

# Shapeways Reports Financial Results for the Third Quarter of 2021

## - Shapeways to Host Webcast and Conference Call -

NEW YORK--(BUSINESS WIRE)-- Shapeways Holdings, Inc. (NYSE: SHPW) (“Shapeways” or the “Company”), a leader in the large and fast-growing digital manufacturing industry, announced its results for the third quarter ended September 30, 2021. On September 29, 2021, the Company completed its business combination with Galileo Acquisition Corp. and its common stock and warrants began trading on the NYSE on September 30, 2021 under the new ticker “SHPW” and “SHPW WS,” respectively.

### Third Quarter and Recent Highlights

- Revenue was \$7.7 million in the third quarter of 2021 compared to \$8.1 million in the third quarter of 2020.
- Gross profit was \$3.7 million in the third quarter of 2021 compared to \$3.7 million in the third quarter of 2020.
- Gross margins improved by 180 bps to 47.5% in the third quarter of 2021 compared to 45.7% in the third quarter of 2020 due to high value product focus, continued operational improvements, and further software utilization.
- In October, rebranded its purpose-built software platform, Otto™ Software-as-a-Service (SaaS), phase one of which is designed as a limited ordering service for traditional manufacturers seeking a simpler, faster, and more flexible path to 3D printing for industrial grade production.
- Strengthened the board with its appointment of a new independent director Leslie C. G. Campbell. Ms. Campbell has more than 30 years of multi-disciplinary experience in the technology, finance, software and information services industries.

“The third quarter was transformational for Shapeways as we completed our business combination with a strengthened balance sheet to support future growth,” said Greg Kress, the Company’s Chief Executive Officer. “With the closing of this transaction, we are accelerating our investments to drive new sales growth, including implementing new additive manufacturing technologies and scaling our business development capabilities. Our proprietary software offering continues to grow with the broader introduction of Otto™, and we are excited to offer our SaaS solution to traditional manufacturers seeking a more efficient process. The timing of closing the business combination resulted in the deferral of our planned investment spend, which is having an impact on our near-term expectations and the anticipated timing of the ramp in revenues associated with those investments. Moving forward, we believe we are well positioned to execute on our strategic objectives. While the timing of expectations has shifted, our conviction has not, and we have exciting opportunities as we look to add manufacturing capacity, capture more share of wallet with additional hardware and materials offerings, and continue to grow our proprietary software platform, and we believe we have now set the stage for future growth.”

### **Three Months Ended September 30, 2021 Results**

Revenue was \$7.7 million, as compared to \$8.1 million for the same period in 2020.

Gross profit was \$3.7 million compared to \$3.7 million for the same period in 2020. Gross profit margin was 47.5% compared to 45.7% in the same period last year.

Net income (loss) was \$2.5 million compared to (\$0.5) million in the same period last year.

Adjusted EBITDA, a non-GAAP financial measure, was \$(2.4) million compared to \$(0.3) million in the same period last year.

### **Nine Months Ended September 30, 2021 Results**

Revenue was \$25.4 million, as compared to \$23.0 million for the same period in 2020, a 10% increase.

Gross profit was \$12.1 million compared to \$10.0 million for the same period in 2020. Gross profit margin was 47.7% compared to 43.4% in the same period last year.

Net income (loss) was \$4.1 compared to (\$2.9) million in the same period last year.

Adjusted EBITDA, a non-GAAP financial measure, was \$(2.5) million compared to \$(2.4) million in the same period last year.

### **Balance Sheet and Liquidity**

As of September 30, 2021, the Company had cash on hand of \$90.2 million. Cash on hand increased due to transaction proceeds.

### **Outlook**

The closing of the Company's business combination with Galileo Acquisition Corp. occurred later than expected, which impacted the Company's ability to deploy capital and invest in new business development opportunities. Due to these delays and the related revenues associated with these anticipated investments, the Company now expects full year 2021 revenue to be approximately \$32.5 to \$33.5 million.

### **Webcast and Conference Call Information**

Shapeways will host a webcast and conference call on Monday, November 15, 2021 at 5:30 p.m. ET. To participate in the call, please dial 1-844-826-3033, or 1-412-317-5185 for international participants, ten minutes before the scheduled start. Participants may also access the call via live webcast by visiting the investors section of the Company's website at [shapeways.com](http://shapeways.com).

A replay will be available on Monday, November 15, 2021, beginning at 8:00 p.m. ET through 11:59 p.m. ET, Monday, November 29, 2021. To access the replay, please dial 1-844-512-2921, or 1-412-317-6671 for international participants, and reference pass code 10161894. A webcast of the replay will also be available by visiting the investors section of the Company's website at [shapeways.com](http://shapeways.com).

## **About Shapeways**

Shapeways is a leader in the large and fast-growing digital manufacturing industry combining high quality, flexible on-demand manufacturing powered by purpose-built proprietary software which enables customers to rapidly transform digital designs into physical products, globally. Shapeways makes industrial-grade additive manufacturing accessible by fully digitizing the end-to-end manufacturing process, and by providing a broad range of solutions utilizing 11 additive manufacturing technologies and more than 90 materials and finishes, with the ability to easily scale new innovation. To date, Shapeways has delivered over 21 million parts to 1 million customers in over 160 countries.

## **Special Note Regarding Forward-Looking Statements**

Certain statements included in this press release are not historical facts and are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "should," "would," "plan," "predict," "potential," "seem," "seek," "future," "outlook," and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. All statements, other than statements of present or historical fact included in this press release, regarding the Company's strategy, future operations, and prospects are forward-looking statements. These statements are based on various assumptions, whether or not identified in this press release, and on the current expectations of management of the Company and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on as, a guarantee, an assurance, a prediction, or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company. These forward-looking statements are subject to a number of risks and uncertainties, including changes in domestic and foreign business, market, financial, political, and legal conditions; failure to realize the anticipated benefits of the business combination; the risk that Shapeways has a history of losses and the Company may not achieve or maintain profitability in the future; the risk that the Company faces significant competition and expects to face increasing competition in many aspects of its business, which could cause the Company's operating results to suffer; the risk that the digital manufacturing industry is a relatively new and emerging market and it is uncertain whether it will gain widespread acceptance; the risk that the Company's new and existing solutions and software do not achieve sufficient market acceptance, and those factors discussed in Shapeways' Registration Statement on Form S-1, under the heading "Risk Factors," and other documents Shapeways has filed, or the Company will file, with the SEC. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that the Company does not presently know, or that the Company currently believes are immaterial, that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect the Company's expectations, plans, or forecasts of future events and views as of the date of this press release. The Company anticipates that subsequent events and developments will cause its assessments to change. However, while the Company may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation

to do so. These forward-looking statements should not be relied upon as representing the Company's assessments of any date subsequent to the date of this press release. Accordingly, undue reliance should not be placed upon the forward-looking statements.

### **Non-GAAP Financial Information**

In addition to Shapeways' results determined in accordance with GAAP, Shapeways believes that Adjusted EBITDA, a non-GAAP financial measure, is useful in evaluating our operational performance. Shapeways uses this non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. Shapeways believes that this non-GAAP financial information, when taken collectively, may be helpful to investors in assessing our operating performance.

Shapeways defines Adjusted EBITDA as net income (loss) plus/minus debt forgiveness, interest expense, income taxes, depreciation and amortization expense, and change in fair value of warrant liabilities. In the future, Shapeways expects to report Adjusted EBITDA with an additional adjustment for stock based compensation expense.

Shapeways believes that the use of Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends because it eliminates the effect of financing and capital expenditures and provides investors with a means to compare its financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, you should be aware that when evaluating Adjusted EBITDA Shapeways may incur future expenses similar to those excluded when calculating these measures. In addition, Shapeways' presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Because of these limitations, Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. Shapeways compensates for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA on a supplemental basis. You should review the reconciliation of net income (loss) to Adjusted EBITDA below and not rely on any single financial measure to evaluate Shapeways' business.

**BALANCE SHEET**  
As of September 30, 2021 and December 31, 2020

(in thousands, except share and per share amounts)

	September 30, 2021	December 31, 2020
	(Unaudited)	
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 90,108	\$ 8,564
Restricted cash	143	145
Accounts receivable	1,114	185
Inventory	573	727
Promissory note due from related party	-	151
Prepaid expenses and other current assets	1,908	1,910
Total current assets	93,846	11,682
Property and equipment, net	1,090	948
Right-of-use assets, net	982	2,102
Goodwill	1,835	1,835
Security deposits	175	175
Total assets	\$ 97,928	\$ 16,742
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current liabilities		
Accounts payable	\$ 1,168	\$ 1,633
Accrued expenses and other liabilities	3,700	3,319
Current portion of long-term debt	39	8,332
Operating lease liabilities, current	631	1,222
Deferred revenue	658	753
Total current liabilities	6,196	15,259
Operating lease liabilities, net of current portion	499	1,094
Warrant liabilities	6,777	-
Long-term debt	88	2,236
Total liabilities	13,560	18,589
Commitments and contingencies		
Stockholders' equity (deficit) <sup>(1)</sup>		
Preferred stock (\$0.0001 par value; 10,000,000 shares authorized; none issued and outstanding as of September 30, 2021 and December 31, 2020, respectively)	-	-
Common stock (\$0.0001 par value; 120,000,000 shares authorized; 48,296,484 and 32,170,068 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively)	5	3
Additional paid-in capital	195,121	112,994
Accumulated deficit	(110,442)	(114,567)
Accumulated other comprehensive loss	(316)	(277)
Total stockholders' equity (deficit)	84,368	(1,847)
Total liabilities and stockholders' equity (deficit)	\$ 97,928	\$ 16,742

**STATEMENT OF OPERATIONS**  
**For the Three and Nine Months Ended September 30, 2021 and 2020**  
(in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue, net	\$ 7,716	\$ 8,107	\$ 25,354	\$ 23,028
Cost of revenue	4,055	4,406	13,271	13,030
Gross profit	3,661	3,701	12,083	9,998
Operating expenses				
Selling, general and administrative	4,366	2,461	10,513	8,075
Research and development	1,673	1,516	4,099	4,289
Amortization and depreciation	33	37	100	113
Total operating expenses	6,072	4,014	14,712	12,477
Loss from operations	(2,411)	(313)	(2,629)	(2,479)
Other income (expense)				
Long-term debt forgiveness	-	-	2,000	-
Interest expense	(126)	(141)	(407)	(444)
Change in fair value of warrant liabilities	5,088	-	5,088	-
Interest income	1	-	1	-
Other income	-	4	1	7
Loss on disposal of assets	-	-	-	(4)
Total other income (expense), net	4,963	(137)	6,683	(441)
Income (loss) before income tax benefit	2,552	(450)	4,054	(2,920)
Income tax benefit	-	-	(71)	-
Net income (loss)	2,552	(450)	4,125	(2,920)
Deemed dividend - Earnout Shares	(18,132)	-	(18,132)	-
Net loss attributable to common stockholders	\$ (15,580)	\$ (450)	\$ (14,007)	\$ (2,920)
Net income (loss) per share:				
Basic	\$ 0.07	\$ (0.01)	\$ 0.11	\$ (0.08)
Diluted	\$ 0.07	\$ (0.01)	\$ 0.11	\$ (0.08)
Net loss per share attributable to common stockholders:				
Basic	\$ (0.41)	\$ (0.01)	\$ (0.38)	\$ (0.08)
Diluted	\$ (0.41)	\$ (0.01)	\$ (0.38)	\$ (0.08)
Weighted average common shares outstanding: <sup>(1)</sup>				
Basic	37,932,345	35,787,986	37,351,244	35,660,635
Diluted	37,932,345	35,787,986	37,351,244	35,660,635
Other comprehensive (loss) income				
Foreign currency translation adjustment	(22)	65	(39)	32
Comprehensive loss	\$ (15,602)	\$ (385)	\$ (14,046)	\$ (2,888)

**STATEMENT OF CASH FLOWS**  
**For the Three and Nine Months Ended September 30, 2021 and 2020**

(in thousands, except share and per share amounts)

(Unaudited)

	Nine Months Ended September 30,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 4,125	\$ (2,920)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	424	362
Loss on disposal of assets	-	4
Stock-based compensation expense	783	544
Non-cash lease expense	696	1,586
Non-cash debt forgiveness	(2,000)	-
Change in fair value of warrant liabilities	(5,088)	-
Change in operating assets and liabilities:		
Accounts receivable	(924)	(763)
Inventory	173	(102)
Prepaid expenses and other assets	83	337
Interest on promissory note due from related party	-	50
Accounts payable	(512)	(775)
Accrued expenses and other liabilities	853	713
Lease liabilities	(762)	(1,674)
Deferred revenue	(101)	67
Deferred rent	-	(283)
Net cash used in operating activities	<u>(2,250)</u>	<u>(2,854)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(125)	(23)
Net cash used in investing activities	<u>(125)</u>	<u>(23)</u>
<b>Cash flows from financing activities:</b>		
Principal payments on capital leases	-	(18)
Proceeds from issuance of common stock	552	68
Proceeds received from exercise of preferred stock warrants	60	-
Effect of Merger, net of transaction costs	86,792	-
Repayments of loans payable	(3,459)	(851)
Proceeds from loans payable	-	1,983
Net cash provided by financing activities	<u>83,945</u>	<u>1,182</u>
Net change in cash and cash equivalents and restricted cash	\$ 81,570	\$ (1,695)
Effect of change in foreign currency exchange rates on cash and cash equivalents and restricted cash	(28)	8
Cash and cash equivalents and restricted cash at beginning of period	8,709	9,605
Cash and cash equivalents and restricted cash at end of period	<u>\$ 90,251</u>	<u>\$ 7,918</u>
<i>Supplemental disclosure of cash and non-cash transactions:</i>		
Cash paid for interest	\$ 88	\$ 145
Accrued acquisition of property and equipment	\$ 441	\$ -
Issuance of Legacy Shapeways common stock upon conversion of convertible notes	\$ 5,913	\$ -
Repurchase of Legacy Shapeways common stock	\$ (152)	\$ -

**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
**For the Three and Nine Months Ended September 30, 2021 and 2020**

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 2,552	\$ (450)	\$ 4,125	\$ (2,920)
Debt forgiveness	-	-	(2,000)	-
Interest expense	126	141	407	444
Depreciation and amortization	33	37	100	113
Change in fair value of warrant liabilities	(5,088)	-	(5,088)	-
Income tax benefit	-	-	(71)	-
<b>Adjusted EBITDA</b>	<b>\$ (2,377)</b>	<b>\$ (272)</b>	<b>\$ (2,527)</b>	<b>\$ (2,363)</b>

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