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

## FORM 10-Q

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

**For the quarterly period ended June 30, 2024**

**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**<br>(State of Other Jurisdiction of incorporation or Organization) | **83-2044042**<br>(I.R.S. Employer Identification No.) |
| **63 3rd Avenue, Burlington, MA**<br>(Address of principal executive offices) | **01803**<br>(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 | Trading Symbol(s) | Name Of Each Exchange On Which Registered |
|---|---|---|
| **Class A Common Stock, $0.0001 Par Value per Share** | **DM** | **New York Stock Exchange** |

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

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

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

| | | |
|---|---|---|
| Large accelerated filer ☐ | Accelerated filer ☒ | |
| Non-accelerated filer ☐ | Smaller reporting company ☐ | Emerging growth company ☐ |

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

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

As of July 25, 2024, there were 33,233,606 shares of the registrant's Class A common stock outstanding.

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 45,855 | $ 83,845 |
| Current portion of restricted cash | 215 | 233 |
| Short-term investments | 177 | 625 |
| Accounts receivable | 29,507 | 37,690 |
| Inventory | 84,005 | 82,639 |
| Prepaid expenses and other current assets | 10,096 | 11,105 |
| Total current assets | 169,855 | 216,137 |
| Restricted cash, net of current portion | 612 | 612 |
| Property and equipment, net | 26,351 | 35,840 |
| Intangible assets, net | 80,390 | 168,259 |
| Other noncurrent assets | 29,284 | 37,153 |
| **Total Assets** | $ 306,492 | $ 458,001 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 18,089 | $ 18,190 |
| Customer deposits | 4,630 | 5,356 |
| Current portion of lease liability | 7,756 | 7,404 |
| Accrued expenses and other current liabilities | 24,891 | 27,085 |
| Current portion of deferred revenue | 9,860 | 11,739 |
| Current portion of long-term debt, net of deferred financing costs | 225 | 330 |
| Total current liabilities | 65,451 | 70,104 |
| Long-term debt, net of current portion | 29 | 89 |
| Convertible notes | 112,930 | 112,565 |
| Lease liability, net of current portion | 20,522 | 23,566 |
| Deferred revenue, net of current portion | 1,842 | 3,696 |
| Deferred tax liability | 3,138 | 3,523 |
| Other noncurrent liabilities | 2,739 | 2,806 |
| Total liabilities | 206,651 | 216,349 |
| **Commitments and Contingencies (Note 17)** | | |
| **Stockholders' Equity** | | |
| Preferred Stock, $0.0001 par value—authorized, 50,000,000 shares; no shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively | — | — |
| Common Stock, $0.0001 par value—500,000,000 shares authorized; 33,196,705 and 32,527,742 shares issued at June 30, 2024 and December 31, 2023, respectively, 33,196,705 and 32,527,167 shares outstanding at June 30, 2024 and December 31, 2023, respectively | 4 | 4 |
| Additional paid-in capital | 1,923,978 | 1,908,533 |
| Accumulated deficit | (1,787,763) | (1,632,225) |
| Accumulated other comprehensive loss | (36,378) | (34,660) |
| **Total Stockholders' Equity** | 99,841 | 241,652 |
| **Total Liabilities and Stockholders' Equity** | $ 306,492 | $ 458,001 |

See notes to condensed consolidated financial statements

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Revenues** | | | | |
| Products | $ 31,411 | $ 47,398 | $ 67,042 | $ 84,095 |
| Services | 7,521 | 5,888 | 12,490 | 10,507 |
| Total revenues | 38,932 | 53,286 | 79,532 | 94,602 |
| **Cost of sales** | | | | |
| Products | 67,209 | 43,224 | 106,228 | 82,115 |
| Services | 3,912 | 3,973 | 7,699 | 7,762 |
| Total cost of sales | 71,121 | 47,197 | 113,927 | 89,877 |
| Gross profit (loss) | (32,189) | 6,089 | (34,395) | 4,725 |
| **Operating expenses** | | | | |
| Research and development | 17,143 | 21,223 | 36,956 | 44,367 |
| Sales and marketing | 25,802 | 10,440 | 36,955 | 20,047 |
| General and administrative | 26,193 | 22,944 | 42,410 | 41,145 |
| Total operating expenses | 69,138 | 54,607 | 116,321 | 105,559 |
| **Loss from operations** | (101,327) | (48,518) | (150,716) | (100,834) |
| Interest expense | (1,690) | (1,109) | (3,181) | (1,920) |
| Interest and other expense, net | (78) | (78) | (1,494) | (149) |
| **Loss before income taxes** | (103,095) | (49,705) | (155,391) | (102,903) |
| Income tax benefit (expense) | (345) | $ (23) | $ (147) | $ 534 |
| **Net loss** | $ (103,440) | $ (49,728) | $ (155,538) | $ (102,369) |
| Net loss per share—basic and diluted | (3.13) | (1.55) | (4.73) | (3.20) |
| Weighted average shares outstanding, basic and diluted | 33,085,262 | 32,165,582 | 32,898,836 | 32,038,281 |

See notes to condensed consolidated financial statements.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Net loss | $ (103,440) | $ (49,728) | $ (155,538) | $ (102,369) |
| Other comprehensive loss, net of taxes: | | | | |
| Unrealized gain (loss) on available-for-sale marketable securities, net | — | 148 | (451) | 337 |
| Foreign currency translation adjustment | (500) | (1,316) | (1,267) | 233 |
| Total comprehensive loss, net of taxes of $0 | $ (103,940) | $ (50,896) | $ (157,256) | $ (101,799) |

See notes to condensed consolidated financial statements.

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

| | Three Months Ended June 30, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock Voting | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive (Loss) Income | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| BALANCE— April 1, 2024 | 32,970,519 | $ 4 | $ 1,917,535 | $ (1,684,323) | $ (35,878) | $ 197,338 |
| Fractional shares redeemed for cash in lieu of reverse stock split | (1,338) | — | (7) | — | — | (7) |
| Vesting of restricted stock units | 234,110 | — | — | — | — | — |
| Repurchase of shares for employee tax withholdings | (6,586) | — | (47) | — | — | (47) |
| Stock-based compensation expense | — | — | 6,497 | — | — | 6,497 |
| Net loss | — | — | — | (103,440) | — | (103,440) |
| Other comprehensive loss | — | — | — | — | (500) | (500) |
| BALANCE—June 30, 2024 | 33,196,705 | $ 4 | $ 1,923,978 | $ (1,787,763) | $ (36,378) | $ 99,841 |

| | Six Months Ended June 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock Voting | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive (Loss) Income | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| BALANCE—January 1, 2024 | 32,527,167 | $ 4 | $ 1,908,533 | $ (1,632,225) | $ (34,660) | $ 241,652 |
| Fractional shares redeemed for cash in lieu of reverse stock split | (1,338) | — | (7) | — | — | (7) |
| Vesting of restricted Common Stock | 574 | — | — | — | — | — |
| Vesting of restricted stock units | 730,477 | — | — | — | — | — |
| Repurchase of shares for employee tax withholdings | (60,175) | — | (375) | — | — | (375) |
| Issuance of common stock related to share-based liability awards | — | — | 1,997 | — | — | 1,997 |
| Stock-based compensation expense | — | — | 13,830 | — | — | 13,830 |
| Net loss | — | — | — | (155,538) | — | (155,538) |
| Other comprehensive loss | — | — | — | — | (1,718) | (1,718) |
| BALANCE—June 30, 2024 | 33,196,705 | $ 4 | $ 1,923,978 | $ (1,787,763) | $ (36,378) | $ 99,841 |

| | Three Months Ended June 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock Voting | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive (Loss) Income | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| BALANCE—April 1, 2023 | 32,040,139 | $ 3 | $ 1,883,793 | $ (1,361,595) | $ (36,630) | $ 485,571 |
| Exercise of Common Stock options | 47,223 | — | 560 | — | — | 560 |
| Vesting of restricted Common Stock | 5,021 | — | — | — | — | — |
| Vesting of restricted stock units | 126,662 | — | — | — | — | — |
| Repurchase of shares for employee tax withholdings | (505) | — | (11) | — | — | (11) |
| Issuance of Common Stock related to settlement of contingent consideration | 44,479 | — | 797 | — | — | 797 |
| Stock-based compensation expense | — | — | 8,438 | — | — | 8,438 |
| Net loss | — | — | — | (49,728) | — | (49,728) |
| Other comprehensive income (loss) | — | — | — | — | (1,168) | (1,168) |
| BALANCE—June 30, 2023 | 32,263,019 | $ 3 | $ 1,893,577 | $ (1,411,323) | $ (37,798) | $ 444,459 |

| | Six Months Ended June 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock Voting | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive (Loss) Income | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| BALANCE—January 1, 2023 | 31,813,343 | $ 3 | $ 1,874,821 | $ (1,308,954) | $ (38,368) | $ 527,502 |
| Exercise of Common Stock options | 96,811 | — | 1,157 | — | — | 1,157 |
| Vesting of restricted Common Stock | 7,559 | — | — | — | — | — |
| Vesting of restricted stock units | 307,504 | — | — | — | — | — |
| Repurchase of shares for employee tax withholdings | (6,677) | — | (109) | — | — | (109) |
| Issuance of Common Stock related to settlement of contingent consideration | 44,479 | | 797 | | | 797 |
| Stock-based compensation expense | — | — | 16,911 | — | — | 16,911 |
| Net loss | — | — | — | (102,369) | — | (102,369) |
| Other comprehensive income (loss) | — | — | — | — | 570 | 570 |
| BALANCE—June 30, 2023 | 32,263,019 | $ 3 | $ 1,893,577 | $ (1,411,323) | $ (37,798) | $ 444,459 |

See notes to condensed consolidated financial statements.

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

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net loss | $ (155,538) | $ (102,369) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 96,043 | 26,965 |
| Stock-based compensation | 14,335 | 19,016 |
| Amortization (accretion) of discount on investments | — | (484) |
| Amortization of deferred costs on convertible notes | 365 | 365 |
| Provision for bad debt | 200 | 962 |
| Provision for slow-moving, obsolete, and lower of cost or net realizable value inventories, net | (45) | — |
| Loss on disposal of property and equipment | (92) | 496 |
| Foreign exchange (gains) losses on intercompany transactions, net | 299 | — |
| Net decrease in accrued interest related to marketable securities | — | 238 |
| Net unrealized loss on equity investment | 448 | 148 |
| Deferred tax benefit | 147 | (534) |
| Foreign currency transaction loss | 497 | 97 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 7,777 | (3,661) |
| Inventory | (3,353) | (8,760) |
| Prepaid expenses and other current assets | 910 | (675) |
| Other assets | 8,909 | 1,595 |
| Accounts payable | (38) | (407) |
| Accrued expenses and other current liabilities | (282) | 1,097 |
| Customer deposits | (644) | (2,322) |
| Current portion of deferred revenue | (3,611) | (918) |
| Change in right of use assets and lease liabilities, net | (3,778) | (3,110) |
| Other liabilities | 19 | 1,767 |
| **Net cash used in operating activities** | (37,432) | (70,494) |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (681) | (1,305) |
| Proceeds from sale of property and equipment | 1,694 | 9,942 |
| Purchase of marketable securities | — | (4,973) |
| Proceeds from sales and maturities of marketable securities | — | 107,719 |
| Cash paid for acquisitions, net of cash acquired | — | (500) |
| **Net cash provided by investing activities** | 1,013 | 110,883 |
| **Cash flows from financing activities:** | | |
| Proceeds from the exercise of stock options | — | 1,157 |
| Payment of taxes related to net share settlement upon vesting of restricted stock units | (376) | (108) |
| Repayment of loans | (158) | (328) |
| **Net cash (used in) provided by financing activities** | (534) | 721 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (1,055) | 73 |
| **Net increase (decrease) in cash, cash equivalents, and restricted cash** | (38,008) | 41,183 |
| Cash, cash equivalents, and restricted cash at beginning of period | 84,690 | 81,913 |
| **Cash, cash equivalents, and restricted cash at end of period** | 46,682 | 123,096 |
| | | |
| **Supplemental disclosures of cash flow information** | | |
| Reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total shown in the condensed consolidated statements of cash flows: | | |
| Cash and cash equivalents | $ 45,855 | $ 121,660 |
| Restricted cash included in other current assets | 215 | 824 |
| Restricted cash included in other noncurrent assets | 612 | 612 |
| Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows | $ 46,682 | $ 123,096 |
| | | |
| **Supplemental cash flow information:** | | |
| Interest paid | $ 3,488 | $ — |
| Taxes paid | $ — | $ — |

| | | |
|---|---|---|
| **Non-cash investing and financing activities:** | | |
| Net unrealized gain on investments | $ — | $ (337) |
| Common Stock issued for settlement of contingent consideration | | 797 |
| Additions to right of use assets and lease liabilities | $ 863 | $ 8,489 |
| Purchase of property and equipment included in accounts payable | $ 129 | $ 365 |
| Purchase of property and equipment included in accrued expense | $ — | $ 32 |
| Transfers from inventory to PP&E | 1,285 | — |
| Transfers from property and equipment to inventory | $ — | $ 841 |
| Transfers from inventory to property and equipment | $ — | $ 1,345 |

See notes to condensed consolidated financial statements.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

**Organization and Nature of Business**

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

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

**Risks and Uncertainties**

The Company is subject to a number of risks similar to those of other companies of similar size in its industry, including, but not limited to, the need for successful development of products, the need for additional funding, competition from substitute products and services from larger companies, protection of proprietary technology, patent litigation, dependence on key individuals, and risks associated with changes in information technology. The Company has financed its operations to date primarily with proceeds from the sale of preferred stock, the Business Combination, and the sale of convertible senior notes due in 2027 (the "2027 Notes") in May 2022. The Company's long-term success is dependent upon its ability to successfully market its products and services; generate revenue; maintain or reduce its operating costs and expenses; meet its obligations; obtain additional capital when needed; and, ultimately, achieve profitable operations.

**Recent Developments**

***Proposed Merger with Nano Dimension Ltd.***

On July 2, 2024, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Nano Dimension Ltd., an Israeli company ("Nano"), and Nano US I, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Nano ("Merger Sub"), pursuant to which Merger Sub will merge with and into the Company, with the Company surviving the merger as an indirect wholly owned subsidiary of Nano (the "Merger"). Following the closing of the Merger, the Company's Common Stock (as defined below), will be delisted from the New York Stock Exchange and will be deregistered under the Exchange Act of 1934, as amended.

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each outstanding share of Class A common stock, par value $0.0001 per share, of the Company ("Common Stock") (other than (i) shares of preferred stock, par value $0.0001 per share ("Preferred Stock"), (ii) shares held by the Company as treasury stock or held directly by a subsidiary of the Company, Nano or Merger Sub and (iii) shares of Common Stock held by stockholders that are entitled to, and have properly demanded appraisal for such shares, in accordance with, and have complied in all respects with, Section 262 of the Delaware General Corporation Law (such shares, "Dissenting Shares")) will be converted automatically into the right to receive an amount in cash equal to $5.50 (the "Per Share Merger Consideration"), without interest, subject to downward adjustment, by an amount (the "Consideration Adjustment Amount") equal to the sum of (x) the product of (A) the aggregate principal amount outstanding under the Bridge Loan Facility (as defined below) together with accrued and unpaid interest, as of the closing of the Merger divided by $2.5 million, and (B) $0.10 (provided that in no event will the adjustment pursuant to (x) hereunder be greater than $0.80), plus (y) the product of (A) all unpaid Company Transaction Expenses (as defined in the Merger Agreement) as of the closing of the Merger divided by $2.5 million, and (B) $0.10 (provided that in no event will the adjustment pursuant to (y) hereunder be greater than $0.60), plus (z) $0.0325 if certain executives of the Company do not execute severance letter agreements prior to the closing, in each of the following cases (x), (y) and (z), subject further to any tax withholding. Subject to the terms and conditions set forth in the Merger Agreement, at the Effective Time, each share of Preferred Stock, each Dissenting Share and, when converted into the right to receive the Per Share Merger Consideration, each share of Common Stock, will be cancelled and shall cease to exist, and each certificate formerly representing such shares of Common Stock will thereafter represent only the right to receive the Per Share

Merger Consideration.

The Merger is subject to approval by Desktop Metal's stockholders, the receipt of required regulatory approvals and other customary closing conditions.

For further information about the Merger Agreement, refer to the Merger Agreement, a copy of which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on July 3, 2024.

***Reverse Stock Split***

On June 11, 2024, the Company effected a 1-for-10 reverse stock split of the Company's common stock. All shares of the Company's common stock, stock-based instruments and per-share data included in these condensed consolidated financial statements have been retroactively adjusted as though the stock split has been effected prior to all periods presented.

***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 condensed consolidated statements of operations. The termination fee was paid on October 6, 2023.

***Going concern***

Pursuant to the Financial Accounting Standards Board (the "FASB") codification Accounting Standards Codification ("ASC") 205, Presentation of Financial Statements, the Company is required to assess its ability to continue as a going concern for a period of one year from the date of the issuance of the condensed consolidated financial statements.

Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year from the date the condensed consolidated financial statements are available to be issued.

These condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Company has incurred net losses since inception and has an accumulated deficit of $1.8 billion as of June 30, 2024. The Company expects to continue to incur additional losses and negative cash flows from operations in the near term. The Company will require additional capital investment to fund operating and capital expenditure requirements. Management plans to raise additional capital through a combination of potential options, including but not limited to, equity and debt financings. The Company may also seek additional capital through arrangements with Nano or from other sources.

Additional equity financing may not be available, and if it is available, it may not be on terms favorable to the Company and could be dilutive to current stockholders. Debt financing, if available, may involve restrictive covenants and dilutive financing instruments. Similarly, arrangements with Nano or from other sources  may not be on terms favorable to the Company, and could be dilutive to current stockholders.

The Company's ability to access capital when needed is not assured. If the merger is not completed and if capital is not available to the Company when, and in the amounts needed, the Company could be required to delay, scale back or abandon some or all its operations, which could materially harm the Company's business, financial condition, and results of operations. Because of this uncertainty, there is substantial doubt about the Company's ability to continue as a going concern for at least one year from the date that these condensed consolidated financial statements are available to be issued. The accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty, nor do they include adjustments to reflect the future effects of the recoverability or classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

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

***Principles of Consolidation***

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

***Significant Accounting Policies***

The Company's significant accounting policies are described in Note 2 to the financial statements in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023. There have been no other changes to the Company's significant accounting policies during the first six months of fiscal year 2024.

**3. REVENUE RECOGNITION**

**Contract Balances**

The Company's deferred revenue balance was $11.7 million and $15.4 million as of June 30, 2024 and December 31, 2023, respectively. During the three and six months ended June 30, 2024, the Company recognized $2.3 million and $6.0 million of existing deferred revenue from 2023. During the three and six months ended June 30, 2023, the Company recognized $0.4 and $3.8 million of existing deferred revenue from 2022. 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 material as of June 30, 2024 and December 31, 2023.

**Remaining Performance Obligations**

At June 30, 2024, the Company had $11.7 million of remaining performance obligations, of which approximately $9.9 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 $4.6 million and $9.3 million at June 30, 2024 and 2023, respectively.

**4. CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS**

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

| | June 30, 2024 | | | |
|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Money market funds | $ 17,031 | $ — | $ — | $ 17,031 |
| Total cash equivalents | 17,031 | — | — | 17,031 |
| Total cash equivalents and short-term investments | $ 17,031 | $ — | $ — | $ 17,031 |

| | 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 |

**5. FAIR VALUE MEASUREMENTS**

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

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

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

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

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

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

| | June 30, 2024 | | | |
|---|---|---|---|---|
| | 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 | $ 17,031 | $ — | $ — | $ 17,031 |
| Equity securities | 177 | — | — | 177 |
| Other investments | — | — | 2,000 | 2,000 |
| Total assets | $ 17,208 | $ — | $ 2,000 | $ 19,208 |

| | 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 | $ 41,424 | $ — | $ 2,000 | $ 43,424 |

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 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 $0.2 million as of June 30, 2024. During the three and six months ended June 30, 2024, the Company recorded an unrealized loss of $0.3 million and an unrealized loss of $0.4 million due to the change in fair value of the equity securities in interest and other expense, net in the condensed consolidated statements of operations. During the three and six months ended June 30, 2023, the Company recorded an unrealized gain of $0.3 million and an unrealized loss of $0.1 million, respectively, in interest and other (expense) income, net in the condensed consolidated statements of operations, due to the change in fair value of the equity securities.

Other investments include investments made via convertible debt instruments totaling $2.0 million which is recorded in other noncurrent assets in the condensed consolidated balance sheets. The other investments are reported as a Level 3 financial asset because the methodology used to develop the estimated fair values includes significant unobservable inputs reflecting management's own assumptions. Assumptions used in fair valuing convertible debt instruments include the rights and obligations of the notes the Company holds as well as the probability of a qualified financing event, acquisition, or change in control. During the three and six months ended June 30, 2024 and 2023, the Company did not recognize any gains or losses on convertible debt instruments.

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

There were no transfers between fair value measure levels during the six months ended June 30, 2024 and 2023. The following table presents information about the Company's movement in Level 3 assets measured at fair value (in thousands):

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| Balance at beginning of period | $ 2,000 | $ 2,000 |
| Balance at end of period | $ 2,000 | $ 2,000 |

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

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| Balance at beginning of period | $ — | $ 2,587 |
| Payment of contingent consideration liability | — | (2,390) |
| Balance at end of period | $ — | $ 197 |

**6. ACCOUNTS RECEIVABLE**

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Trade receivables | $ 33,047 | $ 41,132 |
| Allowance for doubtful accounts | (3,540) | (3,442) |
| Total accounts receivable | $ 29,507 | $ 37,690 |

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Balance at beginning of period | $ 3,442 | $ 1,640 |
| Provision for uncollectible accounts, net of recoveries | 200 | 2,215 |
| Uncollectible accounts written off | (102) | (413) |
| Balance at end of period | $ 3,540 | $ 3,442 |

**7. INVENTORY**

Inventory consists of the following (in thousands):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials | $ 22,848 | $ 26,449 |
| Work in process | 15,910 | 16,556 |
| Finished goods: | | |
| Deferred cost of sales | 908 | 1,279 |
| Manufactured finished goods | 44,339 | 38,355 |
| Total finished goods | 45,247 | 39,634 |
| Total inventory | $ 84,005 | $ 82,639 |

**8. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Prepaid operating expenses | $ 3,451 | $ 4,618 |
| Prepaid dues and subscriptions | 2,578 | 1,959 |
| Prepaid insurance | 1,235 | — |
| Prepaid taxes | 1,353 | 842 |
| Government grants receivable | — | 796 |
| Termination fee receivable | — | 471 |
| Other | 1,479 | 2,419 |
| Total prepaid expenses and other current assets | $ 10,096 | $ 11,105 |

**9. DIVESTITURES**

On September 29, 2023, the Company entered into a Stock Purchase Agreement with Industriewerk Shaeffler INA-Ingenieurdienst-, Gesellshaft mit beschrankter Haftung. (“Shaeffler”) related to the sale of Aerosint SA (“Aerosint”), a wholly owned subsidiary of the Company, for a $4.1 million all in cash selling price, net of cost to 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.

In connection with the Company’s 2024 Initiative, as discussed in *Note 24. Restructuring Charges*, the Company approved a plan to sell a facility in St. Clairesville, Ohio as well as related equipment in the facility. During the three months ended June 30, 2024, the Company completed the sale of the St. Clairesville, Ohio facility and the related equipment in the facility for $1.7 million in proceeds. The Company recorded a gain of $0.2 million on the sale of the facility and related equipment in the condensed consolidated statements of operations. As of June 30, 2024, there were no assets held for sale.

**10. PROPERTY AND EQUIPMENT**

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Equipment | $ 50,760 | $ 46,351 |
| Leasehold improvements | 23,061 | 20,303 |
| Land and buildings | 3,604 | 7,840 |
| Construction in process | 995 | 3,374 |
| Furniture and fixtures | 2,051 | 1,950 |
| Software | 2,100 | 1,899 |
| Tooling | 2,286 | 2,287 |
| Computer equipment | 2,342 | 2,166 |
| Automobiles | 936 | 1,032 |
| Property and equipment, gross | 88,135 | 87,202 |
| Less: accumulated depreciation | (61,784) | (51,362) |
| Total property and equipment, net | $ 26,351 | $ 35,840 |

Depreciation expense was $5.9 and $9.0 million for the three and six months ended June 30, 2024. Depreciation expense was $3.0 million and $6.0 million for the three and six months ended June 30, 2023.

**11. GOODWILL & INTANGIBLE ASSETS**

There was no goodwill balance at June 30, 2024 and December 31, 2023. The goodwill activity is as follows (in thousands):

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Balance, beginning of year | $ — | $ 112,955 |
| Goodwill impairment | — | (112,911) |
| Foreign currency translation adjustment | — | (44) |
| Balance, end of period | $ — | $ — |

Goodwill was fully impaired as of December 31, 2023. No impairment of goodwill has been recorded for the six months ended June 30, 2024 and 2023.

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.

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.

Intangible assets consisted of the following (in thousands):

| | | June 30, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|---|
| | Weighted Average Remaining Useful Lives (in years) | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Acquired technology | 7.3 | $ 184,401 | $ 122,763 | $ 61,638 | $ 185,222 | $ 65,724 | $ 119,498 |
| Trade name | 5.2 | 12,299 | 11,114 | 1,185 | 12,302 | 3,952 | 8,350 |
| Customer relationships | 8.4 | 67,707 | 50,140 | 17,567 | 68,378 | 27,968 | 40,410 |
| Capitalized software | — | 518 | 518 | — | 518 | 518 | — |
| Total intangible assets | | $ 264,925 | $ 184,535 | $ 80,390 | $ 266,421 | $ 98,162 | $ 168,259 |

During the three and six months ended June 30, 2024 and 2023, the Company recognized the following amortization expense (in thousands):

| Category | Statement of Operations Line Item | Three Months Ended June 30, 2024 | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|---|---|---|
| Acquired technology | Cost of Sales | $ 42,681 | $ 6,928 | $ 57,009 | $ 13,855 |
| Acquired technology | Research and Development | 175 | 556 | 350 | 1,109 |
| Trade name | General and Administrative | 5,758 | 418 | 7,180 | 833 |
| Customer relationships | Sales and Marketing | 17,317 | 2,537 | 22,439 | 5,057 |
| Capitalized software | Research and Development | — | 18 | — | 45 |
| | | $ 65,931 | $ 10,457 | $ 86,978 | $ 20,899 |

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

| | Amortization Expense |
|---|---|
| 2024 (remaining 6 months) | $ 12,153 |
| 2025 | 21,751 |
| 2026 | 15,067 |
| 2027 | 10,399 |
| 2028 | 7,991 |
| 2029 and after | 13,029 |
| Total intangible amortization | $ 80,390 |

**12. OTHER NONCURRENT ASSETS**

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Right of use asset | $ 22,454 | $ 29,724 |
| Other investments | 2,000 | 2,000 |
| Long-term deposits | 476 | 491 |
| Cloud computing arrangements | 3,015 | 3,409 |
| Other | 1,339 | 1,529 |
| Total other noncurrent assets | $ 29,284 | $ 37,153 |

## 13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Compensation and benefits related | $ 6,029 | $ 9,052 |
| Warranty reserve | 4,821 | 4,602 |
| Current portion of acquisition consideration | 348 | 358 |
| Franchise and royalty fees | 2,643 | 2,267 |
| Inventory purchases | 1,268 | 1,372 |
| Professional services | 3,428 | 890 |
| 2027 Notes Interest | 863 | 882 |
| Commissions | 542 | 816 |
| Income tax payable | 1,536 | 1,316 |
| Sales and use and Franchise taxes | 307 | 573 |
| Other | 3,106 | 4,957 |
| Total accrued expenses and other current liabilities | $ 24,891 | $ 27,085 |

The Company recorded warranty reserve as of June 30, 2024 and December 31, 2023, respectively, as follows (in thousands).

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Warranty reserve, at the beginning of the period | $ 4,602 | $ 4,301 |
| Additions to warranty reserve | 562 | 4,174 |
| Claims fulfilled | (343) | (3,873) |
| Warranty reserve, at the end of the period | $ 4,821 | $ 4,602 |

## 14. DEBT

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

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

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

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

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

The initial conversion rate is 60.15038 shares of Class A common stock per $1,000 principal amount of 2027 Notes, which represents an initial conversion price of approximately $16.60 per share of Class A common stock. The conversion rate is subject to customary adjustments for certain events as described in the indenture governing the 2027 Notes. In addition, if certain corporate events that constitute a "Make-Whole Fundamental Change" (as defined in the indenture governing the 2027 Notes) occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

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

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

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

The Merger with Nano is expected to result in a Fundamental Change. If the Merger is completed, the 2027 Notes will only be convertible into cash in an amount, per $1,000 principal amount of the 2027 Notes being converted, equal to the product of (i) the conversion rate (as defined under the indenture governing the 2027 Notes) then in effect and (ii) the per share merger consideration. If the Merger is completed, following the closing, the combined company must offer to repurchase all outstanding 2027 Notes at a cash purchase price equal to the 100% of the principal amount of the 2027 Notes, plus accrued and unpaid interest to the date of repurchase.

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Principal | $ 115,000 | $ 115,000 |
| Unamortized debt discount | (1,636) | (1,924) |
| Unamortized debt issuance costs | (434) | (511) |
| Net carrying value | $ 112,930 | $ 112,565 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Coupon interest | $ 1,169 | $ 1,744 | $ 2,913 | $ 3,469 |
| Amortization of debt discount | 144 | 144 | 288 | 288 |
| Amortization of transaction costs | 38 | 38 | 76 | 77 |
| Total interest expense | $ 1,351 | $ 1,926 | $ 3,277 | $ 3,834 |

**Bank Debt—**In connection with the acquisition of A.I.D.R.O., the Company acquired three loans (“Bank Loans”) totaling $1.1 million in aggregate. The Bank Loans have term of 4.5 years and mature from September 2024 through September 2025, with interest rates ranging from 1.70% to 2.10%. Payments of principal and interest are made quarterly. During the 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 condensed consolidated balance sheets. During the six months ended June 30, 2024, the Company paid $0.1 million and $0.2 million remains outstanding. As of June 30, 2024, $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 condensed consolidated balance sheets.

## 15. OTHER NONCURRENT LIABILITIES

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Taxes payable | $ 776 | $ 776 |
| Other | 1,963 | 2,030 |
| Total other noncurrent liabilities | $ 2,739 | $ 2,806 |

## 16. LEASES

***Lessee***

At June 30, 2024, the Company recorded $22.5 million as a right of use asset and $28.3 million as a lease liability. At December 31, 2023, the Company recorded $29.7 million as a right of use asset and $31.0 million as a lease liability. The Company assesses its right of use asset and other lease-related assets for impairment. There were no impairments recorded related to these assets during the three and six months ended June 30, 2024 and the year ended December 31, 2023. The right of use asset is included in Other noncurrent assets in the condensed consolidated balance sheets.

The Company reviews all supplier, vendor, and service provider contracts to determine whether any service arrangements contain a lease component. The Company identified two service agreements that contain an embedded lease. The agreements do not contain fixed or minimum payments, and the variable lease expense was immaterial during the three and six months ended June 30, 2024 and 2023.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Lease cost** | | | | |
| Operating lease cost | $ 7,695 | $ 1,570 | $ 10,025 | $ 3,071 |
| Short-term lease cost | — | 39 | 86 | 94 |
| Variable lease cost | — | 36 | 21 | 70 |
| Finance lease cost | 26 | 23 | 53 | 46 |
| Total lease cost | $ 7,721 | $ 1,668 | $ 10,185 | $ 3,281 |
| **Other Information** | | | | |
| Operating cash flows used in operating leases | $ 2,365 | $ 1,741 | $ 4,737 | $ 3,471 |
| Operating cash flows used in finance leases | 23 | 21 | 47 | 42 |
| Weighted-average remaining lease term—operating leases (years) | 3.9 | 5.1 | 3.9 | 5.1 |
| Weighted-average remaining lease term—finance leases (years) | 5.8 | 6.8 | 5.8 | 6.8 |
| Weighted-average discount rate—operating leases | 6.2 % | 5.0 % | 6.2 % | 5.0 % |
| Weighted-average discount rate—finance leases | 3.1 % | 3.1 % | 3.1 % | 3.1 % |

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

Future minimum lease payments under noncancelable operating leases, including immaterial future minimum lease payments under finance leases, at June 30, 2024, are as follows (in thousands):

| | Operating Leases | Finance Leases |
|---|---|---|
| 2024 (remaining 6 months) | $ 4,668 | $ 38 |
| 2025 | 9,027 | 76 |
| 2026 | 7,237 | 76 |
| 2027 | 5,168 | 76 |
| 2028 | 3,388 | 76 |
| 2029 and after | 1,694 | 236 |
| Total lease payments | 31,182 | 578 |
| Less amount representing interest | (3,422) | (60) |
| Total lease liability | 27,760 | 518 |
| Less current portion of lease liability | (7,695) | (61) |
| Lease liability, net of current portion | $ 20,065 | $ 457 |

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

**17. COMMITMENTS AND CONTINGENCIES**

**Legal Proceedings**

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

On October 20, 2023, purported stockholder Pietro Campanella filed an amendment to the November 21, 2021 class action complaint in Delaware Court of Chancery against Desktop Metal, Inc., and former directors and officers of The ExOne Company, alleging breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims in connection with the ExOne Merger (Campanella v. Rockwell, et al., Case No. 2021-1013-LWW). In particular, Mr. Campanella alleges that ExOne's proxy statement and supplemental disclosures did not adequately disclose information related to a whistleblower investigation at one of Desktop Metal's subsidiaries, EnvisionTEC, and the resignation of EnvisionTEC's CEO, prior to the ExOne stockholder vote. Defendants filed their motion to dismiss the complaint on January 12, 2024. The parties completed briefing on the motion to dismiss on May 22, 2024, and a hearing on the motion to dismiss is scheduled for October 16, 2024.

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 filed a Notice of Appeal. The parties completed briefing on the Zhou Appeal in May 2024, and oral argument before the U.S. Court of Appeals for the First Circuit has been scheduled for September 10, 2024.

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

**New York Stock Exchange Notice**

On November 22, 2023, the Company was notified by the New York Stock Exchange (the "NYSE") that it was not in compliance with Section 802.01C of the NYSE Listed Company Manual because the average closing price of the Company's common stock was less than $1.00 over a consecutive 30 trading-day period. The notice did not result in the delisting of the Company's Class A common stock from the NYSE.

On June 10, 2024 after obtaining stockholder approval, the Company effected a 1-for-10 reverse stock split (the "Reverse Stock Split"), and the Company's Class A common stock began trading on the post-split adjusted basis on June 11, 2024. On July 24, 2024 the Company was notified by the NYSE that the closing bid price of its Class A common stock had been greater than $1.00 per share for 30 consecutive business days, from June 11, 2024 to July 24, 2024. Accordingly, the Company has regained compliance with the requirements of Section 802.01C and this matter is now closed. If average closing price of Company's Class A common stock again is below $1.00 over a consecutive 30 trading-day period, the Company would again receive another notice of non-compliance with NYSE's listing standards and face the risk of delisting.

All shares of the Company's common stock, stock-based instruments, and per-share data included in these condensed consolidated financial statements have been retroactively adjusted as though the Reverse Stock Split has been effected prior to all periods presented.

**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 three and six months ended June 30, 2024 and 2023, 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 $11.3 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 June 30, 2024, total outstanding financial guarantees and letters of credit issued by the Company under the credit facility were $0.1 million, which has an expiration date of September 2024. As of June 30, 2024, 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 June 30, 2024, 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 its Desktop Labs platform.

**18. INCOME TAXES**

The Company's provision for interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items arising in that quarter. The Company's effective tax rate differs from the U.S. statutory tax rate primarily due to valuation allowances on its deferred tax assets as it is more likely than not that some or all of the Company's deferred tax assets will not be realized. During the three and six months ended June 30, 2024, the Company recorded a tax expense of $0.3 million and $0.1 million, respectively. During the three and six months ended June 30, 2023, the Company recorded immaterial income tax expense and a benefit of $0.5 million, respectively.

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

The Company provides reserves for potential payments of taxes to various tax authorities related to uncertain tax positions. Amounts recognized are based on a determination of whether a tax benefit taken by the Company in its tax filings or positions is "more likely than not" to be sustained on audit. The amount associated with uncertain tax positions are recorded as a component of income tax expense. As of June 30, 2024, the Company has accrued uncertain tax positions of approximately $0.8 million related to the EnvisionTEC acquisition. The amounts relate to U.S. state and foreign tax positions. Included in the balance of unrecognized tax benefits as of June 30, 2024 are amounts that, if recognized, would impact the effective tax rate. As of December 31, 2023, the Company recorded a liability of $0.8 million for uncertain tax positions acquired in various acquisitions during 2021. As of December 31, 2023, the Company had a balance in accrued interest and penalties related to uncertain tax positions of $0.1 million.

**19. STOCKHOLDERS' EQUITY**

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

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 at-the-market offerings, shares of the Company's Common Stock for an aggregate offering price of up to $75.0 million. There can be no assurance as to whether or, if so, how many or when, any shares will be issued and sold under the Open Market Sale Agreement.

**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 2,821,050 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, 1,626,358 shares were added as available for issuance to the 2020 Plan.

**Stock Options**

The option activity of the Plans for the six months ended June 30, 2024, 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, 2024 | 616 | $ 18.30 | 4.97 | $ 140 |
| Forfeited/expired | (53) | $ 16.43 | | |
| Outstanding at June 30, 2024 | 563 | $ 18.52 | 4.44 | 59 |
| Options vested at June 30, 2024 | 558 | $ 18.56 | 4.43 | 59 |
| Options vested or expected to vest at June 30, 2024 | 563 | $ 18.52 | 4.44 | 59 |

There were no options exercised during the three and six months ended June 30, 2024, as such, there is no aggregate intrinsic value of options exercised during the three and six months ended June 30, 2024. The aggregate intrinsic value of options exercised during the six months ended June 30, 2023 was $0.9 million.

The total stock-based compensation expense related to stock options was $0.2 and $0.7 million during the three and six months ended June 30, 2024, respectively, and $1.0 million and $1.9 million during the three and six months ended June 30, 2023, respectively.

Total unrecognized stock-based compensation expense related to unvested stock options at June 30, 2024 aggregated $0.1 million and is expected to be recognized over a weighted-average period of 0.2 years.

**Restricted Stock Awards**

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

There was an immaterial amount of stock-based compensation expense related to RSAs during the three and six months ended June 30, 2024 and $0.4 million and $0.6 million during the three and six months ended June 30, 2023, respectively. At June 30, 2024, the RSAs were fully vested.

**Restricted Stock Units**

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

RSU activity under the 2020 Plan for the six months ended June 30, 2024, is as follows (shares in thousands):

| | Shares Subject to Vesting | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Balance of unvested shares as of January 1, 2024 | 2,305 | $ 28.40 |
| Granted | 1,472 | $ 6.77 |
| Vested | (727) | $ 21.48 |
| Cancelled/Forfeited | (205) | $ 33.72 |
| Balance of unvested shares as of June 30, 2024 | 2,845 | |

The total stock-based compensation expense related to RSUs was $6.3 million during the three and six months ended June 30, 2024, and $9.0 million during the three and six months ended June 30, 2023. Total unrecognized compensation costs related to unvested RSUs at June 30, 2024 is $36.7 million and is expected to be recognized over a period of 2.2 years.

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

*Performance-Based Restricted Stock Units (included above)*

During the year ended December 31, 2021, 67,000 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. During the three and six months ended June 30, 2024, no performance-based RSUs vested or were forfeited. As of June 30, 2024, 15,000 performance-based RSUs remain outstanding.

During the year ended December 31, 2020, 12,430 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. During the year ended December 31, 2023, 12,430 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 907,026 market-based RSUs. These RSUs will vest and result in the issuance of shares of Common Stock based on continuing employment and the achievement of certain market conditions set by the Company.

During the year ended December 31, 2021, one of the executive officers resigned from the Company, forfeiting his market-based RSUs. As the service condition was not met prior to his resignation, no stock-based compensation expense was recorded for this award. No market-based RSUs vested or were forfeited during the year ended December 31, 2023 or during the three and six months ended June 30, 2024. As of June 30, 2024, 680,270 market-based RSUs remain outstanding.

*Bonus Program*

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

The Company’s 2023 bonus program ("2023 Bonus Program") was granted in dollar bonus amounts, which were paid out in RSUs during the three months ended March 31, 2024. 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. During the three and six months ended June 30, 2023, the

Company recognized $1.3 and $2.9 million of stock-based compensation expense associated with liability classified awards related to the 2023 Bonus Program.

The Company’s 2024 bonus program (“2024 Bonus Program”) is expected to be paid out in RSUs determined using the closing price of the Company's Common Stock on the date of the Board's final certification of the Company's performance attainment and awards to be issued to each employee. The Company has accounted for these awards as liability-based awards, since the monetary value of the obligation associated with the award is based predominantly on a fixed monetary amount known at inception, and it has an unconditional obligation that it must or may settle by issuing a variable number of its equity shares. The Company will recognize stock-based compensation expense over the employees’ requisite service period, based on the expected attainment of the Company-wide targets. As of June 30, 2024, the Company has accrued $0.5 million associated with these awards, which is recorded in accrued expenses and other current liabilities in the condensed consolidated balance sheets.

*Stock-Based Compensation Expense*

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Research and development | $ 2,384 | $ 4,673 | $ 5,887 | $ 8,950 |
| General and administrative expense | 3,107 | 3,649 | 6,285 | 7,617 |
| Sales and marketing expense | 531 | 791 | 1,120 | 1,179 |
| Cost of sales | 475 | 590 | 1,043 | 1,270 |
| Total stock-based compensation expense | $ 6,497 | $ 9,703 | $ 14,335 | $ 19,016 |

There were 3,217,601 shares available for award under the 2020 Plan at June 30, 2024.

**21. RELATED PARTY TRANSACTIONS**

As a result of acquisitions, the Company assumed lease agreements with related parties for facilities across the United States which extend through 2029. As of June 30, 2024, the Company recorded $3.5 million of right of use asset and lease liability related to these agreements. During the three and six months ended June 30, 2024, the Company incurred lease expense of $0.2 million and 0.4 million to the related party, respectively. During the three and six months ended June 30, 2023, the Company incurred lease expense of $0.2 and $0.4 million to the related party, respectively. The Company’s annual commitment related to these lease agreements is $0.8 million.

The Company sells products to Lightforce Orthodontics which is affiliated with a member of the Company’s Board of Directors. Management believes the sales were conducted on terms equivalent to those prevailing in an arm’s-length transaction. During the three and six months ended June 30, 2024, the Company recognized $0.3 million and $0.5 million, respectively of revenue from Lightforce Orthodontics. During the three and six months ended June 30, 2023, the Company recognized $0.4 and $0.8 million, respectively, of revenue. As of June 30, 2024, the Company has an account receivable balance of $0.1 million with Lightforce Orthodontics. As of December 31, 2023, the Company had 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 three and six months ended June 30, 2024, the Company did not recognize any revenue from Bloom Energy. During the three and six months ended June 30, 2023, the Company recognized $0.5 million of revenue from Bloom Energy. As of June 30, 2024, the Company has an account receivable balance of $0.1 million with Bloom Energy. As of December 31, 2023, the Company had an immaterial account receivable balance with Bloom Energy.

The Company sells products to Viewray Systems which is an entity controlled by a shareholder. Management believes the sales were conducted on terms equivalent to those prevailing in an arm’s-length transaction. During the three and six months ended June 30, 2024, the Company recognized an immaterial amount and $3.4 million of revenue, respectively, from Viewray Systems. During the three and six months ended June 30, 2023, the Company did not recognize revenue from Viewray Systems.

## 22. SEGMENT INFORMATION

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

**Revenue for the three months ended June 30, 2024**

| | Americas | EMEA | APAC | Total |
|---|---|---|---|---|
| Products | $ 18,454 | 8,632 | 4,325 | $ 31,411 |
| Services | 5,425 | 1,800 | 296 | 7,521 |
| Total | $ 23,879 | $ 10,432 | $ 4,621 | $ 38,932 |

**Revenue for the three months ended June 30, 2023**

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

**Revenue for the six months ended June 30, 2024**

| | Americas | EMEA | APAC | Total |
|---|---|---|---|---|
| Products | $ 44,465 | 15,948 | 6,629 | $ 67,042 |
| Services | 7,997 | 3,933 | 560 | 12,490 |
| Total | $ 52,462 | $ 19,881 | $ 7,189 | $ 79,532 |

**Revenue for the six months ended June 30, 2023**

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

During the three and six months ended June 30, 2024 and 2023, the Company recognized the following revenue from service contracts and cloud-based software licenses over time, and hardware and consumable product shipments and subscription software at a point in time (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue recognized at a point in time | $ 31,411 | $ 47,398 | $ 67,042 | $ 84,095 |
| Revenue recognized over time | 7,521 | 5,888 | 12,490 | 10,507 |
| Total | $ 38,932 | $ 53,286 | $ 79,532 | $ 94,602 |

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Americas | $ 30,953 | $ 46,390 |
| EMEA | 12,877 | 13,320 |
| APAC | 4,975 | 5,853 |
| Total long-lived assets | $ 48,805 | $ 65,563 |

**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.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| **(in thousands, except per share amounts)** | **2024** | **2023** | **2024** | **2023** |
| Numerator for basic and diluted net loss per share: | | | | |
| Net loss | $ (103,440) | $ (49,728) | $ (155,538) | $ (102,369) |
| Denominator for basic and diluted net loss per share: | | | | |
| Weighted-average shares | 33,085 | 32,166 | 32,899 | 32,038 |
| Net loss per share—Basic and Diluted | $ (3.13) | $ (1.55) | $ (4.73) | $ (3.20) |

The Company’s potential dilutive securities, which include outstanding Common Stock options, unvested restricted stock units, unvested restricted stock awards and outstanding Common Stock warrants, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common shares, presented based on amounts outstanding as of June 30, 2024 and 2023, from the computation of diluted net loss per share attributable to common stockholders because including them would have an anti-dilutive effect (in thousands):

| | Six Months Ended June 30, | |
|---|---|---|
| | **2024** | **2023** |
| Common Stock options outstanding | 563 | 643 |
| Unvested restricted stock units outstanding | 2,845 | 2,616 |
| Unvested restricted stock awards outstanding | — | 2 |
| 6.0% Convertible Senior Notes due 2027 | 8,646 | 8,646 |
| Total shares | 12,054 | 11,907 |

The dilution table above excludes RSUs to be awarded under the Company's 2024 Bonus Program, which is expected to have an impact on its outstanding awards in the first quarter of 2025. Refer to *Note 20. Stock-Based Compensation* for further details on the Company's Bonus Program.

**24. RESTRUCTURING CHARGES**

In June 2022, the Board of Directors approved a strategic integration and cost optimization initiative (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 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. 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. The 2022 Initiative was complete as of December 31, 2023. In connection with the 2022 Initiative, the Company incurred total restructuring charges of $20.9 million, including one-time termination benefits and associated costs, inventory write-offs, lease termination and equipment exit costs, and contract termination costs.

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. In connection with the 2024 Initiative, the Company sold a facility in St. Clairesville, Ohio as well as related equipment in the facility. During the year ended December 31, 2023, the Company incurred restructuring charges related to the 2024 Initiative of $30.9 million, primarily including $26.5 million of inventory write-offs. As a result of the 2024 Initiative, the Company anticipates at least $50 million of aggregate annualized cost savings resulting in sequential cost reductions across the first half of 2024. The Company anticipates that the 2024 Initiative will be substantially complete by the end of 2024.

During the three and six months ended June 30, 2024, the Company recorded restructuring charges of $0.4 million and $2.1 million, respectively, related to employee severance, benefits and related costs, inventory write-offs, royalty expenses associated with discontinued product offerings, and facility consolidations in connection with the 2024 Initiative and the 2022 Initiatives. During the three and six months ended June 30, 2023, the Company recorded restructuring charges of $2.9 million and $6.5 million, respectively, related to employee severance, benefits and related costs, inventory write-offs, royalty expenses associated with discontinued product offerings, and facility consolidations in connection with the 2022 Initiative.

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 photopolymer business and a review of other potential cost saving actions (the "Photopolymer Initiative"). The Company explored alternatives for the photopolymer business, which may include divestitures, curtailment of investment or winding down of the business. As part of the Photopolymer Initiative, the Company assumed a shortened useful life on certain assets, including fixed assets, intangibles, and right of use assets, related to the photopolymer business and recorded $68.3 and $80.3 million in incremental depreciation and amortization as restructuring charges for the three and six months ended June 30, 2024. During the three and six months ended June 30, 2024, the Company recorded restructuring charges of $0.4 million and $0.9 million, respectively, related to employee severance and facility consolidations in connection with the Photopolymer Initiative.

During the six months ended June 30, 2024 and 2023, the Company recorded the following activity related to the 2022 and 2024 Initiatives in accrued expenses and other current liabilities on the balance sheet (in thousands):

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| Accrued expenses, beginning of period | $ 6,313 | $ 1,096 |
| Restructuring charges | 85,225 | 6,468 |
| Cash payments | (3,894) | (1,974) |
| Inventory write-off | — | (2,484) |
| Depreciation and amortization of assets to be disposed | (80,329) | — |
| Accrued expenses, end of period | $ 7,315 | $ 3,106 |

During the three and six months ended June 30, 2024 and 2023, the Company recognized the following restructuring charges which were expensed as follows (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Cost of sales | $ 37,852 | $ 2,488 | $ 44,613 | $ 3,205 |
| Research and development | 4,497 | 265 | 7,003 | 2,898 |
| Sales and marketing | 19,132 | 4 | 22,508 | 130 |
| General and administrative | 9,567 | 93 | 11,101 | 235 |
| Total restructuring charges | $ 71,048 | $ 2,850 | $ 85,225 | $ 6,468 |

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

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

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

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

### Business Overview

Desktop Metal is pioneering a new generation of additive manufacturing technologies focused on Additive Manufacturing 2.0, the volume production of end use parts. We offer a comprehensive portfolio of integrated additive manufacturing solutions comprised of hardware, software, materials, and services with support for metals, polymers, elastomers, ceramics, sands, composites, 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.

We continue to have 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 800 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. We are in the process of expanding our sales capacity and go to market capacity around the world. 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**

During the three and six months ended June 30, 2024, we recognized revenues of $38.9 million and $79.5 million, respectively, and incurred net losses of $103.4 million and $155.5 million, respectively. During the three months ended June 30, 2024, we used cash in operating activities of $37.4 million, and we ended the period with $46.1 million of cash, cash equivalents, and short-term investments. As of June 30, 2024, we had $45.9 million in cash and cash equivalents, $0.2 million in short-term liquid investments, and current liabilities of $65.5 million.

**Recent Developments**

***Proposed Merger with Nano Dimension Ltd.***

On July 2, 2024, Desktop Metal, Inc., a Delaware corporation (the "Company"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Nano Dimension Ltd., an Israeli company ("Nano"), and Nano US I, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Nano ("Merger Sub"), pursuant to which Merger Sub will merge with and into the Company, with the Company surviving the merger as an indirect wholly owned subsidiary of Nano (the "Merger"). Following the closing of the Merger (the "Closing"), the Company's Class A common stock (as defined below), will be delisted from the New York Stock Exchange and will be deregistered under the Exchange Act of 1934, as amended.

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each outstanding share of Class A common stock, par value $0.0001 per share, of the Company ("Class A common stock") (other than (i) shares of preferred stock, par value $0.0001 per share ("Preferred Stock"), (ii) shares held by the Company as treasury stock or held directly by a subsidiary of the Company, Nano or Merger Sub and (iii) shares of Class A common stock held by stockholders that are entitled to, and have properly demanded appraisal for such shares, in accordance with, and have complied in all respects with, Section 262 of the Delaware General Corporation Law (such shares, "Dissenting Shares")) will be converted automatically into the right to receive an amount in cash equal to $5.50 (the "Per Share Merger Consideration"), without interest, subject to downward adjustment, by an amount (the "Consideration Adjustment Amount") equal to the sum of (x) the product of (A) the aggregate principal amount outstanding under the Bridge Loan Facility (as defined below) together with accrued and unpaid interest, as of the closing of the Merger divided by $2.5 million, and (B) $0.10 (provided that in no event will the adjustment pursuant to (x) hereunder be greater than $0.80), plus (y) the product of (A) all unpaid Company Transaction Expenses (as defined in the Merger Agreement) as of the closing of the Merger divided by $2.5 million, and (B) $0.10 (provided that in no event will the adjustment pursuant to (y) hereunder be greater than $0.60), plus (z) $0.0325 if certain executives of the Company do not execute severance letter agreements prior to the closing. At the Effective Time, each share of Preferred Stock, each Dissenting Share and, when converted into the right to receive the Per Share Merger Consideration, each share of Class A common stock, will be cancelled and shall cease to exist, and each certificate formerly representing such shares of Class A common stock will thereafter represent only the right to receive the Per Share Merger Consideration.

***Reverse Stock Split***

On June 11, 2024, the Company effected a 1-for-10 reverse stock split of the Company's common stock. All shares of the Company's common stock, stock-based instruments and per-share data included in these condensed consolidated financial statements have been retroactively adjusted as though the stock split has been effected prior to all periods presented.

***Strategic Integration and Cost Optimization Initiative***

On June 10, 2022, the Board of Directors approved a strategic integration and cost optimization initiative that included a global workforce reduction, facilities consolidation, and other operational savings measures (the "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.

The 2022 Initiative was complete as of December 31, 2023. In connection with the 2022 Initiative, we incurred total pre-tax restructuring charges of $6.6 million, including 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 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 sold the Troy, Michigan and the North Huntingdon, Pennsylvania facilities for a combined $6.9 million in proceeds, and recorded an immaterial loss on the sale of the facilities in the condensed consolidated statements of operations. During the 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, we 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. In connection with the 2024 Initiative, we approved a plan to sell a facility in St. Clairesville, Ohio as well as related equipment in the facility. During the year ended December 31, 2023, we incurred restructuring charges related to the 2024 Initiative of $30.9 million, primarily including $26.5 million of inventory write-offs. As a result of the 2024 Initiative, we anticipate at least $50 million of aggregate annualized cost savings resulting in sequential cost reductions across the first half of 2024. The Company anticipates that the 2024 Initiative will be substantially complete by the end of 2024.

During the three and six months ended June 30, 2024, we recorded restructuring charges of $0.4 million and $2.1 million, respectively, related to employee severance, benefits and related costs, inventory write-offs, royalty expenses associated with discontinued product offerings, and facility consolidations in connection with the 2024 Initiative and the 2022 Initiative. During the three and six months ended June 30, 2023, we recorded restructuring charges of $2.9 million and $6.5 million, respectively, related to employee severance, benefits and related costs, inventory write-offs, royalty expenses associated with discontinued product offerings, and facility consolidations in connection with the 2024 Initiative and the 2022 Initiative.

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 photopolymer business and a review of other potential cost saving actions (the "Photopolymer Initiative"). We explored alternatives for the photopolymer business, which may include divestitures, curtailment of investment or winding down of the business. As part of the Photopolymer Initiative, we assumed a shortened useful life on certain assets, including fixed assets, intangibles, and right of use assets, related to the photopolymer business and recorded $68.3 million and $80.3 million in incremental depreciation and amortization as restructuring charges for the three and six months ended June 30, 2024. During the three and six months ended June 30, 2024, we recorded restructuring charges of $0.4 million and $0.9 million, respectively, related to employee severance and facility consolidations in connection with the Photopolymer Initiative.

***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 condensed consolidated statements of operations. The termination fee was paid on October 6, 2023.

**Key Factors Affecting Operating Results**

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

*Adoption of our Additive Manufacturing Solutions*

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

*Pricing, Product Cost and Margins*

We offer customers a range of additive manufacturing solutions spanning multiple price points, materials, throughput levels, operating environments, and technologies to enable them to find the solution that achieves their specific goals. Pricing for these products may vary by region due to market-specific supply and demand dynamics and product lifecycles, and sales of certain products have, or are expected to have, higher gross margins than others. As a result, our financial performance depends, in part, on the mix of products we sell during a given period. In addition, we are subject to price competition, and our ability to compete in key markets will depend on the success of our investments in new technologies and cost improvements as well as our ability to efficiently and reliability 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 the first two quarters of 2024 due to the negative impact of customers delaying purchase decisions amidst an uncertain macroeconomic backdrop and delays in capital expenditures.

**Results of Operations**

**Comparison of the three months ended June 30, 2024, and June 30, 2023**

***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 Three Months Ended June 30, | | | | Change in Revenues | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | | |
| (Dollars in thousands) | Revenue | % of Total | Revenue | % of Total | $ | % |
| Products Revenue | $ 31,411 | 81 % | $ 47,398 | 89 % | $ (15,987) | (34) % |
| Services Revenue | 7,521 | 19 % | 5,888 | 11 % | 1,633 | 28 % |
| **Total Revenue** | **$ 38,932** | **100 %** | **$ 53,286** | **100 %** | **$ (14,354)** | **(27) %** |

Total revenue for the three months ended June 30, 2024 and 2023 was $38.9 million and $53.3 million, respectively, a decrease of $14.4 million, or 27%. Products revenue decreased primarily due to a reduction in units shipped during the second quarter of 2024, 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 28% during the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, primarily due to an increase in support revenue from a larger installed base of systems.

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

| | For the Three Months Ended June 30, | | | | Change in Revenues | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | | |
| (Dollars in thousands) | Revenue | % of Total | Revenue | % of Total | $ | % |
| Americas | $ 23,879 | 61 % | $ 32,454 | 61 % | $ (8,575) | (26) % |
| EMEA (Europe, the Middle East and Africa) | 10,432 | 27 % | 16,190 | 30 % | (5,758) | (36) % |
| APAC (Asia-Pacific) | 4,621 | 12 % | 4,642 | 9 % | (21) | (0) % |
| **Total Revenue** | **$ 38,932** | **100 %** | **$ 53,286** | **100 %** | **$ (14,354)** | **(27) %** |

Total revenue decreased during the three months ended June 30, 2024, compared to the three months ended June 30, 2023, due to decreases in unit shipments across all regions.

***Cost of Sales***

Total cost of sales during the three months ended June 30, 2024 and 2023 was $71.1 million and $47.2 million, respectively, an increase of $23.9 million or 51%. The increase in cost of sales is driven by incremental amortization recorded in connection with the Photopolymer Initiative offset by reduced payroll expense from workforce reductions, reduced facility expenses, and lower freight costs in connection with the Initiatives described above.

***Gross Profit and Gross Margin***

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

| | For the Three Months Ended June 30, | | Change in Gross Profit | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| (Dollars in thousands) | Gross Profit | | $ | % |
| Products | $ (35,798) | $ 4,174 | $ (39,972) | (958)% |
| Services | 3,609 | 1,915 | 1,694 | 88 % |
| **Total** | **$ (32,189)** | **$ 6,089** | **$ (38,278)** | **(629)%** |

Total gross profit during the three months ended June 30, 2024 and 2023 was ($32.2) million and $6.1 million, respectively. The decrease in gross profit of $38.3 million was driven by incremental amortization recorded in connection with the Photopolymer Initiative offset by reduced payroll expenses and other cost savings as part of the Initiatives described above.

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

| | For the Three Months Ended June 30, | | Change in Gross Margin | |
|---|---|---|---|---|
| | 2024 | 2023 | Percentage Points | % |
| | Gross Margin | | | |
| Products | (114)% | 9 % | (1.23) | (1,367)% |
| Services | 48 % | 33 % | 0.15 | 45 % |
| **Total** | **(83)%** | **11 %** | **(0.94)** | **(855)%** |

Total gross margin for the three months ended June 30, 2024 and 2023 was (83)% and 11%, respectively. Gross margin decreased period over period driven by incremental amortization recorded in connection with the Photopolymer Initiative.

***Research and Development***

Research and development expenses during the three months ended June 30, 2024 and 2023 were $17.1 million and $21.2 million, respectively, a decrease of $4.1 million, or 19%. The decrease in research and development expenses was largely due to a decrease in stock compensation expense of $2.3 million compared to the same quarter in 2023. Additionally, we reduced payroll expense by $3.5 million and consulting services expenses by $0.7 million, associated with the Initiatives described above.

***Sales and Marketing***

Sales and marketing expenses during the three months ended June 30, 2024 and 2023 were $25.8 million and $10.4 million, respectively, an increase of $15.4 million, or 148%. The increase in sales and marketing expenses was driven by incremental amortization recorded in connection with the Photopolymer Initiative. This was offset by reductions in payroll expense, stock compensation expense, marketing spend, and amortization associated with savings in connection with the Initiative described above.

***General and Administrative***

General and administrative expenses during the three months ended June 30, 2024 and 2023 were $26.2 million and $22.9 million, respectively, an increase of $3.3 million, or 14%. The increase in general and administrative expenses was driven by incremental amortization and depreciation recorded in connection with the Photopolymer Initiative partially offset by decreases in accounting, auditing, and legal fees, payroll expense, and stock compensation expense associated with savings in connection with the Initiatives described above.

***Interest Expense***

Interest expense during the three months ended June 30, 2024 and 2023 was $1.7 million and $1.1 million, respectively.

***Interest and Other Expense, Net***

Interest and other expense, net during the three months ended June 30, 2024 and 2023 was $0.1 million and $0.1 million, respectively.

***Income Taxes***

We recorded an income tax expense of $0.3 million during the three months ended June 30, 2024, compared to immaterial income tax expense during the three months ended June 30, 2023. The increase in expense was primarily due to an increase in expected tax expense in non-U.S. jurisdictions during the three months ended June 30, 2024.

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

**Comparison of the six months ended June 30, 2024 and 2023**

***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 Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | Change in Revenues | |
| (Dollars in thousands) | Revenue | % of Total | Revenue | % of Total | $ | % |
| Products Revenue | $ 67,042 | 84 % | $ 84,095 | 89 % | $ (17,053) | (20)% |
| Services Revenue | 12,490 | 16 % | 10,507 | 11 % | 1,983 | 19 % |
| **Total Revenue** | **$ 79,532** | **100 %** | **$ 94,602** | **100 %** | **$ (15,070)** | **(16)%** |

Total revenue for the six months ended June 30, 2024 and 2023 was $79.5 million and $94.6 million, respectively, a decrease of $15.1 million, or 16%. Products revenue decreased primarily due to a reduction in units shipped during the first half of 2024 driven by the macroeconomic conditions impacting the additive manufacturing industry described above. The decrease in revenue was partially offset by an increase in Services revenue. Services revenue increased approximately 19% during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, primarily due to an increase in support and installation revenue from shipments during recent periods.

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

| | For the Six Months Ended June 30, | | | | Change in Revenues | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | | |
| (Dollars in thousands) | Revenue | % of Total | Revenue | % of Total | $ | % |
| Americas | $ 52,462 | 66 % | $ 59,495 | 63 % | $ (7,033) | (12)% |
| EMEA | 19,881 | 25 % | 26,449 | 28 % | (6,568) | (25)% |
| APAC | 7,189 | 9 % | 8,658 | 9 % | (1,469) | (17)% |
| **Total Revenue** | **$ 79,532** | **100 %** | **$ 94,602** | **100 %** | **$ (15,070)** | **(16)%** |

Total revenue decreased during the six months ended June 30, 2024, compared to the six months ended June 30, 2023, due to decreases in unit shipments across all regions.

***Cost of Sales***

Total cost of sales during the six months ended June 30, 2024 and 2023 was $113.9 million and $89.9 million, respectively, an increase of $24.0 million or 27%. The increase in cost of sales is driven by incremental amortization recorded in connection with the Photopolymer Initiative offset by reduced payroll expense from workforce reductions, reduced facility expenses, and lower freight costs in connection with the Initiatives described above.

***Gross Profit and Gross Margin***

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

| | For the Six Months Ended June 30, | | Change in Gross Profit | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| (Dollars in thousands) | Gross Profit (Loss) | | $ | % |
| Products | $ (39,186) | $ 1,980 | $ (41,166) | (2,079)% |
| Services | 4,791 | 2,745 | 2,046 | 75 % |
| **Total** | **$ (34,395)** | **$ 4,725** | **$ (39,120)** | **(828)%** |

Total gross profit during the six months ended June 30, 2024 and 2023 was ($34.4) million and $4.7 million, respectively. The decrease in gross profit of ($39.1) million was driven by incremental amortization recorded in connection with the Photopolymer Initiative offset by reduced payroll expenses and other cost savings as part of the Initiatives described above.

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

| | For the Six Months Ended June 30, | | Change in Gross Margin | |
|---|---|---|---|---|
| | 2024 | 2023 | Percentage Points | % |
| | Gross Margin | | | |
| Products | (58)% | 2 % | (0.60) | (3,000)% |
| Services | 38 % | 26 % | 0.12 | 46 % |
| **Total** | **(43)%** | **5 %** | **(0.48)** | **(960)%** |

Total gross margin for the six months ended June 30, 2024 and 2023 was (43)% and 5%, respectively. Gross margin decreased period over period in line with revenue decrease.

***Research and Development***

Research and development expenses during the six months ended June 30, 2024 and 2023 were $37.0 million and $44.4 million, respectively, a decrease of $7.4 million, or 17%. The decrease in research and development expenses was largely due to a decrease in stock compensation expense of $3.1 million compared to the same quarter in 2023. Additionally, we reduced payroll expense by $6.6 million and consulting services expenses by $1.0 million, associated with the Initiatives described above.

***Sales and Marketing***

Sales and marketing expenses during the six months ended June 30, 2024 and 2023 were $37.0 million and $20.0 million, respectively, an increase of $17.0 million, or 85%. The increase in sales and marketing expenses was driven by incremental amortization recorded in connection with the Photopolymer Initiative. This was offset by reductions in payroll expense, stock compensation expense, marketing spend, and amortization associated with savings in connection with the Initiative described above.

***General and Administrative***

General and administrative expenses during the six months ended June 30, 2024 and 2023 were $42.4 million and $41.1 million, respectively, a decrease of ($1.3) million, or (3)%. The decrease in general and administrative expenses was driven by decreases in accounting, auditing, and legal fees, payroll expense, and stock compensation expense associated with workforce reductions in connection with the Initiatives described above partially offset by incremental amortization and depreciation recorded in connection with the Photopolymer Initiative.

***Interest Expense***

Interest expense during the six months ended June 30, 2024 and 2023 was $3.2 million and $1.9 million, respectively.

***Interest and Other Expense, Net***

Interest and other expense, net during the six months ended June 30, 2024 and 2023 was $1.5 million and ($0.1) million, respectively. The increase in expense during the three months ended June 30, 2024 is attributable to a loss on the investment in equity securities of a publicly-traded company.

***Income Taxes***

We recorded an income tax expense of $0.1 million during the six months ended June 30, 2024, compared to an income tax benefit of $0.5 million during the six months ended June 30, 2023. The increase in expense was primarily due to an increase in expected tax expense in non-U.S. jurisdictions during the six months ended June 30, 2024.

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

**Non-GAAP Financial Information**

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

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

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

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

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

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

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

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

*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.

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.

The items excluded from the non-GAAP financial measures often have a material impact on our financial results and such items often recur. Accordingly, the non-GAAP financial measures included in this Quarterly Report on Form 10-Q should be considered in addition to, and not as a substitute for, the comparable measures prepared in accordance with GAAP. The following tables reconcile each of these non-GAAP financial measures to its most closely comparable GAAP measure in our financial statements for the three and six months ended June 30, 2024 and 2023:

| (Dollars in thousands) | For the Three Months Ended June 30, 2024 | For the Three Months Ended June 30, 2023 | For the Six Months Ended June 30, 2024 | For the Six Months Ended June 30, 2023 |
|---|---|---|---|---|
| GAAP gross margin | $ (32,189) | $ 6,089 | $ (34,395) | $ 4,725 |
| Stock-based compensation included in cost of sales[1] | 475 | 590 | 1,043 | 1,270 |
| Amortization of acquired intangible assets included in cost of sales[2] | 42,681 | 6,928 | 57,021 | 13,855 |
| Restructuring expense in cost of sales[2] | 28 | 2,488 | 37,543 | 3,205 |
| Acquisition-related and integration costs included in cost of sales | 366 | 434 | 366 | 913 |
| **Non-GAAP gross margin** | $ 11,361 | $ 16,529 | $ 61,578 | $ 23,968 |
| | | | | |
| GAAP operating loss | $ (101,327) | $ (48,518) | $ (150,716) | $ (100,834) |
| Stock-based compensation[2] | 6,497 | 9,703 | 14,335 | 19,016 |
| Amortization of acquired intangible assets | 65,931 | 10,457 | 86,978 | 20,899 |
| Restructuring expense[3] | 11,211 | 2,850 | 14,217 | 6,469 |
| Acquisition-related and integration costs | 2,050 | 7,359 | 3,305 | 8,765 |
| **Non-GAAP operating loss** | $ (15,638) | $ (18,149) | $ (31,881) | $ (45,685) |
| | | | | |
| GAAP net loss | $ (103,440) | $ (49,728) | $ (155,538) | $ (102,369) |
| Stock-based compensation[2] | 6,497 | 9,703 | 14,335 | 19,016 |
| Amortization of acquired intangible assets | 65,931 | 10,457 | 86,978 | 20,899 |
| Restructuring expense[3] | 11,211 | 2,850 | 14,217 | 6,469 |
| Acquisition-related and integration costs | 2,050 | 7,359 | 3,305 | 8,765 |
| Change in fair value of investments | 497 | 107 | 1,814 | 286 |
| **Non-GAAP net loss** | $ (17,254) | $ (19,252) | $ (34,889) | $ (46,934) |

(1) Includes immaterial liability-award stock-based compensation expense for the three and six months ended June 30, 2024, respectively. Includes $0.2 million and $0.4 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2023, respectively.
(2) Includes no liability-award stock-based compensation expense and $0.5 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2024, respectively. Includes $1.3 million and $2.9 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2023, respectively.
(3) Includes $3.9 million and $4.3 million of depreciation classified as restructuring charges for the three and six months ended June 30, 2024, respectively.

| (Dollars in thousands) | For the Three Months Ended June 30, 2024 | For the Three Months Ended June 30, 2023 | For the Six Months Ended June 30, 2024 | For the Six Months Ended June 30, 2023 |
|---|---|---|---|---|
| GAAP operating expenses | $ 69,138 | $ 54,607 | $ 116,321 | $ 105,559 |
| Stock-based compensation included in operating expenses[1] | (6,022) | (9,113) | (13,292) | (17,746) |
| Amortization of acquired intangible assets included in operating expenses | (23,250) | (3,529) | (29,957) | (7,044) |
| Restructuring expense included in operating expenses | (11,183) | (362) | 23,326 | (3,264) |
| Acquisition-related and integration costs included in operating expenses | (1,684) | (6,925) | (2,939) | (7,852) |
| **Non-GAAP operating expenses** | $ 26,999 | $ 34,678 | $ 93,459 | $ 69,653 |

(1) Includes no liability-award stock-based compensation expense and $0.5 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2024, respectively. Includes $1.1 million and $2.5 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2023, respectively.

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

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

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

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

The following table reconciles net loss to EBITDA and Adjusted EBITDA during the three and six months ended June 30, 2024 and 2023:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| **(Dollars in thousands)** | **2024** | **2023** | **2024** | **2023** |
| Net loss attributable to common stockholders | $ (103,440) | $ (49,728) | $ (155,538) | $ (102,369) |
| Interest expense | 1,690 | 1,109 | 3,181 | 1,920 |
| Income tax benefit (expense) | 345 | 23 | 147 | (534) |
| Depreciation and amortization [2] | 71,858 | 13,530 | 96,043 | 26,965 |
| **EBITDA** | **(29,547)** | **(35,066)** | **(56,167)** | **(74,018)** |
| Change in fair value of investments | 497 | 107 | 1,814 | 286 |
| Stock-based compensation expense[1] | 6,497 | 9,703 | 14,335 | 19,016 |
| Restructuring expense [2] | 7,295 | 2,850 | 9,887 | 6,469 |
| Acquisition-related and integration costs | 2,050 | 7,359 | 3,305 | 8,765 |
| **Adjusted EBITDA** | **$ (13,208)** | **$ (15,047)** | **$ (26,826)** | **$ (39,482)** |

[1] Includes no liability-award stock-based compensation expense and $0.5 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2024, respectively. Includes $1.3 million and $2.9 million of liability-award stock-based compensation expense for the three and six months ended June 30, 2023, respectively.

[2] In connection with the Photopolymer Initiative, we recorded incremental depreciation and amortization for the shortened useful life of various fixed assets and intangibles to restructuring charges. For the three and six months ended June 30, 2024, we recorded incremental depreciation of $3.9 million and $4.3 million, respectively, and incremental amortization of $59.9 million and $71.1 million, respectively. These amounts are listed in the depreciation and amortization line.

**Liquidity and Capital Resources**

We have incurred a net loss in each of our annual periods since our inception, and we have an accumulated deficit of $1,787.8 million as of June 30, 2024. We incurred net losses $155.5 million and $102.4 million during the six months ended June 30, 2024 and 2023, respectively. We expect to continue to incur additional losses and negative cash flows from operations in the near term. As of June 30, 2024, we had $46.1 million in cash, cash equivalents, and short-term investments.

Since inception, we have received cumulative net proceeds from the Business Combination, the exercise of warrants, and the sale of our preferred and common stock of $973.4 million to fund our operations, and in May 2022 we received aggregate net proceeds of $111.4 million from the sale of 6.0% Convertible Senior Notes due 2027 as described below. As of June 30, 2024, our principal sources of liquidity were our cash, cash equivalents, and short-term investments of $46.1 million which are principally invested in money market funds and fixed income instruments.

Pursuant to the Merger Agreement, Nano agreed to provide us with a multi-draw term loan credit facility in an aggregate principal amount not to exceed $20.0 million (the “Bridge Loan Facility”), which amount shall be available at our request at any time and from time to time after January 7, 2025, subject to a monthly borrowing cap and subject to the execution of definitive loan documents to be mutually agreed by us and Nano (the “Bridge Loan Documentation”). If executed, the Bridge Loan Documentation will reflect the terms and be subject to the conditions set forth on the Bridge Loan Term Sheet (attached to the Merger Agreement) or such terms as may otherwise be agreed in writing by us and Nano. We may, but are not obligated to, execute the Bridge Loan Documentation and borrow under the Bridge Loan Facility. The Bridge Loan Facility is intended to supplement the Company’s working capital and liquidity on an as-needed basis to bridge to the closing of the Merger.

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 the 2024 Initiative to reduce cash expenditures in the long term. As of June 30, 2024, we had lease payment obligations of $28.3 million, with $7.8 million payable within 12 months.

Capital expenditures for the six months ended June 30, 2024, totaled $0.7 million and consisted primarily of lab equipment and leasehold improvements. As of June 30, 2024, we did not have any capital expenditures payable within 12 months. As of June 30, 2024, we had $45.9 million in cash and cash equivalents, and $0.2 million in short-term liquid investments. 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 into the second quarter of 2025. This belief is based on assumptions that may change as a result of many factors currently unknown to us; however, if the Merger is not completed or if we require additional financing before the Merger is completed, we will 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, and we may need to do so sooner than we expect. There is no assurance that sources of financing will be available on a timely basis, or on satisfactory terms, or at all. These conditions raise substantial doubt regarding our ability to continue as a going concern within one year after the date of the filing of this Quarterly Report. For additional information, see Note 1 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report.

We have enacted, 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 annualized 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 photopolymer business and a review of other potential cost saving actions (the “Photopolymer Initiative”). We explored alternatives for the photopolymer business, which may include divestitures, curtailment of investment or winding down of the business. As part of the Photopolymer Initiative, we assumed a shortened useful life on certain assets, including fixed assets, intangibles, and right of use assets, related to the photopolymer business and recorded $68.3 million and $80.3 million in incremental depreciation and amortization for the three and six months ended June 30, 2024. During the three and six months ended June 30, 2024, we recorded restructuring charges of $0.4 million and $0.9 million, respectively, related to employee severance and facility consolidations in connection with the Photopolymer Initiative.

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. We also regularly evaluate opportunities to raise capital through the issuance of debt or equity, as well as potential strategic opportunities, including divestitures, entering into or exiting lines of business, business combinations, joint ventures, strategic alliances, strategic investments and other strategic transactions.

**Cash Flows**

Since inception, we have primarily used proceeds from the Business Combination, issuances of preferred stock and debt instruments to fund our operations and complete acquisitions. The following table sets forth a summary of cash flows for the six months ended June 30, 2024, and 2023:

| (Dollars in thousands) | For the Six Months Ended June 30, 2024 | 2023 |
|---|---|---|
| Net cash used in operating activities | $ (37,432) | $ (70,494) |
| Net cash provided by investing activities | 1,013 | 110,883 |
| Net cash (used in) provided by financing activities | (534) | 721 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (1,055) | 73 |
| Net change in cash, cash equivalents, and restricted cash | $ (38,008) | $ 41,183 |

***Operating Activities***

Net cash used in operating activities was $37.4 million for the six months ended June 30, 2024, primarily consisting of $155.5 million of net losses, adjusted for non-cash items, which primarily included depreciation and amortization expense of $96.0 million and stock-based compensation expense of $14.3 million, as well as $6.4 million in cash consumed by working capital.

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

***Investing Activities***

Net cash provided by investing activities was $1.0 million for the six months ended June 30, 2024, consisting of purchases of property and equipment of $0.7 million and proceeds from sales of property and equipment of $1.7 million.

Net cash provided by investing activities was $110.9 million for the six months ended June 30, 2023, primarily consisting of proceeds from sales and maturities of marketable securities of $107.7 million, partially offset by purchases of marketable securities of

$5.0 million. We also purchased $1.3 million of property and equipment and received $9.9 million in proceeds from the sale of property and equipment.

***Financing Activities***

Net cash used in financing activities was $0.5 million for the six months ended June 30, 2024, consisting primarily of $0.4 million in payments of taxes related to net share settlements upon vesting of restricted stock units and $0.2 million in repayment of loans.

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

**Critical Accounting Policies and Significant Estimates**

There were no material changes in the first three months of 2024 to the information provided under the heading “Critical Accounting Policies and Estimates” included in our Annual Report on Form 10-K for the year ended December 31, 2023.

**Off-Balance Sheet Arrangements**

In the normal course of operations, ExOne’s German subsidiary, ExOne GmbH, issues short-term financial guarantees and letters of credit to third parties in connection with certain commercial transactions requiring security through a credit facility with a German bank. At June 30, 2024, 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 in our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

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

**Recent Accounting Pronouncements**

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

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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

*Interest Rate Risk*

Our exposure to market risk for changes in interest rates relates primarily to our cash, cash equivalents and short-term investment portfolio. Our investment strategy is focused on preserving capital and supporting our liquidity requirements, while earning a reasonable market return. We invest in a variety of U.S. government securities, corporate debt securities, asset-backed securities, and commercial paper. The market value of our marketable securities may decline if current market interest rates rise. As of June 30, 2024, the fair value of our cash, cash equivalents, and short-term investments was $46.1 million. A 10% change in interest rates would have an immaterial impact on the fair value of our investment portfolio. Our marketable securities are recorded at fair value, and gains and losses from these securities are recognized within other comprehensive income as they occur.

*Foreign Currency Risk*

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

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Under the supervision of our Chief Executive Officer and Chief Financial Officer, our management has evaluated the effectiveness of the design and operation of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. As described in our Annual Report on Form 10-K for the year ended December 31, 2023, we identified material weaknesses in our internal control over financial reporting. As a result of these material weaknesses, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2024, our disclosure controls and procedures are not effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities and Exchange Act is recorded, processed, summarized, and reported as and when required.

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

**Changes in Internal Control Over Financial Reporting**

During the six months ended June 30, 2024, we continued to implement certain internal controls in connection with remediation efforts related to the material weaknesses identified in our Annual Report on Form 10-K for the year ended December 31, 2023. There were no changes to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the six months ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on Effectiveness of Internal Controls**

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

**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

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

On October 20, 2023, purported stockholder Pietro Campanella filed an amendment to the November 21, 2021 class action complaint in Delaware Court of Chancery against Desktop Metal, Inc., and former directors and officers of The ExOne Company, alleging breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims in connection with the ExOne Merger

(Campanella v. Rockwell, et al., Case No. 2021-1013-LWW). In particular, Mr. Campanella alleges that ExOne's proxy statement and supplemental disclosures did not adequately disclose information related to a whistleblower investigation at one of Desktop Metal's subsidiaries, EnvisionTEC, and the resignation of EnvisionTEC's CEO, prior to the ExOne stockholder vote. Defendants filed their motion to dismiss the complaint on January 12, 2024. The parties completed briefing on the motion to dismiss on May 22, 2024, and a hearing on the motion to dismiss is scheduled for October 16, 2024.

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 filed a Notice of Appeal. The parties completed briefing on the Zhou Appeal in May 2024, and oral argument before the U.S. Court of Appeals for the First Circuit has been scheduled for September 10, 2024.

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

**Item 1A. Risk Factors**

**Summary of Risk Factors**

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

- Our negative cash flows and current lack of financial resources raise substantial doubt as to our ability to continue as a going concern. If we are unable to raise additional funding to meet our operational needs, we may be forced to limit or cease our operations and/or liquidate our assets.

- 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 results.

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

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

**Risk Factors**

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

**Risks Related to Our Financial Position and Need for Additional Capital**

***Our negative cash flows and current lack of financial resources raise substantial doubt as to our ability to continue as a going concern. If we are unable to raise additional funding to meet our operational needs, we may be forced to limit or cease our operations and/or liquidate our assets.***

Although our unaudited consolidated interim financial statements have been prepared assuming our company will continue as a going concern, our negative cash flows and current lack of financial resources raise substantial doubt as to our ability to satisfy our obligations as they become due within one year from the date of filing of this Quarterly Report on Form 10-Q. As of June 30, 2024, we had an accumulated deficit of $1,787.8 million and cash and cash equivalents of $45.9 million, and we incurred a net loss of $155.5 million in the six months ended June 30, 2024. We expect our losses to continue for the foreseeable future. If the Merger is not completed or if we require additional financing before the Merger is completed, we will 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, and we may need to do so sooner than we expect. 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 procure additional financing when needed, we would not be able to continue as a going concern. Additionally, we may be forced to seek protection from our creditors through bankruptcy proceedings, discontinue operations, or liquidate our assets, and we may receive less than the value at which those assets are carried on our unaudited interim financial statements. Any of these outcomes could cause our shareholders to lose some or all of their investment.

Even if we are able to raise significant additional capital necessary to continue our operations over the next year, if we are unable to obtain additional adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives, develop our technology and products, and respond to business opportunities, challenges, unforeseen circumstances or developments could be significantly limited, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

***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 Quarterly Report on Form 10-Q, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown events. As a result, our losses may be larger than anticipated, we may incur significant losses for the foreseeable future, and we may not achieve profitability, and even if we do, we may not be able to maintain or increase profitability. Furthermore, if our future growth and operating performance fail to meet investor or securities analyst expectations, or if we have future negative cash flow or losses resulting from our investment in acquiring customers or expanding our operations, this could have a material adverse effect on our business, financial condition, and results of operations.

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

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

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

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

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

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

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

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

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

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

Due to the foregoing factors, and the other risks discussed in this Quarterly Report on Form 10-Q, 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 the Proposed Merger with Nano**

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

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

Additionally, either party may terminate the Merger Agreement under certain circumstances, including, among other reasons, if the Merger is not completed by January 31, 2025 (subject, under certain circumstances, to extension to March 31, 2025).

If the Merger Agreement is terminated under certain circumstances specified in the Merger Agreement, we may be required to pay Nano a termination fee of $7.875 million or an expense reimbursement in an amount not to exceed $6.0 million.

***Our stockholders cannot be certain of the exact amount of Per Share Merger Consideration they will receive as it is subject to downward adjustment pursuant to the terms of the Merger Agreement.***

At the Effective Time of the Merger, each share of our Class A common stock held by our existing stockholders will be converted automatically into the right to receive the Per Share Merger Consideration, without interest, subject to downward adjustment, subject further to any tax withholding, by an amount equal to the sum of (x) the product of (A) the aggregate principal amount outstanding under the Bridge Loan Facility together with accrued and unpaid interest, as of the closing of the Merger divided by $2,500,000, and (B) $0.10 (provided that in no event shall the adjustment pursuant to (x) hereunder be greater than $0.80), plus (y) the product of (A) all unpaid Company Transaction Expenses (as defined in the Merger Agreement) as of the closing of the Merger divided by $2,500,000, and (B) $0.10 (provided that in no event shall the adjustment pursuant to (y) hereunder be greater than $0.60), plus (z) $0.0325 if certain our executive officers do not execute severance letter agreements prior to the closing.

Because the amount of the Per Share Merger Consideration to be received by our stockholders is subject to downward adjustment and will not be determined until three (3) business days before the closing of the Merger, stockholders will not know with certainty the exact amount of Per Share Merger Consideration they will receive upon consummation of the Merger. As of the date of this Quarterly Report on Form 10-Q, based on forecasted Company Transaction Expenses, our expectation is that we will not draw on the Bridge Loan Facility and our expectations regarding the severance letter agreements, we estimate that adjustments to the Per Share Merger Consideration will total $0.44 per share, resulting in an adjusted Per Share Merger Consideration of $5.06 per share. No assurance can be given, however, that the adjustments will not be greater than anticipated. If the Company Transaction Expenses are greater than anticipated or if we have unanticipated liquidity needs, either as a result of a longer than expected time to closing or other unforeseen costs or other events, causing us to draw on the Bridge Loan Facility, the Per Share Merger Consideration will be reduced. If all of the reductions are fully realized, the Per Share Merger Consideration will be reduced to $4.07 per share.

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

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

- we will be required to pay our expenses relating to the Merger, such as certain legal, accounting, financial advisory and printing fees, whether or not the Merger is completed;

- time and resources committed by our management team to matters relating to the Merger (including integration planning) could otherwise have been devoted to our existing business and the pursuit of other opportunities that may have been beneficial to us;

- the market price of our Class A common stock could decline to the extent that the current market price reflects a market assumption that the Merger will be completed;

- we may experience negative reactions from our suppliers, customers, distribution channels, business partners, industry contacts and other third parties, which in turn could affect our marketing and sales operations or our ability to compete for new business or obtain renewals in the marketplace more broadly;

- we may experience negative reactions from employees;

- we and/or our management team could be subject to litigation related to any failure to complete the Merger or any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement; and

- we may be required, in certain circumstances, to pay a termination fee of $7.875 million or an expense reimbursement in an amount not to exceed $6.0 million to Nano.

In addition to the above risks, if the Merger Agreement is terminated and our board of directors seeks an alternative transaction, our stockholders cannot be certain that we will be able to find a party willing to engage in a transaction on more attractive terms than the Merger. The efforts and costs to satisfy the closing conditions of the Merger may place a significant burden on management and internal resources, and the Merger and related transactions, whether or not consummated, may result in a diversion of management's attention from day-to-day operations. Any significant diversion of management's attention away from ongoing business and difficulties encountered in the Merger process could have a material adverse effect on our business, results of operations and financial condition. Any of the above risks could materially affect our business, financial results and stock price.

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

The Merger Agreement contains "no shop" provisions that restrict our ability to, among other things, solicit, initiate, induce, facilitate or knowingly encourage any acquisition proposal or any inquiry or proposal that may be reasonably be expected to lead to an acquisition proposal; enter into, participate in, maintain or continue any communications or negotiations regarding, or deliver or make available any non-public information with respect to, or take any other action regarding, any actual or potential acquisition proposal; agree to, accept, approve, endorse or recommend (or publicly propose or announce any intention or desire to agree to, accept, approve, endorse or recommend) any acquisition proposal; or enter into any letter of intent or any other contract, agreement, commitment or other written arrangement contemplating or otherwise relating to any acquisition proposal.  Although our board of directors is permitted to effect a change of recommendation, after complying with certain procedures set forth in the Merger Agreement, in response to an acquisition proposal if it determines in good faith judgment, after consulting with its outside legal counsel, that such acquisition proposal constitutes a superior proposal, its doing so would entitle Nano to terminate the Merger Agreement and collect a $7.875 million termination fee.  These provisions could discourage a potential competing acquirer from considering or proposing an acquisition or merger, even if it were prepared to pay consideration with a higher value than that implied by the merger consideration, or might result in a potential competing acquirer proposing to pay a lower per share price than it might otherwise have proposed to pay because of the added expense of the termination fee.

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

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

**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.***

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.

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 reduction 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. 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. 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 our photopolymer business and a review of other potential cost saving actions. 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, it could have a material negative impact on our results of operations and financial position.

In addition, our restructuring activities and cost savings initiatives may subject us to litigation risks and expenses and may have other consequences, such as attrition beyond our planned reduction in workforce, a negative effect on employee morale and productivity or a negative effect on our ability to attract highly skilled employees. Our competitors may use our restructuring plans to seek to gain a competitive advantage over us. As a result, our restructuring plans and cost savings initiatives may 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 (including the conflict between Ukraine and Russia and the conflict in Israel and surrounding areas).

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, or disruption 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, during 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, 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 Quarterly Report on Form 10-Q may not be accurate.***

Market opportunity estimates and growth forecasts included in this Quarterly Report on Form 10-Q are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Even if these markets experience the forecasted growth described in this Quarterly Report on Form 10-Q, we may not grow our business at similar rates, or at all. Our future growth is subject to many factors, including market adoption of our products, which is subject to many risks and uncertainties. Accordingly, the forecasts and estimates of market size and growth described in this Quarterly Report on Form 10-Q, including our estimates that the size of the total addressable market is expected to be more than $100 billion in 2030, should not be taken as indicative of our future growth.

**Risks Related to Acquisitions**

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

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

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

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

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

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

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

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

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

- diversion of management's attention from their day-to-day responsibilities;
- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs, which would be recognized as a current period expense;
- problems integrating the purchased business, products or technologies;
- challenges in achieving strategic objectives, cost savings and other anticipated benefits;
- inability to maintain relationships with key customers, suppliers, vendors and other third parties on which the purchased business relies;
- the difficulty of incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand;
- difficulty in maintaining controls, procedures, and policies during the transition and integration;
- challenges in integrating the new workforce and the potential loss of key employees, particularly those of the acquired business; and
- use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition.

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

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

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

As we contemplate moving manufacturing into different jurisdictions, we may be subject to additional significant challenges in ensuring that quality, processes, and costs, among other issues, are consistent with our expectations. For example, while we expect our third-party contract manufacturers to be responsible for 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 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 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, and 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**

***If we cannot meet the continued listing requirements of the NYSE, the NYSE may delist our common stock, which would have an adverse impact on the trading, liquidity and market price of our common stock.***

On November 22, 2023, we were notified by the NYSE that we were not in compliance with Section 802.01C of the NYSE Listed Company Manual because the average closing price of our Class A common stock was less than $1.00 over a consecutive 30 trading-day period. Pursuant to NYSE rules, our Class A common stock continues to be listed and traded on NYSE during the cure period, subject to our compliance with other continued listing requirements. We notified the NYSE of our intent to cure the deficiency and return to compliance with the NYSE continued listing requirements.

On June 10, 2024 after obtaining stockholder approval, we effected a 1-for-10 reverse stock split (the "Reverse Stock Split"), and the Company's Class A common stock began trading on the post-split adjusted basis on June 11, 2024. On July 24, 2024, we were notified by the NYSE that the closing bid price of our Class A common stock had been greater than $1.00 per share for 30 consecutive business days, from June 11, 2024 to July 24, 2024 . Accordingly, we have regained compliance with the requirements of Section 802.01C and this matter is now closed. If the average closing price our Class A common stock again is below $1.00 over a consecutive 30 trading-day period, we would again receive another notice of non-compliance with NYSE's listing standards and face the risk of delisting.

No assurance can be given that we will be able to continue to comply with the NYSE minimum price requirement or maintain compliance with the other continued listing requirements of the NYSE. If we are unable to stay in compliance with the NYSE's continued listing requirements and our Class A common stock is suspended from trading and delisted, it could have adverse consequences including, among others, reducing the number of investors willing to hold or acquire our Class A common stock, reducing the liquidity and market price of our Class A common stock, adverse publicity and a reduced interest in us from investors, analysts and other market participants. A delisting could impair our ability to raise additional capital through the public markets and our ability to attract and retain employees by means of equity compensation. In addition, the delisting of our Class A common stock from the NYSE would constitute a "fundamental change" under the terms of the indenture governing our 6.0% Convertible Senior Notes due 2027 (the "2027 Notes"), whereupon holders of the 2027 Notes may require us to repurchase for cash all or part of their Convertible Notes at a purchase price equal to the principal amount of the 2027 Notes to be repurchased plus accrued and unpaid interest to, but excluding, the repurchase date.

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

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

- the impact of the COVID-19 pandemic on our financial condition and the results of operations;
- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our products;
- future announcements concerning our business, our customers' businesses, or our competitors' businesses;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;

- the size of our public float;
- coverage by or changes in financial estimates by securities analysts or failure to meet their expectations;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in laws or regulations which adversely affect our industry or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in senior management or key personnel;
- issuances, exchanges or sales, or expected issuances, exchanges, or sales of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation against us; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

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

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, has the potential to create a 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 condensed consolidated financial statements, which could harm our operating results. In addition, we will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation. Testing and maintaining internal controls may divert management's attention from other matters that are important to our business. Our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting on an annual basis.

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

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

As of December 31, 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 condensed consolidated financial statements will not be prevented or detected on a timely basis. While we have instituted plans to remediate the issue described above and continue to take remediation steps, including hiring additional personnel, including a vice president of accounting with public company experience, we continued to have a limited number of personnel with the level of GAAP accounting knowledge, specifically related to complex accounting transactions, commensurate with our financial reporting requirements.

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

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

**Recent Sales of Unregistered Securities**

All issuances of unregistered securities by us during the three months ended June 30, 2024, have been included previously in a Current Report on Form 8-K.

**Issuer Purchases of Equity Securities**

The following table sets forth purchases of our common stock for the three months ended June 30, 2024:

| Period | Total number of shares purchased [1] | Average price paid per share | Total number of shares purchased as part of a publicly announced program | Approximate dollar value of shares that may yet be purchased under the program |
|---|---|---|---|---|
| April 1, 2024 through April 30, 2024 | 570 | $ 8.52 | — | — |
| May 1, 2024 through May 31, 2024 | 5,467 | $ 6.51 | — | — |
| June 1, 2024 through June 30, 2024 | 62 | $ 5.81 | — | — |
| **Total** | 6,099 | | — | |

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

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

(a) None.

(b) During the three months ended June 30, 2024, 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 6. Exhibits**

(a) Exhibits

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

**EXHIBIT INDEX**

| Exhibit | | Incorporated by Reference | | |
|---|---|---|---|---|
| | | Form | Exhibit | Filing Date |
| 2.1 | Agreement and Plan of Merger, dated as of July 2, 2024, by and among Nano Dimension, the Company and Merger Sub** | 8-K | 2.1 | 7/3/2024 |
| 10.1 | Loan Term Sheet between the Company and Nano | 8-K | 10.2 | 7/3/2024 |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) | | | * |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) | | | * |
| 32.1 | Certification of Chief Executive Officer and Chief Financial Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350 | | | * |
| 101.INS | Inline XBRL Instance Document | | | * |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | | * |
| 101.CAL | Inline XBRL Taxonomy Calculation Linkbase Document | | | * |
| 101.DEF | Inline XBRL Taxonomy Definition Linkbase Document | | | * |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | | | * |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | * |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | * |

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

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

## SIGNATURES

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

| | |
|---|---|
| | DESKTOP METAL, INC. |
| Date: July 30, 2024 | By: /s/ Ric Fulop |
| | Ric Fulop<br>*Chief Executive Officer*<br>*(Principal Executive Officer)* |
| Date: July 30, 2024 | By: /s/ Jason Cole |
| | Jason Cole<br>*Chief Financial Officer*<br>*(Principal Financial Officer and Principal Accounting Officer)* |

**Exhibit 10.2**

June 26, 2024

Ric Fulop
Address: ________________________________________

***Re: Desktop Metal, Inc. Severance Plan***

Dear Mr. Fulop:

Reference is made to that certain Desktop Metal, Inc. Severance Plan (the "Plan") and that certain Participation Notice, dated May 13, 2023 (the "Agreement"), entered into by and between you and Desktop Metal, Inc. (the "Company") pursuant to which you were designated as a "Participant" in the Plan. Unless otherwise specified, all capitalized terms used herein, but not otherwise defined herein, shall have the meanings ascribed to them in the Plan or the Agreement, as applicable.

As you may be aware, the Company intends to enter into that certain Agreement and Plan of Merger (the "Merger Agreement") with Nano Dimension Ltd., an Israeli company ("Buyer"), and [●], a Delaware corporation and wholly owned subsidiary of Buyer ("Merger Sub"), pursuant to which Merger Sub will be merged with and into the Company and, as a result, the Company will become a wholly owned subsidiary of Buyer (the "Transaction"). It should be noted that the Transaction, if consummated, would be a "Change in Control" for purposes of the Plan.

In order to consummate the proposed Transaction, you, the Company and the Buyer have agreed to the following matters with respect to your continued employment with the Company following the closing of the Transaction, including certain changes to the Plan and your participation thereunder which shall apply solely in connection with, and conditioned upon the closing of, the Transaction and not with respect to any other Change in Control that may occur in the future. Specifically, you, the Company and the Buyer agree as follows:

1. The definition of "Qualifying Termination" in the Plan shall exclude any termination or resignation by you, the Participant, for "Good Reason" and therefore, during the 12 months following the closing of the Transaction (the "Post-Closing Employment Period"), you shall have no right to terminate your employment for "Good Reason". If you terminate your employment with the Company, the Buyer or any affiliate thereof during the Post-Closing Employment Period, you will not be entitled to any benefits under the Plan or otherwise, other than the Accrued Benefits.

In all other respects, the Plan and your Agreement shall remain unchanged and all other provisions of the Plan and your Agreement shall remain in effect unless and until the Plan is amended or terminated pursuant to its terms.

Please note that, as stated above, the changes made to the Plan and your Agreement only apply with respect to this proposed Transaction and will not apply to any other Change in Control that may occur in the future.

Please sign below indicating your acknowledgment and acceptance of the agreements set forth hereunder, and then forward the executed copy to me as soon as possible but no later than July 1 2024.

If you have any questions or concerns with regards to the foregoing, please feel free to contact me

Best Regards,

**NANO DIMENSION LTD.**

By: /s/ Zivi Nedivi
Name: Zivi Nedivi
Title: President

Acknowledgement and Acceptance by Participant:

By: /s/ Ric Fulop
Name: Ric Fulop

**Exhibit 10.3**

June [ ], 2024

[Name]
Address: ______________________________

Dear Mr. [ ]:

Reference is made to that certain Desktop Metal, Inc. Severance Plan (the "Plan") and that certain Participation Notice, dated May 13, 2023 (the "Agreement"), entered into by and between you and Desktop Metal, Inc. (the "Company") pursuant to which you were designated as a "Participant" in the Plan. Unless otherwise specified, all capitalized terms used herein, but not otherwise defined herein, shall have the meanings ascribed to them in the Plan or the Agreement, as applicable.

As you may be aware, the Company intends to enter into that certain Agreement and Plan of Merger (the "Merger Agreement") with Nano Dimension Ltd., an Israeli company ("Buyer"), and [●], a Delaware corporation and wholly owned subsidiary of Buyer ("Merger Sub"), pursuant to which Merger Sub will be merged with and into the Company and, as a result, the Company will become a wholly owned subsidiary of Buyer (the "Transaction"). It should be noted that the Transaction, if consummated, would be a "Change in Control" for purposes of the Plan.

In order to consummate the proposed Transaction, you, the Company and the Buyer have agreed to the following matters with respect to your continued employment with the Company following the closing of the Transaction, including certain changes to the Plan and your participation thereunder which shall apply solely in connection with, and conditioned upon the closing of, the Transaction and not with respect to any other Change in Control that may occur in the future. Specifically, you, the Company and the Buyer agree as follows:

1. For purposes of determining whether there has been a "Qualifying Termination" under the Plan, "GoodReason" shall not include a material decrease in your authority, title, duties or areas of responsibility ("Change in Position"), therefore, if you terminate your employment with the Company, the Buyer or any affiliate thereof during the twelve months following the closing of the Transaction (the "Closing") solely as a result of a Change in Position, you will not be entitled to any benefits under the Plan or otherwise, other than the Accrued Benefits. For the avoidance of doubt, except as set forth herein, the definition of "Good Reason" in the Plan shall remain unchanged.

2. To the extent you continue to be employed by the Company, the Buyer or any affiliate thereof on the twelvemonth anniversary of the Closing, you will (i) receive a stay bonus equal to $240,000.00 and (ii) any unvested restricted stock units granted to you by the Buyer at or in connection with the Closing shall vest in full, in each case pursuant to the terms and conditions of a customary Stay Bonus Agreement to be entered into prior to the closing of the Transaction.

3. For the avoidance of doubt, except as otherwise set forth herein, to the extent Buyer grants you a restricted stock unit award pursuant to the Merger Agreement (the "Replacement RSU Award"), such Replacement RSU Awards shall be subject to the accelerated vesting provisions set forth in the Plan in connection with any Change of Control which occurs subsequent to the Closing of the Transaction.

In all other respects, the Plan and your Agreement shall remain unchanged and all other provisions of the Plan and your Agreement shall remain in effect unless and until the Plan is amended or terminated pursuant to its terms.

Please note that, as stated above, the changes made to the Plan and your Agreement only apply with respect to this proposed Transaction and will not apply to any other Change in Control that may occur in the future.

Please sign below indicating your acknowledgment and acceptance of the agreements set forth hereunder, and then forward the executed copy to me as soon as possible but no later than [ ], 2024.

If you have any questions or concerns with regards to the foregoing, please feel free to contact me

Best Regards,

**NANO DIMENSION LTD.**

By: /s/ Zivi Nedivi
Name: Zivi Nedivi
Title: President

Acknowledgement and Acceptance by Participant:

By: /s/
Name:

**Exhibit 31.1**

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) of RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Ric Fulop, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Desktop Metal, Inc. for the quarter ended June 30, 2024;

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: July 30, 2024

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

**Exhibit 31.2**

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Jason Cole, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Desktop Metal, Inc. for the quarter ended June 30, 2024;

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: July 30, 2024

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

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Desktop Metal, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2024 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.

| | | |
|---|---|---|
| July 30, 2024 | /s/ Ric Fulop<br>Ric Fulop | Chief Executive Officer<br>(Principal Executive Officer) |
| July 30, 2024 | /s/ Jason Cole<br>Jason Cole | Chief Financial Officer<br>(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.