



VELO^{3D}

Fourth Quarter 2023 Supplemental Slides

Without Compromise

March 26, 2024



Disclaimer

Forward Looking Statement

This presentation 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 guidance for full year 2024 (including the company’s estimates for full year revenue gross margin and non-GAAP operating expenses), the company’s expectations regarding its ability to reduce its first quarter 2024 non-GAAP operating expenses, the company’s expectations regarding improvements in cash flow in the first quarter of 2024 and through the first half of 2024, the company’s strategic realignment and initiatives (including the company’s plans and targets for operating expense reduction and bookings growth), the company’s expectations regarding its liquidity and capital requirements, the company’s strategic business review process to explore alternatives in order to maximize stockholder value, and the company’s other expectations, hopes, 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, 2022 (the “FY 2022 10-K”), which was filed by the company with the SEC on March 20, 2023 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 ability of the company to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its key employees; (2) changes in the applicable laws or regulations; (3) the company’s ability to service and comply with its indebtedness; (4) the company’s ability to raise financing in the future; (5) the company’s ability to continue as a going concern; (6) the company’s ability to maintain the listing of its common stock on the New York Stock Exchange; (7) the possibility that the company may be adversely affected by other economic, business, and/or competitive factors; (8) the impact of the global COVID-19 pandemic; and (9) other risks and uncertainties indicated from time to time described in the FY 2022 10-K, 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.

* Additional information on the use of Non-GAAP financial information, industry and market data and trademarks is included in the appendix of this presentation

Summary

Significant progress on re-alignment plan in Q423

Transition quarter – entered 2024 in stronger position

Lowered cost structure by >15% sequentially¹

Q423 year over year free cash flow improved by 35%

Strategic shift to customer driven model – manufacturing / reliability improvement

Successfully rebuilding pipeline – focus on Space / Defense / Aerospace

Bookings

>80% of Q4 bookings from existing customers

>\$15 million in new orders since mid-December²

Benefitting from new go to market strategy – improving 1H24 visibility

On track for cost reduction / cash flow goals

Strategic emphasis remains to drive free cash flow and long-term profitability

1. Excluding one-time charges and expenses

2. As of March 26, 2024



▽^{3D} Key End Market Update



Space

Improved performance / ability to rapidly implement design changes

9 NA launch customers / added NASA, Avio



Defense

Reduced lead times / increased readiness / weapon development

3 new defense contractors in 2023 (9 total) / Kratos, Bechtel, USAF, LMCO



Aerospace

New manufacturing methods / supply chain efficiency / cost reduction

Added new EU aerospace customers in 2023



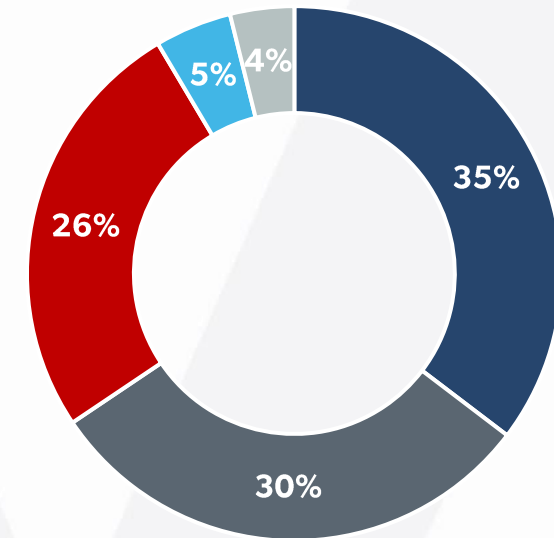
Potential new revenue opportunities

Launch of Developer product

Next gen Sapphire offering

Consumable / hardware partnerships

Customer Diversification FY 2023 System Revenue



▽^{3D} 4 Point Operational Improvement Plan for 2024



Sales & Marketing

- Engineer-led to customer-led strategy
- Building Business Value Assessments for each opportunity
- Exploring new pricing and packaging models



Customer Service

- Prioritization to ensure customer success and drive follow-on sales
- Additional training for customers
- Reduction in recovery time
- Proactive failure prevention



Gross Margin / Manufacturing

- Realization of raw material cost reductions
- Increasing production efficiency and velocity
- Engineering programs for more cost-effective designs



Opex and Cash Flow

- Lowering quarterly cash opex
- Facility consolidation and headcount reductions
- Inventory constrained manufacturing plan
- Prioritizing R&D spend

▽^{3D} 2024 Strategic Priorities Update

Priority	Successes
Enhance quality of newly manufactured Sapphire printers	<ul style="list-style-type: none">✓ Significantly reduced the installation time of Sapphire printers by 40% over the last 6 months
Ensure the success of customers in the field	<ul style="list-style-type: none">✓ Improved system uptime across footprint / customer issue resolution timing - reduced by >45% over the past 6 months✓ Refocused R+D priorities on customer success and machine throughput
Increase revenue visibly through bookings growth	<ul style="list-style-type: none">✓ Secured >\$15 million in new order bookings since mid-December / >50% of bookings tied to key strategic accounts✓ Demonstrates increased customer satisfaction and confidence in Velo3D technology
Improve margins and cash flow	<ul style="list-style-type: none">✓ Expect >30% reduction in non-GAAP operating expenses for Q124 versus Q323✓ Expect to achieve cash flow breakeven in the 2H of 2024



Bernard Chung

CFO



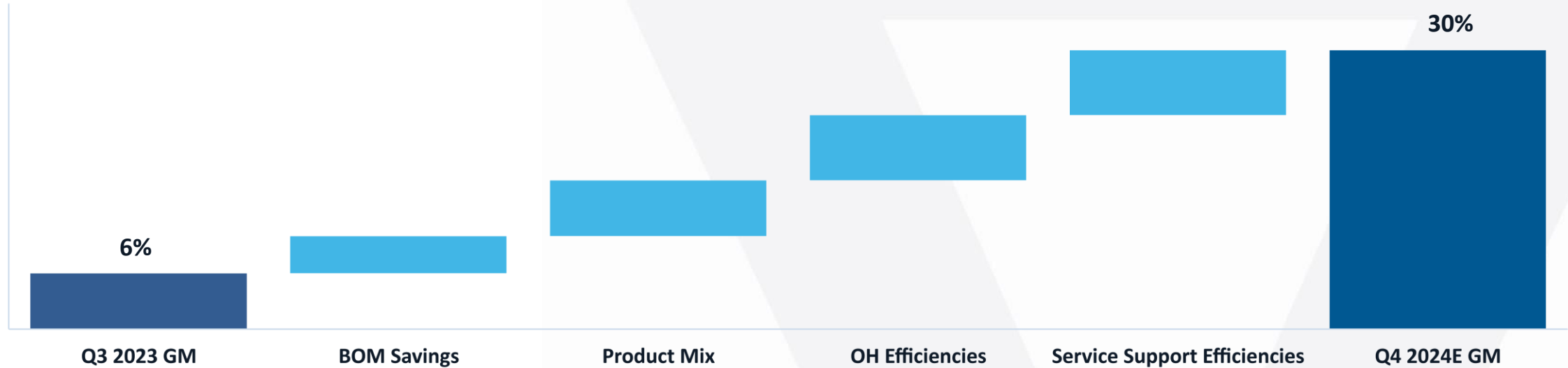


Financial Summary

	Q4 23	Q3 23	Q4 22	2023	2022
Total Revenue	\$1.8	\$23.8	\$29.8	\$77.6	\$80.8
Year of Sale	(0.1)	21.4	27.0	69.1	71.3
Recurring Revenue	1.9	2.4	2.8	8.5	9.4
Cost of Goods sold	35.3	22.3	28.0	103.7	77.9
Gross Profit	(33.5)	1.5	1.8	(26.1)	2.9
% Gross Margin	(1,857)%	6%	6%	(34)%	4%
Total Operating Expenses	24.5	26.7	23.7	107.0	107.2
Adjusted Operating Expenses ¹	21.2	20.0	18.6	84.1	87.0
Adjusted EBITDA¹	(51.5)	(16.6)	(14.4)	(101.5)	(77.4)
Net Income (Loss)	(58.2)	(17.4)	22.6	(135.0)	10.0

1. Reconciliations to U.S. generally accepted accounting principles (GAAP) financial measures are presented under "Non-GAAP Financial Information." Adjusted Operating Expenses excludes stock-based compensation. Adjusted EBITDA excludes interest expense, tax expense, depreciation and amortization, stock-based compensation and fair value liabilities.

▽^{3D} Gross Margin Expansion



2024 drivers

Bill of Material cost reduction - ~25 programs to lower Sapphire XC BOM costs by >30% in 2024

Product Mix - Continued mix shift to Sapphire XC; Higher maintenance Parts & powder revenue

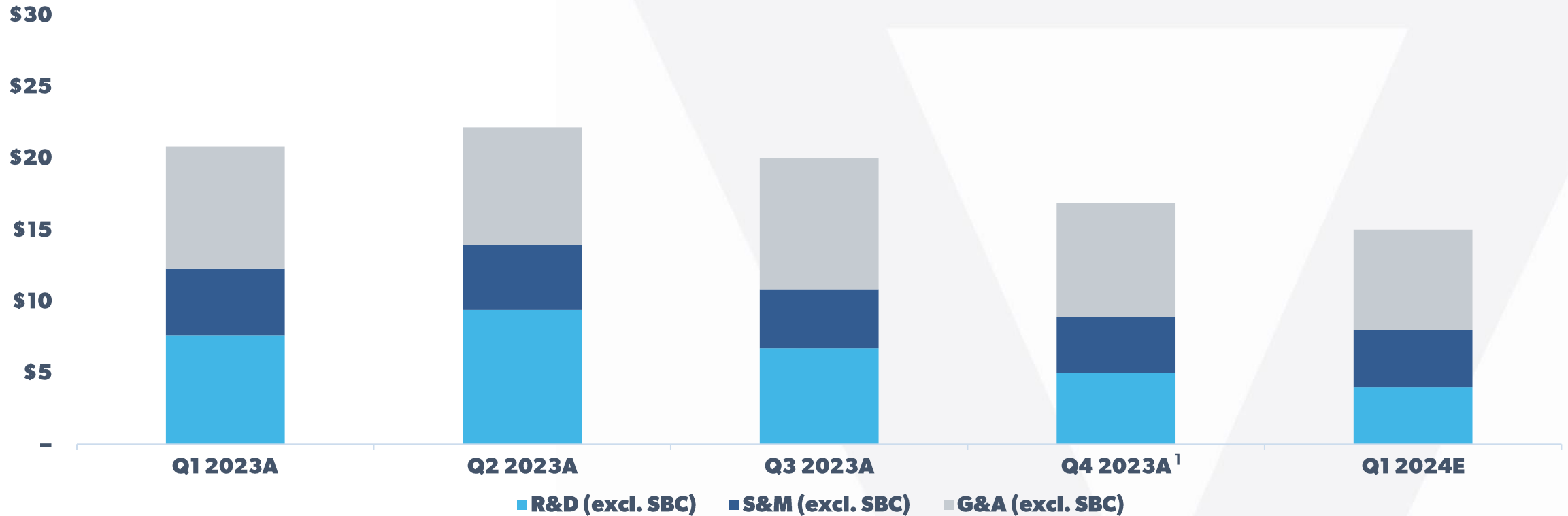
Increasing production efficiency - Overhead cost absorption/labor efficiencies, increasing level of sub-assemblies

Service Support Efficiency - Customer Service team increased by 40% ; R&D priorities refocused on customer success

Targeting ~30% gross margin in 4Q24

1. Adjusts for Q4 2023 inventory write-down of ~\$27m.

▽^{3D} Significant Reduction in OpEx

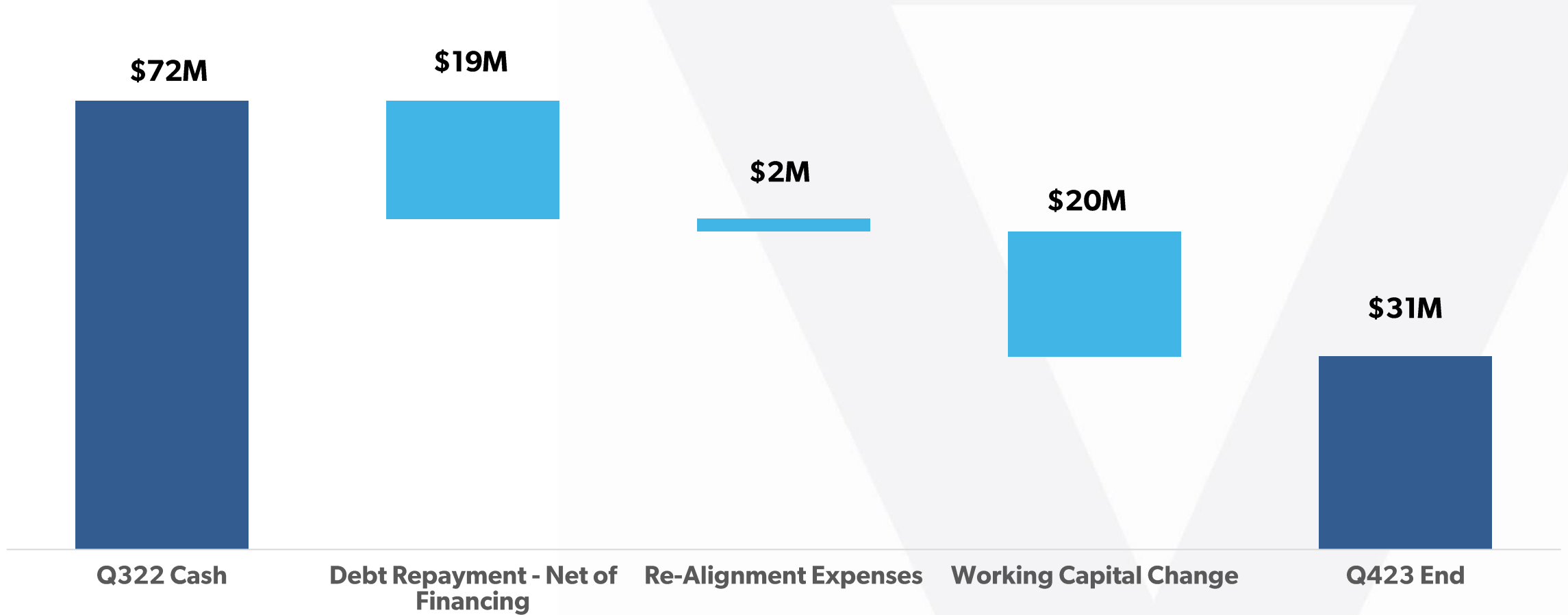


Reducing Expenditures

- Expected **>30% reduction in non-GAAP operating expenses** (Q1 FY 2024E vs. Q3 FY 2023A)
- **20% headcount reduction** through complete / facility consolidation
- Number of specific OpEx programs **in place and ongoing**

1. Adjusts for severance, facility closure, and inventory adjustment expenses in Q4 FY2023A.

▽^{3D} Q424 Cash Flow



VELO^{3D} 2024 Outlook

FY 2024 Guidance

Revenue: \$80 - \$95M

Gross margin: 20% - 30%*

Q424: ~30%

Non-GAAP Opex: \$40 - \$50M**

Expect to achieve free cash flow breakeven in 2H24*

* Excludes impact of one-time realignment / financing activities

** The Company has not provided a reconciliation of non-GAAP operating expense guidance measures to the most directly comparable GAAP measures because certain items excluded from GAAP cannot be reasonably calculated or predicted at this time. Accordingly, a reconciliation is not available without unreasonable effort.





Q&A



VELO^{3D}

Appendix

Without Compromise

March 26, 2024



▽^{3D} Non-GAAP Reconciliation

- Non-GAAP Operating Expenses (Unaudited)

Velo3D, Inc.

NON-GAAP Adjusted Operating Expenses Reconciliation

(Unaudited)

	Three months ended				Year ended				Three months ended			
	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022		September 30, 2023		September 30, 2022	
		% of Rev		% of Rev		% of Rev		% of Rev		% of Rev		% of Rev
(In thousands, except for percentages)												
Revenue	\$ 1,806	100.0 %	\$ 29,780	100.0 %	\$ 77,562	100.0 %	\$ 80,757	100.0 %	\$ 23,808	100.0 %	\$ 19,115	100.0 %
Operating expenses												
Research and development	9,211	510.0 %	7,828	26.3 %	42,031	54.2 %	46,266	57.3 %	9,819	41.2 %	12,558	65.7 %
Selling and marketing	5,175	286.5 %	6,043	20.3 %	23,229	29.9 %	23,907	29.6 %	5,772	24.2 %	5,632	29.5 %
General and administrative	10,158	562.5 %	9,791	32.9 %	41,727	53.8 %	36,982	45.8 %	11,118	46.7 %	9,642	50.4 %
Total operating expenses	24,544	1359.0 %	23,662	79.5 %	106,987	137.9 %	107,155	132.7 %	26,709	112.2 %	27,832	145.6 %
Stock-based compensation in operating expenses	3,387	187.5 %	5,058	17.0 %	22,873	29.5 %	20,148	24.9 %	6,716	28.2 %	5,157	27.0 %
Adjusted operating expenses	\$ 21,157	1171.5 %	\$ 18,604	62.5 %	\$ 84,114	108.4 %	\$ 87,007	107.7 %	\$ 19,993	84.0 %	\$ 22,675	118.6 %

▽^{3D} Non-GAAP Reconciliation - Adjusted EBITDA (Unaudited)

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

	Three months ended				Year ended				Three months ended			
	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022		September 30, 2023		September 30, 2022	
		% of Rev		% of Rev		% of Rev		% of Rev		% of Rev		% of Rev
(In thousands, except for percentages)												
Revenue	\$ 1,806	100.0 %	\$ 29,780	100.0 %	\$ 77,562	100.0 %	\$ 80,757	100.0 %	\$ 23,808	100.0 %	\$ 19,115	100.0 %
Net Income (Loss)	(58,225)	(3224.0)%	22,607	75.9 %	(135,020)	(174.1)%	10,020	12.4 %	(17,396)	(73.1)%	(75,195)	(393.4)%
Interest expense	8,051	445.8 %	10	0.0 %	9,722	12.5 %	372	0.5 %	1,107	4.6 %	129	0.7 %
Tax expense	—	— %	—	— %	—	— %	—	— %	—	— %	—	— %
Depreciation and amortization	1,641	90.9 %	1,962	6.6 %	6,157	7.9 %	5,290	6.6 %	1,490	6.3 %	1,220	6.4 %
EBITDA	\$ (48,533)	(2687.3)%	\$ 24,579	82.5 %	\$ (119,141)	(153.6)%	\$ 15,682	19.4 %	\$ (14,799)	(62.2)%	\$ (73,846)	(386.3)%
Stock-based compensation	5,445	301.5 %	5,058	17.0 %	24,931	32.1 %	20,148	24.9 %	6,716	28.2 %	5,157	27.0 %
(Gain) loss on fair value of warrants	(2,473)	(136.9)%	(8,090)	(27.2)%	(2,338)	(3.0)%	(19,129)	(23.7)%	(1,587)	(6.7)%	6,612	34.6 %
(Gain) loss on fair value of contingent earnout liabilities	(12,958)	(717.5)%	(35,963)	(120.8)%	(15,958)	(20.6)%	(94,073)	(116.5)%	(10,810)	(45.4)%	40,885	213.9 %
(Gain) loss on fair value of debt derivative	(12,133)	(671.8)%	—	— %	(8,485)	(10.9)%	—	— %	3,648	15.3 %	—	— %
Loss on extinguishment of debt	19,197	1063.0 %	—	— %	19,450	25.1 %	—	— %	253	1.1 %	—	— %
Adjusted EBITDA	\$ (51,455)	(2849.1)%	\$ (14,416)	(48.4)%	\$ (101,541)	(130.9)%	\$ (77,372)	(95.8)%	\$ (16,579)	(69.6)%	\$ (21,192)	(110.9)%

Velo3D Non-GAAP Reconciliation - Non-GAAP Net Loss (Unaudited)

Velo3D, Inc.

NON-GAAP Net Loss Reconciliation

(Unaudited)

	Three months ended		Year ended		Three months ended							
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	September 30, 2023	September 30, 2022						
	(In thousands, except for percentages)											
		% of Rev		% of Rev		% of Rev		% of Rev		% of Rev		% of Rev
Revenue	\$ 1,806	100.0 %	\$ 29,780	100.0 %	\$ 77,562	100.0 %	\$ 80,757	100.0 %	\$ 23,808	100.0 %	\$ 19,115	100.0 %
Gross Profit	(33,541)	(1857.2)%	1,768	5.9 %	(26,148)	(33.7)%	2,894	3.6 %	1,488	6.3 %	(121)	(0.6)%
Net Income (Loss)	\$ (58,225)	(3224.0)%	\$ 22,607	75.9 %	\$ (135,020)	(174.1)%	\$ 10,020	12.4 %	\$ (17,396)	(73.1)%	\$ (75,195)	(393.4)%
Stock-based compensation	5,445	301.5 %	5,058	17.0 %	24,931	32.1 %	20,148	24.9 %	6,716	28.2 %	5,157	27.0 %
(Gain) loss on fair value of warrants	(2,473)	(136.9)%	(8,090)	(27.2)%	(2,338)	(3.0)%	(19,129)	(23.7)%	(1,587)	(6.7)%	6,612	34.6 %
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(Gain) loss on fair value of debt derivative	(12,133)	(671.8)%	—	— %	(8,485)	(10.9)%	—	— %	3,648	15.3 %	—	— %
Loss on extinguishment of debt	19,197	1063.0 %	—	— %	19,450	25.1 %	—	— %	253	1.1 %	—	— %
Non-GAAP Net Loss	\$ (61,147)	(3385.8)%	\$ (16,388)	(55.0)%	\$ (117,420)	(151.4)%	\$ (83,034)	(102.8)%	\$ (19,176)	(80.5)%	\$ (22,541)	(117.9)%



Industry and Market Data

In this presentation, the Company relies on and refers to publicly available information and statistics regarding the market in which the Company competes and other industry data. The Company obtained this information and statistics from third-party sources, including reports by market research firms and company filings. While the Company believes such third-party information is reliable, there can be no assurance as to the accuracy or completeness of the indicated information. The Company has not independently verified the information provided by third-party sources.

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Non-GAAP Financial Information

The Company uses non-GAAP financial measures, such as Non-GAAP / Adjusted operating expenses, EBITDA, Adjusted EBITDA, Adjusted EBITDA excluding merger related transactional costs, loss on convertible note modification, and Non-GAAP net (loss), to help it make strategic decisions, establish budgets and operational goals for managing its business, analyze its financial results and evaluate its performance. The Company also believes that the presentation of these non-GAAP financial measures in this presentation provides an additional tool for investors to use in comparing the Company's core business and results of operations over multiple periods. However, the non-GAAP financial measures presented in this presentation may not be comparable to similarly titled measures reported by other companies due to differences in the way that these measures are calculated. The non-GAAP financial measures presented in this presentation 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 ("GAAP"). For reconciliations of these non-GAAP financial measures to the Company's GAAP financial measures, see Appendix A to this presentation. You should review these reconciliations and not rely on any single financial measure to evaluate the Company business.