Desktop Metal™

First Quarter 2023

Financial Results

May 10, 2023

Desktop Metal (NYSE: DM) | Q1 2023 financial results

Conference Call

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

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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 | first quarter 2023

Total Revenue

$41.3M

Down 5.5% from Q1'22

Gross Margin (non-GAAP)

18.0%

Increased 90 bps from Q1'22

Adj. EBITDA

$(24.4)M

Improved $17.1M from Q1'22

Business Highlights

- Insulated our path to profitability
  - Introduced second tranche of $50M in annualized cost savings mid-Q1
  - Total combined annualized savings of $100M with goal of achieving adj. EBITDA breakeven before year end 2023
- Continued progress on Production System™ platforms – expanded relationships with various consumer electronics customers, targeting eight figures of revenue over next 18 months
- Launched Live Suite™, a highly differentiated end-to-end software hub delivering generative AI solutions for AM 2.0
- Continued expansion of leading production materials library including Copper Alloy C18150 and Titanium Alloy Ti64 on the Production System™ and 304L Stainless Steel on the Shop System™

Growing number of Super Fleets

Across portfolios, companies of all sizes now buying three or more systems – giving Team DM great diversity and staying power as penetration intensifies

370+

Super Fleet Sites Worldwide

Companies of all sizes are buying our systems and scaling up to multi-unit purchases for final production of binder jet and photopolymer parts. This is a representative look at the diversity of our installed base.

	Photopolymer	Binder Jet
Large Customers (1000+ employees)	41 systems Global retail brand	10 systems BMW
SME Customers (<999 employees)	33 systems Lightforce	25 systems FreeForm
Super Fleet Sites	~20% percentage of total installed photopolymer systems at Super Fleet sites(1)	~25% percentage of total installed binder jet systems at Super Fleet sites(1)

1. DM aggregate fleet data may inadvertently include locations with inactive machines or systems owned by partners.

Repeat customers expanding utilization of AM 2.0 solutions

Select repeat customers in first quarter 2023

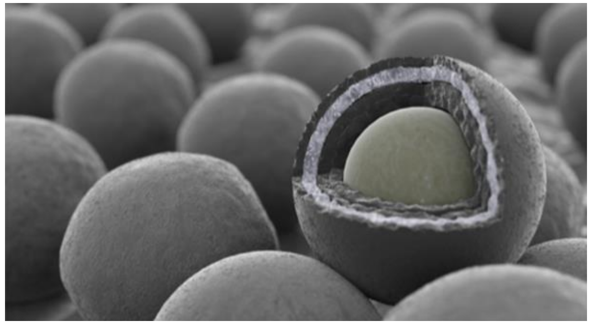
RUHRPUMPEN
SIEMENS
Humtown PRODUCTS
PCC
Römheld & Moelle
Major Consumer Electronics Company
Vestas
evatec tools
DEPARTMENT OF DEFENSE UNITED STATES OF AMERICA
SolidCAM
Atlas Copco
LIGHTFORCE
Gullmolar ehf
Argonne NATIONAL LABORATORY

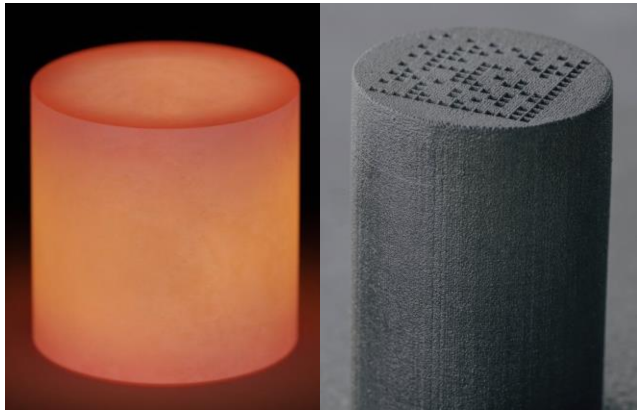
All Q1'23 customers that have purchased multiple Desktop Metal 3D printing systems

3D printed nuclear fuel via binder jet key to enabling safer Gen 4 reactors and nuclear without proliferation risk

BWXT

USNC ULTRA SAFE NUCLEAR





https://www.usnc.com/fuel

https://www.nasa.gov/press-release/nasa-darpa-will-test-nuclear-engine-for-future-mars-missions
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	Legacy Fuel	*Printed*
	Accident Conditions Fuel Melting and Gas Release	**Virgin Fuel**
	Degrees of Failure	Full Containment
FISSION PRODUCT CONTAINMENT	**None** Requires external cladding and containments	**Total** Containment built into the fuel pellet
MAX TEMPERATURE	**~400 °C** Tiny safety margins, electrical power only	**>1600 °C** Large margins and many applications
CHEMICAL COMPATIBILITY	**Low**	**Extreme**
CLADDING	**Zircalloy** Exothermic hydrogen reaction with water	**None** No cladding, no hydrogen
COMPATIBILITY	**Limited** Water-cooled reactors only	**High** Can be used across reactor types
SPENT FUEL	**Normal** No change	**Reduced** Volume and radioactivity reduced
STORAGE	**Not Ready** Requires wet storage and repackaging	**Ready** Form factor is ideal for long-term storage
ANTI-PROLIFERATION	**Normal** Normal proliferation concerns	**Excellent** Refractory Ceramic layers limit reprocessing

Executing on plans to become profitable

On schedule for adj. EBITDA breakeven by Q4 2023

Progress on actions

- Completed June 2022 cost savings initiative delivering $50M annualized savings in 2022
- Initiated February 2023 cost reduction plan to add $50M annualized cost savings ($100M total)
  - Workforce reduction of 15% completed
  - Six facilities closures to be completed by H1’23
- Streamlining the business to yield a more efficient and effective operating model
- Making investments toward returns on efficiency

Goals

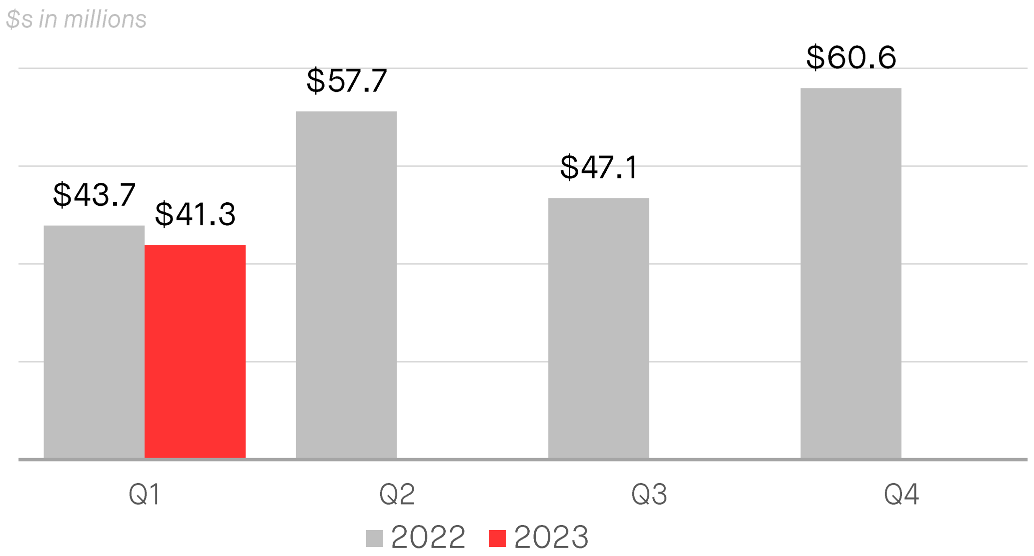
- Meaningfully reduce COGS and operating expenses, particularly in H2’23
- Gross margin (non-GAAP) expansion throughout calendar year 2023, particularly in H2’23
- Achieve adj. EBITDA breakeven by year end 2023
- Dramatically lower cash burn with improvement on consistent sequential quarterly basis, particularly in H2’23

Financial Summary

First Quarter 2023

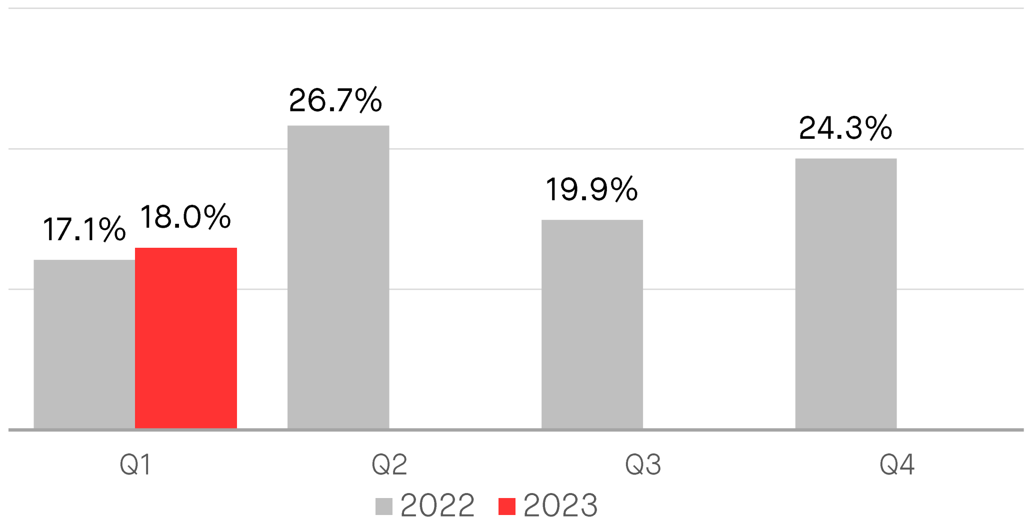
Financial review | revenue & gross margin

Revenue



- Q1'23 revenue of $41.3 million
  - Down 5.5% from Q1'22
  - Strength in digital casting solutions and growth in consumables, services and subscription, offset by weakness in metal binder jetting

Gross Margin non-GAAP



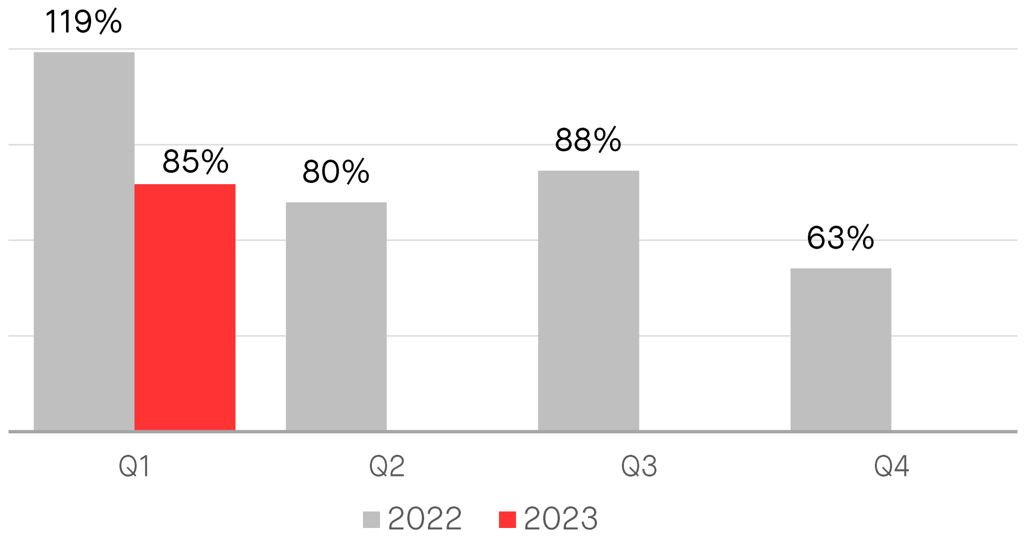
- Q1'23 gross margin (non-GAAP) of 18.0%
  - Increased 90 bps from Q1'22 driven primarily by lower cost structure, as well as product mix
  - Expect ongoing cost reduction efforts to yield gross margin expansion throughout 2023

Financial review | operating expenses

Operating Expenses non-GAAP

- Operating expenses (non-GAAP) declined $17.1 million from Q1’22 and $3.0 million sequentially from Q4’22
  - Driven by actions under 2022 Cost Optimization Initiative
  - Expected to maintain trend of reducing non-GAAP operating expenses throughout 2023 with second tranche of $50 million cost savings

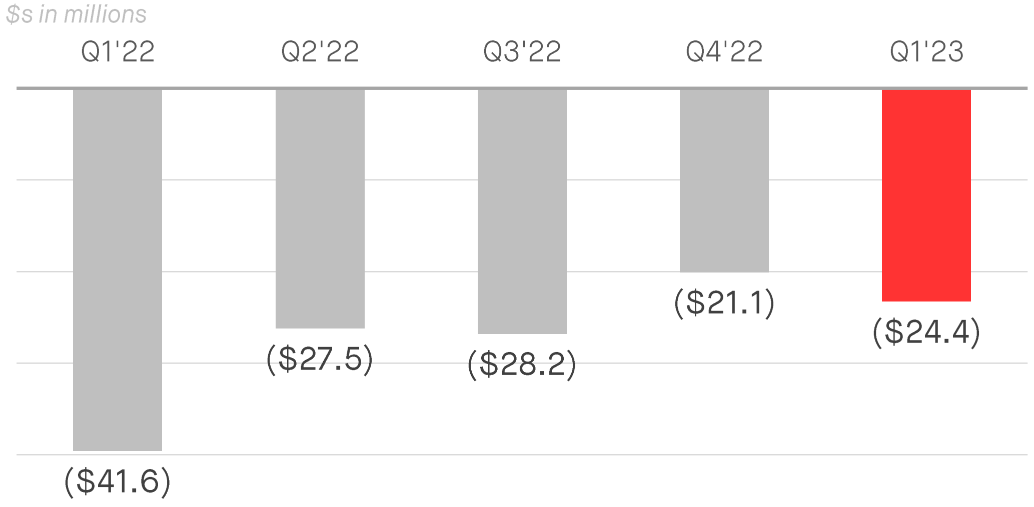
Operating Expenses (% of revenue) non-GAAP



- Operating expenses (non-GAAP) as a percentage of revenue was 85% in Q1’23 vs. 119% in Q1’22
  - Expect continued trend of improving expense structure throughout 2023 as second tranche of $50 million cost savings impacts results, especially in H2’23

Financial review | adj. EBITDA

Adj. EBITDA



- Q1’23 adj. EBITDA of $(24.4) million
  - Improvement of $17.1 million from Q1’22 driven by expense reduction efforts
  - Cost reduction actions expected to drive sequential adj. EBITDA improvements throughout 2023 on the way to reaching breakeven before year end

Balance Sheet

- Well-funded with $149.8 million in cash, cash equivalents, and short-term investments as of March 31, 2023
- Reduced operating cash burn from $56.3 million in Q1’22 to $37.3 million in Q1’23
- Expecting significant improvement to cash burn starting in Q3’23 as second tranche of cost reductions are completed

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
- We expect H2’23 to show significant improvement in adj. EBITDA and cash flow, on our way to reaching adj. EBITDA breakeven by year end 2023
- Outlook excludes impact of future acquisitions and divestitures

2023 strategic focus areas

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

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

03

Intense focus on our customers

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

04

Operational and expense streamlining

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

Appendix

Desktop Metal Production System P-50 printer and auxiliary equipment

Non-GAAP reconciliations

($ in thousands)	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22	FY 2022
GAAP gross margin	$ (1,364)	$ 8,311	$ (309)	$ 8,397	$ (1,328)	$ 15,071
Stock-based compensation in cost of sales	680	365	734	671	487	2,257
Amortization of acquired intangible assets in cost of sales	6,927	5,890	5,877	5,950	5,990	23,707
Restructuring expense in cost of sales	717	147	3,085	41	-	3,273
Acquisition-related and integration costs in cost of sales	479	-	-	10	1,138	1,148
Inventory step-up adjustment	-	-	-	315	1,181	1,496
Non-GAAP gross margin	$ 7,439	$ 14,713	$ 9,387	$ 15,384	$ 7,468	$ 46,952

($ in thousands)	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22	FY 2022
GAAP operating expenses	$ 50,953	$ 320,206	$ 57,510	$ 300,967	$ 68,151	$ 746,834
Stock-based compensation in opex	(8,633)	(7,250)	(11,306)	(18,547)	(9,425)	(46,528)
Amortization of acquired intangible assets in opex	(3,515)	(4,250)	(3,192)	(3,719)	(3,794)	(14,955)
Restructuring expense in opex	(2,901)	(1,341)	-	(1,960)	-	(3,301)
Acquisition-related and integration costs in opex	(927)	(133)	(1,476)	(1,161)	(2,848)	(5,618)
Goodwill impairment	-	(269,300)	-	(229,500)	-	(498,800)
Non-GAAP operating expenses	$ 34,977	$ 37,932	$ 41,536	$ 46,080	$ 52,084	$ 177,632

Adjusted EBITDA reconciliation

($ in thousands)	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22	FY 2022
Net loss attributable to common stockholders	$ (52,642)	$ (312,353)	$ (60,774)	$ (297,272)	$ (69,944)	$ (740,343)
Interest (income) expense, net	811	462	680	633	(32)	1,743
Income tax expense (benefit)	(557)	104	598	(944)	(1,256)	(1,498)
Depreciation & amortization	13,433	12,473	12,692	12,719	12,883	50,767
EBITDA	$ (38,955)	$ (299,314)	$ (46,804)	$ (284,864)	$ (58,349)	$ (689,331)
Change in fair value of investments	179	(329)	2,052	4,741	1,700	8,164
Inventory step-up adjustment	-	-	-	315	1,181	1,496
Stock-based compensation	9,313	7,615	12,040	19,218	9,912	48,785
Restructuring expense	3,618	1,488	3,085	2,384	-	6,957
Goodwill impairment	-	269,300	-	229,500	-	498,800
Acquisition-related and integration costs	1,406	133	1,476	1,171	3,986	6,766
Adjusted EBITDA	$ (24,439)	$ (21,107)	$ (28,151)	$ (27,535)	$ (41,570)	$ (118,363)

Desktop Metal

Bugatti Turbine Housing

- Produced on two S-Max sand binder jet systems
- Customer: Innocast
- Application: Turbine housing for turbocharger
- Industry: Automotive
- Manufacturing Process: Steel casting

This application shows how additive manufacturing finds its way into future, serial production. Conventionally, the mold package consisted of 13 cores. With 3D printing, only 2 cores are needed, thus reducing the need of skilled labor for mold assembling.

The cast part is poured with EN 1.4849 stainless steel, a heat-resistant material. Thanks to 3D printing, Innocast has shorter lead times, needs less effort for mold design, and produces better quality complex cores.

Benefits

- **Shorter lead times**
- **Reduced labor**
- **Higher part quality**

Advanced cutting tools with conformal cooling mass produced with binder jet

KENNAMETAL

SANDVIK