



The ExOne Company Reports Second Quarter 2021 Results

August 11, 2021

- **Record second quarter revenue of \$18.8 million increased 69% year-on-year and 44% sequentially**
- **Second quarter revenue includes an all-time quarterly record for recurring revenue of \$8.3 million, up 34% year-on-year, driven by material sales**
- **Record backlog of \$48.7 million increased 27% year-on-year**
- **ExOne enters into definitive agreement to be acquired by Desktop Metal, Inc.**

NORTH HUNTINGDON, Pa.--(BUSINESS WIRE)--Aug. 11, 2021-- [The ExOne Company](#) (Nasdaq: XONE) ("ExOne" or the "Company"), the global leader in industrial sand and metal 3D printers using binder jetting technology, today reported financial results for the second quarter ended June 30, 2021.

ExOne will not host a conference call to discuss its results for the second quarter of 2021 or provide forward guidance, due to the announced proposed acquisition of ExOne by Desktop Metal, Inc ("Desktop Metal"). Information relating to the proposed acquisition can be found at the Desktop Metal investor relations website – <https://ir.desktopmetal.com>.

"The ExOne Team is proud to deliver a record second quarter revenue result, driven by market momentum we continue to see for our portfolio of products, which we believe is the strongest in the company's history and also in the binder jet marketplace, as well as an all-time high in both quarterly recurring revenue and backlog," said John Hartner, ExOne's CEO.

"We're also benefiting from secular trends that we believe will continue to lift ExOne long into the future, such as a desire to lightweight cars and aircraft for sustainability benefits. While COVID-19 continues to cast uncertainty over the markets we serve, we also see early signs of an economic restart, led by the U.S. market, and a shift in manufacturing approach as a direct result of the pandemic that also benefits ExOne. We're talking to an increasing number of manufacturers who are looking to de-risk and shorten supply chains in a way that supports increased interest in additive manufacturing technologies such as binder jetting for more localized production."

Q2 2021 Revenue Summary

	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
(in thousands)	2021	2020	% Change	2021	2020	% Change
Revenue by Product Line						
3D Printing Machines	\$ 10,503	\$ 4,898	114%	\$ 15,408	\$ 11,215	37%
3D Printed and Other Products, Materials and Services	8,279	6,201	34%	16,395	13,267	24%
Total Revenue	\$ 18,782	\$ 11,099	69%	\$ 31,803	\$ 24,482	30%

Q2 2021 Financial Results Summary

The following summarizes ExOne's financial results for the second quarter ended June 30, 2021:

- Revenue was \$18.8 million representing a record second quarter performance for the Company and an increase of 69% compared to the year-ago quarter. Revenue from 3D printing machines increased 114% compared to the prior year quarter as a result of an increase in volumes (18 units in Q2 2021 compared to eight units in Q2 2020) slightly offset by an unfavourable mix of machines sold. Recurring revenue (3D printed and other products, materials and services) increased 34% compared to the year-ago period, led by a record quarterly period for consumable material sales driven by the developing global economic restart and an expansion of our global installed base of printers. In addition, revenue from funded research and development services, largely in support of future production metal equipment sale opportunities, increased comparably based on continued investments in our Production Adoption Model. Despite these increases, revenue for both product groups continued to be impacted by COVID-19, including disruptions to domestic and

international shipping and travel, in addition to negative macroeconomic effects, particularly in Europe and Asia.

- Gross margin was 26.0%, compared to 27.8% in the second quarter of 2020. The decrease was primarily due to the continued impact of operating inefficiencies and challenges driven by the COVID-19 operating environment resulting in higher input costs, low contribution margin on X1 25Pro system sales following their initial introduction to market and an increase in productive workforce costs to meet increased demand from customers.
- Research and development expenses were \$3.0 million, compared to \$2.4 million in the second quarter of 2020. The increase was primarily due to higher employee-related costs and certain material costs incurred associated with systems and materials development of binder jetting technology.
- Selling, general and administrative expenses were \$7.2 million, compared to \$4.5 million in the second quarter of 2020. The increase was primarily due to higher employee-related costs for investments in the Company's commercial infrastructure and higher variable selling expenses based on higher revenues, as well as increases in consulting and professional fees and other corporate overhead costs following certain cost reductions brought about by COVID-19 during the second quarter of 2020.
- Net loss was \$5.6 million, or \$0.25 per fully diluted share, compared with a net loss of \$4.0 million, or \$0.24 per fully diluted share, in the second quarter of 2020.
- Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-GAAP measure, was a loss of \$4.1 million, compared with a loss of \$2.4 million in the second quarter of 2020. *Refer to the attached table captioned "Adjusted EBITDA Reconciliation" and the section below titled "Non-GAAP Financial Measure" for important disclosures regarding the Company's definition and use of Adjusted EBITDA as well as a reconciliation of net loss (the most directly comparable measure under accounting principles generally accepted in the United States ("GAAP")) to Adjusted EBITDA. ExOne management believes that, when used in conjunction with other measures prepared in accordance with GAAP, Adjusted EBITDA assists in the understanding of its financial results.*
- Cash, cash equivalents and restricted cash as of June 30, 2021 decreased to \$129.5 million, from \$138.3 million at March 31, 2021. The decrease was driven by cash outflows from operations of \$7.3 million mostly due to the widening net loss, net of noncash items for the period, and net cash outflows from working capital changes driven by an increase in inventories to support expanded contractual backlog and a reduction in cash inflows from customers based on timing of payments. In addition, capital expenditures for Q2 2021 were \$1.6 million, including the acquisition of certain intellectual property and property and equipment associated with Freshmade 3D.

Conference Call Information

Desktop Metal will host a joint conference call on August 11, 2021 at 4:30 p.m. EST to discuss second quarter 2021 results and the ExOne acquisition announcement. 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 financial results presentation and transaction overview 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.

Non-GAAP Financial Measure

This press release includes a non-GAAP financial measure that is not prepared in accordance with, nor as an alternative to, GAAP. In addition, this non-GAAP financial measure is not based on any standardized methodology prescribed by GAAP and is not necessarily comparable to a similarly titled measure presented by other companies.

The table captioned "Adjusted EBITDA Reconciliation" in this press release provides a reconciliation of net loss (the most directly comparable GAAP measure) to Adjusted EBITDA.

ExOne defines Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) as net income (loss) (as calculated under accounting principles generally accepted in the United States ("GAAP")) plus interest expense, provision (benefit) for income taxes, depreciation and amortization, equity-based compensation, gain from sale-leaseback of property and equipment and other expense – net. Use of Adjusted EBITDA, as defined under SEC rules, is intended as a supplemental measure of ExOne's performance that is not required by, or presented in accordance with, GAAP. The presentation of Adjusted EBITDA is not intended to be a substitute for, and should not be considered in isolation from, net loss reported in accordance with GAAP. The Company's presentation of Adjusted EBITDA should not be construed to imply that its future results will be unaffected by unusual or non-recurring items.

The Company believes that Adjusted EBITDA is meaningful to its investors to enhance their understanding of ExOne's financial results. Although Adjusted EBITDA is not necessarily a measure of the Company's ability to fund its cash needs, the Company understands that it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance and to compare ExOne's performance with the performance of other companies that report Adjusted EBITDA.

About ExOne

ExOne is the pioneer and global leader in binder jet 3D printing technology. Since 1995, we've been on a mission to deliver powerful 3D printers that solve our customers' toughest problems and enable world-changing innovations. Our 3D printing systems quickly transform powder materials — including metals, ceramics, composites and sand — into precision parts, metalcasting molds and cores, and innovative tooling solutions. Industrial customers use our technology to save time and money, reduce waste, increase their manufacturing flexibility, and deliver designs and products that were once impossible. As home to the world's leading team of binder jetting experts, ExOne also provides specialized 3D printing services, including on-demand production of mission-critical parts, as well as engineering and design consulting. Learn more about ExOne at www.exone.com or on Twitter at @ExOneCo.

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.

Additional Information and Where to Find It

This press release relates to a proposed transaction between Desktop Metal and the Company. In connection with the proposed transaction, Desktop Metal will file a registration statement on Form S-4 with the Securities and Exchange Commission (the "SEC"), which will include a document that serves as a proxy statement/prospectus of Desktop Metal. A proxy statement/prospectus will be sent to all of the Company's stockholders. Each party also will file other documents regarding the proposed transaction with the SEC. BEFORE MAKING ANY VOTING DECISION, INVESTORS AND SECURITY HOLDERS OF THE COMPANY ARE URGED TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS AND ALL OTHER RELEVANT DOCUMENTS FILED OR THAT WILL BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and the Company's stockholders may obtain free copies of the proxy statement/prospectus (when available) and other documents that are filed or will be filed with the SEC by Desktop Metal or the Company through the website maintained by the SEC at www.sec.gov. The documents filed by Desktop Metal with the SEC also may be obtained free of charge at Desktop Metal's website at ir.desktopmetal.com. The documents filed by the Company with the SEC also may be obtained free of charge at the Company's website at investor.exone.com.

Participants in the Solicitation

Desktop Metal and the Company and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the Company's stockholders in connection with the proposed transaction. Information about the Company's directors and executive officers and their ownership of the Company's common stock is set forth in the Company's proxy statement for its Annual Meeting of Stockholders on Schedule 14A filed with the SEC on April 1, 2021. Information about Desktop Metal's directors and executive officers is set forth in Desktop Metal's proxy statement for its Annual Meeting of Stockholders on Schedule 14A filed with the SEC on June 17, 2021. To the extent that holdings of Desktop Metal's or the Company's securities have changed since the amounts printed in Desktop Metal's or the Company's proxy statement, such changes have been or will be reflected on Statements of Changes in Beneficial Ownership on Form 4 filed with the SEC. Additional information regarding the interests of those persons and other persons who may be deemed participants in the proposed transaction may be obtained by reading the proxy statement/prospectus regarding the proposed transaction when it becomes available. You may obtain free copies of these documents as described in the preceding paragraph.

No Offer or Solicitation

This communication is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act.

Safe Harbor Regarding Forward Looking Statements

This news release relates to a proposed business combination transaction between Desktop Metal and the Company and may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to the Company's future financial or business performance, strategies, or expectations. Forward-looking statements typically are identified by words or phrases such as "trend," "potential," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," as well as similar expressions, or future or conditional verbs such as "will," "would," "should," "could" and "may."

The Company cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made and the Company assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to risk factors previously disclosed in the Company's filings with the SEC, including its Annual Report on Form 10-K, the following factors, among others, could cause results to differ materially from forward-looking statements or historical performance: the severity and duration of world health events, including the COVID-19 outbreak and the related economic repercussions and operational challenges; the ability of Desktop Metal and the Company to consummate the proposed transaction in a timely manner or at all, including the ability to secure regulatory approvals; impact to the Company's business if the transaction is not consummated; successful integration of Desktop Metal's and the Company's businesses and realization of synergies and benefits; the ability of Desktop Metal to implement business plans, forecasts and other expectations following the completion of the transaction; risk that actual performance and financial results following completion of the transaction differ from projected performance and results; business disruption following the transaction; the Company's ability to consistently generate operating profits; fluctuations in the Company's revenues and operating results; the Company's competitive environment and its competitive position; ExOne's ability to enhance its current 3D printing machines and technology and to develop and introduce new 3D printing machines; the Company's ability to qualify more industrial materials in which it can print; demand for ExOne's products; the availability of skilled personnel; the impact of loss of key management; the impact of customer specific terms in machine sale agreements in determining the period in which the Company recognizes revenue; risks related to global operations including effects of foreign currency and COVID-19; dependency on certain critical suppliers; nature or impact of alliances and strategic investments; reliance on critical information technology systems; the effect of litigation, contingencies and warranty claims; liabilities under laws and regulations protecting the environment; the impact of governmental laws and regulations; operating hazards, cyberattacks, war, terrorism and cancellation or unavailability of insurance coverage; the impact of disruption of the Company's manufacturing facilities or ExOne Adoption Centers; the adequacy of ExOne's protection of its intellectual property; expectations regarding demand for the Company's industrial products, and other matters with regard to outlook; and other factors beyond our control, including the impact of COVID-19.

These and other important factors, including those discussed under Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K, and under Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, may cause the Company's actual results of operations to differ materially from any future results of operations expressed or implied by the forward-looking statements contained therein. Before making a decision to purchase ExOne common stock, you should carefully consider all of the factors identified in its Annual Report on Form 10-K and Quarterly Report on Form 10-Q that could cause actual results to differ from these forward-looking statements.

A more fulsome discussion of the risks related to the proposed transaction will be included in the proxy statement/prospectus. For additional information about other risks and uncertainties that could cause actual results of the transaction to differ materially from those described in the forward-looking statements in this communication of the Company's business, financial condition, results of operations and prospects generally, please refer to the Company's reports filed with the SEC, including without limitation the "Risk Factors" and/or other information included in the Form 8-K to be filed by the Company in connection with the transaction, the Form 10-Q filed with the SEC on August 11, 2021 and such other reports as the Company has filed or may file with the SEC from time to time. For additional information about risks and uncertainties that may cause actual results of the transaction to differ materially from those described, please refer to Desktop Metal's reports filed with the SEC, including without limitation the "Risk Factors" and/or other information included in such reports. While the list of factors presented here is, and the list of factors presented in the proxy statement/prospectus will be considered representative, no such list should be considered to be a complete statement of all risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Except as required by applicable law, neither Desktop Metal nor the Company will update any forward-looking statements to reflect new information, future events, changed circumstances or otherwise.

FINANCIAL TABLES FOLLOW.

The ExOne Company

Condensed Statement of Consolidated Operations and Comprehensive Loss (Unaudited)

(in thousands, except per-share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Revenue	\$ 18,782	\$ 11,099	\$ 31,803	\$ 24,482
Cost of sales	13,906	8,009	24,927	17,763
Gross profit	4,876	3,090	6,876	6,719
Operating expenses				
Research and development	3,008	2,369	5,632	4,845
Selling, general and administrative	7,198	4,488	13,091	10,651
Gain from sale-leaseback of property and equipment	—	—	—	(1,462)
	10,206	6,857	18,723	14,034
Loss from operations	(5,330)	(3,767)	(11,847)	(7,315)
Other expense				
Interest expense	7	53	167	117
Other expense – net	236	195	111	5

	243	248	278	122
Loss before income taxes	(5,573)	(4,015)	(12,125)	(7,437)
Provision (benefit) for income taxes	1	8	(411)	234
Net loss	\$ (5,574)	\$ (4,023)	\$ (11,714)	\$ (7,671)
Net loss per common share:				
Basic	\$ (0.25)	\$ (0.24)	\$ (0.54)	\$ (0.47)
Diluted	\$ (0.25)	\$ (0.24)	\$ (0.54)	\$ (0.47)
Comprehensive loss:				
Net loss	\$ (5,574)	\$ (4,023)	\$ (11,714)	\$ (7,671)
Other comprehensive income (loss):				
Foreign currency translation adjustments	223	370	(897)	(468)
Comprehensive loss	\$ (5,351)	\$ (3,653)	\$ (12,611)	\$ (8,139)

The ExOne Company

Condensed Consolidated Balance Sheet (Unaudited)

(in thousands, except per-share and share amounts)

	June 30,	December 31,
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 127,931	\$ 49,668
Restricted cash	1,536	508
Accounts receivable – net	6,511	5,225
Current portion of net investment in sales-type leases – net	237	229
Inventories – net	22,986	20,562
Prepaid expenses and other current assets	6,697	4,451
Total current assets	165,898	80,643

Property and equipment, net of accumulated depreciation of \$20,809 (2021) and \$20,823 (2020)	23,269	21,300
Operating lease right-of-use assets	3,031	4,043
Net investment in sales-type leases – net of current portion – net	388	509
Other noncurrent assets	898	794
Total assets	\$ 193,484	\$ 107,289

Liabilities

Current liabilities:

Current portion of long-term debt	\$ 2,194	\$ 1,622
Current portion of operating lease liabilities	1,952	1,958
Accounts payable	6,006	4,501
Accrued expenses and other current liabilities	5,587	4,978
Current portion of contract liabilities	14,983	13,586
Total current liabilities	30,722	26,645
Long-term debt – net of current portion	—	1,783
Operating lease liabilities – net of current portion	1,079	2,085
Contract liabilities – net of current portion	87	159
Other noncurrent liabilities	338	314
Total liabilities	32,226	30,986

Contingencies and commitments

Stockholders' equity

Common stock, \$0.01 par value, 200,000,000 shares authorized, 22,032,751 (2021) and 20,009,157 (2020) shares issued and outstanding	220	200
Additional paid-in capital	315,659	218,113
Accumulated deficit	(143,586)	(131,872)
Accumulated other comprehensive loss	(11,035)	(10,138)
Total stockholders' equity	161,258	76,303

Total liabilities and stockholders' equity

\$ 193,484 \$ 107,289

The ExOne Company

Condensed Statement of Consolidated Cash Flows (Unaudited)

(in thousands)

Six Months Ended

June 30,

2021 2020

Operating activities

Net loss	\$ (11,714)	\$ (7,671)
Adjustments to reconcile net loss to net cash used for operations:		
Depreciation and amortization	1,862	2,107
Equity-based compensation	658	449
Amortization of debt issuance costs	7	29
Recoveries for bad debts – net	(53)	(19)
Provision for slow-moving, obsolete and lower of cost or net realizable value inventories – net	218	305
Foreign exchange losses (gains) on intercompany transactions – net	104	(51)
Gain from sale-leaseback of property and equipment	—	(1,462)
Deferred income taxes	—	195
Loss on extinguishment of debt	119	—
Changes in assets and liabilities, excluding effects of foreign currency translation adjustments:		
(Increase) decrease in accounts receivable	(1,365)	2,016
Decrease in net investment in sales-type leases	112	20
Increase in inventories	(4,859)	(5,369)
Increase in prepaid expenses and other assets	(1,228)	(1,035)
Increase (decrease) in accounts payable	1,573	(821)
Decrease in accrued expenses and other liabilities	(187)	(458)

Increase in contract liabilities	1,552	4,428
Net cash used for operating activities	(13,201)	(7,337)
Investing activities		
Capital expenditures	(2,689)	(591)
Proceeds from sale of property and equipment	—	16,229
Net cash (used for) provided by investing activities	(2,689)	15,638
Financing activities		
Proceeds from borrowings on long-term debt	—	2,194
Payments on long-term debt	(1,226)	(78)
Proceeds from exercise of employee stock options	1,449	541
Proceeds from common stock offerings, net of issuance costs	95,288	2,894
Other	(15)	(29)
Net cash provided by financing activities	95,496	5,522
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(315)	100
Net change in cash, cash equivalents, and restricted cash	79,291	13,923
Cash, cash equivalents, and restricted cash at beginning of period	50,176	6,243
Cash, cash equivalents, and restricted cash at end of period	\$ 129,467	\$ 20,166

Supplemental disclosure of noncash investing and financing activities

Transfer of internally developed 3D printing machines from inventories to property and equipment for internal use or leasing activities	\$ 2,431	\$ 1,834
Transfer of internally developed 3D printing machines from property and equipment to inventories for sale	\$ 629	\$ 1,107
Property and equipment included in accounts payable	\$ 256	\$ 41
Unsettled proceeds from at-the-market offerings of common stock, net of issuance costs	\$ —	\$ 204

The ExOne Company

Adjusted EBITDA Reconciliation (Unaudited)

(in millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net loss	\$ (5.6)	\$ (4.0)	\$ (11.7)	\$ (7.7)
Interest expense	0.0	0.0	0.1	0.1
Provision (benefit) for income taxes	0.0	0.0	(0.4)	0.3
Depreciation and amortization	0.9	1.2	1.9	2.1
Equity-based compensation	0.4	0.2	0.7	0.5
Gain from sale-leaseback of property and equipment	—	—	—	(1.5)
Other expense – net	0.2	0.2	0.1	0.0
Adjusted EBITDA	\$ (4.1)	\$ (2.4)	\$ (9.3)	\$ (6.2)

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