

Third Quarter 2023

Financial Results



November 9, 2023

Desktop Metal (NYSE: DM) | Q3 2023 Financial Results

Conference Call

Speakers

- Ric Fulop, Founder & CEO
- Jason Cole, CFO
- Michael Jordan, VP Finance & Treasury

Webcast

- Domestic callers: 1-877-407-4018
- International callers: 1-201-689-8471
- Audio webcast archive available at <https://ir.desktopmetal.com>

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Disclaimers

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Desktop Metal, Inc.'s third quarter 2023 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, and plans and objectives for future operations. 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. Many factors could cause actual future events to differ materially from the forward-looking statements in this document, including but not limited to: risks associated with the integration of the business and operations of acquired businesses; Desktop Metals' ability to realize the benefits from cost saving measures; and supply and logistics disruptions, including shortages and delays. 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.

Executive Summary | Third Quarter 2023

Total Revenue

\$42.8M

Declined 9.2% y/y

Gross Margin (non-GAAP)

21.9%

Expanded 190+ bps y/y
Sustained progress in cost-cutting initiatives across quarters

Adj. EBITDA

\$(20.5)M

Up \$7.7M y/y
Improved 27% y/y

Business Highlights

- Base case expected to be break even or better in Q4'23 on an adjusted EBITDA basis, a first-time milestone for Desktop Metal
 - Marks a substantial improvement in adj. EBITDA in Q3'23 despite a tighter demand environment for system sales
 - Services and consumables performed well, a key sign our customers are utilizing their DM fleets
 - Adj. EBITDA benefited from improved gross profit due to favorable mix of services and consumables, coupled with a 33% y/y reduction in OpEx
- Q3 saw a delay in many large deals towards the end of the quarter due to uncertainty on Stratasys merger. There was strong demand for printed casting binder jet systems.
- Launched Live Monitor™, a software solution for real-time monitoring to ensure quality control on production of critical components
- Growing healthcare & dental business
 - Flexcera™ Smile Ultra+ dental resin, for 3D printing permanent and temporary restorations, is available in Europe after successful certification as a Class IIa medical device under the EU Medical Device Regulation (MDR).
 - Introduction of PrintRoll™, a rotating build platform for 3D-Bioplotter®, a first-of-its-kind bioprinting tool to develop tubular solutions for vascular, digestive, respiratory, and other channels
- Promising future with a solid foundation to capitalize on long-term trend of at-scale 3D printing in manufacturing

Highlights in Q3, showcase solid foundation to capitalize on long-term trend of at-scale 3D printing in manufacturing

Binder jet:

- Expansion in automotive and consumer electronic segments. Strong demand for printed casting solutions with super fleet customers including Baker Hughes in multiple global regions, LeClaire, Wirco and Georg Fischer
- Repeat orders from key metal binder jet accounts like Honeywell, Indo-MIM and Sandia National Labs. FreeFORM Technologies placed order for a Production System P-50. DSB Technologies has adopted the complete X-Series metal binder jet lineup, including DM Live Sinter software

Healthcare & dental

- Flexcera™ Smile Ultra+ dental resin, for 3D printing permanent and temporary restorations, is now available in Europe after successful certification as a Class IIa medical device under the EU Medical Device Regulation (MDR).
- Introduced PrintRoll™, a rotating build platform for 3D-Bioplotter®, a first-of-its-kind bioprinting tool to develop tubular solutions for vascular, digestive, respiratory, and other channels
- Expanded commercial supply of Flexcera™ to Carbon 3D

AM 2.0 Market Leadership In The Processes For Mass Production



Binder Jetting

TAM: \$70+ billion⁽¹⁾

Best-selling *metal* binder jet system (Shop System)⁽²⁾

Fastest binder jet printer (Production System P-50)⁽³⁾

Largest metal binder jet build envelope (X160 Pro™)

Best-selling digital casting binder jet portfolio



Photopolymers

TAM: \$200+ billion⁽⁴⁾

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 August 3, 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) ©2023 Desktop Metal, Inc. – Page 6
Grand View Research: Industrial Plastic Market Size, Share & Trends Analysis Report, 2020 – 2027.

Incremental Growth Opportunities In Large Addressable Markets



Foams

TAM: \$170+ billion⁽¹⁾

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



Sheet Metal Forming

TAM: \$300+ billion⁽²⁾

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



Printed Hydraulics

TAM: \$50+ billion⁽³⁾

Global market leader in 3D printed hydraulic parts

First company with DNV certification for printed hydraulics

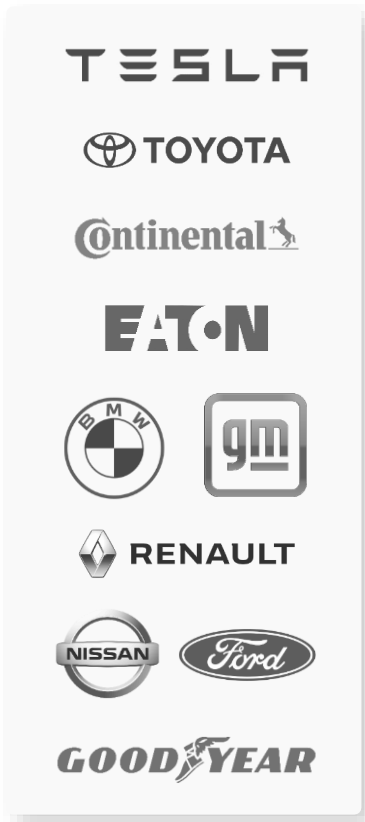
1. Grand View Research Report: Polymer Foam Market Size, Share & Trends Analysis Report By Type (Polystyrene, Polyurethane, Polyolefin, Melamine, Phenolic, PVC), By Application, By Region, And Segment Forecasts, 2022 – 2030.
2. Sheet Metal Market Research Report Information By Material Type (Steel and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

Growing customer installed base across the globe

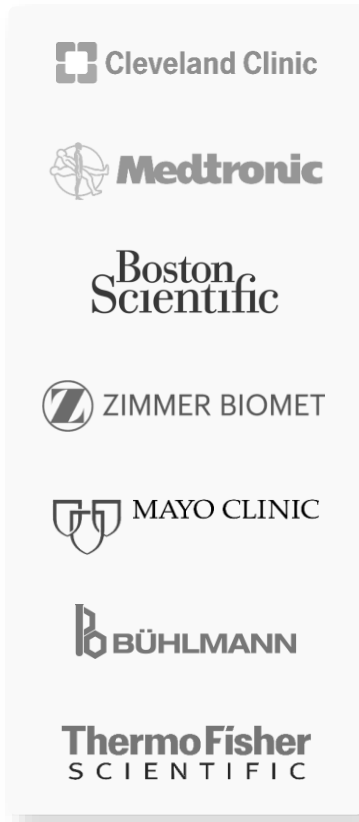
Selected customers across a range of industries



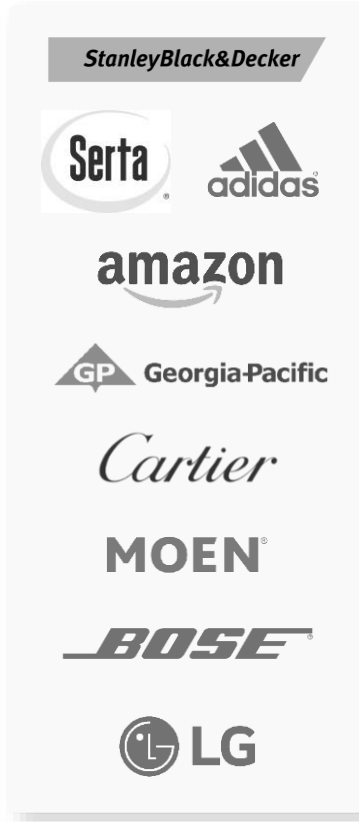
Automotive



Healthcare & dental



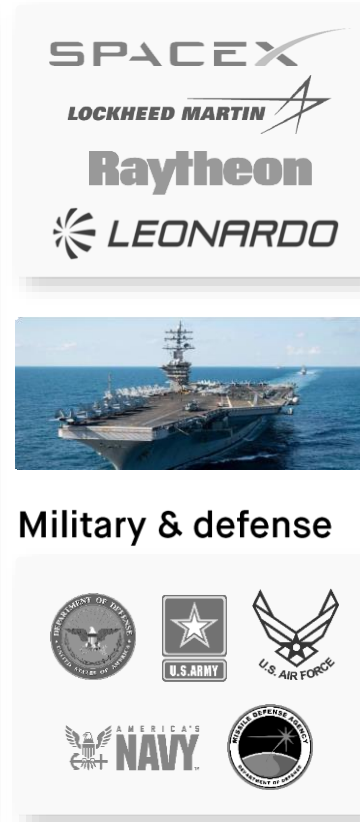
Consumer products



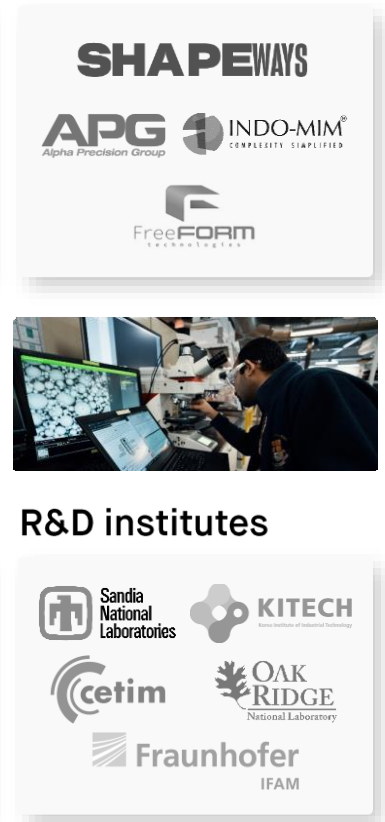
Heavy industry



Aerospace



Mfg services



Live Monitor™, a widely anticipated software tool by many of our production customers

Launched Live Monitor™, a new software solution that provides real-time data from printing systems and assists customers adherence to manufacturing standards, improving efficiency and quality control across mass production fleet of printers. This was instrumental in assisting Aidro to be the first company receiving successful certification of Class 3 and Class 1 DNV certification in 3DP hydraulics



[Video: Live Monitor real time fleet management quality control](#)

DNV

CERTIFICATE OF QUALIFICATION

Document No: COQ10303900

This is to certify:
That
Aidro Srl
Via Prati Bassi, 36, 21020 Taino VA, Italy

is a qualified manufacturer of:
Additive Manufacturing of metallic parts

in accordance with
DNV-ST-B203 and DNV-SE-0568 Module B

and the following particulars:

| | |
|----------------------------------|---|
| AM Facility qualified | Aidro Srl, Via Prati Bassi, 36, 21020 Taino VA, Italy |
| AM Technologies qualified | 1. Laser beam powder bed fusion (PBF-LB) to AMC 3 level 2. Binder jetting technology (BJT) to AMC 1 level |
| BPQs qualified | 1. AM Stainless Steel Alloy (UNS S31603) for PBF-LB 2. AM Precipitation Hardening Stainless Steel (UNS S17400) for BJT |
| Parts qualified | 1. Valve body, AMC 3 level as per manufacturer's own specification, PBF-LB and UNS S31603 material, see PPS for details. |

Reference documents:

- Facility description : FD.01
- Audit report : 10303900A Rev. 01 & Audit.01 issue 1
- BPQ records : BPQR_SI3832_316L-40um_N7 for PBF-LB & BPQR_174PH_SHOP-ID64_75um_MBJ_01 for BJT
- PQ records : PQR-23000063 issue 0 & PPS-23000063

Issued at Høvik on 2023-03-23

This Certificate is valid until 2028-03-22.

Technical Authority: **Sastry Yagnanna Kandukuri**

for DNV
Digitally Signed By: Løken, Sondre
Location: DNV, Høvik, Norway
Signing Date: 24.03.2023

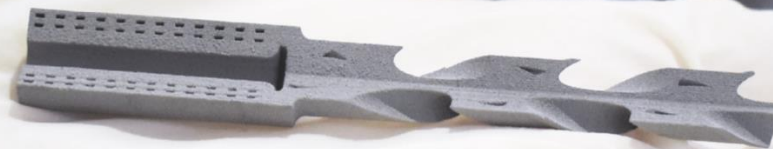
Sondre Løken
Head of Section - Materials Advisory

Leadership in mass production of large technical ceramic parts, CMC and MMC via 3D printing

Unique capability to mass produce parts as large as 800mm. DM has quickly grown into the leading solution to mass produce Silicon carbide components, Cemented Carbide tools, Carbon Ceramics and other other advanced components

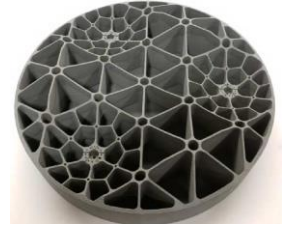
- Alumina (Al_2O_3)
- Aluminum Nitride (AlN)
- Al-Infiltrated Boron Carbide (B_4C)
- Boron Carbide ($^{10}B_4C$)
- Boron Nitride (BN)
- Carbon (C)
- Glass (SiO_2)
- Sands, Natural and Synthetic
- Silicon Carbide (SiC)
- Tungsten Carbide Cobalt (WC-Co)

DM Qualified and Customer-Quaified ceramic materials are listed above. Additional ceramic materials are also viable for R&D customers.



Tungsten carbide cobalt cutting tool. Photo courtesy of TECNALIA

Printed SiC optics for space



SiC wafers



SiC power electronics for EV



Printed TRISO nuclear fuel for Gen 4 MMR/SMR



Continued Progress on Healthcare and Dental

Best in class Desktop Health materials are now available to the Carbon installed customer base

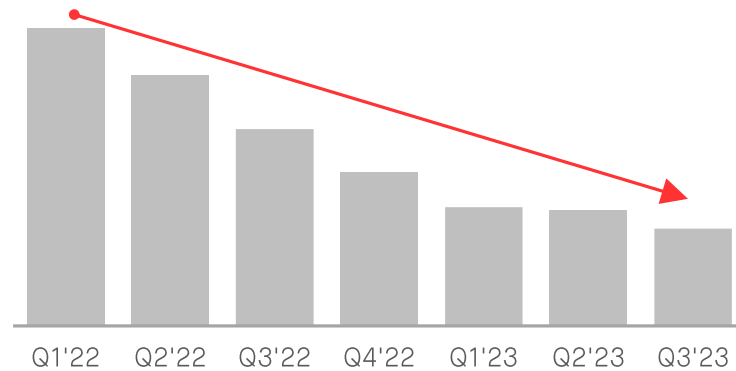
Carbon 3D is known for its high productivity systems and white glove service. It boasts one of the largest fleets of printers at large dental labs in our industry. For the first time, we are proud to partner with our friends at Carbon to provide better materials like our Flexcera resins to their customer base



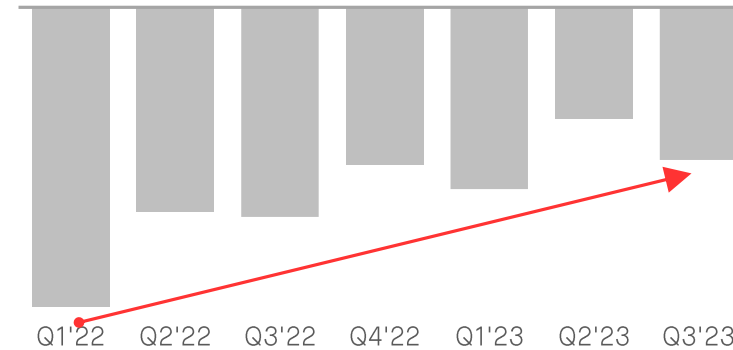
On Track for Base Case of Adj. EBITDA Profitability in Q4'23

Completed \$100M in annual cost savings, with additional cost leverage to come

Operating Expenses (non-GAAP)



Adjusted EBITDA



- On track to achieve base case of being adjusted EBITDA profitable in Q4'23
- Improvement in Q3'23 gross profit from favorable mix of services and consumables and 18% y/y reduction in OpEx
- Decline of G&A and marketing expenses by around 50% y/y
- Ahead of plan to reduce \$100M of annualized costs from business announced in 2022
 - Closure of six production sites have improved cost absorption, stabilizing gross margins, particularly at lower revenue levels
 - Continue to identify additional opportunities to refine portfolio and operations to enhance operating metrics
- Drive toward profitability on an adjusted EBITDA basis exiting 2023

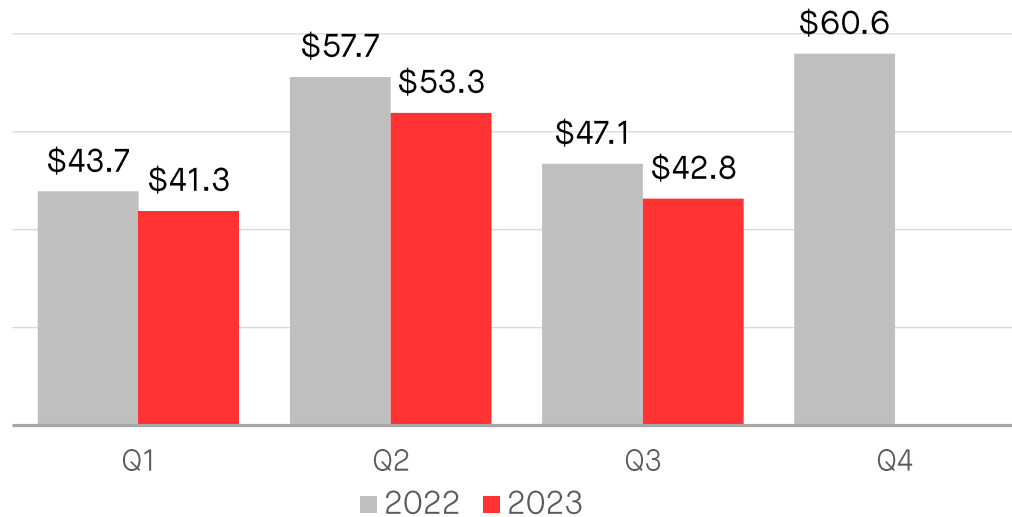
Financial Summary

Third Quarter 2023

Financial Review | Revenue & Gross Margin

Revenue

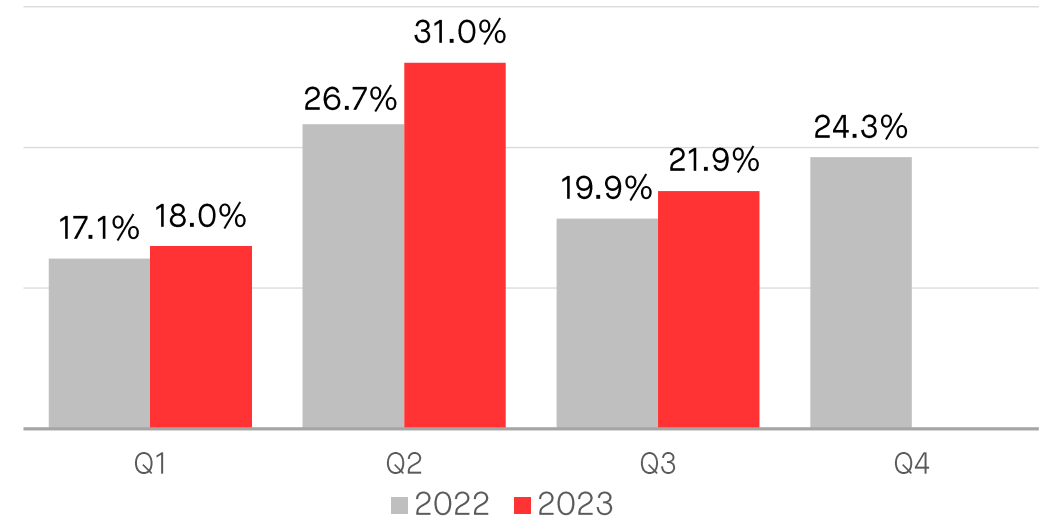
\$s in millions



- Q3'23 revenue of \$42.8 million
 - Down 9.2% from Q3'22, led by weaker product sales partially linked to deemphasizing lower growth and margin product lines, and lengthening sales cycles
 - Narrowed product sales focus to streamline costs, prioritizing growth potential and/or stronger gross margin opportunities
 - Sales pushed from Q3'23 into Q4'23

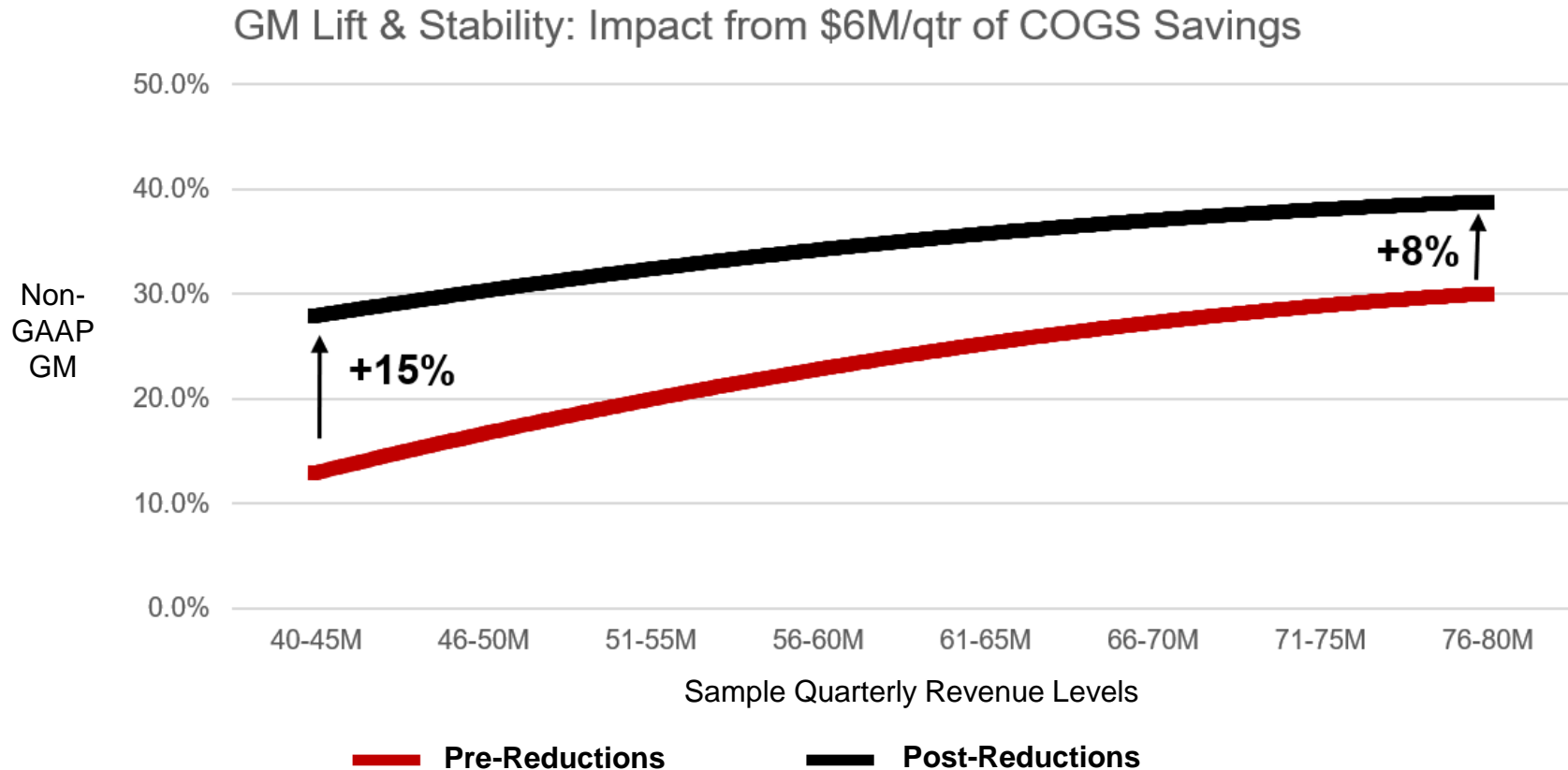
Gross Margin

non-GAAP



- Q3'23 gross margin (non-GAAP) of 21.9%
 - Increased by more 190 bps q/q from Q2'22
 - Driven by ongoing cost-cutting initiatives across multiple quarters, partially offset by a one-time supplier settlement
 - Confidence in ability to achieve non-GAAP gross margins above 30% in Q4'23 and in 2024

Financial Review | Gross Margin Leverage From Cost Reductions



- Approximately \$25M of our \$100M in annualized cost reductions addressed cost of sales (+\$6M/qtr)
- COGS reductions were led by production site consolidations, lowering fixed costs
- **Lift GMs:** +15 to +8%, across \$40-\$80M in quarterly revenue
- **Stabilizes GM:** shallower slope on “post-reduction” line at left
- GM improvements beyond cost reductions:
 - Price increases
 - Focus on higher growth and margin products
 - Sustained growth in higher margin consumables and services

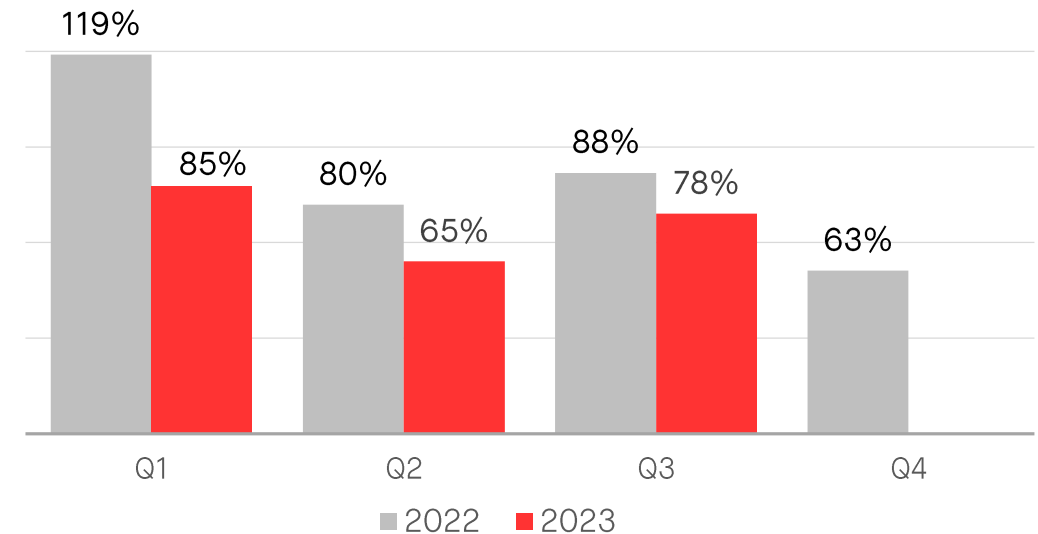
Financial Review | Operating Expenses

Operating Expenses non-GAAP



- Q3'23 operating expenses (non-GAAP) declined 20.1% from Q3'22
- Q3'23 operating expenses (non-GAAP) down 4.3% from Q2'23
 - Meaningful reduction across all categories, including stock-based compensation
 - Lowered quarterly non-GAAP OpEx by ~\$19 million quarterly, or \$76 million annualized since commencing cost reduction efforts 18 months ago

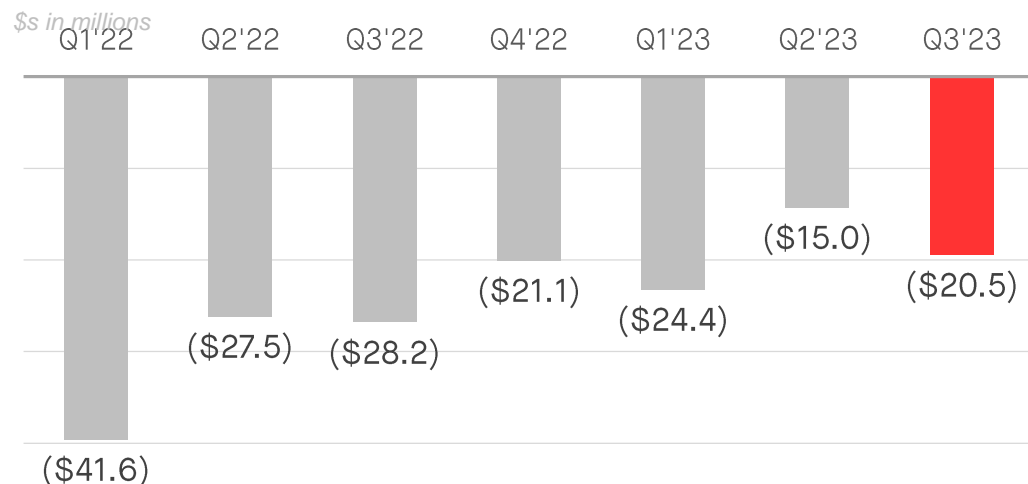
Operating Expenses (% of revenue) non-GAAP



- Operating expenses (non-GAAP) as a percentage of revenue was 78% in Q3'23 vs. 88% in Q3'22
 - Sales and marketing and G&A were meaningfully lower in addition to a reduction in stock-based compensation
 - Expect trend of lowering expense structure to continue throughout the remainder of year and benefit from cost-cutting efforts, disciplined spending, and top-line growth

Financial Review | Adj. EBITDA

Adj. EBITDA



- Q3'23 adj. EBITDA of \$(20.5) million, an improvement of 27.3% from \$(28.2) million in Q3'22
 - Driven by improved gross profit from favorable mix of services and consumables, coupled with a 18% y/y reduction in OpEx
 - Cost-cutting efforts are insulating business as Desktop Metal resizes spend levels
 - YTD progress provides confidence that best performance in terms of adjusted EBITDA is ahead

Balance Sheet

- Well-funded with \$108.2 million in cash, cash equivalents, and short-term investments as of September 30, 2023
 - Compared to \$127.6 million to close Q2'23, for net cash burn of \$19.4 million in Q3'23
 - Lowest quarterly cash burn of \$19.4 million since going public (excluding Q2'22 – last capital raise)
- Improving on and optimizing cash burn progressively through recent quarters and expect to continue to do so
- Trimmed operating cash outflow to \$21.4M in Q3'23, down 46% from \$39.7M during the third quarter of 2022, and down 62% when compared to \$56.3M of operating cash outflow in the first quarter of 2022, the final full quarter of operations prior to commencing our cost reduction efforts, demonstrating our continued progress in cash usage

Financial Outlook

Full Year 2023 Guidance

Q4'23 Financial Outlook

Q4'23 guidance

| | |
|-------------|-----------------------|
| Revenue | \$50 – \$70 million |
| Adj. EBITDA | \$(10) – \$10 million |

Full Year '23 guidance

| | |
|-------------|-------------------------|
| Revenue | \$187 – \$207 million |
| Adj. EBITDA | \$(70) – \$(50) million |

Key planning assumptions

- Adjusted guidance against backdrop of macro and industry-wide headwinds from the beginning of this year
- Expectation of certain transactions closing during Q4'23
- Services and consumables continue to perform well
- \$100 million in annual cost savings by end of 2023 completed ahead of schedule, with more expected
- On track to achieve base case of being adjusted EBITDA profitable in Q4'23
- Outlook excludes potential impact of future acquisitions and divestitures

2023 Strategic Focus Areas

01

Drive organic revenue amidst difficult economic backdrop

- We continue to manage a robust opportunity pipeline
- Sales cycles have lengthened amidst uncertain macroeconomic backdrop
- Strength remains in services and consumables, validating DM system utilization at customers
- Position business to capitalize on long-term growth opportunities

02

Adj. EBITDA breakeven before year end

- Execute on path to profitability commitments
- Dramatically lower cash consumption
 - Cost reduction plans – \$100M annualized completed
 - Continued cost reductions under review
 - Working capital management continues
 - Revenue growth will further drive 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

Continued Progress on Healthcare and Dental

New Bioplotter for 3D bioprinting with exclusive capabilities to print stents, vascular, digestive and respiratory grafts⁽¹⁾



We're proud to celebrate an industry first milestone achieved using the 3D-Bioplotter®. Our customer Dimension Inx recently received U.S. FDA 510(k) clearance for CMFlex™, the first biofabrication 3D printed product cleared by the FDA

Best in class Desktop Health materials are now available to the Carbon installed customer base



Carbon 3D is known for its high productivity systems and white glove service. It boasts one of the largest fleets of printers at large dental labs in our industry. For the first time, we are proud to partner with our friends at Carbon to provide better materials like our Flexcera resins to their customer base

Non-GAAP reconciliations

| (\$ in thousands) | Q3'23 | Q2'23 | Q1'23 | Q4'22 | Q3'22 | Q2'22 | Q1'22 | FY 2022 |
|---|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
| GAAP gross margin | \$ 1,924 | \$ 6,089 | \$ (1,364) | \$ 8,311 | \$ (309) | \$ 8,397 | \$ (1,328) | \$ 15,071 |
| Stock-based compensation in cost of sales | 517 | 590 | 680 | 365 | 734 | 671 | 487 | 2,257 |
| Amortization of acquired intangible assets in cost of sales | 6,889 | 6,928 | 6,927 | 5,890 | 5,877 | 5,950 | 5,990 | 23,707 |
| Restructuring expense in cost of sales | 16 | 2,488 | 717 | 147 | 3,085 | 41 | - | 3,273 |
| Acquisition-related and integration costs in cost of sales | - | 434 | 479 | - | - | 10 | 1,138 | 1,148 |
| Inventory step-up adjustment in cost of sales | - | - | - | - | - | 315 | 1,181 | 1,496 |
| Non-GAAP gross margin | \$ 9,346 | \$ 16,529 | \$ 7,439 | \$ 14,713 | \$ 9,387 | \$ 15,384 | \$ 7,468 | \$ 46,952 |

| (\$ in thousands) | Q3'23 | Q2'23 | Q1'23 | Q4'22 | Q3'22 | Q2'22 | Q1'22 | FY 2022 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| GAAP operating expenses | \$ 47,044 | \$ 54,607 | \$ 50,953 | \$ 320,206 | \$ 57,510 | \$ 300,967 | \$ 68,151 | \$ 746,834 |
| Stock-based compensation in opex | (7,166) | (9,113) | (8,633) | (7,250) | (11,306) | (18,547) | (9,425) | (46,528) |
| Amortization of acquired intangible assets in opex | (3,509) | (3,529) | (3,515) | (4,250) | (3,192) | (3,719) | (3,794) | (14,955) |
| Restructuring expense in opex | (126) | (362) | (2,901) | (1,341) | - | (1,960) | - | (3,301) |
| Acquisition-related and integration costs in opex | 5,452 | (6,925) | (927) | (133) | (1,476) | (1,161) | (2,848) | (5,618) |
| Impairment charges | (6,062) | - | - | - | - | - | - | - |
| Goodwill impairment | (2,450) | - | - | (269,300) | - | (229,500) | - | (498,800) |
| Non-GAAP operating expenses | \$ 33,183 | \$ 34,678 | \$ 34,977 | \$ 37,932 | \$ 41,536 | \$ 46,080 | \$ 52,084 | \$ 177,632 |

Adjusted EBITDA reconciliation

| (\$ in thousands) | Q3'23 | Q2'23 | Q1'23 | Q4'22 | Q3'22 | Q2'22 | Q1'22 | FY 2022 |
|--|--------------------|--------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|
| Net loss attributable to common stockholders | \$ (46,373) | \$ (49,728) | \$ (52,642) | \$ (312,353) | \$ (60,774) | \$ (297,272) | \$ (69,944) | \$ (740,343) |
| Interest (income) expense, net | 1,045 | 1,109 | 811 | 462 | 680 | 633 | (32) | 1,743 |
| Income tax expense (benefit) | (141) | 23 | (557) | 104 | 598 | (944) | (1,256) | (1,498) |
| Depreciation & amortization | 13,357 | 13,530 | 13,433 | 12,473 | 12,692 | 12,719 | 12,883 | 50,767 |
| EBITDA | \$ (32,112) | \$ (35,066) | \$ (38,955) | \$ (299,314) | \$ (46,804) | \$ (284,864) | \$ (58,349) | \$ (689,331) |
| Change in fair value of investments | 775 | 107 | 179 | (329) | 2,052 | 4,741 | 1,700 | 8,164 |
| Inventory step-up adjustment | - | - | - | - | - | 315 | 1,181 | 1,496 |
| Stock-based compensation | 7,683 | 9,703 | 9,313 | 7,615 | 12,040 | 19,218 | 9,912 | 48,785 |
| Restructuring expense | 142 | 2,850 | 3,618 | 1,488 | 3,085 | 2,384 | - | 6,957 |
| Goodwill impairment | 2,450 | - | - | 269,300 | - | 229,500 | - | 498,800 |
| Impairment charges | 6,062 | - | - | - | - | - | - | - |
| Acquisition-related and integration costs | (5,452) | 7,359 | 1,406 | 133 | 1,476 | 1,171 | 3,986 | 6,766 |
| Adjusted EBITDA | \$ (20,452) | \$ (15,047) | \$ (24,439) | \$ (21,107) | \$ (28,151) | \$ (27,535) | \$ (41,570) | \$ (118,363) |