

Desktop Metal Announces First Quarter 2021 Financial Results

- Revenue up 35% from the fourth quarter of 2020 to \$11.3 million
- Expanded materials portfolio to over 225 materials across metals, composites, polymers, ceramics, biocompatible materials, and now wood and elastomers
- Accelerated customer adoption, adding more customers in the first quarter of 2021 than all of 2020 combined
- Introduced Forust process for high-volume production of printed wood parts
- Launched Flexcera as the first major product line for dental applications from Desktop Health and received FDA 510(k) clearance for Flexcera Base
- Acquired Adaptive3D, a category-leader in printable elastomers and rubber materials
- Robust liquidity position with cash, cash equivalents and short-term investments of \$572.2 million as of March 31, 2021

BOSTON--(BUSINESS WIRE)-- Desktop Metal, Inc. (NYSE: DM) today announced its financial results for the first quarter ended March 31, 2021.

“We are pleased with the strong start to the year. Revenue growth accelerated as we captured strong organic momentum and inorganic opportunities,” said Ric Fulop, Founder and CEO of Desktop Metal. “Continued innovation in our core business, coupled with our inorganic strategy, strengthens our ability to grow our product portfolio, expand the high-volume applications we can offer customers, and increase our category leadership. We are well positioned to execute on our long-term growth strategy focused on Additive Manufacturing 2.0 for high-volume, end-use parts.”

First Quarter 2021 and Recent Business Highlights:

- Expanded materials portfolio to over 225 materials across metals, composites, polymers, ceramics, biocompatible materials, and now wood and elastomers
- Accelerated customer adoption, adding more customers in the first quarter of 2021 than all of 2020 combined
- Introduced Forust process for high-volume, printed wood parts leveraging existing metal binder jetting printer technology
- Launched Flexcera as the first major product line for dental applications from Desktop Health and received FDA 510(k) clearance for Flexcera Base
- Acquired Adaptive3D, a category-leader in printable elastomers and rubber materials, adding to our growing materials portfolio
- Closed EnvisionTEC acquisition and began shipping two new area-wide photopolymer printers: the Xtreme 8K and Envision One HT
- Completed redemption of all outstanding public warrants in first quarter of 2021 to streamline capital structure and enhance cash position, contributing \$170.7 million to our cash position
- Grew Desktop Metal team to over 470 employees today, up from 180 employees in May 2020

First Quarter 2021 Financial Highlights:

- Revenue of \$11.3 million, up 35% from the fourth quarter of 2020 and up 234% from the first quarter of 2020
- Net Loss of \$59.1 million, including the non-cash negative change in fair value of warrant liability of \$56.6 million and an income tax benefit of \$27.9 million
- Non-GAAP Gross Profit of \$0.6 million, an improvement of \$3.3 million from the first quarter of 2020
- Adjusted EBITDA of \$(19.4) million
- Strong liquidity position with cash, cash equivalents and short-term investments of \$572.2 million as of March 31, 2021

Outlook for Full Year 2021:

- Reiterating expectation of over \$100 million of revenue for 2021, exiting the year with an annualized revenue run rate of \$160 million
- Adjusted EBITDA in the range of \$(60)–(70) million

Conference Call Information:

Desktop Metal will host a conference call on May 17, 2021 at 4:30 p.m. EDT to discuss first quarter 2021 results. Participants may access the call at 1-877-300-8521, international callers may use 1-412-317-6026, and request to join the Desktop Metal financial results conference call. A simultaneous webcast of the conference call and the accompanying summary presentation may be accessed online from a link in the Events & Presentations section of <https://ir.desktopmetal.com>. A replay will be available shortly after the conclusion of the conference call at the same website.

About Desktop Metal

Desktop Metal, Inc., based in Burlington, Massachusetts, is accelerating the transformation of manufacturing with an expansive portfolio of 3D printing solutions, from rapid prototyping to mass production. Founded in 2015 by leaders in advanced manufacturing, metallurgy, and robotics, the company is addressing the unmet challenges of speed, cost, and quality to make additive manufacturing an essential tool for engineers and manufacturers around the world. Desktop Metal was selected as one of the world's 30 most promising Technology Pioneers by the World Economic Forum and named to MIT Technology Review's list of 50 Smartest Companies.

For more information, visit www.desktopmetal.com.

Forward-looking Statements

This press release contains certain forward-looking statements within the meaning of the federal securities laws. Forward-looking statement generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to 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 the risks and uncertainties set forth in Desktop Metal, Inc.'s filings with the U.S. Securities and Exchange Commission. 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. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Desktop Metal, Inc. assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except share and per share amounts)

	March 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 416,379	\$ 483,525
Short-term investments	155,847	111,867
Restricted cash	1,021	—
Accounts receivable	9,234	6,516
Inventory	20,837	9,708
Prepaid expenses and other current assets	18,657	976
Total current assets	621,975	612,592
Restricted cash	776	612
Property and equipment, net	12,331	12,160
Capitalized software, net	268	312
Goodwill	201,308	2,252
Intangible assets, net	144,103	9,102
Other noncurrent assets	6,826	4,879
Total Assets	\$ 987,587	\$ 641,909
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 5,227	\$ 7,591
Customer deposits	2,792	1,480
Current portion of lease liability	1,639	868
Accrued expenses and other current liabilities	15,324	7,565
Deferred revenue	3,405	3,004
Current portion of long-term debt, net of deferred financing costs	11,019	9,991
Total current liabilities	39,406	30,499
Warrant liability	—	93,328

Long-term debt, net of deferred financing costs	163	—
Lease liability, net of current portion	3,248	2,157
Deferred tax liability	5,206	—
Total liabilities	48,023	125,984
Commitments and Contingencies		
Stockholders' Equity		
Preferred Stock, \$0.0001 par value—authorized, 50,000,000 shares; no shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	—	—
Common Stock, \$0.0001 par value—500,000,000 shares authorized; 252,660,102 and 226,756,733 shares issued at March 31, 2021 and December 31, 2020, respectively, 252,436,919 and 224,626,597 shares outstanding at March 31, 2021 and December 31, 2020, respectively	25	23
Additional paid-in capital	1,326,945	844,188
Accumulated deficit	(387,385)	(328,277)
Accumulated other comprehensive income (loss)	(21)	(9)
Total Stockholders' Equity	939,564	515,925
Total Liabilities and Stockholders' Equity	\$ 987,587	\$ 641,909

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2021	2020
Revenues		
Products	\$ 10,311	\$ 2,694
Services	1,002	691
Total revenues	11,313	3,385
Cost of sales		
Products	10,487	5,041
Services	1,413	1,163
Total cost of sales	11,900	6,204
Gross margin	(587)	(2,819)
Operating expenses		
Research and development	10,858	12,340
Sales and marketing	5,449	4,494
General and administrative	13,846	2,625
Total operating expenses	30,153	19,459
Loss from operations	(30,740)	(22,278)
Change in fair value of warrant liability	(56,576)	—

Interest expense	(73)	(104)
Interest and other income, net	361	578
Loss before income taxes	(87,028)	(21,804)
Income tax benefit	27,920	—
Net loss	\$ (59,108)	\$ (21,804)
Net loss per share—basic and diluted	<u><u>\$ (0.25)</u></u>	<u><u>\$ (0.14)</u></u>

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2021	2020
Net loss	\$ (59,108)	\$ (21,804)
Other comprehensive (loss) income, net of taxes:		
Unrealized gain (loss) on available-for-sale marketable securities, net	1	(159)
Foreign currency translation adjustment	(13)	—
Total comprehensive loss, net of taxes of \$0	<u><u>\$ (59,120)</u></u>	<u><u>\$ (21,963)</u></u>

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(in thousands, except share amounts)

	Common Stock		Additional		Accumulated	Accumulated	Other	Total
	Voting		Paid-in		Deficit		Comprehensive	Stockholders'
	Shares	Amount	Capital				(Loss)	Equity
							Income	
BALANCE— January 1, 2021	224,626,597	\$ 23	\$ 844,188	\$	(328,277)	\$	(9)	\$ 514
Exercise of Common Stock options	163,228	—	180		—		—	
Vesting of restricted Common Stock	56,015	—	—		—		—	

Vesting of restricted stock units	15,265	—	—	—	—	
Repurchase of shares for employee tax withholdings	(2,241)	—	(54)	—	—	
Issuance of Common Stock for acquisitions	5,036,142	—	159,847	—	—	159,847
Stock-based compensation expense	—	—	2,217	—	—	2,217
Vesting of Trine Founder shares	1,850,938	—	—	—	—	
Exercise of warrants	20,690,975	2	320,567	—	—	320,567
Net loss	—	—	—	(59,108)	—	(59,108)
Other comprehensive income (loss)	—	—	—	—	(12)	
BALANCE— March 31, 2021	<u>252,436,919</u>	<u>\$ 25</u>	<u>\$1,326,945</u>	<u>\$ (387,385)</u>	<u>\$ (21)</u>	<u>\$ 939,119</u>

	Legacy Convertible Preferred Stock		Common Stock Voting		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
BALANCE— January 1, 2020	100,038,109	\$ 436,533	26,813,113	\$ 3	\$ 16,722	\$ (294,262)
Retroactive application of recapitalization	(100,038,109)	(436,533)	128,100,821	13	436,520	—
Adjusted balance, beginning of period	—	—	154,913,934	16	453,242	(294,262)
Exercise of Common Stock options	—	—	286,636	—	132	—

Vesting of restricted Common Stock	—	—	1,750,555	—	2	—
Stock-based compensation expense	—	—	—	—	1,259	—
Common Stock warrants issued	—	—	—	—	124	—
Net loss	—	—	—	—	—	(21,804)
Other comprehensive income (loss)	—	—	—	—	—	—
BALANCE—						
March 31, 2020	—	\$ —	156,951,125	\$ 16	\$ 454,759	\$ (316,066)

DESKTOP METAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (59,108)	\$ (21,804)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,892	2,321
Stock-based compensation	2,217	1,259
Change in fair value of warrant liability	56,576	—
Expense related to Common Stock warrants issued	—	124
Amortization (accretion) of discount on investments	406	(22)
Amortization of debt financing cost	4	4
Provision for bad debt	72	—
Net increase in accrued interest related to marketable securities	(240)	(124)
Net unrealized (gain) loss on marketable securities	(25)	—
Deferred tax benefit	(27,921)	—
Changes in operating assets and liabilities:		
Accounts receivable	(61)	752
Inventory	(2,381)	(3,238)

Prepaid expenses and other current assets	(4,276)	393
Other assets	(30)	—
Accounts payable	(3,856)	(989)
Accrued expenses and other current liabilities	(5,247)	(976)
Customer deposits	(1,234)	285
Deferred revenue	105	(339)
Change in right of use assets and lease liabilities, net	(22)	(80)
Net cash used in operating activities	(41,129)	(22,434)
Cash flows from investing activities:		
Purchases of property and equipment	(262)	(1,004)
Purchase of marketable securities	(92,386)	(17,616)
Proceeds from sales and maturities of marketable securities	48,241	49,300
Cash paid for acquisition, net of cash acquired	(137,646)	—
Net cash (used in) provided by investing activities	(182,053)	30,680
Cash flows from financing activities:		
Payment of issuance costs related to reverse recapitalization	(1,239)	—
Proceeds from the exercise of stock warrants	158,308	—
Payment of taxes related to net share settlement of upon vesting of restricted stock units	(54)	—
Proceeds from exercise of stock options	180	132
Net cash provided by financing activities	157,195	132
Net (decrease) increase in cash, cash equivalents, and restricted cash	(65,987)	8,378
Effect of exchange rate changes	26	—
Cash and cash equivalents at beginning of period	483,525	66,161
Restricted cash	612	612
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 418,176</u>	<u>\$ 75,151</u>

Supplemental cash flow information:

Interest paid	<u>\$ 73</u>	<u>\$ 107</u>
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Non-cash investing and financing activities:

Net unrealized (gain) loss on investments	<u>\$ (1)</u>	<u>\$ 159</u>
	<u>\$ 149,904</u>	<u>\$ —</u>
Exercise of private placement warrants		
Common Stock issued for acquisitions	<u>\$ 159,847</u>	<u>\$ —</u>
Additions to right of use assets and lease liabilities	<u>\$ 364</u>	<u>\$ —</u>
Purchase of property and equipment included in accounts payable	<u>\$ 50</u>	<u>\$ —</u>
Receivable for warrants exercised	<u>\$ 12,357</u>	<u>\$ —</u>

NON-GAAP FINANCIAL INFORMATION

This press release contains non-GAAP financial measures, including Non-GAAP gross margin, non-GAAP operating loss, non-GAAP net loss, EBITDA and Adjusted EBITDA.

- We define Non-GAAP gross margin as GAAP gross margin excluding the effect of stock-based compensation, amortization of acquired intangible assets, acquisition-related and other transactional charges included in general and administrative expenses and change in fair value of warrant liability
- We define Non-GAAP operating loss as GAAP operating loss excluding the effect of stock-based compensation, amortization of acquired intangible assets, acquisition-related and other transactional charges included in general and administrative expenses and change in fair value of warrant liability
- We define Non-GAAP net loss as GAAP net loss excluding the effect of stock-based compensation, amortization of acquired intangible assets, acquisition-related and other transactional charges included in general and administrative expenses and change in fair value of warrant liability
- We define EBITDA as GAAP net income (loss) excluding interest, income taxes and depreciation and amortization expense
- We define Adjusted EBITDA as EBITDA excluding stock based compensation, warrant expenses and transaction costs associated with acquisitions

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. We believe that this non-GAAP financial information, when taken collectively, may be helpful to investors in assessing Desktop Metal's operating performance.

We believe that the use of Non-GAAP gross margin, non-GAAP operating loss, non-GAAP net loss, EBITDA and Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends because it eliminates the effect of financing, capital expenditures, and non-cash expenses such as stock-based compensation and warrants, and provides investors with a means to compare Desktop Metal's financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, investors should be aware that when evaluating Non-GAAP gross margin, non-GAAP operating loss, non-GAAP net loss, EBITDA and Adjusted EBITDA, we may incur future expenses similar to those excluded when calculating these measures. In addition, our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of these measures, may not be comparable to other similarly titled measures computed by other companies because not all companies calculate these measures in the same fashion.

Because of these limitations, Non-GAAP gross margin, non-GAAP operating loss, non-GAAP net loss, EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Non-GAAP gross margin, non-GAAP operating loss, non-GAAP net loss, EBITDA and Adjusted EBITDA on a supplemental basis. Management uses, and investors should consider, our non-GAAP financial measures only in conjunction with our GAAP results.

Set forth below is a reconciliation of each Non-GAAP financial measure used in this press release to its most directly comparable GAAP financial measure.

DESKTOP METAL, INC.
NON-GAAP RECONCILIATION TABLE
(in thousands)

(Dollars in thousands)	For the Three Months Ended March 31,	
	2021	2020
GAAP gross margin	\$ (587)	\$ (2,819)
Stock-based compensation included in cost of sales	117	100
Amortization of acquired intangible assets included in cost of sales	1,091	—
Non-GAAP gross margin	\$ 621	\$ (2,719)
GAAP operating loss	\$ (30,740)	\$ (22,278)
Stock-based compensation	2,217	1,259
Amortization of acquired intangible assets included in cost of sales	1,091	—
Amortization of acquired intangibles assets	1,208	164
Acquisition-related and other transactional charges included in general and administrative expenses	4,984	—
Non-GAAP operating loss	\$ (21,240)	\$ (20,855)
GAAP net loss	\$ (59,108)	\$ (21,804)
Stock-based compensation	2,217	1,259
Amortization of acquired intangible assets included in cost of sales	1,091	—
Amortization of acquired intangibles assets	1,208	164
Acquisition-related and other transactional charges included in general and administrative expenses	4,984	—
Change in fair value of warrant liability	56,576	—
Non-GAAP net loss	\$ 6,968	\$ (20,381)

DESKTOP METAL, INC.
ADJUSTED EBITDA RECONCILIATION TABLE
(in thousands)

(Dollars in thousands)	For the Three Months Ended March 31,	
	2021	2020
Net loss attributable to common stockholders	\$ (59,108)	\$ (21,804)
Interest (income) expense, net	(42)	(478)
Income tax benefit	(27,920)	—
Depreciation and amortization	3,892	2,321

EBITDA	(83,178)	(19,961)
Change in fair value of warrant liability	56,576	—
Stock compensation expense	2,217	1,259
Warrant expense	—	139
Transaction costs associated with acquisitions	4,984	—
Adjusted EBITDA	\$ (19,401)	\$ (18,563)

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Investor Relations

Jay Gentzkow

(781) 730-2110

jaygentzkow@desktopmetal.com

Press Contact

Lynda McKinney

(978) 224-1282

lyndamckinney@desktopmetal.com

Source: Desktop Metal, Inc.