanying materials by end-users. Accidents or other incidents that occur at our facilities or involve our personnel or operations could result in claims for damages against us. In the event we are found to be financially responsible, as a result of environmental or other laws or by court order, for environmental damages alleged to have been caused by us or occurring on our premises, we could be required to pay substantial monetary damages or undertake expensive remedial obligations. If our operations fail to comply with such laws or regulations, we may be subject to fines and other civil, administrative, or criminal sanctions, including the revocation of permits and licenses necessary to continue our business activities. In addition, we may be required to pay damages or civil judgments in respect of third-party claims, including those relating to personal injury (including exposure to hazardous substances that we generate, use, store, handle, transport, manufacture or dispose of), property damage or contribution claims. Some environmental laws allow for strict, joint and several liabilities for remediation costs, regardless of fault. We may be identified as a potentially responsible party under such laws. The amount of any costs, including fines or damages payments that we might incur under such circumstances could substantially exceed any insurance we have to cover such losses. Any of these events, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations and could adversely affect our reputation.

The export of our products internationally from our production facilities subjects us to environmental laws and regulations concerning the import and export of chemicals and hazardous substances such as the United States Toxic Substances Control Act and the Registration, Evaluation, Authorization and Restriction of Chemical Substances. These laws and regulations require the testing and registration of some chemicals that we ship along with, or that form a part of, our systems and other products. If we fail to comply with these or similar laws and regulations, we may be required to make significant expenditures to reformulate the chemicals that we use in our products and materials or incur costs to register such chemicals to gain and/or regain compliance. Additionally, we could be subject to significant fines or other civil and criminal penalties should we not achieve such compliance.

The SEC's rules on climate change disclosures proposed in March 2022, if adopted, will increase our costs and expenditures, as well as the costs, expenditures and expectations of many of our third parties. The cost of complying with other current and future environmental, health and safety laws applicable to our operations and the operations of many of our third parties, or the liabilities arising from past releases of, or exposure to, hazardous substances, may result in future expenditures. Any of these developments, alone or in combination, could have an adverse effect on our business, financial condition, and results of operations.

Increasing attention to, and evolving expectations for, environmental, social, and governance ("ESG") initiatives could increase our costs, harm our reputation, or otherwise adversely impact our business.

Companies across industries are facing increasing scrutiny from a variety of stakeholders related to their ESG practices. Expectations regarding voluntary ESG initiatives and disclosures may result in increased costs, changes in demand for certain offerings, enhanced compliance or disclosure obligations, or other adverse impacts to our business, financial condition, or results of operations. While we may at times engage in voluntary ESG initiatives, such initiatives may be costly and may not have the desired effect. We may experience pressure to make commitments relating to ESG matters that affect us, but we may be unable to make such commitments for strategic or cost-related reasons (or be perceived as not making commitments to the extent expected by stakeholders), in which case, we may experience reputational fallout, negative impacts with respect to our stakeholder relations or limitations with respect to our access to capital or insurance. Unfavorable ESG ratings could lead to increased negative investor sentiment towards us, which could negatively impact our share price as well as our access to and cost of capital. To the extent ESG matters negatively impact our reputation, it may also impede our ability to compete as effectively to attract and retain employees or customers, which may adversely impact our operations.

Aspects of our business are subject to privacy, data use and data security regulations, which could increase our costs.

We collect personally identifiable information from our employees, prospects, and our customers. Privacy and security laws and regulations may limit the use and disclosure of certain information and require us to adopt certain cybersecurity and data handling practices that may affect our ability to effectively market our services to current, past, or prospective customers. We must comply with privacy laws in the United States, Europe and elsewhere, including GDPR in the European Union, which became effective May 25, 2018 and the retained version of the GDPR as it forms part of the law of England and Wales, Scotland and Northern Ireland, and the California Consumer Privacy Act of 2018, which was enacted on June 28, 2018 and became effective on January 1, 2020. These laws create new individual privacy rights and impose increased obligations, including disclosure obligations, on companies handling personal data. In many jurisdictions, consumers must be notified in the event of a data security breach, and such notification requirements continue to increase in scope and cost. Privacy and security laws and regulations may limit the use and disclosure of certain information and require us to adopt certain cybersecurity and data handling practices that may affect our ability to effectively market our services to current, past, or prospective customers. While we have invested in, and intend to continue to invest in, resources to comply with these standards, we may not be successful in doing so, and any such failure could have an adverse effect on our business, results of operations and reputation.

As privacy, data use and data security laws are interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. In recent years, there has been increasing regulatory enforcement and litigation activity in this area in the United States, Germany and in various other countries in which we operate.

Compliance with regulations for medical devices and solutions is expensive and time-consuming, and failure to obtain or maintain approvals, clearances, or compliance could impact financial projections and/or subject us to penalties or liabilities.

Our Desktop Labs and Desktop Health products and services, and healthcare provider customers and distributors, are and will be subject to extensive federal, state, local and foreign regulations, including, without limitation, regulations with respect to approvals and clearances for products, design, manufacturing and testing, labeling, marketing, sales, quality control, and privacy. Unless an exemption applies, we must obtain clearance or approval from the Food and Drug Administration (or comparable foreign regulatory body) before a medical device or solution can be marketed or sold; this process involves significant time, effort and expense. The healthcare market overall is highly regulated and subject to frequent and sudden change. Our failure to secure clearances or approvals or comply with regulations could have an adverse impact on our business and reputation and subject us to lost research and development costs, withdrawal of clearance/approval, operating restrictions, liabilities, fines, penalties and/or litigation.

Risks Related to Intellectual Property

Third-party lawsuits and assertions alleging our infringement of patents, trade secrets or other intellectual property rights may have a significant adverse effect on our financial condition.

Third parties may own issued patents and pending patent applications that exist in fields relevant to additive manufacturing. Some of these third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims related to additive manufacturing. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that our additive technologies may infringe. In addition, third parties may obtain patents in the future and claim that our technologies infringe upon these patents. Any third-party lawsuits or other assertion to which we are subject alleging our infringement of patents, trade secrets or other intellectual property rights may have a significant adverse effect on our financial condition.

We may incur substantial costs enforcing and defending our intellectual property rights.

We may incur substantial expense and costs in protecting, enforcing, and defending our intellectual property rights against third parties. Intellectual property disputes may be costly and can be disruptive to our business operations by diverting attention and energies of management and key technical personnel and by increasing our costs of doing business. Third-party intellectual property claims asserted against us could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from assembling or licensing certain of our products, subject us to injunctions restricting our sale of products, cause severe disruptions to our operations or the marketplaces in which we compete or require us to satisfy indemnification commitments with our customers, including contractual provisions under various license arrangements. In addition, we may incur significant costs in acquiring the necessary third-party intellectual property rights for use in our products. Any of these could have an adverse effect on our business and financial condition.

If we are unable to adequately protect or enforce our intellectual property rights, such information may be used by others to compete against us, in particular in developing consumables that could be used with our printing systems in place of our proprietary consumables.

We have devoted substantial resources to the development of our technology and related intellectual property rights. Our success and future revenue growth will depend, in part, on our ability to protect our intellectual property. We rely on a combination of registered and unregistered intellectual property and protect our rights using patents, licenses, trademarks, trade secrets, confidentiality and assignment of invention agreements and other methods.

Despite our efforts to protect our proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies, inventions, processes or improvements. We cannot assure you that any of our existing or future patents or other intellectual property rights will not be challenged, invalidated or circumvented, or will otherwise provide us with meaningful protection. Our pending patent applications may not be granted, and we may not be able to obtain foreign patents or pending applications corresponding to our U.S. patents. Even if foreign patents are granted, effective enforcement in foreign countries may not be available.

Our trade secrets, know-how and other unregistered proprietary rights are a key aspect of our intellectual property portfolio. While we take reasonable steps to protect our trade secrets and confidential information and enter into confidentiality and invention assignment agreements intended to protect such rights, such agreements can be difficult and costly to enforce or may not provide adequate remedies if violated, and we may not have entered into such agreements with all relevant parties. Such agreements may be breached, and trade secrets or confidential information may be willfully or unintentionally disclosed, including by employees who may leave our company and join our competitors, or our competitors or other parties may learn of the information in some other way. The disclosure to, or independent development by, a competitor of any of our trade secrets, know-how or other technology not protected by a patent or other intellectual property system could materially reduce or eliminate any competitive advantage that we may have over such competitor. This concern could manifest itself in particular with respect to our proprietary consumables that are used with our systems. Portions of our proprietary consumables may not be afforded patent protection. Chemical companies or other producers of raw materials used in our consumables may be able to develop consumables that are compatible to a large extent with our products, whether independently or in contravention of our trade secret rights and related proprietary and contractual rights. If such consumables are made available to owners of our systems, and are purchased in place of our proprietary consumables, our revenues and profitability would be reduced, and we could be forced to reduce prices for our proprietary consumables.

If our patents and other intellectual property do not adequately protect our technology, our competitors may be able to offer products similar to ours. Our competitors may also be able to develop similar technology independently or design around our patents and other intellectual property. Any of the foregoing events would lead to increased competition and reduce our revenue or gross margin, which would adversely affect our operating results.

If we attempt enforcement of our intellectual property rights, we may be, and have been in the past, subject or party to claims, negotiations or complex, protracted litigation. Intellectual property disputes and litigation, regardless of merit, can be costly and disruptive to our business operations by diverting attention and energies of management and key technical personnel and by increasing our costs of doing business. Any of the foregoing could adversely affect our business and financial condition.

As part of any settlement or other compromise to avoid complex, protracted litigation, we may agree not to pursue future claims against a third party, including related to alleged infringement of our intellectual property rights. Part of any settlement or other compromise with another party may resolve a potentially costly dispute but may also have future repercussions on our ability to defend and protect our intellectual property rights, which in turn could adversely affect our business.

Our additive manufacturing software contains third-party open-source software components, and failure to comply with the terms of the underlying open-source software licenses could restrict our ability to sell our products.

Our additive manufacturing software contains components that are licensed under so-called “open source,” “free” or other similar licenses. Open-source software is made available to the general public on an “as-is” basis under the terms of a non-negotiable license. We currently combine our proprietary software with open-source software, but not in a manner that we believe requires the release of the source code of our proprietary software to the public. We do not plan to integrate our proprietary software with open-source software in ways that would require the release of the source code of our proprietary software to the public; however, our use and distribution of open-source software may entail greater risks than use of third-party commercial software. Open-source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. In addition, if we combine our proprietary software with open-source software in a certain manner, we could, under certain open-source licenses, be required to release to the public or remove the source code of our proprietary software. We may also face claims alleging noncompliance with open-source license terms or infringement or misappropriation of proprietary software. These claims could result in litigation, require us to purchase a costly license or remove the software. In addition, if the license terms for open-source software that we use change, we may be forced to re-engineer our solutions, incur additional costs or discontinue the sale of our offerings if re-engineering could not be accomplished on a timely basis. Although we monitor our use of open-source software to avoid subjecting our offerings to unintended conditions, there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our offerings. We cannot guarantee that we have incorporated open-source software in our software in a manner that will not subject us to liability or in a manner that is consistent with our current policies and procedures.

General Risk Factors

Our Class A common stock price may be volatile or may decline regardless of our operating performance. You may lose some or all of your investment.

The trading price of our Class A common stock is likely to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares at an attractive price due to several of factors such as those listed in this section and the following:

- the impact of the COVID-19 pandemic on our financial condition and the results of operations;
- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our products;
- future announcements concerning our business, our customers' businesses, or our competitors' businesses;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- the size of our public float;
- coverage by or changes in financial estimates by securities analysts or failure to meet their expectations;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in laws or regulations which adversely affect our industry or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in senior management or key personnel;
- issuances, exchanges or sales, or expected issuances, exchanges, or sales of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation against us; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

These broad market and industry factors may materially reduce the market price of our Class A common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low. As a result, you may suffer a loss on your investment.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

If securities analysts do not publish research or reports about us, or if they issue unfavorable commentary about us or our industry or downgrade our Class A common stock, the price of our Class A common stock could decline.

The trading market for our Class A common stock depends, in part, on the research and reports that third-party securities analysts publish about us and the industries in which we operate. We may be unable or slow to attract research coverage and if one or more analysts cease coverage of us, the price and trading volume of our securities would likely be negatively impacted. If any of the analysts that may cover us change their recommendation regarding our Class A common stock adversely, or provide more favorable relative recommendations about our competitors, the price of our Class A common stock would likely decline. If any analyst that may cover us ceases covering us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our Class A common stock to decline. Moreover, if one or more of the analysts who cover us downgrades our Class A common stock, or if our reporting results do not meet their expectations, the market price of our Class A common stock could decline.

The obligations associated with being a public company involve significant expenses and require significant resources and management attention, which may divert from our business operations.

We are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. The Exchange Act requires that we file annual, quarterly, and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal control over financial reporting. Now that we have ceased to be an “emerging growth company” an attestation report on internal control over financial reporting is required to be issued by our independent registered public accounting firm. As a result, we have incurred, and will continue to incur, increased legal, accounting, and other expenses. Our entire management team and many of our other employees will continue to devote substantial time to compliance and may not effectively or efficiently manage our transition into a public company.

In addition, the need to establish the corporate infrastructure demanded of a public company may also divert management’s attention from implementing our business strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal control over financial reporting, including IT controls, and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition, and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements.

These rules and regulations result in our incurring legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees, or as executive officers.

As a public reporting company, we will be subject to rules and regulations established from time to time by the SEC regarding our internal control over financial reporting. If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or report them in a timely manner.

We are subject to the rules and regulations established from time to time by the SEC and the NYSE. These rules and regulations require, among other things that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes, and controls, as well as on our personnel.

In addition, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting.

We have identified material weaknesses in our internal controls over financial reporting as of December 31, 2022. Our internal controls over financial reporting currently do not meet all of the standards contemplated by Section 404 of Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and failure to achieve and maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could impair our ability to produce timely and accurate financial statements or comply with applicable regulations and have a material adverse effect on our business.

We are required to maintain internal control over financial reporting and to report any material weaknesses in these controls. The process of designing and implementing effective internal controls is a continuous effort that will require us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis or result in material misstatements in our condensed consolidated financial statements, which could harm our operating results. In addition, we will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation. Testing and maintaining internal controls may divert management's attention from other matters that are important to our business. Our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting on an annual basis.

In addition to our results determined in accordance with GAAP, we believe certain non-GAAP measures may be useful in evaluating our operating performance. We present certain non-GAAP financial measures in this Quarterly Report on Form 10-Q and intend to continue to present certain non-GAAP financial measures in future filings with the SEC and other public statements. Any failure to accurately report and present our non-GAAP financial measures could cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock.

Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of applicable NYSE listing rules, which may result in a breach of the covenants under existing or future financing arrangements. There also could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements also could suffer if we or our independent registered public accounting firm continue to report a material weakness in our internal controls over financial reporting. This could materially adversely affect us and lead to a decline in the market price of our Class A common stock.

As of December 31, 2022, our management and auditors determined that material weaknesses existed in our internal control over financial reporting due to the fact that we had not fully integrated our acquired subsidiaries into our control structure, and with our limited accounting department personnel, this may not be achievable. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim condensed consolidated financial statements will not be prevented or detected on a timely basis. While we have instituted plans to remediate the issue described above and continue to take remediation steps, including hiring additional personnel, including a vice president of accounting with public company experience, we continued to have a limited number of personnel with the level of GAAP accounting knowledge, specifically related to complex accounting transactions, commensurate with our financial reporting requirements.

Although we believe the hiring of additional accounting resources, implementation of additional reviews and processes requiring timely account reconciliations and analysis and implementation of processes and controls to better identify and manage segregation of duties will remediate the material weakness with respect to insufficient personnel, there can be no assurance that the material weakness will be remediated on a timely basis or at all, or that additional material weaknesses will not be identified in the future. If we are unable to remediate the material weakness, our ability to record, process, and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and forms of the SEC, could be adversely affected which, in turn, may adversely affect our reputation and business and the market price of our Class A common stock.

Our goodwill has been subject to impairment and may be subject to impairment in the future.

We had \$113.0 million of goodwill on our balance sheet as of December 31, 2022. Under U.S. GAAP, goodwill is required to be reviewed for impairment at least annually, or more frequently if potential interim indicators exist. Impairment may result from various factors, including adverse changes in assumptions used for valuation purposes, such as actual or projected revenue growth rates, profitability, or discount rates. If the testing indicates that an impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill and the fair value of the goodwill. Events and conditions that could result in impairment include a prolonged period of global economic weakness, a decline in economic conditions, or a slow economic recovery, adverse changes in the market share of our products, or other factors which could result in reductions in our sales or profitability over an extended period. We cannot predict the amount and timing of any future impairments, if any. We have experienced impairment charges with respect to goodwill, and we may experience such charges in the future, particularly if our business performance declines or expected growth is not realized. During the year ended December 31, 2022, we incurred \$498.8 million of goodwill impairment charges. It is possible that material changes in our business, market conditions, or assumptions about our market share or position could occur over time. Any future impairment of our goodwill or other intangible assets could have a material adverse effect on our financial condition and results of operations as well as the trading price of our securities.

We are, and have been in the recent past, subject to litigation.

We are currently, and have been in the recent past, subject to litigation, and we could be subject to further litigation in the future. Although we vigorously pursue favorable outcomes, we can provide no assurance as to the outcome of any current or future lawsuits or allegations, and any such actions may result in judgments against us for significant damages. Resolution of any such matters can be prolonged and costly, and the ultimate results or judgments are uncertain due to the inherent uncertainty in litigation and other proceedings. In addition, the additive manufacturing industry has been, and may continue to be, litigious, particularly with respect to intellectual property claims. Moreover, our potential liabilities are subject to change over time due to new developments, changes in settlement strategy or the impact of evidentiary requirements. Regardless of the outcome, litigation has resulted in the past, and may result in the future, in significant legal expenses and require significant attention and resources of management. As a result, any present or future litigation that may be brought against us by any third party could result in losses, damages and expenses that have a significant adverse effect on our financial condition.

We do not intend to pay dividends on our Class A common stock for the foreseeable future.

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, we do not anticipate declaring or paying any cash dividends on our Class A common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our business prospects, results of operations, financial condition, cash requirements and availability, certain restrictions related to our indebtedness, industry trends and other factors that our board of directors may deem relevant. Any such decision will also be subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. In addition, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on our Class A common stock. As a result, you may have to sell some or all of your Class A common stock after price appreciation in order to generate cash flow from your investment, which you may not be able to do. Our inability or decision not to pay dividends, particularly when others in our industry have elected to do so, could also adversely affect the market price of our Class A common stock.

Risks Relating to the Proposed Merger with Stratasys

We face risks and uncertainties related to the proposed Merger with Stratasys.

The success of the Merger will depend in part on the retention of personnel critical to the business and operations of the combined company due to, for example, their technical skills or management expertise. Our current and prospective employees may experience uncertainty about their future role with the surviving company until strategies with regard to these employees are announced or executed, which may impair our ability to attract, retain and motivate key management, technical, business development, operational and customer-facing employees and other personnel prior to and following the Merger. If we are unable to retain personnel, we could face disruptions in our operations, loss of existing customers, loss of key information, expertise or know-how, and unanticipated additional recruitment and training costs. In addition, the loss of key personnel could diminish the anticipated benefits of the Merger.

The Merger, and uncertainty regarding the Merger, may cause customers, suppliers, vendors, strategic partners or others that deal with us to delay or defer entering into contracts with us or make other decisions concerning us, or to seek to change or cancel existing business relationships with us, which could negatively affect our business. Any delay or deferral of those decisions or changes in existing agreements could have a material adverse effect on our business, regardless of whether the Merger is ultimately completed.

We have contracts with customers, suppliers, vendors, landlords, licensors and other business partners which may require us to obtain consent from such counterparties in connection with the Merger. If these consents cannot be obtained, the combined company may suffer a loss of potential future revenue and may lose rights that are material to its business and the business of the combined company. In addition, third parties with whom we currently have relationships may terminate or otherwise reduce the scope of their relationship with Desktop Metal in anticipation of the Merger. Any such disruptions could limit the combined company's ability to achieve the anticipated benefits of the Merger. The adverse effect of such disruptions could also be exacerbated by a delay in the completion of the Merger or the termination of the Merger Agreement.

Because the exchange ratio is fixed and will not be adjusted in the event of any change in either Stratasys' share price or our stock price, our stockholders cannot be certain of the precise value of the consideration that they may receive in the Merger.

At the effective time of the Merger of the Merger, each share of our Class A common stock outstanding immediately prior to the Merger will be converted automatically into the right to receive 0.123 Stratasys ordinary shares. This exchange ratio is fixed in the Merger Agreement and will not be adjusted for changes in the market price of either Stratasys ordinary shares or our Class A common stock. The market price of Stratasys ordinary shares and, as a result, the value of the consideration that our stockholders may receive pursuant to the Merger Agreement, has been fluctuating since the date that the Merger Agreement was executed and publicly announced and may continue to fluctuate through the date of the completion of the Merger. Accordingly, upon the completion of the Merger and the issuance of the Stratasys ordinary shares to the our stockholders, the market price of the Stratasys ordinary shares that will be issued to the our stockholders as the Merger consideration could be greater than, less than or the same as the market price of Stratasys ordinary shares on the date the Merger Agreement was executed.

The Merger may not be completed and the Merger Agreement may be terminated in accordance with its terms.

The Merger is subject to a number of conditions that must be satisfied or waived, in each case, prior to the completion of the Merger, as specified in the Merger Agreement. These conditions to the completion of the Merger, some of which are beyond our control, may not be satisfied or waived in a timely manner or at all, and, accordingly, the Merger may be delayed or not completed.

Additionally, either party may terminate the Merger Agreement under certain circumstances, including, among other reasons, if the Merger is not completed by February 25, 2024 (subject, under certain circumstances, to extension to May 25, 2024 or August 25, 2024). Among other possible scenarios, the successful completion by Nano of the Nano Tender Offer prior to the consummation of the Merger would be deemed a "Change of Control" under the Merger Agreement with respect to Stratasys and would entitle us to terminate the Merger Agreement.

If the Merger Agreement is terminated under certain circumstances specified in the Merger Agreement, we may be required to pay Stratasys a termination fee of \$18.6 million or an expense reimbursement in an amount not to exceed \$10.0 million.

Failure to complete the proposed Merger with Stratasys could have material and adverse effects on our business, financial results and stock price.

If the Merger is not completed on a timely basis, or at all, for any reason, our stock price could be adversely effected, our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the Merger, we would be subject to a number of risks, including the following:

- we will be required to pay our expenses relating to the Merger, such as certain legal, accounting, financial advisory and printing fees, whether or not the Merger is completed;
- time and resources committed by our management team to matters relating to the Merger (including integration planning) could otherwise have been devoted to our existing business and the pursuit of other opportunities that may have been beneficial to us;

- the market price of our Class A common stock could decline to the extent that the current market price reflects a market assumption that the Merger will be completed;
- we may experience negative reactions from our suppliers, customers, distribution channels, business partners, industry contacts and other third parties, which in turn could affect our marketing and sales operations or our ability to compete for new business or obtain renewals in the marketplace more broadly;
- we may experience negative reactions from employees;
- we and/or our management team could be subject to litigation related to any failure to complete the Merger or any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement; and
- We may be required, in certain circumstances, to pay a termination fee of \$18.6 million or an expense reimbursement in an amount not to exceed \$10.0 million to Stratasys and Merger Sub.

In addition to the above risks, if the Merger Agreement is terminated and our board of directors seeks an alternative transaction, our stockholders cannot be certain that we will be able to find a party willing to engage in a transaction on more attractive terms than the Merger. Any of the above risks could materially affect our business, financial results and stock price.

Until the completion of the Merger or the termination of the Merger Agreement in accordance with its terms, we are prohibited from entering into certain transactions and taking certain actions that might otherwise be beneficial to us and our stockholders.

Prior to the effective time, the Merger Agreement restricts us from taking specified actions without the consent of the other party (which consent may not be unreasonably withheld or delayed) and requires that the business of each company and its respective subsidiaries be conducted in the ordinary course consistent with past practice in all material respects. These restrictions may prevent us from making appropriate changes to our business or organizational structure or from pursuing attractive business opportunities that may arise prior to the completion of the Merger and could have the effect of delaying or preventing other strategic transactions. Adverse effects arising from the pendency of the Merger could be exacerbated by any delays in consummation of the Merger or termination of the Merger Agreement.

The Merger Agreement contains provisions that could discourage a potential competing acquirer that might be willing to pay more to acquire or merge with either Desktop Metal or Stratasys.

The Merger Agreement contains “no shop” provisions that restrict our ability to, among other things, solicit, initiate, induce, facilitate or knowingly encourage any acquisition proposal or any inquiry or proposal that may be reasonably be expected to lead to an acquisition proposal; enter into, participate in, maintain or continue any communications or negotiations regarding, or deliver or make available any non-public information with respect to, or take any other action regarding, any actual or potential acquisition proposal; agree to, accept, approve, endorse or recommend (or publicly propose or announce any intention or desire to agree to, accept, approve, endorse or recommend) any acquisition proposal; or enter into any letter of intent or any other contract, agreement, commitment or other written arrangement contemplating or otherwise relating to any acquisition proposal. Although our board of directors is permitted to effect a change of recommendation, after complying with certain procedures set forth in the Merger Agreement, in response to an acquisition proposal if it determines in good faith judgment, after consulting with its outside financial advisor and outside legal counsel, that such acquisition proposal constitutes a superior proposal, its doing so would entitle Stratasys to terminate the Merger Agreement and collect a \$18.6 million termination fee. These provisions could discourage a potential competing acquirer from considering or proposing an acquisition or merger, even if it were prepared to pay consideration with a higher value than that implied by the merger consideration, or might result in a potential competing acquirer proposing to pay a lower per share price than it might otherwise have proposed to pay because of the added expense of the termination fee.

Desktop Metal is the target of shareholder lawsuits and demands which could result in substantial costs and may delay or prevent the Merger from being completed.

Shareholder lawsuits are often brought against public companies that have entered into merger agreements, and Desktop Metal has been named in shareholder lawsuits in connection with the Merger and its shareholder rights plans. In addition, Desktop Metal has received two demands from stockholders requesting certain books and records pursuant to Section 220 in connection with the

Merger. Desktop Metal has also received four demands from individual stockholders alleging deficiencies in Desktop Metal's public disclosures made in connection with the Merger. Even if any of the lawsuits or demands are without merit, defending against these claims can result in substantial costs and divert management time and resources. Additional lawsuits filed in connection with the Merger against Desktop Metal or its directors and officers could prevent or delay the consummation of the Merger, including through an injunction, and result in additional costs to Desktop Metal. In addition, the costs of defending against the litigation and demands, even if resolved in Desktop Metal's favor, could be substantial, and such litigation could distract Desktop Metal from its focus on consummation of the Merger. An adverse ruling in any such litigation may cause the Merger to be delayed or not to be completed, which could cause Desktop Metal not to realize some or all of the anticipated benefits of the Merger. The results, defense or settlement of any lawsuit or claim that remains unresolved at the time the Merger is consummated may cause financial and other damage and may adversely affect the combined company's business, financial condition, results of operations and cash flows. Desktop Metal cannot currently predict the outcome of or reasonably estimate the possible loss or range of loss from any lawsuits or claims.

For information with respect to the foregoing lawsuits and any other existing lawsuits relating to the Merger, see *Note 17. Commitments and Contingencies*. Additional lawsuits may be filed in connection with the Merger in the future.

The failure to successfully integrate the businesses and operations of Stratasys and Desktop Metal in the expected time frame may adversely affect the combined company's future results.

Stratasys and Desktop Metal have operated and, until the completion of the Merger, will continue to operate independently. There can be no assurances that their businesses can be integrated successfully. It is possible that the integration process could result in the loss of key employees, the loss of customers, the disruption of either company's or both companies' ongoing businesses, inconsistencies in standards, controls, procedures and policies, unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. In addition, due to the integration process, customers may be slow to award new business to the combined company or may not award new business to the combined company at all. Specifically, the following issues, among others, must be addressed in integrating the operations of Stratasys and Desktop Metal in order to realize the anticipated benefits of the Merger so the combined company performs as expected:

- combining the companies' operations and corporate functions;
- combining the businesses of Stratasys and Desktop Metal and meeting the capital requirements of the combined company, in a manner that permits the combined company to achieve the synergies and other benefits anticipated to result from the Merger;
- integrating personnel from the two companies;
- integrating the companies' technologies, systems and processes;
- integrating and unifying the offerings and services available to customers;
- identifying and eliminating redundant and underperforming functions and assets;
- harmonizing the companies' operating practices, employee development and compensation programs, internal controls and other policies, procedures and processes;
- maintaining existing agreements with customers, distributors, providers and vendors and avoiding delays in entering into new agreements with prospective customers, distributors, providers and vendors;
- addressing possible differences in business backgrounds, corporate cultures and management philosophies;
- consolidating the companies' administrative and information technology infrastructure;
- coordinating distribution and sales and marketing efforts;
- coordinating geographically dispersed organizations; and

- effecting actions that may be required in connection with obtaining regulatory approvals.

If the combined company experiences difficulties with the integration process, the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected.

In addition, at times the attention of certain members of our management and our resources may be focused on completion of the Merger and the integration of the businesses of the two companies and diverted from day-to-day business operations, which may disrupt our ongoing business and the business of the combined company.

Furthermore, the board of directors and executive leadership of the combined company will consist of former directors and executive officers from each of Stratasys and Desktop Metal. Combining the boards of directors and management teams of each company into a single board of directors and a single management team could require the reconciliation of differing priorities and philosophies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds, and Issuer Purchases of Equity Securities

Recent Sales of Unregistered Securities

All issuances of unregistered securities by us during the three months ended June 30, 2023, have been included previously in a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

The following table sets forth purchases of our common stock for the three months ended June 30, 2023:

Period	Total number of shares purchased ⁽¹⁾	Average price paid per share	Total number of shares purchased as part of a publicly announced program	Approximate dollar value of shares that may yet be purchased under the program
April 1, 2023 through April 30, 2023	—	\$ —	—	—
May 1, 2023 through May 31, 2023	4,507	\$ 1.79	—	—
June 1, 2023 through June 30, 2023	547	\$ 1.90	—	—
Total	5,054		—	

⁽¹⁾ All of the shares were withheld from employees in satisfaction of minimum tax withholding obligations associated with the issuance of shares of Class A common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

The following table sets forth the adoption, modification or termination of Rule 10b5-1 plans and certain other trading arrangements by directors and officers during the three months ended June 30, 2023:

Name and Principal Position	Action	Date	Trading Arrangement		Total Shares to be Sold	Expiration Date
			Rule 10b5-1*	Non-Rule 10b5-1**		
Jonah Myerberg <i>Chief Technology Officer</i>	Adopt	6/15/2024	X		400,000	6/15/2024

* Intended to satisfy the affirmative defense of Rule 10b5-1(c).

** Not intended to satisfy the affirmative defense of Rule 10b5-1(c).

Item 6. Exhibits

(a) Exhibits

The exhibits listed in the Exhibit Index are filed as part of this Quarterly Report on Form 10-Q and are incorporated herein by reference.

EXHIBIT INDEX

Exhibit		Incorporated by Reference		
		Form	Exhibit	Filing Date
2.1	Agreement and Plan of Merger, dated as of May 25, 2023, by and among Stratasy, the Company and Merger Sub **	8-K	2.1	5/26/2023
4.1	Rights Agreement, dated as of May 26, 2023, between Desktop Metal, Inc. and Continental Stock Transfer & Trust Company, which includes the Form of Certificate of Designations of Series A Junior Participating Preferred Stock as Exhibit A, the Form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C	8-K	4.1	5/30/2023
10.1	Desktop Metal, Inc. Severance and Change of Control Plan	8-K	10.1	5/13/2023
10.2	Northwest Park Office Lease, dated as of August 23, 2016, by and between NWP Building 24 LLC and Desktop Metal, as amended by the First Amendment to Northwest Park Office Lease, dated as of October 3, 2017, by and between NWP Building 24 LLC and Desktop Metal, and the Second Amendment to Northwest Park Office Lease, dated as of June 26, 2023, by and between NWP Building 24 LLC and Desktop Metal			*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)			*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)			*
32.1	Certification of Chief Executive Officer and Chief Financial Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350			*
101.INS	Inline XBRL Instance Document			*
101.SCH	Inline XBRL Taxonomy Extension Schema Document			*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document			*
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document			*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			*
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)			*

* Filed with this Quarterly Report on Form 10-Q.

** Certain exhibits and schedules to this Agreement and Plan of Merger have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to provide to the Securities and Exchange Commission copies of such documents upon request; provided, however, that the Company reserves the right to request confidential treatment for portions of any such documents.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DESKTOP METAL, INC.

Date: August 3, 2023

By: /s/ Ric Fulop
Ric Fulop
Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2023

By: /s/ Jason Cole
Jason Cole
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**NORTHWEST PARK
OFFICE LEASE**

BY AND BETWEEN

**NWP BUILDING 27 LLC
(AS LANDLORD)**

AND

**DESKTOP METAL, INC.
(AS TENANT)**

FOR PREMISES AT

**63 THIRD AVENUE
BURLINGTON, MASSACHUSETTS**

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NORTHWEST PARK

OFFICE LEASE

ARTICLE 1

Reference Data

1.1 Subject Referred To.

Each reference in this Lease to any of the following subjects shall be construed to incorporate the data stated for that subject in this Section 1.1.

<i>Date of this Lease:</i>	August 23, 2016
<i>Building:</i>	The single-story building containing approximately 60,633 rentable square feet of floor area located in Northwest Park in Burlington, Massachusetts (hereinafter referred to as the "Park") situated on a parcel of land known as 63 Third Avenue (the Building and such parcel of land hereinafter being collectively referred to as the "Property").
<i>Premises:</i>	A portion of the Building, substantially as shown on Exhibit A attached hereto.
<i>Rentable Floor Area of Premises:</i>	Approximately 39,500 rsf
<i>Landlord:</i>	NWP Building 27 LLC, a Massachusetts limited liability company
<i>Original Notice Address of Landlord:</i>	c/o Nordblom Management Company, Inc. 71 Third Avenue Burlington, Massachusetts 01803
<i>Tenant:</i>	Desktop Metal, Inc., a Delaware corporation
<i>Original Notice Address of Tenant:</i>	Prior to the Commencement Date: 29 Hartwell Avenue Lexington, MA 02421 Following the Commencement Date: 63 Third Avenue Burlington, MA 01803
<i>Commencement Date:</i>	The Date of this Lease
<i>Rent Commencement Date:</i>	The date that is the earlier of (a) the date that is sixty (60) days following the date that Landlord's Work is Substantially Completed, and (b) April 1, 2017 (subject to the terms of Section 3.1)
<i>Expiration Date:</i>	The last day of the Partial Lease Year (as defined in Section 2.2)
<i>Initial Landlord's Work Target Date:</i>	November 7, 2016
<i>Remaining Landlord's Work Target Date:</i>	February 7, 2017

<i>TI Allowance:</i>	\$1,382,500.00
<i>Annual Fixed Rent Rate:</i>	Commencement Date — Rent Commencement Date: \$0.00 Lease Year 1: \$552,996.00 Lease Year 2: \$572,748.00 Lease Year 3: \$592,500.00 Lease Year 4: \$612,252.00 Lease Year 5: \$632,004.00 Lease Year 6: \$651,756.00 Lease Year 7: \$671,496.00 Partial Lease Year: \$671,496.00(1)
<i>Monthly Fixed Rent Rate:</i>	Commencement Date — Rent Commencement Date: \$0.00 Lease Year 1: \$46,083.00 Lease Year 2: \$47,729.00 Lease Year 3: \$49,375.00 Lease Year 4: \$51,021.00 Lease Year 5: \$52,667.00 Lease Year 6: \$54,313.00 Lease Year 7: \$55,958.00 Partial Lease Year: \$55,958.00
<i>Letter of Credit Amount:</i>	\$612,252.00 (subject to reduction as provided for in subsection 4.4.1)
<i>Tenant's Percentage:</i>	The ratio of the Rentable Floor Area of the Premises to the total rentable area of the Building, which shall initially be deemed to be 65.15%.
<i>Initial Estimate of Tenant's Percentage of Taxes for the Tax Year:</i>	\$75,050.00
<i>Initial Estimate of Tenant's Percentage of Operating Costs for the Landlord's Fiscal Year:</i>	\$137,460.00
<i>Permitted Uses:</i>	General office, research and development and light manufacturing (to the extent permitted by all applicable laws and codes)
<i>Public Liability Insurance Limits:</i>	
<i>Commercial General Liability:</i>	\$1,000,000 per occurrence \$2,000,000 general aggregate
<i>Commercial Excess Liability and/or Umbrella:</i>	\$5,000,000 general aggregate \$5,000,000 per occurrence

(1) This an annualized rate based on the rate in effect for the Partial Lease Year.

1.2 Exhibits.

The Exhibits listed below in this section are incorporated in this Lease by reference and are to be construed as a part of this Lease.

EXHIBIT A	Plan showing the Premises
EXHIBIT B	Initial Landlord's Work
EXHIBIT C	Remaining Landlord's Work
EXHIBIT D	Work Change Order
EXHIBIT E	Rules and Regulations
EXHIBIT E-1	Construction Rules and Regulations
EXHIBIT F	Form Tenant Estoppel Certificate
EXHIBIT G	Landlord's Consent and Waiver
EXHIBIT H	Form Letter of Credit
EXHIBIT I	Initial List of Hazardous Materials and Chemicals

ARTICLE 2
Premises and Term

- 2.1 Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease, the Premises, excluding the roof, exterior faces of exterior walls, the common stairways, stairwells, and pipes, ducts, conduits, wires, and appurtenant fixtures serving exclusively or in common other parts of the Building (and any areas, such as the space above the ceiling or in the walls, that may contain such pipes, ducts, conduits, wires or appurtenant fixtures), and if Tenant's space includes less than the entire rentable area of any floor, excluding the central core area of such floor.

Tenant shall have, as appurtenant to the Premises, rights to use in common, subject to reasonable rules of general applicability to tenants of the Building from time to time made by Landlord of which Tenant is given notice: (a) the common walkways and driveways necessary for access to the Building, and (b) the common parking areas serving the Building.

Tenant shall be permitted to use, on a non-exclusive basis, up to one hundred and fifty (150) parking spaces in the parking area serving the Building (subject to reduction pursuant to subsection 6.2.4.1).

Landlord reserves the right from time to time, without unreasonable interference with use of the Premises: (a) to install, use, maintain, repair, replace and relocate for service to the Premises and other parts of the Building, or either, pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises or Building, (b) to alter or relocate any other common facility, (c) to make any repairs and replacements to the Premises which Landlord may deem necessary, and (d) in connection with any excavation made upon adjacent land of Landlord or others, to enter, and to license others to enter, upon the Premises to do such work as the person causing such excavation deems necessary to preserve the wall of the Building from injury or damage and to support the same.

- 2.2 Term. TO HAVE AND TO HOLD for an original term (the "Original Term") beginning on the Commencement Date, which shall be the Date of this Lease, and ending on the Expiration Date, unless sooner terminated as hereinafter provided.

The term "Lease Year" as used herein shall mean a period of twelve (12) consecutive full calendar months. The first Lease Year shall begin on the Rent Commencement Date if the Rent Commencement Date is the first day of a calendar month; if not, then the first Lease Year shall commence on the Rent Commencement Date and terminate on the last day of the twelfth (12th) full calendar month after the Rent Commencement Date. Each succeeding Lease Year shall commence upon the anniversary date of the first Lease Year. The term "Partial Lease Year" as used herein shall mean the first (1st) two (2) full calendar months of the eighth (8th) Lease Year. The Partial Lease Year shall begin on the first day following the end of the seventh (7th) Lease Year.

- 2.3 Extension Option. A. Tenant shall have the option (the "Extension Option") to extend the Term of this Lease for one additional period of five (5) years, to begin immediately upon the expiration of the Original Term of this Lease (the "Extended Term"), provided that each of the following conditions has been satisfied:

(i) As of the date of the Extension Notice (defined below) and as of the commencement of the Extended Term, Tenant shall not be in default and shall not have previously been in default of its obligations under this Lease beyond any applicable grace period;

(ii) Tenant shall have had net income for the 12-month period immediately preceding the date of the Extension Notice and for the 12-month period immediately preceding the commencement of the Extended Term; and

(iii) Simultaneously with the delivery of the Extension Notice and also at the commencement of the Extended Term, Tenant shall have delivered to Landlord an audited statement, prepared by Tenant's accountant using generally accepted accounting principles, evidencing such net income during the fiscal year(s) of Tenant ending closest to the date of the Extension Notice and closest to the commencement of the Extended Term, as appropriate (provided in each case neither fiscal year has ended earlier than four (4) months prior to the date of the Extension Notice/commencement of the Extended Term, as applicable), together with financial statements (which may be unaudited, but which shall be certified by Tenant's Chief Financial Officer) demonstrating that Tenant has continued to have a net income for any periods from the date of such audited statements until the date of the Extension Notice/commencement of the Extended Term, as applicable.

B. All of the terms, covenants and provisions of this Lease shall apply to the Extended Term except that the Annual Fixed Rent Rate for such extension period shall be the market rate at the commencement of the Extended Term ("Market Rate"), as designated by Landlord. If Tenant shall elect to exercise this Extension Option, it shall do so by giving Landlord written notice (the "Extension Notice") of its intention to do so not later than one (1) year prior to the expiration of the Original Term of this Lease, time being of the essence thereof. If timely and properly Tenant gives such notice and satisfies the conditions specified above, the extension of this Lease shall be automatically effected without the execution of any additional documents. The Original Term and the Extended Term are hereinafter collectively called the "Term" or the "term".

C. Not later than thirty (30) days following the giving of Tenant's Extension Notice, Landlord shall notify Tenant of Landlord's determination of the Market Rate for the Extended Term. Within fifteen (15) days after Landlord gives Tenant Landlord's determination of the Market Rate, Tenant shall notify Landlord whether Tenant accepts or disputes such rate. If Tenant disagrees with Landlord's determination, then Landlord and Tenant shall commence negotiations to agree upon the Market Rate. In any event, the Annual Fixed Rent Rate for the Extended Term shall not be less than the Annual Fixed Rent Rate in effect immediately prior to the Extended Term. If Landlord and Tenant are unable to reach agreement on the Market Rate within thirty (30) days after the date on which Landlord first gave Tenant Landlord's proposal for the Market Rate, then the Market Rate shall be determined as provided below.

D. If Landlord and Tenant are unable to agree on the Market Rate by the end of said thirty (30)-day period, then within five (5) days thereafter, Landlord and Tenant shall each simultaneously submit to the other in a sealed envelope its good faith estimate of the Market Rate. If the higher of such estimates is not more than one hundred five percent (105%) of the other estimate, then the Market Rate shall be the average of the two estimates. If the matter is not resolved by the exchange of estimates, then Market Rate shall be determined by an independent arbitrator as set forth below.

E. Within seven (7) days after the exchange of estimates, the parties shall select, as an arbitrator, a mutually acceptable commercial real estate broker or appraiser licensed in the Commonwealth of Massachusetts specializing in the field of commercial office leasing in the Burlington, Massachusetts area, having no less than ten (10) years' experience (an "Approved Arbitrator"). If the parties cannot agree on such person, then within a second period of seven (7) days, each shall select one Approved Arbitrator and the two appointed Arbitrators shall, within five (5) days, select a third Approved Arbitrator who shall be the final decision-maker (the "Final Arbitrator"). If one party shall fail to timely make such appointment, then the person chosen by the other party shall be the sole arbitrator. Once the Final Arbitrator has been selected as provided for above, then, as soon thereafter as practicable, but in any case within fourteen (14) days after his or her appointment, the arbitrator shall determine the Market Rate by selecting either the Landlord's estimate of Market Rate or the Tenant's estimate of Market Rate. Such arbitrator must choose the proposed Market Rate that he/she determines is closest to the actual market rental rate for the Premises. There shall be no discovery or similar proceedings. The arbitrator's decision as to which estimate shall be the Market Rate for the Extended Term shall be rendered in writing to both Landlord and Tenant and shall be final and binding upon them and shall be the Annual Fixed Rent Rate for the Extended Term. The costs of the Final Arbitrator will be equally divided between Landlord and

Tenant. Any fees of any Approved Arbitrator or counsel engaged by Landlord or Tenant, however, shall be borne by the party that retained such Approved Arbitrator or counsel. If the dispute between the parties as to a market rate has not been resolved before the commencement of the Extended Term, then Tenant shall pay Fixed Rent under the Lease based upon the market rate designated by Landlord until either the agreement of the parties as to the market rate, or the decision of the Final Arbitrator, as the case may be, at which time Tenant shall pay any underpayment of Fixed Rent to Landlord, or Landlord shall refund any overpayment of Fixed Rent to Tenant.

F. Once the Market Rate has been determined, the parties shall promptly execute an amendment to this Lease setting forth the Fixed Rent for the Premises during the Extended Term.

G. Tenant's rights to extend pursuant to this Section 2.3 are personal to the initial named Tenant, Desktop Metal, Inc., and may not be assigned under any circumstances except to a Permitted Transferee (as defined in Section 6.2.1).

H. With respect to any assignment or subletting during the Original Term of this Lease, such assignment shall not include the right granted to Tenant under this Section 2.3 hereinabove to extend the Term, and such sublease shall be for a term expiring no later than the Expiration Date.

2.4 Right of First Offer. During the Original Term of this Lease, Tenant shall have a one-time right of first offer to lease the ROFO Space (hereinafter defined) as it becomes available for lease after the Date of this Lease, subject to the terms and conditions contained below.

(B) "ROFO Space" shall mean all or a portion of the remaining 21,133 rentable square feet of tenant space in the Building. Tenant's rights under this Section 2.4 shall arise only after the expiration of any lease for the ROFO Space entered into after the Date of this Lease.

(C) If the ROFO Space becomes available to lease as tenant space during the Original Term of this Lease, then prior to marketing such space, other than to the then tenant thereof, Landlord shall first notify Tenant in writing of the opportunity to lease the ROFO Space, on the condition that (i) the initial Tenant named herein, Desktop Metal, Inc., occupies the entire Premises, (ii) Tenant is not in default of its obligations under this Lease at the time the ROFO Space becomes available, and has not previously been in monetary default beyond the expiration of any applicable grace period under this Lease, and (iii) Tenant shall have had net income for the 12-month period immediately preceding the date of Landlord's Preliminary ROFO Notice (as defined below).

(D) Within fifteen (15) days after Landlord's written notification ("Landlord's Preliminary ROFO Notice"), Tenant shall provide written notice to Landlord indicating whether it is interested in the possibility of leasing such ROFO Space. In the event that Tenant is interested in the possibility of leasing such ROFO Space, then simultaneously with the delivery of such written notice Tenant shall also deliver to Landlord an audited statement, prepared by Tenant's accountant using generally accepted accounting principles, evidencing such net income during the period specified in clause (C)(iii) hereinabove. If Tenant timely so indicates its interest in the offered space, and satisfies the condition precedent set forth in subparagraph (C), then Landlord shall notify Tenant in writing ("Landlord's Offer Notice") specifying the terms on which Landlord intends to offer to lease the ROFO Space to the general market except that the term of the ROFO Space will be coterminous with the then remaining portion of the Term of this Lease. Landlord's Offer Notice shall identify the ROFO Space and the terms of the offer in reasonable detail and shall include Landlord's determination of the Market Rate (as such term is defined in Section 2.3) for the ROFO Space, which shall in no event be less than the then Annual Fixed Rent Rate in effect as of the commencement of the term with respect to the subject ROFO Space. Tenant shall within ten (10) days after the date of Landlord's Offer Notice either accept or decline such offer in writing.

(E) If Tenant has accepted Landlord's offer but believes that Landlord's Offer Notice does not reflect the Market Rate, Tenant shall so notify Landlord stating in detail Tenant's

estimate of Market Rate. If the parties are unable to agree upon the Market Rate within thirty (30) days after the date of Landlord's Offer Notice, then the Market Rate shall be determined as set forth in subparagraph (F) below. If Tenant has declined Landlord's offer (or if the offer is deemed rejected by Tenant's failure timely to accept), then Landlord shall be free to offer the subject ROFO Space to the general market and Tenant shall have no further right under this Section 2.4 to lease the ROFO Space.

(F) If Tenant timely elects to lease such space, then the space shall, without further action by the parties, be leased by Tenant on the terms and conditions set forth in the Landlord's Offer Notice, subject to arbitration of the Market Rate if necessary, and otherwise on all of the other terms and conditions of this Lease. If Landlord and Tenant cannot agree on the Market Rate for any ROFO Space, their dispute shall be resolved by a procedure similar to that set forth in Section 2.3 (D), (E) and (F) of this Lease, and the result thereof shall be binding on Landlord and Tenant. When implementing the procedure set forth in said Section 2.3(D), (E) and (F), the phrase "Extended Term" used therein shall be deemed to mean the applicable ROFO term.

(G) If there are twenty-four (24) or fewer months remaining in the Original Term at the time of any Landlord's Offer Notice, Landlord shall have the option to require Tenant to concurrently exercise its Extension Option for the Extended Term as a prerequisite for accepting the ROFO Space. The Annual Fixed Rent Rate for the entire Premises, including the ROFO Space, during the Extended Term will be determined in the same manner as set forth in Section 2.3 (B) for determining the Annual Fixed Rent Rate during the Extended Term. If Tenant declines to exercise its option to extend the Lease for the Extended Term, then Tenant shall be deemed to have rejected Landlord's offer for the subject ROFO Space and Landlord will be free to offer such space to the general market and Tenant shall have no further right under this Section 2.4 to lease the ROFO Space.

(H) This right of first offer is personal to Desktop Metal, Inc., and may not be assigned to any other party, except to a Permitted Transferee.

ARTICLE 3

Improvements

- 3.1 Landlord's Work. Landlord shall, at Landlord's expense, cause to be performed the work required by Exhibits B and C (collectively, "Landlord's Work"). The first portion of Landlord's Work is as set forth on Exhibit B attached to this Lease (the "Initial Landlord's Work"). The second portion of Landlord's Work is as set forth on Exhibit C attached to this Lease (the "Remaining Landlord's Work"). Landlord shall commence Landlord's Work following the Date of this Lease with the understanding that Landlord shall diligently attend to those components of the Initial Landlord's Work as necessary to meet the Initial Landlord's Work Target Date stated in Section 1.1 above in order for Tenant to commence Tenant's Work (defined below). Landlord's Work shall be done in a good and workmanlike manner employing good materials and so as to conform to all applicable building laws. Tenant agrees that Landlord may make any changes in such work which may become reasonably necessary or advisable without approval of Tenant, provided written notice is promptly given to Tenant. It is the intent of the parties that Tenant may commence Tenant's Work (as defined below) while Landlord is performing the Initial Landlord's Work, with the understanding that all portions of Landlord's Work (both the Initial Landlord's Work and the Remaining Landlord's Work) and Tenant's Work can be performed simultaneously, it being agreed that Tenant and Landlord shall reasonably cooperate with each other to facilitate such work. Tenant wishes to move into that portion of the Premises that Tenant intends to use as laboratory space (the "Lab Space") by December 31, 2016. Provided that the same will not delay the Substantial Completion of Landlord's Work (or any component thereof), Landlord intends to cooperate with Tenant's efforts to obtain a temporary certificate of occupancy for the Lab Space to enable Tenant to occupy the Lab Space on such date.

Landlord agrees that Tenant may make changes in Landlord's Work to request upgrades to certain components with the approval of Landlord (which approval shall not be unreasonably withheld, conditioned or delayed taking into account time constraints for the completion of Landlord's Work, and otherwise utilizing the standards set forth in Section 6.2.5 regarding Landlord's approval of alterations) and the execution by

Landlord and Tenant of a Work Change Order, in the form attached hereto as Exhibit D. Tenant shall be responsible for all costs associated with such change orders or upgrades, including but not limited to any engineering or other professional fees associated with such items.

The terms "Substantially Completed", "Substantial Completion" or any permutation thereof as used herein shall mean that the applicable portion of Landlord's Work (i.e. the Initial Landlord's Work and/or the Remaining Landlord's Work) has been completed with the exception of minor items which can be fully completed without material interference with Tenant and other items which because of the season or weather or the nature of the item are not practicable to do at the time, provided that none of said items is necessary to make the Premises tenantable for the Permitted Uses. However, if Landlord is delayed from Substantially Completing any portion of Landlord's Work (i.e. the Initial Landlord's Work and/or the Remaining Landlord's Work) because of a Tenant Delay (defined in Section 3.2 below), then such portion of Landlord's Work shall be deemed to be "Substantially Completed" on the date that such work would have been Substantially Completed but for such Tenant Delay (but Landlord shall not be relieved of the obligation to actually complete Landlord's Work).

Provided the Lease is fully executed on or before August 23, 2016, then, subject to Force Majeure events (defined in Section 10.5 hereof) and any Tenant Delay, Landlord shall use diligence to cause (a) the Initial Landlord's Work to be Substantially Completed by the Initial Landlord's Work Target Date, and (b) the Remaining Landlord's Work to be Substantially Completed by the Remaining Landlord's Work Target Date. In the event that the entirety of Landlord's Work (both Initial Landlord's Work and the Remaining Landlord's Work) is not Substantially Completed by February 7, 2017, for any reason other than a Tenant Delay or Force Majeure event, then the Rent Commencement Date shall be extended by one (1) day for each day of delay thereafter until the entirety of Landlord's Work is Substantially Completed (or is deemed Substantially Completed, as set forth above).

- 3.2 *Tenant's Work.* A. Except for Landlord's Work under Section 3.1 above, all work that is deemed necessary or desirable by Tenant to prepare the Premises for Tenants use and occupancy shall be performed by Tenant, at its expense, and in accordance with plans and specifications approved in advance by Landlord pursuant to paragraph C below (such approved work is referred to herein as "Tenant's Work"). Following the Substantial Completion of the Initial Landlord's Work, Tenant's Work shall be undertaken in accordance with all of the terms and conditions of this Lease, including but not limited to subsection 6.2.5 and the Construction Rules and Regulations attached hereto as Exhibit E-I.

B. All subcontractors selected by Tenant for the performance of Tenant's Work shall first be approved by Landlord in writing (which may be done via e-mail), such approval not to be unreasonably withheld, conditioned or delayed (it being agreed that Landlord shall have the right to restrict certain subcontractors from any bid lists), with such approval or disapproval to be given within five (5) business days from request. Tenant shall use Unispace as both its general contractor and architect ("Tenant's general contractor and "Tenant's architect", as applicable), and R.W Sullivan as its engineer ("Tenant's engineer") unless, in each case, Tenant receives Landlord's consent to use another general contractor, architect or engineer. Notwithstanding anything to the contrary contained herein. Tenant shall use Landlord's roofing contractor for any work that involves penetration of the roof.

C. All contractors employed by Tenant shall carry the insurance coverages required under Section 4.2.4.6 below, and Tenant shall submit certificates evidencing such coverage to Landlord prior to the commencement of Tenant's Work. All Tenant's Work shall be performed in good and workmanlike manner in accordance with all applicable requirements and laws of the applicable authorities having jurisdiction of the Premises and in compliance with all of the requirements of subsection 6.2.5 of this Lease. Prior to applying for any building permit, Tenant shall submit to Landlord complete architectural, electrical and mechanical construction drawings, plans and specifications ("Tenant's Plans") necessary for the Tenant's Work. Tenant's Plans shall be prepared by Tenant's architect and Tenant's engineer, and all costs and expenses of preparing Tenants Plans

shall be Tenant's sole responsibility. Landlord shall approve or disapprove in writing of any plans submitted within five (5) business days of receipt thereof. Landlord shall not unreasonably withhold or condition such consent. If any of such plans are disapproved by Landlord, Landlord shall provide Tenant with specific reasons for such disapproval, and the foregoing submission process shall be repeated until all such plans have been approved by Landlord (except that for each subsequent iteration of Tenant's Plans, such five (5) business day period shall be reduced to three (3) business days). Tenant hereby acknowledges and agrees that Landlord's review of, and Landlord's granting of its approval to, any plans and specifications submitted to it under this Lease shall not constitute or be deemed to constitute a judgment, representation or agreement by Landlord that such plans and specifications comply with the requirements of any legal authorities or that such plans and specifications will be approved by the Town of Burlington. Following Landlord's approval of Tenant's Plans, Tenant shall provide Landlord with a copy of the construction contract and its total budget for the hard and soft costs for the construction of Tenant's Work (the "Total Costs"). Tenant shall pay any and all out-of-pocket third party fees and expenses incurred by Landlord in connection with review of Tenant's Plans.

D. The phrase, "Tenant Delay", shall be defined as any delay in the completion of Landlord's Work actually caused by (i) special work, upgrades or long lead-time items for which Landlord identifies a specified period of delay, and in either instance Tenant does not withdraw or alter such special work, upgrade, long lead-time item which avoids such delay, (ii) any changes to any plans made by Tenant, or any Work Change Order requested by Tenant, in any case for which Landlord identifies a specified period of delay at the time of its approval and for which Tenant does not withdraw such change to avoid delay, (iii) the delay of Tenant or its architects and engineers in providing or approving any plans, specifications, pricing or estimates or giving authorizations or supplying information reasonably required by Landlord or its general contractor within five (5) business days after request therefor, (v) any failure by any contractors employed by Tenant including, without limitation, contractors furnishing telecommunications, data processing or other service or equipment directly to Tenant (and not via Landlord's contractors) to comply with the agreed-upon timetables for coordination of the parties' respective components of work, as established at on-site progress meetings between Landlord's representative and Tenant's representative, (vi) any failure to comply with this Article 3, or any material interference with the performance of Landlord's Work by Tenant or any of its agents, employees, architects, engineers or contractors (including but not limited to delays caused by the acts or omissions of Tenant or such parties), (vii) any failure of Tenant to pay for any Work Change Order or upgrade to Landlord's Work within required time periods or (viii) Tenant's delay in delivering the Original Letter of Credit required pursuant to Section 4.4.

- 3.3 *Mechanic's Liens.* Tenant hereby indemnifies Landlord against liability for any and all mechanic's and other liens filed in connection with Tenant's Work. Tenant, at its expense, shall procure the discharge of, or bond over, all such liens within ten (10) business days after receipt of notice of the filing of any such lien against the Premises. If Tenant shall fail to cause any such lien to be discharged or bonded over within the period aforesaid, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by deposit or bonding proceedings, and in any such event Landlord shall be entitled, if it elects, to compel the prosecution of an action for the foreclosure of such lien and to pay the amount of the judgment in favor of the lien or with interest, costs and allowances. Any amount so paid by Landlord, and all costs and expenses reasonably incurred by Landlord in connection therewith, shall constitute Additional Rent and, at Landlord's election, shall be deducted from the TI Allowance or paid by Tenant to Landlord on demand.
- 3.4 *TI Allowance.* (A) Landlord shall provide Tenant with an amount equal to the TI Allowance to be used for the construction of Tenant's Work. The TI Allowance shall be used by Tenant for hard and soft construction costs in connection with Tenant's Work, including architectural, engineering and construction management costs. Landlord shall disburse the TI Allowance in three (3) installments, as follows:

- (i) Upon completion of fifty percent (50%) of the Tenant's Work, Landlord shall disburse the first (1st) installment of the TI Allowance (the "First Installment") in an amount up to forty percent (40%) of the TI Allowance evidenced by paid invoices from Tenant's general contractor and other direct contractors and subcontractors ("Paid Invoices") providing services or supplying materials for the Tenant's Work. Upon completion of one hundred percent (100%) of the Tenant's Work, Landlord shall disburse the second (2nd) installment of the TI Allowance (the "Second Installment") in an amount up to fifty percent (50%) of the TI Allowance evidenced by Paid Invoices, but in no event shall the sum of the First Installment and the Second Installment be greater than \$1,244,250.00. The First Installment and the Second Installment shall be payable within thirty (30) days after Landlord's receipt of all of the following documentation to Landlord's reasonable satisfaction:
- a. a conditional lien waiver for the current requisition from Tenant's general contractor, subcontractors and suppliers performing work or providing materials to date (waiving any and all liens and rights of liens of any type through the date of the request for the applicable installment of the TI Allowance),
 - b. a requisition for payment from Tenant's architect in the form of AIA Document G702 for all work for which disbursement is being requisitioned,
 - c. the submission by Tenant of a written statement from Tenant's architect or engineer stating (a) whether there has been any change in the Total Costs (and if so, what the updated Total Costs are), and (b) that the Tenant's Work for which payment is being requisitioned has been completed in accordance with the approved Tenant's Plans,
 - d. copies of paid invoices from Tenant's general contractor, major subcontractors and supplies evidencing such hard construction costs of the Tenant's Work for which disbursement is being requisitioned; and, as applicable, copies of paid invoices from Tenant's architects/engineers/project managers, and any other party providing services or supplying materials, evidencing the soft costs for which disbursement is being requested, and any other information or documentation reasonably requested by Landlord, and
 - e. with respect to the Second Installment, unconditional lien waivers for past payments from Tenant's general contractor and all subcontractors and suppliers,
- (ii) Landlord shall disburse the third (3rd) and final installment of the TI Allowance in an amount equal to the remaining ten percent (10%) of the TI Allowance within thirty (30) days after Landlord's receipt of all of the following documentation, to Landlord's reasonable satisfaction:
- a. An unconditional final waiver of lien from Tenant's general contractor and from all subcontractors and suppliers,
 - b. one (1) set of "as-built" plans for the Tenant's Work in CAD File and PDF format,
 - c. copies of paid invoices from Tenant's general contractor, major subcontractors and suppliers evidencing such costs of the Tenant's Work for which disbursement is being requisitioned;

and, as applicable, copies of paid invoices from Tenant's architects/engineers/project managers, and any other party providing services or supplying materials, evidencing the costs for which disbursement is being requested, and a copy of the final (as opposed to temporary) certificate of occupancy for the Premises issued by the Town of Burlington and any other information or documentation reasonably requested by Landlord.

Any portion of the TI Allowance that is not used or claimed on or before July 31, 2017 shall accrue to Landlord. If the final actual cost of the Tenant's Work shall be in excess of the TI Allowance, then the entire amount of such excess cost shall be paid solely by Tenant and Landlord shall be under no obligation to pay any such excess.

If any disbursement of the TI Allowance is not timely paid by Landlord (and provided Tenant has delivered to Landlord all documentation required and satisfied all the conditions under this Section 3.4 and Landlord has not notified Tenant that Landlord reasonably disputes the accuracy or completeness of the applicable funding request), then provided Tenant is not in default under this Lease, Tenant may deliver a second notice (an "Offset Notice") to Landlord, which notice shall specify the funding request that has not been timely paid and state conspicuously in bold type and in all capital letters at the top of the first page of such notice and on the envelope containing such notice **"THIS IS A TIME SENSITIVE OFFSET NOTICE AND LANDLORD SHALL BE DEEMED TO ACCEPT SUCH OFFSET IF IT FAILS TO RESPOND TO THIS SECOND REQUEST FOR DISBURSEMENT WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT"** and if Tenant shall deliver such second notice to Landlord as aforesaid and Landlord fails to disburse the amount of the TI Allowance expressly referenced in the Offset Notice, subject to Landlord's right to dispute such funding request as herein provided, within such five (5) business day period, then Tenant shall have the right to have such unpaid amount of the TI Allowance credited against the next installment(s) of Fixed Rent thereafter due under this Lease provided, however, notwithstanding any provision herein to the contrary, in no event shall the aggregate amount of all offsets permitted hereunder in any month ever exceed twenty percent (20%) of any monthly installment of Fixed Rent. Within the thirty (30) day period following receipt of a funding request or within the additional 5-Business Day period described above. Landlord may dispute in good faith the funding request by written notice to Tenant setting forth the basis upon which Landlord disputes the accuracy or completeness of any funding request. If Landlord disputes the accuracy or completeness of any funding request, Landlord and Tenant shall reasonably cooperate with each other to resolve such dispute as expeditiously as possible, but Landlord will have no obligation to disburse any disputed amount of such funding request and Tenant will not have any right to credit or offset the disputed amount of the funding request against the Fixed Rent until the dispute has been resolved.

ARTICLE 4

Rent

- 4.1 The Fixed Rent. (a) Commencing on the Rent Commencement Date, Tenant covenants and agrees to pay rent to Landlord, by electronic fund transfer (or by such other method, as set forth below, or to such other person or entity as Landlord may by notice in writing to Tenant from time to time direct), at the Annual Fixed Rent Rate, in equal installments at the Monthly Fixed Rent Rate (which is 1/12th of the Annual Fixed Rent Rate), in advance, without notice or demand, and without setoff, abatement, suspension, deferment, reduction or deduction, except as otherwise expressly provided herein, on the first day of each calendar month included in the term; and for any portion of a calendar month following the Rent Commencement Date, at the rate for the first Lease Year payable in advance for such portion. The term "Additional Rent shall mean all sums other than Fixed Rent that are payable to Landlord under this Lease, including, without limitation all Operating Costs, Taxes, late charges, and interest.

(b) It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that the Annual Fixed Rent, the Additional Rent and all other sums payable by Tenant to Landlord shall continue to be payable in all events and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been abated or terminated pursuant to an express provision of this Lease.

(c) If Landlord shall give notice to Tenant that all rent and/or other payments due hereunder are to be made to Landlord by check, or by any other commercially reasonable means, Tenant shall make all such payments as shall be due after receipt of said notice by means as designated by Landlord, with such payments to be made to such address and to such person or entity as is specified by Landlord.

4.2 **Additional Rent.** Commencing on the Rent Commencement Date, Tenant covenants and agrees to pay, as Additional Rent, insurance costs, utility charges, personal property taxes and its pro rata share of taxes and operating costs with respect to the Premises as provided in this Section 4.2 as follows:

4.2.1 **Real Estate Taxes.** Tenant covenants to pay to Landlord, as Additional Rent, for each tax period partially or wholly included in the term, Tenant's Percentage of Taxes (as hereinafter defined). Tenant shall remit to Landlord, on the first day of each calendar month, estimated payments on account of Taxes, such monthly amounts to be sufficient to provide Landlord, by the time real estate tax payments are due and payable to any governmental authority responsible for collection of same, a sum equal to the Tenant's Percentage of Taxes, as reasonably estimated by Landlord from time to time on the basis of the most recent tax data available. The initial calculation of the monthly estimated payments shall be based upon the Initial Estimate of Tenant's Percentage of Taxes for the Tax Year and upon quarterly payments being due to the governmental authority on August 1, November 1, February 1 and May 1, and shall be made when the Commencement Date has been determined. If the total of such monthly remittances for any Tax Year is greater than the Tenant's Percentage of Taxes for such Tax year, Landlord shall promptly pay to Tenant, or credit against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.1, the difference; if the total of such remittances is less than the Tenant's Percentage of Taxes for such Tax Year, Tenant shall pay the difference to Landlord at least ten (10) days prior to the date or dates within such Tax Year that any Taxes become due and payable to the governmental authority (but in any event no earlier than ten (10) business days following a written notice to Tenant, which notice shall set forth the manner of computation of Tenant's Percentage of Taxes). This section shall survive the expiration or earlier termination of the Lease.

If, after Tenant shall have made reimbursement to Landlord pursuant to this subsection 4.2.1, Landlord shall receive a refund of any portion of Taxes paid by Tenant with respect to any Tax Year during the term hereof as a result of an abatement of such Taxes by legal proceedings, settlement or otherwise (without either party having any obligation to undertake any such proceedings), Landlord shall promptly pay to Tenant, or credit against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.1, the Tenant's Percentage of the refund (less the proportional, pro rata expenses, including attorneys' fees and appraisers' fees, incurred by Landlord in connection with obtaining any such refund), as relates to Taxes paid by Tenant to Landlord with respect to any Tax Year for which such refund is obtained.

In the event this Lease shall commence, or shall end (by reason of expiration of the term or earlier termination pursuant to the provisions hereof), on any date other than the first or last day of the Tax Year, or should the Tax Year or period of assessment of real estate taxes be changed or be more or less than one (1) year, as the case may be, then the amount of Taxes which may be payable by Tenant as provided in this subsection 4.2.1 shall be appropriately apportioned and adjusted.

The term "Taxes" shall mean all taxes, assessments, betterments and other charges and impositions (including, but not limited to, fire protection service fees

and similar charges) levied, assessed or imposed at any time during the term by any governmental authority upon or against the Property, or taxes in lieu thereof, and additional types of taxes to supplement real estate taxes due to legal limits imposed thereon. Taxes shall not include: excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes applied or measured by Landlord's general or net income (as opposed to rents, receipts, or income attributable to operations at the Building), nor any item included as Operating Costs, nor any items paid by Tenant under subsection 4.2.2. If, at any time during the term of this Lease, any tax or excise on rents or other taxes, however described, are levied or assessed against Landlord with respect to the rent reserved hereunder, either wholly or partially in substitution for, or in addition to, real estate taxes assessed or levied on the Property, such tax or excise on rents shall be included in Taxes; however, Taxes shall not include franchise, estate, inheritance, succession, capital levy, transfer, income or excess profits taxes assessed on Landlord. Taxes shall include any estimated payment made by Landlord on account of a fiscal tax period for which the actual and final amount of taxes for such period has not been determined by the governmental authority as of the date of any such estimated payment.

4.2.2 Personal Property Taxes. Tenant shall pay all taxes charged, assessed or imposed upon the personal property of Tenant in or upon the Premises.

4.2.3 Operating Costs. Tenant covenants to pay to Landlord the Tenant's Percentage of Operating Costs (as hereinafter defined) incurred by Landlord in any fiscal year of Landlord ("Landlord's Fiscal Year"). Tenant shall remit to Landlord, on the first day of each calendar month, estimated payments on account of Operating Costs, such monthly amounts to be sufficient to provide Landlord, by the end of the Landlord's Fiscal Year, a sum equal to the Operating Costs, as reasonably estimated by Landlord from time to time. The initial monthly estimated payments shall be in an amount equal to 1/12th of the Initial Estimate of Tenant's Percentage of Operating Costs for the Landlord's Fiscal Year. If, at the expiration of the year in respect of which monthly installments of Operating Costs shall have been made as aforesaid, the total of such monthly remittances is greater than the actual Operating Costs for such year, Landlord shall promptly pay to Tenant, or credit against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.3, the difference; if the total of such remittances is less than the Operating Costs for such year, Tenant shall pay the difference to Landlord within twenty (20) days from the date Landlord shall furnish to Tenant an itemized statement of the Operating Costs, prepared, allocated and computed in accordance with generally accepted accounting principles. Any reimbursement for Operating Costs due and payable by Tenant with respect to periods of less than twelve (12) months shall be equitably prorated. This section shall survive the expiration or earlier termination of the Lease.

The term "Operating Costs" shall mean all costs and expenses incurred for the operation, cleaning, maintenance, repair and upkeep of the Property, and the portion of such costs and expenses with regard to the common areas, facilities, services and amenities of the Park which is equitably allocable to the Property, including, without limitation, all costs of maintaining and repairing the Property and the Park (including snow removal, landscaping and grounds maintenance, operation, repair and maintenance of parking lots (including lighting), sidewalks, walking paths, access roads and driveways, Property signage, repair and maintenance of the Building roof; security, operation and repair of the base Building heating and air-conditioning equipment, common area lighting and any other base Building equipment or systems) and of all repairs and replacements (other than repairs or replacements for which Landlord has received full reimbursement from contractors, other tenants of the Building or from others) necessary to keep the Property and the Park in good working order, repair, appearance and condition; all costs, including material and equipment costs, for cleaning and janitorial services to the Building (including window cleaning of the Building); all costs of any reasonable insurance carried by Landlord relating to the Property; all costs related to provision of heat (including oil, electric, and/or gas),

cooling, and water (including sewer charges), refuse disposal and other utilities to the Building (exclusive of reimbursement to Landlord for any of same received as a result of direct billing to any tenant of the Building); payments under all service contracts relating to the foregoing; all compensation, fringe benefits, payroll taxes and workmen's compensation insurance premiums related thereto with respect to any employees of Landlord or its affiliates engaged in the operation, security and maintenance of the Property and the Park; attorneys' fees and disbursements (exclusive of any such fees and disbursements incurred in tax abatement proceedings or the preparation of leases) and auditing and other professional fees and expenses; and a management fee in line with market rates for comparable properties providing comparable services and amenities in the Burlington, Massachusetts geographic market area. Park-wide expenses shall be equitably allocated by Landlord.

Notwithstanding any provision of this Lease to the contrary, the following items shall be excluded from Operating Costs:

- (a) leasing commissions, fees and costs, advertising and promotional expenses and other costs incurred in procuring tenants or in selling the Building, the Property or the Park;
- (b) legal fees or other expenses incurred in connection with enforcing leases with tenants in the Park or in selling or financing the Building, the Property or the Park;
- (c) costs of renovating or otherwise improving or decorating space for any tenant or other occupant of the Park, including Tenant, or relocating any tenant;
- (d) financing costs including interest and principal amortization of debts and the costs of providing the same;
- (e) depreciation;
- (f) rental on ground leases or other underlying leases and the costs of providing the same;
- (g) wages, bonuses and other compensation of employees above the grade of Senior Property Manager and fringe benefits other than insurance plans and tax qualified benefit plans;
- (h) costs of any cleanup, containment, abatement, removal or remediation of Hazardous Materials (as defined in Article 11) to the extent such were either (i) on the Property on the Date of this Lease; or (ii) introduced onto the Property by Landlord;
- (i) costs of any items for which Landlord is or is entitled to be paid or reimbursed by insurance;
- (j) charges for electricity, water, or other utilities, services or goods and applicable taxes for which Tenant or any other tenant, occupant, person or other party is obligated to reimburse Landlord or to pay to third parties;
- (k) costs of any HVAC, janitorial or other services provided to tenants other than Tenant on an extra cost basis after regular business hours;
- (l) the cost of installing, operating and maintaining any cafeteria or child or daycare center;
- (m) cost of any work or service performed on an extra cost basis for any tenant in the Building or the Property to a materially greater extent or in a materially more favorable manner than furnished generally to the tenants and other occupants;

- (n) cost of any work or services performed for any facility other than the Building, the Property or the Park;
- (o) any cost representing an amount paid to a person, firm, corporation or other entity related to Landlord that is in excess of the amount which would have been paid in the absence of such relationship;
- (p) lease payments for rental equipment (other than equipment for which depreciation is properly charged as an expense) that would constitute a capital expenditure if the equipment were purchased;
- (q) late fees or charges incurred by Landlord due to late payment of expenses, except to the extent attributable to Tenant's actions or inactions;
- (r) Taxes or taxes on Landlord's business (such as income, excess profits, franchise, capital stock, estate, inheritance, etc.);
- (s) charitable or political contributions;
- (t) reserve funds;
- (u) all other items for which another party compensates or pays so that Landlord shall not recover any item of cost more than once;
- (v) any cost associated with operating an on or off-site management office for the Park, except to the extent included in the management fee permitted hereby;
- (w) Landlord's general overhead and any other expenses not directly attributable to the operation and management of the Building, the Property or the Park (e.g. the activities of Landlord's officers and executives or professional development expenditures), except to the extent included in the management fee permitted hereby;
- (x) costs and expenses incurred in connection with compliance with or contesting or settlement of any claimed violation of law or requirements of law, except to the extent attributable to Tenant's actions or inactions;
- (y) costs of mitigation or impact fees or subsidies (however characterized), imposed or incurred prior to the date of the Lease or imposed or incurred solely as a result of another tenant's or tenants' use of the Park or their respective premises;
- (z) any costs or expense incurred by Landlord in connection with the maintenance, repair, or replacement of space leased to other tenants in the Park; and
- (aa) capital expenditures, except as specifically provided for below.

If, during the term of this Lease, Landlord shall replace any capital items or make any capital expenditures which (a) are intended to reduce Operating Costs or (b) are required to comply with laws enacted after the date of this Lease, or (c) are required to replace worn-out items as may be necessary to maintain the Building in good working order, repair and condition and not to enhance the Building over and above its current appearance and condition (collectively called "capital expenditures"), the total amount of which is not properly included in Operating Costs for the Landlord's Fiscal Year in which they were made, there shall nevertheless be included in Operating Costs for each such fiscal year in which and after such capital expenditure is made the annual charge-off of such capital expenditure. (Annual charge-off shall be determined by (i) dividing the original cost of the capital expenditure by the number of years of useful life thereof [The useful life shall be reasonably determined by Landlord in accordance with generally accepted accounting principles and practices in effect at the time of

acquisition of the capital item.]; and (ii) adding to such quotient an interest factor computed on the unamortized balance of such capital expenditure based upon an interest rate reasonably determined by Landlord as being the interest rate then being charged for long-term mortgages by institutional lenders on like properties within the locality in which the Building is located.) Provided, further, that if Landlord reasonably concludes on the basis of engineering estimates that a particular capital expenditure will effect savings in Operating Costs and that such annual projected savings will exceed the annual charge-off of capital expenditure computed as aforesaid, then and in such events, the annual charge-off shall be determined by dividing the amount of such capital expenditure by the number of years over which the projected amount of such savings shall fully amortize the cost of such capital item or the amount of such capital expenditure; and by adding the interest factor, as aforesaid.

If during any portion of any year for which Operating Costs are being computed, the Building was not fully occupied by tenants or if not all of such tenants were paying fixed rent or if Landlord was not supplying all tenants with the services, amenities or benefits being supplied hereunder, actual Operating Costs incurred shall be reasonably extrapolated by Landlord to the estimated Operating Costs that would have been incurred if the Building were fully occupied by tenants and all such tenants were then paying fixed rent or if such services were being supplied to all tenants, and such extrapolated amount shall, for the purposes of this Section 4.2.3, be deemed to be the Operating Costs for such year.

Tenant shall have the right to examine, copy and audit Landlord's books and records establishing the Operating Costs set forth in this Section 4.2.3 of this Lease, for the Landlord's Fiscal Year immediately preceding Landlord's year-end reconciliation statement of Operating Costs for the specific Landlord's Fiscal Year in question. Tenant shall give Landlord at least 30 days prior written notice (the "Audit Notice") of its intention to examine and audit such books and records, and such examination and audit shall take place at Landlord's or Landlord's building manager's office no later than 120 days following Tenant's receipt of any year-end reconciliation statement and shall be completed no later than ninety (90) days following the date Tenant was first given access to Landlord's books and records. No subtenant shall have any right to conduct an audit. As a condition to performing any such inspection, Tenant and its examiners may be required to execute and deliver to Landlord an agreement to keep confidential any information which Tenant and the examining party discover about the Building in connection with such examination, except for disclosures required by law, court order or regulatory authorities, or to Tenant's attorneys, accountants, auditors, or potential purchasers of the Tenant company. Tenant agrees to use for such audit a certified public accountant or an accounting firm that is not being paid on a contingency fee basis. All costs of the examination and audit shall be borne by Tenant. If, pursuant to the audit, the payments made for such year by Tenant exceed Tenant's required payment on account thereof for such year, such overpayment shall be credited against Rent next due, or refunded to Tenant if the term of this Lease has then expired and Tenant has no further obligation to Landlord; but, if the payments made by Tenant for such year are less than Tenant's required payment as established by the examination and audit, Tenant shall pay the deficiency to Landlord within thirty (30) days after conclusion of the examination and audit. If there is any dispute over the results of the audit, Landlord shall have ninety (90) days following receipt of the audit results to obtain an audit from an accountant of Landlord's choice, at Landlord's cost and expense. In the event that Landlord's and Tenant's accountants shall be unable to reconcile the results which thirty (30) days following completion of Landlord's accountants' review, then, both accountants shall mutually agree upon a third accountant whose determination shall be conclusive. The cost of any such third accountant shall be shared equally between Landlord and Tenant.

- 4.2.4 Insurance. Tenant shall, at its expense, as Additional Rent, take out and maintain from the time Tenant first occupies the Premises for any purpose and throughout the Term the following insurance protecting Landlord:

- 4.2.4.1 Commercial general liability insurance and commercial excess liability insurance on a “follow form” basis and/or umbrella naming Landlord, Tenant, and Landlord’s managing agent and any mortgagee of which Tenant has been given notice as insureds or additional insureds on a primary and non-contributory basis, in amounts which shall, at the beginning of the term, be at least equal to the limits set forth in Section 1.1; and, which, from time to time during the term, shall be for such higher limits, if any, as are customarily carried in the area in which the Premises are located on property similar to the Premises and used for similar purposes; and workmen’s compensation insurance with statutory limits covering all of Tenant’s employees working on the Premises covering the state in which the employee was hired, works and resides; and Employers liability insurance with minimum limits of Five Hundred Thousand Dollars (\$500,000.00) each accident, bodily injury by accident; Five Hundred Thousand Dollars (\$500,000.00) each employee, bodily injury by disease; and Five Hundred Thousand Dollars (\$500,000.00) policy limit, bodily injury by disease.
- 4.2.4.2 Special Risk property insurance with the usual extended coverage endorsements covering all of Tenant’s furniture, furnishings, fixtures and equipment and Tenant’s Work, and business interruption insurance, with extra expense coverage.
- 4.2.4.3 Automobile liability insurance for all owned, leased, non-owned and hired vehicles. The minimum limit of liability shall be One Million Dollars (\$1,000,000.00) each accident, combined single limit for bodily injury and property damage naming Landlord as an additional insured on a primary and non-contributory basis.
- 4.2.4.4 All such policies shall be obtained from responsible companies having a policy rating of A- or better; X or better, as set forth in the most current issue of the Best’s Key Rating Guide and which are qualified to do business and in good standing in Massachusetts. Tenant agrees to furnish Landlord with certificates evidencing all such insurance prior to the beginning of the term hereof and evidencing renewal thereof at least thirty (30) days prior to the expiration of any such policy. Tenant shall provide at least thirty (30) days prior written notice to Landlord should any of the policies required herein be cancelled. In the event provision for any such insurance is to be by a blanket insurance policy, the policy shall allocate a specific and sufficient amount of coverage to the Premises.
- 4.2.4.5 All insurance which is carried by either party with respect to the Building, Premises or to furniture, furnishings, fixtures, or equipment therein or alterations or improvements thereto, workmen’s compensation insurance, and all liability insurance, whether or not required, shall include provisions which either designate the other party as one of the insured or deny to the insurer acquisition by subrogation of rights of recovery against the other party to the extent such rights have been waived by the insured party prior to occurrence of loss or injury, insofar as, and to the extent that, such provisions may be effective without making it impossible to obtain insurance coverage from responsible companies qualified to do business in the state in which the Premises are located. Each party shall be entitled to have certificates of any policies containing such provisions. Each party hereby waives all rights of recovery against the other for loss or injury against which the waiving party is protected by insurance containing said provisions, reserving, however, any rights with respect to any excess of loss or injury over the amount recovered by such insurance. Tenant shall not acquire as insured under any insurance carried on the Premises, which shall include all tenant improvements (including Tenant’s Work), any right to participate in the adjustment of loss or to receive insurance proceeds and agrees upon request promptly to

endorse and deliver to Landlord any checks or other instruments in payment of loss in which Tenant is named as payee.

4.2.4.6 In addition to the above requirements, all contractors employed by Tenant shall maintain Worker's Compensation Insurance in accordance with statutory requirements, and Employers Liability with limits not less than \$1,000,000, Commercial General Liability (including completed operations coverage), Automobile Liability and Follow form Umbrella or Excess Liability Insurance in amounts at least equal to the limits set forth in Section 1.1. All such policies, with the exception of the Workers' Compensation, shall be endorsed to provide additional insured status to Tenant and Landlord and Landlord's managing agent and any mortgagee, on a primary and non-contributory basis. All policies shall be endorsed providing waiver of subrogation in favor of Landlord and Tenant. Tenant shall submit certificates evidencing such coverage to Landlord prior to the commencement of Tenant's Work and any future alterations performed by Tenant's contractors. Tenant shall also list Landlord and Tenant's contractor as insureds on Tenant's Builder's Risk Policy.

4.2.5 Utilities. A. Commencing as of the Rent Commencement Date, Tenant shall contract for and pay directly to the applicable public utility company all costs and charges for telephone service and for separately metered gas furnished or consumed on the Premises.

B. Commencing as of the date that is the earlier of the Rent Commencement Date and the date that Landlord installs the requisite submeter for such utility, Tenant shall pay directly to Landlord, as Additional Rent, estimated charges (the "Utilities Charges") on account of Tenant's consumption of electricity in the Premises for its lights, outlets, and HVAC systems and otherwise used by Tenant in connection with the Premises, and for water used by Tenant for ordinary cleaning, lavatory and toilet facilities or otherwise in the Premises. Landlord shall reasonably estimate the amount of Utilities Charges payable by Tenant per month and shall notify Tenant prior to the Commencement Date of the initial estimate of Utilities Charges to be paid by Tenant. Tenant shall pay the Utilities Charges on the first day of each calendar month included in the Term, in the same manner as Tenant pays Fixed Rent pursuant to Section 4.1 above. Following Landlord's receipt of utility provider invoices, Landlord will reconcile the estimated Utilities Charges paid by Tenant with the actual amounts owing from Tenant based on the number of kilowatt hours of electricity used in connection with the Premises for the preceding month as registered on the sub-meters for the Premises, and based upon sub-meter readings for water used by Tenant for ordinary cleaning, lavatory and toilet facilities or otherwise in the Premises. If it is determined Tenant has been overcharged, then such overpayment will be credited against Tenant's account for the following month. If Tenant has underpaid, then Landlord will invoice Tenant for the amount owed and Tenant shall pay such amount within twenty (20) days after billing. Landlord reserves the right to adjust the monthly Utilities Charges from time to time based on the most current data available for Tenant's electrical and water consumption in connection with the Premises, and Tenant shall thereafter pay the adjusted Utilities Charges to Landlord until further notice.

C. Tenant shall pay all charges for telephone and other utilities or services not supplied by Landlord, whether designated as a charge, tax, assessment, fee or otherwise, all such charges to be paid as the same from time to time become due. Except as otherwise provided in Article 5, it is understood and agreed that Tenant shall make its own arrangements for the installation or provision of all such utilities and that Landlord shall be under no obligation to furnish any utilities to the Premises and shall not be liable for any interruption or failure in the supply of any such utilities to the Premises.

4.3 Late Payment of Rent. If any installment of Fixed Rent or other sum due Landlord is paid

after the date the same was due, and if on a prior occasion in the twelve (12) month period prior to the date such installment was due an installment of rent was paid after the same was due, then Tenant shall pay Landlord a late payment fee equal to five (5%) percent of the overdue payment. In addition, if any installment of rent or other sum due Landlord is not paid when due, such installment shall bear interest from the date due until paid, at the rate of 8% per year not to exceed the highest rate permitted by law.

- 4.4 Letter of Credit. The performance of Tenant's obligations under this Lease shall be secured by a letter of credit throughout the term hereof in accordance with and subject to the following terms and conditions:

- 4.4.1 Amount of Letter of Credit. (a) Concurrently with Tenant's execution and delivery of this Lease, Tenant shall deliver to Landlord an irrevocable standby letter of credit (the "Original Letter of Credit") which shall be (i) in the form of Exhibit H attached to this Lease (the "Form LC") or another form acceptable to Landlord, (ii) issued by Silicon Valley Bank or another commercial bank that is reasonably satisfactory to Landlord upon which presentment may be made in Boston, Massachusetts, (iii) in the amount equal to the Letter of Credit Amount, and (iv) for a term of at least 1 year, subject to the provisions of Section 4.4.2 below. The Original Letter of Credit, any Additional Letter(s) of Credit (as defined below) and Substitute Letter(s) of Credit (as defined below) are referred to herein as the "Letter of Credit."

(b) Notwithstanding anything to the contrary contained in Section 4.4, provided that Tenant is not in default and has not previously been in default of its obligations under this Lease beyond any applicable grace period prior to such time, then following the first Fiscal Year (as defined below) that Tenant has net income (the "First Reduction Benchmark"), the Letter of Credit Amount may be reduced to \$306,126.00. Further, provided that Tenant is not in default and has not previously been in default of its obligations under this Lease beyond any applicable grace period prior to such time, then following the second (2nd) consecutive Fiscal Year that Tenant has net income (the "Second Reduction Benchmark"), the Letter of Credit may be reduced to \$153,063.00. For the avoidance of doubt, to achieve the Second Reduction Benchmark, Tenant must have net income in two (2) consecutive Fiscal Years. To the extent Tenant wishes to enact any reduction to the Letter of Credit Amount pursuant to the terms hereof, Tenant shall, on or following each such benchmark date (i.e. the First Reduction Benchmark or the Second Reduction Benchmark, as the case may be), deliver to Landlord (i) a notice requesting the applicable reduction and (ii) an audited financial statement, prepared by Tenant's accountant using generally accepted accounting principles, evidencing to Landlord's reasonable satisfaction such net income during the applicable Fiscal Year. Provided the conditions precedent have been satisfied, then within thirty (30) days after Tenant receives written confirmation from Landlord that the conditions for reduction of the Letter of Credit have been satisfied as of the applicable benchmark date (i.e. the First Reduction Benchmark or the Second Reduction Benchmark, as the case may be), Tenant shall provide Landlord with an amendment to the Letter of Credit or a new Letter of Credit meeting all of the requirements of Section 4.4 to accomplish such authorized reduction of the Letter of Credit. Landlord shall cooperate with Tenant, at no cost to Landlord, to effectuate such reduction. In no event shall the Letter of Credit have automatic reduction provisions. In no event will the Letter of Credit Amount at any time be reduced below \$153,063.00. As used herein, the term "Fiscal Year" shall mean the period of time between January 1 and December 31 of any given calendar year following the Rent Commencement Date.

- 4.4.2 Renewal of Letter of Credit. Each Letter of Credit shall be automatically renewable in accordance with the second to last paragraph of the Form LC, provided however, that Tenant shall be required to deliver to Landlord a new letter of credit (a "Substitute Letter of Credit") satisfying the requirements for the Original Letter of Credit under Section 4.4.1 on or before the date 30 days prior to the expiration of the term of the Letter of Credit then in effect, if the issuer of such Letter of Credit (the "Issuing Bank") gives notice of its election not to renew

such Letter of Credit for any additional period pursuant thereto. Should any Letter of Credit contain a final expiration date, in addition to a current expiration date, such final expiration date shall be no earlier than 45 days following the Expiration Date of this Lease.

- 4.4.3 *Draws to Cure Defaults.* If the Fixed Rent, Additional Rent or any other sum payable to Landlord hereunder shall be overdue and unpaid or should Landlord make payments on behalf of the Tenant, or Tenant shall fail to perform any of its obligations under this Lease, or should Tenant otherwise be in default under this Lease, in all cases beyond the expiration of all applicable notice and cure periods, then Landlord shall have the right, at any time thereafter to draw down from the Letter of Credit the amount necessary to cure such default. In the event of any such draw by the Landlord, Tenant shall, within 30 days of written demand therefor, deliver to Landlord an additional Letter of Credit ("Additional Letter of Credit") satisfying the requirements for the Original Letter of Credit, except that the amount of such Additional Letter of Credit shall be the amount of such draw.
- 4.4.4 *Draws to Pay Damages.* In addition, if (i) this Lease shall have been terminated as a result of Tenant's default under this Lease beyond the expiration of the applicable cure period, and/or (ii) this Lease shall have been rejected in a bankruptcy or other creditor-debtor proceeding, then Landlord shall have the right at any time thereafter to draw down from the Letter of Credit an amount sufficient to pay any and all damages payable by Tenant on account of such termination or rejection, as the case may be, pursuant to Article 8 hereof. In the event of bankruptcy or other creditor-debtor proceeding against Tenant, all proceeds of the Letter of Credit shall be deemed to be applied first to the payment of rent and other charges due Landlord for all periods prior to the filing of such proceedings.
- 4.4.5 *Issuing Bank.* In the event the Issuing Bank becomes insolvent, or if Landlord reasonably believes the Issuing Bank is financially troubled or at risk of becoming insolvent, or if the Issuing Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation (or any successor or similar entity), or if a trustee, receiver or liquidator is appointed for the Issuing Bank, then, effective as of the date of such occurrence, the Letter of Credit shall be deemed to not meet the requirements of this Section 4.4 and Tenant shall, within ten (10) business days of written notice from Landlord, deliver to Landlord a Substitute Letter of Credit which otherwise meets the requirements of this Section 4.4, or, alternatively at Landlord's discretion, Tenant shall, within such five-day period deliver cash to Landlord in the Letter of Credit Amount, which Landlord shall hold as "Security Proceeds" (as defined below) which shall be governed by subject to the provisions of subsection 4.4.6 below.
- 4.4.6 *Draws for Failure to Deliver Substitute Letter of Credit.* If Tenant fails timely to deliver to Landlord a Substitute Letter of Credit, then Landlord shall have the right, at any time thereafter, without giving any notice to Tenant, to draw down the Letter of Credit and to hold the proceeds thereof ("Security Proceeds") in a bank account in the name of Landlord, which may be withdrawn and applied by Landlord under the same circumstances and for the same purposes as if the Security Proceeds were a Letter of Credit. Upon any such application of Security Proceeds by Landlord, Tenant shall, within 30 days of written demand therefor, deliver to Landlord an Additional Letter of Credit in the amount of Security Proceeds so applied.
- 4.4.7 *Transferability.* Landlord shall be entitled to transfer its beneficial interest under the Letter of Credit or any Security Proceeds in connection with (i) Landlord's sale or transfer of the Building, or (ii) the addition, deletion or modification of any beneficiaries under the Letter of Credit, and the Letter of Credit shall specifically state on its face that it is transferable by Landlord, its successors and assigns. Tenant agrees to pay Landlord upon demand, as Additional Rent, all costs and fees charged to effect the first such transfer in any Lease Year, and Landlord shall pay the costs to effect any other transfer in such Lease Year.

- 4.4.8 Return of Letter of Credit at End of Term. Within 45 days after the expiration of the term, to the extent Landlord has not previously drawn upon any Letter of Credit or Security Proceeds held by Landlord, Landlord shall return the same to Tenant provided that there is not at such time any continuing default of any of Tenant's obligations under this Lease.

ARTICLE 5
Landlord's Covenants

5.1 Affirmative Covenants. Landlord covenants with Tenant:

- 5.1.1 Heat and Air-Conditioning. To furnish to the Premises heat and air-conditioning (reserving the right, at any time, to change energy or heat sources), separately metered for gas and at the direct expense of Tenant as provided in Section 4.2.5 above, sufficient to maintain the Premises at comfortable temperatures (subject to all federal, state, and local regulations relating to the provision of heat). The heat and air-conditioning temperatures will be controlled by Tenant pursuant to the thermostat in the Premises.
- 5.1.2 Electricity. To furnish to the Premises, separately sub-metered and paid for by Tenant directly to Landlord, electricity for Tenant's lights, outlets and HVAC system and otherwise used by Tenant in connection with the Premises. If Tenant shall require electricity in excess of normal office use for Tenant's Permitted Uses, then if (i) in Landlord's reasonable judgment, Landlord's facilities are inadequate for such excess requirements, or (ii) such excess use shall result in an additional burden on the Building utilities systems and additional cost to Landlord on account thereof, as the case may be, (a) Tenant shall, upon demand, reimburse Landlord for such additional cost, as aforesaid, or (b) Landlord, upon written request, and at the sole cost and expense of Tenant, will furnish and install such additional wire, conduits, feeders, switchboards and appurtenances as reasonably may be required to supply such additional requirements of Tenant (if electricity therefor is then available to Landlord), provided that the same shall be permitted by applicable laws and insurance regulations and shall not cause permanent damage or injury to the Building or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations or repairs.
- 5.1.3 Water. To furnish water for ordinary cleaning, lavatory and toilet facilities.
- 5.1.4 Fire Alarm. To maintain the base Building fire alarm systems.
- 5.1.5 Repairs. Except as otherwise expressly provided in this subsection 5.1.5, and elsewhere in this Lease, including Section 6.1.3 below, to make such repairs and replacements to the roof, exterior walls, floor slabs and other structural components of the Building (collectively the "Building Structure"), and to the common areas of the Property (including but not limited to the parking areas serving the Building), facilities, and to the base building plumbing, electrical, heating, ventilating and air-conditioning systems of the Building (collectively the "Base Building Systems") as may be necessary to keep them in good repair and condition (exclusive of equipment installed by Tenant and except for those repairs required to be made by Tenant pursuant to Section 6.1.3 hereof and repairs or replacements occasioned by any act or negligence of Tenant, its servants, agents, customers, contractors, employees, invitees, or licensees).
- 5.1.6 Landscaping; Snow Removal; Trash Removal. To provide landscaping and grounds maintenance services, and, during normal business hours, snow removal. Landlord shall also pick-up trash from the shared dumpster from the Building (but not from any other location).
- 5.2 Interruption. A. Landlord shall be under no responsibility or liability for failure or interruption of any of the above-described utility services, or conditions arising in or about the Property caused by breakage, accident, strikes, repairs, inability to obtain supplies, labor or materials, or for any other causes beyond the control of the Landlord, and in no event for any indirect or consequential damages to Tenant; and failure or

omission on the part of the Landlord to furnish any of same for any of the reasons set forth in this Section 5.2 shall not be construed as an eviction of Tenant, actual or constructive, nor entitle Tenant to an abatement of rent, nor render the Landlord liable in damages, nor release Tenant from prompt fulfillment of any of its covenants under this Lease. However in each instance of failure or interruption Landlord shall use reasonable efforts to restore the unavailable service or remedy the condition following written notice from Tenant.

B. Notwithstanding the foregoing, if an event or circumstance (an "Abatement Event") shall occur that causes an interruption or curtailment, suspension or stoppage of an Essential Service that reasonably prevents Tenant from using the entire Premises, or any material portion thereof, as a result of Landlord's failure to provide any Essential Service (defined below) required to be provided by Landlord under this Lease, provided that such failure or Landlord's inability to remedy such event or circumstance is not due to Force Majeure or a cause beyond Landlord's reasonable control generally affecting other buildings in the vicinity (such as a neighborhood power outage or other off-site occurrence) or the act or negligence of Tenant, its employees, vendors, or contractors, or any party claiming by, through or under Tenant then Tenant shall give Landlord notice (an "Abatement Notice") of any such Abatement Event. If such Abatement Event continues beyond the "Eligibility Period" (defined below), then the Monthly Fixed Rent and monthly charges on account of Operating Costs and Taxes shall be abated entirely or proportionately, as the case may be, after the expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use, the Premises or a portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises. Tenant shall not be entitled to any abatement of Rent if Tenant is then in default of any of its obligations under this Lease. The term "Eligibility Period" shall mean a period of five (5) consecutive business days after Landlord's receipt of any Abatement Notice(s). For purposes hereof, the term "Essential Services" shall mean the following services required to be provided by Landlord under this Lease: water and sewer service, HVAC, gas and electricity. The provisions of this paragraph shall not apply to any Abatement Event caused by fire or other damage or destruction to the Building, which shall be covered by Article 7 of this Lease.

- 5.3 Outside Services. In the event Tenant wishes to provide outside services for the Premises over and above those services to be provided by Landlord as set forth herein, Tenant shall first obtain the prior written approval of Landlord for the installation and/or utilization of such services ("Outside services" shall include, but shall not be limited to, cleaning services, television, so-called "canned music" services, security services, catering services and the like.) In the event Landlord approves the installation and/or utilization of such services, such installation and utilization shall be at Tenant's sole cost, risk and expense.

ARTICLE 6

Tenant's Additional Covenants

- 6.1 Affirmative Covenants. Tenant covenants at all times during the term and for such further time (prior or subsequent thereto) as Tenant occupies the Premises or any part thereof:
- 6.1.1 Perform Obligations. To perform promptly all of the obligations of Tenant set forth in this Lease; and to pay when due the Fixed Rent and Additional Rent and all charges, rates and other sums which by the terms of this Lease are to be paid by Tenant.
- 6.1.2 Use. To use the Premises only for the Permitted Uses, and from time to time to procure all licenses, and permits and approvals necessary for Tenant's use of the Premises (including but not limited to any special licenses, permits, and/or approvals and any licenses, permits and approvals required for Tenant to commence using the Premises for the Permitted Uses), at Tenant's sole expense. With respect to any licenses or, permits or approvals for which Tenant may apply, pursuant to this subsection 6.1.2 or any other provision hereof, Tenant shall furnish Landlord copies of applications therefor on or before their submission to the governmental authority.

- 6.1.3 Repair and Maintenance. Except to the extent Landlord is explicitly required to do so under this Lease, to maintain the Premises in neat order and condition and to perform all routine and ordinary repairs to the Premises and to any plumbing, heating, electrical, ventilating and air-conditioning systems, and any specialized life safety systems serving the Premises and installed by Tenant such as are necessary to keep them in good working order, appearance and condition, as the case may require, reasonable use and wear thereof and damage by fire or by unavoidable casualty only excepted; to make any repairs to the floor slab necessitated by Tenant's Work or any other alterations or improvements made by or on behalf of Tenant during the Term; to keep all glass in windows and doors of the Premises (except glass in the exterior walls of the Building) whole and in good condition with glass of the same quality as that injured or broken; and to make as and when needed as a result of misuse by, or neglect or improper conduct of Tenant or Tenant's servants, employees, agents, invitees or licensees or otherwise, all repairs necessary, which repairs and replacements shall be in quality and class equal to the original work. In connection with any specialized life safety system, Tenant shall enter into a service contract with a contractor reasonably satisfactory to Landlord that shall provide for regular maintenance, testing and inspection of same. Tenant shall provide Landlord with a copy of such service contract, as well as any reports from such contractor and any other documentation reasonably requested by Landlord in connection therewith. (Landlord, upon default of Tenant hereunder and upon prior notice to Tenant, may elect, at the expense of Tenant, to perform all such cleaning and maintenance and to make any such repairs or to repair any damage or injury to the Building or the Premises caused by moving property of Tenant in or out of the Building, or by installation or removal of furniture or other property, or by misuse by, or neglect, or improper conduct of, Tenant or Tenant's servants, employees, agents, contractors, customers, patrons, invitees, or licensees.)
- 6.1.4 Compliance with Law. To make all repairs, alterations, additions or replacements to the Premises required by any law or ordinance or any order or regulation of any public authority; to keep the Premises equipped with all safety appliances so required; and to comply with the orders and regulations of all governmental authorities with respect to zoning, building, fire, health and other codes, regulations, ordinances or laws applicable to the Premises, except that Tenant may defer compliance so long as the validity of any such law, ordinance, order or regulations shall be contested by Tenant in good faith and by appropriate legal proceedings, if Tenant first gives Landlord appropriate assurance or security against any loss, cost or expense on account thereof. Notwithstanding the foregoing, provided the same are not required by Tenant's specific use of the Premises, or as the result of any work, alteration or improvement done by or for Tenant, then Landlord shall be responsible for making all such repairs, alterations, additions or replacements to the Building Structure and the Building Systems as required by this subsection 6.1.4, the costs of which shall be included in Operating Costs subject to the terms of this Lease.
- 6.1.5 Indemnification. To indemnify, defend and hold harmless Landlord, its agents (including, without limitation, Landlord's managing agent), partners, officers, directors, members, trustees, beneficiaries, shareholders, and employees (such parties being referred to collectively as the "Landlord Related Parties") from and against any and all claims, demands, liabilities, penalties, fines, settlements, damages, loss, costs or expenses resulting from, arising out of, or in any way related to injury, death, damage or loss to person or property in or upon the Premises and the Property arising out of the use or occupancy of the Premises by Tenant or by any person claiming by, through or under Tenant (including, without limitation, all patrons, employees and customers of Tenant), the negligent acts or omissions or intentional misconduct of Tenant or any person claiming by, through or under Tenant, or on account of any breach by Tenant of its obligations under this Lease, or on account of or based upon anything whatsoever done on the Premises, except if the same was caused by the gross negligence, fault or willful misconduct of Landlord or the Landlord Related Parties. In respect of all of the foregoing, Tenant shall indemnify Landlord and the Landlord Related Parties

from and against all costs and expenses (including reasonable attorneys' fees), of whatever kind or nature incurred in or in connection with any such claim, action or proceeding brought thereon; and, in case of any action or proceeding brought against Landlord or the Landlord Related Parties by reason of any such claim, Tenant, upon notice from Landlord and at Tenant's expense, shall resist or defend such action or proceeding and employ counsel therefor reasonably satisfactory to Landlord. The preceding indemnification shall expressly survive the expiration or earlier termination of this Lease.

- 6.1.6 *Landlord's Right to Enter.* To permit Landlord and its agents to enter into and examine the Premises at reasonable times and to show the Premises to lenders, equity investors and purchasers and potential lenders, equity investors and purchasers and any other party with a legitimate business interest (other than prospective tenants), and to make repairs to the Premises, and, during the last six (6) months prior to the expiration of this Lease, to keep affixed in suitable places notices of availability of the Premises and to show the Premises to prospective tenants. Except in the case of an emergency, Landlord shall provide Tenant at least 24 hours' prior notice of any such entry, and Landlord shall use commercially reasonable efforts to minimize any disturbance of Tenant's operations in the Premises. Landlord shall reasonably cooperate with Tenant so that, except in the case of emergencies, Tenant's representative may accompany such persons who enter the Premises.
- 6.1.7 *Personal Property' at Tenant's Risk.* All of the furnishings, fixtures, equipment, effects and property of every kind, nature and description of Tenant and of all persons claiming by, through or under Tenant which, during the continuance of this Lease or any occupancy of the Premises by Tenant or anyone claiming under Tenant, may be on the Premises, shall be at the sole risk and hazard of Tenant and if the whole or any part thereof shall be destroyed or damaged by fire, water, rain or by the leakage or bursting or other defect of water pipes, steam pipes, or other pipes, sprinklers, lighting fixtures or other cause by theft, any acts or omissions of any other tenant of the Property, or from any other cause, no part of said loss or damage is to be charged to or to be borne by Landlord, except that Landlord shall in no event be indemnified or held harmless or exonerated from any liability to Tenant or to any other person, for any injury, loss, damage or liability to the extent prohibited by law.
- 6.1.8 *Payment of Landlord's Cost of Enforcement.* To pay on demand Landlord's expenses, including reasonable attorneys' fees, incurred in successfully enforcing any obligation of Tenant under this Lease or in curing any default by Tenant under this Lease as provided in Section 8.4.
- 6.1.9 *Yield Up.* At the expiration of the term or earlier termination of this Lease: to surrender all keys to the Premises; to remove all of its trade fixtures and personal property in the Premises; to deliver to Landlord stamped architectural plans showing the Premises at yield up (which may be the initial plans if Tenant has made no installations after the Commencement Date); to remove such installations made by it as Landlord may request (including computer and telecommunications wiring and cabling, it being understood that if Tenant leaves such wiring and cabling in a useable condition, Landlord, although having the right to request removal thereof, is less likely to so request, and in any event including the Compactor and Nitrogen Tank, including any associated equipment, as such terms are defined in Section 6.2.4 below) and all Tenant's signs wherever located, including the Facade Sign and Monument Sign Panel; to repair all damage caused by such removal and to yield up the Premises (including all installations and improvements made by Tenant except for trade fixtures and such of said installations or improvements as Landlord shall request Tenant to remove), broom-clean and in the same good order and repair in which Tenant is obliged to keep and maintain the Premises by the provisions of this Lease. Any property not so removed shall be deemed abandoned and, if Landlord so elects, deemed to be Landlord's property, and may be retained or removed and disposed of by Landlord in such manner as Landlord shall determine and Tenant shall pay Landlord the entire cost and expense incurred by it in effecting such removal and

disposition and in making any incidental repairs and replacements to the Premises and for use and occupancy during the period after the expiration of the term and prior to its performance of its obligations under this subsection 6.1.9. Tenant shall further indemnify Landlord against all loss, cost and damage resulting from Tenant's failure and delay in surrendering the Premises as above provided if Tenant holds over past the expiration or earlier termination of the Term (the "Holdover Indemnity"). Notwithstanding the forgoing, in the event that Tenant, no earlier than forty-five and no later than thirty (30) days prior to the scheduled expiration of Term, provides Landlord with a written notice inquiring as to whether Landlord has leased, or is involved in negotiations to lease, the Premises or any part thereof to a third party, then Landlord shall provide Tenant with a written notice regarding the same (a "Holdover Notice"). In the event that Landlord indicates in the Holdover Notice that Landlord has a signed letter of intent or a lease for all or a portion of the Premises, or is engaged in negotiations with a potential tenant for all or a portion of the Premises as evidenced by a written proposal or ongoing lease negotiations, then the Holdover Indemnity shall commence immediately upon the first day following the expiration of the Term if Tenant holds over. In the event that Landlord indicates in the Holdover Notice that none of the circumstances in the immediately preceding sentence then exists, then the Holdover Indemnity shall commence on the date that is thirty (30) days after the expiration of the Term if Tenant holds over. The inclusion of the preceding sentences in this Lease should not be construed as Landlord's consent for Tenant to hold over, and shall not apply in the event that the Lease is terminated prior to the scheduled expiration date of the Term.

If the Tenant remains in the Premises beyond the expiration or earlier termination of this Lease, such holding over shall be without right and shall not be deemed to create any tenancy, but the Tenant shall be a tenant at sufferance only at a daily holdover rate of rent during the first thirty (30) days of such holding over equal to one and one-half (1 ½) times the Monthly Fixed Rent Rate and Additional Rent on account of Operating Costs and Taxes in effect as of the day prior to the expiration or termination of this Lease; and after the expiration of such 30-day period, at a rate equal to two (2) times the Monthly Fixed Rent Rate and Additional Rent on account of Operating Costs and Taxes last due as of the day prior to the date of expiration or earlier termination of this Lease, and shall otherwise be on the terms and conditions of this Lease as applicable, except that in no event shall any extension option, right of first offer or right of first refusal, or similar right or option be deemed applicable to such tenancy at sufferance.

- 6.1.10 Rules and Regulations. To comply with the Rules and Regulations set forth in Exhibit E, and with all reasonable Rules and Regulations of general applicability to all tenants of the Building hereafter made by Landlord, of which Tenant has been given notice; Landlord shall not be liable to Tenant for the failure of other tenants of the Building to conform to such Rules and Regulations. Tenant shall cause all parties performing work on behalf of Tenant in or about the Premises and Building to comply with the Construction Rules and Regulations attached hereto as Exhibit E-I.

- 6.1.10.1 Dog-Friendly Building. In the event that Tenant has exercised its Right of First Offer pursuant to Section 2.4 hereof and is leasing the entire Building, and subject to all laws, codes or regulations of any applicable governing authority and any terms or restrictions of Landlord's insurance carriers, then notwithstanding anything to the contrary contained herein or in the Rules and Regulations, Tenant's employees shall be permitted allow their pet dogs (the "Tenant's Pet Dogs") to accompany them into the Premises during normal business hours. Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, costs, expenses, fees or suits arising out of accidents, damage, injury or loss to any and all persons and property, arising from or connected in any way to Tenant's Pet Dogs. Tenant shall obtain insurance coverage for the benefit of Landlord and its managing agent in such amount and of such type as Landlord may reasonably require

in connection with Tenant's Pet Dogs. Landlord reserves the right to enact reasonable rules and regulations in connection with Tenant's Pet Dogs, including but not limited to banning certain breeds of dogs from access to the Premises, and the option to immediately suspend the rights granted hereunder to the extent Landlord has a good faith reason to do so. Tenant shall be solely responsible for any and all repairs related to or in connection with Tenant's Pet Dogs. Tenant shall be required to "curb" Tenant's Pet Dogs, including but not limited to picking up and properly disposing of Tenant's Pet Dogs' waste, and being conscientious about all matters of Tenant's Pet Dogs' excretions. In no event shall the Premises be used as a kennel, "doggy day care" or grooming facility, and in no event shall any dog, including but not limited to Tenant's Pet Dogs, be housed in the Premises. Tenant's Pet Dogs shall remain on leashes at all times that the same are outside of the Premises. Tenant's rights to pursuant to this Subsection 6.1.10.1 are personal to the initial named Tenant, Desktop Metal, Inc., and may not be assigned under any circumstances other than to a Permitted Transferee.

- 6.1.11 Estoppel Certificate. Upon not less than ten (10) days' prior written request by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing, which may be in the form attached hereto as Exhibit F or in another form reasonably similar thereto, or such other form as Landlord may provide from time to time, certifying all or any of the following: (i) that this Lease is unmodified and in full force and effect, (ii) whether the term has commenced and Fixed Rent and Additional Rent have become payable hereunder and, if so, the dates to which they have been paid, (iii) whether or not, to Tenant's current actual knowledge, Landlord is in default in performance of any of the terms of this Lease, (iv) whether Tenant has accepted possession of the Premises, (v) whether Tenant has made any claim against Landlord under this Lease and, if so, the nature thereof and the dollar amount, if any, of such claim, (vi) whether, to Tenant's current actual knowledge, there exist any offsets or defenses against enforcement of any of the terms of this Lease upon the part of Tenant to be performed, and (vii) such further information with respect to the Lease or the Premises as Landlord may reasonably request. Any such statement delivered pursuant to this subsection 6.1.11 may be relied upon by any prospective purchaser or mortgagee of the Premises, or any prospective assignee of such mortgage. Tenant shall also deliver to Landlord such financial information as may be reasonably required by Landlord to be provided to any mortgagee or prospective purchaser of the Premises; provided, however, Tenant shall be required to provide only such financial information as is commercially reasonable. If Tenant fails to deliver the estoppel certificate within the required time period, and such failure continues for an additional five (5) days following a second written request from Landlord, then Tenant shall be obligated to pay to Landlord, as Additional Rent within twenty (20) days of demand, a fee in the amount of \$500.00 per day for each day that Tenant fails to deliver the requested estoppel in the period beginning on the day after the expiration of the initial 10-day period, and ending on the day Tenant actually delivers the estoppel.
- 6.1.12 Landlord's Expenses Re Consents. To reimburse Landlord promptly on demand for all reasonable legal expenses incurred by Landlord in connection with all requests by Tenant for consent or approval hereunder.
- 6.2 Negative Covenants. Tenant covenants at all times during the term and such further time (prior or subsequent thereto) as Tenant occupies the Premises or any part thereof:
- 6.2.1 Assignment and Subletting. A. Not to assign, transfer, mortgage or pledge this Lease or to sublease (which term shall be deemed to include the granting of concessions and licenses and the like) all or any part of the Premises or permit this Lease or the leasehold estate hereby created or any other rights arising under this Lease to be assigned, transferred, pledged or encumbered, in whole or in part, whether voluntarily, involuntarily or by operation of law, or permit the occupancy

of the Premises by anyone other than Tenant without the prior written consent of Landlord. In the event Tenant desires to assign this Lease or sublet any portion or all of the Premises, Tenant shall notify Landlord in writing of Tenant's intent to so assign this Lease or sublet the Premises and the proposed effective date of such subletting or assignment, and shall request in such notification that Landlord consent thereto. Except with respect to a Permitted Transfer, Landlord may terminate this Lease in the case of a proposed assignment, or suspend this Lease pro tanto for the period and with respect to the space involved in the case of a proposed subletting for 50% or more of the Premises, by giving written notice of termination or suspension to Tenant, with such termination or suspension to be effective as of the effective date of such assignment or subletting. If Landlord does not so terminate or suspend, Landlord's consent shall not be unreasonably withheld to an assignment or to a subletting, provided that the following conditions are met:

- (i) the assignee or subtenant shall use the Premises only for the Permitted Uses;
- (ii) with respect to a subletting, that after such subletting the initial Tenant named herein occupies at least twenty-five (25%) percent of the Rentable Floor Area of the Premises;
- (iii) the proposed assignee or subtenant has a net worth and creditworthiness reasonably acceptable to Landlord;
- (iv) the amount of the aggregate rent to be paid by the proposed subtenant is not less than the then current sublease market rate for the Premises; and
- (v) the proposed assignee or subtenant is not then a tenant in the Building or the Park, or an entity with which Landlord is dealing or has dealt within the preceding six months regarding the possibility of leasing space in the Building or the Park.
- (vi) the proposed assignee or subtenant provides a representation and warranty regarding the Patriot Act provisions set forth in this Lease.

Tenant shall furnish Landlord with any information reasonably requested by Landlord to enable Landlord to determine whether the proposed assignment or subletting complies with the foregoing requirements, including without limitation, financial statements relating to the proposed assignee or subtenant.

B. Tenant shall, as Additional Rent, reimburse Landlord promptly for Landlord's reasonable out-of-pocket legal expenses incurred in connection with any request by Tenant for such consent. If Landlord consents thereto, no such subletting or assignment shall in any way impair the continuing primary liability of Tenant hereunder, and no consent to any subletting or assignment in a particular instance shall be deemed to be a waiver of the obligation to obtain the Landlord's written approval in the case of any other subletting or assignment. With respect to any assignment or subletting during the Original Term of this Lease (other than to a Permitted Transferee), such assignment shall not include the right granted to Tenant under this Section 2.3 hereinabove to extend the Term, nor the Right of First Offer right granted to Tenant under Section 2.4 above, nor the right granted to Tenant under Section 6.1.10.1 regarding Tenant's Pet Dogs, and such sublease shall be for a term expiring no later than the Expiration Date.

C. If for any assignment or sublease consented to by Landlord hereunder Tenant receives rent or other consideration, either initially or over the term of the assignment or sublease, in excess of the rent called for hereunder, or in case of sublease of part, in excess of such rent fairly allocable to the part, after appropriate adjustments to assure that all other payments called for hereunder are appropriately taken into account and, after deduction for reasonable marketing expenses, free rent periods, improvement allowances, tenant improvements and demising costs incurred by Tenant in connection with the assignment or sublease

(with all such items to be amortized over the term of such assignment or sublease), to pay to Landlord as additional rent fifty (50%) percent of the excess of each such payment of rent or other consideration received by Tenant promptly after its receipt.

D. If at any time during the term of this Lease, there is a name change, Tenant shall so notify Landlord and deliver evidence reasonably satisfactory to Landlord documenting such name change. If, at any time during the Term of this Lease, there is a transfer of a controlling interest in the shares or stock of Tenant which are not publicly traded upon a stock exchange, or the membership or general partnership or other ownership interests of Tenant (any of the foregoing, an "Equity Sale"), or a restructuring or reorganization of the Tenant entity, including any spin-off, Tenant shall so notify Landlord and (whether or not Tenant so notifies Landlord) such Equity Sale, restructuring or reorganization shall be deemed an assignment of this Lease requiring Landlord's consent, which shall not be unreasonably withheld, conditioned or delayed; *provided however*, Landlord's consent shall not be required with respect to any Equity Sale, and any Equity Sale will not be deemed an assignment, if (a) in the event that Ric Fulop and his management team (collectively, the "Current Management Team") stay in place following such Equity Sale (and Tenant delivers to Landlord reasonable evidence of the same), Tenant delivers to Landlord reasonable evidence that Tenant's Net Worth immediately after such Equity Sale will be no less than 95% of Tenant's Net Worth immediately before such Equity Sale or (b) in the event that the Current Management Team will not stay in place following such Equity Sale, Tenant delivers to Landlord reasonable evidence that Tenant's Net Worth will be no less than FORTY-FIVE MILLION and 00/100 DOLLARS (\$45,000,000.00) immediately after such Equity Sale. For the avoidance of doubt, neither of the following will require Landlord's consent nor will be deemed an assignment: (a) any transfer of shares or stock of Tenant which are publicly traded upon a stock exchange, and (b) any transfer of any other shares or stock of Tenant, or the membership or general partnership or other ownership interests of Tenant, which (in the case of (b)) does not constitute the transfer of a controlling interest in Tenant. "Controlling interest" shall mean having ownership of fifty percent (50%) or more of the outstanding voting stock of a corporation or other majority equity and control interest if not a corporation and the possession of power to direct or cause the direction of the management of such corporation or other entity. "Tenant's Net Worth" means Tenant's assets less Tenant's liabilities, and shall be determined in accordance with generally accepted accounting principles and certified by the accountant(s) that prepared such statement(s).

E. The following terms and conditions shall apply to any subletting by Tenant of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

- (i) Tenant hereby assigns and transfers to Landlord all of Tenant's interest in all rentals and income arising from any sublease of all or a portion of the Premises heretofore or hereafter made by Tenant, and Landlord may collect such rent and income and apply same toward Tenant's obligations under this Lease; provided, however, that until a default by Tenant hereunder shall occur under this Lease, Tenant may, except as otherwise provided in this Lease, receive, collect and enjoy the rents accruing under such sublease. Landlord shall not, by reason of this or any other assignment of such sublease to Landlord, nor by reason of the collection of the rents from a subtenant, be deemed liable to the subtenant for any failure of Tenant to perform and comply with any of Tenant's obligations to such subtenant under such sublease. Tenant hereby irrevocably authorizes and directs any such subtenant, upon receipt of a written notice from Landlord stating that a default hereunder exists under this Lease, to pay to Landlord the rents and other charges due and to become due under the sublease. The subtenant shall rely upon any such statement and request from Landlord and shall pay such rents and other charges to Landlord without any obligation or right to inquire as to whether such breach exists and notwithstanding any notice from or claim from Tenant to

the contrary. Tenant shall have no right or claim against said subtenant, or, until the breach has been cured, against Landlord, for any such rents and other charges so paid by said subtenant to Landlord.

- (ii) In the event of a default by Tenant in the performance of its obligations under this Lease that results in a termination of this Lease, Landlord, at its option and without any obligation to do so, may require any subtenant to attorn to Landlord, in which event Landlord shall undertake the obligations of the sublandlord under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Landlord shall not be liable for any prepaid rents or security deposit paid by such subtenant to Tenant or for any other prior defaults or breaches of Tenant as sublandlord under such sublease.

F. Any other provision of this subsection 6.2.1 notwithstanding, Tenant shall have the right, without Landlord's prior written consent and without any right of Landlord to terminate this Lease to assign this Lease or sublease the Premises to an entity (each a "Permitted Transferee") which is either a parent of Tenant, controlled by Tenant or under common control with Tenant, provided Tenant remains primarily liable under this Lease and so long as Tenant notifies Landlord of the assignment or subletting and delivers reasonable proof of the affiliation to Landlord. "Control" for the purposes hereof shall mean ownership of 50% or more of all financial interest and 50% or more of the voting interest of a corporation, and any other majority equity interest and control interest if not a corporation. A transaction for which consent from the Landlord is not required pursuant to this subparagraph F shall be referred to in this Lease as a Permitted Transfer". In the event of any Permitted Transfer, Tenant shall remain primarily liable under this Lease and any assignee shall agree directly with Landlord, by written instrument in form satisfactory to Landlord, to assume and perform all the obligations of Tenant under this Lease.

- 6.2.2 Nuisance. Not to injure, deface or otherwise harm the Premises; nor commit any nuisance; nor permit in the Premises any vending machine (except such as is used for the sale of merchandise to employees of Tenant) or inflammable fluids or chemicals (except in accordance with the terms of Article 11 of this Lease), nor permit any cooking to such extent as requires special exhaust venting; nor permit the emission of any objectionable noise or odor; nor make, allow or suffer any waste; nor make any use of the Premises which is improper, offensive or contrary to any law or ordinance or which will invalidate any of Landlord's insurance, nor conduct any auction, fire, "going out of business" or bankruptcy sales.
- 6.2.3 INTENTIONALLY OMITTED.
- 6.2.4 Floor Load: Heavy Equipment. Not to place a load upon any floor of the Premises exceeding the floor load per square foot area which such floor was designed to carry and which is allowed by Law. Business machines and mechanical equipment which cause vibration or noise shall be placed and maintained by Tenant at Tenant's expense in settings approved of in advance by Landlord sufficient to absorb and mitigate such vibration and noise, so that any reasonable person outside of the Premises would not be annoyed by such vibration and noise. Tenant shall not move any safe, heavy machinery, heavy equipment, freight or fixtures into or out of the Premises except in such manner and at such time as Landlord shall in each instance authorize.
- 6.2.5 Installation, Alterations or Additions. Not to make any installations, alterations or additions in, to or on the Premises nor to permit the making of any holes in the walls, partitions, ceilings or floors nor the installation or modification of any locks or security devices without on each occasion obtaining the prior written consent of Landlord, and then only pursuant to plans and specifications approved by Landlord in advance in each instance, which approval shall not be unreasonably withheld, delayed or conditioned. Landlord shall give Tenant notice, in reasonable detail, of any objections or concerns Landlord may have with respect to any proposed installation, alteration or addition. Landlord shall not be deemed

unreasonable for withholding approval of any proposed installation, alteration or addition that (i) involves or might affect the Building Structure or exterior element of the Building or any portion thereof, and/or (ii) might, in Landlord's reasonable opinion, materially adversely affect the value of the Building or any portion thereof, and/or (iii) might materially adversely affect the proper functioning of the Base Building Systems and/or (iv) is visible from outside of the Premises and/or is not within the interior of the Premises and/or (v) involves penetration of the roof or exterior walls. Notwithstanding the foregoing, Tenant shall have the right, without Landlord's consent, to make any alteration that meets all of the following criteria (a "Cosmetic Alteration"): (a) the alteration is decorative in nature (such as paint or carpet) and is not visible from outside of the Premises, (b) Tenant provides Landlord with ten (10) days' advance written notice of the commencement of such alteration, (c) such alteration does not affect the Building Systems, Building Structure or any other portion of the Building other than the Premises, (d) the work does not require a building permit or other governmental permit, uses only new materials comparable in quality to those being replaced and is performed in a good and workmanlike manner and in accordance with all Applicable Laws, and (e) the cost of such alteration, when aggregated with the cost of all other Cosmetic Alterations performed during the previous twelve (12) month period, does not exceed Twenty-Five Thousand Dollars (\$25,000.00) in the aggregate. Tenant agrees to employ for any work one or more responsible contractors of whom Landlord has given prior approval (which approval shall not be unreasonably withheld, conditioned or delayed), and whose labor will work without interference with other labor working on the Property, and to cause such contractors employed by Tenant to comply with the insurance requirements set forth in Section 4.2.4.6 above. All contractors insurance shall name Landlord and its managing agent and any mortgagee as additional insureds on a primary and non-contributory basis, and indemnifying the parties so named against claims for death or injury to persons or damage to property claimed to have occurred in the Premises or on the property. Tenant shall cause its contractors to submit certificates evidencing such coverage to Landlord prior to the commencement of any work. Tenant shall pay promptly when due the entire cost of any work to the Premises undertaken by Tenant so that the Premises shall at all times be free of liens for labor and materials, and at Landlord's request Tenant shall furnish to Landlord a bond or other security acceptable to Landlord assuring that any work commenced by Tenant will be completed in accordance with the plans and specifications theretofore approved by Landlord and assuring that the Premises will remain free of any mechanics' lien or other encumbrance arising out of such work. In any event, Tenant shall within ten (10) days of notice from Landlord bond against or discharge any mechanics' liens or other encumbrances that may arise out of such work. If Tenant shall fail to cause any such lien to be discharged within such ten (10) day period, then in addition to any other available right or remedy, Landlord may discharge the same, either by paying the amount claimed to be due, or by bonding or otherwise. Any amount so paid, and all costs and expenses so incurred by Landlord in connection therewith, shall constitute Additional Rent hereunder. Tenant shall procure all necessary licenses and permits at Tenant's sole expense before undertaking such work. All such work shall be done in a good and workmanlike manner employing materials of good quality and so as to conform with all applicable zoning, building, fire, health and other codes, regulations, ordinances and laws. Tenant shall save Landlord harmless and indemnified from all injury, loss, claims or damage to any person or property occasioned by or growing out of such work, and any liability, loss, cost, damage and expense of every kind and nature incurred by reason of, or arising out of any and all mechanic's and other liens filed in connection with any alterations or improvements.

Not to grant a security interest in, or to lease, any personal property or equipment being installed in the Premises, including, without limitation, demountable partitions (the "Collateral") without first obtaining an agreement for the benefit of Landlord in the form attached hereto as Exhibit G, from the secured party or lessor ("Secured Party") that stipulates in the event either the Lease is terminated

or Tenant defaults in its obligations to Secured Party, then (i) Secured Party will remove the Collateral within ten (10) business days after notice from Landlord of the expiration or earlier termination of this Lease, or within ten (10) business days after Secured Party notifies Landlord that Secured Party has the right to remove the Collateral on account of Tenant's default in its obligations to Secured Party, (ii) Secured Party will restore the area affected by such removal, and (iii) that a failure to so remove the Collateral will subject such property to the provisions of subsection 6.1.9 of the Lease.

6.2.5.1 Cardboard and Garbage Compactor

- A. Without waiver of the provisions of the first paragraph of this Section 6.2.5, Tenant shall have the right to install, maintain, repair, replace and operate a cardboard and garbage compactor (the "Compactor"), having a capacity and size subject to Landlord's prior reasonable approval (and no greater than what are then permitted by the applicable local building code), in an area subject to Landlord's reasonable prior approval (the "Compactor Area"). To the extent the Compactor is located in or makes unusable any parking spaces in the parking area serving the Building, the same shall be deducted from Tenant's parking spaces as set forth in Section 2.1. Tenant shall promptly repair any damage caused to the Building or to the Land caused by reason of such installation. Tenant shall not install the Compactor in the Compactor Area without Landlord's (and, if required, the Town of Burlington's) prior approval of the manner of and plans and specifications for such installation and screening if reasonably required by Landlord. If such installation shall result in an increase in premiums for Landlord's insurance coverage for the Building, then Tenant shall be liable for the increase as Additional Rent hereunder. The installation, maintenance and operation of the Compactor shall be at Tenant's sole cost and expense, and shall be performed in accordance with all applicable laws and requirements of applicable governmental authorities (including, if necessary, site plan approval by the Town of Burlington), and Tenant shall obtain all governmental permits, licenses and approvals required in connection with the same prior to installation (and shall provide Landlord with copies of the same). Tenant shall be solely responsible for keeping the Compactor Area neat, clean and in good order, condition and appearance, and shall schedule regular pick-ups for items being compacted by the Compactor.
- B. Tenant agrees that upon the expiration or earlier termination of this Lease, Tenant shall, in accordance with subsection 6.1.9 hereof, remove the Compactor, at Tenant's expense, and promptly repair and restore any damage due to such removal. If the Compactor is not so removed by Tenant upon the expiration of the term of this Lease, then if Landlord so elects, it shall become the property of Landlord and, if Landlord so elects, Landlord shall remove the same and charge Tenant for the cost of removal, including costs, if any, associated with restoration due to such removal.
- C. Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, costs, expenses, fees or suits arising out of accidents, damage, injury or loss to any and all persons and property, arising from the installation, maintenance, operation and repair of the Compactor, unless caused by the fault or negligence of Landlord, its agents, employees and contractors. Tenant shall obtain insurance coverage for the benefit of Landlord and its managing agent in such amount and of such type as Landlord may reasonably require.
- D. The right to install and operate the Compactor is personal to the initial Tenant named herein, Desktop Metal, Inc., and may not be assigned to any other party other than a Permitted Transferee.

6.2.5.2 Nitrogen Tank.

- A. Without waiver of the provisions of the first paragraph of this Section 6.2.5, Tenant shall have the right to install, maintain, repair, replace and operate a nitrogen tank (the "Nitrogen Tank") having a capacity and size subject to Landlord's prior reasonable approval (and no greater than what are then permitted by the applicable local building code), in an area inside of the Premises that is subject to Landlord's reasonable prior approval (the "Nitrogen Tank Area"). Tenant shall promptly repair any damage caused to the Building or to the Premises caused by reason of such installation. Tenant shall not install the Nitrogen Tank in the Nitrogen Tank Area without Landlord's (and, if required, the Town of Burlington's) prior approval of the manner of and plans and specifications for such installation, and shall install sound attenuation materials and/or alterations if required by Landlord. If such installation shall result in an increase in premiums for Landlord's insurance coverage for the Building, then Tenant shall be liable for the increase as Additional Rent hereunder. The installation, maintenance and operation of the Nitrogen Tank shall be at Tenant's sole cost and expense, and shall be performed in accordance with all applicable laws and requirements of applicable governmental authorities (including, if necessary, site plan approval by the Town of Burlington), and Tenant shall obtain all governmental permits, licenses and approvals required in connection with the same prior to installation (and shall provide Landlord with copies of the same).
- B. Tenant agrees that upon the expiration or earlier termination of this Lease, Tenant shall, in accordance with subsection 6.1.9 hereof, remove the Nitrogen Tank, at Tenant's expense, and promptly repair and restore any damage due to such removal. If the Nitrogen Tank is not so removed by Tenant upon the expiration of the term of this Lease, then, if Landlord so elects, it shall become the property of Landlord and, if Landlord so elects, Landlord shall remove the same and charge Tenant for the cost of removal, including costs, if any, associated with restoration due to such removal.
- C. Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, costs, expenses, fees or suits arising out of accidents, damage, injury or loss to any and all persons and property, arising from the installation, maintenance, operation and repair of the Nitrogen Tank, unless caused by the fault or negligence of Landlord, its agents, employees and contractors. Tenant shall obtain insurance coverage for the benefit of Landlord and its managing agent in such amount and of such type as Landlord may reasonably require.
- D. The right to install and operate the Nitrogen Tank is personal to the initial Tenant named herein, Desktop Metal, Inc., and may not be assigned to any other party other than a Permitted Transferee.

6.2.6 Abandonment. Not to abandon or vacate the Premises during the term.

6.2.7 Signs. Not without Landlord's prior written approval to paint or place any signs or place any curtains, blinds, shades, awnings, aerals, or the like, visible from outside the Premises. Notwithstanding the foregoing, Tenant shall have the right to install (a) an identification sign on the exterior Building facade (the "Facade Sign"), and (b) a panel (the "Monument Sign Panel") on each side of the monument sign for the Building, it being agreed and that all aspects of each such signs (including but not limited to the size and location of both the Facade Sign and the Monument Sign Panel) must first be approved by Landlord (such consent not to be unreasonably withheld, conditioned or delayed), and each such sign must be in compliance with the Northwest Park Sign Policy (the receipt of which Tenant hereby acknowledges). All signage, including but not limited to the Facade Sign and the Monument Sign Panel, is subject to and must comply at all

times with applicable building codes, requirements and zoning ordinances of the Town of Burlington. Tenant shall be solely responsible, at its cost and expense, for installing, maintaining and removing Fagade Sign and the Monument Sign Panel, including repairing all damage caused by removal, and such signs shall be maintained in good repair by Tenant.

- 6.2.8 Parkins and Storage. Not to permit any storage of materials outside of the Premises; nor to permit the use of the parking areas for either temporary or permanent storage of trucks; nor permit the use of the Premises for any use for which heavy trucking would be customary.

ARTICLE 7

Casualty or Taking

- 7.1 Termination. In the event that the Premises or the Building, or any material part thereof, shall be taken by any public authority or for any public use, or shall be destroyed or damaged by fire or casualty, or by the action of any public authority, then this Lease may be terminated at the election of Landlord. Such election, which may be made notwithstanding the fact that Landlord's entire interest may have been divested, shall be made by the giving of notice by Landlord to Tenant within sixty (60) days after the date of the taking or casualty. In the event that (a) the Premises are substantially destroyed or damaged by fire or casualty, or by the action of public authority during the original term, and, in the reasonable opinion of an independent architect or engineer selected by Landlord, cannot be repaired or restored within three hundred (300) days from the date the repair or restoration work would commence, and/or (b) the net proceeds of insurance recovered, or damages awarded for such taking, destruction or damage, are insufficient to allow Landlord to restore the Premises pursuant to the terms of Section 7.2 below, and Landlord elects not to restore the Premises, then this Lease may be terminated at the election of Tenant, which election shall be made by the giving of notice to Landlord (x) within thirty (30) days after the date the opinion of the architect or engineer is made available to the parties in the case scenario (a) above, and (y) within ten (10) days of Landlord informing Tenant of the scenario in (b) above, which notice shall specify the effective date of termination, which shall not be less than thirty (30) nor more than sixty (60) days after the date of Tenant's termination notice. Landlord shall endeavor to deliver the architect's opinion to Tenant (or statement with regard to the insufficiency of proceeds/damages awarded and Landlord's election not to restore, as applicable) within forty-five (45) days following the casualty or taking.
- 7.2 Restoration. If Landlord does not elect to so terminate, this Lease shall continue in force and a just proportion of the rent reserved, according to the nature and extent of the damages sustained by the Premises, shall be suspended or abated until the Premises, or what may remain thereof, shall be put by Landlord in proper condition for use, which Landlord covenants to do with reasonable diligence to the extent permitted by the net proceeds of insurance recovered or damages awarded for such taking, destruction or damage and subject to zoning and building laws or ordinances then in existence. Net proceeds of insurance recovered or damages awarded" refers to the gross amount of such insurance or damages less the reasonable expenses of Landlord incurred in connection with the collection of the same, including without limitation, fees and expenses for legal and appraisal services. Notwithstanding anything herein to the contrary, if Landlord shall not have restored the Premises within three hundred (300) days from the date such restoration work commenced (subject to Section 10.5 hereof), and such failure is not a result of delays caused by Tenant, Tenant shall have the right to terminate this Lease by giving notice of such termination to Landlord, effective at the expiration of thirty (30) days from the giving of such notice; provided however, that such termination will be rendered ineffective if, prior to the expiration of said 30-day period, Landlord shall have completed such restoration.
- 7.3 Award. Irrespective of the form in which recovery may be had by law, all rights to damages or compensation shall belong to Landlord in all cases. Tenant hereby grants to Landlord all of Tenant's rights to such damages and covenants to deliver such further assignments thereof as Landlord may from time to time request. Nothing contained herein shall be construed to prevent Tenant from prosecuting in any condemnation proceedings a claim for relocation expenses, provided that such action shall not affect the

amount of compensation otherwise recoverable by Landlord from the taking authority.

ARTICLE 8
Defaults

- 8.1 Events of Default. (a) If Tenant shall default in the performance of any of its obligations to pay the Fixed Rent, Additional Rent or any other sum due Landlord hereunder and if such default shall continue for ten (10) days after written notice from Landlord designating such default or if within thirty (30) days after written notice from Landlord to Tenant specifying any other default or defaults Tenant has not commenced diligently to correct the default or defaults so specified or has not thereafter diligently pursued such correction to completion, or (b) if any assignment shall be made by Tenant in violation of the provisions of subsection 6.2.1 of this Lease, or (c) if any assignment shall be made by Tenant or any guarantor of Tenant for the benefit of creditors, or (d) if Tenant's leasehold interest shall be taken on execution, or (e) if a lien or other involuntary encumbrance is filed against Tenant's leasehold interest or Tenant's other property, including said leasehold interest, and is not discharged within thirty (30) days thereafter, or (f) if a petition is filed by Tenant or any guarantor of Tenant for liquidation, or for reorganization or an arrangement under any provision of any bankruptcy law or code as then in force and effect, or (g) if an involuntary petition under any of the provisions of any bankruptcy law or code is filed against Tenant or any guarantor of Tenant and such involuntary petition is not dismissed within thirty (30) days thereafter, then, and in any of such cases, Landlord and the agents and servants of Landlord lawfully may, in addition to and not in derogation of any remedies for any preceding breach of covenant, immediately or at any time thereafter without demand or notice and with process of law enter into and upon the Premises or any part thereof in the name of the whole and repossess the same as of landlord's former estate and expel Tenant and those claiming through or under Tenant and remove its and their effects without being deemed guilty of any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or prior breach of covenants, and/or Landlord may terminate this Lease by sending written notice of termination to Tenant and this Lease shall terminate and come to an end on the date of entry as aforesaid, or on the third (3rd) day following the giving of such notice as fully and completely as if such date were the date originally fixed for expiration of the Term of this Lease. Tenant will quit and surrender the Premises to Landlord, but shall remain liable as herein provided. Tenant hereby waives all statutory rights to the Premises (including without limitation rights of redemption, if any, granted under any present or future laws to the extent such rights may be lawfully waived). Landlord, without notice to Tenant, may store Tenant's effects, and those of any person claiming through or under Tenant, at the expense and risk of Tenant, and, if Landlord so elects, may sell such effects at public auction or private sale and apply the net proceeds to the payment of all sums due to Landlord from Tenant, if any, and pay over the balance, if any, to Tenant. No termination or repossession provided for in this Section 8.1 shall relieve Tenant or any guarantor of Tenant of the liabilities and obligations of Tenant under this Lease, all of which shall survive any such termination or repossession.
- 8.2 Remedies. A. In the event of termination or repossession, Tenant covenants to pay punctually to Landlord Fixed Rent, Additional Rent and all other sums for which Tenant is obligated in this Lease to pay and in the same manner and to the same extent and at the same time as if this Lease had not been terminated. In calculating the amounts to be paid by Tenant pursuant to the preceding sentence, Tenant shall be credited with any amount paid to Landlord as compensation as set forth below in this Section 8.2 and also with the net proceeds of any rent obtained by Landlord by reletting the Premises, after deducting all Landlord's expense in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, reasonable attorney's fees, and expenses of preparing the Premises for such reletting.
- B. Landlord may elect to (i) relet the Premises or any part or parts thereof, for a term or terms which may be equal to or less than or exceed the period which would otherwise have constituted the balance of the Term and may grant such concessions and free rent as Landlord in its sole judgment considers advisable or necessary to relet the same and/or (ii) make such alterations, repairs and decorations in the Premises as Landlord in its sole judgment considers advisable or necessary to relet the same and no action of Landlord in

accordance with the foregoing or failure to relet or to collect rent under reletting shall operate or be construed to release or reduce Tenant's liability as aforesaid. However, Landlord shall use reasonable efforts to re-let the Premises after Tenant vacates the Premises once this Lease is terminated on account of a default by Tenant. For the purposes of this paragraph, marketing of the Premises in a manner similar to the way Landlord markets its other premises in the suburban market shall be deemed to satisfy Landlord's obligation to use such "reasonable efforts." In no event shall Landlord be required (i) to solicit or entertain negotiations with any other prospective tenants for the Premises until Landlord obtains full and complete possession of the Premises including, without limitation, the undisputed right to re-let the Premises free of any claim of Tenant, (ii) to lease the Premises to a tenant whose proposed use, in Landlord's bona fide judgment, would violate any restrictions by which Landlord is bound, (iii) to re-let the Premises before leasing other comparable vacant space in the Building, (iv) to lease the Premises for a rental less than the current fair market rental then prevailing for similar office space in the Building, or (v) to enter into a lease with any proposed tenant that does not have, in Landlord's reasonable opinion, sufficient financial resources or operating experience to operate the Premises in a manner comparable to other tenants in the Building. In no event, however, shall Tenant's liability hereunder be diminished or reduced if or to the extent such reasonable efforts of Landlord to re-let are not successful.

C. If this Lease is terminated under any of the provisions contained in Section 8.1, at the election of Landlord, and in lieu of full recovery by Landlord of the sums payable under the foregoing provisions of this Section 8.2 (except for the amount of any rent of any kind accrued and unpaid at the time of termination), Landlord may by written notice to Tenant, elect to recover, and Tenant shall thereupon pay forthwith to Landlord, as compensation, an amount equal to the present value of the amount by which the payments of Fixed Rent and Additional Rent payable for balance of the Term would exceed the fair rental value of the Premises for the balance of the Term. In calculating the rent reserved there shall be included, in addition to the Fixed Rent and Additional Rent, the value of all other considerations agreed to be paid by Tenant for the balance of the Term.

D. Nothing contained in this Lease shall, however, limit or prejudice the right of Landlord to prove for and obtain in proceedings for bankruptcy or insolvency by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater than, equal to, or less than the amount of the loss or damages referred to above.

- 8.3 Remedies Cumulative. Any and all rights and remedies which Landlord may have under this Lease, and at law and equity, shall be cumulative and shall not be deemed inconsistent with each other, and any two or more of all such rights and remedies may be exercised at the same time insofar as permitted by law.
- 8.4 Landlord's Right to Cure Defaults. Landlord may, but shall not be obligated to, cure, at any time, without notice, any default by Tenant under this Lease; and whenever Landlord so elects, all costs and expenses incurred by Landlord, including reasonable attorneys fees, in curing a default shall be paid, as Additional Rent, by Tenant to Landlord on demand, together with lawful interest thereon from the date of payment by Landlord to the date of payment by Tenant.
- 8.5 Effect of Waivers of Default. Any consent or permission by Landlord to any act or omission which otherwise would be a breach of any covenant or condition herein, shall not in any way be held or construed (unless expressly so declared) to operate so as to impair the continuing obligation of any covenant or condition herein, or otherwise, except as to the specific instance, operate to permit similar acts or omissions.
- 8.6 No Waiver, etc. The failure of Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease shall not be deemed a waiver of such violation nor prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed to have been a waiver of such breach by Landlord. No consent or

waiver, express or implied, by Landlord to or of any breach of any agreement or duty shall be construed as a waiver or consent to or of any other breach of the same or any other agreement or duty.

- 8.7 No Accord and Satisfaction. No acceptance by Landlord of a lesser sum than the Fixed Rent, Additional Rent or any other charge then due shall be deemed to be other than on account of the earliest installment of such rent or charge due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent or other charge be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy in this Lease provided.

ARTICLE 9

Rights of Mortgage Holders

- 9.1 Rights of Mortgage Holders. The word "mortgage" as used herein includes mortgages, deeds of trust or other similar instruments evidencing other voluntary liens or encumbrances, and modifications, consolidations, extensions, renewals, replacements and substitutes thereof. The word "holder" shall mean a mortgagee, and any subsequent holder or holders of a mortgage. Until the holder of a mortgage shall enter and take possession of the Property for the purpose of foreclosure, such holder shall have only such rights of Landlord as are necessary to preserve the integrity of this Lease as security. Upon entry and taking possession of the Property for the purpose of foreclosure, such holder shall have all the rights of Landlord. No such holder of a mortgage shall be liable either as mortgagee or as assignee, to perform, or be liable in damages for failure to perform, any of the obligations of Landlord unless and until such holder shall enter and take possession of the Property for the purpose of foreclosure. Upon entry for the purpose of foreclosure, such holder shall be liable to perform all of the obligations of Landlord, subject to and with the benefit of the provisions of Section 10.4, provided that a discontinuance of any foreclosure proceeding shall be deemed a conveyance under said provisions to the owner of the equity of the Property.

The covenants and agreements contained in this Lease with respect to the rights, powers and benefits of a holder of a mortgage (particularly, without limitation thereby, the covenants and agreements contained in this Section 9.1) constitute a continuing offer to any person, corporation or other entity, which by accepting a mortgage subject to this Lease, assumes the obligations herein set forth with respect to such holder; such holder is hereby constituted a party of this Lease as an obligee hereunder to the same extent as though its name were written hereon as such; and such holder shall be entitled to enforce such provisions in its own name. Tenant agrees on request of Landlord to execute and deliver from time to time any agreement which may be necessary to implement the provisions of this Section 9.1.

- 9.2 Lease Superior or Subordinate to Mortgages. It is agreed that the rights and interest of Tenant under this Lease shall be (i) subject or subordinate to any present or future mortgage or mortgages and to any and all advances to be made thereunder, and to the interest of the holder thereof in the Premises or any property of which the Premises are a part if Landlord shall elect by notice to Tenant to subject or subordinate the rights and interest of Tenant under this Lease to such mortgage or (ii) prior to any present or future mortgage or mortgages, if Landlord shall elect, by notice to Tenant, to give the rights and interest of Tenant under this Lease priority to such mortgage; in the event of either of such elections and upon notification by Landlord to that effect, the rights and interest of Tenant under this Lease should be deemed to be subordinate to, or have priority over, as the case may be, said mortgage or mortgages, irrespective of the time of execution or time of recording of any such mortgage or mortgages (provided that, in the case of subordination of this Lease to any future mortgages, the holder thereof agrees not to disturb the possession of Tenant so long as Tenant is not in default hereunder). Tenant agrees it will, upon not less than ten (10) days' prior written request by Landlord, execute, acknowledge and deliver any and all instruments deemed by Landlord necessary or desirable to give effect to or notice of such subordination or priority. Tenant also agrees that if it shall fail at any time to execute, acknowledge and deliver any such instrument requested by Landlord, Landlord may, in addition to any other remedies available to it, execute, acknowledge and deliver such instrument as the attorney-in-fact

of Tenant and in Tenant's name; and Tenant does hereby make, constitute and irrevocably appoint Landlord as its attorney-in-fact, coupled with an interest with full power of substitution, and in its name, place and stead so to do. Any Mortgage to which this Lease shall be subordinated may contain such terms, provisions and conditions as the holder deems usual or customary.

ARTICLE 10
Miscellaneous Provisions

- 10.1 Notices from One Party to the Other. All notices required or permitted hereunder shall be in writing and addressed, if to the Tenant, at the Original Notice Address of Tenant or such other address as Tenant shall have last designated by notice in writing to Landlord and, if to Landlord, at the Original Notice Address of Landlord or such other address as Landlord shall have last designated by notice in writing to Tenant. Any notice shall be deemed duly given upon receipt or rejection when mailed to such address postage prepaid, by registered or certified mail, return receipt requested, or on the next business day when delivered to such address by hand or when delivered to such address by hand.
- 10.2 Quiet Enjoyment. Landlord agrees that upon Tenant's paying the rent and performing and observing the agreements, conditions and other provisions on its part to be performed and observed, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises during the term hereof without any manner of hindrance or molestation from Landlord or anyone claiming under Landlord, subject, however, to the terms of this Lease.
- 10.3 Lease not to be Recorded. Tenant agrees that it will not record this Lease. Both parties shall, upon the request of either, execute and deliver a notice or short form of this Lease in such form, if any, as may be permitted by applicable statute. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact (which appointment shall survive termination of the term of this Lease) with full power of substitution to execute, acknowledge and deliver a notice of termination of lease in Tenant's name if Tenant fails, within 10 days after request therefor, to either execute, acknowledge or deliver such notice of termination or give Landlord written notice setting forth the reasons why Tenant is refusing to deliver such notice of termination.
- 10.4 Limitation of Landlord's Liability. The term "Landlord" as used in this Lease, so far as covenants or obligations to be performed by Landlord are concerned, shall be limited to mean and include only the owner or owners at the time in question of the Property, and in the event of any transfer or transfers of title to said property, the Landlord (and in case of any subsequent transfers or conveyances, the then grantor) shall be concurrently freed and relieved from and after the date of such transfer or conveyance, without any further instrument or agreement of all liability as respects the performance of any covenants or obligations on the part of the Landlord contained in this Lease thereafter to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Landlord, shall, subject as aforesaid, be binding on the Landlord, its successors and assigns, only during and in respect of their respective successive periods of ownership of said leasehold interest or fee, as the case may be. Tenant, its successors and assigns, shall not assert nor seek to enforce any claim for breach of this Lease against any of Landlord's assets other than Landlord's interest in the Property and in the rents, issues and profits thereof, and Tenant agrees to look solely to such interest for the satisfaction of any liability or claim against Landlord under this Lease, it being specifically agreed that in no event whatsoever shall Landlord (which term shall include, without limitation, any general or limited partner, trustees, beneficiaries, officers, directors, managers, members or stockholders of Landlord) ever be personally liable for any such liability.
- 10.5 Force Majeure. In any case where either party hereto is required to do any act, delays caused by or resulting from Acts of God, war, civil commotion, fire, flood or other casualty, labor difficulties, shortages of labor, materials or equipment, government regulations, unusually severe weather, or other causes beyond such party's reasonable control (any of the foregoing causes being referred to herein as "Force Majeure") shall not be counted in determining the time during which work shall be completed, whether

such time be designated by a fixed date, a fixed time or a "reasonable time," and such time shall be deemed to be extended by the period of such delay. Tenant's inability to pay any sums due Landlord hereunder shall in no way be affected or excused by any of the foregoing causes and shall in no event be deemed a Force Majeure event.

- 10.6 Landlord's Default. Landlord shall not be deemed to be in default in the performance of any of its obligations hereunder unless it shall fail to perform such obligations and such failure shall continue for a period of thirty (30) days or such additional time as is reasonably required to correct any such default after written notice has been given by Tenant to Landlord (and to all mortgagees of which Tenant has notice) specifying the nature of Landlord's alleged default. Notwithstanding any provision contained herein, in no event shall Landlord ever be liable to Tenant, or any person claiming by, through or under Tenant, for any special, indirect, incidental or consequential damages, or for any lost profits. Tenant shall have no right to terminate this Lease for any default by Landlord hereunder and no right, for any such default, to offset or counterclaim against any rent due hereunder.
- 10.7 Brokerage. Tenant warrants and represents that it has dealt with no broker in connection with the consummation of this Lease, other than NAI Hunneman (the "Broker"), and in the event of any brokerage claims, other than by the Broker against Landlord predicated upon prior dealings with Tenant, Tenant agrees to defend the same and indemnify and hold Landlord harmless against any such claim.
- 10.8 Applicable Law and Construction: Merger: Jury Trial. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts and, if any provisions of this Lease shall to any extent be invalid, the remainder of this Lease shall not be affected thereby. This Lease and the Exhibits attached hereto and forming a part hereof constitute all the covenants, promises, agreements, and understandings between Landlord and Tenant concerning the Premises and the Building and there are no covenants, promises, agreements or understandings, either oral or written, between them other than as are set forth in this Lease. Neither Landlord nor Landlord's agents shall be bound to any representations with respect to the Premises, the Building or the Property except as herein expressly set forth, and all representations, either oral or written, shall be deemed to be merged into this Lease. The titles of the several Articles and Sections contained herein are for convenience only and shall not be considered in construing this Lease. Tenant shall and does hereby waive trial by jury in any action, proceeding, or claim brought by or against Landlord regarding any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant or Tenant's use or occupancy of the Premises. Unless repugnant to the context, the words "Landlord" and "Tenant" appearing in this Lease shall be construed to mean those named above and their respective heirs, executors, administrators, successors and assigns, and those claiming through or under them respectively. If there be more than one person or entity named as tenant, the obligations imposed by this Lease upon Tenant shall be joint and several.
- 10.9 Consents. With respect to any provision of this Lease which either provides or is held to provide that Landlord shall not unreasonably withhold or unreasonably delay any consent or approval, Tenant shall not be entitled to make any claim for, and Tenant hereby expressly waives, any claim for damages, it being understood and agreed that Tenant's sole remedy therefor shall be an action for specific performance.
- 10.10 Authority. In the event the Tenant is a corporation, partnership or limited liability company, Tenant hereby represents and warrants that: (i) the Tenant is a duly constituted corporation, partnership or limited liability company, as the case may be, qualified to do business in the Commonwealth of Massachusetts; (ii) the person executing this Lease is duly authorized to execute and deliver this Lease on behalf of said corporation(s), partnership(s) or limited liability company(ies); and (iii) the by-laws or other documentation of Tenant authorize Tenant to enter into this Lease.
- 10.11 Counterparts. This Lease shall not be valid and binding until executed and delivered by Landlord and may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Any facsimile or other electronic transmittal of original signature versions of this Lease shall be considered to have the same legal effect as execution and delivery of the original

document and shall be treated in all manner and respects as the original document.

- 10.12 USA Patriot Act. Tenant represents, warrants, and covenants that neither Tenant nor any of its partners, officers, directors, members or shareholders, assignees, or subtenants (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) ("Order") and all applicable provisions of Title III of the USA Patriot Act (Public Law No. 107-56 (October 26, 2001)); (ii) is listed on the Denied Persons List and Entity List maintained by the United States Department of Commerce; (iii) is listed on the List of Terrorists and List of Disbarred Parties maintained by the United States Department of State, (iv) is listed on any list or qualification of "Designated Nationals" as defined in the Cuban Assets Control Regulations 31 C.F.R. Part 515; (v) is listed on any other publicly available list of terrorists, terrorist organizations or narcotics traffickers maintained by the United States Department of State, the United States Department of Commerce or any other governmental authority or pursuant to the Order, the rules and regulations of OFAC (including without limitation the Trading with the Enemy Act, 50 U.S.C. App. 1-44; the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06; the unrepealed provision of the Iraq Sanctions Act, Publ. L. No. 101-513; the United Nations Participation Act, 22 U.S.C. § 2349 as-9; The Cuban Democracy Act, 22 U.S.C. §§ 6001- 10; The Cuban Liberty and Democratic Solidarity Act, 18 U.S.C. §§ 2332d and 233; and The Foreign Narcotic Kingpin Designation Act, Publ. L. No. 106-120 and 107-108, all as may be amended from time to time); or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); (vi) is engaged in activities prohibited in the Orders; or (vii) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes or in connection with the Bank Secrecy Act (31 U.S.C. §§ 5311 et. seq.).
- 10.13 Execution and Delivery. This Lease shall only become effective and binding upon full execution hereof by Landlord and Tenant, and delivery of a signed copy to Tenant.
- 10.14 Attorney's Fees. In the event of any litigation between the parties to this Lease, the losing party shall pay the prevailing party's reasonable legal fees, and reasonable out-of- pocket costs and expenses.

ARTICLE 11 **Hazardous Materials**

- 11.1 No Releases of Hazardous Materials. Tenant covenants and agrees not to use, release, dispose, manufacture, store, or transport any Hazardous Materials (hereinafter defined) at, on, under or from the Premises and the Property except in compliance with any and all laws, regulations, ordinances or orders promulgated, and as may be amended, by any governmental authority having jurisdiction over Hazardous Materials or the Property (collectively, "Legal Requirements"), and except for those Hazardous Materials used in the ordinary course of Tenant's business, but only in compliance with all applicable Legal Requirements and any reasonable requirements of Landlord (such as requirements for fencing or other locked enclosures). Tenant shall comply with all governmental reporting requirements with respect to Hazardous Materials and all chemicals and flammable substances (in whatever form) used by Tenant in its business operations, and shall deliver to Landlord copies of all such reports. In the event that a release or threat of release of Hazardous Materials occurs at, from or upon the Premises or Property during the term of this Lease, Tenant shall at its expense perform all actions required under any and all applicable Legal Requirements to assess, contain, remove or respond to such release or threat of release; provided, however, that Tenant's work or actions hereunder shall be subject to Landlord's prior approval, which approval shall not be unreasonably withheld. The term "Hazardous Materials" shall mean any and all materials defined or classified as "hazardous materials" "hazardous waste," "hazardous substance," "toxic substances," "hazardous pollutant," "toxic pollutant", contaminant, or "oil" or words of similar import under any applicable local, state or federal law and/or under the regulations adopted or publications promulgated pursuant thereto, including, but not

- 11.2 Notices of Release of Hazardous Materials. Tenant shall promptly notify Landlord in writing of all spills, releases or threat of release of Hazardous Materials caused by or involving Tenant or its business operations, and all notices, orders, fines or communications of any kind received by Tenant from any governmental authority or third party concerning the presence or suspected presence of Hazardous Materials on the Premises or the Property, the migration or suspected migration of Hazardous Materials from the Premises or the Property to other property, or the migration or suspected migration of Hazardous Materials from other property to the Premises or the Property.
- 11.3 Landlord's Right to Inspect. Landlord, its officers, employees, contractors and agents shall have the right, but not the duty, to inspect areas of the Premises to determine whether Tenant is complying with CERCLA, RCRA, Chapter 21C, Chapter 21E, and other state and federal environmental laws, or regulations promulgated pursuant to any of the foregoing, as amended. Landlord shall use reasonable efforts to minimize interference with Tenant's business, but shall not be liable for any interference caused thereby, provided Landlord shall have used such reasonable efforts. Landlord shall reasonably cooperate with Tenant so that, except in the case of emergencies, Tenant's representative may accompany such persons who enter the Premises for such inspection(s).
- 11.4 Landlord's Right to Audit. Tenant shall permit Landlord, its employees and its agents (including its environmental consultant), access to all areas of the Premises, from time to time during the term, for the purposes of conducting an environmental assessment or inspection during regular business hours, or during other hours either by agreement of the parties or in the event of an environmental emergency. In the event Landlord shall exercise its rights under this Section 11.4, Landlord shall use reasonable efforts to minimize interference with Tenant's business, but shall not be liable for any interference caused thereby, provided Landlord shall have used such reasonable efforts. Landlord shall reasonably cooperate with Tenant so that, except in the case of emergencies, Tenant's representative may accompany such persons who enter the Premises for such audit(s).
- 11.5 Tenant Audit. Landlord shall have the right, from time to time, during the term of this Lease, and upon the expiration of the term of this Lease, to require that Tenant hire, and in such event, Tenant shall at its own expense hire, an environmental consultant satisfactory to Landlord to undertake an environmental assessment, inspection and/or sampling at the Premises and/or Property to determine whether Hazardous Materials have been released during the term of the Lease.
- 11.6 Remediation. Should the assessment, inspection or sampling performed pursuant to Sections 11.4 or 11.5 above, or any other assessment, inspection or sampling, reveal that there has been a release or threat of release of Hazardous Materials by Tenant or its employees, agents or contractors, then Tenant shall, at its expense, undertake all remediation and/or response action required by Landlord and any governmental authority, and Tenant shall promptly thereafter restore any areas damaged or affected by such remediation and/or response action.
- 11.7 Tenant's Reporting Requirements: Management and Safety Plan. Tenant has submitted to Landlord a list that specifies the materials, substances and chemicals that Tenant will use or store on the Premises in the ordinary course of its business as of the Commencement Date. Such list is attached to this Lease and incorporated herein as Exhibit I. Tenant shall provide Landlord with an updated list every six (6) months, and any additions thereto will be subject to the approval of Landlord, which shall not be unreasonably withheld or delayed. Within thirty (30) days after the Date of this Lease, Tenant shall prepare and deliver to Landlord and Landlord's environmental consultant a so-called "Chemical Management and Facility Safety Plan." Tenant shall operate its business at the Premises in accordance with the procedures and practices set forth in such Plan, and shall promptly remedy from time to time any practices, procedures or conditions, at Tenant's expense, that violate, or which in the reasonable judgment of Landlord or its consultant, would with the passage of time violate, the provisions of this Article 11.

11.8 Indemnification. Tenant agrees to indemnify and save Landlord harmless from all claims, liability, loss or damage arising on account of the use, release, threat of release, holding, handling, transport, storage, or disposal of Hazardous Materials by Tenant, its employees, agents or contractors at, on, upon or from the Premises or Property from and after the Date of this Lease, including, without limitation, liability under any federal, state, or local laws, requirements and regulations, or damage to any of the systems of the Building or the Property. The provisions of this Section 11.8 shall survive the expiration or earlier termination of this Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

WITNESS the execution hereof under seal on the day and year first above written:

LANDLORD:
NWP BUILDING 27 LLC, a
Massachusetts limited liability company

By: /s/ Peter C. Nordblom
Peter C. Nordblom, as Manager and not individually

By: /s/ John D. Macomber
John D. Macomber, as Manager and not individually

TENANT:
DESKTOP METAL, INC.
a Delaware corporation

/s/ Ric Fulop
By: Ric Fulop
Its: COO

MANUAL AND MECHANICAL



EXHIBIT B

INITIAL LANDLORD'S WORK

Landlord shall furnish and install, in accordance with Exhibit A, the following materials and work in initial preparation of the Premises for Tenant's occupancy.

Structural: Seismic upgrades to meet current codes will be installed.

Flooring: Existing concrete floor will be infilled.

EXHIBIT C

REMAINING LANDLORD'S WORK

Landlord shall furnish and install, in accordance with Exhibit A, the following materials and work in final preparation of the Premises for Tenant's occupancy.

- Exterior Windows:** Upgrade the windows to a portion of the building based on Exhibit A. A portion of the exterior façade of the building windows will be expanded to 5 feet in width and new windows installed per the approved plan. All other windows will be replaced in their existing size. The window system will be with clear anodized frames and 1 inch insulating low E-II glass. Glass will be clear solarban 60. New window sills will be installed.
- Storefront:** A new storefront entrance will be constructed per the May 17, 2016 rendering prepared by Mangel Architects, and approved plans, with clear anodized frames and 1 inch insulating low E-II glass.
- Roof:** A new fully adhered, .060 EPDM membrane roof with two layers of 2.3 inch closed cell polyisocyanurate insulation to achieve R-26 will be installed.
- Demising Partition:** Install the demising wall at the Building in accordance with Exhibit A. The demising partition will be 35/8" metal studs with one layer of 5/8" gypsum wall board on each side with 3 inch sound attenuation insulation. Partition will extend from the concrete floor to the underside of the steel deck in the location shown on Exhibit A. Wall will be finished ready for paint.
- Bathrooms:** Install one (1) new men's and one (1) new women's bathroom, which will each include (1) one shower stall in each bathroom. Landlord will provide sufficient bathroom fixture counts as per code for a fully occupied building. Install one (1) gender neutral single stall bathroom.
- Bathroom Flooring:** Bathrooms to receive ceramic tile flooring. Ceramic tile will be installed on the wet walls in the bathrooms.
- Bathroom Millwork:** New solid surface counter tops will be installed in the bathrooms.
- Bathroom Painting:** All wall surfaces in the bathrooms shall receive two coats of latex paint with an eggshell finish. All doors shall receive one coat of clear polyurethane. All frames shall receive two coats of semi-gloss enamel.
- Bathroom Ceiling:** Ceiling in the bathrooms will be suspended grid type with recessed 2' x 4' (reveal-edge) "Second Look" lay-in panels.
- Bathroom Lights:** New 2 x 2 foot LED lighting will be installed in the suspended ceiling and new LED can lights will be installed in the soffits above the sinks in the new bathrooms.
- Bathroom Partitions and Doors and Frames:** Doors at new bathrooms will be 3'0" x 7'0" x 13/4" solid-core with hardwood veneer. Door frames will be pressed metal. Hardware will include 11/2" pair of butts, one standard duty brushed-chrome lever passage set and one door stop. Bathroom stall partitions will be installed.
- HVAC:** Remove existing HVAC roof top units (RTU) and install gas fired morning warm-up cycle DX cooling VAV RTUs totaling 120 tons. RTU locations subject to design criteria and it being mutually agreed upon by Desktop's engineer and Nordblom Company. The new units will be installed on the existing steel grills on the roof. Sound attenuators will be provided for each unit. No distribution is included. A DDC control system will be installed.
- Electrical:** Replace existing transformer serving the building with a new transformer of equal size, 2,500 AMPS, 208V
- Fire Alarm:** A new addressable fire alarm system with radio box will be installed sufficiently sized for Tenant's build out. Devices will be installed per code for the new bathrooms and vacant space.

Sprinkler System:

The sprinkler main and equipment will be put in good order and repair, and distribution will be provided to meet code for the bathrooms and shell space. All heads will be upright in the shell space.

Dock Plate:

A dock plate will be provided for the Tenant's use at their loading dock.

Note:

Furniture and equipment, telephone and data wiring, signage (interior and exterior) and an access control system are not included in Landlord's work.

EXHIBIT D

WORK CHANGE ORDER

Lease Date: _____ Date: _____

Landlord: _____ Work Change Order No.: _____

Tenant: _____

Building Address: _____

Premises: _____

Tenant directs Landlord to make the following additions to Landlord's work:

Description of additional work:

Work Change Order Amount:

Period of delay due to Work Change Order:

Amount of Previous Work Change Orders:

This Work Change Order:

Total Amount of Work Change Orders:

Landlord approves this Work Change Order and Tenant agrees to pay to Landlord the Total Amount of Work Change Orders within thirty (30) days following receipt of an invoice from Landlord.

Tenant: _____ Landlord: _____

By: _____ By: _____

Title: _____ Title: _____

EXHIBIT E

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, corridors, vestibules, halls, or stairways in or about the Building shall not be obstructed by Tenant.
2. Tenant shall not place objects against glass partitions, doors or windows which would be unsightly from the Building corridor or from the exterior of the Building.
3. Tenant shall not waste electricity or water in the Building premises. All regulating and adjusting of heating and air-conditioning apparatus shall be done by the Landlord's agents or employees (provided Tenant shall control the temperature in the Premises via the thermostat).
4. To the extent Tenant's use the Premises causes any increase above normal insurance premiums on the Building, Tenant shall be solely responsible for such increased charges.
5. No vehicles (other than non-motorized bicycles, scooters and skateboards), or (except as permitted in subsection 6.1.10.1) animals of any kind shall be brought into or kept in or about the Premises. Tenant may bring non-motorized bicycles, scooters and skateboards into the Premises, provided Tenant shall be solely responsible for any damage caused by such items. In no event shall any bicycle, scooter and/or skateboard be ridden into or inside the Premises (it being agreed the same shall be carried or walked into the Premises). No space in the Building shall be used for the sale of merchandise of any kind at auction or for storage thereof preliminary to such sale.
6. Tenant shall cooperate with Landlord in minimizing loss and risk thereof from fire and associated perils.
7. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were designed and constructed and no sweepings, rubbish, rags, acid or like substance shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by the Tenant.
8. Landlord reserves the right to establish, modify, and enforce reasonable parking rules and regulations, provided such rules and obligations do not diminish Tenant's rights under the Lease.
9. Landlord reserves the right at any time to rescind, alter or waive any rule or regulation at any time prescribed for the Building and to impose additional reasonable rules and regulations when in its judgment deems it necessary, desirable or proper for its best interest and for the best interest of the tenants and no alteration or waiver of any rule or regulation in favor of one tenant shall operate as an alteration or waiver in favor of any other tenant, provided such rules and regulations do not diminish Tenant's rights under the Lease. Landlord shall not be responsible to any tenant for the nonobservance or violation by any other tenant however resulting of any rules or regulations at any time prescribed for the Building.
10. Tenant acknowledges that the Building has been designated a non-smoking building. At no time shall Tenant permit its agents, employees, contractors, guests or invitees to smoke in the Building or, except in specified locations, directly outside the Building.
11. The normal business hours for the Building are 7:00 A.M. to 6:00 P.M. on Mondays through Fridays, excluding holidays on which the Building is closed. Tenant shall be permitted to access and occupy the Premises outside of normal business hours, including weekend and holidays (provided Landlord shall have no obligations to ensure such access).

EXHIBIT E-1

CONSTRUCTION RULES AND REGULATIONS

1. All work shall be performed in accordance with all applicable state laws and in accordance with all requirements and codes of the Town of Burlington and guidelines of the Landlord's managing agent ("Building Management"). The Building is operational and extra care and precautions must be taken to avoid interruption of services.
2. Certificates of Insurance from Tenant's general contractor ("Contractor") and its subcontractors must be submitted at least seven (7) days prior to the commencement of any work.
3. At least one (1) week before construction, Contractor must schedule a pre-construction meeting with the Landlord's project management team. Meeting materials should include detailed schedules; addresses and telephone numbers of supervisors, contractors and subcontractors; copies of permits; proof of current insurance (including all subcontractors); and notice of any contractor's involvement in a labor dispute.
4. Contractor personnel are only permitted within the Building during normal trade working hours plus 30 minutes time before and after normal trade hours for set up and pick up of tools, etc.
5. Testing of sprinkler system, fire protection system, demolition, coring, and any other similar type work must be coordinated through Building Management with [] days prior notice. Normal business hours are 8:00 am to 6:00 pm Monday through Friday; 8:00 am to 1:00 pm Saturdays. Work on any system within the Building shall be coordinated with Building Management.
6. No storage of any items allowed in main lobby or any common area. The Contractor is responsible for leaving the main lobby and any other common area in "broom clean" condition. The Contractor will incur costs for the clean-up for areas left dirty. Rubbish cannot be stored in any common area.
7. Deliveries through the main lobby must be done in a professional manner. Floor protection is required. No storage of any items allowed in any common area. The Contractor is responsible for leaving any common area in "broom clean" condition. The Contractor will incur costs for the clean-up for areas left dirty. Rubbish cannot be stored in any common area.
8. The loading dock must be reserved in advance and are not exclusive to Contractor's sole use.
9. Contractor shall provide heavy plastic screening for dust protection and/or temporary walls of suitable appearance as required by Building Management.
10. Walk-off mats are to be provided at entrance doors.
11. No utilities (electricity, water, and plumbing) or services to the tenants are to be cutoff or interrupted without first having requested, in writing, and secured, in writing, the permission of Building Management.
12. If taking the Building fire alarm points offline is required in connection with any work, the cost of such service will be billable to the Contractor, and will require the prior approval of Building Management.
13. Should any scope of work require entry to another tenant's space, Tenant and/or Contractor must notify Landlord. If approved by Landlord, the activity shall be under the supervision of Landlord's representative. The cost of said supervision will be billable to the Contractor.
14. Admittance to the roof of the Building is allowed only upon the prior written consent of Landlord (which consent shall not be unreasonably withheld, but may be conditioned by Landlord).

15. There is a "No Smoking Policy" in effect for all areas of the Building.
16. Contractor will be responsible for daily removal of waste foods, milk and soft drink containers, etc. Building trash receptacles are not to be used.
17. Construction personnel are not to eat in the lobby or in front of the Building, nor are they to congregate in the lobby or in front of the Building.
18. Construction personnel are not to utilize any vacant space within the Building other than that space which is designated by the Landlord to the Contractor.
19. There will be no radios on the job site.
20. All workers are required to wear a shirt, shoes, and full length trousers.
21. Protection of hallway carpets, wall coverings, granite and marble from damage with masonite board, carpet, plastic runners or pads is required.
22. Public spaces, corridors, bathrooms, lobby, etc., must be cleaned immediately after use. Restrooms for contractor use will be designated to the Contractor. No other restrooms are to be utilized by Contractor personnel.
23. There will be no smoking, eating, or open food containers in the carpeted areas, or public lobbies. There will be no yelling or boisterous activities; nor is alcohol or controlled substances allowed or tolerated. Individuals under the influence or in possession of such will be prosecuted.
24. Contractor shall post no signs without Building Manager's expressed prior approval which may be withheld for any reason.
25. Contractor shall supply Building Management with a copy of all permits prior to start of any work.
26. Contractor shall complete work without disruption from labor disputes and in harmony with other trades.
27. The Construction Rules and Regulations are subject to change in Landlord's commercially reasonable discretion.
28. Landlord reserves the right to prohibit access to the Building by any contractors who fail to comply with these Construction Rules and Regulations.

EXHIBIT F

TENANT ESTOPPEL CERTIFICATE

TO: ("Mortgagee" or "Purchaser")

THIS IS TO CERTIFY THAT:

1. The undersigned is the tenant (the "Tenant") under that certain lease (the "Lease") dated , 20 , by and between as landlord (the "Landlord"), and the undersigned, as Tenant, covering those certain premises commonly known and designated as (the "Premises") in the building located at , , Massachusetts.
2. The Lease is attached hereto as Exhibit A and (i) constitutes the entire agreement between the undersigned and the Landlord with respect to the Premises, (ii) is the only Lease between the undersigned and the Landlord affecting the Premises and (iii) has not been modified, changed, altered or amended in any respect, except (if none, so state):
3. Except as set forth below, the undersigned has accepted and now occupies the Premises as of the date hereof, and all improvements, if any, required by the terms of the Lease to be made by the Landlord have been completed and all construction allowances to be paid by Landlord have been paid. In addition, the undersigned has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other type of rental or other economic inducement or concession except (if none, so state):
 - (1) The term of the Lease began (or is scheduled to begin) on , 20 and will expire on , 20 ;
 - (2) The fixed rent for the Premises has been paid to and including , 20 ;
 - (3) The fixed rent being paid pursuant to the Lease is at the annual rate of \$; and
 - (4) The estimated amount of Additional Rent payable by Tenant under the Lease is currently \$, based on a pro rata share of % , and have been reconciled through, 20.
4. (i) To Tenant's current actual knowledge, no party to the Lease is in default, (ii) the Lease is in full force and effect, (iii) the rental payable under the Lease is accruing to the extent therein provided thereunder, (iv) to Tenant's current actual knowledge as of the date hereof the undersigned has no charge, lien or claim of off-set (and no claim for any credit or deduction) under the Lease or otherwise, against rents or other charges due or to become due thereunder or on account of any prepayment of rent more than one (1) month in advance of its due date, and (v) to Tenant's current actual knowledge Tenant has no claim against Landlord for any security, rental, cleaning or other deposits, except (if none, so state):
5. Since the date of the Lease there are no actions, whether voluntary or otherwise, pending against the undersigned under the bankruptcy, reorganization, arrangement, moratorium or similar laws of the United States, any state thereof of any other jurisdiction.

6. Tenant has not sublet, assigned or hypothecated or otherwise transferred all or any portion of Tenant's leasehold interest, except as set forth below:
7. Neither Tenant nor Landlord has commenced any action or given or received any notice for the purpose of terminating the Lease, nor to Tenant's current actual knowledge does Tenant have any right to terminate the Lease, except (if none, so state):
8. Tenant has no option or preferential right to purchase all or any part of the Premises (or the real property of which the Premises are a part) nor, except as set forth in the Lease, any right or interest with respect to the Premises or the real property of which the Premises are a part. Tenant has no right to renew or extend the term of the Lease or expand the Premises except (if none, so state):
9. The undersigned acknowledges that the parties named herein are relying upon this estoppel certificate and the accuracy of the information contained herein in making a loan secured by the Landlord's interest in the Premises, or in connection with the acquisition of the Property of which the Premises is a part.

EXECUTED UNDER SEAL AS OF _____, 20__.

TENANT:

By:

Name: _____

Title:

Duly Authorized

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EXHIBIT G

LANDLORD'S CONSENT AND WAIVER

WHEREAS, (the "Tenant") has or is about to enter into certain financing agreements with (the "Bank") pursuant to which the Bank has been or may be granted a security interest in certain property of the Tenant; and

WHEREAS, Tenant is the tenant, pursuant to a lease agreement by and between Tenant and the undersigned (the "Landlord") dated as of (the "Lease"), of certain demised premises contained in the building located at the following address:

and more particularly described in the Lease (the "Premises");

NOW, THEREFORE, for valuable consideration, the Landlord agrees, for as long as Tenant remains indebted to the Bank, as follows:

(a) Landlord acknowledges and agrees that the personal property of Tenant (which for purposes hereof shall not include computer wiring, telephone wiring and systems, and demountable partitions) in which the Bank has been granted a security interest (the "Bank Collateral") may from time to time be located on the Premises;

(b) Landlord subordinates, waives, releases and relinquishes unto the Bank, its successors or assigns, all right, title and interest, if any, which the Landlord may otherwise claim in and to the Bank Collateral, except as provided in subparagraph (d) hereinbelow;

(c) Upon providing the Landlord with at least five (5) business days' prior written notice that Tenant is in default of its obligations to the Bank, the Bank shall then have the right to enter the Premises during business hours for the purpose of removing said Bank Collateral, provided (i) the Bank completes the removal of said Bank Collateral within ten (10) business days following said first written notice of default, and (ii) the Bank restores any part of the Premises which may be damaged by such removal to its condition prior to such removal in an expeditious manner not to exceed ten (10) business days following said first written notice of default;

(d) Upon receipt of written notice from Landlord of the expiration or earlier termination of the Lease, the Bank shall have ten (10) business days to enter the Premises during business hours, remove said Bank Collateral, and restore any part of the Premises which may be damaged by such removal to its condition prior to such removal. If the Bank fails to so remove the Bank Collateral, the Bank agrees that the Bank Collateral shall thereupon be deemed subject to the yield up provisions of the Lease, so the Landlord may treat the Bank Collateral as abandoned, deem it Landlord's property, if Landlord so elects, and retain or remove and dispose of it, all as provided in the Lease;

(e) All notices and other communications under this Landlord's Consent and Waiver shall be in writing, and shall be delivered by hand, by a nationally recognized commercial next day delivery service, or by certified or registered mail, return receipt requested, and sent to the following addresses:

if to the Bank:

Attention:

with a copy to:

if to the Landlord: c/o Nordblom Management Company, Inc.
71 Third Avenue
Burlington, MA 01803

Such notices shall be effective (a) in the case of hand deliveries, when received, (b) in the case of a next day delivery service, on the next business day after being placed in the possession of such delivery service with next day delivery charges prepaid, and (c) in the case of mail, five (5) days after deposit in the postal system, certified or registered mail, return receipt requested and postage prepaid. Either party may change its address and telecopy number by written notice to the other as provided above; and

(f) The Bank shall indemnify and hold harmless the Landlord for any and all damage caused as a result of the exercise of the Bank's rights hereunder.

This Landlord's Consent and Waiver may not be changed or terminated orally and inures to the benefit of and is binding upon the Landlord and its successors and assigns, and inures to the benefit of and is binding upon the Bank and its successors and assigns.

IN WITNESS WHEREOF, Landlord and Bank have each executed this Landlord's Consent and Waiver or caused it to be executed by an officer thereunto duly authorized, and the appropriate seal to be hereunto affixed, this day of , 20.

LANDLORD:

By:

(Name)

(Title)

BANK:

By:

(Name)

(Title)

COMMONWEALTH OF MASSACHUSETTS

County, ss.

On this day of, 20 , before me, the undersigned Notary Public, personally appeared the above-named, proved to me by satisfactory evidence of identification, being (check whichever applies):

☐ driver's license or other state or federal governmental document bearing a photographic image, ☐ oath or affirmation of a credible witness known to me who knows the above signatories, or ☐ my own

personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by her/him voluntarily for its stated purpose.

Print Name:

My commission expires:

STATE OF

County, ss.

On this day of , 20 , before me, the undersigned Notary Public, personally appeared the above-named, proved to me by satisfactory evidence of identification, being (check whichever applies): ☐ driver's license or other state or federal governmental document bearing a photographic image, ☐ oath or affirmation of a credible witness known to me who knows the above signatories, or ☐ my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, that he/she signed it as for , and acknowledged the foregoing to be signed by her/him voluntarily for its stated purpose.

Print Name:

My commission expires:

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EXHIBIT H

FORM OF LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

ISSUANCE DATE: ,

BENEFICIARY:

ISSUING BANK:

APPLICANT:

MAXIMUM/AGGREGATE
CREDIT AMOUNT:
USD \$

EXPIRATION:

LADIES AND GENTLEMEN:

We hereby establish our irrevocable letter of credit in your favor for account of the Applicant up to an aggregate amount not to exceed US Dollars (\$) available by your draft(s) drawn on ourselves at sight accompanied by:

The original Letter of Credit and all amendment(s), if any.

Your statement, purportedly signed by an authorized officer or signatory of the Beneficiary certifying that the Beneficiary is entitled to draw upon this Letter of Credit (in the amount of the draft submitted herewith) pursuant to Section 4.4 of the lease (the "Lease") dated , by and between , as Landlord, and , as Tenant, relating to the premises at .

Draft(s) must indicate name and issuing bank and credit number and must be presented at this office. Drawings may also be presented via facsimile transmission at facsimile number [].

You shall have the right to make multiple and partial draws against this Letter of Credit, from time to time.

This Letter of Credit is transferrable by Beneficiary from time to time in accordance with the provisions of Section 4.4 of the Lease.

This Letter of Credit shall expire at our office on , (the "Stated Expiration Date").

It is a condition of this Letter of Credit that the Stated Expiration Date shall be deemed automatically extended without amendment for successive one (1) year periods from such Stated Expiration Date, unless at least forty-five (45) days prior to such Stated Expiration Date) or any anniversary thereof) we shall notify the Beneficiary and the Applicant in writing by certified mail (return receipt) that we elect not to consider this Letter of Credit extended for any such additional one (1) year period.

We engage with you that all drafts drawn under and in compliance with the terms of this letter of credit will be duly honored within two (2) business days after presentation to us as described above.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the "International Standby Practice 1998 International Chamber of Commerce Publication 590 (ISP98)."

Very truly yours,

Authorized Signatory

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EXHIBIT I**INITIAL LIST OF HAZARDOUS MATERIALS AND CHEMICALS**

Chemical Name	Supplier	Supplier Number	CAS Number	Hazard Class or Signal Word	HMIS or NFPA (H)/(N)	HMIS Health	Flammability	Physical Hazard	Reactivity	Volume	UOM
Antimony Powder	Alfa Aesar	10099	7440-36-0	Acute Toxic	H	2	0	1		<25	lb
BiSn Fusible ASoy	CS Alloys	TRU								<5	lb
BiPbCdSn Fusible Alloy	CS Alloys	Bend 158								<5	lb
Butane	Worthington	WCO26		Flammable Gas	H	1	4	1			
GalGum indium Eutectic	Alfa Aesar	12478		Corrosive	H	1	0	1		<1	lb
GalGum indium Tin Eutectic	Alfa Aesar	14634		Corrosive	H	1	0	1		<1	lb
Hydrofluoric Acid	Science Lab	5LH2227	7664-39-3	Health	H	3	0	0		1	Qt.
Isopropal Alcohol	MG Chemicals	824-Liquid		Flammable Liquid	H	2	3	0		<300	grams
Mercuriob Amalgamation Powder	NPS Corporation	5200 Series	7440-66-6	Aquatic Toxicity						<1	lb
Nitric Acid, 70% No Clean Flux Paste	Science Lab		7697-37-2	Health	H	3	0	0		<25	Gallon
Paste Flux	MG Chemicals	6341-10ML		Corrosive	H	2	1	0		<25	Gallon
Paste Flux	Qualitek	PF 400		Irritant	H	2	1	0		<25	Gallon
Petroleum Based Soldering Flux	Worthington	WC016		Acute Toxic	H	3	1	0		<25	Gallon
Pyrogel XT-E	Aspen Aerogels				H	1	0	0		10	lb
Rosin Flux	MG Chemicals	835-P		Flammable /Toxic	H	2	3	0		<25	Gallon
Rubyfluid	Superior Flux & MFG. Co.		7646-85-7		H	2	0	1		<25	Gallon
Silver Brazing Paste Flux	Superior Flux & MFG. Co.	601			H	2	0	0		<25	Gallon
Silverjet DGH	Advanced Nano Products	55LT-25C		Health /Skin Sensitizer	H	1	1	0		<25	Gallon
TapMagic - Aluminum	The Steco Corporation	8353	8008-20-6	Health	H	1	2	1		<25	Gallon
TapMagic - Original	The Steco Corporation	8353	71-55-6	Health	H	2	0	1		<25	Gallon
Vitreloy	Materion	Vit1b		Health Hazard						<10	lb
Water Soluble Soldering Flux	Worthington	WC015		Irritant	H	3	0	0		<25	Gallon
TumbSrg Surfaciant	Raytech Industries	Compound B or C		Irritant							
Water Soluble Soldering Flux	Worthington	WC016		Irritant	H	3	0	0		<25	Gallon
Hexane	Acros	AC444340050	92112-69-1	Toxic	H	3	2	1		20	Gallon
Propylene Glycol	Nu-CaSgon	4188-01	57-55-6		H	0	1	1		3	Gallon
Denatured Alcohol	Klean-Strip	Freez-Kontr'l	56-1.64-17-5	Toxic	H	2	3	0		2	Gallon
GtriSdv	Decon Laboratories	1601	5989-27-5	Warning	N	1	2		0	1	Gallon
Ni Planting soln, Part A	Caswell Plating	ELECA	7736-81-4/7732-18-5	Warning	N	2	1		1	1	Gallon
Ni Plating Soln Part B	Caswell Plating	ELECB	7681-53-0/1336-21-6		H	1	0	0		1	Gallon
Ki Pfating soln Part C	Caswell Plating	ELEOC	7631-53-0/1310-73-2		H	1	0	0		1	Gallon
Methanol	Fisher Scientific	A433P-4	67-56-1		N	1	3		0	2	Gallon
Acetone	Fisher Scientific		67-64-1		N	1	3		0	5	Gallon
Insulating Enamel	Glyptal	1201A	78-93-3		H	2	4	0		<25	Gallon
Mineral Spirits	Klean-Strip	1631.1	64742-47-8	Danger	H	1	2	0		1	Gallon
Vacuum Pump Oil	Mobil	970624			H	0	1	0		5	Gallon
n-heptane	Acros	AC120340000	142-82-5	Danger	N	1	3	0		2	Gallon
Limonene	Sigma Aldrich	62122	5989-27-5	Danger	H	2	2	0		1	Gallon
SP Degreaser	Caswell Plating	SPED		Warning	H	2	0	0		1	Gallon
Bromopropane	TCI America	B0638	106-94-5	Danger	H	2	3	0		0.5	Gallon
Argon Gas	Airgas									1800	cu. Ft.
Liquid Argon	Airgas									300	Gallon
95% Argon 5%											
Hydrogen Gas	Airgas									1800	cu. Ft.
Carbon Dioxide	Airgas									1800	cu. Ft.
Nitrogen	Airgas									1800	cu. Ft.
Liquid Nitrogen	Airgas									300	Gallon

FIRST AMENDMENT TO LEASE

This Amendment to Lease ("Amendment") is made and entered into as of this 31st day of October, 2017 (the "Effective Date") by and between NWP Building 27 LLC, a Massachusetts limited liability company ("Landlord") and Desktop Metal, Inc., a Delaware corporation ("Tenant").

BACKGROUND

- A. Landlord and Tenant entered into that certain Office Lease dated August 23, 2016 (the "Lease") for premises containing approximately 39,500 rentable square feet (the "Original Premises") in the building located at 63 Third Avenue, Burlington, Massachusetts (the "Building"), as shown on Exhibit A to the Lease.
- B. Tenant desires, and Landlord has agreed, to enlarge the Premises by the inclusion of the remaining rentable space in the Building consisting of approximately 21,133 rentable square feet shown as the "Expansion Premises" on the plan attached hereto as Exhibit A (the "Expansion Premises").

NOW THEREFORE, in consideration of the Expansion Premises and the mutual agreements contained herein, the parties agree as follows:

- 1. The recitals set forth above are hereby incorporated by reference. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Lease.
 - 2. As of the Effective Date, the Premises shall be enlarged by the inclusion of the Expansion Premises so that the Premises consist of the Original Premises and the Expansion Premises. The Expansion Premises shall be leased to Tenant on all the same terms and conditions of the Lease, as hereby amended, for a term commencing on the Effective Date and expiring on the Expiration Date (i.e., April 30, 2024), subject to the terms of the Lease. The Expansion Premises shall be delivered to Tenant as of the Effective Date in "as-is" condition, without any obligation on the part of Landlord to prepare the Expansion Premises for Tenant's use and without any representations or warranties by Landlord as to the condition of the Expansion Premises. As of the Effective Date, all references in the Lease to the "Premises" shall mean the Original Premises and the Expansion Premises, collectively, and Exhibit A attached hereto (showing the entirety of the Premises) shall be deemed incorporated into the Lease and replace the original Exhibit A attached thereto. Tenant has exercised the Right of First Offer contained in Section 2.4 of the Lease, and therefore such right is hereby deleted and of no further force and effect.
 - 3. Any and all work that is necessary or desirable to prepare the Expansion Premises for Tenant's use ("Tenant's Expansion Premises Work") shall be performed by Tenant in
-

accordance with plans approved in advance by Landlord in accordance with the approval process set forth in Section 3.2 of the Lease. The requirements of Section 3.2 and Section 3.3 of the Lease shall govern the performance of Tenant's Expansion Premises Work. For the purposes of this paragraph 3, all references in Section 3.2 and Section 3.3 of the Lease to "Tenant's Work" shall mean Tenant's Expansion Premises Work as approved by Landlord, and all references to "Tenant's Plans" shall mean all construction drawings, plans and specifications for Tenant's Expansion Premises Work. In connection with Tenant's Expansion Premises Work, Landlord shall provide Tenant with an amount up to \$739,655.00 (the "Expansion Premises TI Allowance"). The Expansion Premises TI Allowance shall be subject to the terms and conditions of Section 3.4 in the Lease, and shall be funded by Landlord in the same manner and under the same terms as the TI Allowance was funded under Section 3.4 of the Lease, *mutatis mutandis*. For the purposes of this paragraph 3, all references to "Tenant's Work" in Section 3.4 shall mean Tenant's Expansion Work. The figure "\$1,244,250.00" as set forth in Section 3.4(A)(i) shall for the purpose of the Expansion Premises TI Allowance be read as "\$655,689.50", and the date "July 31, 2017" in the penultimate paragraph of Section 3.4 shall be read as "the date that is six (6) months after the Effective Date." For the avoidance of doubt, Section 3.2, Section 3.3 and Section 3.4 of the Lease are not amended by this paragraph 3.

Notwithstanding anything to the contrary contained herein, in connection with Tenant's Expansion Premises Work, Tenant shall be required to perform removal and restoration work in the areas shaded in dark gray and yellow shown on Exhibit B attached hereto, which removal and restoration work shall be defined in a letter from Landlord to Tenant once Landlord has approved the plans for Tenant's Expansion Premises Work and the same are finalized. Should Landlord decide not to require Tenant to perform removal and restoration work in the area shaded in yellow shown on Exhibit B, Landlord will provide Tenant with written notice on or before the expiration or earlier termination of the Lease. All such removal and restoration work shall be done in accordance with the terms of the Lease.

4. As of the Effective Date, the Lease is hereby amended as follows on account of the inclusion of the Expansion Premises:

A. The definition of the Premises in Section 1.1 of the Lease is deleted and the following is substituted in its place:

"Premises: The entire rentable area of the Building, as shown on Exhibit A attached hereto."

B. The definition of the Rentable Floor Area of the Premises in Section 1.1 of the Lease is deleted and the following is substituted in its place:

"Rentable Floor
Area of Premises: Approximately 60,633 rentable square feet"

- C. Tenant shall not be obligated to commence paying Fixed Rent on the Expansion Premises until March 1, 2018. In connection therewith, the Annual Fixed Rent Rate and the Monthly Fixed Rent Rate specified in Section 1.1 of the Lease for the Premises is deleted and the following table, showing Fixed Rent for the entire Premises (i.e. Original Premises and Expansion Premises), is substituted in its place:

<i>“Annual Fixed Rent Rate:</i>	Effective Date — February 28, 2018:	\$552,996.00
	March 1, 2018 — February 28, 2019:	\$879,180.00
	March 1, 2019 — February 29, 2020:	\$909,492.00
	March 1, 2020 — February 28, 2021:	\$939,816.00
	March 1, 2021 — February 28, 2022:	\$970,128.00
	March 1, 2022 — February 28, 2023:	\$1,000,440.00
	March 1, 2023 — April 30, 2024:	\$1,030,764.00”
<i>“Monthly Fixed Rent Rate:</i>	Effective Date — February 28, 2018:	\$46,083.00
	March 1, 2018 — February 28, 2019:	\$73,265.00

March 1, 2019 — February 29, 2020: \$75,791.00

March 1, 2020 — February 28, 2021: \$78,318.00

March 1, 2021 — February 28, 2022: \$80,844.00

March 1, 2022 — February 28, 2023: \$83,370.00

March 1, 2023 — April 30, 2024: \$85,897.00”

D. The Tenant’s Percentage specified in Section 1.1 of the Lease is deleted and the following is substituted in its place:

“Tenant’s Percentage: The ratio of the Rentable Floor Area of the Premises to the total rentable area of the Building, which is 100%, it being agreed that until January 1, 2018 Tenant’s Percentage with regard to Taxes and Operating Costs shall remain 65.15%.”

5. The phrase “up to one hundred and fifty (150)” stated in Section 2.1 of the Lease, in connection with the number of parking spaces Tenant shall be permitted to use, shall be deleted and replaced with the words “all of the”.

6. Effective as of the Effective Date, Sections 4.2.5(B) and 5.1.2 of the Lease are amended such that Tenant shall place the current utility meters for gas and electricity existing in the Premises (i.e. both the Original Premises and Expansion Premises) in Tenant’s name, and Tenant shall pay directly to the utility providers all charges for gas and electricity used or consumed on the Premises, and that, notwithstanding anything to the contrary in the Lease, Landlord shall be under no obligation to furnish gas and/or electricity to the Premises.

7. Effective as of the Effective Date, Section 5.1.6 of the Lease is amended such that Tenant (and not Landlord) shall be responsible for trash pick-up from the dumpster for the Building (it being agreed that such dumpster is no longer a “shared” dumpster, as

Tenant is the sole tenant of the Building). Tenant shall contract for such pick-up with a third party vendor in accordance with the terms of the Lease, including but not limited to Section 5.3. Landlord approves of Tenant utilizing a contractor for trash pick-up for the dumpster in accordance with the terms and conditions of the Lease.

8. Following the Effective Date, Landlord shall, at Landlord's expense, (a) repave the portion of the parking lot serving the Building (the "Parking Lot") shown in green on Exhibit A-1 attached hereto, (b) sealcoat the portion of the Parking Lot shown in pink on Exhibit A-1, (c) repair or replace curbs in the Parking Lot on an as needed basis, (d) add a drainage feature to the Parking Lot to help mitigate run off, and (e) restripe the parking lot once items (a) through (d) are complete (with items (a) through (e) collectively, the "Parking Lot Improvements"). Subject to any Force Majeure event and any delay caused by or attributable to Tenant, Landlord shall use diligence to cause the Parking Lot Improvements to be substantially complete on or before May 30, 2018. In addition, Landlord shall, at Landlord's expense, install a new entry way ramp on the Expansion Premises main entry way (such work the "Entry Ramp Work"). Subject to any Force Majeure event and any delay caused by or attributable to Tenant, Landlord shall use diligence to cause the Entry Ramp Work to be substantially complete on or before the date that Tenant substantially completes Tenant's Expansion Premises Work (with the parties to work together to coordinate such work). Tenant will cooperate with Landlord's reasonable requests (including but not limited to directions regarding parking) to facilitate all such work as set forth in this paragraph 8.

9. Tenant represents and warrants to Landlord that, to the best of Tenant's actual knowledge, as of the date hereof, (a) the Lease is and remains in good standing and in full force and effect, (b) Tenant has no claims, defenses, counterclaims, set-offs or defenses against Landlord arising out of the Lease or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (c) all allowances provided to Tenant to date, including but not limited to the TI Allowance, have been paid in full by Landlord to Tenant, and Landlord has no further obligations with respect thereto or to the construction of the Premises or Property, except as set forth herein with respect to the Expansion Premises TI Allowance, Parking Lot Improvements and the Entry Ramp Work.

10. Tenant warrants and represents that it has dealt with no broker in connection with the consummation of this Amendment, other than Colliers International (the "Broker"), and in the event of any brokerage claims, other than by the Broker against Landlord predicated upon prior dealings with Tenant, Tenant agrees to defend the same and indemnify and hold Landlord harmless against any such claim. Landlord shall indemnify and hold Tenant harmless against any claim by any broker engaged by Landlord in connection with the consummation of this Amendment. Landlord shall pay the commission owed to the Broker pursuant to a separate written agreement.

11. Landlord and Tenant each represent, as to itself, (a) that it is validly existing and in good standing in the state where it was organized; (b) that it has the authority and capacity to enter into this Amendment and perform all of its obligations hereunder; (c) that all necessary action has been taken in order to authorize it to enter into and perform all of its obligations hereunder; (d) that the person executing this Amendment on its behalf is duly authorized to do so.

12. This Amendment contains the entire agreement of the parties regarding the subject matter hereof. There are no promises, agreements, conditions, undertakings, warranties or representations, oral or written, express or implied, among them, relating to this subject matter, other than as set forth herein.

13. This Amendment shall not be valid and binding until executed and delivered by Landlord.

14. This Amendment may be executed in multiple counterparts, any one of which shall constitute a complete agreement binding on all parties. Any facsimile or other electronic transmittal of original signature versions of this Amendment shall be considered to have the same legal effect as execution and delivery of the original document and shall be treated in all manner and respects as the original document.

15. As hereby amended, the Lease is ratified and confirmed in all respects and shall continue in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have each duly executed this Amendment as of the Effective Date.

LANDLORD:

NWP BUILDING 27 LLC,
a Massachusetts limited liability company

By: /s/ Peter C. Nordblom

Peter C. Nordblom, as Manager and not individually

By: /s/ John D. Macomber

John D. Macomber, as Manager and not individually

TENANT:

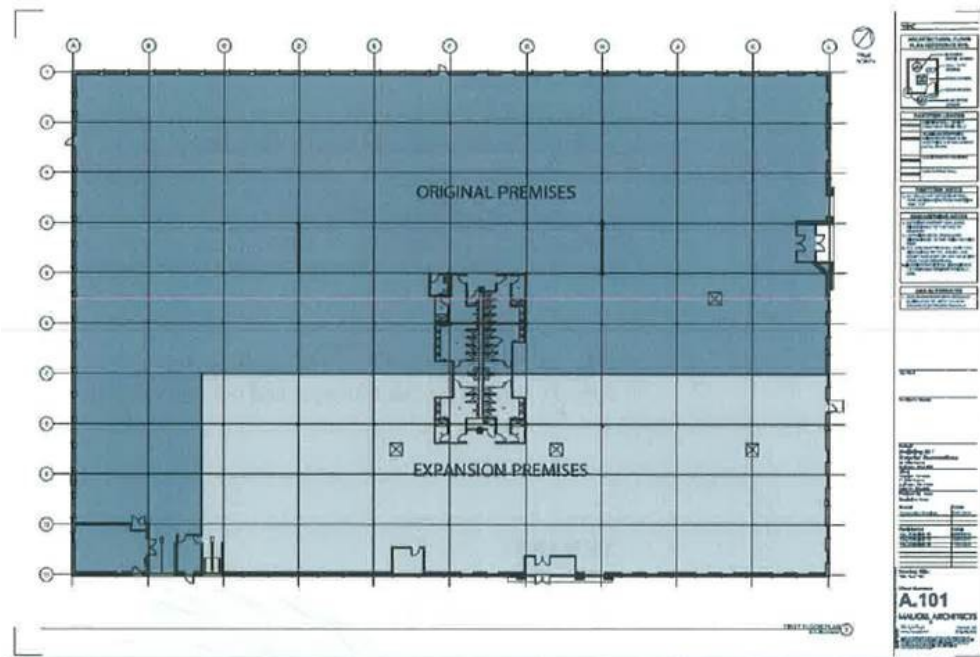
DESKTOP METAL, INC.
a Delaware corporation

/s/ Ric Fulop

Print Name: Ric Fulop

Print Title: Chief Executive Officer

EXHIBIT A
ORIGINAL PREMISES AND EXPANSION PREMISES



ALTAMIRA LAND TITLE SURVEY
 42 THOMAS AVENUE
 BURLINGTON MASSACHUSETTS
 01803-1000

RECORDING
 THIS SURVEY HAS BEEN RECORDED IN THE PUBLIC RECORDS OF THE COMMONWEALTH OF MASSACHUSETTS, DEPARTMENT OF REVENUE, RECORDS SECTION, ON 11/11/2010, AT 10:00 AM, IN THE BOOK 111, PAGE 100.

REMARKS
 THIS SURVEY WAS CONDUCTED BY THE BSC GROUP, INC., A PROFESSIONAL SURVEYING FIRM, ON 11/11/2010, AT 10:00 AM, IN THE PRESENCE OF THE FOLLOWING WITNESSES: [List of witnesses]

LEGEND
 1. LOT 1: 10,000 SQ. FT. (228' x 435')

NOTES
 1. ALL LOTS ARE TO BE CONVEYED TO THE COMMONWEALTH OF MASSACHUSETTS, DEPARTMENT OF REVENUE, RECORDS SECTION, ON 11/11/2010, AT 10:00 AM, IN THE PRESENCE OF THE FOLLOWING WITNESSES: [List of witnesses]

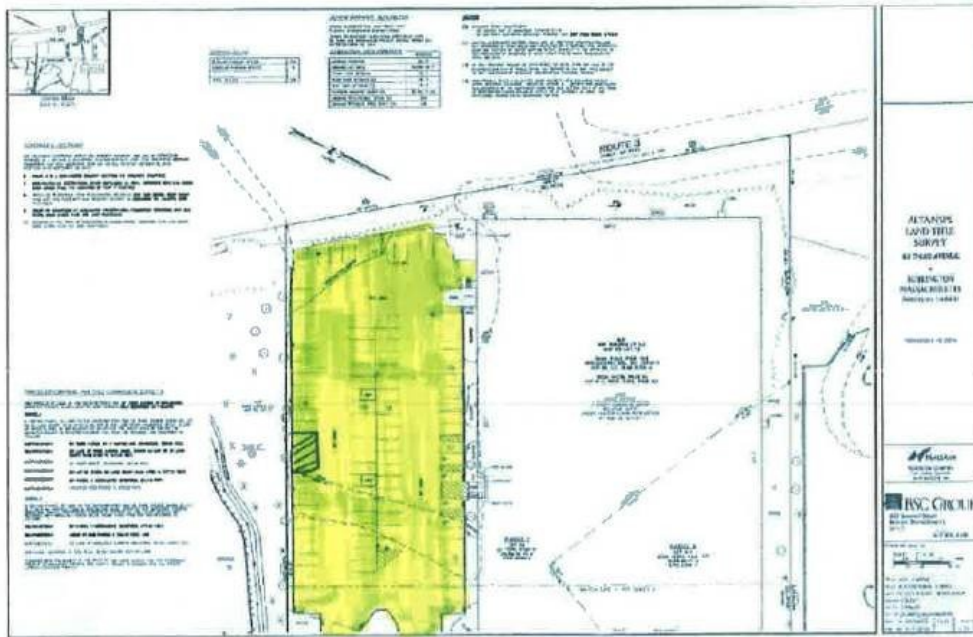
SCALE
 1" = 100'

NORTH ARROW
 N

DATE
 11/11/2010

BY
 [Signature]

FOR
 [Signature]



PLANTING AND EQUIPMENT NOTES

1. Subgrade should be a good drainage material.
2. Subgrade should be at least 18" above water level.
3. Subgrade should be at least 18" above water level.
4. Subgrade should be at least 18" above water level.
5. Subgrade should be at least 18" above water level.
6. Subgrade should be at least 18" above water level.
7. Subgrade should be at least 18" above water level.
8. Subgrade should be at least 18" above water level.
9. Subgrade should be at least 18" above water level.
10. Subgrade should be at least 18" above water level.

NOTES

40 4000



SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (the “Second Amendment”) is made and entered into as of this 26th day of June, 2023 (the “Effective Date”) by and between NWP Building 27 LLC, a Massachusetts limited liability company (“Landlord”) and Desktop Metal Operating, Inc., a Delaware corporation (“Tenant”).

BACKGROUND

A. Landlord and Tenant entered into that certain Office Lease dated August 23, 2016, as amended by a First Amendment to Lease dated October 31, 2017 (as amended, the “Lease”) for premises containing approximately 60,633 rentable square feet (the “Premises”) in the building located at 63 Third Avenue, Burlington, Massachusetts (the “Building”).

B. Tenant, pursuant to a notice to Landlord dated April 30, 2023, exercised its Extension Option pursuant to Section 2.3 for the Extended Term, with such Extended Term to commence on May 1, 2024 and end on April 30, 2029, unless sooner terminated pursuant to the terms of the Lease.

C. The parties wish to memorialize the Annual Fixed Rent Rate and Monthly Fixed Rent Rate for the Extended Term, as established in Landlord’s notice of determination of Market Rent letter dated May 5, 2023.

NOW THEREFORE, in consideration of the Premises and the mutual agreements contained herein, the parties agree as follows:

1. The recitals set forth above are hereby incorporated by reference. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Lease.

2. Pursuant to Tenant’s exercise of the Extension Option, the term of the Lease has been extended for the Extended Term, such Extended Term commencing May 1, 2024 and ending on April 30, 2029, unless sooner terminated pursuant to the terms of the Lease. All of the terms, covenants and provisions of the Lease apply to the Extended Term, except that the Annual Fixed Rent Rate and the Monthly Fixed Rent Rate shall be as follows:

<u>PERIOD:</u>	<u>ANNUAL FIXED RENT RATE:</u>	<u>MONTHLY FIXED RENT RATE:</u>
5/1/24 – 4/30/25	\$1,364,244.00	\$113,687.00
5/1/25 – 4/30/26	\$1,424,880.00	\$118,740.00
5/1/26 – 4/30/27	\$1,485,504.00	\$123,792.00
5/1/27 – 4/30/28	\$1,546,140.00	\$128,845.00
5/1/28 – 4/30/29	\$1,606,776.00	\$133,898.00

3. Tenant acknowledges that it currently occupies the Premises and that the Premises shall continue to be leased to Tenant during the Extended Term in their as-is condition. Landlord has no obligation to perform any tenant improvement construction or otherwise prepare the Premises for Tenant’s continued use or occupancy during the Extended Term.

4. Section 2.3 of the Lease is hereby deleted, and the parties confirm Tenant has no further option to extend or renew the Term of the Lease pursuant to the terms thereof.

5. Tenant represents and warrants to Landlord that, to the best of Tenant's actual knowledge, as of the date hereof, (a) the Lease is and remains in good standing and in full force and effect, (b) Tenant has no claims, defenses, counterclaims, set-offs or defenses against Landlord arising out of the Lease or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (c) all allowances provided to Tenant to date, including but not limited to the TI Allowance, have been paid in full by Landlord to Tenant, and Landlord has no further obligations with respect thereto or to the construction of the Premises or Property.

6. Tenant warrants and represents that it has dealt with no broker in connection with the consummation of this Amendment that would cause any brokerage to have claims against Landlord. In the event of any brokerage claims against Landlord predicated upon dealings with Tenant (including but not limited to any claims brought by Savills or members of the same), Tenant agrees to defend the same and indemnify and hold Landlord harmless against any such claim.

7. Landlord and Tenant each represent, as to itself, (a) that it is validly existing and in good standing in the state where it was organized; (b) that it has the authority and capacity to enter into this Amendment and perform all of its obligations hereunder; (c) that all necessary action has been taken in order to authorize it to enter into and perform all of its obligations hereunder; (d) that the person executing this Amendment on its behalf is duly authorized to do so.

8. This Amendment contains the entire agreement of the parties regarding the subject matter hereof. There are no promises, agreements, conditions, undertakings, warranties or representations, oral or written, express or implied, among them, relating to this subject matter, other than as set forth herein.

9. This Amendment shall not be valid and binding until executed and delivered by Landlord.

10. This Amendment shall be construed under the laws of the Commonwealth of Massachusetts and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11. This Amendment may be executed in multiple counterparts, any one of which shall constitute a complete agreement binding on all parties. Any facsimile or other electronic transmittal of original signature versions of this Amendment shall be considered to have the same legal effect as execution and delivery of the original document and shall be treated in all manner and respects as the original document. Execution of this Amendment by means of DocuSign is an acceptable form of execution and shall be valid and binding in all respects.

12. As hereby amended, the Lease is ratified and confirmed in all respects and shall continue in full force and effect. From and after the date of this Amendment all references to the "Lease" shall mean the Lease, as amended by this Amendment.

IN WITNESS WHEREOF, Landlord and Tenant have each duly executed this Second Amendment as of the Effective Date.

LANDLORD:

NWP BUILDING 27 LLC,
a Massachusetts limited liability company

By: NDC ASSET MANAGER, LLC
its Manager

By: /s/ Peter C Nordblom

Name: Peter C Nordblom

Title: Manager

By: Crosby Nordblom

Name: Crosby Nordblom

Title: Manager

TENANT:

DESKTOP METAL OPERATING, INC.
a Delaware corporation

/s/ Thomas Nogueira

Print Name: Thomas Nogueira

Print Title: Chief Operating Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) of RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Ric Fulop, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Desktop Metal, Inc. for the quarter ended June 30, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023

/s/ Ric Fulop

Ric Fulop
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Jason Cole, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Desktop Metal, Inc. for the quarter ended June 30, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023

/s/ Jason Cole

Jason Cole

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Desktop Metal, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ric Fulop, the Chief Executive Officer of the Company, and Jason Cole, the Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 3, 2023	<u>/s/ Ric Fulop</u> Ric Fulop	Chief Executive Officer (Principal Executive Officer)
August 3, 2023	<u>/s/ Jason Cole</u> Jason Cole	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by 18 U.S.C. Section 1350 has been provided to Desktop Metal, Inc. and will be retained by Desktop Metal, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
