



Fourth Quarter & Full Year 2022

# Financial Results



March 1, 2023

# Desktop Metal (NYSE: DM) | Q4 & FY 2022 financial results

## Conference Call

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### Speakers

- Ric Fulop, Founder & CEO
- Jason Cole, CFO
- Jay Gentzkow, Investor Relations

### Webcast

- Domestic callers: (877) 407-4018
- International callers: (201) 689-8471
- Audio webcast archive available at <https://ir.desktopmetal.com>

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# Disclaimers

## Cautionary Note Regarding Forward-Looking Statements

Desktop Metal, Inc.'s fourth quarter and full year 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 and Form 10-Q filed with the SEC, 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.

# Financial highlights | fourth quarter & full year 2022

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## Fourth quarter 2022

- Revenue – \$60.6 million
  - Record quarterly revenue
  - Growth of 6.8% from Q4'21
- Gross Margin (non-GAAP) – 24.3%
- Adj. EBITDA – \$(21.1) million

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## Full year 2022

- Revenue – \$209.0 million
  - Growth of 86.0% from 2021
- Gross Margin (non-GAAP) – 22.5%
- Adj. EBITDA – \$(118.4) million

# Key recent business achievements

Increased **scale** in additive manufacturing market



- Total Revenue increased 86% year-over-year to over \$209 million
- Additive manufacturing metal system installations surpassed 1,100 units
- Completed ExOne integration, consolidating binder jetting market
- Strategic partnership with Align Technology expands dental leadership

Several new innovative **product releases** driving incremental growth



- Commenced shipments of Production System™ P-50
- Launched S-Max® Flex for affordable and scalable digital casting
- Unveiled FreeFoam™, a revolutionary, expandable 3D printable foam
- Introduced Figur G15, on-demand Digital Sheet Forming (DSF) technology
- Launched Einstein™ series of high-precision 3D printers for dental parts
- Launched Flexcera™ and SmileGuard™ Class II FDA-cleared materials

Significantly **reduced expense structure** to prioritize path to profitability



- Streamlined and optimized the business to position for long-term
- 2022 Cost Optimization Initiative – completed \$50 million annualized cost savings
- 2023 Cost Reduction Plan – announced additional \$50 million annualized cost savings expectation – \$100M total annualized savings



# Desktop Metal Mission:

Enable mass production via AM 2.0 and achieve double digit share of the ~\$100B additive manufacturing market by the end of the decade<sup>(1)</sup>

# Desktop Metal at a glance

## The leader in additive manufacturing for mass production

**\$209M**

Full year 2022 revenue, representing 86% year-over-year revenue growth over 2021

**24%**

2022 revenue contribution from high-margin consumables, services, and subscription – continued growth year-over-year

**250+**

Materials library representing one of the industry's largest portfolios across metals, polymers, ceramics, biocompatibles, sands, wood, foams, and elastomers

**15+**

Industry's leading array of production print platforms focused primarily on volume production and end-use parts applications

**7,000+**

Global installed base of customers over diverse set of end markets, with little to no customer concentration

**950+**

Patents issued and patent applications pending



# Strategic pillars – how we win



## Highly Differentiated Technologies

We have the fastest print platforms in additive manufacturing – leveraging area-wide, high-throughput print processes up to 100x the speed and as low as 1/20<sup>th</sup> the cost of legacy AM<sup>(1)</sup> complemented by an extensive materials portfolio, and proprietary software & sintering technology



## Deep Customer Engagement Model

Comprehensive AM 2.0 portfolio of mass production solutions to help our customers solve their manufacturing problems

Robust team of application engineers, support and services reps to support our diverse installed base of customers



## Innovation & Passion Driven

We have built a team of the smartest people in 3D printing, and have become a destination for premier talent, a key ingredient to our success

One of the largest IP portfolios in the industry with 950+ patents and pending applications



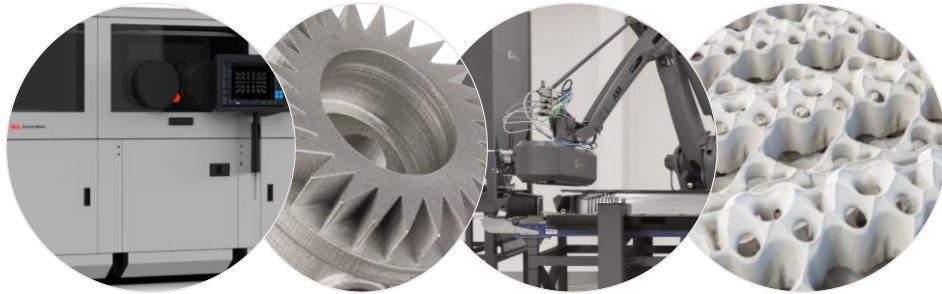
## High Growth Focused

Large total addressable market in additive manufacturing with multi-decade, secular growth drivers

We are the leader in the fastest growing segment of AM: mass production



# Scaling AM 2.0 market leadership in core businesses focused on large opportunities for mass production applications



## Binder Jetting

TAM: \$70+ billion<sup>(1)</sup>

Best-selling binder jet system (Shop System)<sup>(2)</sup>

Fastest binder jet printer (Production System™ P-50)<sup>(3)</sup>

Largest metal binder jet build envelope (X160 PRO™)

Best-selling digital casting binder jet portfolio



## Photopolymers

TAM: \$200+ billion<sup>(4)</sup>

Best-in-class DLP photopolymer systems (Einstein™ and Xtreme 8K)

Leading Class II FDA-cleared materials (Flexcera™ and SmileGuard™)

Strategic partnership with Align Technology

1. Grand View Research: Metal 3D Printing Market Size, Share & Trends Analysis Report, 2022 – 2030.

2023 American Foundry Society Metalcasting forecast report (2020 – 2023).

2. Based on published figures of total units sold available as of March 1, 2023.

3. Calculated using NIST Additive Manufacturing Test Artifact and print times from competitor build preparation software, published print speed data, and mgmt. estimates.

4. Precedence Research: Medical Implants Market, (January 2022). Global Industry Analysts, Inc., Dental Laboratories – Global Market Trajectory & Analytics (July 2020).

Grand View Research: Industrial Plastic Market Size, Share & Trends Analysis Report, 2020 – 2027.

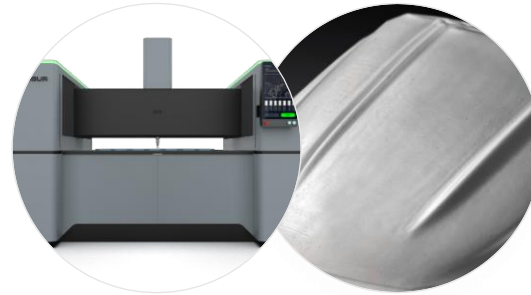
# Innovation drives incremental growth opportunities in large addressable markets ready for AM 2.0 disruption



## Foams

TAM: \$170+ billion<sup>(1)</sup>

FreeFoam™, a revolutionary, expandable 3D printable foam for mass production



## Sheet Metal Forming

TAM: \$300+ billion<sup>(2)</sup>

Figur G15, first platform of its kind to digitally shape standard sheet metal forming on-demand



## Printed Hydraulics

TAM: \$50+ billion<sup>(3)</sup>

Global market leader in 3D printed hydraulic parts  
First company with DNV certification for printed hydraulics

1. Grand View Research Report: Polymer Foam Market Size, Share & Trends Analysis Report By Type (Polystyrene, Polyurethane, Polyolefin, Melamine, Phenolic, PVC), By Application, By Region, And Segment Forecasts, 2022 – 2030.

2. Sheet Metal Market Research Report Information By Material Type (Steel and Aluminum), By Process, By End Users, and By Region, 2023 – 2030.

3. Markets and Markets Research: Hydraulics Market by Components (Motors, Pumps, Cylinders, Valves, Filters, Accumulators, Transmissions), Type (Mobile Hydraulics, Industrial Hydraulics), End User (Construction, Agriculture, Material Handling), Sensors & Region - Global Forecast to 2027.

# 2023 strategic focus areas

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01

## Drive organic revenue growth, at scale

- Deliver on 2023 revenue growth targets despite uncertain macro environment
- Position business to capitalize on long-term growth opportunity

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03

## Intense focus on our customers

- Scaling best-in-class integrated solutions to help customers solve manufacturing problems
- Grow total customers and repeat customers

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02

## Adj. EBITDA breakeven before year end

- Execute on path to profitability commitments
- Dramatically lower cash burn:
  - Cost reduction plans – \$100M annualized
  - Reduce inventory levels
  - Working capital management
  - Revenue growth drives operating leverage

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04

## Operational and expense streamlining

- Site closures
- Production consolidations
- Supply chain synergies
- Operational efficiencies

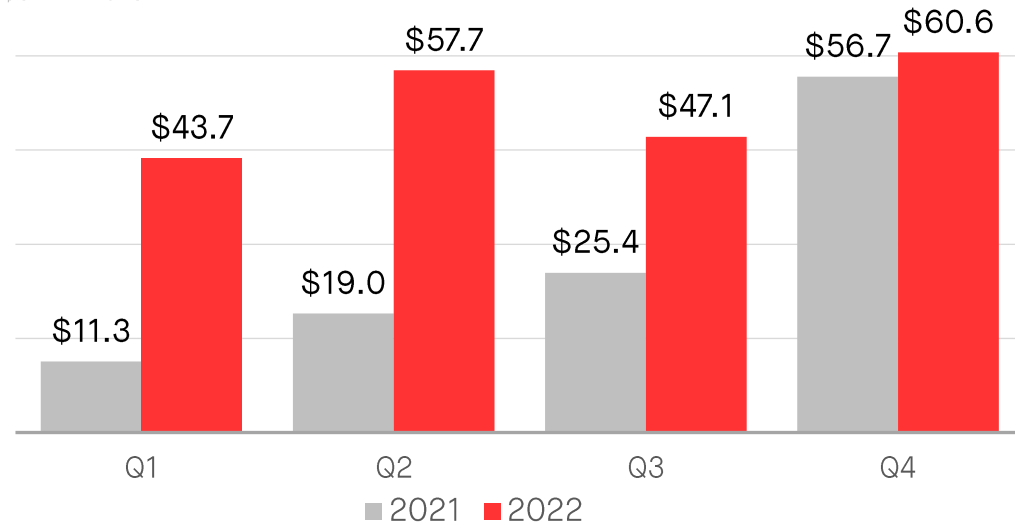
# Financial Summary

Fourth Quarter & Full Year 2022

# Financial review | revenue

## Revenue quarterly

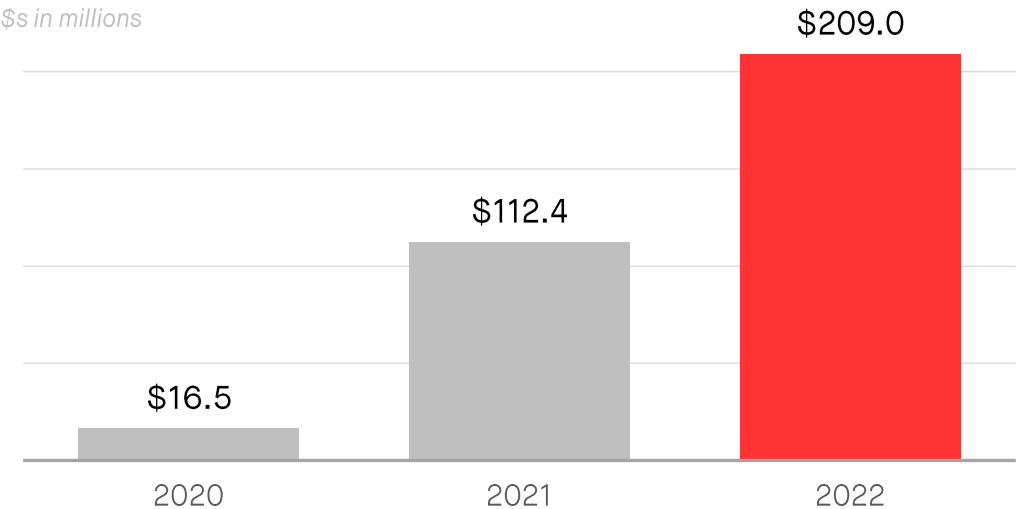
\$s in millions



- Q4'22 revenue of \$60.6 million
  - Highest quarterly revenue in company history
  - Increased 6.8% from Q4'21
  - Driven by industrial photopolymers, digital casting solutions, and growth in consumables, services and subscription

## Revenue annual

\$s in millions

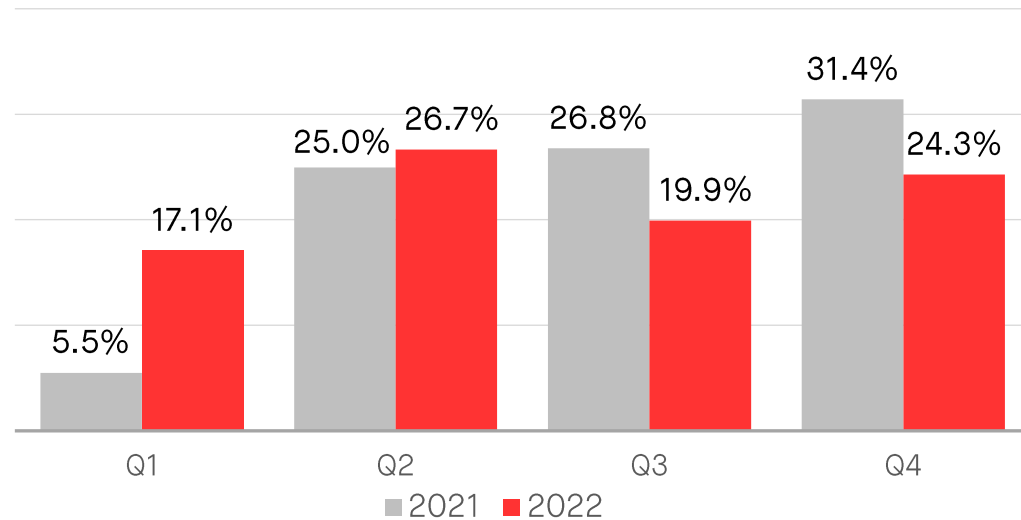


- FY 2022 revenue of \$209.0 million
  - Increased 86.0% from 2021
  - Broad-based strength across all offerings, including contributions from acquisitions

# Financial review | gross margin (non-GAAP)

## Gross Margin (non-GAAP)

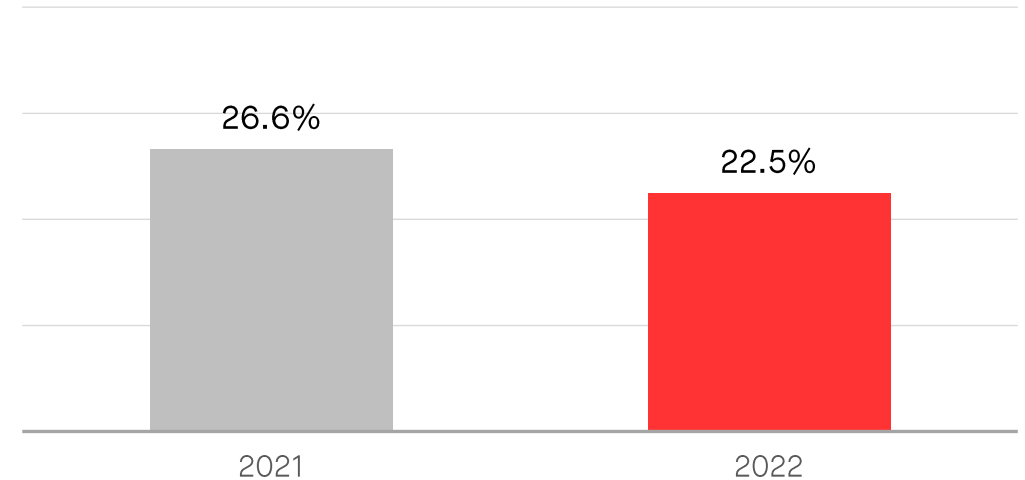
quarterly



- Q4'22 gross margin (non-GAAP) of 24.3%
  - Increased 440 bps from Q3'22 driven by higher sales volumes, which drove improved absorption of fixed costs
  - Decreased 710 bps from Q4'21 impacted by weaker cost absorption and product mix

## Gross Margin (non-GAAP)

annual

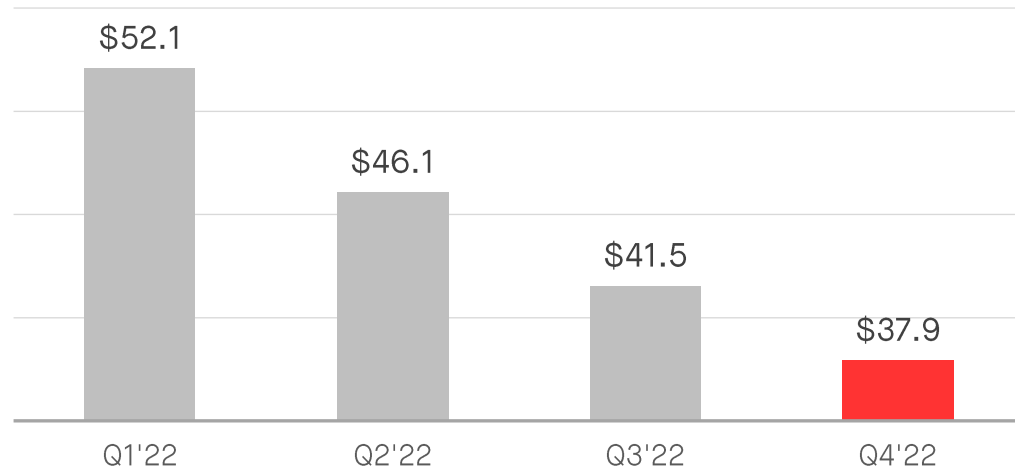


- FY 2022 gross margin (non-GAAP) of 22.5%
  - Decreased 410 bps from 2021 impacted by weaker cost absorption across 2022
  - Cost reduction actions expected to drive durable gross margin expansion in 2023, and beyond

# Financial review | operating expenses (non-GAAP)

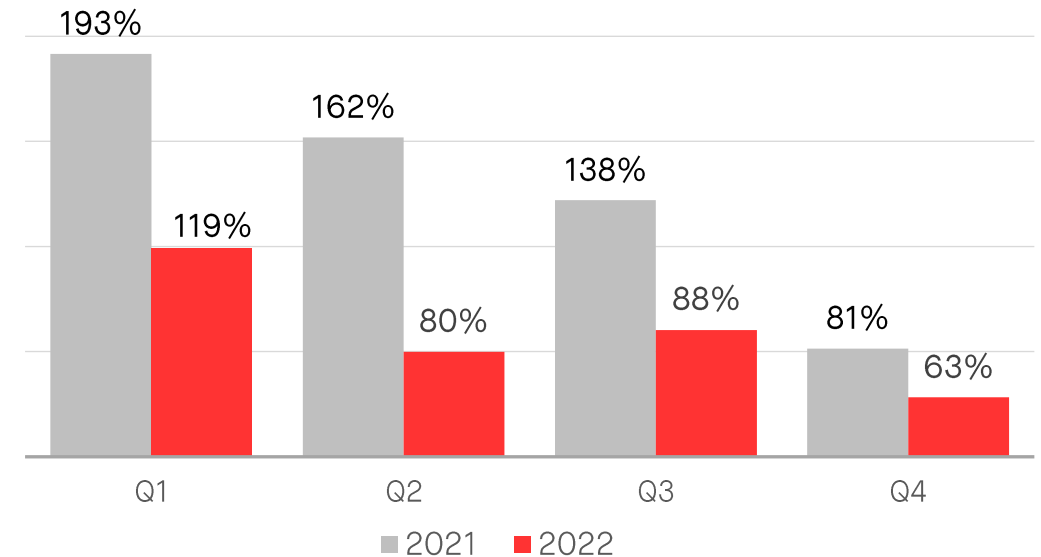
## Operating Expenses (non-GAAP)

\$s in millions



## Operating Expenses (non-GAAP)

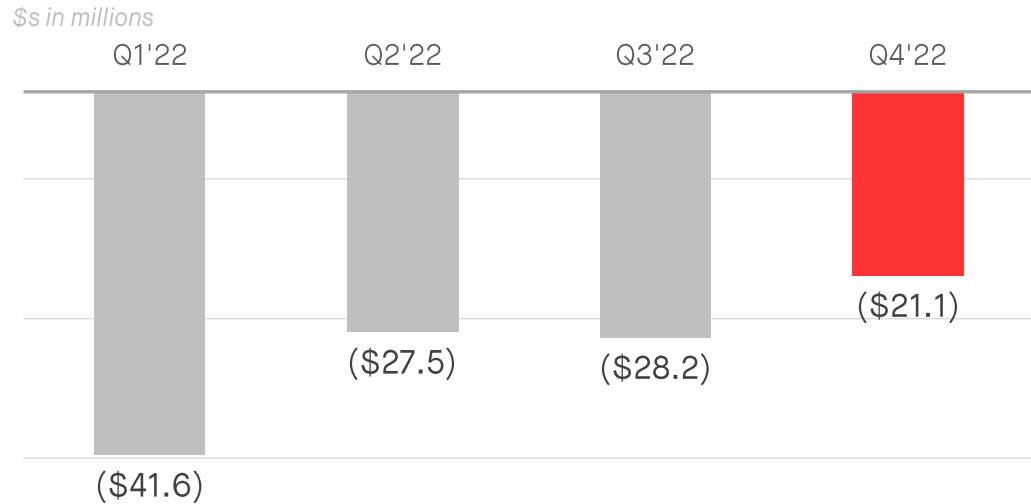
% of revenue



- Operating expenses (non-GAAP) declined \$3.6 million sequentially from Q3'22 and \$14.2 million from Q1'22
  - Driven by actions under 2022 Cost Optimization Initiative
- Operating expenses (non-GAAP) as a percentage of revenue were 63% in Q4'22, a sequential improvement vs. 88% in Q3'22, and y/y improvement vs. 81% in Q4'21
- Expanded cost reduction actions (\$100M total annualized) expected to maintain trend of reducing non-GAAP operating expenses throughout 2023

# Financial review | adj. EBITDA

## Adj. EBITDA



- Q4'22 adj. EBITDA of \$(21.1) million
  - Adj. EBITDA improvement driven by revenue growth and expense reduction efforts
- FY 2022 adj. EBITDA of \$(118.4) million
- Cost reduction actions expected to drive significant positive impacts to adj. EBITDA on the way to reaching breakeven before year end 2023

## Balance Sheet

- Well-funded with \$184.5 million in cash, cash equivalents, and short-term investments as of December 31, 2022
- Expecting significant improvement to cash burn throughout 2023:
  - Continued expense reductions efforts
  - Monetizing \$91.7 million in inventory over next several quarters



# Financial Outlook

Full Year 2023 Guidance

# 2023 financial outlook

## FY 2023 guidance

Revenue	\$210 – \$260 million
Adj. EBITDA	\$(50) – \$(25) million

## Key planning assumptions

- Macro conditions creating weaker than usual visibility
- Similar to historical seasonal trends, Q1'23 expected to be quarter with lowest revenue and highest adj. EBITDA loss for 2023
- Outlook excludes impact of future acquisitions and divestitures

# Appendix



Desktop Metal Production System P-50 printer and auxiliary equipment

# Non-GAAP gross margin reconciliation

(\$ in thousands)	Q4'22	Q3'22	Q2'22	Q1'22	FY 2022
GAAP gross margin	\$ 8,311	\$ (309)	\$ 8,397	\$ (1,328)	\$ 15,071
Stock-based compensation in cost of sales	365	734	671	487	2,257
Amortization of acquired intangible assets in cost of sales	5,890	5,877	5,950	5,990	23,707
Restructuring expense in cost of sales	147	3,085	41	–	3,273
Acquisition-related and other transactional charges in cost of sales	–	–	10	1,138	1,148
Inventory step-up adjustment	–	–	315	1,181	1,496
<b>Non-GAAP gross margin</b>	<b>\$ 14,713</b>	<b>\$ 9,387</b>	<b>\$ 15,384</b>	<b>\$ 7,468</b>	<b>\$ 46,952</b>

(\$ in thousands)	Q4'21	Q3'21	Q2'21	Q1'21	FY 2021
GAAP gross margin	\$ 12,554	\$ 3,955	\$ 2,372	\$ (587)	\$ 18,293
Stock-based compensation in cost of sales	431	341	128	117	1,018
Amortization of acquired intangible assets in cost of sales	2,626	2,515	2,235	1,091	8,467
Inventory step-up adjustment	2,194	–	–	–	2,194
<b>Non-GAAP gross margin</b>	<b>\$ 17,805</b>	<b>\$ 6,811</b>	<b>\$ 4,735</b>	<b>\$ 621</b>	<b>\$ 29,972</b>

# Non-GAAP operating expenses reconciliation

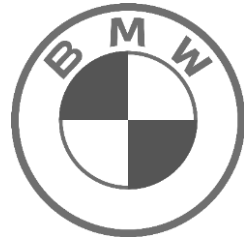
(\$ in thousands)	Q4'22	Q3'22	Q2'22	Q1'22	FY 2022
GAAP operating expenses	\$ 320,206	\$ 57,510	\$ 300,967	\$ 68,151	\$ 746,834
Stock-based compensation in opex	(7,250)	(11,306)	(18,547)	(9,425)	(46,528)
Amortization of acquired intangible assets in opex	(4,250)	(3,192)	(3,719)	(3,794)	(14,955)
Restructuring expense in opex	(1,341)	–	(1,960)	–	(3,301)
Acquisition-related and other transactional charges in opex	(133)	(1,476)	(1,161)	(2,848)	(5,618)
Goodwill impairment	(269,300)	–	(229,500)	–	(498,800)
<b>Non-GAAP operating expenses</b>	<b>\$ 37,932</b>	<b>\$ 41,536</b>	<b>\$ 46,080</b>	<b>\$ 52,084</b>	<b>\$ 177,632</b>

(\$ in thousands)	Q4'21	Q3'21	Q2'21	Q1'21	FY 2021
GAAP operating expenses	\$ 71,959	\$ 67,549	\$ 50,087	\$ 30,153	\$ 219,748
Stock-based compensation in opex	(12,179)	(9,610)	(3,871)	(2,100)	(27,760)
Amortization of acquired intangible assets in opex	(3,784)	(2,089)	(2,033)	(1,208)	(9,114)
Acquisition-related and other transactional charges in opex	(10,002)	(5,675)	(3,127)	(4,984)	(23,788)
In-process research and development assets acquired	–	(15,181)	(10,400)	–	(25,581)
<b>Non-GAAP operating expenses</b>	<b>\$ 45,994</b>	<b>\$ 34,994</b>	<b>\$ 30,656</b>	<b>\$ 21,861</b>	<b>\$ 133,505</b>

# Adjusted EBITDA reconciliation

(\$ in thousands)	Q4'22	Q3'22	Q2'22	Q1'22	FY 2022
Net loss attributable to common stockholders	\$ (312,353)	\$ (60,774)	\$ (297,272)	\$ (69,944)	\$ (740,343)
Interest (income) expense, net	462	680	633	(32)	1,743
Income tax benefit	104	598	(944)	(1,256)	(1,498)
Depreciation & amortization	12,473	12,692	12,719	12,883	50,767
In-process research and development assets acquired	-	-	-	-	-
<b>EBITDA</b>	<b>\$ (299,314)</b>	<b>\$ (46,804)</b>	<b>\$ (284,864)</b>	<b>\$ (58,349)</b>	<b>\$ (689,331)</b>
Change in fair value of investments	(329)	2,052	4,741	1,700	8,164
Inventory step-up adjustment	-	-	315	1,181	1,496
Stock-based compensation	7,615	12,040	19,218	9,912	48,785
Restructuring expense	1,488	3,085	2,384	-	6,957
Goodwill impairment	269,300	-	229,500	-	498,800
Acquisition-related and other transactional charges	133	1,476	1,171	3,986	6,766
<b>Adjusted EBITDA</b>	<b>\$ (21,107)</b>	<b>\$ (28,151)</b>	<b>\$ (27,535)</b>	<b>\$ (41,570)</b>	<b>\$ (118,363)</b>

# Select customer adoption in Q4'22



U.S. Department of Defense



JACOBS INSTITUTE FOR  
**DESIGN INNOVATION**  
COLLEGE OF ENGINEERING, UC BERKELEY

**Honeywell**

Google

**ONTARIOPOWER**  
GENERATION

**Matthews**



# Productions examples



Mercedes-Benz

**McLaren**



**End user:** sgl carbon / Brembo

**Status:** Series production of carbon ceramic brakes for high end OEMs



# Productions examples



**End user:** Mercury (Supplier – Humtown)  
**Status:** Series production for the Verado 12-cylinder 600HP engines

# Productions examples

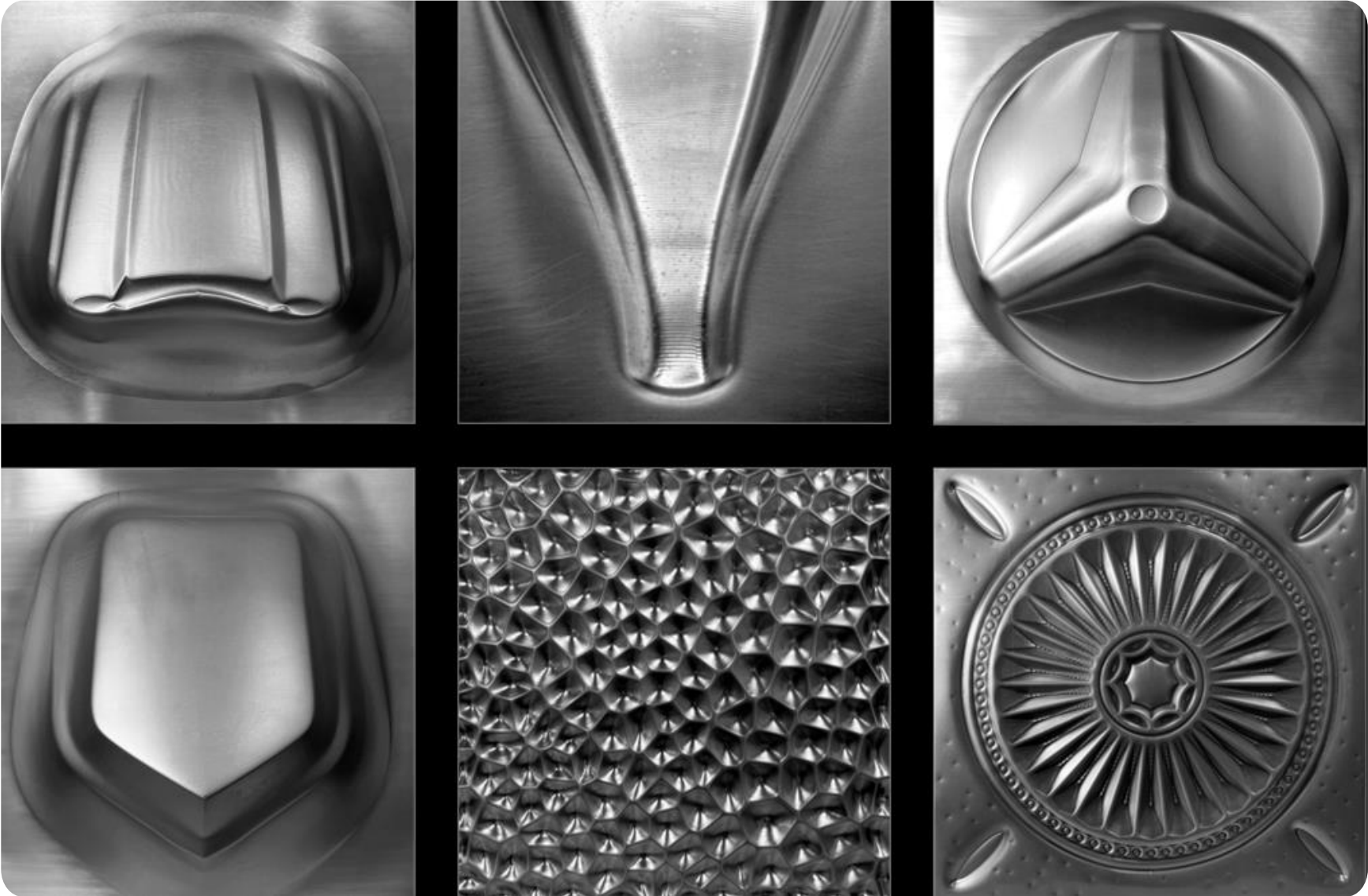


**TIME**  
BEST INVENTIONS OF 2022

**End user:** Vicarious Surgical (advanced robotic surgical robot)

**Application:** High-precision micro parts for advanced surgical robot arms

# Digital sheet metal forming





**Desktop Health™**

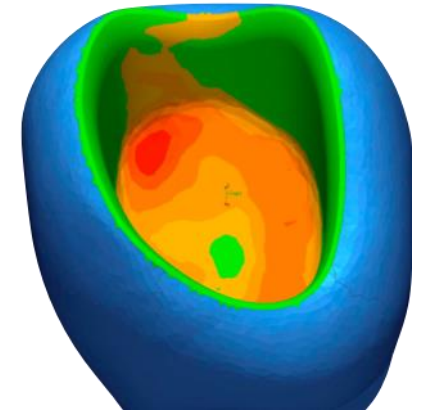
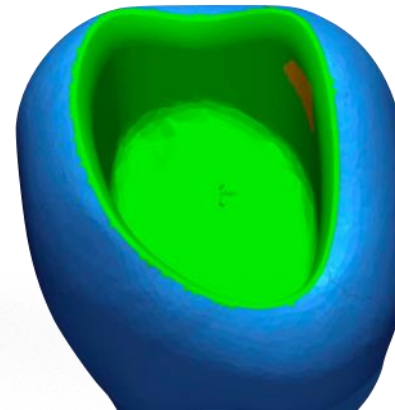
50%  
Faster



43%  
Better Fit

*Desktop Health*

*Competition*

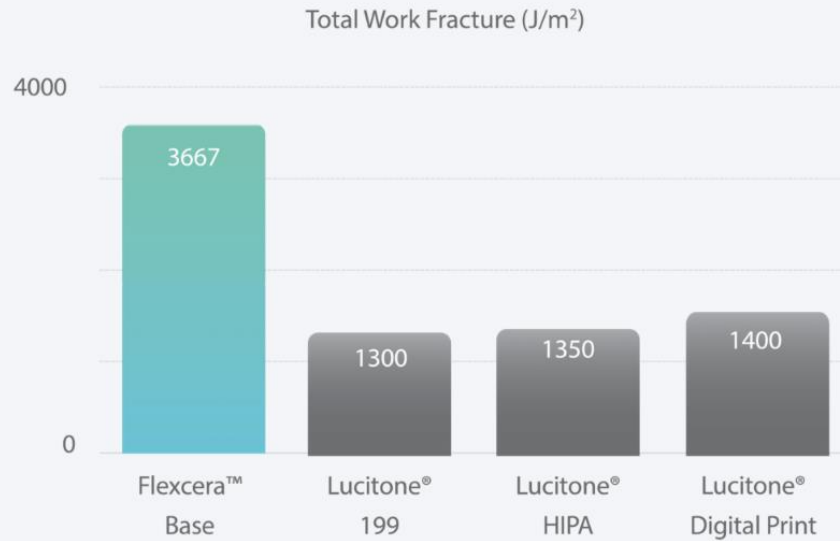


1. Printing times vary by materials and application.

2. As defined by average marginal deviation vs. OnX™ by SprintRay, 2022 (results on file)

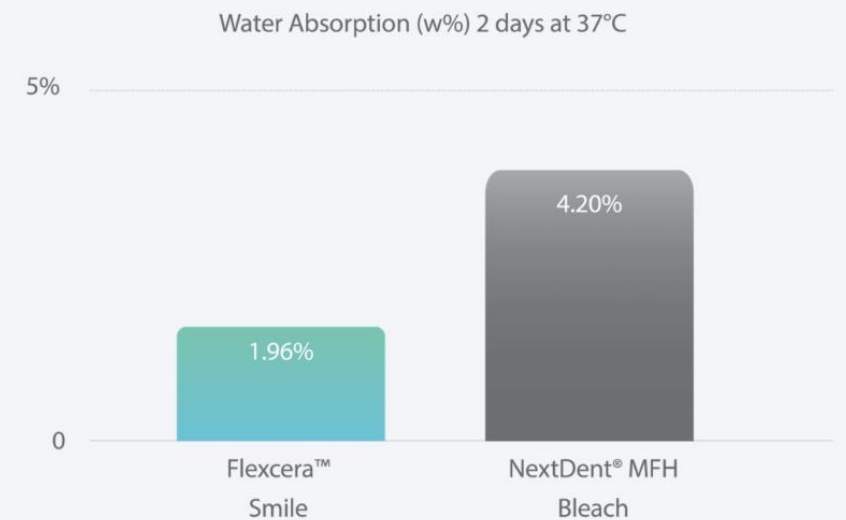
~3X

## More Resistant to Fracture



~2X

## More Resistant to Moisture



## Volumetric wear after 400,000 chew cycles



Independent volumetric wear study results on file from University of Alabama at Birmingham, 2022; Flexcera™ Smile Ultra+ vs. Lucitone® Tooth by Dentsply Sirona and OnX™ by SprintRay after 400,000 chew cycles.



**Einstein**  
**385nm**



**Competitor**  
**405nm**