



# Second Quarter 2022 Financial Results Presentation

August 8, 2022

# Disclaimers

## Cautionary Note Regarding Forward-Looking Statements

Desktop Metal, Inc.'s second quarter 2022 financial results press release and schedules, financial results presentation, conference call webcast and related communications contain forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended, and Section 21 E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts contained in these communications, including statements regarding Desktop Metal's future results of operations and financial position, financial targets, business strategy, plans and objectives for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this communication are only predictions. Desktop Metal has based these forward-looking statements on current information and management's current expectations and beliefs. These forward-looking statements speak only as of the date of this communication and are subject to a number of significant risks and uncertainties. For additional information about other risks and uncertainties of Desktop Metal's business, financial condition, results of operations and prospects generally, please refer to Desktop Metal's reports filed with the Securities and Exchange Commission ("SEC"), including without limitation the "Risk Factors" and/or other information included in the Form 10-K filed with the SEC on March 15, 2022, Form 10-Q filed with the SEC on August 8, 2022, and such other reports as Desktop Metal has filed or may file with the SEC from time to time. 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 these communications 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. We qualify all of our forward-looking statements by these cautionary statements.

## Non-GAAP Financial Information

This presentation contains non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, EBITDA and Adjusted EBITDA. In addition to Desktop Metal's results determined in accordance with GAAP, Desktop Metal's management uses this non-GAAP financial information to evaluate the Company's ongoing operations and for internal planning and forecasting purposes. The presentation of these financial measures is not intended to be considered in isolation, or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We believe that this non-GAAP financial information, when taken collectively, may be helpful to investors in assessing Desktop Metal's operating performance; however, investors are cautioned that there are material limitations associated with the use of non-GAAP measures as an analytical tool. Our computation of these measures, especially Adjusted EBITDA, may be different from computations used by other companies, limiting their usefulness for comparative purposes. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA on a supplemental basis. Investors should review the reconciliation of net loss to EBITDA and Adjusted EBITDA and not rely on any single financial measure to evaluate our business. Desktop Metal has not provided a reconciliation of its Adjusted EBITDA outlook to net income because estimates of all of the reconciling items cannot be provided without unreasonable efforts.

# Executive Summary: Q2 2022

01

## Financial Performance

- Record Revenue – \$57.7 million
  - Growth of 204% from Q2 2021
  - Growth of 32% sequentially from Q1 2022
- Expanding non-GAAP Gross Margins – 26.7%
  - Increased 170+ bps from Q2 2021

02

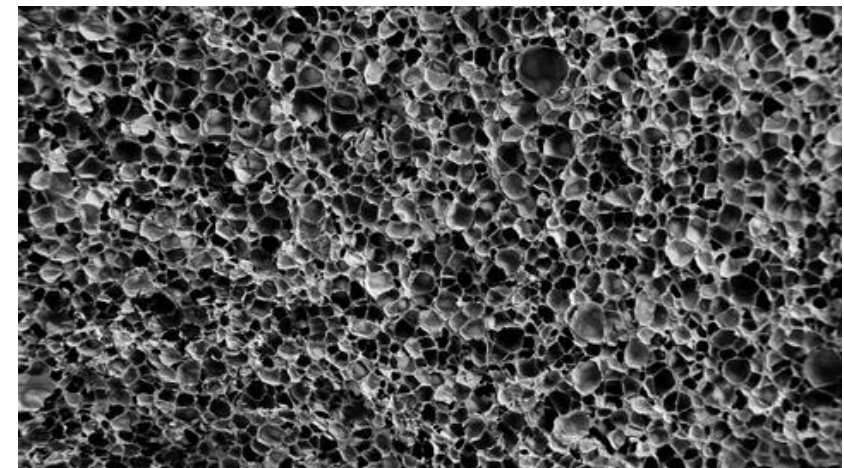
## Business Highlights

- Unveiled FreeFoam™, a revolutionary, expandable 3D printable resin designed for volume production of foam parts
- Awarded sub-contract under the Defense Logistics Agency of the Department of Defense prime contract worth a potential \$15 million
- Began effort to monetize dominant IP portfolio of over 650 patents and pending applications
- Strong traction across all metal platforms, including Production System P-50™
- Announced Strategic Integration and Cost Optimization Initiative<sup>(1)</sup>
  - Projecting \$40 million annualized cost savings (\$20 million in 2H'22) and \$100+ million aggregate cost savings over the next 24 months
  - Reducing our expense structure, driving margin expansion and path to profitability

# Introducing FreeFoam

## 3D Printable Resin Designed for Volume Production of Foam Parts

- New family of photopolymer resins containing heat-activated foaming agents 3D printed with Digital Light Processing (DLP)
- FreeFoam™ produces dimensionally accurate, closed cell foam parts without tooling – delivering all-new benefits for automotive, furnishing, footwear, sporting goods, health care and other industries
- Innovative material programmed to expand 2x to 7x original printed size – reducing costs by using less material and allowing production of much larger foam parts shipped in a compact form
- Enables new design freedom and delivers cost-effective, lightweight, high-performing foam parts
- Global polymer foam market is a large opportunity – \$120+ billion total addressable market<sup>(1)</sup>
- Exploring FreeFoam™ applications with leaders in automotive, furnishing, and footwear markets, with broader commercial availability slated for 2023



# Increasing customer adoption across our AM 2.0 portfolio

## Select second quarter 2022 customers

Gulfstream Honeywell EAT•N



## Customer testimonials

Customer



System

Shop System™

Application

Atomization nozzle



“This latest purchase marks a new chapter for Wall Colmonoy, and we are inspired by the possibilities of metal 3D printing to really expand what we can make. The design, difficult to produce through traditional methods, will provide increased powder yields for fine AM grade powders.”

–Chris Weirman, Technical Director, Wall Colmonoy

Customer



System

Xtreme 8K printing ETR 70 & 90

Application

Highly cored, intricate castings; hydraulic valves & transmission components



“The Xtreme 8K allows us to produce high-quality, high-performance hard plastic and elastomers parts in volume, printing hundreds of parts in just a few hours. This opens a host of new applications for Aerosport Additive as now we service customers’ orders in days, versus weeks with traditional fabrication methods such as urethane casting or injection molding.”

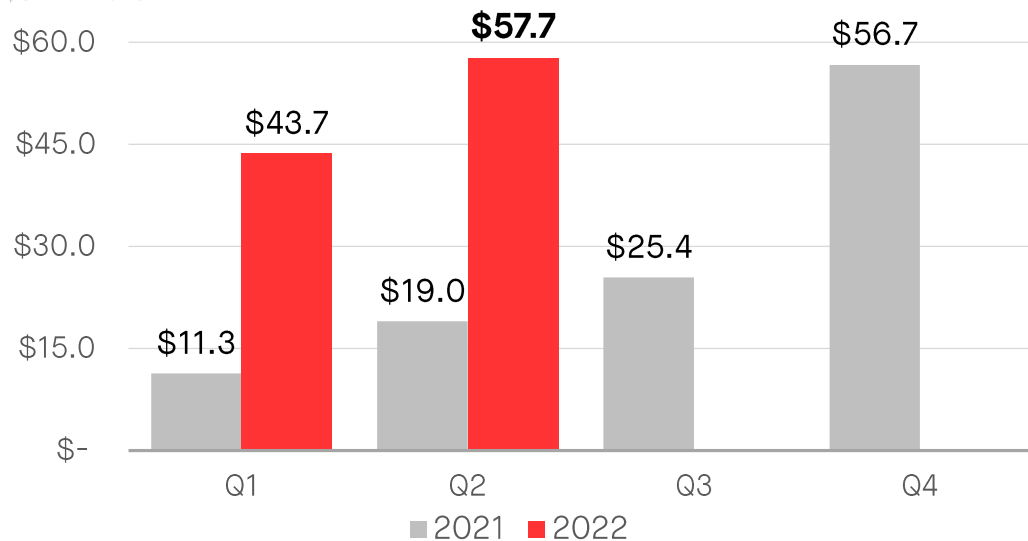
–Geoff Combs, President & Founder, Aerosport Additive

# Financial Summary

# Financial review: Q2 2022

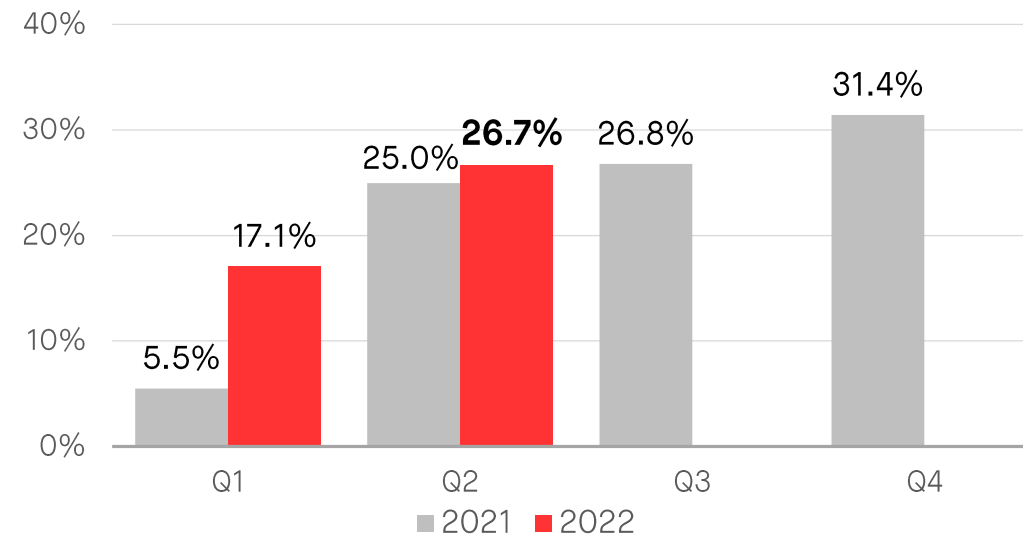
## Revenue

\$s in millions



- Revenue of \$57.7 million
  - Up 203.9% from Q2'21
  - Up 32.0% sequentially from Q1'22
  - Strength from metals platform and contributions from acquisitions

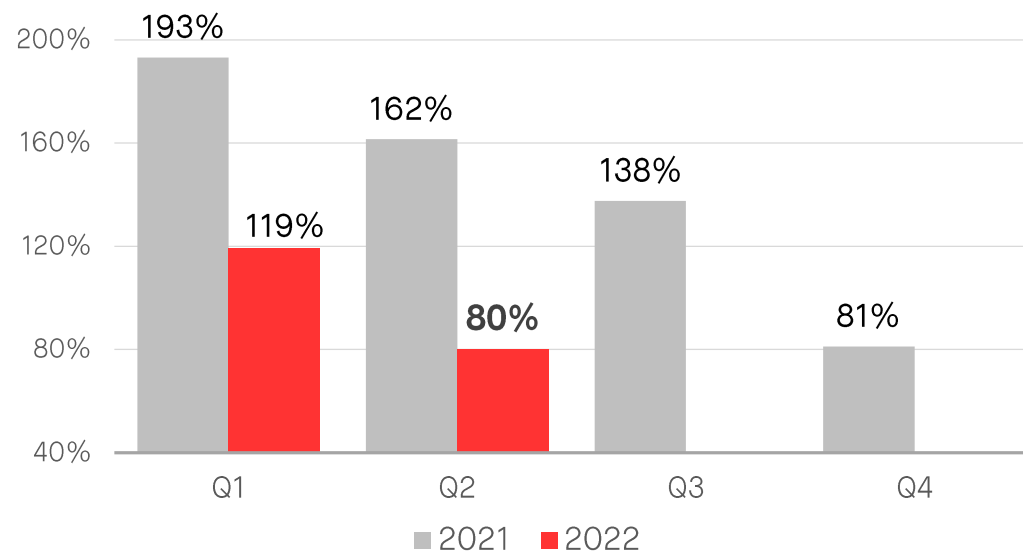
## Non-GAAP Gross Margin



- Non-GAAP Gross Margin of 26.7%
  - Increased 170+ bps from Q2'21
  - Driven by improved overhead absorption and controlled cost structure
  - Strategic Integration & Cost Optimization Initiative expected to drive continued improvement in non-GAAP gross margins through 2H'22

# Financial review: Q2 2022 (cont.)

## Non-GAAP Operating Expenses (% of Revenue)



- Non-GAAP Operating Expenses as a percentage of revenue 80% in Q2'22 vs. 162% in Q2'21
- Adj. EBITDA of \$(27.5) million
- Strategic Integration & Optimization Initiative to drive continued improvement in expense structure and adj. EBITDA:
  - Cost synergies from recent acquisitions
  - Consolidating global facilities footprint
  - Product portfolio rationalization

## Liquidity Review

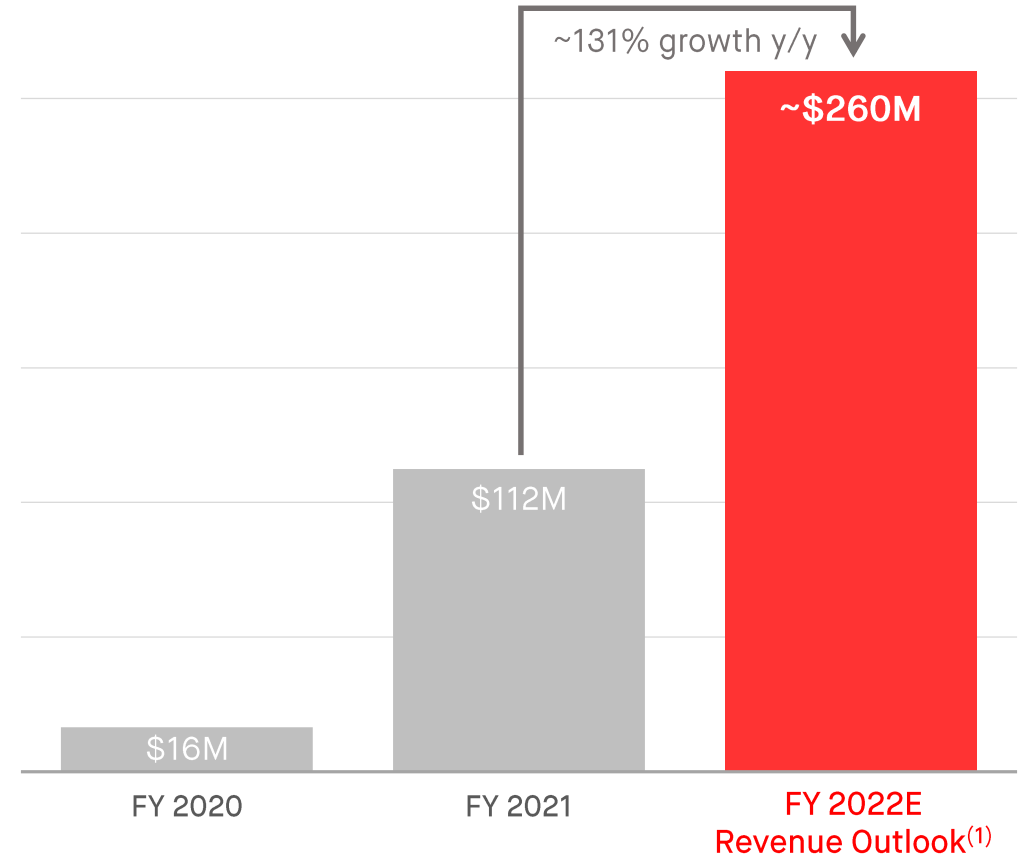
- Strong liquidity of \$255.7 million in cash, cash equivalents, and short-term investments as of June 30, 2022
- Successfully completed \$115 million convertible notes offering in May 2022
  - Bolsters cash position to weather an uncertain macro environment
  - Sufficient runway to reach cash flow breakeven and fund our long-term opportunity in AM 2.0



# FY 2022 financial outlook

## Maintaining full year 2022 guidance

- Reaffirming revenue expectation of ~\$260 million
  - Represents ~131% growth y/y
- Reaffirming adj. EBITDA expectation of ~\$(90) million



# Strategic priorities for 2022

01

## Maintain pace of organic revenue growth, at scale

- Growth focused to capture market share, outpacing additive industry & peers

02

## Grow market share across key verticals

- Specific focus in automotive, consumer electronics, and dental & healthcare

03

## Land & expand focus on hyperscale customers

- Cultivate & mature applications with strategic accounts that have hyperscale potential within next 3-5 years

04

## Demonstrate path to profitability

- Committed to exit 2023 adj. EBITDA breakeven
- Continue annual margin expansion
- Drive operational efficiencies and expense reductions:
  - Portfolio rationalization
  - Expense optimization
  - Consolidation of facilities

05

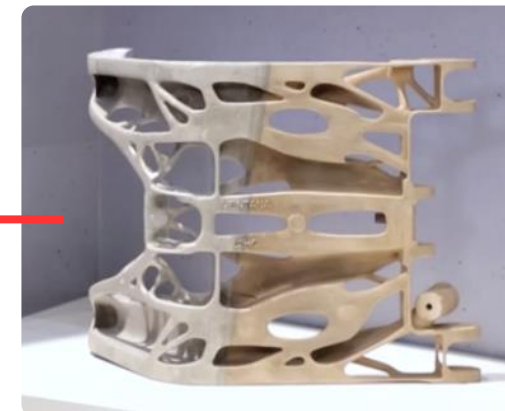
## Focus on managing cash & working capital improvements

- Disciplined capital allocation
- Inventory management
- Supply chain synergies

Q&A

# Appendix

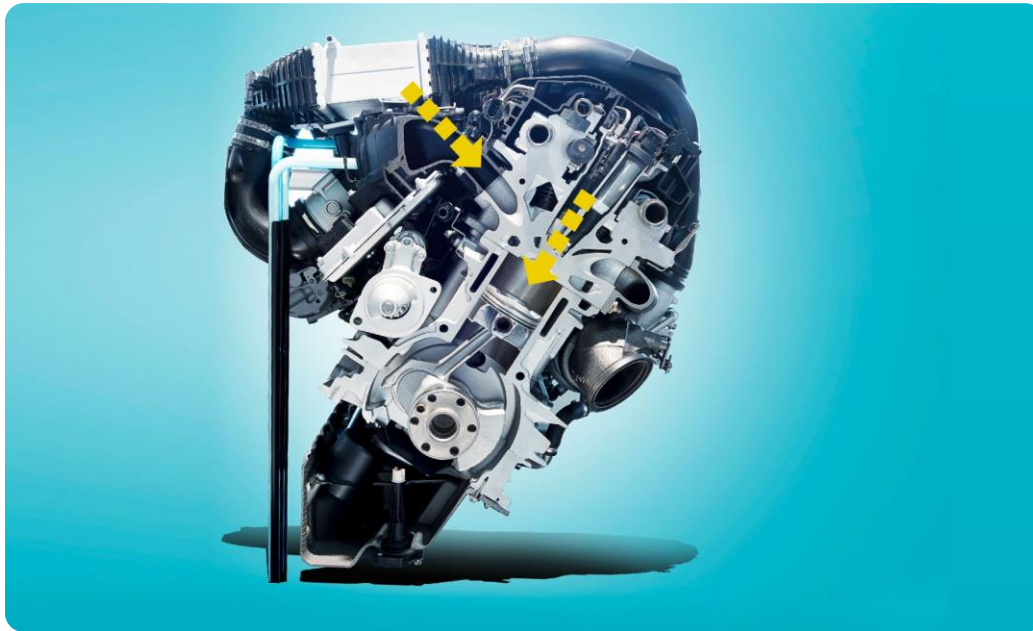
# Production examples



Magnesium hinge for passenger door with 40% weight savings for A319-321

**End user:** Airbus (Supplier – Groupe VENTANA)  
**Status:** Variety of digital casted parts in series production

# Production examples

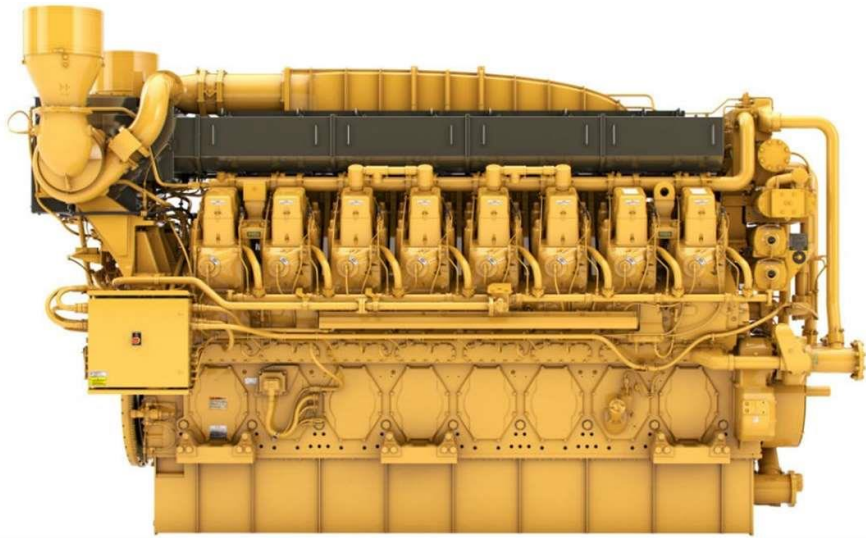


**End user:** BMW

**Application:** Critical components in M-Series engines

**Status:** Series production

# Production examples



**End user:** Caterpillar  
**Application:** Engines, valve bodies and spare parts  
**Status:** Many parts in series production



# Production examples



**End user:** Collins Aerospace

**Application:** Variety of parts used in aircraft interiors

**Status:** Series production



# Production examples



**End user:** Grainger Worrall

**Application:** Electric vehicle, space, marine and motorsport parts for Formula 1 & Moto G

**Status:** Many parts in series production for major OEMs

# Production examples



**End user:** Lockheed Martin

**Application:** Advanced aerospace components

**Status:** Series production

# Production examples



**End user:** Sikorsky

**Application:** Composite ducts and production parts in the CH-53 and other airframes

**Status:** Series production

# Production examples



- End user:** Vicarious Surgical (advanced robotic surgical robot)
- Application:** High-precision micro parts for advanced surgical robot arms
- Status:** Development

# Production examples



- End user:** Thousands of labs and dental practices
- Application:** Class II FDA-cleared materials for permanent restorative indications
- Status:** Production

# Reconciliation to non-GAAP measures

<i>(Dollars in thousands)</i>	<u>Three months ended</u>		
	June 30, 2022	March 31, 2022	December 31, 2021
GAAP gross margin	\$ 8,397	\$ (1,328)	\$ 12,554
Stock-based compensation in cost of sales <sup>(1)</sup>	671	487	431
Amortization of acquired intangible assets in cost of sales	5,950	5,990	2,626
Restructuring expense in cost of sales	41	—	—
Acquisition-related and other transactional charges in cost of sales	10	1,138	—
Inventory step-up adjustment	315	1,181	2,194
<b>Non-GAAP gross margin</b>	<b>\$ 15,384</b>	<b>\$ 7,468</b>	<b>\$ 17,805</b>

<i>(Dollars in thousands)</i>	<u>Three months ended</u>		
	September 30, 2021	June 30, 2021	March 31, 2021
GAAP gross margin	\$ 3,955	\$ 2,372	\$ (587)
Stock-based compensation in cost of sales	341	128	117
Amortization of acquired intangible assets in cost of sales	2,515	2,235	1,091
Acquisition-related and other transactional charges in cost of sales	—	—	—
Inventory step-up adjustment	—	—	—
<b>Non-GAAP gross margin</b>	<b>\$ 6,811</b>	<b>\$ 4,735</b>	<b>\$ 621</b>

1. Includes \$0.1 million of liability-award stock-based compensation expense in 2022.

# Reconciliation to non-GAAP measures (cont.)

(Dollars in thousands)	Three months ended		
	June 30, 2022	March 31, 2022	December 31, 2021
GAAP operating expenses	\$ 300,967	\$ 68,151	\$ 71,959
Stock-based compensation in opex <sup>(1)(2)</sup>	(18,547)	(9,425)	(12,179)
Amortization of acquired intangible assets in opex	(3,719)	(3,794)	(3,784)
Restructuring expense in opex	(1,960)	—	—
Acquisition-related and other transactional charges in opex	(1,161)	(2,848)	(10,002)
Goodwill impairment	(229,500)	—	—
<b>Non-GAAP operating expenses</b>	<b>\$ 46,080</b>	<b>\$ 52,084</b>	<b>\$ 45,994</b>

(Dollars in thousands)	Three months ended		
	September 30, 2021	June 30, 2021	March 31, 2021
GAAP operating expenses	\$ 67,549	\$ 50,087	\$ 30,153
Stock-based compensation in opex	(9,610)	(3,871)	(2,100)
Amortization of acquired intangible assets in opex	(2,089)	(2,033)	(1,208)
Acquisition-related and other transactional charges in opex	(5,675)	(3,127)	(4,984)
In-process research and development assets acquired	(15,181)	(10,400)	—
<b>Non-GAAP operating expenses</b>	<b>\$ 34,994</b>	<b>\$ 30,656</b>	<b>\$ 21,861</b>

1. Includes \$7.3 million of stock-based compensation expense associated with the restructuring initiative in 2022.

2. Includes \$2.1 million of liability-award stock-based compensation expense in 2022.

# Reconciliation to non-GAAP measures (cont.)

<i>(Dollars in thousands)</i>	<u>Three months ended</u>	
	June 30, 2022	June 30, 2021
Net loss attributable to common stockholders	\$ (297,272)	\$ (43,180)
Interest (income) expense, net	633	(140)
Income tax benefit	(944)	(4,317)
Depreciation & amortization	12,719	5,679
In-process research and development assets acquired	–	10,198
<b>EBITDA</b>	<b>(284,864)</b>	<b>(31,760)</b>
Change in fair value of investments	4,741	(18)
Inventory step-up adjustment	315	–
Stock-based compensation <sup>(1)(2)</sup>	19,218	3,999
Restructuring expense	2,384	–
Goodwill impairment	229,500	–
Acquisition-related and other transactional charges	1,171	3,329
<b>Adjusted EBITDA</b>	<b>\$ (27,535)</b>	<b>\$ (24,450)</b>

1. Includes \$7.3 million of stock-based compensation expense associated with the restructuring initiative in 2022.
2. Includes \$2.2 million of liability-award stock-based compensation expense in 2022.