

August 14, 2024



Velo3D Announces Second Quarter 2024 Financial Results

Continued Focus on Realignment Priorities

Company Institutes Additional Cost Reduction Programs

Strategic Review Process Remains Ongoing

- Q2 2024 sales update
 - 2024 year to date bookings of \$21 million; >40% of orders from existing customers
 - \$17 million in backlog exiting Q2 2024
 - Continued defense sector expansion – >20% of 1H'24 shipments
- Reduced quarterly operating expenses
 - Down 37% year over year
 - Instituted additional cost control programs - ~30% headcount reduction
- Improved year over year operating cash flow in Q2 2024
- Operating and financial conditions remain challenging

FREMONT, Calif.--(BUSINESS WIRE)-- Velo3D, Inc. (NYSE: VLD), a leading additive manufacturing technology company for mission-critical metal parts, today announced financial results for its second quarter ended June 30, 2024.

“Our second quarter results reflected continued execution on our strategic priorities as we added to our year-to-date bookings, maintained a healthy backlog and reduced our operating expenses,” said Brad Kreger, CEO of Velo3D. “Specifically, we continued to expand our defense and space sector footprint during the quarter and expect to add to our backlog in these important industries in the second half of the year. We also further executed on our re-alignment efforts as we reduced our quarterly operating costs by 37% year over year and improved our manufacturing and operational efficiency. However, while we have made significant financial and operational progress year to date, we have made the difficult decision to right size the business as we expect industry conditions to remain challenging into the second half of 2024.”

“Our second quarter results also reflected the impact of delays in the funding of certain governmental projects with those system orders now expected in the second half of the year. While we still expect to close these transactions, these delays have negatively impacted our revenue forecast for the balance of the year. As a result, we have instituted a number of material cost reduction programs to reduce expenses and manage our liquidity, including a headcount reduction of approximately 30%. We expect these programs to drive significant annual operating savings and we continue to look at various options to support our balance sheet during our ongoing the strategic review process.”

“Looking forward, we believe the continued focus on our key priorities will position us well to

capitalize on the increasing industry demand for leading-edge additive manufacturing solutions,” concluded Kreger.

| (\$ in Millions, except percentages and per-share data) | 2nd Quarter 2024 | 2nd Quarter 2023 |
|--|------------------|------------------|
| GAAP revenue | \$10.3 | \$25.1 |
| GAAP gross margin | (28.0)% | 10.1% |
| GAAP net loss ¹ | (\$0.2) | (\$23.2) |
| GAAP net loss per share - basic and diluted | (\$0.02) | (\$4.10) |
| | | |
| Non-GAAP net loss ² | (\$21.7) | (\$19.3) |
| Non-GAAP net loss per basic and diluted share ² | (\$2.57) | (\$3.42) |

- 1. Information about Velo3D’s use of non-GAAP information, including a reconciliation to U.S. GAAP, is provided at the end of this release under “Non-GAAP Financial Information”. The non-GAAP financial measures presented in this release should not be considered as the sole measure of the company’s performance and should not be considered in isolation from, or as a substitute for, comparable financial measures calculated in accordance with generally accepted accounting principles accepted in the United States.**
- 2. Non-GAAP net loss and non-GAAP net loss per diluted share exclude stock-based compensation expense, fair value adjustments for the Company’s warrants, and contingent earnout.**

Summary of Second Quarter 2024 Results

Revenue for the second quarter was \$10.3 million. System revenue increased compared to the first quarter of 2024, primarily driven by a mix shift to the company’s higher priced Sapphire XC systems. Support services and recurring payment revenue declined sequentially compared to the first quarter of 2024 due to the expiration of certain lease contracts as well as a slight reduction in customers with active field service contracts.

Gross margin for the second quarter was negative 28% and primarily reflected the impact of lower fixed cost absorption as certain systems orders were delayed to the second half of 2024.

GAAP operating expenses for the second quarter were \$17.6 million compared to \$28.2 million in the second quarter of 2023. Non-GAAP operating expenses, excluding stock-based compensation expense of \$3.8 million, was \$13.8 million, down 37% compared to the second quarter of 2023.

Net loss for the quarter was \$0.2 million and reflected a non-cash gain of \$27.1 million on the change in the fair value of warrants and contingent earnout liabilities. Non-GAAP net loss was \$21.7 million in the three months ended June 30, 2024. Adjusted EBITDA for the quarter, was negative \$15.0 million. For more information regarding the company’s non-GAAP financial measures, see “Non-GAAP Financial Information” below.

Second quarter cash flow, excluding financing activities, was in line with the company's forecast and improved more than 70% on a year over year basis. The company ended the quarter with \$3 million in cash and cash equivalents.

Guidance

Given the uncertainty of timing of the company's deferred orders and other factors, the company is withdrawing its previously announced financial guidance for fiscal year 2024.

About Velo3D:

Velo3D is a metal 3D printing technology company. 3D printing—also known as additive manufacturing (AM)—has a unique ability to improve the way high-value metal parts are built. However, legacy metal AM has been greatly limited in its capabilities since its invention almost 30 years ago. This has prevented the technology from being used to create the most valuable and impactful parts, restricting its use to specific niches where the limitations were acceptable.

Velo3D has overcome these limitations so engineers can design and print the parts they want. The company's solution unlocks a wide breadth of design freedom and enables customers in space exploration, aviation, power generation, energy, and semiconductor to innovate the future in their respective industries. Using Velo3D, these customers can now build mission-critical metal parts that were previously impossible to manufacture. The fully integrated solution includes the Flow print preparation software, the Sapphire family of printers, and the Assure quality control system—all of which are powered by Velo3D's Intelligent Fusion manufacturing process. The company delivered its first Sapphire system in 2018 and has been a strategic partner to innovators such as SpaceX, Aerojet Rocketdyne, Lockheed Martin, Avio, and General Motors. Velo3D has been named as one of [Fast Company's Most Innovative Companies for 2023](#). For more information, please visit Velo3D.com, or follow the company on [LinkedIn](#) or [Twitter](#).

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Amounts herein pertaining to June 30, 2024 represent a preliminary estimate as of the date of this earnings release and may be revised upon filing our Quarterly Report on Form 10-Q with the Securities and Exchange Commission (the "SEC"). More information on our results of operations for the three months ended June 30, 2024 will be provided upon filing our Quarterly Report on Form 10-Q with the SEC.

Forward-Looking Statements:

This press release includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1996. The company's actual results may differ from its expectations, estimates and projections and consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as "expect", "estimate", "project", "budget", "forecast", "anticipate", "intend", "plan", "may", "will", "could", "should", "believes", "predicts", "potential", "continue", and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the company's expectations regarding its performance during the remainder of 2024, the company's strategic realignment and initiatives, the company's expectations regarding its liquidity and capital requirements, the company's expectations regarding the timing of deferred orders, the company's expectations

regarding its potential cost savings, and the company's other expectations, beliefs, intentions or strategies for the future. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. You should carefully consider the risks and uncertainties described in the "Risk Factors" section of the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "FY 2023 10-K"), which was filed by the company with the SEC on April 4, 2024, the "Risk Factors" section of the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which will be filed by the company with the SEC no later than August 19, 2024 (the "Q2 2024 10-Q"), and the other documents filed by the company from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Most of these factors are outside the company's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) the inability of the company to execute its business plan, which may be affected by, among other things, competition, the company's liquidity position//lack of available cash, the ability of the company to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its key employees; (2) the company's ability to continue as a going concern; (3) the company's ability to maintain its listing on the New York Stock Exchange; (4) the company's ability to service and comply with its indebtedness; (5) the company's ability to raise additional capital in the near-term; (6) the possibility that the company may be adversely affected by other economic, business, and/or competitive factors; and (7) other risks and uncertainties described in the FY 2023 10-K and the Q2 2024 10-Q, including those under "Risk Factors" therein, and in the company's other filings with the SEC. The company cautions that the foregoing list of factors is not exclusive and not to place undue reliance upon any forward-looking statements, including projections, which speak only as of the date made. The company does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Non-GAAP Financial Information

The information in the table below sets forth the non-GAAP financial measures that the company uses in this release. Because of the limitations associated with these non-GAAP financial measures, "Non-GAAP Net Loss", "EBITDA", "Adjusted EBITDA" and "Non-GAAP Operating Expenses", should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. The company compensates for these limitations by relying primarily on its GAAP results and using Non-GAAP Net Loss, EBITDA, Adjusted EBITDA, and Non-GAAP Operating Expenses on a supplemental basis. You should review the reconciliation of the non-GAAP financial measures below and not rely on any single financial measure to evaluate the company's business.

The following tables reconcile Net income (loss) to Non-GAAP Net Loss, EBITDA, and Adjusted EBITDA and Total Operating Expenses to Non-GAAP Operating Expenses during the periods below:

Velo3D, Inc.
NON-GAAP Net Loss Reconciliation
(Unaudited)

| | Three months ended | | | | Six months ended | | | |
|---|--|----------|---------------|---------|------------------|----------|---------------|----------|
| | June 30, 2024 | | June 30, 2023 | | June 30, 2024 | | June 30, 2023 | |
| | (In thousands, except for percentages) | | | | | | | |
| | % of Rev | | % of Rev | | % of Rev | | % of Rev | |
| Revenue | \$ 10,344 | 100.0% | \$ 25,134 | 100.0% | \$ 20,130 | 100.0% | \$ 51,821 | 100.0% |
| Gross Profit | (2,897) | (28.0)% | 2,536 | 10.1% | (5,712) | (28.4)% | 5,068 | 9.8% |
| Net Income (Loss) | \$ (172) | (1.7)% | \$ (23,201) | (92.3)% | \$ (28,486) | (141.5)% | \$ (59,526) | (114.9)% |
| Stock-based compensation | 4,247 | 41.1% | 6,535 | 26.0% | 9,334 | 46.4% | 12,771 | 24.6% |
| (Gain) Loss on fair value of warrants | (25,310) | (244.7)% | (828) | (3.3)% | (22,690) | (112.7)% | 1,725 | 3.3% |
| (Gain) Loss on fair value of contingent earnout liabilities | (1,824) | (17.6)% | (1,843) | (7.3)% | (1,387) | (6.9)% | 7,810 | 15.1% |
| Non-cash cost of issuance of common stock warrants on BEPO Offering | 1,313 | 12.7% | — | —% | 1,313 | 6.5% | — | —% |
| Non-GAAP Net Loss | \$ (21,746) | (210.2)% | \$ (19,337) | (76.9)% | \$ (41,916) | (208.2)% | \$ (37,220) | (71.8)% |

Velo3D, Inc.
NON-GAAP Adjusted EBITDA Reconciliation
(Unaudited)

| | Three months ended | | | | Six months ended | | | |
|--|--|----------|---------------|---------|------------------|----------|---------------|----------|
| | June 30, 2024 | | June 30, 2023 | | June 30, 2024 | | June 30, 2023 | |
| | (In thousands, except for percentages) | | | | | | | |
| | % of Rev | | % of Rev | | % of Rev | | % of Rev | |
| Revenue | \$ 10,344 | 100.0% | \$ 25,134 | 100.0% | \$ 20,130 | 100.0% | \$ 51,821 | 100.0% |
| Net Income (Loss) | (172) | (1.7)% | (23,201) | (92.3)% | (28,486) | (141.5)% | (59,526) | (114.9)% |
| Interest expense | 5,463 | 52.8% | 344 | 1.4% | 9,360 | 46.5% | 564 | 1.1% |
| Provision for income taxes | (4) | (0.0)% | — | —% | — | —% | — | —% |
| Depreciation and amortization | 1,311 | 12.7% | 1,466 | 5.8% | 2,707 | 13.4% | 3,026 | 5.8% |
| EBITDA | \$ 6,598 | 63.8% | \$(21,391) | (85.1)% | \$(16,419) | (81.6)% | \$(55,936) | (107.9)% |
| Stock-based compensation | 4,247 | 41.1% | 6,535 | 26.0% | 9,334 | 46.4% | 12,771 | 24.6% |
| (Gain) Loss on fair value of warrants | (25,310) | (244.7)% | (828) | (3.3)% | (22,690) | (112.7)% | 1,725 | 3.3% |
| (Gain) Loss on fair value of contingent earnout liabilities | (1,824) | (17.6)% | (1,843) | (7.3)% | (1,387) | (6.9)% | 7,810 | 15.1% |
| Non-cash cost of issuance of common stock warrants on BEPO Offering | 1,313 | 12.7% | — | —% | 1,313 | 6.5% | — | —% |
| Adjusted EBITDA | \$(14,976) | (144.8)% | \$(17,527) | (69.7)% | \$(29,849) | (148.3)% | \$(33,630) | (64.9)% |

Velo3D, Inc.
NON-GAAP Adjusted Operating Expenses Reconciliation
(Unaudited)

| | Three months ended | | | | Six months ended | | | |
|--|--|---------------|-----------------|---------------|------------------|---------------|-----------------|---------------|
| | June 30, 2024 | | June 30, 2023 | | June 30, 2024 | | June 30, 2023 | |
| | (In thousands, except for percentages) | | | | | | | |
| | % of Rev | | % of Rev | | % of Rev | | % of Rev | |
| Revenue | \$10,344 | 100.0% | \$25,134 | 100.0% | \$20,130 | 100.0% | \$51,821 | 100.0% |
| Operating expenses | | | | | | | | |
| Research and development | 4,545 | 43.9% | 12,238 | 48.7% | 9,588 | 47.6% | 22,655 | 43.7% |
| Selling and marketing | 4,273 | 41.3% | 6,108 | 24.3% | 9,082 | 45.1% | 12,282 | 23.7% |
| General and administrative | 8,823 | 85.3% | 9,896 | 39.4% | 17,606 | 87.5% | 20,087 | 38.8% |
| Total operating expenses | 17,641 | 170.5% | 28,242 | 112.4% | 36,276 | 180.2% | 55,024 | 106.2% |
| Stock-based compensation in operating expenses | 3,839 | 37.1% | 6,091 | 24.2% | 8,342 | 41.4% | 12,060 | 23.3% |
| Adjusted operating expenses | \$13,802 | 133.4% | \$22,151 | 88.1% | \$27,934 | 138.8% | \$42,964 | 82.9% |

Velo3D, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(In thousands, except share and per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-------------|------------------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue | | | | |
| 3D Printer | \$ 8,679 | \$ 23,190 | \$ 16,339 | \$ 47,638 |
| Recurring payment | 292 | 35 | 762 | 610 |
| Support services | 1,373 | 1,909 | 3,029 | 3,573 |
| Total Revenue | 10,344 | 25,134 | 20,130 | 51,821 |
| Cost of revenue | | | | |
| 3D Printer | 10,744 | 20,052 | 20,138 | 42,220 |
| Recurring payment | 232 | 335 | 547 | 782 |
| Support services | 2,265 | 2,211 | 5,157 | 3,751 |
| Total cost of revenue | 13,241 | 22,598 | 25,842 | 46,753 |
| Gross profit (loss) | (2,897) | 2,536 | (5,712) | 5,068 |
| Operating expenses | | | | |
| Research and development | 4,545 | 12,238 | 9,588 | 22,655 |
| Selling and marketing | 4,273 | 6,108 | 9,082 | 12,282 |
| General and administrative | 8,805 | 9,896 | 17,588 | 20,087 |
| Total operating expenses | 17,623 | 28,242 | 36,258 | 55,024 |
| Loss from operations | (20,520) | (25,706) | (41,970) | (49,956) |
| Interest expense | (5,463) | (344) | (9,360) | (564) |
| Gain (loss) on fair value of warrants | 25,310 | 828 | 22,690 | (1,725) |
| Gain (loss) on fair value of contingent earnout liabilities | 1,824 | 1,843 | 1,387 | (7,810) |
| Other income, net | (1,327) | 178 | (1,233) | 529 |
| Income (loss) before provision for income taxes | (176) | (23,201) | (28,486) | (59,526) |
| Provision for income taxes | 4 | — | — | — |
| Net income (loss) | \$ (172) | \$ (23,201) | \$ (28,486) | \$ (59,526) |
| Net income (loss) per share: | | | | |
| Basic | \$ (0.02) | \$ (4.10) | \$ (3.55) | \$ (10.63) |
| Diluted | \$ (0.02) | \$ (4.10) | \$ (3.55) | \$ (10.63) |
| Shares used in computing net income (loss) per share: | | | | |
| Basic | 8,475,386 | 5,659,601 | 8,015,722 | 5,598,386 |
| Diluted | 8,475,386 | 5,659,601 | 8,015,722 | 5,598,386 |

Velo3D, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share and per share data)

| | June 30, 2024 | December 31, 2023 |
|---|------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,462 | \$ 24,494 |
| Short-term investments | 699 | 6,621 |
| Accounts receivable, net | 8,338 | 9,583 |
| Inventories | 59,521 | 60,816 |
| Contract assets | 8,861 | 7,510 |
| Prepaid expenses and other current assets | 2,289 | 4,000 |
| Total current assets | 82,170 | 113,024 |
| Property and equipment, net | 14,186 | 16,326 |
| Equipment on lease, net | 3,958 | 6,667 |
| Other assets | 16,338 | 17,782 |
| Total assets | \$ 116,652 | \$ 153,799 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 14,008 | \$ 15,854 |
| Accrued expenses and other current liabilities | 5,864 | 6,491 |
| Debt – current portion | 24,592 | 21,191 |
| Contract liabilities | 4,090 | 5,135 |
| Total current liabilities | 48,554 | 48,671 |
| Long-term debt – less current portion | — | 11,941 |
| Contingent earnout liabilities | 69 | 1,456 |
| Warrant liabilities | 4,933 | 11,835 |
| Other noncurrent liabilities | 10,977 | 11,556 |
| Total liabilities | 64,533 | 85,459 |
| Commitments and contingencies (Note 13) | | |
| Stockholders' equity: | | |
| Common stock, \$0.00001 par value - 500,000,000 shares authorized at June 30, 2024 and December 31, 2023, 8,611,219 and 7,502,478 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively | 2 | 2 |
| Additional paid-in capital | 437,642 | 425,471 |
| Accumulated other comprehensive loss | (2) | (96) |
| Accumulated deficit | (385,523) | (357,037) |
| Total stockholders' equity | 52,119 | 68,340 |
| Total liabilities and stockholders' equity | \$ 116,652 | \$ 153,799 |

Velo3D, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

| | Six Months Ended June 30, | |
|--|----------------------------------|-------------|
| | 2024 | 2023 |
| Cash flows from operating activities | | |
| Net loss | \$ (28,486) | \$ (59,526) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation and amortization | 2,707 | 2,983 |
| Amortization of debt discount and deferred financing costs | 8,281 | 43 |
| Stock-based compensation | 9,334 | 12,771 |
| (Gain) loss on fair value of warrants | (22,690) | 1,725 |
| (Gain) loss on fair value of contingent earnout liabilities | (1,387) | 7,810 |
| Non-cash cost of issuance of common stock warrants on BEPO Offering | 1,313 | — |
| Realized loss on available for sale securities | 21 | — |
| Changes in assets and liabilities | | |
| Accounts receivable | 1,245 | (5,099) |
| Inventories | 3,891 | 3,538 |
| Contract assets | (1,351) | (8,323) |
| Prepaid expenses and other current assets | 1,871 | 3,609 |
| Other assets | 1,369 | 292 |
| Accounts payable | (2,391) | (1,716) |
| Accrued expenses and other liabilities | (595) | (6,249) |
| Contract liabilities | (345) | (9,422) |
| Other noncurrent liabilities | (1,279) | (1,214) |
| Net cash used in operating activities | (28,492) | (58,778) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (8) | (690) |
| Production of equipment for lease to customers | — | (3,694) |
| Sales of available for sale securities | 2,474 | — |
| Proceeds from maturity of available-for-sale investments | 3,500 | 29,984 |
| Net cash provided by investing activities | 5,966 | 25,600 |
| Cash flows from financing activities | | |
| Proceeds from ATM offering, net of issuance costs | — | 15,591 |
| Proceeds from revolver facility | — | 14,000 |
| Proceeds from equipment loans | — | 1,600 |
| Repayment of equipment loans | — | (1,467) |
| Proceeds from BEPO Offering, net of issuance costs | 10,675 | — |
| Repayment of secured notes | (10,500) | — |
| Issuance of common stock upon exercise of stock options | 315 | 350 |
| Net cash provided by financing activities | 490 | 30,074 |
| Effect of exchange rate changes on cash and cash equivalents | 4 | (11) |
| Net change in cash and cash equivalents | (22,032) | (3,115) |
| Cash and cash equivalents and restricted cash at beginning of period | 25,294 | 32,783 |
| Cash and cash equivalents and restricted cash at end of period | \$ 3,262 | \$ 29,668 |

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets to the total of such amounts shown on the condensed consolidated statements of cash flows:

| | June 30, | |
|---|-----------------|-------------|
| | 2024 | 2023 |
| Cash and cash equivalents | \$ 2,462 | \$ 28,868 |
| Restricted cash (Other assets) | 800 | 800 |
| Total cash and cash equivalents and restricted cash | \$ 3,262 | \$ 29,668 |

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