

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

FORM 10-K

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

For the fiscal year ended December 31, 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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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 (§232.0405 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

Based on the closing price as reported on the New York Stock Exchange, the aggregate market value of the Registrant's Class A Common Stock held by non-affiliates on June 30, 2023 (the last business day of the Registrant's most recently completed second fiscal quarter) was approximately \$461.0 million. Shares of Class A Common Stock held by each executive officer and director and by each shareholder affiliated with a director or an executive officer have been excluded from this calculation because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the Registrant's Class A Common Stock as of March 12, 2024 was 329,636,513.

Documents Incorporated by Reference

Portions of the Registrant's Definitive Proxy Statement relating to the 2024 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A with the Securities Exchange Commission are incorporated by reference into Part III of this report. Such proxy statement will be filed with the Securities and Exchange Commission not later than 120 days following the end of the Registrant's fiscal year ended December 31, 2023.

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BASIS OF PRESENTATION

Unless otherwise indicated or the context otherwise requires, references in this Annual Report on Form 10-K to “we,” “us,” “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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7, contains forward-looking statements. All statements contained in this Annual Report on Form 10-K 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 Part I, Item 1A. “Risk Factors” elsewhere in this Annual Report on Form 10-K. 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K 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.

PART I

Item 1. Business

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, 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.

At Desktop Metal, we believe additive manufacturing, commonly referred to as 3D printing, is one of the most exciting and transformational technology innovations of our time. According to market research and management estimates, the global additive manufacturing market, which includes spending on systems, materials, parts and other 3D printing software and services, is expected to grow from \$18 billion in 2022 to approximately \$100.0 billion by 2032 at a compound annual growth rate of approximately 20%. Additive manufacturing has the capacity to change the way parts of nearly all materials are designed, manufactured and sold around the world, and it provides businesses of all sizes the means to make high performance products faster, more sustainably, and at costs and volumes competitive with conventional manufacturing processes. Our mission is to enable high volume production, while making additive manufacturing accessible to all engineers, designers and manufacturers. In doing so, we believe we will empower businesses to adopt radical, new approaches to design and production and enable the success of many of the high growth industries that will drive global economic growth in the years to come.

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 1,000 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 40 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 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, and fluid power systems. 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.

We are led by visionary technologists and a team of proven leaders with experience bringing emerging technologies to market across the hardware, materials and software sectors. Our technologies have the potential to empower engineers and designers to easily access additive manufacturing and drive new application discovery as well as provide manufacturers with reliable and high-performance solutions that facilitate the production of innovative designs in high volumes. We believe that, taken together, these core competencies will propel us towards helping businesses realize the true promise of Additive Manufacturing 2.0.

Industry Background

Conventional manufacturing processes have numerous shortcomings.

Historically, processes such as casting, stamping, molding and machining have dominated global manufacturing. These conventional and subtractive manufacturing techniques have numerous limitations. Most require high upfront expenses in the form of tools, such as molds, dies, jigs or fixtures. Designing and manufacturing these tools can result in long lead times for parts as well as minimum volume requirements in order to achieve cost efficiencies.

Tooling requirements associated with casting, stamping, and injection molding also leave little room for design iteration without increasing time-to-market and development costs. New parts and design changes often require a new tool, thereby slowing the pace at which businesses can introduce new products and react to shifts in market preferences and making it difficult to compete effectively. Computer numerical controlled machining, or CNC machining, is an alternative to stamping, casting and molding that does not require

a mold or die, enabling lower-volume production with reduced lead times. However, because CNC machining is a subtractive process in which material is removed from a solid block to create a part, it typically results in higher part costs and significant material waste. In addition, the CNC machining process often requires heavy involvement from specialist technicians, and machine programming can be time intensive. Each of these conventional manufacturing processes also creates design restrictions that can result in significantly higher part weights and costs or require assemblies, adversely impacting performance in favor of manufacturability and driving additional manufacturing and supply chain complexity.

Additive manufacturing has the potential to address the limitations of conventional manufacturing.

Additive manufacturing addresses many of the limitations of conventional manufacturing through a combination of flexibility, ease of use and cost, making it an efficient and effective process across the product life cycle, from design and prototyping to production. Additive manufacturing is a digital manufacturing process that produces 3D objects from digital models through the repeated deposition of thin layers of material. This process eliminates the need for tooling inputs and provides a range of benefits including:

- **Accelerated time-to-market.** Businesses can manufacture design files at the push of a button with no tooling required. While design cycles for conventional manufacturing can take weeks or months, additive manufacturing can shorten this cycle to days due to the ability to rapidly switch between or iterate on designs without excessive delay. Such improvements in time-to-market for new products can help businesses react more rapidly to shifts in customer demand.
- **Design flexibility.** Conventional manufacturing can force design compromises as a result of subtractive manufacturing processes or the use of tools. While 3D printing may involve design guidelines primarily to reduce dependency on supports and optimize process success, designers generally have freedom to produce geometries not possible or economically feasible with conventional manufacturing. As an example, with additive manufacturing, designers can produce intricate organic or complex, lattice shapes that are optimized for strength and functional performance to reduce weight and material usage.
- **Assembly consolidation.** Improved design flexibility enables the consolidation of sub-assemblies into single parts, which can improve reliability by reducing the number of failure points in a product. Decreasing part quantity is also a productivity breakthrough for many businesses. With fewer unique parts to fabricate, procure, store and assemble, businesses can drastically simplify their supply chains.
- **Mass customization.** Additive manufacturing enables the customization and production of designs at scale, eliminating costs traditionally associated with multiple tools and tooling changeover as well as reducing the risk of excess inventory and material obsolescence. Each part printed using additive manufacturing can be identical to or radically different from the other parts within a given print. Several end markets, including audiology and dental, have already leveraged mass customization through additive manufacturing to improve the aesthetics and performance of parts.
- **Supply chain re-engineering.** Additive manufacturing suitable for end-use parts and spare parts production can improve supply chains by enabling on-demand manufacturing in distributed locations. Decentralized networks of additive manufacturing systems with low tooling and set-up costs can replace centralized facilities with conventional manufacturing equipment in locations frequently selected because of lower cost of labor. In addition, producing parts near the point and time of demand can significantly reduce lead times, inventories, and dependencies on forecasting without incurring additional costs related to logistics and customs.
- **Sustainable manufacturing.** Additive manufacturing is a more efficient production process than subtractive techniques, such as CNC machining. It requires fewer material inputs and reduces material waste. By enabling optimized geometries lighter than conventionally manufactured counterparts, additive manufacturing can also lead to downstream sustainability benefits, including reduced fuel consumption in industries such as automotive and aerospace. In addition, by reducing supply chain complexity, additive manufacturing can reduce emissions from transporting physical goods around the world.

Many businesses are motivated to deploy additive manufacturing to improve production processes at scale.

Many businesses faced with increased global competition and rapidly changing market preferences are turning to additive manufacturing to overcome the limitations of conventional manufacturing and provide a competitive advantage. While many

businesses still value the rapid prototyping benefits of additive manufacturing, they are also eager to realize benefits largely related to end-use part production.

Most existing additive manufacturing technologies primarily focus on design & prototyping applications.

Additive manufacturing technologies face stringent business requirements for use in production with respect to accuracy, surface finish, material properties and throughput, all of which must meet or exceed the standards set by more mature conventional manufacturing alternatives. Most commercially available 3D printers leverage legacy additive manufacturing technologies including fused filament fabrication, or FFF, stereolithography, or SLA, and powder bed fusion, or PBF. These first-generation 3D printing technologies build parts by tracing each layer using a single point or multiple points, such as an extrusion nozzle in FFF printers or a laser in SLA and PBF systems. While these technologies have evolved significantly since the early 2000s, and have mostly overcome initial deficiencies around accuracy, surface finish and material properties, their throughput and the resulting production economics have continued to present a challenge. Such technologies can typically only increase part throughput with additional time or systems, which limits customers' ability to increase production without also increasing their equipment costs. Many existing additive manufacturing solutions consequently continue to focus on design and prototyping use cases or other low volume production applications where design flexibility and turnaround time are important to customers, but costs and part throughput are not, and where other key performance measures, including accuracy, surface finish and material properties are also less critical.

As a result, businesses still face hurdles in adopting legacy additive manufacturing for end-use production.

While the growth of additive manufacturing has accelerated in recent years, many companies still hesitate to fully adopt the existing, legacy technologies to produce end-use parts in volume, preventing them from realizing the full benefits of additive manufacturing. Ernst & Young found that only 18% of industrial businesses in 2019 used additive manufacturing for end-use parts, lagging other use cases such as rapid prototyping. Because these existing, legacy technologies are better suited to design and prototyping applications, businesses pursuing additive manufacturing solutions face significant barriers to adopting these technologies for end-use applications. Using legacy additive manufacturing technologies to make end-use parts can be expensive, particularly for businesses under margin pressure. This is due to the high costs of legacy additive manufacturing equipment and related consumable materials, which are often priced at high levels by vendors to compensate for the low productivity of their systems. When combined with the limited throughput of these legacy additive manufacturing technologies, high upfront and operating costs result in part costs that typically cannot compete with conventional manufacturing. Consequently, industries that require inexpensive parts in large quantities, such as automotive and consumer products, face challenges in adopting additive manufacturing for end-use parts production.

Our Market Opportunity

In part as a result of the drawbacks of these legacy additive manufacturing technologies, businesses of all sizes are engaging Desktop Metal to begin their deployment of additive manufacturing for scalable, end-use parts production. We believe our product portfolio enables customers to capture value at every stage in the product lifecycle, from research and development to the mass production of tools and end-use parts. We provide easy-to-use, high-throughput, and integrated additive manufacturing solutions comprised of hardware, software, materials, and services. Our solutions expand the addressable market for additive manufacturing by facilitating applications in vertical markets that have been restricted from adopting additive manufacturing due to cost and productivity hurdles, such as automotive, consumer products, heavy industry and machine design. As a result, we believe we are at the forefront of the next generation of companies that will drive the accelerated adoption of Additive Manufacturing 2.0, whereas legacy additive manufacturing technologies are primarily focused on enabling rapid prototyping and tooling applications. According to market research and management estimates, the global additive manufacturing market, which includes spending on systems, materials, parts and other 3D printing software and services, is expected to grow from \$18 billion in 2022 to approximately \$100.0 billion by 2032 at a compound annual growth rate of approximately 20%, as additive manufacturing displaces conventional manufacturing across a growing range of applications.

Our Growth Strategy

After a period of integration, Desktop Metal and its brands are shifting from a focus on delivering accessible Additive Manufacturing 2.0 technology solutions that meet the speed, cost, and quality requirements for volume production to strengthening the successful use of these systems to enable even broader adoption for higher throughput production.

To this end, the key elements of our growth strategy include the following:

Partnering with existing and prospective customers across all of our diverse brands and verticals to use our cutting-edge Additive Manufacturing 2.0 solutions for specific production applications and goals.

We are focused on partnering with existing and prospective customers across all of our diverse brands and verticals to use our cutting-edge Additive Manufacturing 2.0 solutions for specific production applications and goals. This includes working with customers longterm to ensure they have continued success with our technologies as the manufacturing industry begins transitioning to our AM 2.0 systems, which offer a substantially different use case than prior AM adoption for prototyping and lower-volume production.

Currently, we have a sizable and diverse global customer base across industries and applications. We believe our growth will be supported by ensuring that these businesses, which range in size from small and medium enterprises to Fortune 500 organizations, show continued success and adopt more and different machines over time. This approach is supported by our hundreds of Super Fleet customers, which are customers with three or more systems worldwide. By serving these customers, we grow our fleets within these existing companies and gain valuable insights into how to support our customer's success with our technology through an expanding number of applications.

Developing our existing AM2.Production and ScanUp programs that help our industrial and dental customers bridge the journey from traditional to additive manufacturing technologies.

We are focused on supporting our customers in their journeys to adopting our Additive Manufacturing 2.0 solutions. We have crafted programs that will assist mainstream manufacturers in both the industrial and dental profession to confidently transition to AM 2.0 systems that deliver new benefits.

We believe these differentiated revenue-generating programs will be essential as the Additive Manufacturing sector continues moving from the prototyping category, which is heavily saturated, to volume tooling and end-use part applications.

Our industrial program, called AM2.Production, has demonstrated success with major manufacturers transitioning to our large production systems in our metal, ceramic, sand, and polymer product lines. Customers who progress through this program are also our most successful customers in using the technology because this pathway supports the customer in ways that go beyond a simple plug-and-play transaction.

The AM2.Production program, which is a fee-based engagement, includes several important elements that aid in a successful customer implementation, such as co-location. For example, in engagements that include co-location, we will run a purchased machine at our location for a period of about 3-6 months, during which time the manufacturer can work with our expert team members to optimize the production application and ensure that there is complete transfer of knowledge to manufacturing teams. Unlike traditional 3D printing equipment that may go to a single user or a small team, manufacturers often have large and transitory teams of individuals that require complete training and knowledge transfer. During these engagements, we also work to streamline post-processing steps to integrate with a manufacturer's existing operations.

Customers that have successfully completed the AM2.Production journey with us include a global automaker, a global automotive supplier, a global aerospace company, a US-based health system and a footwear manufacturer.

Similarly, our ScanUp digital dentistry subscription program from our Desktop Health brand, in partnership with Align Technology, helps dentists get started with digital dentistry through adoption of an intraoral scanner backed by a comprehensive digital dentistry ecosystem, which includes education and training. This program, aimed directly at general practitioners who make up the bulk of the dental market, helps the more than 50% of dentists who have not begun their digital dentistry journey get started with a partner who can support a complete digital journey in dentistry. Today, in addition to dental laboratories, we have early adopter general practitioners and many categories of dental specialists, such as orthodontists, who use our 3D printers directly in their facilities. To reach the total market opportunity, we have crafted a step-by-step journey for clinicians that allows them to transition at their own pace.

Leveraging our focused, branded product lines, which are led by trusted leaders with deep industry knowledge, to intensify relationships with customers and prospective customers in those markets.

The Desktop Metal brand serves broad metal and ceramic researchers and manufacturers with several technologies:

- Our highly accessible Studio System uses Bound Metal Deposition (BMD) technology, which is used successfully worldwide for both prototyping and serial production.
 - Our fine-powder binder jet systems for high-speed processing of more than 20 standard metals, including aluminum, titanium, stainless steels, tool steels and more, to ceramics such as silicon Carbide. Our Shop System, X-Series and P-Series platforms are offered in a variety of build areas and throughput approaches required by specific customers, including Triple Advanced Compaction Technology (ACT) on the X-Series and Single Pass Jetting (SPJ) for the highest speeds offered on the P-Series.
 - Our new Digital Sheet Forming (DSF) technology, now offered through our Figur G15 system, enables new approaches to shaping sheet metal quickly, and the first system installations have been completed.
-
- ExOne is a well-known industry leader in the foundry marketplace, with large fleets of digital casting installations worldwide that support high-volume production of sand molds and cores using binder jetting technology offered on the S-Max family of printers. These systems are delivering unique benefits that are essential for supporting a broad lightweighting effort in transportation that is powered by traditional and electric powertrains.
 - Desktop Health is a dental and medical brand that delivers 3D printing technology trusted for 20+ years to improve patient lives. Our high-accuracy 3D printers, such as the Einstein and 3D-Bioplotter printers, are paired with premium biocompatible materials, that have been proven to deliver reliable, regulatory-approved results, such as Flexcera™ family resins. These profitable materials have seen rapid growth in the dental segment due to their breakthrough chemistry that delivers both functional performance and lifelike aesthetics, and based on high demand, we have begun to distribute these materials to other dental 3D hardware providers, such as Carbon 3D.
 - ETEC is a brand focused on high-throughput polymer printing solutions using DLP technology to process a carefully curated portfolio of the world's leading AM materials, including our exclusive DuraChain™ category of tough and resilient materials, including FreeFoam™, for cushioning, footwear, and sealing, among other applications.

Refining our sales network to a smart blend of direct and channel partners, by region and by brand, who are capable of supporting the highest requirements of production-oriented buyers.

In the past year, our distribution network has undergone a strategic audit to better align our go-to-market strategy with the capabilities of our global partners. While we have a blended model overall, we have retained go-to-market partners where they have the most capabilities to support serial production customers and opportunities, and where we need market coverage. The number of countries where we have representation remains unchanged, at about 40 countries. Additionally, we have added direct sales resources where we believe a stronger, more direct connection to the highest value customers is needed. Our direct sales force focuses primarily on selling our higher priced solutions, cross-selling our solutions across materials, serving major accounts and expanding our footprint within multinational and Fortune 500 organizations. We will continue evaluating and refining this hybrid approach, with an eye on maximizing customer success, revenue, and industry-specific expertise to drive penetration in vertical markets such as automotive, aerospace, foundries, medical, dental, and consumer products.

Focusing our go-to-market attention in each of our respective product lines on the highest and nearest term revenue recognition opportunities.

While our potential for revenue growth remains high long-term, the opportunity for each of our products varies in terms of near-term potential growth. Our teams are focused on the highest and nearest term potential to deliver this growth.

Promote awareness through focused marketing, training and education campaigns and programs

As businesses increasingly embrace additive manufacturing over the next decade, we intend to educate the market on best practices for adoption of the technology across the entire product life cycle. Our leadership position provides a platform to deliver this education both for our existing customers and the market as a whole, generating organic interest in our solutions and facilitating our business expansion. Such education is a critical component of our sales and marketing efforts. We believe businesses that are well-informed or that have firsthand experience of the benefits of our additive manufacturing solutions relative to conventional manufacturing are more likely to purchase and expand their use of our products and services over time. To drive such awareness, we continue to develop rich additive manufacturing content and curricula for delivery through both online and in-person media, including classes, programs, certifications, and professional services. We are developing global centers of excellence, leveraging our own headquarters in conjunction with our distribution network's presences, to serve as showrooms for our solutions, learning facilities and focal points for additive manufacturing-focused professional services.

Our Additive Manufacturing Solutions

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, and biocompatible materials. Our additive manufacturing solutions, which are based on our proprietary technologies, are described below.

Metal Additive Manufacturing Systems

Our metal additive manufacturing systems are designed using sintering-based, powder metallurgy processes, in which metal powder is bound together in a printer and sintered in a furnace to form a dense metal part. Hundreds of metal alloys are available to such powder metallurgy processes, many with well-characterized and high-quality material properties.

Our binder jet metal additive manufacturing platforms are differentiated in their ability to deliver high-performance printed metal parts at production-scale volumes and part costs competitive with conventional manufacturing processes. These platforms, including the P-Series, the Shop System, and the X-Series, offer a range of price points, throughput levels, and build sizes, ensuring our customers can find a solution that fits their specific application needs and enabling them to scale their manufacturing operations within the Desktop Metal solutions ecosystem.

The Shop System is an entry-level metal 3D printing using binder jetting. We've taken the most promising 3D printing technology for speed and mass production and packaged it in an easy-to-use package. The Shop System is an ideal solution for anybody who wants to produce metal products quickly with an outstanding surface finish and resolution at scale, such as MIM houses and service bureaus.

The X-Series System includes the InnoventX, X25Pro, and X160Pro, and offers scalable binder jet 3D printing of specialty materials, including metals and ceramics, with high density and repeatability for precision end-use parts, and tooling in a range of build areas. These open material systems feature industrial printheads and patented Triple ACT advanced compaction technology, which dispenses, spreads, and compacts ultra-fine powders independently with tight control.

The P-Series offers high-speed metal 3D printing for highly qualified customers. This platform includes two printers, the P-1 and P-50, that use Single Pass Jetting™ (SPJ) high-speed binder jet 3D printing technology in an inert processing environment. Designed to bridge the gap between bench-top development and mass production, the Production System P-1 is an open platform binder jetting solution for process and materials development as well as serial production of small, complex parts. Designed to be the fastest way to 3D print metal parts at scale, the Production System P-50 uses SPJ and bi-directional printing to achieve speeds up to 100 times those of laser powder bed fusion technologies. The P-1 and P-50 are open material systems that leverage low-cost MIM powders and produce parts in volumes and at costs competitive with conventional mass production techniques.

Photopolymer Additive Manufacturing Systems

Our photopolymer additive manufacturing systems are designed using advanced, area-wide DLP photopolymer print processes in which liquid photopolymer resin is cured using light from a high-resolution projector system to produce precision polymer parts with smooth surface finish and properties in line with or exceeding conventionally manufactured thermoplastics.

The Einstein Series, designed for dental professionals, offers key features essential to superior 3D printing in the dental market, including accuracy, speed and versatility. The Einstein series consists of the Einstein, a solution ideal for fast, and easy, chairside dental printing, and the Einstein Pro XL, a solution with a larger 5.7 liter build volume and faster build speeds designed for high-production dental and orthodontic labs. Both Einstein printer models are equipped with a combination of Hyperprint technology and proprietary NanoFit 385 technology built on industrial 385 nanometer projectors to enable dental applications with rapid turnaround times, stunning clarity, exceptional accuracy, and natural looking finishes. Desktop Health also offers Flexcera materials for 3D printing dental prosthetics on the Einstein as well as third-party hardware from Carbon 3D. Flexcera Smile Ultra+ and Flexcera Base Ultra+ are FDA 510(k) Class II cleared and MDR certified.

The ETEC Xtreme 8K platform is a DLP printer with two 385 nm overhead projectors for high-volume production of large end-use parts or high throughput of smaller parts in a variety of materials, including an all-new category of proprietary DuraChain™ materials enabled by this new technology. DuraChain photopolymers deliver breakthrough elastic and tough material properties for DLP through a Photo Polymerization-Induced Phase Separation (PIPS) process enabled by the high energy. When illuminated with 8 mW/cm², DuraChain 2-in-1 photopolymers, such as FreeFoam™ phase separate at the nano level into a material that cures into a resilient, high-performance network DuraChain photopolymers are expected to enable a new wave of innovations in 3D printing.

The ETEC Pro XL delivers high accuracy, throughput and affordability in an industrial polymer 3D printer. This system easily print parts at volume with the quality, surface finish and tolerances needed for end-use applications and can be used with a variety of popular third-party resins such as those from Henkel Loctite®, Evonik, and BASF.

On March 14, 2024, we committed to a plan that includes a review of strategic alternatives for our industrial photopolymer business. We are exploring alternatives for the industrial photopolymer business, which may include divestitures, curtailment of investment or winding down of the business.

Digital Casting Additive Manufacturing Systems

Our digital casting additive manufacturing systems comprise our S-Series platform and leverage binder jetting technology to print large-scale molds, mold cores, and investment casting patterns with high precision across a variety of sand materials for foundry applications to enable our customers to innovate through enhanced design solutions and improved turnaround times for their clients.

The S-Max and S-Max Pro are high-performance digital casting solutions designed for fast, precise and reliable production of sand molds and cores for metal casting applications, making it an ideal choice for industrial production of high-complexity castings that range in size for automotive, aerospace, energy, and other heavy industries. Both models offer two large job boxes of 1,260 liters each and support a range of binder systems, providing the versatility to print cores and molds compatible with ferrous and nonferrous metals. The S-Max printer, which can achieve build speeds up to 100 liters per hour, offers a robust solution for the majority of our available sand printing binders, including all cold hardening binder systems, making it suitable for common casting materials. The S-Max Pro printer, which can achieve build speeds up to 125 liters per hour, offers an additional inorganic binder option, which can deliver high-quality aluminum castings popular among automotive foundries. The S-Max Flex is a flexible, affordable robotic 3D printing solution for digital casting applications. This robotic additive manufacturing system features an industrial third-party, multi-axis robot with a print carriage end effector leveraging patented SPJ binder jetting technology to deposit, spread, and compact powder and deposit binder in a single pass over the build box to produce high quality components for foundry applications at scale.

Biofabrication Additive Manufacturing Systems

The 3D-Bioplatter platform is a versatile and user-friendly biofabrication solution that processes biocompatible and photopolymer materials for potential computer-aided tissue engineering applications such as bone regeneration, cartilage regeneration, soft tissue fabrication, drug release and organ printing. It is one of the most widely referenced biofabrication platforms in the industry today and is being used for groundbreaking medical research and development. Designed to enable flexibility and combinations of different

materials and temperatures, the platform leverages a modular architecture, including sterilized heating and cooling cartridges and a robotic tool changer to switch between one of up to five syringes, each of which has individual temperature control, and which use air or mechanical pressure to dispense liquid, melt, paste or gels from a cartridge. The 3D-Bioplotter can fabricate parts using a wide range of open-source and standard materials, from soft hydrogels to polymer melts or hard ceramics and even metals. Software-designed complex inner partners enable researchers and manufacturers to precisely control mechanical properties.

Consumable materials

We sell an array of consumable materials, or consumables, for use with several of our additive manufacturing systems. The sales of these materials provide us with a recurring revenue stream from customers of our additive manufacturing solutions. These materials consist of:

- **Binder jetting materials.** For use with our binder jetting platforms, we sell a combination of proprietary binders engineered in-house by our materials team and third-party binders to support a broad array of MIM alloys, sands and ceramics. In particular, our proprietary binders have been developed to maximize success and yield through each stage of the binder jetting process, resulting in high-resolution parts with exceptional surface finish and strong material properties. In addition, while many of our binder jetting solutions support an open platform through which customers can purchase third-party powders, we also sell a range of powders qualified and optimized for use with several of our platforms, including Shop System, with numerous additional materials in various stages of qualification.
- **Photopolymer resins.** For use with our area-wide photopolymer print platforms, we sell proprietary resins engineered in-house by our materials team to achieve high-performance material properties and support a broad range of applications across healthcare and dental, consumer products and industrial verticals. This extensive library of materials also includes biocompatible resins as well as several Food and Drug Administration, or FDA, cleared resins for use in medical and dental applications. In addition to our proprietary resins, we sell third-party, industry-validated materials that have been qualified for use with our platforms through a selectively open business model.
- **BMD materials.** For use with the Studio System, we sell metal and ceramic materials, including stainless steels, carbon steels, tool steels, titanium and copper. We also continue to develop additional materials to meet our customers' needs for new applications and vertical markets. These office-friendly materials are delivered in our unique cartridge-based, rod format, which is a key differentiator for the Studio System as it allows for high metal loading and high-force extrusion during printing, resulting in high density parts with strong mechanical properties, as well as quick and easy material changeovers.
- **Bioprinting materials.** For use with 3D-Bioplotter, we sell several biocompatible materials for potential use in tissue engineering applications.

In addition, depending on the product, our consumables may include wear components for our additive manufacturing systems, such as printheads, build plates or material trays, which require replacement after a specified usage amount or in accordance with predetermined replacement cycles, in order to maintain the proper operations of the equipment.

Software

Our unified Live Suite software is a key component of our additive manufacturing solutions and is at the core of their accessibility and ease-of-use. Live Suite software is built on cloud, desktop, and mobile technologies and seamlessly integrates and coordinates 3D printers, accessories, and processes. Live Platform is the cloud-based centralized administration hub for Live Suite build preparation applications including Live Studio, Live Build MFG, EnvisionOne RP, and XPrep. These applications streamline the process of setting up prints and provide a cohesive, modern user interface and experience across our product portfolio. In addition to basic features such as automatic and custom support generation, part scaling and positioning, our software also enables the unique features of each of our additive manufacturing systems, such as the ability to adjust closed-cell infill for the Studio System, to leverage automated dental model preparation for Einstein printers and to densely nest multiple parts into a build across all our binder jetting and photopolymer platforms. These software applications natively read commonly used 3D CAD file formats as well as traditional 3D printing file formats, such as STLs.

Our systems also feature onboard, color touchscreen controls and a user-friendly experience consistent with our Live Suite software applications. For our cloud-connected systems, these onboard controls facilitate remote over-the-air updates delivered directly to the equipment, allowing for continuous improvement via new features and enhancements. Live Monitor, part of Live Suite, is a cloud-based real-time platform providing Industry 4.0 compliance for select Desktop Metal printers and enables monitoring of print status, key system metrics, and alerts for out-of-range issues.

In addition, we offer Live Sinter, a proprietary sintering process simulation and compensation software application designed to improve part accuracy, reduce sintering support structures and associated costs and minimize printing trial and error for binder jet additive manufacturing processes. This software dynamically simulates the results of the sintering process by leveraging a GPU-accelerated, multi-physics engine in combination with finite element analysis, or FEA, and artificial intelligence. It also automates the compensation of geometries for the distortion and shrinkage that typically occurs during sintering, further optimizing the printing process to create high-accuracy parts and make binder jetting more accessible and easier to adopt in production for customers with limited additive manufacturing experience.

Desktop Labs: Our Dental and Biofabrication Platform

Dental and biofabrication represent important emerging killer apps for additive manufacturing because they are patient-specific medical devices. Traditional production methods in these industries include labor- and resource-intensive conventional manufacturing processes, such as milling. As a result, we believe this market is poised to rapidly adopt additive manufacturing. To accelerate the adoption of additive manufacturing in these applications, we have launched Desktop Labs, an end-to-end platform focused on the vertical integration of digital solutions, design services and parts production capabilities for dentists through a trusted community of premium, full-service dental laboratories.

We believe that Desktop Labs will provide a competitive advantage by modernizing the dental practice experience and the standard of care through improved quality of restorations, faster turnaround times, and customized chairside solutions enabled by state-of-the-art Desktop Health printers and breakthrough materials, such as Flexcera, combined with innovative software workflows. While the majority of production at Desktop Labs facilities is currently supported by conventional manufacturing technologies, we are focused on rapidly digitizing Desktop Labs properties using these proprietary additive manufacturing solutions to enhance their profitability, expanding margins through efficient production capabilities while delivering improved patient outcomes. Through additive manufacturing-enabled digital workflows, Desktop Labs can realize significant cost reductions within key restorative dental device categories, including restorations such as dentures or crowns, splints and guards and surgical guides, and provide end-to-end solutions for private dental practices, dental services organizations (DSOs), dental hospitals, dental institutions, and even other dental labs.

Recently, Desktop Labs launched a subscription managed service offering pairing third-party intraoral scanners with its end-to-end platform of design and manufacturing services. Through this offering, dentists can capture patient data using an intraoral scanner then create print-ready digital files using Desktop Labs design capabilities, 3D print custom restorations and other dental parts either in their office using Desktop Health Einstein printers or using Desktop Labs' outsourced manufacturing services. The Desktop Labs managed service subscription offers dentists a seamless, integrated digital dentistry platform with real-time technical communication, workflow management, digital design, and case support, enabling reductions in patient visits and dental device remakes, real-time issue resolution, and an overall positive impact on dental practice economics, efficiency, and resource management.

Over time, we also intend to leverage the Desktop Labs platform to provide biofabrication solutions leveraging proprietary materials currently in the advanced stages of research and development. We believe Desktop Labs can develop into an industry-leading business that provides printers, materials and end-use parts for dental and biofabrication customers with additive manufacturing at its core.

Customers

Our customers range from small and medium sized enterprises to Fortune 500 companies and represent a broad array of industries, including automotive, aerospace, healthcare, consumer products, heavy industry, machine design, research and development, and others. No single customer has accounted for more than 10% of our total revenue in 2023.

Research and Development

The additive manufacturing market is undergoing rapid technological advancements across hardware, software, and materials. We invest significant resources into ongoing research and development programs because we believe our ability to maintain and extend our market position depends, in part, on breakthrough technologies that offer a unique value proposition for our customers and differentiation versus our competitors. Our research and development team, which is responsible for both the development of new products and improvements to our existing product portfolio, consists of talented and dedicated engineers, technicians, scientists, and professionals with experience from a wide variety of the world's leading additive manufacturing, robotics, materials, and technology organizations. Our primary areas of focus in research and development include, but are not limited to:

- Printing technologies for metals, polymers, elastomers, ceramics, sands, and composites, focused on driving improvements to speed, ease of use, and part size;
- Binder and resin formulation to enhance the support for additional materials and new applications;
- Sintering technology and powder metallurgy techniques to increase materials compatibility and part quality;
- Powder and post-processing technology to ensure reliable and repeatable production at scale; and
- Simulation and artificial intelligence-based software tools to maximize part quality and accuracy.

Sales and Marketing

We sell our additive manufacturing solutions through a global distribution network consisting of over 140 resellers, covering over 40 countries around the world. Our resellers purchase and resell our products to our customers, and select resellers also perform installation, application engineering, and local support and maintenance services, with backup services provided by our internal applications engineering and support teams. Our resellers are overseen by Desktop Metal regional channel managers, and most operate on an exclusive basis with respect to the additive manufacturing technologies that we offer. Many resellers offer third-party digital manufacturing software and/or CNC machines in their respective regions, which provides an opportunity to cross-sell our additive manufacturing solutions to a broad, existing customer base that has purchased these other products. Our direct sales force augments the reach of our distribution network, focusing primarily on selling our higher priced solutions, cross-selling our solutions across materials, serving major accounts and expanding our footprint within multinational or Fortune 500 organizations. We believe this hybrid distribution approach not only broadens our global reach, but also creates a tight and ongoing relationship between us and our customers.

Our marketing strategies are focused on supporting sales growth by (i) driving awareness; (ii) developing comprehensive sales and marketing content, tools, and campaigns for each stage of the sales process; and (iii) scaling those campaigns via our global distribution network and direct sales force. We drive awareness for Desktop Metal, our additive manufacturing solutions, and our customers' successes through public relations and communications efforts that span mainstream, business, and trade press across the manufacturing sector generally and in key verticals such as automotive, aerospace, healthcare, consumer products, heavy industry and machine design. Our internal marketing team develops compelling, high-fidelity content in multiple formats and delivery methods to facilitate marketing campaigns and sales enablement.

Manufacturing and Suppliers

Depending on the platform and volume requirements, our hardware products are either manufactured in-house or via third-party contract manufacturers with international quality certifications, such as ISO 9001, ISO 13485, and ISO/TS 16949. We design our products and internally manufacture initial engineering prototypes and low to medium volumes of products where applicable. Our internal manufacturing and supply chain teams work collaboratively with our engineering department and our third-party contract manufacturers to scale up the prototypes for commercialization through a phase gate product launch process. Our third-party contract manufacturers provide a variety of services including sourcing off-the-shelf components, manufacturing custom components/assemblies, final product assembly and integration, end of line testing and quality assurance per our specifications. Key consumables used in various print processes, such as proprietary resins and binders, are developed and produced either in-house or with core partners to ensure protection of intellectual property and production that meets our formula and specifications.

Across our solutions, we initially manage the supply chain for key components and materials, and then set up supply agreements to ensure stable supply and redundancy where applicable. When working with third-party contract manufacturers, depending on the criticality of the component, our internal supply chain group may continue to manage the supplier relationship throughout the life of the product. In addition, commodity hardware items are managed by our contract manufacturers' sourcing teams under a vendor list approved by us to leverage the buying power of their global scale. Commodity consumables are qualified and purchased directly from known industry leaders and provided to the customer to properly support equipment operation. Inventory levels are managed with our manufacturing partners to ensure an adequate supply is on hand to meet business forecasts with the ability to produce at multiple locations.

Our raw materials and components are derived from several suppliers and, except as set forth below, the loss of an individual supplier would not have a material adverse effect on our business. Each of our binder jet additive manufacturing systems has a single supplier of certain printhead components, and several of our photopolymer DLP systems has a single supplier of certain projector components. While we believe that these component suppliers are each replaceable, in the event of the loss of any one of these suppliers, we could experience delays and interruptions that might adversely affect the financial performance of our business.

Intellectual Property

Our ability to drive innovation in the additive manufacturing market depends in part upon our ability to protect our core technology and intellectual property. We attempt to protect our intellectual property rights, both in the United States and abroad, through a combination of patent, trademark, copyright and trade secret laws, as well as nondisclosure and invention assignment agreements with our consultants and employees and through nondisclosure agreements with our vendors and business partners. Unpatented research, development, know-how and engineering skills make an important contribution to our business, but we pursue patent protection when we believe it is possible and consistent with our overall strategy for safeguarding intellectual property.

As of December 31, 2023, we own or co-own over 1,000 patents and pending patent applications in the United States and in various foreign countries. Desktop Metal's patents and patent applications are directed to, among other things, additive manufacturing and related technologies.

Human Capital

Our employees are critical to our success. As of December 31, 2023, we had over 950 employees. We also engage numerous consultants and contractors to supplement our permanent workforce. A majority of our employees are engaged in research and development and related functions. To date, we have not experienced any work stoppages and consider our relationship with our employees to be in good standing. None of our U.S. employees are subject to a collective bargaining agreement or represented by a labor union.

We believe that developing a diverse, equitable and inclusive culture is critical to continuing to attract and retain the top talent necessary for our long-term success and strategy. We value diversity at all levels and continue to focus on extending our diversity and inclusion initiatives across our entire workforce, including the expansion of individuals with diverse backgrounds in leadership.

Our principles of accountability, honesty, integrity and customer-focus, serve as our cultural pillars. We focus our efforts on creating a collaborative environment where our colleagues feel respected and valued. We provide our employees with competitive compensation, opportunities for equity ownership and a robust employment package, including health care, disability and life insurance, retirement planning and paid time off. In addition, we regularly interact with our employees to gauge employee satisfaction and identify areas of focus.

Government Regulations

We are subject to various laws, regulations and permitting requirements of federal, state and local authorities, including related to environmental, health and safety; anti-corruption and export controls; and FDA regulation. We believe that we are in material compliance with all such laws, regulations and permitting requirements.

On November 4, 2021, the Audit Committee of the Board of Directors engaged a third party to conduct an independent internal investigation as a result of a whistleblower complaint relating to manufacturing and product compliance practices at our EnvisionTEC

US LLC facility in Dearborn, Michigan. In response, and to address the issues identified in the investigation, we implemented changes in the management of the Dearborn facility and improvements in manufacturing and compliance policies and procedures for the applicable products. Following notification to the FDA, we also initiated voluntary recalls of certain shipments of Flexcera resins and the PCA4000 curing box. The investigation is now closed, and the matters subject to the investigation and our responsive actions did not have, and are not anticipated to have, a material impact on our financial statements or business.

Environmental Matters

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. We are required to obtain environmental permits from governmental authorities for certain operations.

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 TSCA and REACH. 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.

See “Risk Factors — We are subject to environmental, health and safety laws and regulations related to our operations and the use of our additive manufacturing systems and consumable materials, which could subject us to compliance costs and/or potential liability in the event of non-compliance” for additional information about the environmental, health and safety laws and regulations that apply to our business.

Export and Trade Matters

We are subject to 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 Cuba, Iran, Syria, North Korea, Russia, Belarus, 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 United States government has a renewed focus on export matters. For example, the Export Control Reform Act of 2018 and regulatory guidance thereunder 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.

See “Risk Factors — 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” for additional information about the environmental, health and safety laws and regulations that apply to our business.

Medical and Dental Devices

Our Desktop Health and Desktop Labs products and services, and its healthcare provider customers and distributors, are and will be subject to extensive federal, state, local and foreign regulations (including those of the U.S. Food and Drug Administration and its foreign equivalents), including, without limitation, regulations with respect to approvals and clearances for products, design, manufacturing and testing, labeling, marketing, sales, quality control, and data privacy and security.

See “Risk Factors — 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” for additional information about the environmental, health and safety laws and regulations that apply to our business.

Competition

Desktop Metal has experienced, and expects to continue to experience, competition from a number of companies, including other vendors of additive manufacturing systems. A variety of additive manufacturing technologies compete with our proprietary technologies, including, but not limited to: binder jetting, FFF, DLP, SLA, selective laser sintering, or SLS, PBF, and directed energy deposition, or DED.

We believe that we provide the only additive manufacturing solutions addressing customer requirements around both productivity and ease of use. We are well-positioned to compete in our industry based on these core competencies and on the following competitive strengths:

- Highest rates of parts production among competing additive manufacturing systems for a given layer resolution, enabled by our proprietary binder jetting and photopolymer additive manufacturing technologies;
- Extensive library of supported materials, including metals, polymers, elastomers, ceramics, sands, and composites, with additional materials in the process of qualification for use with our additive manufacturing systems;
- Cost-effective, industrial sintering technology designed to be office-friendly, easily serviceable by a global distribution network, and more gas and power efficient than industrial sintering equipment;
- Integrated software experiences with a cohesive, modern user interface for efficient print preparation and simplified system operations as well as proprietary sintering simulation and compensation technology; and
- Global distribution capabilities in over 40 countries around the world, featuring world-class levels of support and applications engineering services.

In addition, our broad product portfolio offers customers a variety of capabilities and price points that can scale with customer needs, and we believe that this enables us to compete across a wide range of vertical markets. It also eliminates the need for customers to source products for different applications from multiple third-party vendors, giving us a significant market advantage relative to vendors with a more limited product portfolio.

We also compete with established organizations selling conventional manufacturing solutions and services, such as casting, injection molding, forming, extrusion and CNC machining. Such businesses typically primarily address volume production applications. We believe we compete favorably against such offerings and are well-positioned to drive adoption of additive manufacturing across an expanding set of applications given the benefits our solutions provide around lead time reductions, improved design flexibility and performance, supply chain efficiencies, and part costs, which we expect to decrease over time as our technologies and system productivity improves as a result of our research and development efforts.

Company Formation

Trine was a blank check company incorporated under the laws of the State of Delaware in September 2018 and Legacy Desktop Metal was incorporated under the laws of the State of Delaware in 2015. On December 9, 2020, we consummated the Business Combination and Trine was renamed to Desktop Metal, Inc. Our principal executive offices are located at 63 Third Avenue in Burlington, Massachusetts 01803. Our website address is www.desktopmetal.com. We have included our website address in this report solely as an inactive textual reference.

Available Information

Copies of the periodic reports that we file with the Securities and Exchange Commission, or SEC, such as our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any other filings may be obtained by the public, free

of charge, by visiting the Investors section of our website at ir.desktopmetal.com, or by contacting our Investor Relations department at our office address listed above. The SEC also maintains a website that contains periodic reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents of these websites are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

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 Annual Report on Form 10-K 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 in 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’s 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 customer 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 and revenue reductions 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 "2022 Initiative") to match strategic and financial objectives and optimize resources for long term growth. In January 2023, we expanded the 2022 Initiative. We intend to implement additional cost savings measures in the future. On January 22, 2024, the Company committed to a strategic integration and cost optimization initiative (the "2024 Initiative") that includes a global workforce reduction of approximately 20%, facilities consolidation, product rationalization and other operational savings measures. 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. Failure to realize the anticipated cost savings 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 negatively 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, 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 and 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.

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 2023, we derived approximately 37% 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. Transactions in which we participate that are denominated in other than US Dollars may subject the company to currency exchange losses 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 the personal 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 and security 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, war, international hostilities, 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 additive manufacturing, 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 additive manufacturing products and services 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 customers to be included in our commercial agreements governing these sales. 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 failure, disruption, or breach 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 failure, disruption, or breach of such systems could significantly limit our ability to manage and operate our business efficiently. Any actual or perceived 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, following the COVID-19 pandemic, a substantial portion of our employees have continued to 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, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with, or effective, and our systems may be vulnerable to attack, damage or interruption. Disruption to our information technology systems could result from power outages, computer and telecommunications and electrical failures, computer viruses and malware, malicious code, hacking, cyberattacks (including ransomware attack), phishing attacks and other social engineering schemes, human error, fraud, denial or degradation of service attacks and sophisticated nation-state and nation-state supported actors or other security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war, terrorism and theft or usage errors by our employees.

Attacks upon information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence.

We and certain of our service providers are from time to time subject to cyberattacks and security incidents. While we do not believe that we have experienced any significant system failure, accident or security breach to date, our reputation, results of operations, business 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, lost or disclosed;
- we are subject to regulatory investigation, we incur costs with respect to the investigation, remediation and potential notification to counterparties or data subjects, or we are required to pay penalties or fines in connection with stolen customer, employee or other personal information;
- we must dedicate significant resources to system repairs or increase cyber security protection; or
- we otherwise incur significant litigation or other costs.

Further, if our information technology 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, results of operations, business and financial condition. Additionally, some of the companies we acquire may not have made the same level of investment in security measures for their information technology systems which may require that we invest significant resources to get those systems to the level of security we require. 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 information technology 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 results of operations, 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 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 2023, 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. Although we are working to implement more robust cybersecurity 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 Ukraine or Russia which could impact our supply chain. 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.

Macroeconomic conditions could have a materially adverse impact on our business, financial condition, or results of operations.

Macroeconomic conditions, such as high inflation, changes to monetary policy, high interest rates, volatile currency exchange rates, as well as credit and sovereign debt concerns in certain European countries, concerns about slowed growth in China and other markets outside of the U.S., decreasing consumer confidence and spending, including capital spending, concerns about the stability and liquidity of certain financial institutions, and global or local recessions can adversely impact demand for our products, which could negatively impact our business, financial condition, or results of operations. Recent macroeconomic conditions have been adversely impacted by political instability and military hostilities in multiple geographies (including the conflict between Ukraine and Russia and the conflict in Israel and surrounding areas) and monetary and financial uncertainties.

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 related 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 on 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 developing and protecting 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 provide assurance 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 competitive 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 Annual Report on Form 10-K may not be accurate.

Market opportunity estimates and growth forecasts included in this Annual Report on Form 10-K are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Even if these markets experience the forecasted growth described in this Annual Report on Form 10-K, 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 Annual Report on Form 10-K, 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.

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 \$323.3 million, \$740.3 million, and \$240.3 million for the years ended December 31, 2023, 2022, and 2021 respectively. We believe we will continue to incur operating losses and negative cash flow in the near-term as we continue to invest 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 in order to comply with public company reporting, and disclosure requirements. 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 Annual Report on Form 10-K, 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. 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 our inability 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 Annual Report on Form 10-K, investors 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 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. 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, 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, 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. 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 cost resulting from manufacturing defects, there is no assurance that we will be able to collect such reimbursements from these manufacturers, which exposes 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 products could be delayed, which can impact the period in which we recognize the revenue related to that product 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 investors' equity interest in the Company 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 investors' equity interest in the Company 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, 2023, 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 (as defined in the indenture governing the 2027 Notes) , 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 (as defined in the indenture governing the 2027 Notes), 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, legal expenses, 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, as well as substantial legal expenses. 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 data privacy, data use and data security regulations and other requirements, which could increase our costs, and our actual or perceived failure to comply with such obligations could adversely affect our business, results of operations, and financial condition.

The global data protection landscape is rapidly evolving, and we are or may become subject to numerous state, federal and foreign laws, requirements and regulations governing the collection, use, disclosure, retention, and security of personally identifiable information we collect from our employees, prospects, and our customers. Data privacy and security laws and regulations may limit the use and disclosure of certain personal 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 data privacy and security laws in the United States, Europe and other countries and jurisdictions where we conduct business.

For example, in Europe the GDPR became effective May 25, 2018 and imposes strict requirements for processing the personal data of individuals within the European Economic Area, or EEA, or in the context of our activities within the EEA. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million or 4% of the annual global revenues of the noncompliant undertaking, whichever is greater. In addition to fines, a breach of the GDPR may result in regulatory investigations, reputational damage, orders to cease/ change our data processing activities, enforcement notices, assessment notices (for a compulsory audit) and/ or civil claims (including class actions). Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States, and the efficacy and longevity of current transfer mechanisms between the EEA, and the United States remains uncertain. Case law from the Court of Justice of the European Union states that reliance on the standard contractual clauses, or SCCs, - a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism - alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. On July 10, 2023, the European Commission adopted its Adequacy Decision in relation to the new EU-US Data Privacy Framework, or DPF, rendering the DPF effective as a GDPR transfer mechanism to U.S. entities self-certified under the DPF. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the SCCs cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

We are also subject to the retained version of the GDPR as it forms part of the law of England and Wales, Scotland and Northern Ireland, the UK General Data Protection Regulation and Data Protection Act 2018, or collectively, the UK GDPR, which imposes separate but similar obligations to those under the GDPR and comparable penalties, including fines of up to £17.5 million or 4% of a noncompliant undertaking’s global annual revenue for the preceding financial year, whichever is greater. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a data transfer mechanism from the UK to U.S. entities self-certified under the DPF.

In the U.S., certain states have also adopted data privacy and security laws and regulations, which govern the privacy, processing and protection of personal information. For example, the California Consumer Privacy Act of 2018, or CCPA, became effective on January 1, 2020. Similar laws have been passed in other states and are continuing to be proposed at the state and federal level.

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. Data 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 actual or perceived failure to comply could result in additional cost and liability to us, damage our reputation and have an adverse effect on our business, results of operations and reputation.

As data 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 data privacy and security. 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 provide assurance 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. Securities litigation has the potential to create substantial costs and divert resources and the attention of executive management 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, 2023. 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 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 Annual Report on Form 10-K 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, 2023, 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 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.

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.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

We design and assess our programs based on both the NIST and ISO 27002 frameworks. We are also working towards CMMC Level 2 certification. This does not imply that we meet, or will meet any particular technical standards, specifications, or requirements, only that we use these frameworks as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

1. An INFOSEC team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
2. Both internal and 3rd party risk assessments of our environments, designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment.
3. The use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls.
4. Cybersecurity awareness training of our employees, incident response personnel, and senior management.
5. A cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents.

There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. For more information, see the section titled “Risk Factor—Risks Related to Our Business and Industry—We rely on our information technology systems to manage numerous aspects of our business and a failure, disruption, or breach of these systems could adversely affect our business.”

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

Cybersecurity Governance

The Board is responsible for overseeing management’s assessments of major risks facing the Company and for reviewing options to mitigate such risks. The Board’s oversight of major risks, including cybersecurity risks, occurs at both the full Board level and at the Board committee level through the Audit Committee.

The Board. The Chief Financial Officer, General Counsel, members of senior management, and other personnel and advisors, as requested by the Board, report on the Company’s financial, operating, and commercial strategies, as well as major related risks, which may include cybersecurity risks, at regularly scheduled meetings of the Board. Based on these reports, the Board requests follow-up data and presentations to address any specific concerns and recommendations. Additionally, the Audit Committee has opportunities to report periodic to the entire Board and review with the Board any major issues that arise at the committee level, which may include cybersecurity risks.

The Audit Committee. The Audit Committee receives updates from the Chief Information Officer on the Company’s technology and cybersecurity frameworks, policies, programs, opportunities, and risk profile at its periodic scheduled meetings, including management’s implementation of our cybersecurity risk management program. The Chief Information Officer reports quarterly to the Audit Committee on the Company’s technology, data privacy, and cybersecurity strategies and risks. Cybersecurity topics presented to the Audit Committee by management include any significant cybersecurity incidents, the cyber threat landscape, cybersecurity program enhancements, cybersecurity risks and related mitigation activities, and any other relevant cybersecurity topics.

INFOSEC. Our INFOSEC team, which includes the Chief Information Officer, is responsible for assessing and managing our material risks from cybersecurity threats. The INFOSEC team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our INFOSEC team's experience includes vast proven experience working in management roles related to cybersecurity, risk, and data privacy in various leading global companies.

Our INFOSEC team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

Item 2. Properties

Desktop Metal's corporate headquarters are located in Burlington, Massachusetts. As of December 31, 2023, we leased approximately 110,000 square feet of office and building space for our corporate headquarters and in the surrounding area. We use these facilities primarily for manufacturing, research and development, warehousing, sales, marketing and administration.

As of December 31, 2023, we own or lease approximately 640,000 square feet of building space around the world, with significant locations in the United States, Germany, Italy and Japan. These locations support all aspects of our operations, including manufacturing, research and development, warehousing, sales, marketing and administration.

We believe the existing facilities are in good operating condition and adequate to meet our needs for the immediate future. In connection with the ongoing 2024 Initiative, we intend to continue to evaluate our facility footprint to identify and assess operational savings and efficiencies.

Item 3. 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 consolidated financial statements.

On October 20, 2023, purported stockholder Pietro Campanella filed an amendment to the November 21, 2021 class action complaint in Delaware Court of Chancery (*Campanella v. Rockwell*, Case No. 2021-1013-LWW). Campanella asserts breach of fiduciary duty claims against former directors and officers of The ExOne Company and aiding and abetting claims against Desktop Metal in connection with the ExOne Merger. Campanella generally alleges that ExOne's merger proxy statement and supplemental disclosures did not adequately disclose information related to Desktop Metal's whistleblower investigation at one of its subsidiaries, EnvisionTEC, and resignation of EnvisionTEC CEO and Desktop Metal Board member, Ali El-Siblani, prior to the stockholder vote on the merger. Defendants filed a motion to dismiss the amended class action complaint on January 12, 2024. Plaintiff's opposition to Defendants' motion is due April 5, 2024, and Defendants' reply is due May 10, 2024.

On November 21, 2023, alleged stockholders Denish Bhavsar and Samhita Gera filed a derivative complaint in the United States District Court for the District of Delaware on behalf of Desktop Metal against current and former directors and officers of Desktop Metal (C.A. No. 23-1339-GBW). The complaint alleges claims for breach of fiduciary duty, unjust enrichment, waste, abuse of control, gross mismanagement, violations of Section 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), SEC Rule 14a-9, and contribution under Sections 10(b) and 21D of the Exchange Act. On January 9, 2024, the court granted the parties' joint stipulation to stay the case and consolidate the case with another derivative action pending in the United States District Court for the District of Delaware, *Cherry v. Fulop, et al.*, C.A. No. 22-962-GBW.

As previously disclosed, four alleged shareholders of Desktop Metal stock filed purported securities class action complaints in the United States District Court for the District of Massachusetts, alleging 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. Plaintiffs filed a Consolidated Complaint on

December 19, 2022. The parties completed briefing on the motion to dismiss in May 2023, and Judge Indira Talwani held oral argument on September 13, 2023. The Court issued a decision dismissing the Consolidated Complaint with prejudice and entered Judgment for defendants on September 21, 2023. On October 13, 2023, Lead Plaintiff Sophia Zhou (“Appellant”) filed a Notice of Appeal. Appellant filed her opening brief on February 28, 2024, and the parties anticipate that they will complete briefing by May 2024.

On September 6, 2023, and September 11, 2023, purported stockholders Catherine Coffman, Ryan O’Dell, and Elaine Wang filed actions in the United States District Court for the Southern District of New York (Coffman v. Desktop Metal, et al., Case No. 1:23-cv-07900; O’Dell v. Desktop Metal, et al., Case No. 1:23-cv-07992; Wang v. Desktop Metal, et al., Case No. 1:23-cv-08041). On September 7, 2023, purported stockholder Michael Kent filed an action in the United States District Court for the District of Delaware (Kent v. Desktop Metal, et al., Case No. 1:23-cv-00991). The complaints generally 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. Ms. Coffman dismissed her complaint on October 2, 2023. Mr. Kent dismissed his complaint on October 5, 2023. Mr. O’Dell dismissed his complaint on October 18, 2023. Ms. Wang dismissed her complaint on October 19, 2023.

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our Class A common stock is listed on the New York Stock Exchange under the symbol “DM”.

Stockholders

As of March 12, 2024, there were 140 holders of record of our Class A common stock. The actual number of stockholders of our Class A common stock is greater than the number of record holders.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We do not expect to pay dividends on our capital stock for the foreseeable future, instead anticipating that all of our earnings for the foreseeable future will be used for the operation and growth of our business. The payment of any future dividends will be at the discretion of our board of directors and will depend on various factors, including our operating results, financial condition, capital requirements, growth plans, any contractual and legal restrictions on our payment of dividends, and any other factors deemed relevant by our board of directors.

Recent Sales of Unregistered Securities

All sales of unregistered securities by us during the year ended December 31, 2023 have been included previously in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

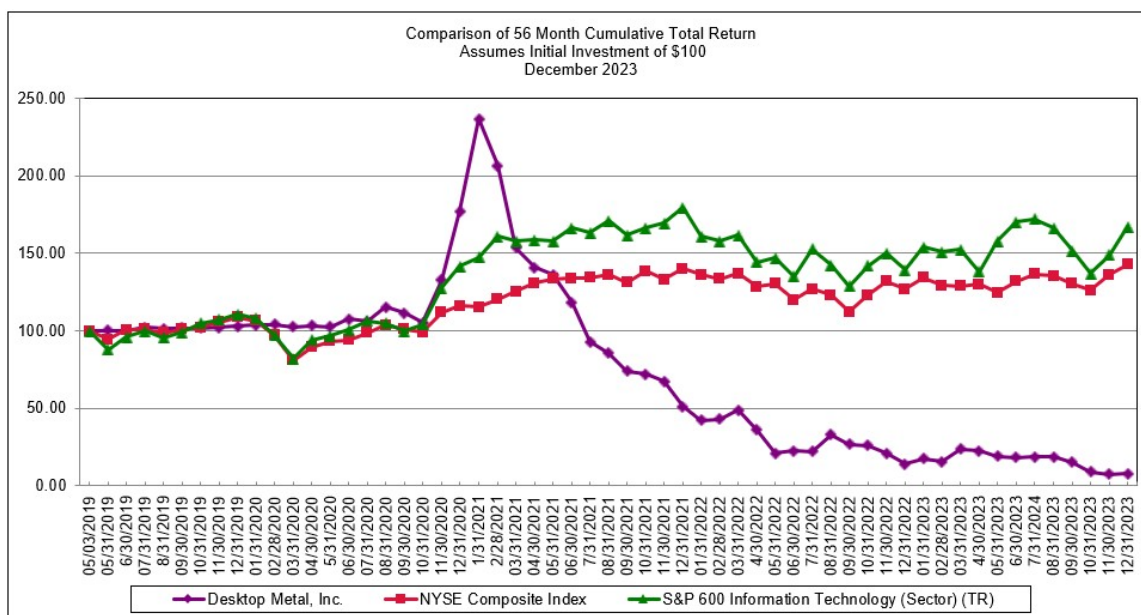
The following table sets forth purchases of our common stock for the three months ended December 31, 2023:

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
October 1, 2023 through October 31, 2023	7,065	\$ 1.41	—	—
November 1, 2023 through November 30, 2023	114,570	\$ 0.81	—	—
December 1, 2023 through December 31, 2023	547	\$ 0.75	—	—
Total	122,182		—	—

⁽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 in connection with vesting of restricted stock units during the period.

Performance Graph

The following performance graph shows the total stockholder return on an investment of \$100 cash on May 3, 2019 (the date our common stock began trading on the NYSE) through December 31, 2023, for (i) our Class A common stock, (ii) NYSE Composite Index and (iii) the S&P Small Cap 600 Information Technology Index.



The graph assumes an initial investment of \$100 on May 3, 2019. The comparisons in the graph are not intended to forecast or be indicative of possible future performance of our common stock. The performance graph and related information shall not be deemed “soliciting material” or be “filed” with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act or Exchange Act.

Item 6. [Reserved]

[Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of Desktop Metal's consolidated results of operations and financial condition. The discussion should be read in conjunction with Desktop Metal's consolidated financial statements and notes thereto included elsewhere in Annual Report on Form 10-K. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described under the heading "Risk Factors". Actual results may differ materially from those contained in any forward-looking 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, 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 1,000 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 40 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 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, and fluid power systems. 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

For the year ended December 31, 2023, we recognized revenues of \$189.7 million and used cash in operating activities of \$115.0 million, and we ended the year with \$84.5 million of cash, cash equivalents, and short-term investments. We incurred a net loss of \$323.3 million the year ended December 31, 2023. As of December 31, 2023, we had \$83.8 million in cash and cash equivalents, \$0.6 million in short-term liquid investments, and current liabilities of \$70.1 million.

Recent Developments

Termination of 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 was to merge with and into the Company, with the Company surviving the merger as a direct wholly owned subsidiary of Stratasys (the “Merger”).

The Merger was subject to approval by shareholders of Stratasys and Desktop Metal. At an extraordinary general meeting of shareholders of Stratasys held on September 28, 2023, Stratasys shareholders did not approve the proposal related to the Merger Agreement. Accordingly, on September 28, 2023, Stratasys sent Desktop Metal a notice of termination of the Merger Agreement. As a result, and under the terms of the Merger Agreement, Stratasys paid \$10.0 million to Desktop Metal for reimbursement of expenses, which is included in general and administrative expenses in the consolidated statements of operations. The termination fee was paid on October 6, 2023.

Strategic Integration and Cost Optimization Initiatives

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 “2022 Initiative”). The purpose of the 2022 Initiative was to streamline our operational structure, reduce our operating expenses and manage our cash flows. On January 31, 2023, we committed to additional actions to continue and expand the 2022 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 2022 Initiative, we incurred total pre-tax restructuring charges 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 2022 Initiative, we realized \$20.7 million in cost savings in the second half of 2022 and we have completed our stated goal of \$100 million annualized cost savings in 2023.

In connection with the 2022 Initiative, during the year ended December 31, 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 consolidated statements of operations. During the year ended December 31, 2023, we closed four other facilities in connection with the 2022 Initiative. On September 29, 2023, in connection with the 2022 Initiative, we completed the sale of Aerosint SA to Schaeffler AG. As a result of the sale, the Company recognized a goodwill impairment charge of \$2.5 million and impairment charges of \$6.9 million related to the asset group value, which includes \$2.6 million of cumulative foreign currency translation adjustment expense, during the year ended December 31, 2023. We will continue to work with Schaeffler on developing the technology for binder jet 3D printing, where we retain an option for commercial use.

On January 22, 2024, we committed to a strategic integration and cost optimization initiative (the “2024 Initiative”) that includes a global workforce reduction of approximately 20%, facilities consolidation, product rationalization and other operational savings measures. We have commenced workforce reductions in the United States and are reviewing workforce changes in other countries, the

timing of which will vary according to local regulatory requirements. As a result of the 2024 Initiative, we anticipate at least \$50 million of aggregate cost savings resulting in sequential cost reductions across the first half of 2024.

On March 14, 2024, following a comprehensive review of our operating plan, the Board of Directors approved an additional cost reduction plan that includes a review of strategic alternatives for our industrial photopolymer business and a review of other potential cost saving actions. The purpose of the plan is to reduce losses, and allow us to focus on our goal of achieving profitability across our remaining product portfolio. We are exploring alternatives for the industrial photopolymer business, which may include divestitures, curtailment of investment or winding down of the business.

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 the “*Risk Factors*” section of this Annual Report on Form 10-K.

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 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 a decline in revenue in 2023 due to the negative impact of customers delaying purchase decisions amidst an uncertain macroeconomic backdrop and delays in capital expenditures.

Components of Results of Operations

Revenue

The majority of our revenue results from the sales of products, including our additive manufacturing systems and related consumables. Product revenue is recognized upon transfer of control to the customer, which generally takes place at the point of shipment or acceptance. If we cannot objectively determine that the product provided to the customer is in accordance with agreed-upon specifications, revenue is not recognized until customer acceptance is received. We also generate a portion of our revenue from software and support services. Software revenue is recognized (i) in the case of on-device software, upon transfer of control to the customer, which generally takes place upon shipment, and (ii) in the case of cloud-based software, which is primarily sold through one-year annual contracts, ratably over the term of the agreement. Revenue from support services for our additive manufacturing systems is primarily generated through one-year annual contracts and is recognized ratably over the term of the agreement. In certain circumstances, we generate revenue through leases of machinery and equipment to customers. These leases are classified as either operating or sales-type leases based on an analysis of their underlying terms and conditions and generally have lease terms ranging from one to five years.

We generate revenue and deliver products and services through direct sales to end users utilizing both our inside sales and external partners. We also generate revenue from sales to resellers, who purchase and resell our products and also provide installation and support services for our additive manufacturing solutions to end-users.

Cost of Sales

Our cost of sales consists of the cost of products and cost of services. Cost of products includes the manufacturing cost of our additive manufacturing systems and consumables, which primarily consists of amounts paid to our third-party contract manufacturers and suppliers and personnel-related costs directly associated with manufacturing operations. It also includes cost of labor, materials and overhead for our produced parts offerings. Cost of services includes personnel-related costs directly associated with the provision of support services to our customers, which include engineers dedicated to remote support as well as, training, support and the associated travel costs. Our cost of revenues also includes depreciation and amortization, cost of spare or replacement parts, warranty costs, excess and obsolete inventory and shipping costs, and an allocated portion of overhead costs. We expect cost of revenue to increase in absolute dollars in future periods as we expect our revenues to continue to grow.

Gross Profit and Gross Margin

Our gross profit is calculated based on the difference between our revenues and cost of revenues. Gross margin is the percentage obtained by dividing gross profit by our revenue. Our gross profit and gross margin are, or may be, influenced by a number of factors, including:

- Market conditions that may impact our pricing;
- Product mix changes between established products and new products;
- Growth in our installed customer base or changes in customer utilization of our additive manufacturing systems, which affects sales of our consumable materials and may result in excess or obsolete inventories; and
- Our cost structure for manufacturing operations, including contract manufacturers, relative to volume, and our product support obligations.

We expect our gross margins to fluctuate over time, depending on the factors described above.

Research and Development

Our research and development expenses represent costs incurred to support activities that advance the development of innovative additive manufacturing technologies, new product platforms and consumables, as well as activities that enhance the capabilities of our existing product platforms. Our research and development expenses consist primarily of employee-related personnel expenses, prototypes, design expenses, consulting and contractor costs and an allocated portion of overhead costs. We expect research and development costs will increase on an absolute dollar basis over time as we continue to invest in advancing our portfolio of additive manufacturing solutions.

Sales and Marketing

Sales and marketing expenses consist primarily of employee-related costs for individuals working in our sales and marketing departments, third party commissions, costs related to trade shows and events and an allocated portion of overhead costs. We expect our sales and marketing costs will increase on an absolute dollar basis as we expand our headcount, initiate new marketing campaigns and launch new product platforms.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses associated with our executive, finance, legal, information technology and human resources functions, as well as professional fees for legal, audit, accounting and other consulting services, and an allocated portion of overhead costs. We expect our general and administrative expenses will increase on an absolute dollar basis as a result of operating as a public company, including expenses necessary to comply with the rules and regulations applicable to companies listed on a national securities exchange and related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, as well as increased expenses for general and director and officer insurance, investor relations, and other administrative and professional services. In addition, we expect to incur additional costs as we hire additional personnel and enhance our infrastructure to support the anticipated growth of the business.

In-Process Research and Development

In-process research and development expense consists of acquired assets that are deemed to have no future or alternative use, therefore, the acquisition costs are expensed under Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC Topic 730, Research and Development. We expect in-process research and development to fluctuate depending on our acquisition strategy and targets we acquire.

Impairment Charges

Impairment charges consist of the impairment of intangible assets, write down of asset group value, and cumulative foreign currency translation adjustment expense.

Goodwill Impairment

Goodwill impairment represents an impairment charge to write down the carrying amount of goodwill to fair value.

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability consists of the change in fair value of the Private Placement Warrants issued in connection with the Business Combination. The fair value of the warrant liability is calculated using the Black-Scholes model. We do not expect any further changes to the fair value of the warrant liability because all outstanding Private Placement Warrants have been exercised.

Interest Expense

Interest expense includes cash interest related to our term loan as well as amortization of deferred financing fees and costs.

Interest and Other (Expense) Income, Net

Interest and other (expense) income, net includes interest earned on deposits and short-term investments and gains and losses on investments.

Income Taxes

Our income tax provision consists of an estimate for U.S. federal and state and foreign income taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in tax law. Due to cumulative losses, we maintain a valuation allowance against our U.S., state and foreign deferred tax assets.

Results of Operations

Comparison of the years ended December 31, 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.

	For the Years Ended December 31,					
	2023		2022		Change in Revenues	
(Dollars in thousands)	Revenue	% of Total	Revenue	% of Total	\$	%
Products Revenue	\$ 168,091	89 %	\$ 190,248	91 %	\$ (22,157)	(12)%
Services Revenue	21,607	11 %	18,775	9 %	2,832	15 %
Total Revenue	\$ 189,698	100 %	\$ 209,023	100 %	\$ (19,325)	(9)%

Total revenue for the years ended December 31, 2023 and 2022 was \$189.7 million and \$209.0 million, respectively, a decrease of \$19.3 million, or 9%. Products revenue decreased primarily due to a reduction in units shipped during 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 15% during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to an increase in support and installation revenue from a larger installed base of systems.

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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 Years Ended December 31,				Change in Revenues	
	2023		2022			
	Revenue	% of Total	Revenue	% of Total	\$	%
Americas	\$ 119,769	63 %	\$ 136,102	65 %	\$ (16,333)	(12)%
EMEA (Europe, the Middle East and Africa)	54,395	29 %	55,140	26 %	(745)	(1)%
APAC (Asia-Pacific)	15,534	8 %	17,781	9 %	(2,247)	(13)%
Total Revenue	\$ 189,698	100 %	\$ 209,023	100 %	\$ (19,325)	(9)%

Total revenue decreased during the year ended December 31, 2023 compared to the year ended December 31, 2022, due to decreases in unit shipments across all regions.

Cost of Sales

Total cost of sales during the years ended December 31, 2023 and 2022 was \$199.8 million and \$194.0 million, respectively, an increase of \$5.8 million or 3%. The increase in cost of sales is driven by an increase in restructuring expenses partially offset by a reduction in hardware sales.

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)	December 31,		Change in Gross	
	2023	2022	Profit	
	Gross Profit		\$	%
Products	\$ (16,523)	\$ 11,296	\$ (27,819)	(246)%
Services	6,433	3,775	2,658	70 %
Total	\$ (10,090)	\$ 15,071	\$ (25,161)	167 %

Total gross profit during the years ended December 31, 2023 and 2022 was (\$10.1) million and \$15.1 million, respectively. The decrease in gross profit of \$25.2 million was driven by an increase in restructuring expense of \$26.9 million and a decrease in total revenue.

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

	December 31,		Margin	
	2023	2022	Percentage Points	
	Gross Margin			
Products	(10)%	6 %	(0.16)	(266)%
Services	30 %	20 %	0.10	48 %
Total	(5)%	7 %	(0.12)	174 %

Total gross margin for the years ended December 31, 2023 and 2022, was (5)% and 7%, respectively. Gross margin decreased period over period as revenue decreased in line with cost of sales along with a \$26.9 million increase in cost of sales attributable to restructuring expense.

Research and Development

Research and development expenses during the years ended December 31, 2023 and 2022 were \$85.1 million and \$96.9 million, respectively, a decrease of \$11.8 million, or 12%. The decrease in research and development expenses was largely due to a decrease in stock compensation expense of \$9.5 million compared to the same quarter in 2022. Additionally, we reduced payroll expense by \$3.0 million and consulting services expenses by \$5.0 million, associated with the Initiatives described above.

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Sales and Marketing

Sales and marketing expenses during the years ended December 31, 2023 and 2022 were \$40.3 million and \$68.1 million, respectively, a decrease of \$27.8 million, or 41%. The decrease in sales and marketing expenses was primarily due to a reduction in payroll expense of \$9.4 million and a reduction in stock compensation expense of \$2.8 million, both associated with workforce reductions in connection with the Initiatives described above. Additionally, as part of the Initiatives, we reduced marketing spend by \$12.3 million, primarily driven by reduced spend on trade shows, advertising, and professional services. Further, there was a reduction in partner commission expenses of \$2.6 million.

General and Administrative

General and administrative expenses during the years ended December 31, 2023 and 2022, were \$66.3 million and \$83.1 million, respectively, a decrease of \$16.8 million, or 20%. The decrease in general and administrative expenses was primarily due to a reduction in payroll expense of \$6.0 million and a reduction in stock compensation expense of \$3.3 million, both associated with workforce reductions in connection with the Initiatives described above. The decrease in general and administrative expenses was due to a decrease of \$4.5 million in accounting, auditing, and legal fees.

Impairment Charges

We recorded \$8.5 million of impairment charges during the year ended December 31, 2023. We recognized 1.6 million of impairment charges related to acquired technology and the remaining \$6.9 million of impairment charges were recorded as a result of the sale of Aerosint, related to the asset group value, which includes \$2.6 million of cumulative foreign currency translation adjustment expense. There were no impairment charges recorded during the year ended December 31, 2022.

Goodwill Impairment

There were goodwill impairment charges of \$112.9 million and \$498.8 million during the years ended December 31, 2023 and 2022, representing impairment charges to write down the carrying amount of goodwill.

Change in Fair Value of Warrant Liability

There was no change in fair value of warrant liability during the years ended December 31, 2023 and 2022.

Interest Expense

Interest expense during the years ended December 31, 2023 and 2022 was \$4.1 million and \$1.7 million, respectively, an increase of \$2.4 million, or 141%. Interest expense increased primarily due to the accrued interest on the 2027 Notes during the year ended December 31, 2023, compared to the year ended December 31, 2022 where only a portion of 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 years ended December 31, 2023 and 2022 was \$0.9 million and (\$8.3) million, respectively, a decrease of \$9.2 million, or (111)%. The decrease in expense during the year ended December 31, 2023 is primarily attributable to a smaller loss on the investment in equity securities of a publicly-traded company.

Income Taxes

We recorded an income tax benefit of \$3.1 million during the year ended December 31, 2023 compared to \$1.5 million income tax benefit during the year ended December 31, 2022. The increase in benefit was primarily due to the increased tax benefit of losses in non-U.S. jurisdictions during the year ended December 31, 2023.

We have provided a valuation allowance for various jurisdictions as a result of our historical net losses. 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 implement, 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 years ended December 31, 2022 and 2021

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 Years Ended December 31,				Change in Revenues	
	2022		2021			
	Revenue	% of Total	Revenue	% of Total	\$	%
Products Revenue	\$ 190,248	91 %	\$ 105,994	94 %	\$ 84,254	79 %
Services Revenue	18,775	9 %	6,414	6 %	12,361	193 %
Total Revenue	\$ 209,023	100 %	\$ 112,408	100 %	\$ 96,615	86 %

Total revenue for the years ended December 31, 2022 and 2021 was \$209.0 million and \$112.4 million, respectively, an increase of \$96.6 million, or 86%. The increase in total revenue was attributable to an increase in revenue from both products and services.

We sold more products during the year ended December 31, 2022 as compared to the year ended December 31, 2021, leading to an approximately 79% increase in product revenue. This was primarily the result of an increase in unit shipments across a more varied product mix during the year and additional revenue from acquired companies during the year ended December 31, 2022 compared to the same period in 2021.

Service revenue increased during the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to an increase in support and installation revenue from increased shipments during the period and additional revenue in connection with acquisitions.

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 Years Ended December 31,				Change in Revenues	
	2022		2021			
	Revenue	% of Total	Revenue	% of Total	\$	%
Americas	\$ 136,102	65 %	\$ 75,962	68 %	\$ 60,140	79 %
EMEA (Europe, the Middle East and Africa)	55,140	26 %	24,097	21 %	31,043	129 %
APAC (Asia-Pacific)	17,781	9 %	12,349	11 %	5,432	44 %
Total Revenue	\$ 209,023	100 %	\$ 112,408	100 %	\$ 96,615	86 %

Total revenue increased during the year ended December 31, 2022 compared to the year ended December 31, 2021, due to an increase in unit shipments in all regions across a more varied product mix and additional revenue in connection with acquisitions. Overall, there was an increased customer demand during the year ended December 31, 2022.

Cost of Sales

Total cost of sales during the years ended December 31, 2022 and 2021 was \$194.0 million and \$94.1 million, respectively, an increase of \$99.9 million or 106%. The increase in total cost of sales was driven primarily by an increase in product cost of sales, which resulted from greater product sales, as well as \$3.3 million of restructuring costs in connection with the 2022 Initiative described above. Cost of sales increased in 2022 along with the increase in revenue from acquired companies.

Gross Profit Loss and Gross Margin

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

(Dollars in thousands)	For the Years Ended December 31,		Change in Gross Profit (Loss)	
	2022	2021	\$	%
	Gross Profit (Loss)			
Products	\$ 11,296	\$ 18,544	\$ (7,248)	(39)%
Services	3,775	(251)	4,026	1,604 %
Total	\$ 15,071	\$ 18,293	\$ (3,222)	(18)%

Total gross profit during the years ended December 31, 2022 and 2021 was \$15.1 million and \$18.3 million, respectively. The decrease in gross profit of (\$3.2) million is driven primarily by the decrease in products gross profit, which is due to an inventory write-off of \$3.1 million related to the 2022 Initiative described above. Additionally, we incurred \$1.5 million of additional facility costs to support new product launches. This was partially offset by an increase in services gross margin due to increased services revenues along with a reduction in fixed costs as a result of the 2022 Initiative described above.

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

(Dollars in thousands)	For the Years Ended December 31,		Change in Gross Margin	
	2022	2021	Percentage Points	%
	Gross Margin			
Products	6 %	17 %	(0.11)	65 %
Services	20 %	(4)%	0.24	603 %
Total	7 %	16 %	(0.09)	55 %

Total gross margin for the years ended December 31, 2022 and 2021, was 7% and 16%, respectively. The decrease in total gross margin was primarily due to the decrease in gross margin from our products revenue, which resulted from a higher product cost for units shipped in 2022 as compared to 2021. The decrease in total gross margin was partially offset by an increase in services gross margin, driven by increased services revenues along with a reduction in fixed costs as a result of the 2022 Initiative described above.

Research and Development

Research and development expenses during the years ended December 31, 2022 and 2021 were \$96.9 million and \$68.1 million, respectively, an increase of \$28.8 million, or 42%. Stock compensation costs increased \$5.1 million due to headcount growth at the end of 2021. Payroll costs increased \$9.4 million, of which \$4.2 million was due to additional headcount added at the end of 2021 to support new product development and existing product improvements, and \$5.2 million was related to acquired entities. Additionally, engineering consulting costs, which were lowered during the year ended December 31, 2021 due to the COVID-19 pandemic, increased by \$2.0 million in support of new product development efforts. Finally, we incurred \$8.5 million in costs associated with restructuring activities in connection with the 2022 Initiative described above, including \$7.3 million of expense related to accelerated restricted stock units in connection with employee terminations.

Sales and Marketing

Sales and marketing expenses during the years ended December 31, 2022 and 2021 were \$68.1 million and \$48.0 million, respectively, an increase of \$20.1 million, or 42%. The increase in sales and marketing expenses was primarily due to increased payroll costs, with \$3.1 million in additional payroll due to headcount growth and higher commission expenses commensurate with the increase in sales and \$7.6 million due to acquired entities. In addition, amortization of acquired intangible assets increased by \$10.9 million and there was growth of \$3.3 million in marketing program spend driven primarily by the commercialization of new products and related marketing efforts. Finally, we incurred \$1.1 million in costs associated with restructuring activities in connection with the 2022 Initiative described above.

General and Administrative

General and administrative expenses during the years ended December 31, 2022 and 2021, were \$83.1 million and \$78.0 million, respectively, an increase of \$5.1 million, or 7%. The increase in general and administrative expenses was primarily due to increased payroll costs in 2022 of \$6.0 million, of which \$4.6 million relates to acquired entities, as well as an increase in stock compensation expense of \$5.8 million. In addition, facilities costs increased by \$4.3 million, of which \$2.7 million relates to additional facilities from acquired entities. Amortization of acquired intangible assets increased by \$1.4 million. Finally, we incurred \$1.0 million in costs associated with restructuring activities in connection with the 2022 Initiative described above. These increases to general and administrative expenses were partially offset by a decrease of \$16.1 million in professional services costs which were incurred in 2021 as a result of merger and acquisition activity, but decreased in 2022 with no acquisition activity.

In-Process Research and Development Assets Acquired

We did not incur any costs related to in-process research and development assets acquired during the year ended December 31, 2022, compared to \$25.6 million expense for in-process research and development assets acquired during the year ended December 31, 2021. The cost during the year ended December 31, 2021 was attributable to the Beacon Bio and Meta Additive acquisitions in 2021, in which the company paid \$25.6 million in cash and share consideration, inclusive of transaction costs. As the acquired in-process research and development assets were deemed to have no current or alternative future use, the entire amount was recognized as expense in the consolidated statement of operations for the year ended December 31, 2021.

Goodwill Impairment

The goodwill impairment charge of \$498.8 million during the year ended December 31, 2022, represents an impairment charge to write down the carrying amount of goodwill. There was no goodwill impairment charge recorded during the year ended December 31, 2021.

Change in Fair Value of Warrant Liability

There was no change in fair value of warrant liability during the year ended December 31, 2022, and a change in fair value of warrant liability of \$56.6 million during the year ended December 31, 2021. The change in fair value is the result of the remeasurement of the Private Placement Warrant liability prior to the cashless exercise of the Private Placement Warrants. The warrant liability increased \$56.6 million as a result of the remeasurement, which resulted in the \$56.6 million loss. As of March 2, 2021, all Private Placement Warrants were exercised and there was no outstanding warrant liability.

Interest Expense

Interest expense during the years ended December 31, 2022 and 2021 was \$1.7 million and \$0.1 million, respectively, an increase of \$1.6 million, or 1600%. Interest expense increased primarily due to \$4.4 million of interest expense on the 2027 Notes, partially offset by \$3.1 million of interest income on short-term investments.

Interest and Other (Expense) Income, Net

Interest and other (expense) income, net during the years ended December 31, 2022 and 2021 was (\$8.3) million and (\$11.8) million, respectively, a decrease of (\$3.5) million, or 30%. The decrease is primarily due to a smaller unrealized loss of \$6.3 million on the investment in equity security in 2022 compared to the unrealized loss of \$12.6 million in 2021. This was partially offset by an unrealized loss on other investments of \$1.6 million recorded in 2022.

Income Taxes

We recorded an income tax benefit of \$1.5 million during the year ended December 31, 2022 compared to \$29.7 million income tax benefit during the year ended December 31, 2021. The increase was due to the partial release of the valuation allowance related to the deferred tax liabilities acquired in various acquisitions in 2021.

We have provided a valuation allowance for various jurisdictions as a result of our historical net losses. 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 implement, 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 that Non-GAAP Gross Margin, Non-GAAP Operating Loss, Non-GAAP net loss, Non-GAAP Operating Expenses, EBITDA and Adjusted EBITDA, each 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, acquisition-related and other transactional charges, inventory step-up, in-process research and development assets acquired, 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 our assessment 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 business at fair value on the date of acquisition. These adjustments are booked 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.

In-process research and development assets acquired are direct costs related to assets acquisitions where the intangible assets acquired were determined to have no alternative future use. This is a non-recurring expense and we believe excluding acquired in-process research and development 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.

Impairment charges is a non-cash charge related to certain held for sale assets during the period that were tested for recoverability and determined to be impaired. 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 our assessment of internal operations and to comparisons with the performance of other companies in our industry.

Change in fair value of warrant liability is a non-cash gain or loss impacted by the fair value of the Private Placement Warrants. We believe the assessment of our operations excluding this activity is relevant to our assessment 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 Annual Report on Form 10-K 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 years ended December 31, 2023 and 2022 and 2021, respectively:

(Dollars in thousands)	For the Year Ended December 31,		
	2023	2022	2021
GAAP gross margin	\$ (10,090)	\$ 15,071	\$ 18,293
Stock-based compensation included in cost of sales ⁽¹⁾	2,262	2,257	1,018
Amortization of acquired intangible assets included in cost of sales	27,789	23,707	8,467
Restructuring expense in cost of sales	30,205	3,273	—
Acquisition-related and integration costs included in cost of sales	958	1,148	—
Inventory step-up adjustment in cost of sales	—	1,496	2,194
Non-GAAP gross margin	\$ 51,124	\$ 46,952	\$ 29,972
GAAP operating loss	\$ (323,221)	\$ (731,763)	\$ (201,455)
Stock-based compensation ^{(2),(3)}	33,177	48,785	28,778
Amortization of acquired intangible assets	41,617	38,662	17,581
Restructuring expense	37,488	6,574	—
Inventory step-up adjustment in cost of sales	—	1,496	2,194
Acquisition-related and integration costs ⁽⁴⁾	6,179	6,766	23,788
In-process research and development assets acquired	—	—	25,581
Impairment charges	8,518	—	—
Goodwill impairment	112,911	498,800	—
Non-GAAP operating loss	\$ (83,331)	\$ (130,680)	\$ (103,533)
GAAP net loss	\$ (323,271)	\$ (740,343)	\$ (240,334)
Stock-based compensation ^{(2),(3)}	33,177	48,785	28,778
Amortization of acquired intangible assets	41,617	38,662	17,581
Restructuring expense	37,488	6,957	—
Inventory step-up adjustment in cost of sales	—	1,496	2,194
Acquisition-related and integration costs ⁽⁴⁾	6,179	6,766	23,788
In-process research and development assets acquired	—	—	25,581
Impairment charges	8,518	—	—
Goodwill impairment	112,911	498,800	—
Change in fair value of investments	1,239	8,164	12,475
Change in fair value of warrant liability	—	—	56,576
Non-GAAP net loss	\$ (82,142)	\$ (130,713)	\$ (73,361)

⁽¹⁾ Includes \$0.1 million of liability-award stock-based compensation associated with bonuses granted in dollar amounts and paid out in RSUs under our bonus plan (“liability-award stock-based compensation”) for the years ended December 31, 2023 and 2022.

⁽²⁾ Includes \$7.3 million of stock-based compensation expense associated with the 2022 Initiative for the year ended December 31, 2022.

⁽³⁾ Includes \$2.0 million and \$1.0 million of liability-award stock-based compensation, respectively, for the years ended December 31, 2023 and 2022.

⁽⁴⁾ For the year ended December 31, 2023, we incurred \$10.0 million in merger expenses related to the Stratasys transaction and recognized a \$10.0 million reduction in expenses as a result of the reimbursement from Stratasys, with no net impact to the adjustment for Acquisition-related and integration costs for the year ended December 31, 2023.

(Dollars in thousands)	For the Year Ended December 31,		
	2023	2022	2021
GAAP operating expenses	\$ 313,131	\$ 746,834	\$ 219,748
Stock-based compensation included in operating expenses ^{(1),(2)}	(30,915)	(46,528)	(27,760)
Amortization of acquired intangible assets included in operating expenses	(13,828)	(14,955)	(9,114)
Restructuring expense included in operating expenses	(7,283)	(3,301)	—
Acquisition-related and integration costs included in operating expenses ⁽³⁾	(5,221)	(5,618)	(23,788)
In-process research and development assets acquired	—	—	(25,581)
Impairment charges	(8,518)	—	—
Goodwill impairment	(112,911)	(498,800)	—
Non-GAAP operating expenses	\$ 134,455	\$ 177,632	\$ 133,505

⁽¹⁾ Includes \$7.3 million of stock-based compensation expense associated with the 2022 Initiative for the year ended December 31, 2022.

⁽²⁾ Includes \$1.9 million and \$0.9 million of liability-award stock-based compensation, respectively, for the years ended December 31, 2023 and 2022.

⁽³⁾ For the year ended December 31, 2023, we incurred \$10.0 million in merger expenses related to the Stratasys transaction and recognized a \$10.0 million reduction in expenses as a result of the reimbursement from Stratasys, with no net impact to the adjustment for Acquisition-related and integration costs for the year ended December 31, 2023.

We define “EBITDA” as net loss plus net interest income, provision for income taxes, depreciation and amortization expense and in-process research and development assets acquired.

We define “Adjusted EBITDA” as EBITDA adjusted for change in fair value of warrant liability, change in fair value of investments, inventory step-up adjustments, stock-based compensation expense, warrant expense and transaction costs associated with acquisitions.

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 that when evaluating EBITDA and Adjusted EBITDA 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.

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The following table reconciles net loss to EBITDA and Adjusted EBITDA during the years ended December 31, 2023 and 2022 and 2020, respectively:

(Dollars in thousands)	For the Years Ended December 31,		
	2023	2022	2021
Net loss attributable to common stockholders	\$ (323,271)	\$ (740,343)	\$ (240,334)
Interest (income) expense, net	4,099	1,743	(334)
Income tax expense (benefit)	(3,105)	(1,498)	(29,668)
Depreciation and amortization	53,632	50,767	24,854
In-process research and development assets acquired	—	—	25,581
EBITDA	(268,645)	(689,331)	(219,901)
Change in fair value of warrant liability	—	-	56,576
Change in fair value of investments	1,239	8,164	12,475
Inventory step-up adjustment	—	1,496	2,194
Stock-based compensation expense ^{(1),(2)}	33,177	48,785	28,778
Restructuring expense	37,488	6,957	—
Goodwill impairment	112,911	498,800	—
Impairment charges	8,518	—	—
Acquisition-related and integration costs ⁽³⁾	6,179	6,766	23,788
Adjusted EBITDA	\$ (69,133)	\$ (118,363)	\$ (96,090)

⁽¹⁾ Includes \$7.3 million of stock-based compensation expense associated with the 2022 Initiative for the year ended December 31, 2022.

⁽²⁾ Includes \$1.0 million of liability-award stock-based compensation for the year ended December 31, 2022.

⁽³⁾ For the year ended December 31, 2023, we incurred \$10.0 million in merger expenses related to the Stratasys transaction and recognized a \$10.0 million reduction in expenses as a result of the reimbursement from Stratasys, with no net impact to the adjustment for Acquisition-related and integration costs for the year ended December 31, 2023.

Liquidity and Capital Resources

We have incurred a net loss in each of our annual periods since our inception. We incurred net losses of \$323.3 million and \$740.3 million during the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, we had \$84.5 million in cash, cash equivalents, and short-term investments.

Since inception, we have received cumulative net proceeds from the Business Combination and the sale of our preferred and common stock for proceeds of \$973.4 million and the sale of our 2027 Notes for proceeds of \$111.4 million to fund our operations. As of December 31, 2023, our principal sources of liquidity were our cash, cash equivalents, and short-term investments of \$84.5 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 increase in the near term in connection with the 2024 Initiative and we expect the 2022 Initiative and 2024 Initiative to reduce cash expenditures in the long term. As of December 31, 2023, we had lease payment obligations of \$31.0 million, with \$7.4 million payable within 12 months.

Capital expenditures for the year ended December 31, 2023 totaled \$3.1 million and consisted primarily of lab equipment and leasehold improvements. As of December 31, 2023, we did not have any capital expenditures payable within 12 months. As of December 31, 2023, we had \$83.8 million in cash and cash equivalents, \$0.6 million in short term liquid investments and current

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liabilities of \$70.1 million. Our future cash requirements will depend on many factors including our revenue, research and development efforts, investments in, complementary or enhancing technologies or businesses, the success of the 2024 Initiative, 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 and demand for new products.

We expect to continue to incur net losses and negative cash flows from operations, particularly as we continue to invest in commercialization and new product development. 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 a strategic integration and cost optimization initiative that included a global workforce reduction, facilities consolidation, and other operational savings measures (the “2022 Initiative”). On January 31, 2023, we committed to additional actions to continue and expand the 2022 Initiative. These additional actions included 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. As a result of the 2022 Initiative, we realized \$20.7 million in cost savings in the second half of 2022 and we have completed our stated goal of \$100 million annualized cost savings in 2023.

On January 22, 2024, we committed to a strategic integration and cost optimization initiative (the “2024 Initiative”) that includes a global workforce reduction of approximately 20%, facilities consolidation, product rationalization and other operational savings measures. We commenced workforce reductions in the United States and we are reviewing workforce changes in other countries, the timing of which will vary according to local regulatory requirements. As a result of the 2024 Initiative, we anticipate at least \$50 million of aggregate cost savings resulting in sequential cost reductions across the first half of 2024.

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. 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. The following table sets forth a summary of cash flows for the periods presented:

(Dollars in thousands)	For the Years Ended December 31,		
	2023	2022	2021
Net cash used in operating activities	\$ (114,995)	\$ (181,531)	\$ (155,048)
Net cash provided by (used in) investing activities	117,265	81,567	(427,294)
Net cash provided by financing activities	534	113,786	166,550
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(27)	(167)	(87)
Net change in cash, cash equivalents, and restricted cash	<u>\$ 2,777</u>	<u>\$ 13,655</u>	<u>\$ (415,879)</u>

Cash Flows for the years ended December 31, 2023, 2022 and 2021

Operating Activities

Net cash used in operating activities was \$115.0 million for the year ended December 31, 2023, primarily consisting of \$323.3 million of net losses, adjusted for non-cash items, which primarily included impairment charges of \$8.5 million, goodwill impairment of \$112.9 million, depreciation and amortization expense of \$53.6 million, inventory write-offs of \$29.0 million, and stock-based compensation expense of \$33.2 million, as well as a \$22.3 million decrease in cash consumed by working capital.

Net cash used in operating activities was \$181.5 million for the year ended December 31, 2022, primarily consisting of \$740.3 million of net losses, adjusted for non-cash items, which primarily included goodwill impairment of \$498.8 million, depreciation and amortization expense of \$50.8 million and stock-based compensation expense of \$48.0 million, as well as a \$41.2 million increase in cash consumed by working capital.

Net cash used in operating activities was \$80.6 million for the year ended December 31, 2021, primarily consisting of \$240.3 million of net losses, adjusted for non-cash items, which primarily included loss on change in fair value of warrant liability of \$56.6 million, depreciation and amortization expense of \$24.9 million, stock-based compensation expense of \$28.8 million, as well as \$36.7 million increase in cash consumed by working capital.

Investing Activities

Net cash provided by investing activities was \$117.3 million for the year ended December 31, 2023, primarily consisting of proceeds from sales and maturities of marketable securities of \$112.7 million, partially offset by purchases of marketable securities of \$5.0 million. We also purchased \$2.8 million of property and equipment, and received proceeds from sale of property and equipment of \$9.9 million.

Net cash provided by investing activities was \$81.6 million for the year ended December 31, 2022, primarily consisting of proceeds from sales and maturities of marketable securities of \$248.2 million, partially offset by purchases of marketable securities of \$158.4 million. We also purchased \$11.5 million of property and equipment, and received proceeds from other investments of \$3.2 million.

Net cash used in investing activities was \$427.3 million for the year ended December 31, 2021, primarily consisting of purchases of marketable securities of \$330.9 million, offset by proceeds from sales and maturities of marketable securities of \$243.3 million. We also paid \$287.6 million, net of cash acquired, for acquisitions, and \$21.2 million, net of cash acquired, to acquire in-process research and development. We made a \$20.0 million investment in equity securities, invested \$3.6 million in other investments, and purchased \$7.7 million of property and equipment.

Financing Activities

Net cash provided by financing activities was \$0.5 million for the year ended December 31, 2023, consisting primarily of \$1.2 million in proceeds from the exercise of stock options, partially offset by and \$0.4 million in repayment of loans.

Net cash provided by financing activities was \$113.8 million for the year ended December 31, 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 \$3.2 million in proceeds from the exercise of stock options.

Net cash provided by financing activities was \$166.5 million for the year ended December 31, 2021, consisting primarily of \$170.7 million in proceeds from the exercise of public warrants and \$6.4 million in proceeds from the exercise of stock options, offset by the repayment of the term loan of \$10.0 million.

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. As of December 31, 2023, total outstanding financial guarantees and letters of credit issued were \$0.1 million. For further discussion related to financial guarantees and letters of credit, refer to Note 17 to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

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.

Critical Accounting Policies and Significant Estimates

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. Certain of our accounting policies require the application of judgment in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. We periodically evaluate the judgments and estimates used for our critical accounting policies to ensure that such judgments and estimates are reasonable for our interim and year-end reporting requirements. These judgments and estimates are based on our historical experience (where available), current trends and information available from other sources, as appropriate. If different conditions result from those assumptions used in our judgments, the results could be materially different from our estimates. We believe the following critical accounting policy requires significant judgments and estimates in the preparation of our consolidated financial statements:

Revenue Recognition

We recognize revenue from sale of products upon transfer of control, which is generally at the point of shipment. If we cannot objectively determine that the product provided to the customer is in accordance with agreed-upon specifications, revenue is not recognized until customer acceptance is received. Revenue from sale of services may be recognized over the life of the associated service contract or as services are performed, depending on the nature of the services being provided. In certain circumstances, we generate revenue through leases of machinery and equipment to customers, which are classified as either operating or sales-type leases and generally have lease terms ranging from one to five years.

Our contracts with customers often include promises to transfer multiple products and services to the customer. Judgment is required to determine the separate performance obligations present in a given contract, which we have concluded are generally capable of being distinct and accounted for as separate performance obligations. We use standalone selling price, or SSP, to allocate revenue to each performance obligation. Significant judgment is required to determine the SSP for each distinct performance obligation in a contract.

We generally use our stand-alone sales price as our SSP, and we use our best estimate for the performance obligations where we do not have stand-alone sales. The absence of observable prices resulting from our relatively short period of revenue generation requires us to estimate the SSPs of distinct performance obligations in a given contract.

We determine SSP using market conditions and other observable inputs. We typically have more than one SSP for individual products and services due to the stratification of our customers. The SSP generally varies by size of the customer. Our determination of SSP may change in the future as standalone sales of products and services occur, providing observable prices.

Acquisitions

We account for business combinations using the acquisition method of accounting, which requires that the assets acquired and liabilities assumed be recorded at their respective estimated fair values as of the acquisition date. The excess of the fair value of the purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. While we use our best estimates and judgments, our estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. We continue to collect information and reevaluate these estimates and assumptions quarterly and record any adjustments to our preliminary estimates to goodwill provided that we are within the measurement period.

The judgments made in determining the estimated fair value assigned to the assets acquired, as well as the estimated useful life of each asset, can materially impact the consolidated statements of operations of the periods subsequent to the acquisition through depreciation and amortization, and in certain instances through impairment charges, if the asset becomes impaired in the future. In determining the estimated fair value for intangible assets, we typically utilize the income approach, which discounts the projected future net cash flow using a discount rate deemed appropriate by management that reflects the risks associated with such projected future cash flow. Significant estimates and assumptions include revenue growth rates, technology migration curves, the customer attrition rate, and discount rates. Determining the useful life of an intangible asset also requires judgment, as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives.

Goodwill Impairment

We review our goodwill for impairment as of October 1 every year, or whenever adverse events or changes in circumstances indicate a possible impairment. If it is determined that it is more likely than not that the fair value is greater than the carrying value of a reporting unit then a qualitative assessment may be used for the annual impairment test. Otherwise, a one-step process is used, which requires estimating the fair value the reporting unit compared to the carrying value. If the carrying value exceeds the estimated fair value, goodwill impairment will be the amount by which the reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. We have one reporting unit, therefore the assessment for goodwill impairment is performed at the enterprise level.

The determination of the fair value of the reporting unit and corresponding goodwill require us to make significant judgments and estimates and are subject to a considerable degree of uncertainty. We believe that the assumptions and estimates in our review of goodwill for impairment are reasonable. However, different assumptions could materially affect our conclusions on this matter.

We determine the fair value of our reporting unit using a combination of the income and market approaches. The results from each of these approaches are weighted appropriately taking into account the relevance and availability of data at the time we perform the valuation.

Under the income approach, the fair value is determined using a discounted cash flow model, which requires the use of various assumptions in developing the present values of projected cash flows, the following of which are significant to our analysis:

Projected future cash flows: The expected future cash flows and growth rates are based upon assumptions of our future revenue growth and operating costs.

Discount rate: Our reporting unit's future cash flows are discounted at a rate that is consistent with our average weighted cost of capital that is likely to be used by market participants. The weighted-average cost of capital is our estimate of the overall returns required by both debt and equity investors, weighted by their respective contributions of capital. We use discount rates that are commensurate with the risks and uncertainty inherent in our business and in our internally-developed forecasts.

Terminal growth rate: The long-term growth rate represents the rate at which our single reporting unit's earnings are expected to grow or losses are expected to decrease. Our assumed long-term growth rate was based on projected long-term inflation and gross domestic product growth estimates for the countries in which we operate and a long-term growth estimate for our business and the industry in which we operate. The long-term growth rate selected was 3.0%.

Under the market approach, the fair value is determined using a combination of the guideline public company and the guideline merger and acquisition transaction methods, which require the use of various assumptions, the following of which are significant to our analysis:

Comparable public companies: The selection of comparable businesses requires judgment and is based on the markets in which we operate giving consideration to, amongst other things, risk profiles, size and geography.

Comparable transactions: The selection of comparable transactions requires judgment is based on a review of targets that operated in comparable industries or markets facing similar risks.

Control premium: The control premium is based on premiums on recent merger and acquisition activity within our industry, refined for comparability.

The Company performed a quantitative assessment during its annual impairment review for 2023 as of October 1, 2023 and concluded that the fair value of the Company's single reporting unit was not less than its carrying amount. Due to sustained declines in Company's stock price and the stock prices of comparable companies, we performed a quantitative assessment as of December 31, 2023, 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, a goodwill impairment charge of \$110.4 million was recorded. Additionally, during the year ended December 31, 2023, the Company recorded a goodwill impairment charge of \$2.5 million related to the sale of Aerosint. The Company recorded a total of \$112.9 million in goodwill impairment charges during the year ended December 31, 2023.

Due to sustained declines in the Company's stock price and the stock prices of comparable companies, we 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 was recorded during the year ended December 31, 2022. The Company did not record any goodwill impairment charges during the year ended December 31, 2021.

Impairment of Intangible Assets

We review the recoverability of intangible assets when events or changes in circumstances occur that indicate that the carrying value of the assets may not be recoverable. If there are such indications, we assess our ability to recover the carrying value of the assets from their expected future cash flows. If the expected cash flows are less than the carrying value of the assets, an impairment loss is recognized for the difference between the estimated fair value and carrying value, and the asset is written down to its estimated fair value.

Intangible assets are tested for potential impairment by comparing the estimated fair value to the carrying amount. The Company may use a qualitative analysis or a quantitative analysis in testing the carrying value of intangible assets for impairment. When the quantitative analysis is used, the Company uses an income approach, specifically the relief from royalty method, to test intangible assets. The estimated fair value of tradenames is determined based on projected revenue, discount rate, expected economic useful life, and royalty rate.

Projected revenues: The expected future revenues and growth rates are based upon assumptions of our future revenue growth.

Discount rate: Our reporting unit's future cash flows are discounted at a rate that is consistent with our average weighted cost of capital that is likely to be used by market participants. The weighted-average cost of capital is our estimate of the overall returns required by both debt and equity investors, weighted by their respective contributions of capital. We use discount rates that are commensurate with the risks and uncertainty inherent in our business and in our internally-developed forecasts.

Expected economic useful life: The estimated period of time that the asset may be profitably utilized for the purpose for which it was intended.

Royalty rate: The royalty rate is based on factors such as market competition, profitability, and market share of the Company.

The intangible asset impairment loss calculation contains uncertainty since management must use judgment to estimate fair value based on the assumption that, in lieu of ownership of an intangible asset, the Company would be willing to pay a royalty in order to utilize the benefits of the asset. These estimates can be affected by a number of factors including general economic conditions, availability of market information and the profitability of the Company.

In support of our review for indicators of impairment, we perform a review of intangible assets at the product category level relative to product performance and conclude whether indicators of impairment exist associated with intangible assets. We also specifically review the financial performance of our intangible assets. Such review includes an estimate of the future revenues from our intangible assets based on current and expected utilization levels, the age of the assets and their remaining useful lives. Additionally, we estimate when the products are expected to be removed or retired as well as the expected proceeds to be realized

upon disposition. There were no intangible impairment charges recognized during the years ended December 31, 2022 and 2021. During the year ended December 31, 2023, we recorded intangible impairment charges of \$1.6 million. These charges were recognized as a reduction in the carrying value of acquired technology.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is included in “Note 2. Summary of Significant Accounting Policies” to our consolidated financial statements in this Annual Report on Form 10-K.

Item 7A. 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 December 31, 2023, the fair value of our cash, cash equivalents, and short-term investments was \$84.5 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 our operations in Europe and 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 8. Financial Statements and Supplementary Data

This information is incorporated by reference beginning on page F-1 of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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 December 31, 2023. As described below, 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 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 Annual Report on Form 10-K 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.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 framework). Based on the assessment, we have concluded that we have material weaknesses in each of the following areas:

Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring

Control Environment - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) an insufficient number of personnel with an appropriate level of Generally Accepted Accounting Principles ("GAAP") knowledge and experience to create the proper environment for effective internal control over financial reporting and to ensure that (a) there were adequate processes for oversight, (b) there was accountability for the performance of internal control over financial reporting responsibilities, and (c) corrective activities were appropriately applied, prioritized, and implemented in a timely manner, and (ii) oversight processes and procedures that guide individuals in applying internal control over financial reporting were not adequate such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

Risk Assessment - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) identifying, assessing, and communicating appropriate objectives, (ii) identifying and analyzing risks to achieve these objectives, and (iii) identifying and assessing changes in the business that could impact the system of internal controls.

Control Activities - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) addressing relevant risks, (ii) providing evidence of performance, (iii) providing appropriate segregation of duties, or (iv) operation at a level of precision to identify all potentially material errors.

Information and Communication - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to communicating accurate information internally and externally, including providing information pursuant to objectives, responsibilities, and functions of internal control.

Monitoring - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to monitoring activities to ascertain whether the components of internal control are present and functioning.

Deloitte & Touche LLP, our independent registered public accounting firm that audited the consolidated financial statements, has issued an audit report on our internal control over financial reporting as of December 31, 2023, which is included in Item 8 of this Annual Report on Form 10-K.

Remediation of Material Weakness in Internal Control Over Financial Reporting

Management has been actively engaged in remediation efforts to address the material weaknesses throughout 2023 and these efforts will continue into fiscal year 2024. We made enhancements to our control environment by improving guidance, communication of expectations and importance of internal controls. In addition, we made improvements to the level of detail in our risk assessment and clarity of the linkage between risks and internal controls. We will continue to improve upon our risk assessment procedures and the timeliness of those procedures in 2024. We have made progress towards addressing the weaknesses in information and communication beginning the process to better identify, document, and assess systems and information used when performing internal controls and will continue this effort in 2024. We implemented enhanced monitoring procedures to allow for more effective monitoring of compliance with established accounting policies, procedures and controls. The remediation efforts also include:

- hiring additional qualified accounting, finance and legal personnel, to provide additional capacity and expertise to enhance our accounting and reporting review procedures;
- integrating and consolidating our domestic finance team;
- adding supervisory reviews performed by our financial management team and enhancing the level of precision that would sufficiently detect material misstatements;
- engaging consultants to provide additional technical accounting expertise;
- integrating financial and other systems across subsidiaries and departments to centralize reporting;
- implementing a new ERP system in a phased rollout to reduce resource constraints, automate certain processes that are currently being performed manually, and facilitate segregation of duties to ensure roles and responsibilities are appropriately segregated;
- engaging third-party specialists to assist with testing and validating the operating effectiveness of certain controls over financial reporting to gain assurance that such controls are present and operating as designed, as well as to help review and update existing documentation of our internal controls for compliance with the Sarbanes-Oxley Act of 2002, including commencing design and documentation of controls over financial reporting at subsidiaries that enhance our ability to manage our business as it has evolved; and
- reporting on progress of internal control remediation efforts to the audit committee regularly during 2023.

The controls that were designed and implemented in 2023 were not in all cases in place for a sufficient period of time to demonstrate operating effectiveness as of December 31, 2023. While we believe progress was made in 2023 to enhance and strengthen our internal control over financial reporting, management has concluded that the material weaknesses were not remediated as of December 31, 2023.

The measures we are implementing are subject to continued management review supported by confirmation and testing, as well as audit committee oversight. Management remains committed to the implementation of remediation efforts to address these material weaknesses. We will continue to implement measures to remedy our internal control deficiencies, though there can be no assurance

that our efforts will be successful or avoid potential future material weaknesses. In addition, until remediation steps have been completed and are operating for a certain period of time, and subsequent evaluation of their effectiveness is completed, the material weaknesses previously disclosed, and as described above, will continue to exist. We are committed to the continuous improvement of our internal control over financial reporting and will continue to review the internal controls over financial reporting.

Changes in Internal Control Over Financial Reporting

During the year ended December 31, 2023, we implemented certain internal controls in connection with our remediation efforts described above. Except as noted in the preceding paragraphs, 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 year ended December 31, 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.

Item 9B. Other Information

(a)

On March 14, 2024, following a comprehensive review of our operating plan, the Board of Directors approved an additional cost reduction plan that includes a review of strategic alternatives for the Company's industrial photopolymer business and a review of other potential cost saving actions. The purpose of the plan is to reduce losses, and allow the Company to focus on its goal of achieving profitability across its remaining product portfolio. The Company is exploring alternatives for the industrial photopolymer businesses, which may include divestitures, curtailment of investment or winding down of the businesses. While the Company is seeking to the industrial photopolymer businesses, there is no assurance as to when, or for how much, the Company may be able to divest any parts of the industrial photopolymer businesses.

In connection with this cost reduction plan, the Company is planning to implement a workforce reduction.

The Company expects to incur cash and non-cash charges which it is currently not able to estimate. The Company will disclose in a Current Report on Form 8-K, or in another periodic filing, such costs and charges when they are estimable.

In connection with the cost reduction plan discussed above, the Company expects to incur non-cash impairment charges related to long-lived assets which it is currently not able to estimate. The Company will disclose in a Current Report on Form 8-K, or in another period filing, such charges when they are estimable.

This disclosure is intended to satisfy the requirements of Items 2.05 (Costs Associated with Exit or Disposal Activities) and 2.06 (Material Impairments) of Form 8-K.

(b) During the three months ended December 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included in our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023, and is incorporated herein by reference.

We have adopted a code of ethics, called the Code of Business Conduct and Ethics, which applies to our officers, including our principal executive, financial and accounting officers, and our directors and employees. We have posted the Code of Business Conduct and Ethics on our website at ir.desktopmetal.com under the “Governance Documents” section. We intend to make all required disclosures concerning any amendments to, or waivers from, the Code of Business Conduct and Ethics on our website.

Item 11. Executive Compensation

The information required by this item will be included in our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included in our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included in our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023, and is incorporated herein by reference.

Item 14. Principal Accountant’s Fees and Services

The information required by this item will be included in our Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023, and is incorporated herein by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) We have filed the following documents filed as part of this Annual Report on Form 10-K:

(1) Financial Statements

Reference is made to the Index to Financial Statements beginning on page F-1, which is incorporated into this item by reference.

(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, or the required information is shown on the financial statements or notes thereto.

(3) Exhibits

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

(b) Exhibits

Refer to (a)(3) above.

(c) Additional Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, or the required information is shown on the financial statements or notes thereto.

Item 16. Form 10-K Summary

None

EXHIBIT INDEX

Exhibit		Incorporated by Reference		
		Form	Exhibit	Filing Date
2.1	Agreement and Plan of Merger, dated as of August 26, 2020, by and among the Company, Sparrow Merger Sub, Inc. and Legacy Desktop Metal	10-K	2.1	3/15/2021
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated as of September 11, 2020, by and among the Company, Sparrow Merger Sub, Inc. and Legacy Desktop Metal	10-K	2.2	3/15/2021
2.3	Purchase Agreement and Plan of Merger, dated as of January 15, 2021, by and among the Company, EnvisionTEC Merger Sub, Inc., EnvisionTEC US LLC, EnvisionTEC, Inc., Gulf Filtration Systems, Inc., 3dbotics, Inc. and Ali El Siblani	8-K	2.1	1/15/2021
2.4	Agreement and Plan of Merger, dated as of August 11, 202, by and among Desktop Metal, Inc., Texas Merger Sub I, Inc., Texas Merger Sub II, Inc., and The ExOne Company	8-K	2.1	8/12/2021
3.1	Second Amended and Restated Certificate of Incorporation	8-K	3.2	12/14/2020
3.2	Amended and Restated By-laws of the Registrant	8-K	3.3	12/14/2020
3.3	Certificate of Designations of Series A Junior Participating Preferred Stock of Desktop Metal, Inc.	8-K	3.1	5/30/2023
4.1	Specimen Class A Common Stock Certificate	S-1	4.2	3/8/2019
4.2	Description of Capital Stock of Desktop Metal, Inc.	10-K	4.2	3/1/2023
4.3	Indenture, dated as of May 13, 2022, between Desktop Metal, Inc. and U.S. Bank Trust Company, National Association, as trustee	8-K	4.1	5/13/2022
4.4	Form of note representing the 6.0% Convertible Senior Notes due 2027 (included as Exhibit A to Exhibit 4.3)	8-K	4.2	5/13/2022
10.1	Stockholders Agreement, dated as of August 26, 2020, by and between the Company and Trine Sponsor IH, LLC	S-4	10.10	9/15/2020
10.2	Form of Director and Officer Indemnification Agreement	S-4	10.13	9/15/2020
10.3**	Non-Employee Director Compensation Program	S-1	10.13	12/23/2020
10.4**	2015 Stock Incentive Plan	S-4	10.14	10/15/2020
10.5**	Form of Incentive Stock Option Agreement under the 2015 Stock Incentive Plan	S-4	10.15	10/15/2020
10.6**	Form of RSU Agreement under the 2015 Stock Incentive Plan	S-4	10.17	10/15/2020
10.7**	2020 Incentive Award Plan	10-K	10.11	3/15/2021
10.8**	Form of Stock Option Agreement under the 2020 Incentive Award Plan	S-4	10.20	9/15/2020
10.9**	Form of RSU Agreement under the 2020 Incentive Award Plan	S-4	10.21	9/15/2020
10.10**	Form of Restricted Stock Agreement under the 2020 Incentive Award Plan	S-4	10.22	9/15/2020
10.11**	Form of Performance RSU Agreement under the 2020 Incentive Award Plan	10-K	10.11	3/1/2023
10.12**	Restricted Stock Agreement, dated as of September 18, 2015 by and between Desktop Metal and Ric Fulop	S-4	10.18	10/15/2020
10.13**	Separation Agreement, dated as of July 11, 2022, by and between Desktop Metal and James Haley	8-K	10.1	7/12/2022
10.14**†	Separation Agreement, dated as of August 22, 2022, by and between Desktop Metal and Michael Jafar	10-Q	10.1	11/9/2022
10.15**	Offer Letter, dated as of October 21, 2022, by and between Desktop Metal and Jason Cole	8-K	10.1	10/26/2022
10.16**	Separation Agreement, dated as of November 6, 2022, by and between Desktop Metal and Arjun Aggarwal	10-Q	10.3	11/9/2022

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10.17	Northwest Park Office Lease, dated as of August 23, 2016, by and between NWP Building 27 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 27 LLC and Desktop Metal, and the Second Amendment to Northwest Park Office Lease, dated as of June 26, 2023, by and between NWP Building 27 LLC and Desktop Metal	10-Q	10.2	8/3/2023
10.18†	BGO 500 Lease, dated as of October 7, 2021, by and between BGO 500 Research Owner LLC and Desktop Metal	10-K	10.20	3/15/2022
10.19	Lease Agreement for Commercial Premises, dated December 10, 2019, between ExOne GmbH and Solidas Immobilien and Grundbesitz GmbH	10-Q	10.3	5/10/2022
10.20	Addendum No. 1 to Lease Agreement for commercial Premises, dated December 10, 2019, between ExOne GmbH and Solidas Immobilien and Grundbesitz GmbH	10-Q	10.4	5/10/2022
10.21**	Desktop Metal, Inc. Severance and Change of Control Plan	8-K	10.1	5/18/2023
10.22**	Form of Restrictive Covenant Agreement			*
21.1	Subsidiaries of the Company			*
23.1	Consent of Deloitte & Touche LLP			*
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			*
97.1	Desktop Metal, Inc. Policy for Recovery of Erroneously Awarded Incentive Compensation			*
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 Annual Report on Form 10-K.

** Management contract or compensatory plan or arrangement.

† Portions of this exhibit (indicated by asterisks) have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv).

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, on March 15, 2024.

DESKTOP METAL, INC.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated:

Signature	Title	Date
<u>/s/ Ric Fulop</u> Ric Fulop	Chief Executive Officer (Principal Executive Officer)	March 15, 2024
<u>/s/ Jason Cole</u> Jason Cole	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 15, 2024
<u>/s/ Scott Dussault</u> Scott Dussault	Director	March 15, 2024
<u>/s/ James Eisenstein</u> James Eisenstein	Director	March 15, 2024
<u>/s/ Dayna Grayson</u> Dayna Grayson	Director	March 15, 2024
<u>/s/ Wen Hsieh</u> Wen Hsieh	Director	March 15, 2024
<u>/s/ Jeff Immelt</u> Jeff Immelt	Director	March 15, 2024
<u>/s/ Stephen Nigro</u> Stephen Nigro	Director	March 15, 2024
<u>/s/ Steve Papa</u> Steve Papa	Director	March 15, 2024
<u>/s/ Bilal Zuberi</u> Bilal Zuberi	Director	March 15, 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Desktop Metal, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Desktop Metal, Inc., and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2024, expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses identified.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill - Impairment Assessment - Refer to Note 11 to the financial statements

Critical Audit Matter Description

The Company identified triggering events during the year ended December 31, 2023 requiring an evaluation of goodwill for impairment. The Company's evaluation of goodwill for impairment involves the comparison of the fair value of the Company's sole reporting unit to its carrying value. The Company determined the fair value of the reporting unit using the discounted cash flow method under the income approach, as well as the guideline public company method and guideline transaction company method under the market approach. These two approaches require management to make significant estimates and assumptions related to forecasts of

future revenues, earnings before interest, taxes, depreciation, and amortization ("EBITDA") margins, discount rate, terminal growth rate, and the selection of guideline peer companies as well as guideline transactions. Changes in these assumptions could have a significant impact on the fair value of the reporting unit and the amount of any goodwill impairment recognized. The Company also used professional judgment to arrive at a control premium based on guideline transactions. This control premium was then applied to the minority value indicated under the guideline public company method. As a result of this evaluation, the reporting unit's carrying value exceeded its fair value and, therefore, an impairment charge of \$112.9 million was recognized on the consolidated statement of operations for the twelve months ended December 31, 2023. The carrying value of goodwill was \$0 million as of December 31, 2023 after recognition of the impairment charge.

Given the significant estimates and assumptions made by management to estimate the fair value of the single reporting unit and the sensitivity of operations to changes in demand and other market factors, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to forecasts of future revenues and EBITDA margins, estimation of the discount rate, and selection of the terminal growth rate, control premium and guideline peer companies and guideline transactions for the Company required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of future revenues and EBITDA margins, estimation of discount rate, and selection of the terminal growth rate, control premium and guideline peer companies and guideline transactions for the reporting unit subject to the fair value analysis included the following, among others:

- Evaluated management's ability to accurately forecast by comparing actual results to management's historical forecast.
- Evaluated the reasonableness of management's forecasts by comparing the forecasts to (1) historical results, (2) internal communications to management and the Board of Directors, (3) external information.
- With the assistance of our fair value specialists, we evaluated the reasonableness of:
 - the discount rate and terminal growth rate, including testing the underlying source information and the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the assumptions selected by management.
 - the control premium utilized in the guideline company market approach, including testing the underlying source information and mathematical accuracy of the calculations, and comparing the control premium selected by management to the range observed for the guideline transactions.
 - the selection of guideline companies and guideline transactions utilized in the market approach, as well as the selected multiples.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

March 15, 2024

We have served as the Company's auditor since 2016.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Desktop Metal, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Desktop Metal, Inc. and subsidiaries (the “Company”) as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2023, of the Company and our report dated March 15, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management’s assessment:

Control Environment - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) an insufficient number of personnel with an appropriate level of Generally Accepted Accounting Principles (“GAAP”) knowledge and experience to create the proper environment for effective internal control over financial reporting and to ensure that (a) there were adequate processes for oversight, (b) there was accountability for the performance of internal control over financial reporting responsibilities, and (c) corrective activities were appropriately applied, prioritized, and implemented in a timely manner, and (ii) oversight processes and procedures that guide individuals in applying internal control over financial reporting were not adequate such that there is a reasonable possibility that a material misstatement of the Company’s financial statements will not be prevented or detected on a timely basis.

Risk Assessment - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) identifying, assessing, and communicating appropriate objectives, (ii) identifying and analyzing risks to achieve these objectives, and (iii) identifying and assessing changes in the business that could impact the system of internal controls.

Control Activities - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) addressing relevant risks, (ii) providing evidence of performance, (iii) providing appropriate segregation of duties, or (iv) operation at a level of precision to identify all potentially material errors.

Information and Communication - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to communicating accurate information internally and externally, including providing information pursuant to objectives, responsibilities, and functions of internal control.

Monitoring - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to monitoring activities to ascertain whether the components of internal control are present and functioning.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2023, of the Company, and this report does not affect our report on such financial statements.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

March 15, 2024

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

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 83,845	\$ 76,291
Current portion of restricted cash	233	4,510
Short-term investments	625	108,243
Accounts receivable	37,690	38,481
Inventory	82,639	91,736
Prepaid expenses and other current assets	11,105	17,155
Total current assets	216,137	336,416
Restricted cash, net of current portion	612	1,112
Property and equipment, net	35,840	56,271
Goodwill	—	112,955
Intangible assets, net	168,259	219,830
Other noncurrent assets	37,153	27,763
Total Assets	\$ 458,001	\$ 754,347
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 18,190	\$ 25,105
Customer deposits	5,356	11,526
Current portion of lease liability	7,404	5,730
Accrued expenses and other current liabilities	27,085	26,723
Current portion of deferred revenue	11,739	13,719
Current portion of long-term debt, net of deferred financing costs	330	584
Total current liabilities	70,104	83,387
Long-term debt, net of current portion	89	311
Convertible notes	112,565	111,834
Lease liability, net of current portion	23,566	17,860
Deferred revenue, net of current portion	3,696	3,664
Deferred tax liability	3,523	8,430
Other noncurrent liabilities	2,806	1,359
Total liabilities	216,349	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 as of December 31, 2023 and December 31, 2022, respectively	—	—
Common Stock, \$0.0001 par value—500,000,000 shares authorized; 325,277,419 and 318,235,106 shares issued as of December 31, 2023 and December 31, 2022, respectively, 325,271,670 and 318,133,434 shares outstanding as of December 31, 2023 and December 31, 2022, respectively	33	32
Additional paid-in capital	1,908,504	1,874,792
Accumulated deficit	(1,632,225)	(1,308,954)
Accumulated other comprehensive loss	(34,660)	(38,368)
Total Stockholders' Equity	241,652	527,502
Total Liabilities and Stockholders' Equity	\$ 458,001	\$ 754,347

See notes to consolidated financial statements.

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

	Years Ended December 31,		
	2023	2022	2021
Revenues			
Products	\$ 168,091	\$ 190,248	\$ 105,994
Services	21,607	18,775	6,414
Total revenues	189,698	209,023	112,408
Cost of sales			
Products	184,614	178,952	87,450
Services	15,174	15,000	6,665
Total cost of sales	199,788	193,952	94,115
Gross profit (loss)	(10,090)	15,071	18,293
Operating expenses			
Research and development	85,096	96,878	68,131
Sales and marketing	40,334	68,091	47,995
General and administrative	66,272	83,065	78,041
In-process research and development assets acquired	—	—	25,581
Impairment charges	8,518	—	—
Goodwill impairment	112,911	498,800	—
Total operating expenses	313,131	746,834	219,748
Loss from operations	(323,221)	(731,763)	(201,455)
Change in fair value of warrant liability	—	—	(56,576)
Interest expense	(4,099)	(1,743)	(149)
Interest and other (expense) income, net	944	(8,335)	(11,822)
Loss before income taxes	(326,376)	(741,841)	(270,002)
Income tax benefit	3,105	1,498	29,668
Net loss	\$ (323,271)	\$ (740,343)	\$ (240,334)
Net loss per share—basic and diluted	\$ (1.00)	\$ (2.35)	\$ (0.92)
Weighted average shares outstanding, basic and diluted	322,196	314,817	260,770

See notes to consolidated financial statements.

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

	Years Ended December 31,		
	2023	2022	2021
Net loss	\$ (323,271)	\$ (740,343)	\$ (240,334)
Other comprehensive (loss) income, net of taxes:			
Unrealized loss	(203)	(290)	(40)
Foreign currency translation adjustment	3,911	(31,664)	(6,365)
Total comprehensive (loss) income, net of taxes of \$0	<u>\$ (319,563)</u>	<u>\$ (772,297)</u>	<u>\$ (246,739)</u>

See notes to consolidated financial statements.

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

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in	Deficit	Other	Stockholders'
			Capital		Comprehensive	Equity
					(Loss)	
BALANCE—January 1, 2021	224,626,597	\$ 23	\$ 844,188	\$ (328,277)	\$ (9)	\$ 515,925
Exercise of Common Stock options	5,732,247	1	6,425	—	—	6,426
Vesting of restricted Common Stock	491,293	—	—	—	—	—
Repurchase of shares for employee tax withholdings - RSA	(109,150)	—	(958)	—	—	(958)
Vesting of restricted share units	650,777	—	—	—	—	—
Repurchase of shares for employee tax withholdings - RSU	(61,498)	—	(541)	—	—	(541)
Issuance of Common Stock in connection with acquisitions	57,267,401	5	620,585	—	—	620,590
Issuance of Common Stock in connection with acquired in-process research and development	334,370	—	4,300	—	—	4,300
Stock-based compensation expense	—	—	28,778	—	—	28,778
Vesting of Trine Founder Shares	1,850,938	—	—	—	—	—
Common Stock issued in connection with warrants exercised	20,690,975	2	320,567	—	—	320,569
Net loss	—	—	—	(240,334)	—	(240,334)
Other comprehensive loss	—	—	—	—	(6,405)	(6,405)
BALANCE—December 31, 2021	311,473,950	\$ 31	\$ 1,823,344	\$ (568,611)	\$ (6,414)	\$ 1,248,350
Exercise of Common Stock options	2,310,931	—	3,190	—	—	3,190
Vesting of restricted Common Stock	157,131	—	—	—	—	—
Vesting of restricted share units	4,153,939	1	—	—	—	1
Repurchase of shares for employee tax withholdings - RSU	(74,719)	—	(243)	—	—	(243)
Issuance of common stock related to settlement of contingent consideration	112,202	—	500	—	—	500
Stock-based compensation expense	—	—	48,001	—	—	48,001
Net loss	—	—	—	(740,343)	—	(740,343)
Other comprehensive loss	—	—	—	—	(31,954)	(31,954)
BALANCE—December 31, 2022	318,133,434	\$ 32	\$ 1,874,792	\$ (1,308,954)	\$ (38,368)	\$ 527,502
Exercise of Common Stock options	1,006,046	—	1,203	—	—	1,203
Vesting of restricted Common Stock	95,859	—	—	—	—	—
Vesting of restricted share units	5,802,852	1	(1)	—	—	—
Repurchase of shares for employee tax withholdings - RSU	(211,314)	—	(250)	—	—	(250)
Issuance of common stock related to settlement of contingent consideration	444,793	—	797	—	—	797
Stock-based compensation expense	—	—	31,963	—	—	31,963
Net loss	—	—	—	(323,271)	—	(323,271)
Other comprehensive income	—	—	—	—	3,708	3,708
BALANCE—December 31, 2023	325,271,670	\$ 33	\$ 1,908,504	\$ (1,632,225)	\$ (34,660)	\$ 241,652

See notes to consolidated financial statements.

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

	Years Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	\$ (323,271)	\$ (740,343)	\$ (240,334)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	53,632	50,767	24,854
Stock-based compensation	33,177	48,001	28,778
Impairment charges	8,518	—	—
Goodwill impairment	112,911	498,800	—
Inventory write-off	28,966	—	—
Change in fair value of warrant liability	—	—	56,576
Change in fair value of subscription agreement	—	—	2,920
Amortization of capitalized commissions	318	—	—
Amortization (accretion) of discount on investments	(490)	(888)	3,021
Amortization of debt financing cost	—	—	9
Amortization of deferred costs on convertible notes	731	453	—
Provision for bad debt	2,215	975	447
Provision for slow-moving, obsolete, and lower of cost or net realizable value inventories, net	17	(45)	—
Acquired in-process research and development	—	—	25,581
Loss on disposal of property and equipment	209	224	74
Net increase (decrease) in accrued interest related to marketable securities	238	847	(819)
Net unrealized (gain) loss on equity investment	464	6,332	9,660
Net unrealized (gain) loss on other investments	-	1,595	(130)
Deferred tax benefit	(3,105)	(1,498)	(29,668)
Change in fair value of contingent consideration	—	(1,567)	(429)
Foreign currency transaction (gain) loss	(613)	303	189
Changes in operating assets and liabilities:			
Accounts receivable	(1,297)	6,737	(18,299)
Inventory	(19,079)	(28,183)	(16,962)
Prepaid expenses and other current assets	5,205	1,787	(8,937)
Other assets	4,265	2,505	(3)
Accounts payable	(6,894)	(6,595)	12,797
Accrued expenses and other current liabilities	1,966	(10,613)	(8,761)
Customer deposits	(6,169)	(2,037)	(2,569)
Current portion of deferred revenue	(1,962)	(4,749)	5,989
Change in right of use assets and lease liabilities, net	(6,626)	(4,298)	(641)
Other liabilities	1,679	(41)	1,609
Net cash used in operating activities	(114,995)	(181,531)	(155,048)
Cash flows from investing activities:			
Purchases of property and equipment	(2,762)	(11,517)	(7,683)
Purchase of other investments	—	—	(3,620)
Proceeds from other investments	4,089	3,155	—
Purchase of equity investment	—	—	(20,000)
Proceeds from sale of property and equipment	9,942	6	44
Proceeds from policy buyout	—	—	333
Purchase of marketable securities	(4,973)	(158,404)	(330,873)
Proceeds from sales and maturities of marketable securities	112,719	248,150	243,349
Proceeds from capital grant	—	200	—
Cash paid to acquire in-process research and development	—	—	(21,220)
Cash paid for acquisitions, net of cash acquired	(1,750)	(23)	(287,624)
Net cash provided by (used in) investing activities	117,265	81,567	(427,294)
Cash flows from financing activities:			
Proceeds from reverse recapitalization, net of issuance costs	—	—	—
Proceeds from the exercise of stock options	1,203	3,190	6,426
Proceeds from the exercise of stock warrants	—	—	170,665
Payment of taxes related to net share settlement upon vesting of restricted stock units	(250)	(243)	(541)
Repayment of loans	(419)	(542)	—
Proceeds from issuance of convertible notes	—	115,000	—
Costs incurred in connection with the issuance of convertible notes	—	(3,619)	—
Repayment of term loan	—	—	(10,000)
Net cash provided by financing activities	534	113,786	166,550

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Effect of exchange rate changes on cash, cash equivalents and restricted cash	(27)	(167)	(87)
Net increase (decrease) in cash, cash equivalents, and restricted cash	2,777	13,655	(415,879)
Cash, cash equivalents, and restricted cash at beginning of period	81,913	68,258	484,137
Cash, cash equivalents, and restricted cash at end of period	\$ 84,690	\$ 81,913	\$ 68,258

Supplemental disclosures of cash flow information

Reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total shown in the consolidated statements of cash flows:

Cash and cash equivalents	\$ 83,845	\$ 76,291	\$ 65,017
Restricted cash included in other current assets	233	4,510	2,129
Restricted cash included in other noncurrent assets	612	1,112	1,112
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	\$ 84,690	\$ 81,913	\$ 68,258

Supplemental cash flow information:

Interest paid	\$ 6,900	\$ 3,488	\$ 148
Taxes paid	\$ —	\$ —	\$ 150

Non-cash investing and financing activities:

Net unrealized (gain) loss on investments	\$ (339)	\$ 290	\$ 40
Exercise of private placement warrants	\$ —	\$ —	\$ 149,904
Common Stock issued for acquisitions	\$ —	\$ —	\$ 620,590
Common Stock issued for acquisition of in-process research and development	\$ —	\$ —	\$ 4,300
Common Stock issued for settlement of contingent consideration	\$ 797	\$ 500	\$ —
Accrued purchase price related to acquisitions	\$ —	\$ —	\$ 1,800
Additions to right of use assets and lease liabilities	\$ 13,926	\$ 10,812	\$ 5,582
Purchase of property and equipment included in accounts payable	\$ 239	\$ 516	\$ 90
Purchase of property and equipment included in accrued expense	\$ 31	\$ —	\$ 38
Transfers from property and equipment to inventory	\$ 2,214	\$ 4,993	\$ 1,068
Transfers from inventory to property and equipment	\$ 1,566	\$ 4,513	\$ 1,435
Accrued contingent consideration in connection with acquisitions	\$ —	\$ —	\$ 6,083
Taxes related to net share settlement upon vesting of restricted stock awards in accrued expense	\$ —	\$ —	\$ 958
Deferred contract costs	\$ —	\$ 1,341	\$ —
Equipment financing	\$ —	\$ 175	\$ —

See notes to consolidated financial statements.

DESKTOP METAL, INC.
NOTES TO 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.

Unless otherwise indicated or the context otherwise requires, references in this Annual Report on Form 10-K 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 investments as of December 31, 2023 will be sufficient to fund operating and capital expenditure requirements through at least twelve months from the date of issuance of these consolidated financial statements.

Termination of 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 was to merge with and into the Company, with the Company surviving the merger as a direct wholly owned subsidiary of Stratasys (the “Merger”).

The Merger was subject to approval by shareholders of Stratasys and Desktop Metal. At an extraordinary general meeting of shareholders of Stratasys held on September 28, 2023, Stratasys shareholders did not approve the proposal related to the Merger Agreement. Accordingly, on September 28, 2023, Stratasys sent Desktop Metal a notice of termination of the Merger Agreement. As a result, and under the terms of the Merger Agreement, Stratasys paid \$10.0 million to Desktop Metal for reimbursement of expenses, which is included in general and administrative expenses in the consolidated statements of operations. The \$10.0 million of reimbursement was equal the expenses previously incurred; therefore, there was no gain recorded related to this item. The termination fee was paid on October 6, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The 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”).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Principles of Consolidation

The accompanying 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.

Assets Held for Sale

The Company classifies long-lived assets or asset groups that the Company plans to sell as held for sale on its 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.

Foreign Currency Translation

The Company translates assets and liabilities of its foreign subsidiaries from their respective functional currencies to U.S. Dollars at the appropriate spot rates as of the balance sheet date. The functional currency of most wholly owned subsidiaries is U.S. Dollars, except for certain international subsidiaries, for which it is Euros, British Pound Sterling, or Japanese Yen, depending on the subsidiary's location. The results of operations are translated into U.S. Dollars at a monthly average rate, calculated using daily exchange rates.

Differences arising from the translation of opening balance sheets of these entities to the rate at the end of the fiscal period are recognized in accumulated other comprehensive loss. The differences arising from the translation of foreign results at the average rate are also recognized in accumulated other comprehensive loss. Such translation differences are recognized as income or expense in the period in which the Company disposes of the operations.

Transactions in foreign currencies are recorded at the approximate rate of exchange at the transaction date. Assets and liabilities resulting from these transactions are translated at the rate of exchange in effect at the balance sheet date. All such differences are recorded in interest and other (expense) income, net in the consolidated statements of operations.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires the Company's management to make judgements, estimates and assumptions regarding uncertainties that affect the reported amounts of assets, liabilities and related disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, revenue recognition, realizability of inventory, goodwill, intangibles, stock-based compensation, and fair values of common stock. The Company bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. The Company assesses estimates on an ongoing basis; however, actual results could materially differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of standard checking accounts, money market accounts and certain investments. The Company classifies any marketable security with an original maturity date of 90 days or less at the time of purchase as a cash equivalent.

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Short-Term Investments

The Company invests its excess cash in fixed income instruments denominated and payable in U.S. dollars including U.S. treasury securities, commercial paper, corporate bonds, government bonds, and asset-backed securities in accordance with the Company's investment policy that primarily seeks to maintain adequate liquidity and preserve capital. Short-term investments represent holdings of available-for-sale marketable securities in accordance with the Company's investment policy and cash management strategy. Investments in marketable securities are recorded at fair value, with any unrealized gains and losses reported within accumulated other comprehensive loss as a separate component of stockholders' equity until realized or until a determination is made that an other-than-temporary decline in market value has occurred. When such reductions occur, the cost of the investment is adjusted to fair value through recording a loss on investments in the consolidated statements of operations. All investments in marketable securities mature within one year.

The Company also invests in equity securities which are carried at fair value based upon quoted prices in active markets. The Company recognizes unrealized gains (losses) on equity securities in interest and other (expense) income, net in the consolidated statements of operations.

Restricted Cash

Restricted cash represents cash and cash equivalents that are restricted to withdrawal or use as of the reporting date. Restricted cash typically relates to deposits to secure letters of credit, cash the Company is contractually obligated to maintain related to acquisitions, as well as contractually required security deposits.

Financial Instruments

The Company's financial instruments are comprised of cash and cash equivalents, short-term investments, restricted cash, accounts receivable and accounts payable. The Company's other current financial assets and current financial liabilities have fair values that approximate their carrying values due to the short maturity of these balances.

Products Revenue and Services Revenue

Products revenue include sales of the Company's additive manufacturing systems, along with the sale of related accessories and consumables, as well as produced parts. Consumables are primarily comprised of materials, which are used by the 3D printers during the printing process to produce parts, as well as replacement parts for items consumed during system operations. Certain on-device software is embedded with the hardware and sold with the product bundle and is included within product revenue. Revenue from products is recognized upon transfer of control, which is generally at the point of shipment. If the Company cannot objectively determine that the product provided to the customer is in accordance with agreed-upon specifications, revenue is not recognized until customer acceptance is received.

Services revenue consists of installation, training, and post-installation hardware and software support, as well as various software solutions the Company offers to facilitate the operation of the Company's products. The Company offers multiple software products, which are licensed through either a cloud-based solution and/or on-device software, depending on the product. For the cloud-based solution, which the customer does not have the right to take possession of, the Company typically provides an annual subscription for customer access which is renewable at expiration. The revenue from the cloud-based solution is recognized ratably over the annual term as the Company considers the services provided under the cloud-based solution to be a series of distinct performance obligations, as the Company provides continuous daily access to the cloud solution. For on-device software subscriptions, the Company typically recognizes revenue once the customer has been given access to the software. When the Company enters into development contracts, control of the development service is transferred over time, and the related revenue is recognized as services are performed.

For certain products, the Company offers customers an optional extended warranty beyond the initial warranty period. The optional extended warranty is accounted for as a service-type warranty. Extended warranty revenue is deferred and recognized on a straight-line basis over the service-type warranty period of the contract and the associated costs are recognized as incurred. For certain

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deferred maintenance contracts where sufficient historical evidence indicates that the costs of performing the related services under the contract are not incurred on a straight-line basis, the associated revenue is recognized at a point in time in proportion to the costs expected to be incurred.

The Company generates certain revenues through the sale of research and development services. Revenue under research and development service contracts is generally recognized over time where progress is measured in a manner that reflects the transfer of control of the promised goods or services to the customer. Depending on the facts and circumstances surrounding each research and development service contract, revenue is recognized over time using either an input measure (based on the entity's direct costs incurred in an effort to satisfy the performance obligations) or an output measure (specifically units or parts delivered, based upon certain customer acceptance and delivery requirements).

In certain circumstances, the Company generates revenue through leases of machinery and equipment to customers. These leases are classified as either operating or sales-type leases and generally have lease terms ranging from one to five years.

Revenue Recognition

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services. The amount of consideration is typically a fixed price at the contract inception. Consideration from shipping and handling is recorded on a gross basis within product revenue.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Nature of Products and Services

The Company sells its products through authorized resellers, independent sales agents, and its own sales force. Revenue from hardware, consumables, and produced parts is recognized upon transfer of control, which is generally at the point of shipment. If the Company cannot objectively determine that the products provided to the customer are in accordance with agreed-upon specifications, revenue is not recognized until customer acceptance is received.

The Company's post-installation support is primarily sold through one-year annual contracts and such revenue is recognized ratably over the term of the agreement. For certain maintenance contracts, there is a detail of specified maintenance which is performed at predetermined intervals and is recognized when the professional services are performed. Service revenue from installation and training is recognized as performed.

The Company's terms of sale generally provide payment terms that are customary in the countries where the Company transacts business. To reduce credit risk in connection with certain sales, the Company may, depending upon the circumstances, require significant deposits or payment in full prior to shipment. When the Company has a noncancelable contract and the right to invoice prior to shipment based on payment terms, the Company records the receivable and related customer deposits in the consolidated balance sheets.

Due to the short-term nature of the Company's contracts, substantially all of the outstanding performance obligations are recognized within one year.

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Shipping and handling activities that occur after control over a product has transferred to a customer are accounted for as fulfillment activities rather than performance obligations, as allowed under a practical expedient provided by ASC 606. The shipping and handling fees charged to customers are recognized as revenue and the related costs are included in cost of revenue at the point in time when ownership of the product is transferred to the customer. Sales taxes and value added taxes collected concurrently with revenue generating activities are excluded from revenue.

Significant Judgements

The Company enters into contracts with customers that can include various combinations of hardware products, software licenses, and services, which are distinct and accounted for as separate performance obligations. Products or services that are promised to a customer can be considered distinct if both of the following criteria are met: (i) the customer can benefit from the products or services either on its own or together with other readily available resources and (ii) the Company's promise to transfer the products, software, or services to the customer is separately identifiable from other promises in the contract. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgement.

Judgement is required to determine the standalone selling price ("SSP"). The transaction price is allocated to each distinct performance obligation on a relative standalone selling price basis and revenue is recognized for each performance obligation when control has passed. In most cases, the Company is able to establish SSP based on historical transaction data of the observable prices of hardware products and consumables sold separately in comparable circumstances to similar customers, observable renewal rates for software and post-installation support, and the Company's best estimate of the selling price at which the Company would have sold the product regularly on a stand-alone basis for training and installation. The Company reassesses the SSP on a periodic basis or when facts and circumstances change.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, customer deposits and deferred revenues (contract liabilities) on the consolidated balance sheets. Timing of revenue recognition may differ from the timing of invoicing to customers. The Company records a receivable at the time of invoicing. For most contracts, customers are invoiced a substantive portion of the arrangement prior to shipment of products or performance of services. The Company will typically bill in advance for post-installation support and cloud-based software licenses, resulting in deferred revenue.

When products have been delivered, but the product revenue associated with the arrangement has been deferred the Company includes the costs for the delivered items in inventory on the consolidated balance sheets until recognition of the related revenue occurs, at which time it is recognized in cost of sales.

The Company's contracts are primarily one year or less, and as such, most of the deferred revenue outstanding at the end of the fiscal year is recognized during the following year. Purchases of post-installation customer support and maintenance may range from one to five years, and as such, revenue for these transactions are recognized over periods greater than one year.

The Company sells products directly to end-users as well as through a reseller network. Under the reseller arrangement, the reseller is determined to be the Company's customer, and revenue is recognized based on the amounts the Company is entitled to, reduced by any payments owed to the resellers. On certain contracts, the Company utilizes external partners and an internal sales team to sell direct to the end user. The Company acts as a principal in the contracts with users when utilizing external partners because the Company controls the product, establishes the price, and bears the risk of nonperformance, until it is transferred to the end user. The Company records the revenue on a gross basis and commissions are recorded as a sales and marketing expense in the statement of operations. The Company recognizes its commission expense as a point-in-time expense as contract obligations are primarily completed within a one-year contract period.

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Allowance for Doubtful Accounts

In evaluating the collectability of accounts receivable, the Company assesses a number of factors, including specific customers' abilities to meet their financial obligations, the length of time receivables are past due, and historical collection experience. If circumstances related to specific customers change, or economic conditions deteriorate such that past collection experience is no longer relevant, the Company's estimate of the recoverability of accounts receivable could be further reduced from the levels provided for in the consolidated financial statements.

The Company evaluates specific accounts for which it is believed a customer may have an inability to meet their financial obligations. In these cases, judgment is applied, based on available facts and circumstances, and a specific reserve is recorded for that customer to reduce the receivable to an amount expected to be collected. These specific reserves are reevaluated and adjusted as additional information is received that impacts the amount reserved.

Remaining Performance Obligations

Remaining performance obligations are the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. The Company has elected to apply the practical expedient associated with incremental costs of obtaining a contract, and as such, sales commission expense is generally expensed when incurred because the amortization period would be one year or less. These costs are recorded within sales and marketing expense in the consolidated statements of operations.

Net Loss Per Share

The Company presents basic and diluted loss per share amounts. Basic loss per share is calculated by dividing net loss available to holders of Common Stock by the weighted average number of shares of Common Stock outstanding during the applicable period.

The denominator for diluted earnings per share is a computation of the weighted-average number of ordinary shares and the potential dilutive ordinary shares outstanding during the period. Potential dilutive shares outstanding include the dilutive effect of in-the-money options, unvested Restricted Stock Awards ("RSAs"), and unvested Restricted Stock Units ("RSUs") using the treasury stock method. In periods in which the Company reports a net loss, diluted net loss per share is the same as basic net loss per share because dilutive shares are not assumed to have been issued if their effect is anti-dilutive.

Grants

The Company recognizes grants or subsidies from governments and other organizations when there is reasonable assurance that the Company will comply with any conditions attached to the grant arrangement and the grant will be received. The Company evaluates the conditions of the grant as of each reporting period to ensure that the Company has reached reasonable assurance of meeting the conditions of each grant arrangement and that it is expected that the grant will be received as a result of meeting the necessary conditions. Grants are recognized in the consolidated statements of operations on a systematic basis over the periods in which the Company recognized the related costs for which the grant is intended to compensate. Specifically, when government grants are related to reimbursements for operating expenses, the grants are recognized as a reduction of the related expense in the consolidated statements of operations. During the years ended December 31, 2023, 2022 and 2021, the Company recognized \$0.1 million, \$0.4 million, and \$1.0 million, respectively, related to grants in the research and development line within the consolidated statements of operations.

The Company records grant receivables in the consolidated balance sheets in prepaid expenses and other current assets or other non-current assets, depending on when the amounts are expected to be received from the government agency. Proceeds received from grants prior to expenditures being incurred are recorded as restricted cash and other current liabilities or other long-term liabilities, depending on when the Company expects to use the proceeds.

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Warranty Reserve

Substantially all of the Company's hardware and software products are covered by a standard assurance warranty of one year within the United States and 13 months internationally, and estimated warranty obligations are recorded as an expense at the time of revenue recognition. In the event of a failure of hardware product or software covered by this warranty, the Company will repair or replace the software or hardware product. For certain products, the Company offers customers an optional extended warranty after the initial warranty period. The optional extended warranty is accounted for as a service-type warranty; therefore, costs are recognized as incurred and revenue is recognized over the service-type warranty period.

The Company's warranty reserve reflects estimated material and labor costs for potential or actual product issues in its installed base for which the Company expects to incur an obligation. The Company periodically assesses the adequacy of the warranty reserve and adjusts the amount as necessary. If the data used to calculate the adequacy of the warranty reserve is not indicative of future requirements, additional or reduced warranty reserves may be required.

Substantially all of the Company's produced parts are covered by standard warranties of one to five years, depending on the product. In the event a product does not meet the requested specifications or has a defect in materials or workmanship, the Company will remake or adjust the product at no additional cost within the specified warranty period. The Company's produced parts warranty reserve is accounted for based on historical cost of rework.

Inventory

Inventory is stated at the lower of cost or net realizable value, approximating a first-in, first-out basis.

The Company provides for inventory losses based on obsolescence and levels in excess of forecasted demand. Inventory is reduced to the estimated net realizable value based on historical usage and expected demand. Inventory provisions based on obsolescence and inventory in excess of forecasted demand are recorded through cost of sales in the consolidated statements of operations.

Concentrations of Credit Risk and Off-Balance-Sheet Risk

In the normal course of operations, 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. As of December 31, 2023, total outstanding financial guarantees and letters of credit issued were \$0.1 million.

The Company has no other significant off-balance-sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Financial instruments that potentially expose the Company to concentrations of credit risk consist mainly of cash and cash equivalents. The Company maintains its cash and cash equivalents principally with accredited financial institutions of high-credit standing.

As of December 31, 2023, 2022, and 2021, no single customer accounted for more than 10% of revenue. As of December 31, 2023 and 2022, no single customer accounted for more than 10% of total accounts receivable.

Customer Deposits

Payments received from customers who have placed reservations or purchase orders in advance of shipment are refundable upon cancellation or non-delivery by the Company and are included within customer deposits on the consolidated balance sheets.

Other Investments

The Company periodically makes investments in companies within the additive manufacturing industry. The Company monitors events or changes in circumstances that may have a significant effect on the fair value of investments, either due to impairment or

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based on observable price changes, and records necessary adjustments in interest and other (expense) income, net in the consolidated statements of operations.

Property and Equipment

Property and equipment is stated at cost. Expenditures for repairs and maintenance are expensed as incurred. When assets are retired or disposed of, the assets and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in the determination of net income or loss.

Depreciation is expensed using the straight-line method over the estimated useful lives of the assets as follows:

Asset Classification	Useful Life
Equipment	2 - 20 years
Buildings	6 - 50 years
Automobiles	2 - 7 years
Furniture and fixtures	2 - 10 years
Computer equipment	2 - 7 years
Tooling	3 years
Software	2 - 5 years
Leasehold improvements	Shorter of asset's useful life or remaining life of the lease

Leases

For lease arrangements in which the Company is the lessee, the Company determines if an arrangement is a lease at inception. The Company typically only includes an initial lease term in its assessment of a lease arrangement. Options to renew a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew. The Company assesses it plans to renew its material leases on an annual basis. Operating leases are included in other assets, current portion of lease liability, and lease liability, net of current portion on the Company's consolidated balance sheets.

Right of use ("ROU") assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the expected remaining lease term. As the interest rate implicit in the Company's leases is typically not readily determinable, the Company uses its incremental borrowing rate for a similar term of lease payments based on the information available at commencement date in determining the present value of future payments.

The Company elected the short-term lease recognition practical expedient and therefore, the Company does not recognize right of use assets or lease liabilities for leases with less than a twelve-month duration. The Company also elected the practical expedient to account for lease agreements which contain both lease and non-lease components as a single lease component.

For lease arrangements in which the Company is the lessor, the Company determines whether the lease arrangement is classified as an operating lease or sales-type lease at inception. The Company's operating lease arrangements have initial terms generally ranging from one to five years, certain of which may contain extension or termination clauses, or both. Such operating lease arrangements also generally include a purchase option to acquire the related machinery and equipment at the end of the lease term for either a fixed amount as determined at inception, or a subsequently negotiated fair market value.

The Company's sales-type lease arrangements generally include transfer of ownership at the end of the lease term, and as such, the Company's net investment in sales-type lease arrangements presented in the consolidated balance sheets generally does not include an amount of unguaranteed residual value.

For certain of the arrangements, the Company separates and allocates certain non-lease components (principally maintenance services) from non-lease components. Sales, value add, and other taxes collected from customers and remitted to governmental

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authorities are accounted for on a net (excluded from lease income) basis. In determination of the lease term, the Company considers the likelihood of lease renewal options and lease termination provisions.

Business Combinations

The Company allocates the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The Company generally values the identifiable intangible assets acquired using a discounted cash flow model. The significant estimates used in valuing certain of the intangible assets, include, but are not limited to future expected cash flows of the asset, discount rates to determine the present value of the future cash flows and expected technology life cycles. Intangible assets are amortized over their estimated useful life; the period over which the Company anticipates generating economic benefit from the asset. Fair value adjustments subsequent to the acquisition date, that are not measurement period adjustments, are recognized in earnings.

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that is not individually identified and separately recorded. The excess of the purchase price over the estimated fair value of net assets of businesses acquired in a business combination is recognized as goodwill. Goodwill is not amortized but is tested for impairment at least annually (as of the first day of the fourth quarter) or as circumstances indicate the value may no longer be recoverable. To assess if goodwill is impaired, the Company performs a qualitative assessment to determine whether further impairment testing is necessary. The Company then compares the carrying amount of the single reporting unit to the fair value of the reporting unit. An excess carrying value over fair value would indicate that goodwill may be impaired. 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 performed a quantitative assessment during its annual impairment review for 2023 as of October 1, 2023 and concluded that the fair value of the Company's single reporting unit was not less than its carrying amount. Due to sustained declines in Company's stock price and the stock prices of comparable companies, we performed a quantitative assessment as of December 31, 2023, 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, a goodwill impairment charge of \$110.4 million was recorded. Additionally, during the year ended December 31, 2023, the Company recorded a goodwill impairment charge of \$2.5 million related to the sale of Aerosint. The Company recorded a total of \$112.9 million in goodwill impairment charges during the year ended December 31, 2023.

Intangible Assets

Intangible assets consist of identifiable intangible assets, including developed technology, trade names, and customer relationships, resulting from the Company's acquisitions. The Company evaluates definite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If indicators of impairment are present, the Company then compares the estimated undiscounted cash flows that the specific asset is expected to generate to its carrying value. If such assets are impaired, the impairment recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value. During the year ended December 31, 2023, the Company recorded impairment charges of intangible assets of \$1.6 million. Intangible assets are amortized over their useful life.

Asset Acquisitions

Acquisitions of assets or a group of assets that do not meet the definition of a business are accounted for as asset acquisitions using the cost accumulation method, whereby the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of relative fair values. No goodwill is recognized in an asset acquisition. Intangible assets that are acquired in an asset acquisition for use in research and development activities which have an alternative future use are capitalized as in-process

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research and development (“IPR&D”). Acquired IPR&D which has no alternative future use is recorded as in-process research and development expense at acquisition.

Impairment of Long-Lived Assets

The Company evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of its long-lived assets may warrant revision or that the carrying value of these assets may be impaired. The Company has concluded that through December 31, 2023, its long-lived assets are not impaired.

Contingent Consideration

Contingent consideration represents potential future payments that the Company may be required to pay in the event negotiated milestones are met in connection with a business acquisition. Contingent consideration is recorded as a liability at the date of acquisition at fair value. The fair value of contingent consideration related to revenue metrics is estimated using a Monte Carlo simulation in a risk-neutral framework. Under this approach, the value of contingent consideration related to revenue metrics is calculated as the average present value of contingent consideration payments over all simulated paths. The fair value of contingent consideration related to technical developments is estimated using a scenario-based approach, which is a special case of the income approach that uses several possible future scenarios. Under this approach, the value of the technical milestone payment is calculated as the probability-weighted payment across all scenarios. Significant increases or decreases in any of the probabilities of success or changes in expected timelines for achievement of any of the revenue or technical milestones could result in a significantly higher or lower fair value of the contingent consideration liability. The fair value of the contingent consideration at each reporting date is updated by reflecting the changes in fair value reflected within research and development expenses in the Company’s consolidated statements of operations.

Research and Development

Research and development costs are expensed as incurred. Research and development expense includes costs, primarily related to salaries and benefits for employees, prototypes and design expenses, incurred to develop intellectual property and is charged to expense as incurred.

Capitalized Software

Costs incurred internally in researching and developing a software product to be sold to customers are charged to expense until technological feasibility has been established for the product. Once technological feasibility is established, costs incurred during the application development phase are capitalized only when the Company believes it is probable the development will result in new or additional functionality, and such software costs are capitalized until the product is available for general release to customers. Judgment is required in determining when technological feasibility of a product is established. The Company has determined that technological feasibility for software products is reached after all high-risk development issues have been resolved through coding and testing. Generally, this occurs shortly before the products are released, such that there are no material costs to capitalize. The Company capitalizes certain costs related to the development of software within Intangible assets in the consolidated balance sheets and amortizes the costs on a straight-line basis over the estimated useful life of the asset, which is typically 3 years.

The Company also capitalizes certain costs related to the implementation of cloud computing software within prepaid and other current assets and other noncurrent assets in the consolidated balance sheets. The types of costs capitalized during the application development phase include employee compensation, as well as consulting fees for third-party developers working on these projects. If a renewal option is included in the contract, the Company estimates the contractual term based on the renewal period. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the asset, including any estimated renewal period.

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Stock-Based Compensation

The Company's stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as an expense over the requisite service period.

The Company accounts for all stock options granted to employees and nonemployees using a fair value method. The fair value of options on the date of grant is calculated using the Black-Scholes option pricing model based on key assumptions such as stock price, expected volatility and expected term. The Company's estimates of these assumptions are primarily based on the fair value of the Company's stock, historical data, peer company data and judgment regarding future trends and factors.

For awards with service conditions only, the Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period. For awards with service and performance-based conditions, the Company recognizes stock-based compensation expense using the graded vesting method over the requisite service period. Estimates of stock-based compensation expense for an award with performance conditions are based on the probable outcome of the performance conditions and the cumulative effect of any changes in the probability outcomes are recorded in the period in which the changes occur. For awards with service and market-based conditions, the Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period for each tranche. Stock-based compensation expense for awards with a market condition is calculated using a Monte Carlo valuation approach.

The Company estimates forfeitures that will occur based on a historical forfeiture rate in their determination of the expense recorded.

Restructuring Charges

The Company incurs restructuring charges in connection with workforce reductions, facility closures or consolidations, inventory write-offs and other actions. Such costs include employee severance, benefits and related costs, termination of contractual obligations, non-cash asset charges, and other direct incremental costs.

The Company records employee termination liabilities at the time the relevant employees are notified, unless the employees will be retained to render service beyond a minimum retention period for transition purposes, in which case the liability is recognized ratably over the future service period. Other costs associated with a restructuring plan, such as consulting or professional fees, facility exit costs, accelerated depreciation or asset impairments associated with a restructuring plan, are recognized in the period in which the liability is incurred or the asset is impaired.

Income Taxes

The Company accounts for income taxes under the asset and liability method; under this method, deferred tax assets and liabilities are determined based on differences between financial reporting bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain.

The Company utilizes a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company also recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes.

Comprehensive Loss

The Company's comprehensive loss consists of its net loss, unrealized gain and loss from investments in debt securities, and foreign currency translation adjustments.

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Recently Issued Accounting Standards

Accounting Pronouncements Not Yet Adopted

Improvements to Income Tax Disclosures - In December 2023, the FASB issued accounting guidance to enhance the transparency and decision usefulness of income tax disclosures. The guidance includes improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid. This guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is in the process of evaluating when it will adopt this guidance and the potential effects this guidance will have on its disclosures.

3. REVENUE RECOGNITION

Contract Balances

The Company's deferred revenue balance was \$15.4 million and \$17.4 million as of December 31, 2023 and 2022, respectively. During the year ended December 31, 2023, the Company recognized \$5.8 million of existing deferred revenue from 2022. During the year ended December 31, 2022, the Company recognized \$14.3 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 years ended December 31, 2023 and 2022.

Remaining Performance Obligations

As of December 31, 2023, the Company had \$15.4 million of remaining performance obligations of which approximately \$11.7 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 \$5.4 million and \$11.5 million as of December 31, 2023 and 2022.

4. ACQUISITIONS

2021 Acquisitions

Acquisition of EnvisionTEC

On February 16, 2021, the Company acquired EnvisionTEC, Inc. and its subsidiaries ("EnvisionTEC") pursuant to a Purchase Agreement and Plan of Merger dated January 15, 2021. This acquisition added a comprehensive portfolio in additive manufacturing across metals, polymers and composites and grew distribution channels both in quantity and through the addition of a vertically-focused channel. The total purchase price was \$303.6 million, consisting of \$143.8 million paid in cash and 5,036,142 shares of the Company's Common Stock with a fair value of \$159.8 million as of the close of business on the transaction date.

The acquisition is accounted for as a business combination using the acquisition method of accounting. The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the Company's estimates of their fair values on the acquisition date.

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The acquisition date fair value of the consideration transferred is as follows (in thousands):

	Total Acquisition Date Fair Value
Cash consideration	\$ 143,795
Equity consideration	159,847
Total consideration transferred	\$ 303,642

The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed (in thousands):

	At February 16, 2021
Assets acquired:	
Cash and cash equivalents	\$ 859
Restricted cash	5,004
Accounts receivable	2,982
Inventory	7,668
Prepaid expenses and other current assets	1,081
Restricted cash - noncurrent	285
Property and equipment	1,540
Intangible assets	137,300
Other noncurrent assets	1,801
Total assets acquired	\$ 158,520
Liabilities assumed:	
Accounts payable	\$ 1,442
Customer deposits	2,460
Current portion of lease liability	605
Accrued expenses and other current liabilities	13,706
Liability for income taxes	480
Deferred revenue	492
Current portion of long-term debt	898
Long-term debt	285
Deferred tax liability	29,009
Lease liability, net of current portion	1,189
Total liabilities assumed	\$ 50,566
Net assets acquired	\$ 107,954
Goodwill	\$ 195,688
Total net assets acquired	\$ 303,642

Subsequent to the acquisition date, the Company made certain measurement period adjustments to the preliminary purchase price allocation, which resulted in decrease to goodwill of \$3.4 million. The decrease was primarily due to an increase in deferred income tax liabilities of \$4.1 million, partially offset by a decrease in deferred revenue of \$0.2 million related to the adoption of ASU 2021-08 and a decrease in inventory of \$1.0 million related to obsolete inventory. Additionally, the Company recorded a measurement period adjustment of \$0.3 million related to certain assets acquired and liabilities assumed due to clarification of information utilized to determine fair value during the measurement period.

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The estimated useful lives of the identifiable intangible assets acquired is as follows:

	Gross Value	Estimated Life
Acquired technology	\$ 77,800	7 – 14 years
Trade name	8,600	14 years
Customer relationships	50,900	12 years
Total intangible assets	\$ 137,300	

The goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergistic benefits of expanding the combined companies' target markets both geographically and across industries. The \$16.4 million of the goodwill recognized is deductible for income tax purposes. The Company incurred \$4.8 million of acquisition-related and other transactional charges related to this acquisition, which are included in general and administrative expenses in the consolidated statements of operations.

EnvisionTEC's results are included in the Company's consolidated results for the partial year period from February 16, 2021 to December 31, 2021. For this period, EnvisionTEC's net revenues were approximately \$33.3 million and net loss was approximately \$11.1 million.

Acquisition of Adaptive 3D

On May 7, 2021, the Company acquired Adaptive 3D Holdings, Inc. and its affiliates ("Adaptive 3D") pursuant to a Purchase Agreement and Plan of Merger dated as of May 7, 2021. This acquisition expanded the Company's materials library to include photopolymer elastomers for use in the production of end use parts. The total purchase price was \$61.8 million, consisting of \$24.1 million paid in cash and 3,133,276 shares of the Company's Common Stock with a fair value of \$37.7 million as of the close of business on the transaction date.

The acquisition is accounted for as a business combination using the acquisition method of accounting. The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the Company's estimates of their fair values on the acquisition date.

The acquisition date fair value of the consideration transferred is as follows (in thousands):

	Total Acquisition Date Fair Value
Cash consideration	\$ 24,083
Equity consideration	37,693
Total consideration transferred	\$ 61,776

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The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed (in thousands):

	At May 7, 2021
Assets acquired:	
Cash and cash equivalents	\$ 2,852
Accounts receivable	504
Inventory	305
Prepaid expenses and other current assets	462
Property and equipment	558
Intangible assets	27,300
Other noncurrent assets	654
Total assets acquired	\$ 32,635
Liabilities assumed:	
Accounts payable	\$ 280
Current portion of lease liability	151
Accrued expenses and other current liabilities	100
PPP loan payable	311
Deferred revenue	12
Lease liability, net of current portion	502
Deferred tax liability	4,616
Total liabilities assumed	\$ 5,972
Net assets acquired	\$ 26,663
Goodwill	\$ 35,113
Total net assets acquired	\$ 61,776

Subsequent to the acquisition date, the Company made a measurement period adjustment to the preliminary purchase price allocation, which resulted in a decrease to goodwill of \$0.2 million. The decrease was due to a decrease in deferred income tax liabilities of \$0.2 million.

The estimated useful lives of the identifiable intangible assets acquired is as follows:

	Gross Value	Estimated Life
Acquired technology	\$ 27,000	14 years
Trade name	300	5 years
Total intangible assets	\$ 27,300	

The goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergistic benefits of expanding the combined companies' target markets both geographically and across industries. The goodwill recognized is not deductible for income tax purposes. The Company incurred \$0.3 million of acquisition-related and other transactional charges related to this acquisition, which are included in general and administrative expenses in the consolidated statements of operations.

Adaptive 3D's results are included in the Company's consolidated results for the partial year period from May 7, 2021 to December 31, 2021. For this period, Adaptive 3D's revenues were approximately \$1.1 million, and its net loss was approximately \$4.9 million.

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Acquisition of Aerosint

On June 24, 2021, the Company acquired all outstanding securities of Aerosint SA and its affiliates (“Aerosint”), which expanded the Company’s portfolio of technologies with the addition of multi-material printing capabilities. The total purchase price was \$23.8 million, consisting of \$6.2 million paid in cash, 879,922 shares of the Company’s Common Stock with a fair value of \$11.5 million as of the close of business on the transaction date, and contingent consideration with a fair value of \$6.1 million as of the acquisition date. The Company may be required to pay this contingent consideration based on the achievement of revenue metrics and technical milestones over the three-year period following the transaction date.

The acquisition is accounted for as a business combination using the acquisition method of accounting. The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the Company’s estimates of their fair values on the acquisition date.

The 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 \$2.6 million as of December 31, 2022. The Company will pay up to \$5.5 million of contingent consideration based on stated revenue metrics, which had a fair value of \$4.6 million as of the date of acquisition. During the year ended December 31, 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 shareholders, resulting in a reduction of the contingent consideration liability, which has a remaining fair value of \$1.1 million as of December 31, 2022. If Aerosint reaches certain product mass production technical milestones, the Company will pay out a maximum of \$2.0 million in contingent consideration, which had a fair value of \$1.5 million as of the date of acquisition, and a fair value of \$1.5 million as of December 31, 2023. As of the date of acquisition, the fair value of the short-term liability was \$1.4 million, and the long-term liability was \$4.7 million, which the Company recorded in accrued expenses and other current liabilities and in contingent consideration, net of current portion, on the consolidated balance sheets. As of December 31, 2023, contingent consideration is recorded in accrued expenses and other current liabilities, in the consolidated balance sheets.

The acquisition date fair value of the consideration transferred is as follows (in thousands):

	Total Acquisition Date Fair Value
Cash consideration	\$ 6,220
Equity consideration	11,448
Contingent consideration	6,083
Total consideration transferred	\$ 23,751

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The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed (in thousands):

	At June 24, 2021
Assets acquired:	
Cash and cash equivalents	\$ 419
Accounts receivable	34
Inventory	166
Prepaid expenses and other current assets	697
Property and equipment	369
Intangible assets	11,726
Other noncurrent assets	336
Total assets acquired	\$ 13,747
Liabilities assumed:	
Accounts payable	\$ 58
Customer deposits	283
Current portion of lease liability	100
Accrued expenses and other current liabilities	169
Deferred revenue	810
Lease liability, net of current portion	226
Deferred tax liability	2,931
Total liabilities assumed	\$ 4,577
Net assets acquired	\$ 9,170
Goodwill	\$ 14,581
Total net assets acquired	\$ 23,751

Subsequent to the acquisition date, the Company made a measurement period adjustment to the preliminary purchase price allocation, which resulted in a decrease to goodwill of \$0.6 million. The decrease was due to a decrease in deferred income tax liabilities.

The estimated useful lives of the identifiable intangible assets acquired is as follows:

	Gross Value	Estimated Life
Acquired technology	\$ 11,547	11.5 years
Trade name	179	4.5 years
Total intangible assets	\$ 11,726	

The goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergistic benefits of expanding the combined companies' target markets both geographically and across industries. The goodwill recognized is not deductible for income tax purposes. The Company incurred \$0.9 million of acquisition-related and other transactional charges related to this acquisition, which are included in general and administrative expenses in the consolidated statements of operations.

Aerosint's results are included in the Company's consolidated results for the partial year period from June 24, 2021 to December 31, 2021. For this period, Aerosint's revenues were \$0.6 million and net loss was \$0.4 million.

On September 29, 2023, the Company completed the sale of Aerosint SA to Schaeffler AG.

DESKTOP METAL, INC.
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Acquisition of Dental Arts Labs

On July 30, 2021, the Company acquired Dental Arts Laboratories, Inc., (“Dental Arts Labs”), which expanded the Company’s portfolio in additive and conventional manufacturing within the healthcare industry. The purchase price was \$26.0 million paid in cash. The Company also issued 1,190,468 restricted stock units with a grant date fair value of \$11.0 million, which are subject to a four-year vesting period and continuing employment. The Company will recognize compensation expense for these restricted stock units over the vesting period.

The acquisition is accounted for as a business combination using the acquisition method of accounting. The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the Company’s estimates of their fair values on the acquisition date.

The acquisition date fair value of the consideration transferred is as follows (in thousands):

	Total Acquisition Date Fair Value
Cash consideration	\$ 26,042
Total consideration transferred	<u>\$ 26,042</u>

The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed (in thousands):

	At July 30, 2021
Assets acquired:	
Cash and cash equivalents	\$ 858
Accounts receivable	3,707
Inventory	2,438
Prepaid expenses and other current assets	3,853
Property and equipment	8,643
Intangible assets	5,000
Other noncurrent assets	4,636
Total assets acquired	<u>\$ 29,135</u>
Liabilities assumed:	
Accounts payable	\$ 1,949
Current portion of lease liability	535
Accrued expenses and other current liabilities	1,795
Current portion of long-term debt	3,888
Long-term debt	3
Lease liability, net of current portion	3,762
Total liabilities assumed	<u>\$ 11,932</u>
Net assets acquired	<u>\$ 17,203</u>
Goodwill	<u>\$ 8,839</u>
Total net assets acquired	<u>\$ 26,042</u>

Subsequent to the acquisition date, the Company made a working capital adjustment to the preliminary purchase price allocation, which resulted in decrease to goodwill of \$0.3 million.

The estimated useful lives of the identifiable intangible assets acquired is as follows:

DESKTOP METAL, INC.
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	Gross Value	Estimated Life
Trade name	\$ 1,300	8.5 years
Customer relationships	3,700	9.5 years
Total intangible assets	<u>\$ 5,000</u>	

The goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergistic benefits of expanding the combined companies' target markets both geographically and across industries. The goodwill recognized is deductible for income tax purposes. The Company incurred \$0.6 million of acquisition-related and other transactional charges related to this acquisition, which are included in general and administrative expenses in the consolidated statements of operations.

Dental Arts Labs' results are included in the Company's consolidated results for the partial year period from July 30, 2021 to December 31, 2021. For this period, Dental Arts Labs' revenues were \$14.1 million and net loss was \$0.3 million.

Acquisition of A.I.D.R.O.

On September 7, 2021, the Company purchased the entire corporate capital of A.I.D.R.O. Srl ("A.I.D.R.O."). This acquisition expanded the Company's parts production capabilities and application expertise in the hydraulics industry. The purchase price for the A.I.D.R.O. acquisition was \$5.7 million paid in cash, of which \$4.9 million was paid at closing and the remaining \$0.8 million was deposited to an escrow account subsequent to December 31, 2022. The Company also issued 364,050 restricted stock units with a grant date fair value of \$3.2 million, which are subject to a four-year vesting period and continuing employment. The Company will recognize compensation expense for these restricted stock units over the vesting period.

The acquisition is accounted for as a business combination using the acquisition method of accounting. The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the Company's estimates of their fair values on the acquisition date.

The acquisition date fair value of the consideration transferred is as follows (in thousands):

	Total Acquisition Date Fair Value
Cash consideration	\$ 5,683
Total consideration transferred	<u>\$ 5,683</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed (in thousands):

	At September 7, 2021
Assets acquired:	
Cash and cash equivalents	\$ 855
Accounts receivable	966
Inventory	906
Prepaid expenses and other current assets	412
Property and equipment	691
Intangible assets	1,080
Other noncurrent assets	1,100
Total assets acquired	\$ 6,010
Liabilities assumed:	
Accounts payable	\$ 1,307
Current portion of lease liability	72
Accrued expenses and other current liabilities	508
Current portion of long-term debt, net of deferred financing costs	138
Long-term debt	764
Lease liability, net of current portion	750
Deferred tax liability	75
Other noncurrent liabilities	228
Total liabilities assumed	\$ 3,842
Net assets acquired	\$ 2,168
Goodwill	\$ 3,515
Total net assets acquired	\$ 5,683

Subsequent to the acquisition date, the Company made a working capital adjustment to the preliminary purchase price allocation, which resulted in an immaterial decrease to goodwill.

The estimated useful lives of the identifiable intangible assets acquired is as follows:

	Gross Value	Estimated Life
Trade name	\$ 142	4 years
Customer relationships	938	15 years
Total intangible assets	\$ 1,080	

The goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergistic benefits of expanding the combined companies' target markets both geographically and across industries. The goodwill recognized is not deductible for income tax purposes. The Company incurred \$0.4 million of acquisition-related and other transactional charges related to this acquisition, which are included in general and administrative expenses in the consolidated statements of operations.

A.I.D.R.O.'s results are included in the Company's consolidated results for the partial year period from September 7, 2021 to December 31, 2021. For this period, A.I.D.R.O.'s revenues were \$1.7 million and net loss was \$0.2 million.

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Acquisition of Brewer Dental

On October 14, 2021, the Company acquired Larry Brewer Dental Lab, Inc. ("Brewer Dental"), which expanded the Company's portfolio in additive manufacturing within the healthcare and dental industry. The purchase price was \$7.6 million paid in cash, of which \$7.0 million was paid at closing and the remaining \$0.5 million will be paid 24 months after closing. The Company also issued 252,096 restricted stock units with a grant date fair value of \$1.8 million, which are subject to a four-year vesting period and continuing employment. The Company will recognize compensation expense for these restricted stock units over the vesting period.

The acquisition is accounted for as a business combination using the acquisition method of accounting. The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the Company's estimates of their fair values on the acquisition date.

The acquisition date fair value of the consideration transferred is as follows (in thousands):

	Total Acquisition Date Fair Value
Cash consideration	\$ 7,613
Total consideration transferred	<u>\$ 7,613</u>

The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed (in thousands):

	At October 14, 2021
Assets acquired:	
Cash and cash equivalents	\$ 1,574
Accounts receivable	524
Inventory	226
Property and equipment	375
Intangible assets	2,630
Other noncurrent assets	706
Total assets acquired	<u>\$ 6,035</u>
Liabilities assumed:	
Accounts payable	\$ 34
Current portion of lease liability	87
Accrued expenses and other current liabilities	145
Lease liability, net of current portion	619
Total liabilities assumed	<u>\$ 885</u>
Net assets acquired	<u>\$ 5,150</u>
Goodwill	<u>\$ 2,463</u>
Total net assets acquired	<u>\$ 7,613</u>

The estimated useful lives of the identifiable intangible assets acquired is as follows:

	Gross Value	Estimated Life
Trade name	\$ 230	8 years
Customer relationships	2,400	8 years
Total intangible assets	<u>\$ 2,630</u>	

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The goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergistic benefits of expanding the combined companies' target markets both geographically and across industries. The goodwill recognized is deductible for income tax purposes. The Company incurred immaterial acquisition-related and other transactional charges related to this acquisition, which are included in general and administrative expenses in the consolidated statements of operations.

Brewer Dental's results are included in the Company's consolidated results for the partial year period from October 14, 2021 to December 31, 2021. For this period, Brewer Dental's revenues were \$1.4 million and net income was \$0.1 million.

Acquisition of May Dental

On October 29, 2021, the Company acquired May Dental Lab, Inc. ("May Dental"), which expanded the Company's portfolio in additive manufacturing within the healthcare and dental industry. The aggregate purchase price was \$12.5 million paid in cash, of which \$11.8 million was paid at closing and the remaining \$0.8 million will be paid 24 months after closing, subject to the Limited Liability Interest Purchase Agreement. The Company also issued 357,642 restricted stock units with a grant date fair value of \$2.5 million, which are subject to a four-year vesting period and continuing employment. The Company will recognize compensation expense for these restricted stock units over the vesting period.

The acquisition is accounted for as a business combination using the acquisition method of accounting. The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the Company's estimates of their fair values on the acquisition date.

The acquisition date fair value of the consideration transferred is as follows (in thousands):

	Total Acquisition Date Fair Value
Cash consideration	\$ 12,522
Total consideration transferred	\$ 12,522

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The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed (in thousands):

	At October 29, 2021
Assets acquired:	
Cash and cash equivalents	\$ 230
Accounts receivable	677
Inventory	343
Prepaid expenses and other current assets	98
Property and equipment	495
Intangible assets	4,340
Other noncurrent assets	1,416
Total assets acquired	\$ 7,599
Liabilities assumed:	
Accounts payable	\$ 209
Current portion of lease liability	201
Accrued expenses and other current liabilities	255
Lease liability, net of current portion	1,216
Total liabilities assumed	\$ 1,881
Net assets acquired	\$ 5,718
Goodwill	\$ 6,804
Total net assets acquired	\$ 12,522

The estimated useful lives of the identifiable intangible assets acquired is as follows:

	Gross Value	Estimated Life
Trade name	\$ 3,900	9 years
Customer relationships	440	10 years
Total intangible assets	\$ 4,340	

The goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergistic benefits of expanding the combined companies' target markets both geographically and across industries. The goodwill recognized is deductible for income tax purposes. The Company incurred immaterial acquisition-related and other transactional charges related to this acquisition, which are included in general and administrative expenses in the consolidated statements of operations.

May Dental's results are included in the Company's consolidated results for the partial year period from October 29, 2021 to December 31, 2021. For this period, May Dental's revenues were \$1.3 million and net loss was \$0.1 million.

Acquisition of ExOne

On November 12, 2021, the Company acquired The ExOne Company and its affiliates ("ExOne"). The acquisition of ExOne extended the Company's product platforms with complementary solutions to create a comprehensive portfolio combining throughput, flexibility, and materials breadth while allowing customers to optimize production based on their specific application needs. The Company acquired all of ExOne's outstanding common stock for an aggregate purchase price of \$613.0 million, consisting of \$201.4 paid in cash and 48,218,063 shares of Common Stock with a fair value of \$411.6 million as of the close of business on the transaction date. The Company also granted 86,020 incentive stock options with a weighted-average exercise price of \$4.47 to certain employees of ExOne in exchange for unvested ExOne stock options.

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The acquisition is accounted for as a business combination using the acquisition method of accounting. The total purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the Company's estimates of their fair values on the acquisition date.

The acquisition date fair value of the consideration transferred is as follows (in thousands):

	Total Acquisition Date Fair Value
Cash consideration	\$ 201,399
Equity consideration	411,603
Total consideration transferred	<u>\$ 613,002</u>

The following table summarizes the allocation of the purchase price to the estimated fair values of assets acquired and liabilities assumed (in thousands):

	At November 12, 2021
Assets acquired:	
Cash and cash equivalents	\$ 119,068
Restricted cash - current	3,007
Accounts receivable	13,611
Inventory	27,200
Prepaid expenses and other current assets	5,165
Property and equipment	33,991
Intangible assets	82,100
Other noncurrent assets	2,734
Total assets acquired	<u>\$ 286,876</u>
Liabilities assumed:	
Accounts payable	\$ 5,830
Accrued expenses and other current liabilities	10,368
Current portion of deferred revenue	15,331
Customer deposits	10,168
Current portion of operating lease liability	1,919
Deferred tax liability	3,465
Lease liability, net of current portion	332
Deferred revenue, net of current portion	147
Other noncurrent liabilities	321
Total liabilities assumed	<u>\$ 47,881</u>
Net assets acquired	<u>\$ 238,995</u>
Goodwill	<u>\$ 374,007</u>
Total net assets acquired	<u>\$ 613,002</u>

The estimated useful lives of the identifiable intangible assets acquired is as follows:

	Gross Value	Estimated Life
Developed Technology	\$ 72,900	8 years
Trade name	1,300	4 years
Customer relationships	7,900	12 years
Total intangible assets	<u>\$ 82,100</u>	

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The goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergistic benefits of expanding the combined companies' target markets both geographically and across industries. The goodwill recognized is not deductible for income tax purposes. The Company incurred \$8.5 million of acquisition-related and other transactional charges related to this acquisition, which are included in general and administrative expenses in the consolidated statements of operations.

ExOne's results are included in the Company's consolidated results for the partial year period from November 12, 2021 to December 31, 2021. For this period, ExOne's revenues were \$15.5 million and net loss was \$6.9 million.

Pro Forma Information (unaudited)

The following unaudited pro forma financial information is based on the historical financial statements of the Company and presents the Company's results as if the acquisitions of EnvisionTEC, Adaptive 3D, Aerosint, Dental Arts Labs, A.I.D.R.O., Brewer Dental, May Dental, and ExOne had occurred on January 1,

(in thousands):

	Year Ended December 31,	
	2021 (unaudited)	2020 (unaudited)
Net revenues	\$ 207,688	\$ 164,947
Net income (loss)	\$ (273,319)	\$ (138,346)

The unaudited pro forma financial information was computed by combining the historical financial information of the Company and EnvisionTEC, Adaptive 3D, Aerosint, Dental Arts, A.I.D.R.O., Brewer Dental, May Dental, and ExOne along with the effects of the acquisition method of accounting for business combinations as though the companies were combined on January 1, 2020. The unaudited pro forma information does not reflect the potential benefits of cost and funding synergies, opportunities to earn additional revenues, or other factors, and therefore does not represent what the actual net revenues and net loss would have been had the companies been combined as of this date.

2021 Asset Acquisitions

Acquisition of Beacon Bio

On June 10, 2021, the Company acquired Beacon Bio, Inc. ("Beacon Bio") pursuant to a Stock Purchase Agreement. The purchase price consisted of cash consideration of \$6.1 million, including transaction costs of \$0.2 million, and 334,370 shares of Common Stock with a fair value of \$4.3 million as of the close of business on the transaction date. The cash consideration includes a simple agreement for future equity investment of \$1.0 million made by the Company in advance of the acquisition that was settled in the acquisition. Beacon Bio is engaged in research and development of PhonoGraft technology. The Company concluded the arrangement did not result in the acquisition of a business, as substantially all of the fair value of the gross assets acquired was concentrated in in-process research and development for which there was no alternative future use. Therefore, the Company accounted for the arrangement as an asset acquisition. In connection with the acquisition, the Company issued additional restricted stock units to retain research and development employees and contractors of Beacon Bio through the expected term to complete the development, which vest over a service period of 3 years and are accounted for as post-combination expense.

The acquired in-process research and development asset consists of a license to commercialize the PhonoGraft technology. At the date of the acquisition, significant research, development, and risk related to the license remained, and it was deemed not yet probable that there was future economic benefit from this asset. Absent successful clinical results and regulatory approval for this asset, there was no alternative future use associated with this asset. Accordingly, the value of the asset was expensed in the consolidated statements of operations and no deferred tax liability has been recorded.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Acquisition of Meta Additive

On September 9, 2021, the Company acquired Meta Additive Ltd (“Meta Additive”), pursuant to a Stock Purchase Agreement of the same date. Meta Additive is engaged in research and development of binder jet printing. The purchase price consisted of cash consideration of \$15.2 million, including transaction costs of \$0.2 million. The Company concluded the arrangement did not result in the acquisition of a business, as substantially all of the fair value of the gross assets acquired was concentrated in in-process research and development for which there was no alternative future use. The Company accounted for the arrangement as an asset acquisition. In connection with the acquisition, the Company issued 1,101,592 restricted stock units with a fair value of \$9.0 million as of the acquisition date to retain key employees of Meta Additive through the expected term to complete the development, which vest over a service period of 4 years and are accounted for as post-combination expense. In June 2022, per the terms of the acquisition agreement, the Company accelerated 895,044 RSUs for certain key employees in connection with the 2022 Initiative described in *Note 24. Restructuring Charges*.

The acquired in-process research and development asset consists of the development of novel functional binders to provide advanced additive manufacturing solutions. Due to the stage of development of this technology at the date of the acquisition, significant research, development, and risk remained, and it was not yet probable that there was future economic benefit from this asset. Absent successful commercialization of this asset, there was no associated alternative future use. Accordingly, the value of the assets was expensed in the consolidated statements of operations and no deferred tax liability has been recorded.

2020 Acquisitions

Business Combination

On December 9, 2020, the Company and Trine consummated the Business Combination, with Legacy Desktop Metal surviving the merger as a wholly-owned subsidiary of Trine. Upon the consummation of the Business Combination, each share of Legacy Desktop Metal capital stock issued and outstanding was converted into the right to receive 1.22122 shares (the “Exchange Ratio”) of the Company’s common stock (the “Per Share Merger Consideration”).

Upon the closing of the Business Combination, Trine’s certificate of incorporation was amended and restated to, among other things, increase the total number of authorized shares of all classes of capital stock to 550,000,000 shares, of which 500,000,000 shares were designated common stock; \$0.0001 par value per share, and of which 50,000,000 shares were designated preferred stock, \$0.0001 par value per share.

In connection with the execution of the definitive agreement for the Business Combination, Trine entered into separate subscription agreements (each, a “Subscription Agreement”) with a number of investors (each, a “Subscriber”), pursuant to which the Subscribers agreed to purchase, and Trine agreed to sell to the Subscribers, an aggregate of 27,497,500 shares of the Company’s Common Stock, for a purchase price of \$10.00 per share and an aggregate purchase price of \$275 million, in a private placement pursuant to the subscription agreements (the “PIPE financing”). The PIPE financing closed simultaneously with the consummation of the Business Combination.

The Business Combination was accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, Trine was treated as the “acquired” company for financial reporting purposes. See Note 1 “Organization and Nature of Business” for further details. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Desktop Metal issuing stock for the net assets of Trine, accompanied by a recapitalization. The net assets of Trine are stated at historical cost, with no goodwill or other intangible assets recorded.

Prior to the Business Combination, Legacy Desktop Metal and Trine filed separate standalone federal, state and local income tax returns. As a result of the Business Combination, structured as a reverse recapitalization for tax purposes, Desktop Metal, Inc. (f/k/a Trine Acquisition Corp.), became the parent of the consolidated filing group, with Desktop Metal Operating, Inc. (f/k/a Desktop Metal, Inc.) as a subsidiary.

DESKTOP METAL, INC.
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The following table reconciles the elements of the Business Combination to the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended December 31, 2020:

	Recapitalization
Cash – Trine's trust and cash (net of redemptions)	\$ 305,084,695
Cash – PIPE financing	274,975,000
Less: transaction costs and advisory fees paid	(45,463,074)
Net proceeds from reverse recapitalization	534,596,621
Plus: non-cash net liabilities assumed ¹	(152,394,714)
Less: accrued transaction costs and advisory fees	(1,900,793)
Net contributions from reverse recapitalization	\$ 380,301,114

The number of shares of common stock issued immediately following the consummation of the Business Combination:

	Number of Shares
Common stock, outstanding prior to Business Combination	30,015,000
Less: redemption of Trine shares	(26,049)
Common stock of Trine	29,988,951
Trine Founder Shares	5,552,812
Trine Director Shares	100,000
Shares issued in PIPE financing	27,497,500
Business Combination and PIPE financing shares	63,139,263
Legacy Desktop Metal shares ⁽¹⁾	161,487,334
Total shares of common stock immediately after Business Combination	224,626,597

⁽¹⁾ The number of Legacy Desktop Metal shares was determined from the shares of Legacy Desktop Metal shares outstanding immediately prior to the closing of the Business Combination converted at the Exchange Ratio of 1.22122. All fractional shares were rounded down.

In connection with the Business Combination, 7,403,750 Trine Founder Shares were issued. Pursuant to the Business Combination agreement, 75% of the Founder shares, or 5,552,812 shares, vested at the close of the Business Combination, with the remaining 25%, or 1,850,938 shares, vesting if the Company trades at \$12.50 per share or higher for any 20 trading days within a 30-day window by the fifth anniversary of the Business Combination. As of December 31, 2020, 20 trading days had not yet passed since the date of the Business Combination, and the shares remained unvested and held in escrow. The vesting criteria was met on January 8, 2021.

Divestitures

During the year ended December 31, 2022, in connection with the Company's strategic integration and cost optimization initiative (the "2022 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 2022 Initiative, the Company approved a plan to sell a facility in North Huntingdon, Pennsylvania.

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 year ended December 31, 2023, the Company completed the sales of the Troy, Michigan and the North Huntingdon, Pennsylvania facilities for a combined \$6.9 million in proceeds. The Company recorded an immaterial loss on the sale of the facilities in the consolidated statements of operations.

DESKTOP METAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On September 29, 2023, the Company entered into a Stock Purchase Agreement with Industriewerk Shaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung. (“Shaeffler”), (the “Buyer”), related to the sale of Aerosint, a wholly owned subsidiary of the Company, for a \$4.1 million all in cash selling price, net of cost of sell. The transaction was completed on September 29, 2023.

Before measuring the fair value less costs to sell of the disposal group as a whole, the Company first reviewed individual assets and liabilities to determine if any fair value adjustments were required and concluded no individual asset impairments were required. Then, based on the purchase and sale agreement entered into by the Company and the Buyer, the Company determined the fair value of the disposal group to be equal to the selling price, less costs to sell. Based on this review, the Company recorded a non-cash goodwill impairment charge of \$2.5 million reflected in the third quarter of 2023 as the sale was considered to be a triggering event to evaluate goodwill impairment. Additionally, the Company, recorded an impairment charge of \$6.9 million related to the asset group value, which includes \$2.6 million of cumulative foreign currency translation adjustment. The sale of Aerosint did not represent a strategic shift that would have a major effect on the Company’s operations or financial results, therefore it is not presented as a discontinued operation.

5. CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

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

	December 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money market funds	\$ 40,799	\$ —	\$ —	\$ 40,799
Total cash equivalents	40,799	—	—	40,799
Total cash equivalents and short-term investments	\$ 40,799	\$ —	\$ —	\$ 40,799

	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 \$0.6 million and \$1.1 million as of the years ended December 31, 2023 and 2022. Prior to the investment, the Company entered into a subscription agreement to purchase the investment, resulting in a subscription agreement liability which was derecognized upon investment. During the years ended December 31, 2023 and 2022, the Company recorded an unrealized loss due to the change in fair value of the equity securities of \$0.5 and \$6.3 million, respectively, in interest and other (expense) income, net in the consolidated statements of operations.

DESKTOP METAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. 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

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):

December 31, 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	\$ 40,799	\$ —	\$ —	\$ 40,799
Equity securities	625	—	—	625
Other investments	—	—	2,000	2,000
Total assets	<u>\$ 41,424</u>	<u>\$ —</u>	<u>\$ 2,000</u>	<u>\$ 43,424</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 commercial paper, corporate bonds, U.S Treasury securities, government bonds, and asset-backed securities are reported as Level 2 financial assets as they are based on model-driven valuations in

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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 years ended December 31, 2023 and 2022, the Company recognized a loss on its equity security of \$0.5 million and \$6.3 million, respectively, due to the change in fair value of the equity securities in interest and other (expense) income, net in the consolidated statements of operations. Additionally, for the year ended December 31, 2021, the Company recorded an initial subscription agreement liability of \$0.5 million related to this investment and recognized a loss on the subscription agreement liability of \$2.4 million, for a total loss of \$12.6 million on its equity security. The initial subscription liability was recorded as a Level 3 liability as a result of the discount for lack of marketability. Upon investment, the liability was derecognized and the investment was recorded as a Level 3 investment because the equity security was not registered for resale and a discount for lack of marketability was still applied. Subsequently, the security was registered and the investment was transferred from Level 3 to Level 1.

Other investments include investments made via convertible debt instruments totaling \$2.0 million and \$2.0 million for the years ended December 31, 2023 and 2022. 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 determining the fair value of 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 year ended December 31, 2023, the Company did not recognize a gain or loss on convertible debt instruments. During the year ended December 31, 2022, the Company recognized a loss of \$1.6 million on convertible debt instruments. During the year ended December 31, 2022, \$3.1 million of the outstanding convertible debt instruments was repaid in full.

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 no remaining fair value as of December 31, 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 consolidated statement of operations until the liability is settled. During the year ended December 31, 2023, the Company derecognized the remaining contingent consideration of \$0.2 million upon the sale of Aerosint. During the year ended December 31, 2022, the Company recognized a gain in fair value of contingent consideration of \$1.6 million. During the year ended December 31, 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 year ended December 31, 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 December 31, 2023, no contingent consideration is recorded in accrued expenses and other current liabilities in the consolidated balance sheets.

The fair value of the Private Placement Warrants, defined in *Note 19. Stockholders' Equity*, was estimated using the Black-Scholes option pricing model and was classified as a Level 3 financial instrument. The significant assumptions used in the model were the Company's stock price, exercise price, expected term, volatility, interest rate, and dividend yield. During the year ended December 31, 2021, the Company recognized a loss of \$56.6 million on the Private Placement Warrants. The Private Placement Warrants were all exercised as of March 2, 2021.

There were no transfers between fair value measure levels during the years ended December 31, 2023 and 2022. The following table presents information about the Company's movement in Level 3 assets measured at fair value (in thousands):

	Year Ended December 31,	
	2023	2022
Balance at beginning of period	\$ 2,000	\$ 6,750
Changes in fair value	—	(1,650)
Disposals	—	(3,100)

DESKTOP METAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Balance at end of period	\$ 2,000	\$ 2,000
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The following table presents information about the Company's movement in Level 3 liabilities measured at fair value (in thousands):

	Year Ended December 31,	
	2023	2022
Balance at beginning of period	\$ 2,587	\$ 5,654
Payment of contingent consideration liability	(2,390)	(1,500)
Sale of Aerosint	(197)	—
Changes in fair value	—	(1,567)
Balance at end of period	\$ —	\$ 2,587

7. ACCOUNTS RECEIVABLE

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

	December 31, 2023	December 31, 2022
Trade receivables	\$ 41,132	\$ 40,121
Allowance for doubtful accounts	(3,442)	(1,640)
Total accounts receivable	\$ 37,690	\$ 38,481

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

	December 31, 2023	December 31, 2022
Balance at beginning of period	\$ 1,640	\$ 665
Provision for uncollectible accounts, net of recoveries	2,215	1,393
Uncollectible accounts written off	(413)	(418)
Balance at end of period	\$ 3,442	\$ 1,640

8. INVENTORY

Inventory consists of the following (in thousands):

	December 31, 2023	December 31, 2022
Raw materials	\$ 26,449	\$ 41,971
Work in process	16,556	11,936
Finished goods:		
Deferred cost of sales	1,279	3,602
Manufactured finished goods	38,355	34,227
Total finished goods	39,634	37,829
Total inventory	\$ 82,639	\$ 91,736

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9. PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	December 31, 2023	December 31, 2022
Prepaid operating expenses	\$ 4,618	\$ 5,705
Prepaid dues and subscriptions	1,959	2,674
Property and equipment held for sale, net of accumulated depreciation	—	830
Prepaid insurance	842	798
Government grants receivable	—	429
Prepaid taxes	796	395
Prepaid rent	471	383
Other	2,419	5,941
Total prepaid expenses and other current assets	<u>\$ 11,105</u>	<u>\$ 17,155</u>

10. PROPERTY AND EQUIPMENT

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

	December 31, 2023	December 31, 2022
Equipment	\$ 46,351	\$ 48,632
Leasehold improvements	20,303	18,527
Land and buildings	7,840	15,893
Construction in process	3,374	5,008
Furniture and fixtures	1,950	2,396
Software	1,899	2,183
Tooling	2,287	2,145
Computer equipment	2,166	2,076
Automobiles	1,032	1,180
Property and equipment, gross	87,202	98,040
Less: accumulated depreciation	(51,362)	(41,769)
Total property and equipment, net	<u>\$ 35,840</u>	<u>\$ 56,271</u>

For the years ended years ended December 31, 2023, 2022 and 2021, depreciation expense was \$12.0 million, \$12.1 million, and \$8.5 million, respectively.

11. GOODWILL & INTANGIBLE ASSETS

There was no goodwill balance at December 31, 2023. The carrying amount of goodwill as of December 31, 2022 was \$113.0 million, and was recorded in connection with the Company's acquisitions. The goodwill activity is as follows (in thousands):

	2023	2022
Balance, beginning of year	\$ 112,955	\$ 639,301
Goodwill impairment	(112,911)	(498,800)
Foreign currency translation adjustment	(44)	(26,940)
Measurement period adjustments ⁽¹⁾	—	(606)
Balance, end of year	<u>\$ —</u>	<u>\$ 112,955</u>

⁽¹⁾Represents final measurement period adjustments related to the May Dental and ExOne acquisitions. Refer to *Note 4. Acquisitions* for further information.

DESKTOP METAL, INC.
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The Company performed a quantitative assessment during its annual impairment review for 2023 as of October 1, 2023 and concluded that the fair value of the Company's single reporting unit was not less than its carrying amount. Due to sustained declines in Company's stock price and the stock prices of comparable companies, we performed a quantitative assessment as of December 31, 2023, 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, a goodwill impairment charge of \$110.4 million was recorded. Additionally, during the year ended December 31, 2023, the Company recorded a goodwill impairment charge of \$2.5 million related to the sale of Aerosint. The Company recorded a total of \$112.9 million in goodwill impairment charges during the year ended December 31, 2023.

Due to sustained declines in the Company's stock price and the stock prices of comparable companies, we 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 was recorded during the year ended December 31, 2022. The Company did not record any goodwill impairment charges during the years ended December 31, 2021.

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, 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.

The following table sets forth the major categories of intangible assets and the weighted-average remaining useful lives for those assets that are not already fully amortized (in thousands):

	Weighted Average Remaining Useful Lives (in years)	December 31, 2023			December 31, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology ⁽¹⁾	7.7	\$ 185,222	\$ 65,724	\$ 119,498	\$ 196,367	36,919	159,448
Trade name	9.8	12,302	3,952	8,350	12,459	2,374	10,085
Customer relationships	8.9	68,378	27,968	40,410	67,915	17,663	50,252
Capitalized software	-	518	518	—	518	473	45
Total intangible assets		<u>\$ 266,421</u>	<u>\$ 98,162</u>	<u>\$ 168,259</u>	<u>\$ 277,259</u>	<u>\$ 57,429</u>	<u>\$ 219,830</u>

⁽¹⁾The gross and net value as of December 31, 2023 reflect a reduction of \$1.6 million in impairment charges.

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The Company recognized amortization expense for years ended December 31, 2023, 2022 and 2021, respectively, as follows (in thousands):

Category	Statement of Operations Line Item	2023	Year Ended December 31, 2022	2021
Acquired technology	Cost of Sales	\$ 27,789	\$ 23,707	\$ 8,569
Acquired technology	Research and Development	2,000	1,748	1,761
Trade name	General and Administrative	1,648	1,688	685
Customer relationships	Sales and Marketing	10,135	11,412	6,339
Capitalized software	Research and Development	45	107	161
		<u>\$ 41,617</u>	<u>\$ 38,662</u>	<u>\$ 17,515</u>

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

	Amortization Expense
2024	\$ 39,597
2025	37,202
2026	27,488
2027	19,627
2028	13,512
2029 and after	30,833
Total intangible amortization	<u>\$ 168,259</u>

12. OTHER NONCURRENT ASSETS

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

	December 31, 2023	December 31, 2022
Right of use asset	\$ 29,724	\$ 22,147
Other investments	2,000	2,000
Long-term deposits	491	573
Cloud computing arrangements	3,409	—
Other	1,529	3,043
Total other noncurrent assets	<u>\$ 37,153</u>	<u>\$ 27,763</u>

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13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	December 31,	
	2023	2022
Compensation and benefits related	\$ 9,052	\$ 8,058
Warranty reserve	4,602	4,301
Current portion of contingent consideration	—	2,587
Current portion of acquisition consideration	358	1,750
Franchise and royalty fees	2,267	1,448
Inventory purchases	1,372	925
Professional services	890	917
2027 Notes Interest	882	901
Commissions	816	897
Income tax payable	1,316	761
Sales and use and franchise taxes	573	286
Other	4,957	3,892
Total accrued expenses and other current liabilities	<u>\$ 27,085</u>	<u>\$ 26,723</u>

The Company recorded warranty reserve for the years ended December 31, 2023, 2022 and 2021, respectively, as follows (in thousands):

	Years Ended December 31,		
	2023	2022	2021
Warranty reserve, at the beginning of the period	\$ 4,301	\$ 4,048	\$ 1,553
Warranty reserve assumed in acquisition	—	—	1,389
Additions to warranty reserve	4,174	4,484	2,576
Claims fulfilled	(3,873)	(4,231)	(1,470)
Warranty reserve, at the end of the period	<u>\$ 4,602</u>	<u>\$ 4,301</u>	<u>\$ 4,048</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 will be treated as a debt discount for accounting purposes, which will be amortized into interest expense using the effective interest rate method over the term of the 2027 Notes.

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.

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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.

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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):

	December 31, 2023	December 31, 2022
Principal	\$ 115,000	\$ 115,000
Unamortized debt discount	(1,924)	(2,502)
Unamortized debt issuance costs	(511)	(664)
Net carrying value	<u>\$ 112,565</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):

	Year Ended December 31, 2023	Year Ended December 31, 2022
Coupon interest	\$ 6,995	\$ 4,389
Amortization of debt discount	576	358
Amortization of transaction costs	152	95
Total interest expense	<u>\$ 7,723</u>	<u>\$ 4,842</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 a 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 year ended December 31, 2022, the Company paid \$0.3 million and \$0.6 million remains outstanding, and as of December 31, 2022, \$0.3 million of the outstanding debt is recorded within current portion of long-term debt, net of deferred financing costs, and \$0.3 million is recorded within long-term debt, net of current portion, in the consolidated balance sheets. During the year ended December 31, 2023, the Company paid \$0.3 million and \$0.3 million remains outstanding, and as of December 31, 2023, \$0.2 million of the outstanding debt is recorded within current portion of long-term debt, net of deferred financing costs, and \$0.1 million is recorded within long-term debt, net of current portion, in the consolidated balance sheets.

15. OTHER NONCURRENT LIABILITIES

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

	December 31, 2023	December 31, 2022
Taxes payable	\$ 776	\$ 1,034
Acquisition consideration	—	—
Other	2,030	325
Total other noncurrent liabilities	<u>\$ 2,806</u>	<u>\$ 1,359</u>

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16. LEASES
Lessee

As of December 31, 2023, the Company recorded \$29.7 million as a right of use asset and \$31.0 million as a lease liability. As of 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 years ended December 31, 2023 and 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 years ended December 31, 2023 and 2022.

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

	Years Ended December 31,	
	2023	2022
Lease cost		
Operating lease cost	\$ 7,421	\$ 5,718
Short-term lease cost	104	292
Variable lease cost	235	245
Finance lease cost	141	92
Total lease cost	<u>\$ 7,901</u>	<u>\$ 6,347</u>
Other Information		
Operating cash flows used in operating leases	\$ 8,073	\$ 6,352
Operating cash flows used in finance leases	25	81
Weighted-average remaining lease term—operating leases (years)	4.3	5.0
Weighted-average remaining lease term—finance leases (years)	6.3	7.8
Weighted-average discount rate—operating leases	6 %	4.3 %
Weighted-average discount rate—finance leases	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 as of December 31, 2023, are as follows (in thousands):

	Operating Leases	Finance Leases
2024	\$ 9,117	\$ 79
2025	8,613	78
2026	6,818	78
2027	4,992	78
2028	3,285	78
2029 and after	1,695	243
Total lease payments	<u>34,520</u>	<u>634</u>
Less amount representing interest	<u>(4,114)</u>	<u>(70)</u>
Total lease liability	30,406	564
Less current portion of lease liability	(7,341)	(63)
Lease liability, net of current portion	<u>\$ 23,065</u>	<u>\$ 501</u>

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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.

As of December 31, 2023, the Company does not have material operating leases that have not commenced.

Lessor

The Company leases machinery and equipment to customers (principally 3D printing machines and related equipment) under immaterial lease arrangements classified as either operating leases or sales-type leases.

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 consolidated financial statements.

On October 20, 2023, purported stockholder Pietro Campanella filed an amendment to the November 21, 2021 class action complaint in Delaware Court of Chancery (Campanella v. Rockwell, Case No. 2021-1013-LWW). Campanella asserts breach of fiduciary duty claims against former directors and officers of The ExOne Company and aiding and abetting claims against Desktop Metal in connection with the ExOne Merger. Campanella generally alleges that ExOne's merger proxy statement and supplemental disclosures did not adequately disclose information related to Desktop Metal's whistleblower investigation at one of its subsidiaries, EnvisionTEC, and resignation of EnvisionTEC CEO and Desktop Metal Board member, Ali El-Siblani, prior to the stockholder vote on the merger. Defendants filed a motion to dismiss the amended class action complaint on January 12, 2024. Plaintiff's opposition to Defendants' motion is due April 5, 2024, and Defendants' reply is due May 10, 2024.

On November 21, 2023, alleged stockholders Denish Bhavsar and Samhita Gera filed a derivative complaint in the United States District Court for the District of Delaware on behalf of Desktop Metal against current and former directors and officers of Desktop Metal (C.A. No. 23-1339-GBW). The complaint alleges claims for breach of fiduciary duty, unjust enrichment, waste, abuse of control, gross mismanagement, violations of Section 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), SEC Rule 14a-9, and contribution under Sections 10(b) and 21D of the Exchange Act. On January 9, 2024, the court granted the parties' joint stipulation to stay the case and consolidate the case with another derivative action pending in the United States District Court for the District of Delaware, Cherry v. Fulop, et al., C.A. No. 22-962-GBW.

As previously disclosed, four alleged shareholders of Desktop Metal stock filed purported securities class action complaints in the United States District Court for the District of Massachusetts, alleging 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. Plaintiffs filed a Consolidated Complaint on December 19, 2022. The parties completed briefing on the motion to dismiss in May 2023, and Judge Indira Talwani held oral argument on September 13, 2023. The Court issued a decision dismissing the Consolidated Complaint with prejudice and entered

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Judgment for defendants on September 21, 2023. On October 13, 2023, Lead Plaintiff Sophia Zhou (“Appellant”) filed a Notice of Appeal. Appellant filed her opening brief on February 28, 2024, and the parties anticipate that they will complete briefing by May 2024.

On September 6, 2023, and September 11, 2023, purported stockholders Catherine Coffman, Ryan O’Dell, and Elaine Wang filed actions in the United States District Court for the Southern District of New York (Coffman v. Desktop Metal, et al., Case No. 1:23-cv-07900; O’Dell v. Desktop Metal, et al., Case No. 1:23-cv-07992; Wang v. Desktop Metal, et al., Case No. 1:23-cv-08041). On September 7, 2023, purported stockholder Michael Kent filed an action in the United States District Court for the District of Delaware (Kent v. Desktop Metal, et al., Case No. 1:23-cv-00991). The complaints generally 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. Ms. Coffman dismissed her complaint on October 2, 2023. Mr. Kent dismissed his complaint on October 5, 2023. Mr. O’Dell dismissed his complaint on October 18, 2023. Ms. Wang dismissed her complaint on October 19, 2023.

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

Whistleblower Complaint

On November 4, 2021, the Audit Committee of the Board of Directors engaged a third party to conduct an independent internal investigation as a result of a whistleblower complaint relating to manufacturing and product compliance practices at its EnvisionTEC US LLC facility in Dearborn, Michigan. In response, and to address the issues identified in the investigation, the Company implemented changes in the management of the Dearborn facility and improvements in manufacturing and compliance policies and procedures for the applicable products. Following notification to the FDA, the Company also initiated voluntary recalls of certain shipments of Flexcera resins and the PCA4000 curing box. The investigation is now closed, and the matters subject to the investigation and the Company’s responsive actions did not have, and are not anticipated to have, a material impact on the Company’s financial statements or its business.

Commitments

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 years ended December 31, 2023 and 2022, the Company recorded immaterial licensing and royalty fees.

Within the Company’s normal course of operations, it issues short-term financial guarantees and letters of credit through credit facilities with German banks to third parties in connection with certain commercial transactions requiring security. The credit facility provides a capacity amount of \$11.6 million for the issuance of financial guarantees and letters of credit for commercial transactions requiring security. The credit facilities do not require cash collateral for the issuance of financial guarantees and letters of credit for commercial transactions requiring security for amounts up to \$3.3 million. Amounts in excess of \$3.3 million require cash collateral under the credit facility.

As of December 31, 2023, total outstanding financial guarantees and letters of credit issued by the Company under the credit facility were \$0.1 million, which have expiration dates ranging from January 2024 to September 2024. As of December 31, 2023, cash collateral of \$0.1 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 consolidated balance sheets.

As of December 31, 2023, the Company has a future purchase commitment through December 31, 2024 of \$15.8 million for equipment that it plans to lease to customers in connection with digital dentistry solution offerings related to our Desktop Labs platform.

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18. INCOME TAXES

During the years ended December 31, 2023, 2022, and 2021, the Company recorded \$3.1 million, \$1.5 million and \$29.7 million, respectively, of income tax benefit, which was primarily driven by book losses and a partial release of the valuation allowance related to the deferred tax liabilities acquired on various acquisitions during 2021. For financial reporting purposes, loss before provision for income taxes, includes the following components (in thousands):

	Years Ended December 31,		
	2023	2022	2021
Domestic	\$ (262,779)	\$ (474,942)	\$ (252,343)
Foreign	(63,597)	(266,899)	(17,659)
Loss before income taxes	<u>\$ (326,376)</u>	<u>\$ (741,841)</u>	<u>\$ (270,002)</u>

The provision (benefit) for income taxes consists of the following (in thousands):

	Years Ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ (257)	\$ —	\$ (33)
Foreign	657	368	—
State	45	35	20
Total Current	<u>445</u>	<u>403</u>	<u>(13)</u>
Deferred:			
Federal	(892)	196	(23,378)
State	(148)	16	(5,494)
Foreign	(2,510)	(2,113)	(783)
Total Deferred	<u>(3,550)</u>	<u>(1,901)</u>	<u>(29,655)</u>
Benefit for income taxes	<u>\$ (3,105)</u>	<u>\$ (1,498)</u>	<u>\$ (29,668)</u>

A reconciliation of the expected income tax benefit computed using the federal statutory income tax rate to the Company's effective income tax rate for the years ended December 31, 2023, 2022 and 2021, is as follows:

	Years Ended December 31,		
	2023	2022	2021
Effective income tax rate:			
Expected income tax benefit at the federal statutory rate	21 %	21 %	21 %
State taxes	1 %	2 %	(2)%
Change in valuation allowance	(15)%	(9)%	(4)%
Goodwill impairment	(9)%	(15)%	— %
Research and development credit carryover	— %	— %	(1)%
Stock-based compensation expense	(1)%	(1)%	3 %
Warrant Expense	— %	— %	(5)%
Permanent differences	— %	— %	— %
Other	4 %	2 %	(1)%
Effective income tax rate	<u>1 %</u>	<u>(0)%</u>	<u>11 %</u>

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As of the years ended December 31, 2023 and 2022, deferred tax assets and liabilities consist of the following (in thousands):

	Years Ended December 31,	
	2023	2022
Deferred tax assets:		
Federal and state net operating carryforwards	\$ 181,666	\$ 185,842
Research and development and other credits	10,974	10,974
Start-up costs	11,548	11,854
Stock-based compensation	3,630	3,554
Capitalized research and development	53,702	20,793
Reserves and accruals	4,034	3,311
Deferred lease liability	11,456	7,581
Depreciation	140	—
Divisional foreign entity deferred	—	—
Other deferred tax assets	7,885	7,960
Total gross deferred tax asset	285,035	251,869
Valuation allowance	(244,400)	(195,309)
Net deferred tax asset	40,635	56,560
Deferred tax liabilities:		
Right-of-use asset	(11,159)	(7,234)
Intangible assets	(32,999)	(56,794)
Depreciation	—	(962)
Other	—	—
Total deferred tax liabilities	(44,158)	(64,990)
Net deferred tax liability	\$ (3,523)	\$ (8,430)

Realization of deferred tax assets is dependent upon the generation of future taxable income. As required by ASC 740 Income Taxes, the Company evaluated the positive and negative evidence bearing upon its ability to realize the deferred tax assets as of December 31, 2023. As a result of the fact that the Company has incurred tax losses from inception, the Company has determined that it was 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.

As a result of acquisitions in 2021, the Company recorded U.S. deferred tax liabilities in purchase accounting related to non-tax-deductible intangible assets recognized in the financial statements. The acquired deferred tax liabilities are a source of income to support recognition of the Company's existing deferred tax assets. Pursuant to ASC 805, the impact on a Company's existing deferred tax assets and liabilities caused by an acquisition should be recorded in the financial statements outside of acquisition accounting. Accordingly, in 2021 the Company recorded an income tax benefit of \$29.6 million for the decrease in the valuation allowance as a result of such purchase accounting considerations. The Company maintains a valuation allowance on other U.S. deferred tax assets; and on non-U.S. deferred tax assets in certain jurisdictions.

Changes in the valuation allowance for deferred tax assets during the years ended December 31, 2023 and 2022 were as follows (in thousands):

	Years Ended December 31,	
	2023	2022
Valuation allowance at beginning of the year	\$ 195,309	\$ 127,150
Increases recorded to income tax provision	52,420	68,159
Decreases recorded as a benefit to income tax provision	(3,329)	—
Valuation allowance at end of year	\$ 244,400	\$ 195,309

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As of the years ended December 31, 2023 and 2022, the Company had federal net operating loss carryforwards of \$700.0 and \$692.8 million, respectively, which may be available to reduce future taxable income. \$118.1 million of carryforwards generated in 2017 and prior expire at various dates through 2037. The \$581.9 million in carryforwards generated from 2018 forward do not expire. As of the years ended December 31, 2023 and 2022, the Company had State net operating loss carryforwards of \$420.8 million and \$387.7 million, respectively, which may be available to reduce future taxable income. These carryforwards expire at various dates through 2043. In addition, the Company had federal and state research and development tax credit carryforwards of \$10.9 million available to reduce future tax liabilities, which will expire at various dates through 2043.

The Company has foreign net operating loss carryforwards available to reduce taxable income in Germany, Japan, and Italy. As of the years ended December 31, 2023 and 2022, the Company had total foreign net operating loss carryforwards of \$23.4 million and \$35.4 million, respectively. In Germany, the Company has \$20.2 million of net operating loss carryforwards, which have an unlimited carryforward period and do not expire. The Company has smaller loss carryforwards in Italy and Japan.

Utilization of the Company's net operating loss ("NOL") carryforwards and research and development ("R&D") credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that have occurred previously or that could occur in the future in accordance with Section 382 of the Internal Revenue Code of 1986 ("Section 382") as well as similar state provisions. These ownership changes may limit the amount of NOL and R&D credit carryforwards that can be utilized annually to offset future taxable income and taxes, respectively. In general, an ownership change as defined by Section 382 results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50% over a three year period. During the year ended December 31, 2022, the Company has completed a study to assess whether a change of control has occurred or whether there have been multiple changes of control since inception. The study concluded that multiple changes of control did occur since inception and that the net operating loss carryforwards and research and development tax credit carryforwards are subject to an annual limitation under Section 382. As of December 31, 2023, \$434.7 million in federal carryforwards and \$5.9 million of federal R&D credit carryforwards are subject to limitation.

Beginning in 2022, the Tax Cuts and Jobs Act of 2017 ("TCJA") eliminated the option to deduct research and development expenditures in the current year and requires taxpayers to capitalize and amortize them over five or fifteen years pursuant to Internal Revenue Code Section 174. The capitalization of research and development resulted in a decrease to the Company's taxable loss however no tax benefit is recognized for the deferred tax asset established for these capitalized expenses due to the Company's valuation allowance position in the U.S.

The Company operates within multiple tax jurisdictions and could be subject to audit in those jurisdictions. Such audits can involve complex income tax issues, which may require an extended period of time to resolve and may cover multiple years. In management's opinion, adequate provisions for income taxes have been made for all years subject to audit.

In the U.S., the Company files income tax returns in the U.S. federal tax jurisdiction and various states. Since the Company is in a loss carryforward position, the Company is generally subject to examination by the U.S. federal, state and local income tax authorities for all tax years after 2019; and for 2019 and earlier years to the extent of the losses carried forward from such earlier years. The Company is currently not under examination by the Internal Revenue Service or any other jurisdiction for any tax years. The Company remains subject to non-U.S. income tax examinations in various jurisdictions for tax years 2018 through 2023.

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As of December 31, 2023, the Company has a liability of \$0.8 million for uncertain tax positions acquired in various acquisitions during 2021. None of these positions are expected to reverse within twelve months. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. At December 31, 2023, the Company had a balance in accrued interest and penalties related to uncertain tax positions of \$0.1 million. A reconciliation of the beginning and ending amount of unrecognized tax liabilities as of the years ended December 31, 2023 and 2022 is as follows (in thousands):

	Years Ended December 31,			
	2023		2022	
Unrecognized tax liability, beginning of year	\$	997	\$	997
Unrecognized tax liability acquired through purchase accounting		—		—
Decreases for tax positions taken related to a prior period		(221)		—
Unrecognized tax liability, end of year	\$	776	\$	997

The Company intends to permanently reinvest all earnings of its international subsidiaries in order to support the current and future capital needs of their operations in the foreign jurisdictions.

19. STOCKHOLDERS' EQUITY

The Company's authorized shares consisted 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 (the "Preferred Stock").

During 2015, the Company issued 34,010,977 shares of Common Stock to the initial founders and certain employees of the Company at a purchase price of \$0.0001 per share. These shares are fully vested.

Trine Warrants

In Trine's initial public offering, it sold units at a price of \$10.00 per unit, which consisted of one share of Common Stock, \$0.0001 par value, and one-half of a redeemable warrant (each, a "Public Warrant"). Each whole Public Warrant entitles the holder to purchase one share of Common Stock at a price of \$11.50 per share and became exercisable as of 30 days from the date of the Business Combination. Unless earlier redeemed, the Public Warrants will expire five years from the completion of the Business Combination. The Company may redeem the outstanding Public Warrants in whole and not in part at a price of \$0.01 per Public Warrant upon a minimum of 30 days' prior written notice of redemption, and only in the event that the last sale price of the Company's Common Stock is at least \$18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which notice of redemption is given. If the Company redeems the Public Warrants as described above, it will have the option to require all Public Warrant holders that wish to exercise to do so on a "cashless basis". On February 26, 2021, the Company delivered a notice to redeem all of its outstanding Public Warrants that remain unexercised at 5:00 p.m. New York City time on March 29, 2021. During 2021, Public Warrants for 14,840,589 shares of the Company's Common Stock were exercised for cash, resulting in the Company receiving net proceeds of \$170.7 million. On March 29, 2021, the 166,905 outstanding Public Warrants were redeemed by the Company for \$0.01 per Public Warrant. Effective March 29, 2021, all of the Public Warrants were exercised or redeemed.

The Warrant Agreement, dated as of March 14, 2019, by and between the Company and Continental Stock Transfer & Trust Company also obligated the Company to use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act of 1933, as amended (the "Securities Act"), of the issuance of the shares of Common Stock issuable upon exercise of the Public Warrants, and to cause the same to become effective and remain effective while the Public Warrants remain outstanding. On February 4, 2021, the Company's registration statement covering such shares became effective.

Simultaneously with the consummation of Trine's initial public offering, Trine Sponsor IH, LLC (the "Sponsor") purchased an aggregate of 8,503,000 warrants to purchase one share of Common Stock at an exercise price of \$11.50 (the "Private Placement Warrants") at a price of \$1.00 per warrant (\$8,503,000) in the aggregate in a private placement.

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The Private Placement Warrants are identical to the Public Warrants except that the Private Placement Warrants are not redeemable by Desktop Metal, and may be exercised for cash or on a cashless basis so long as they are held by the Sponsor or any of its permitted transferees. Additionally, pursuant to the terms of the amended and restated registration rights agreement entered in connection with the Business Combination, the Sponsor had the right to have the resale of the shares of Common Stock acquired upon exercise of the Private Placement Warrants registered under the Securities Act. On February 4, 2021, the Company's registration statement covering such shares became effective.

On February 24, 2020, Trine issued an unsecured promissory note (the "2020 Note") to the Sponsor. The 2020 Note bore no interest and was repayable in full upon consummation of the Business Combination. The Sponsor had the option to convert any unpaid balance of the 2020 Note into warrants equal to the principal amount of the 2020 Note so converted divided by \$1.00. Upon closing of the Business Combination, the 2020 Note was converted into a Private Placement Warrant for 1,500,000 shares of Common Stock, with an exercise price of \$11.50. The terms of these warrants are identical to the terms of the Private Placement Warrants. Pursuant to the terms of the amended and restated registration rights agreement entered in connection with the Business Combination, the Sponsor had the right to have the resale of the shares of Common Stock acquired upon exercise of such warrant registered under the Securities Act. On February 4, 2021, the Company's registration statement covering such shares became effective.

The Company's Private Placement Warrants were classified as liabilities, and were measured at fair value through earnings. During the year ended December 31, 2021, the Company recorded a \$56.6 million loss related to the change in fair value of the Private Placement Warrants, which were remeasured through the date of each exercise, calculated using the Black-Scholes warrant pricing model with the following assumptions:

	Year Ended December 31, 2021
Risk-free interest rate	0.4% – 0.6 %
Expected volatility	55.0 %
Expected life (in years)	4.8
Expected dividend yield	—
Fair value of Common Stock	\$ 19.82 – 30.49
Exercise price	\$ 11.50

All of the Private Placement Warrants were exercised on a cashless basis prior to March 2, 2021, and an aggregate of 5,850,346 shares of the Company's Common Stock were issued in connection with these exercises. Effective March 2, 2021, all Private Placement Warrants were exercised.

20. STOCK-BASED COMPENSATION

The 2020 Incentive Award 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. As of December 31, 2023, the number of shares available for future issuance is 28,210,509 under the 2020 Plan. 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, 2024, 16,263,584 shares were added as available for issuance to the 2020 Plan.

Stock Options

The Company grants stock options at exercise prices deemed by the Board of Directors to be equal to the fair value of the Common Stock at the time of grant. The fair value of Common Stock has been determined by the Board of Directors of the Company at each stock option measurement date based on a variety of different factors, including the results obtained from independent third-party appraisals, the Company's consolidated financial position and historical financial performance, the status of technological

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development within the Company, the composition and ability of the current engineering and management team, an evaluation and benchmark of the Company's competition, the current climate in the marketplace, the illiquid nature of the Common Stock, arm's-length sales of the Company's capital stock, and the prospects of a liquidity event, among others.

During the years ended December 31, 2023, 2022 and 2021, the Company did not grant any options to purchase shares of Common Stock to employees or non-employees.

The option activity of the Plans for the year ended December 31, 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
Granted	—	\$ —		—
Exercised	(1,006)	\$ 1.20		941
Forfeited/expired	(1,253)	\$ 2.32		36
Outstanding as of December 31, 2023	6,164	\$ 1.83	4.97	140
Options vested as of December 31, 2023	5,793	\$ 1.85	4.87	140
Options vested or expected to vest as of December 31, 2023	6,162	\$ 1.83	4.97	140

There were no options granted in 2023 and 2022; therefore, no weighted-average grant date fair value for the years ended December 31, 2023 and 2022. The weighted-average grant-date fair value for options granted during the years ended December 31, 2021 was approximately 5.24. The aggregate intrinsic value of options exercised during the years ended December 31, 2023, 2022, and 2021 was \$0.9 million, \$4.7 million, and \$57.2 million, respectively.

The total stock-based compensation expense related to stock options during the years ended December 31, 2023, 2022 and 2021 was \$1.4 million, \$2.8 million, and \$6.9 million, respectively. Total unrecognized stock-based compensation expense related to unvested stock options as of December 31, 2023 aggregated \$0.7 million and is expected to be recognized over a weighted-average period of 0.6 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 of December 31, 2023, no unrecognized compensation cost remains.

Assumed Stock Options

In connection with the acquisition of ExOne, the Company assumed 86,020 unvested stock options which are considered post-combination expense and were valued using the Black-Scholes option-pricing model with the following assumptions:

	As of November 12, 2021
Risk-free interest rate	0.5% – 0.8 %
Expected volatility	57.2% – 59.4 %
Expected life (in years)	1.0 – 2.8
Expected dividend yield	—
Fair value of Common Stock	\$ 8.61

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The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of the related stock options. The expected life of stock options was calculated using the average of the contractual term of the option and the weighted-average vesting period of the option, as the Company does not have sufficient history to use an alternative method to the simplified method to calculate an expected life for employees. The Company has not paid a dividend and is not expected to pay a dividend in the foreseeable future. Expected volatility for the Common Stock was determined based on an average of the historical volatility of a peer group of similar public companies.

Restricted Stock Awards

In connection with acquisitions, the Company has granted 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 under the Plans for the year ended December 31, 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
Cancelled/Forfeited	—	\$ 8.78
Vested	(96)	\$ 8.78
Balance of unvested shares as of December 31, 2023	6	\$ 8.78

The total stock-based compensation expense related to RSAs during the years ended December 31, 2023, 2022 and 2021 was \$0.8 million, \$1.0 million, and \$3.1 million, respectively. As of December 31, 2023, the total unrecognized stock-based compensation expense related to unvested RSAs aggregated \$- million, and is expected to be recognized over a weighted-average period of 0.1 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 year ended December 31, 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	10,800	\$ 1.76
Vested	(5,803)	\$ 4.94
Cancelled/Forfeited	(4,087)	\$ 4.05
Balance of unvested shares as of December 31, 2023	23,055	\$ 2.84

The total stock-based compensation expense related to RSUs during the years ended December 31, 2023, 2022 and 2021 was \$31.0 million, \$45.0 million, and \$18.8 million, respectively. Total unrecognized compensation costs related to unvested RSUs as of December 31, 2023 was approximately \$48.0 million and is expected to be recognized over a weighted-average period of 2.2 years.

Restricted stock units include awards that vest subject to certain performance and market-based criteria.

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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 year 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, no performance-based RSUs vested and 400,000 performance-based RSUs were forfeited due to employee termination. As of December 31, 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, 2023 and 2022. During the year ended December 31, 2023, 124,300 performance-based RSUs were forfeited. As of December 31, 2023, no 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.

The Company used a Monte Carlo simulation model to estimate the grant-date fair value of the restricted stock units granted in October 2021. The fair value is recorded as stock compensation expense in the consolidated statements of operations over the period from the date of grant to October 2026 regardless of the actual outcome achieved.

The table below sets forth the assumptions used to value the market-based awards and the estimated grant-date fair value:

	October 2021 Awards
Risk-free interest rate	1.3 %
Expected dividend yield	— %
Remaining performance period (in years)	7.0
Expected volatility	55.0 %
Estimated grant date fair value (per share)	\$ 0.98 – 4.95
Target performance (number of shares)	9,070,269

During the year ended December 31, 2021, one of the executive officers resigned from the Company, forfeiting his market-based award. 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 years ended December 31, 2023 and 2022. As of December 31, 2023, 6,802,702 market-based restricted share units remain outstanding.

Liability-Classified Share-Based Arrangement

During the year ended December 31, 2021, the Compensation Committee of the Company's Board of Directors provided performance goals and achievement criteria to certain key employees. If these performance criteria are met, the Company has committed to issue RSU grants with a target fair value of \$8.5 million on the future grant date. The awards will vest upon prescribed service milestones of the employee subsequent to the achievement of the specified performance criteria. During the year ended December 31, 2022, the designated employees terminated employment and the liability-classified awards were forfeited. As of December 31, 2023, there is no fair value associated with these awards. The liability-classified awards have been excluded from the potentially dilutive securities table.

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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 December 31, 2023, the Company has accrued \$2.0 million associated with these awards, which is recorded in accrued expenses and other current liabilities in the 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 consolidated statements of operations as follows (in thousands):

	Years Ended December 31,		
	2023	2022	2021
Research and development ⁽¹⁾	\$ 14,877	\$ 24,394	\$ 11,446
General and administrative expense	13,486	16,748	10,939
Sales and marketing expense	2,552	5,386	4,593
Cost of sales	2,262	2,257	1,800
Total stock-based compensation expense	<u>\$ 33,177</u>	<u>\$ 48,785</u>	<u>\$ 28,778</u>

⁽¹⁾ Includes \$7.3 million of stock-based compensation expense during the year ended December 31, 2022, incurred in connection with the 2022 Initiative described in *Note 24. Restructuring Charges*.

During the year ended December 31, 2023, the Company recognized \$2.0 million of stock-based compensation expense associated with liability-classified awards related to the 2023 Bonus Program. During the year ended December 31, 2022, the Company recognized \$0.8 million of stock-based compensation expense associated with liability-classified awards related to the 2022 Bonus Program.

There were 28,210,509 shares available for award under the 2020 Plan as of December 31, 2023.

21. RELATED PARTY TRANSACTIONS

As a result of the acquisition of EnvisionTEC, the Company entered into certain agreements with entities affiliated with Mr. El Siblani, who served as a director and executive officer of the Company until his resignation November 5, 2021. As of December 31, 2021, the Company recorded \$0.5 million of right of use asset and \$0.6 million of lease liability related to leases with Mr. El Siblani. During the year ended December 31, 2021, the Company paid \$0.4 million of lease expense related to these leases. Additionally, during the year ended December 31, 2021, the Company paid \$0.3 million of service expense to entities owned by Mr. El Siblani.

As a result of other acquisitions, the Company assumed lease agreements with related parties for facilities located across the United States which extend through 2029. As of December 31, 2023, the Company recorded \$3.8 million of right of use asset and

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lease liabilities associated with these leases. As of December 31, 2022, the Company recorded \$4.9 million of right of use asset and lease liabilities associated with these leases. During the years ended December 31, 2023, and 2022, the Company paid lease expense of \$0.8 million and \$0.8 million to the related parties, respectively. As of December 31, 2023, 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 years ended December 31, 2023 and 2022, the Company recognized \$1.3 million and \$1.5 million of revenue, respectively. As of December 31, 2023, the Company has an account receivable balance of \$0.2 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 year ended December 31, 2023, the Company recognized \$0.5 million of revenue from Bloom Energy. As of December 31, 2023, the Company has an immaterial account receivable balance 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 during the year ended December 31, 2023

	Americas	EMEA	APAC	Total
Products	\$ 107,000	\$ 47,015	\$ 14,076	\$ 168,091
Services	12,769	7,380	1,458	21,607
Total	<u>\$ 119,769</u>	<u>\$ 54,395</u>	<u>\$ 15,534</u>	<u>\$ 189,698</u>

Revenue during the year ended December 31, 2022

	Americas	EMEA	APAC	Total
Products	\$ 124,778	\$ 48,981	\$ 16,489	\$ 190,248
Services	11,324	6,159	1,292	18,775
Total	<u>\$ 136,102</u>	<u>\$ 55,140</u>	<u>\$ 17,781</u>	<u>\$ 209,023</u>

Revenue during the year ended December 31, 2021

	Americas	EMEA	APAC	Total
Products	\$ 71,875	\$ 22,404	\$ 11,715	\$ 105,994
Services	4,087	1,693	634	6,414
Total	<u>\$ 75,962</u>	<u>\$ 24,097</u>	<u>\$ 12,349</u>	<u>\$ 112,408</u>

During the years ended December 31, 2023, 2022 and 2021, 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):

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	Years Ended December 31,		
	2023	2022	2021
Revenue recognized at a point in time	\$ 168,091	\$ 190,248	\$ 105,994
Revenue recognized over time	21,607	18,775	6,414
Total	<u>\$ 189,698</u>	<u>\$ 209,023</u>	<u>\$ 112,408</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):

	Years Ended December 31,	
	2023	2022
Americas	\$ 46,390	\$ 56,145
EMEA	13,320	16,399
APAC	5,853	5,874
Total long-lived assets	<u>\$ 65,563</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)	Years Ended December 31,		
	2023	2022	2021
Numerator for basic and diluted net loss per share:			
Net loss	\$ (323,271)	\$ (740,343)	\$ (240,334)
Denominator for basic and diluted net loss per share:			
Weighted-average shares	322,196	314,817	260,770
Net loss per share—Basic and Diluted	<u>\$ (1.00)</u>	<u>\$ (2.35)</u>	<u>\$ (0.92)</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 December 31, 2023, 2022, and 2021, from the computation of diluted net loss per share attributable to common stockholders because including them would have an anti-dilutive effect (in thousands):

	Years Ended December 31,		
	2023	2022	2021
Common Stock options outstanding	6,164	8,423	13,249
Unvested restricted stock units outstanding	23,055	22,145	16,395
Unvested restricted stock awards outstanding	6	102	264
6.0% Convertible Senior Notes due 2027	86,466	86,466	—
Total shares	<u>115,691</u>	<u>117,136</u>	<u>29,908</u>

24. RESTRUCTURING CHARGES

In June 2022, the Board of Directors approved a strategic integration and cost optimization initiative (the "2022 Initiative") that includes a global workforce reduction, facilities consolidation, and other operational savings measures. As part of the facilities consolidation, the Company approved plans to sell two facilities and relocate operations from those locations to existing facilities. The

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purpose of the 2022 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 actions to continue and expand the 2022 Initiative, resulting in an estimated \$19.6 million to \$26.0 million of total restructuring costs. These additional actions included closing and consolidating select locations in the United States and Canada and reducing the Company's 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.

On January 22, 2024, the Company committed to a strategic integration and cost optimization initiative (the "2024 Initiative") that includes a global workforce reduction of approximately 20%, facilities consolidation, product rationalization and other operational savings measures. The Company has commenced workforce reductions in the United States and is reviewing workforce changes in other countries, the timing of which will vary according to local regulatory requirements. As a result of the 2024 Initiative, the Company anticipates at least \$50 million of aggregate cost savings resulting in sequential cost reductions across the first half of 2024.

During the year ended December 31, 2023, the Company recorded the following activity in accrued expenses and other current liabilities in the consolidated balance sheet (in thousands):

	Year Ended December 31,	
	2023	2022
Accrued expenses, beginning of period	\$ 1,095	\$ —
Restructuring charges	37,488	14,270
Cash payments	(3,304)	(2,829)
Stock-based compensation	-	(7,312)
Inventory write-off	(28,966)	(3,085)
Restructuring accrual estimate adjustment	-	51
Accrued expenses, end of period	<u>\$ 6,313</u>	<u>\$ 1,095</u>

During the year ended December 31, 2023, the Company recorded restructuring charges of \$37.5 million 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):

	Year Ended December 31, 2023	Year Ended December 31, 2022
Cost of goods sold	\$ 30,205	\$ 3,273
Research and development ⁽¹⁾	5,700	8,485
Sales and marketing	874	1,131
General and administrative	709	998
Interest and other (expense) income, net	—	383
Total restructuring charges	<u>\$ 37,488</u>	<u>\$ 14,270</u>

⁽¹⁾ Includes \$7.3 million of stock-based compensation expense incurred in connection with the 2022 Initiative for the year ended December 31, 2022.

DESKTOP METAL, INC.
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25. SUBSEQUENT EVENTS

On February 14, 2024, the Company entered into an Open Market Sale Agreement with Cantor Fitzgerald & Co. pursuant to which the Company may from time to time sell, through ATM offerings, common shares that would have an aggregate offering price of up to \$75.0 million.

On March 14, 2024, following a comprehensive review of the Company's operating plan, the Board of Directors approved an additional cost reduction plan that includes a review of strategic alternatives for the Company's industrial photopolymer business and a review of other potential cost saving actions. The Company is exploring alternatives for the industrial photopolymer business, which may include divestitures, curtailment of investment or winding down of the business. The Company will disclose the related costs and charges when they are estimable.



Desktop Metal, Inc.

NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This Agreement is made between Desktop Metal, Inc., a Delaware corporation (hereinafter referred to as the “Company”), and **FULL NAME** (the “Employee”).

For good consideration and in consideration of the employment or continued at-will employment of the Employee by the Company, the Employee and the Company agree as follows:

1. Non-Competition.

(a) While the Employee is employed by the Company (regardless of any changes occurring after the date hereof to the job title or working conditions applicable to the Employee) and for a period of one year after the termination or cessation of such employment, the Employee will not directly or indirectly engage or assist others in engaging in any business or enterprise (whether as owner, partner, officer, director, employee, consultant, investor, lender or otherwise, except as the holder of not more than 1% of the outstanding stock of a publicly-held company) that is competitive with the Company’s business, including but not limited to any business or enterprise that develops, manufactures, markets, licenses, sells or provides any product or service that competes with any product or service developed, manufactured, marketed, licensed, sold or provided, or planned to be developed, manufactured, marketed, licensed, sold or provided, by the Company while the Employee was employed by the Company, and in the geographic areas in which the employee, during any time within the last 2 years of employment, provided services or had a material presence or influence;

(b) The non-competition restrictions contained in this section shall be effective in the event the Employee’s employment terminates for any reason, with the exception that these restrictions shall not be effective if the Employee is terminated by the Company without cause of laid off. “Cause” means Employee’s violation of a Company policy or rule; Employee’s breach, attempted breach, or violation of this Agreement; Employee’s failure to perform job duties and responsibilities to the satisfaction of the Company; grounds for termination reasonably related, in the Company’s honest judgment, to the needs of its business; Employee’s arrest for, conviction of, or plea of guilty, nolo contendere, or no contest to any felony or to a misdemeanor involving moral turpitude, deceit, dishonesty, or fraud; Employee’s dishonest statements or acts with respect to or affecting the Company; Employee’s gross negligence, willful misconduct, or insubordination; or other conduct by Employee that could be harmful to the business, interests, or reputation of the Company.

(c) During the one-year non-competition period, the Company shall pay to the Employee a payment, consistent with the payment of wages under Massachusetts General Laws c. 148, § 149, on a pro-rata basis, of fifty percent (50%) of the Employee’s highest annualized base salary paid by the Employer within the two years preceding the Employee’s termination of employment (“Non-Compete Payment”). The Non-Compete

Payment shall be made in four equal installments, with each installment equivalent to twenty-five percent (25%) of the total Non-Compete Payment: the first payment shall be made on or before the 3-month anniversary of Employee's termination; the second payment shall be made on or before the 6-month anniversary of Employee's termination; the third payment shall be made on or before the 9-month anniversary of Employee's termination; and the fourth payment shall be made on or before the 12-month anniversary of Employee's termination. Employee acknowledges and agrees that the Non-Compete Payment and payment schedule is mutually-agreed upon consideration sufficient to support the restrictions set forth in Section 1(a). The Non-Compete Payment obligation shall become effective upon termination of the Employee's employment. The Company shall not be required to make the Non-Compete Payment and may unilaterally discontinue the Non-Compete Payment if (i) the non-competition restrictions set forth in Section 1(a) are ineffective because the Employee is laid off or terminated without Cause; (ii) the Company, pursuant to Section 1(d), waives the non-competition restrictions set forth in this Section 1(a); or (iii) the Employee breaches his or her obligations in Section 1(a). In the event of the Employee's breach of the obligations in Section 1(a), the Company may unilaterally discontinue or refuse to make the Non-Compete Payment, in addition to and without limiting any other available rights and remedies the Company has, in law or equity, in connection with the Employee's breach of this Agreement. Additionally, if Company determines, in its sole and absolute discretion, that Employee violated the obligations in Section 1(a), the Company may recover from the Employee any and all of the Non-Compete Payment that was made to the Employee.

(d) The Company may unilaterally waive the non-competition restrictions set forth in this section of this Agreement at any time, in its sole discretion, in a writing signed by the General Counsel or Director of Human Resources, with or without any advance notice to the Employee. Upon waiver by the Company, the Company's obligation to make the Non-Compete Payment described in Section 1(c) shall terminate and shall not be due or payable to the Employee.

2. Non-Solicitation. While the Employee is employed by the Company (regardless of any changes occurring after the date hereof to the job title or working conditions applicable to the Employee) and for a period of one year after the termination or cessation of such employment for any reason, the Employee will not directly or indirectly:

(a) Either alone or in association with others, solicit, transact business with, accept business from, divert or take away, or attempt to divert or take away, the business or patronage of any of the clients, customers, or business partners of the Company which were contacted, solicited, or served by the Company during the 12-month period prior to the termination or cessation of the Employee's employment with the Company, for the purpose of providing or obtaining any product or service reasonably deemed competitive with any product or service then offered by the Company; or

(b) Either alone or in association with others (i) solicit, induce or attempt to induce, any employee or independent contractor of the Company to terminate his or her

employment or other engagement with the Company, or (ii) hire, or recruit or attempt to hire, or engage or attempt to engage as an independent contractor, any person who was employed or otherwise engaged by the Company at any time during the term of the Employee's employment with the Company; provided, that this clause (ii) shall not apply to the recruitment or hiring or other engagement of any individual whose employment or other engagement with the Company has been terminated for a period of six months or longer.

3. Extension. If the Employee violates the provisions of any of the preceding paragraphs of this Sections 1 or 2, the Employee shall continue to be bound by the restrictions set forth in Sections 1 and 2 until a period of two (2) years after the termination or cessation of employment.

4. Cooperation. During the Employee's employment and for a period of two (2) years following the termination or cessation of the Employee's employment, the Employee will respond truthfully, completely, and in a timely manner to requests from the Company for information concerning the Employee's prospective or new employer, the Employee's prospective or new duties and responsibilities in any new job, the Employee's compliance with his or her post-employment obligations to the Company (including, but not limited to, obligations under this Agreement), and any steps the Employee's prospective or new employer intends to take to ensure the Employee's compliance with the terms of this Agreement.

5. Equitable Remedies. The restrictions contained in this Agreement are necessary for the protection of the trade secrets, confidential information, and goodwill of the Company and are considered by the Employee to be reasonable for such purpose. The Employee agrees that any breach of this Agreement is likely to cause the Company substantial and irrevocable damage which is difficult to measure. Therefore, in the event of any such breach or threatened breach, the Employee agrees that the Company, in addition to such other remedies which may be available, shall be entitled to obtain an injunction from a court restraining such a breach or threatened breach and ordering specific performance of the provisions of this Agreement, and the Employee hereby waives the adequacy of a remedy at law as a defense to such relief. Employee further agrees that Company may recover its attorneys' fees if it successfully enforces this Agreement.

6. Obligations to Third Parties. The Employee acknowledges and represents that this agreement and the Employee's employment with the Company will not violate any continuing obligation the Employee has to any former employer or other third party.

7. Disclosure of this Agreement. The Employee hereby authorizes the Company to notify others, including but not limited to customers of the Company and any of the Employee's future employers or prospective business associates, of the terms and existence of this Agreement and the Employee's continuing obligations to the Company hereunder. If the Employee's employment terminates for any reason, the Employee agrees to provide a copy of this Agreement to any subsequent employer or potential employer of Employee.

8. Employment At-Will. The Employee acknowledges that this Agreement does not constitute a contract of employment, does not imply that the Company will continue his or her employment for any period of time and does not change the at-will nature of his or her employment.
9. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to the Company's assets or business, provided, however, that the obligations of the Employee are personal and shall not be assigned by him or her. The Employee expressly consents to be bound by the provisions of this Agreement for the benefit of the Company or any subsidiary or affiliate thereof to whose employ the Employee may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.
10. Interpretation/Reformation. If any restriction set forth in Sections 1 or 2 is found by any court of competent jurisdiction to be unenforceable, it shall be interpreted to extend only over the maximum extent to which it may be enforceable by law, and such court is requested to so reform or otherwise revise this Agreement.
11. Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
12. Waivers. No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.
13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Massachusetts (without reference to the conflicts of laws provisions thereof). Any action, suit, or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of Massachusetts (or, if appropriate, a federal court located within the State of Massachusetts and the Company and the Employee each consents to the jurisdiction of such a court. The Company and the Employee each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Agreement.
14. Entire Agreement; Amendment. This Agreement supersedes all prior agreements, written or oral, between the Employee and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by the Employee and the Company. The Employee agrees that any change or changes in the Employee's duties, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

15. Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

16. Consultation with Counsel; Time to Consider. The Employee has the right to consult with counsel prior to signing this Agreement. The Employee agrees and acknowledges that the Company provided this Agreement to employer on the earlier of the date of the formal offer of employment or ten business days before starting employment.

THE EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT, THAT EMPLOYEE HAS HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL ABOUT THIS AGREEMENT, THAT EMPLOYEE ENTERS INTO THIS AGREEMENT FREELY AND VOLUNTARILY, AND THAT EMPLOYEE UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

IN WITNESS WHEREOF, this Agreement is executed as a sealed instrument by the parties as of the date set forth below.

DESKTOP METAL, INC.

Date: _____

By: _____

Name: _____

Title: _____

FULL NAME

Date: _____

(Signature)

Address: _____

Subsidiaries	Jurisdiction of Incorporation
Desktop Metal Operating, Inc.	Delaware
Desktop Metal Securities Corporation	Massachusetts
addLEAP AB	Sweden
Figur Machine Tools LLC	New Jersey
EnvisionTEC US LLC	Delaware
Envisiontec GmbH	Germany
EnvisionTec Group Canada, Inc.	Canada
Adaptive3D LLC	Delaware
Adaptive 3D Technologies, LLC	Texas
Syzygy Memory Plastics Corporation	Delaware
Beacon Bio, Inc.	Delaware
DM Belgium B.V.	Belgium
Dental Arts Laboratories, Inc.	Illinois
A.I.D.R.O. Srl	Italy
Meta Additive Ltd.	United Kingdom
Larry Brewer Dental Lab, Inc.	Oklahoma
Brewer Tafla Dental Technologies, LLC	Oklahoma
May Dental Arts, LLC	Missouri
ExOne Americas, LLC	Delaware
ExOne Operating, LLC	Delaware
ExOne GmbH	Germany
ExOne KK	Japan
Desktop Labs, Inc.	Delaware
Desktop Metal Taiwan Branch Office	Taiwan

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-277056 on Form S-3 of our reports dated March 15, 2024, relating to the financial statements of Desktop Metal, Inc. and the effectiveness of Desktop Metal, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

March 15, 2024

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 Annual Report on Form 10-K of Desktop Metal, Inc. for the year ended December 31, 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: March 15, 2024

/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 Annual Report on Form 10-K of Desktop Metal, Inc. for the year ended December 31, 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: March 15, 2024

/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 Annual Report of Desktop Metal, Inc. (the “Company”) on Form 10-K for the year ended December 31, 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.

March 15, 2024	<u>/s/ Ric Fulop</u> Ric Fulop	Chief Executive Officer (Principal Executive Officer)
March 15, 2024	<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.

DESKTOP METAL, INC.

POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Desktop Metal, Inc. (the “*Company*”) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the “*Policy*”), effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers of the Company. Each Officer shall be required to sign an Acknowledgment Agreement pursuant to which such Officer will agree to be bound by the terms of, and comply with, this Policy; however, any Officer’s failure to sign any such Acknowledgment Agreement shall not negate the application of this Policy to the Officer.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this

Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board of Directors of the Company (the “**Board**”) may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the “Committee” shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Liability

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person’s potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan,

equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “**Other Recovery Arrangements**”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

“**Applicable Rules**” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“**Committee**” means the Compensation Committee of the Board, provided that, for purposes of determining whether recovery of Incentive-Based Compensation that is Erroneously Awarded Compensation would be Impracticable, “Committee” shall mean the committee of the Board responsible for executive compensation decisions comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee, a majority of the independent directors serving on the Board.

“**Erroneously Awarded Compensation**” means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Financial Reporting Measure**” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements,

and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total equityholder return.

“GAAP” means United States generally accepted accounting principles.

“IFRS” means international financial reporting standards as adopted by the International Accounting Standards Board.

“Impracticable” means (a) the direct expenses paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company’s home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“Incentive-Based Compensation” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after such person began service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the Company has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“Officer” means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“Restatement” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“Three-Year Period” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

**ACKNOWLEDGMENT AND CONSENT TO
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION**

The undersigned has received a copy of the Policy for Recovery of Erroneously Awarded Compensation (the “Policy”) adopted by Desktop Metal, Inc. (the “Company”).

For good and valuable consideration, the receipt of which is acknowledged, the undersigned agrees to the terms of the Policy and agrees that compensation received by the undersigned may be subject to reduction, cancellation, forfeiture and/or recoupment to the extent necessary to comply with the Policy, notwithstanding any other agreement to the contrary. The undersigned further acknowledges and agrees that the undersigned is not entitled to indemnification in connection with any enforcement of the Policy and expressly waives any rights to such indemnification under the Company’s organizational documents or otherwise.

Date

Signature

Name

Title