

REFINITIV

## DELTA REPORT

### 10-K

VLD - VELO3D, INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 3662

 CHANGES 432

 DELETIONS 1449

 ADDITIONS 1781

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

**(Mark One)**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2022** **December 31, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-39757

**Velo3D, Inc.**

**(Exact name of registrant as specified in its charter)**

Delaware

**98-1556965**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**511 Division Street, 2710 Lakeview Court,**

**95008 94538**

**Campbell, Fremont, California**

(Address of Principal Executive Offices)

(Zip Code)

(408) 610-3915

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.00001 per share	VLD	New York Stock Exchange
Warrants to purchase one share of common stock, each at an exercise price of \$11.50 per share	VLD WS	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of **June 30, 2022** **June 30, 2023**, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price of **\$1.38** **\$2.16** for the registrant's common stock, as reported on the New York Stock Exchange, was approximately **\$116.2** **\$214.3** million. Shares of common stock beneficially owned by each executive officer, director and holder of more than 10% of the shares of common stock have been excluded in that such persons may be deemed to be affiliates.

As of **March 15, 2023** **March 22, 2024**, there were **192,393,999** **261,704,586** shares of the registrant's common stock outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its **2023** **2024** Annual Meeting of Stockholders, or Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference in Part III. Except with respect to information specifically incorporated by reference in this Annual Report, the Proxy Statement shall not be deemed to be filed as part hereof.

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### Explanatory Note – Certain Defined Terms

Unless otherwise stated in this Annual Report or the context otherwise requires, references to:

"2022 Private Warrant" means the warrant to purchase up to 70,000 shares of common stock issued to Silicon Valley Bank in conjunction with the joinder and fourth loan modification agreement.

"2024 Private Warrants" means the warrants to purchase up to an aggregate of 21,949,079 shares of common stock issued to the holders of the Secured Notes in conjunction with the second note amendment to the Secured Notes.

"Additional Secured Convertible Notes" means up to an additional \$35.0 million in aggregate principal amount of our senior secured convertible notes due 2026 we have granted the holders of the Secured Notes the right to purchase so long as the notice to exercise such option is provided no later than the August 14, 2025.

"ATM Offering" mean our "at-the-market" offering of common stock pursuant to the ATM Sales Agreement.

"ATM Sales Agreement" means the sales agreement, dated February 6, 2023, between us and Needham & Company, LLC, as agent.

"Board" or "Board of Directors" means the board of directors of the Company.

"Bylaws" means the amended and restated bylaws of the Company.

"Business Combination Agreement" means that certain Business Combination Agreement, dated as of March 22, 2021, by and among JAWS Spitfire, Merger Sub and Legacy Velo3D, as amended by Amendment #1 to Business Combination Agreement dated as of July 20, 2021.

"Certificate of Incorporation" means the restated certificate of incorporation of the Company, Company, as amended.

"common stock" means the shares of common stock, par value \$0.00001 per share, of the Company.

"Class A ordinary shares" means the Class A ordinary shares, par value \$0.0001 per share, of JAWS Spitfire, prior to the Domestication, which automatically converted, on a one-for-one basis, into shares of common stock in connection with the Closing.

"Class B ordinary shares" means the Class B ordinary shares, par value \$0.0001 per share, of JAWS Spitfire, prior to the Domestication, which automatically converted, on a one-for-one basis, into shares of common stock in connection with the Closing.

"Closing" means the closing of the Merger.

"Closing Date" means September 29, 2021.

"Code" means the Internal Revenue Code of 1986, as amended.

"Domestication" means the domestication contemplated by the Business Combination Agreement, whereby JAWS Spitfire effected a deregistration and a transfer by way of continuation from the Cayman Islands to the State of Delaware, pursuant to which JAWS Spitfire's jurisdiction of incorporation was changed from the Cayman Islands to the State of Delaware.

"DGCL" means the General Corporation Law of the State of Delaware.

"Earnout Shares" means up to 21,758,148 shares of our common stock issuable pursuant to the Business Combination Agreement to certain Legacy Velo3D equity holders upon the achievement of certain vesting conditions.

"Equity Incentive Plan" means the Velo3D, Inc. 2021 Equity Incentive Plan.

"ESPP" means the Velo3D, Inc. 2021 Employee Stock Purchase Plan.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Founder Shares" means the 8,625,000 shares of our common stock issued to the Sponsor and the other Initial Stockholders in connection with the automatic conversion of the Class B ordinary shares in connection with the Closing.

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"GAAP" means United States generally accepted accounting principles.

"Initial Stockholders" means the Sponsor together with Andy Appelbaum, Mark Valley and Serena J. Williams.

"IPO" means the Company's initial public offering, consummated on December 7, 2020, of 34,500,000 units (including 4,500,000 units that were issued to the underwriters in connection with the exercise in full of their over-allotment option) at \$10.00 per unit.

"JAWS Spitfire" refers to JAWS Spitfire Acquisition Corporation, a Cayman Islands exempted company, prior to the Closing.

"JOBS Act" means the Jumpstart Our Business Startups Act of 2012.

"Legacy Velo3D" means Velo3D, Inc., a Delaware corporation (n/k/a Velo3D US, Inc.), prior to the Closing.

"Legacy Velo3D equity holder" means certain former stockholders and equity award holders of Legacy Velo3D.

"Merger" and "Reverse Recapitalization" mean the merger contemplated by the Business Combination Agreement, whereby Merger Sub merged with and into Legacy Velo3D, with Legacy Velo3D surviving the merger as a wholly-owned subsidiary of the Company on the Closing Date.

"Merger Sub" means Spitfire Merger Sub, Inc., a Delaware corporation.

"Notes" means the Secured Notes and the Secured Convertible Notes.

"NYSE" means the New York Stock Exchange.

"PIPE Financing" means the private placement pursuant to which the PIPE Investors collectively subscribed for 15,500,000 shares of our common stock at \$10.00 per share, for an aggregate purchase price of \$155,000,000, on the Closing.

"PIPE Investors" means certain institutional investors that invested in the PIPE Financing.

"PIPE Shares" means the 15,500,000 shares of our common stock issued in the PIPE Financing.

"placement agent warrants" means the warrants to purchase up to 1,800,000 shares of common stock issued to the placement agent in connection with our Registered Direct Offering.

"private placement warrants" means the 4,450,000 warrants originally issued to the Sponsor in a private placement in connection with our IPO.

"public shares" means the Class A ordinary shares included in the units issued in our IPO.

"public shareholders" means holders of public shares.

"public warrants" means the 8,625,000 warrants included in the units issued in our IPO.

"Registered Direct Offering" means our December 2023 \$18,000,000 registered direct offering of 36,000,000 shares of common stock and RDO warrants to purchase 36,000,000 shares of common stock.

"RDO warrants" means the warrants to purchase up to 36,000,000 shares of common stock issued in our Registered Direct Offering.

"Sarbanes-Oxley Act" or "SOX" means the Sarbanes-Oxley Act of 2002.

"SEC" means the United States Securities and Exchange Commission.

"Secured Notes" means our senior secured notes due 2026, as amended, of which we had approximately \$36.7 million aggregate principal amount outstanding as of December 31, 2023.

"Secured Convertible Notes" means our senior secured convertible notes due 2026, of which we had none outstanding as of December 31, 2023.

"Securities Act" means the Securities Act of 1933, as amended.

"Sponsor" means Spitfire Sponsor LLC, a Delaware limited liability company.

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"Subscription Agreements" means, collectively, those certain subscription agreements, entered into on March 22, 2021, between the Company and the PIPE Investors.

"Trust Account" means the trust account of the Company that held the proceeds from the IPO and a portion of the proceeds from the sale of the private placement warrants.

"Velo3D" refers to Velo3D, Inc., a Delaware corporation (f/k/a JAWS Spitfire Acquisition Corporation, a Cayman Islands exempted company), and its consolidated subsidiaries following the Closing.

"warrants" mean the 2022 Private Warrant, the 2024 Private Warrants, the private placement warrants, the public warrants, the placement agent warrants and the RDO warrants.

In addition, unless otherwise indicated or the context otherwise requires, references in this Annual Report to the "Company," "we," "us," "our," and similar terms refer to Legacy Velo3D prior to the Merger and to Velo3D and its consolidated subsidiaries after giving effect to the Merger.

"Velo", "Velo3D", "Sapphire" and "Intelligent and Intelligent Fusion" are registered trademarks of Velo3D, Inc; and "Without Compromise", "Flow", "Assure" and "Assure" "Flow Developer" are trademarks of Velo3D, Inc.

#### MARKET AND INDUSTRY DATA

Information contained in this Annual Report concerning the market and the industry in which we compete, including our market position, general expectations of market opportunity and market size, is based on information from various third-party sources, assumptions made by us based on such sources and our knowledge of the markets for our services and solutions. Any estimates provided herein involve numerous assumptions and limitations, and

you are cautioned not to give undue weight to such information. Third-party sources generally state that the information contained in such source has been obtained from sources believed to be reliable but that there can be no assurance as to the accuracy or completeness of such information. These third party sources include the following reports and publications (the "Market and Industry Reports"):

- Investment Casting Market Size, Share & Trends Analysis Report By Application (Aerospace & Defense, Energy Technology), By Region (North America, Europe, APAC, Central & South America, MEA), And Segment Forecasts, 2020 - 2027, October 2020
- Market Research Future, Global Metal Forging Market, February 2021
- Technavio, Metal Machining Market by End-user and Geography 2020 - 2024, 2020
- ResearchAndMarkets.com, Braze Alloys Global Market Trajectory & Analytics, April 2021
- SmarTech Analysis, Q3 2020 Market Additive Manufacturing Research – Quarterly Data Services Report Q2 2023, 6/23/23
- CONTEXT global research – Revenue forecast for laser powder bed fusion market (2020-2026) (2020-2027) - Q4'22 Q3 2023 AM / 3D printing report, 12/31/2022 9/23/23

The industry in which we operate is subject to a high degree of uncertainty and risk. As a result, the estimates and market and industry information provided in this Annual Report are subject to change based on various factors, including those described in the section entitled "Risk Factors - Risks Related to Our Business and Industry" and elsewhere in this Annual Report.

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#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report may constitute "forward-looking statements" for purposes of the federal securities laws. Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "can," "contemplate," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "target," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Annual Report may include, for example, statements about:

- our market opportunity;
- the ability to maintain the listing of our common stock and the public warrants on the NYSE, and the potential liquidity and trading of such securities;
- our ability to execute our business plan, which may be affected by, among other things, competition and our ability to grow and manage growth profitably, maintain relationships with customers and retain our key employees;
- changes in applicable laws or regulations;
- the inability to develop and maintain effective internal control over financial reporting;
- our ability to service and comply with our indebtedness;

- our ability to raise financing in the future;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- the period over which we anticipate our existing cash and cash equivalents will be sufficient to fund our operating expenses and capital expenditure requirements; requirements our ability to continue as a going concern;
- the potential for our business development efforts to maximize the potential value of our portfolio;
- regulatory developments in the United States and foreign countries;
- the impact of laws and regulations;
- our expectations regarding our strategic realignment and related initiatives, and our strategic business review process to explore alternatives in order to maximize stockholder value;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our financial performance;
- the effect of the continuing COVID-19 pandemic, macroeconomic conditions, including economic downturns or recessions, inflation, interest rate fluctuations, and supply chain shortages and any lingering effects of the COVID-19 pandemic on the foregoing; and
- other factors detailed under the section entitled "Risk Factors".

The forward-looking statements contained in this Annual Report are based on current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the section entitled "Risk Factors". Should one or more of these risks or uncertainties materialize, or should any of our

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assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Some of these risks and uncertainties may in the future be amplified by the impact of macroeconomic factors and there may be additional risks that we consider immaterial or which are unknown. It is not possible to predict or identify all such risks. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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## PART I

### Item 1. Business.

#### Overview

We seek to fulfill the promise of additive manufacturing ("AM"), also referred to as three-dimensional printing ("3D printing"), to deliver breakthroughs in performance, cost, and lead time in the production of high-value metal parts.

We produce a fully integrated hardware and software solution based on our proprietary laser powder bed fusion ("L-PBF") technology, which greatly reduces and often eliminates the need for support structures. Our technology enables the production of highly complex, mission-critical parts that existing AM solutions cannot produce without the need for redesign or additional assembly.

Our Sapphire family of systems (collectively referred to as the "3D Printers") give our customers who are in space, aviation, defense, automotive, energy and industrial markets the freedom to design and produce metal parts with complex internal features and geometries that had previously been considered impossible for AM. We believe our technology is years ahead of competitors.



Our technology is novel compared to other AM technologies based on its ability to deliver high-value metal parts that have complex internal channels, structures, and geometries. This affords a wide breadth of design freedom for creating new metal parts and it enables replication of existing parts without the need to redesign the part to be manufacturable with AM. Because of these features, we believe our technology and product capabilities are highly valued by our customers. Our customers are primarily original equipment manufacturers ("OEMs") and contract manufacturers ("CMs") who look to AM to solve issues with traditional manufacturing technologies for metal parts manufacturing technologies. Those traditional manufacturing technologies rely on processes, including casting, stamping and forging, that typically require high volumes to drive competitive costs and have long lead times for production. Our customers look to AM solutions to produce assemblies that are lighter, stronger, and more reliable than those manufactured with traditional technologies. Our customers also expect AM solutions to drive lower costs for low-volume parts and substantially shorter lead times. However, many of our customers have found that legacy AM technologies failed to produce the required designs for the high-value metal parts and assemblies that our customers wanted to produce with AM. As a result, other AM solutions often require that parts be redesigned so that they can be produced and frequently incur performance losses for high-value applications.

In contrast, our technology can deliver complex high value metal parts with the design advantages, lower costs and faster lead times associated with AM, and generally avoids the need to redesign the parts. As a result, our customers have increasingly adopted our technology into their design and production processes. We believe our value is reflected in our sales patterns, as most customers purchase a single machine to validate our technology and purchase additional systems over time as they embed our technology in their product roadmap and manufacturing infrastructure. We consider this approach a "land and expand" strategy, oriented around a demonstration of our value proposition followed by increasing penetration with key customers.

We offer customers a fully integrated solution, which includes the following key components:

- Flow print preparation software conducts a sophisticated analysis of the features of the metal part and specifies a production process that significantly reduces and often eliminates the need for support structures.
- Sapphire metal AM printers produce the part using our proprietary L-PBF technology. Our technology produces metal parts by fusing many thousands of very thin layers of metal powder with a precisely controlled laser beam in a sophisticated software defined sequence (or "recipe") defined prescribed by our Flow software.
- Assure quality validation assurance software validates the product made by Sapphire printers to confirm that it each layer is made to the specifications required by the original design.
- Intelligent Fusion is the underlying manufacturing process that binds software and hardware together into a complete manufacturing solution that produces repeatable outcomes across different family of Sapphire systems.

Legacy AM technologies often rely on internal supports to prevent deformation of the metal part during the 3D printing process. These supports inhibit the production of parts with complex internal geometries, which are often required in high-performance applications, because there is limited or no access to remove them after production. Our technological advances enable our Sapphire family of systems to print metal parts that significantly reduce and often eliminates the need for internal supports, which enables our customers to produce designs that would otherwise be infeasible to make with AM, conventional AM technology.

We sell our fully integrated hardware and software AM solutions through two types of transaction models: a 3D Printer sale transaction and a recurring payment transaction. Support services are included with a 3D Printer sale transaction and a recurring payment transaction. A subsequent Extended Support Agreement is available for renewal after the initial contract period based on the then-fair value of the service, which is paid for separately.

3D Printer sale transactions fall into two categories: a structured fixed purchase price for the system or a sale and utilization (variable consideration) fee model. In the sale and utilization fee model, customers pay an upfront amount that is less than the full purchase price to purchase the system. This purchase price is supplemented by an hourly usage fee for each hour of system utilization over the life of the system. We make certain estimates in calculating the variable consideration, including the amount of hours, the estimated life of the equipment and the

discount rate. Although estimates may be made on a contract-by-contract basis, whenever possible, we use all available information including historical customer usage and collection patterns to estimate variable consideration. Management reassesses the estimated variable consideration quarterly.

Recurring payment transactions are our leased 3D printer transactions. Under the leased 3D printer transaction, the customer typically pays an amount for a lease which entitles the customer to a base number of hours of usage. For usage above that level, the customer typically pays an hourly usage fee. Most of our leases have a 12-month term, though in certain cases the lease term is longer. The variable payments are recognized when the event determining the amount of variable consideration to be paid occurs.

We shipped our first Sapphire XC 1MZ system at the end of 2022, one year after the Sapphire XC launch at the end of 2021, and we shipped our first Sapphire system at the end of 2018. The Sapphire XC 1MZ system has the same functionality of the Sapphire XC, but with a 1000 millimeter (one meter) build height build volume of the Sapphire XC 1MZ system compared to versus the 550 millimeter height (0.550 meter) build volume height of the Sapphire XC system. The Sapphire XC has capacity to make parts that are 400% larger and reduce production costs per part by approximately 65% to 80% when compared to the original Sapphire system. All of our Sapphire systems are manufactured in our 80,000+ square foot manufacturing facility in Fremont, California. California in the United States.

#### **Strategic Review**

In December 2023, we announced that our Board of Directors had commenced a strategic business review process to explore alternatives in order to maximize stockholder value. Potential strategic alternatives to be explored or evaluated may include, but are not limited to, a strategic transaction, potential merger, business combination or sale. There can be no assurance that our strategic review process will result in any transaction or other strategic outcome. We do not expect any impact on our operations or our ability to serve our customers during the review process. We remain committed to driving strategic value for our customers, employees, partners and stockholders.

We do not intend to disclose further developments on this strategic review process unless and until we determine that such disclosure is appropriate or necessary.

#### **Strategy for Growth**

The key elements listed below are the foundation for our growth plan to support innovation and our customers' growing demand for additive manufacturing solutions. We remain committed to its "land-and-expand" strategy, include whereby satisfied customers continue to purchase Sapphire printers due to the following: significant capabilities the technology provides to operations, product, and engineering teams.

##### ***Focus on uncontested segments of the market***

We focus our sales efforts on customers with a need for parts which our proprietary L-PBF technology can produce but which cannot be produced by competitors' AM technology. These include high-performance metal parts with complex internal geometries, including critical components within jet engines, fuel delivery systems and heat exchangers. These parts are fundamentally out of reach for other AM suppliers serving the high-value metal parts segment because their production process requires internal supports for complex internal geometries, which cannot be removed. Likewise, the processes required by traditional metal manufacturing processes (for example, welding of multiple parts into the desired assembly) often result in parts with lower performance, higher cost and/or longer lead times than the parts which our solution can produce. We generally do not compete in the segment of the AM market composed of applications which can be served by the multiple existing competitors in metal AM. Our primary focus is on those applications where demand for our solution is expected to be the strongest, thus supporting our long-term margins.

##### ***Increasing Ensuring customer penetration success***

We adopt a two-step approach to customer relationships, whereby we first aim to validate our technology with customers before working to more fully integrate our technology into customers' designs and/or production processes. Upon building a strong customer relationship, our sales personnel and engineers collaborate with their customer counterparts to identify how our technology can add the greatest value to the customer's ultimate product. We have found that this helps customers to best understand the potential for the wide breadth of design freedom that our products can deliver, which often leads to customers fully integrating our technology into their processes and making multiple follow-up purchases. This results in economies of scale, as fewer sales and engineering personnel are able to serve a larger number of machines that are concentrated with a smaller number of customers. In addition, by integrating our technology into customer designs, we effectively expand the uncontested market which we believe we are optimally suited to serve. As of March 26, 2024, our sales team has secured approximately \$15 million in new order bookings since mid-December 2023, including more than 50% of bookings tied to key strategic accounts, which we believe demonstrates increased customer satisfaction and confidence in our technology.

##### ***Accelerate global acquisition of new customers***

We plan to increase the number of customer relationships we have globally in the coming years both organically and through distribution partnerships. In recent years, we have demonstrated that our technology can bring tremendous value across a number of use cases in the space, aviation and defense, automotive, energy and

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industrial segments. We plan to leverage the success from these deployments into sales to a number of new customers by further ramping our sales force in the coming years to drive new customer acquisition. In addition to our U.S., Australian and European sales organization, we have also established relationships with distribution partners in the Asia-

Pacific region (Taiyo Nippon Sanso Corporation, and Avaco) and in the U.S. (GoEngineer and HarTech Group) and sales agents in the Middle East to provide greater leverage to our sales team and enable expansion into new markets.

#### **Rapidly scale to meet customer demand**

We plan to scale our business quickly to meet the significant increase in demand that we have seen from our customers by increasing the number of sales representatives and engineers to serve those customers, as well as our production capacity. Our manufacturing operations are limited to the final assembly and test of the system. Components and sub-assemblies are sourced from suppliers. As a result, we have the ability to scale our manufacturing operations with relatively limited capital investment because we only require additional assembly and warehouse space to increase our manufacturing capacity. Further, because our business model is capital efficient, we are able to adapt to shifts in customer demand and calibrate our growth plans to ensure that we maintain the appropriate production capacity at all times.

#### **Extend competitive advantage with higher quality and new products and continued R&D**

We plan to accelerate our research and development ("R&D") efforts to enhance the quality of newly manufactured Sapphire printers in the future to further extend our technological advantage relative to our competitors. Due to the success of our operational initiatives and product improvements, we have spent approximately \$87 million significantly reduced the installation time of Sapphire printers over the past three years in R&D. The latest iteration last year. Additionally, we have increased headcount of our product is our Sapphire XC 1MZ customer service and quality teams to provide on-site support in all major metropolitan areas. Through reliability improvements, system which launched at uptime for key customers has increased and we have reduced the end of 2022. The Sapphire XC 1MZ system has the same functionality of the Sapphire XC with a 1000 millimeter (one meter) height build volume of the Sapphire XC 1MZ system compared to the 550 millimeter height build volume of the Sapphire XC system. We believe this will increase considerably the range of applications where our manufacturing technology will be competitive with traditional metal manufacturing techniques, thereby substantially expanding our addressable market. CONTEXT expects that the market forecast for laser powder bed fusion will grow greater than 30% from 2020 to 2026, resolve customer issues.

### **Our Competitive Strengths**

#### **Disruptive AM platform with the unique ability to produce complex designs**

In contrast to other L-PBF technologies, our proprietary L-PBF technology is capable of producing metal parts with complex internal geometries. Manufacturers of high-performance products have looked to AM to improve performance, reduce costs and shorten lead times relative to traditional metal parts manufacturers; however, other AM solutions have been historically limited because they must use internal supports to enable production of the part. Our technology delivers on the promise of AM, allowing customers a wide breadth of freedom to design products with consistently optimal performance characteristics. In addition to greater design freedom, our technology allows customers to consolidate assemblies of multiple metal parts into a single part that delivers a consistently stronger, lighter, better performing part at a lower cost than possible through traditional metal manufacturing techniques, while consistently maintaining the applicable density requirement for industrial metal portions of metallic 3D objects. Finally, our solutions enable the production of high-value, low-volume spare parts on demand, which may result in meaningful reductions to requirements for inventory. These factors create an uncontested segment in the market with customers we are ideally positioned to serve.

#### **Existing relationships with blue chip customers across our target end markets**

We have built relationships with blue chip customers across all of our target industries, including space, aviation and defense, automotive, energy and other industrial applications. In addition to our direct OEM customer relationships, we also continue to expand our relationships with our indirect customers who specify our 3D printers for the manufacture of components by CMs that use our 3D printers. While these customers provide no direct revenue, they drive parts volume demand for our CMs and therefore, indirectly, our 3D printer demand. We have

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built these relationships by demonstrating the value that our differentiated technology can achieve and integrating our solutions into their operations, resulting in repeat sales to multiple customers within a short span of time. Our success in partnering with existing customers has also validated our differentiated technology for other potential customers. We believe that our successes with these efforts provide meaningful proof of our proprietary technology and will enable our strategy of rapid customer acquisition in the coming years.

#### **Fully Integrated turnkey solution that can be easily integrated into customer operations**

Our fully integrated metal AM solution can be integrated into customer operations with relative ease, facilitating adoption with new customers, as well as the installation of additional systems with existing customers. We typically dedicate one engineer for several weeks around the time of the installation to educate customers as to how to best use our systems and to identify how our technology can most effectively add value to customer processes. After this point, our customers become largely self-supported, requiring only occasional support from our sales and engineering staff. This enables us to effectively reallocate our engineers and sales force to continue to engage with new potential customers, supporting our efforts to scale our operations rapidly.

#### **Deep moat of intellectual property protections**

We have a strong, multi-layered portfolio protecting our intellectual property ("IP") rights, which reinforces our competitive advantage. As of December 31, 2022 December 31, 2023, we own 58 60 issued patents of which 40 are issued U.S. patents, and 18 20 are issued foreign patents. We also have 22 46 publicly pending patent applications of which seven 17 are pending U.S. patent applications, 13 18 are pending foreign patent applications, and two 11 are pending Patent Cooperation Treaty ("PCT") patent applications. Our issued patents will expire at different times in the future, with the earliest expiring in 2035 and the latest expiring in 2047. Our currently pending patent applications will generally remain in effect for 20 years from the date of filing of the initial patent application of each. Our six eight trademark types worldwide include four registered U.S. trademarks, 34 40 registered foreign trademarks, two pending U.S. trademark applications, and 18 13 pending foreign trademark applications. We also have one U.S. registered copyright.

Our intellectual property is subject to a first lien security interest held by the holders of our senior secured notes due 2026, as amended (the "Secured Notes").

#### **Capital efficient business model**

We have an asset-light business model, which will allow us to scale our operations to meet expected customer demand. Our own manufacturing operations are primarily limited to final assembly, testing and shipment. Further, we believe our units are higher value and lower volume relative to other AM solutions providers, which reduces the burden on our supply chain as we expand. Our final assembly process does not require expensive clean rooms but instead occurs within an assembly facility. We believe that this will enable us to rapidly scale our business model to meet customer demand, without the risks associated with other manufacturing models that require heavy capital expenditures to increase production capacity.

#### **Experienced management team**

Our management team has decades of relevant experience across their respective industries, including materials engineering, technological development, operations, sales, business development and corporate finance. Our management team is led by our Chief Executive Officer, Benny Buller, who has had a highly successful career as an engineer, culminating in the highest Israeli Presidential award for one of the projects he led in the Israeli intelligence community, before taking leadership positions in cutting-edge American technology firms, including in First Solar and Applied Materials. Our Chief Financial Officer, Bill McCombe, has extensive experience as a senior financial officer in public and private technology hardware companies and as a senior investment banker overseeing strategic transactions. Further, we added experienced independent board members during 2021 and 2022 to support our management team.

### **Our Product Platforms**

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Since our founding in 2014, we have focused development on our primary solution, marketed as Sapphire. Sapphire is a fully integrated solution including the Flow design software and Assure quality control software. At the end of 2022, we launched our Sapphire XC 1MZ system, and at the end of 2021, we launched our Sapphire XC system, both of which enable production of larger parts at a lower cost.

Our software is fully integrated into the design, production and quality control platform with our Sapphire family of systems. We maintain legal title of our software systems for products sold under both our 3D printer sale transactions and recurring payment transactions.



#### **Flow**

Flow software powers the whole family of Sapphire AM printers. Our systems rely on a similar manufacturing process for all of our printer solutions. Flow is a highly advanced and proprietary software platform, which scans part designs for unique geometrical features. It uses advanced computational algorithms to prescribe specific manufacturing "recipes" and processes specific to the Sapphire production systems, e.g., to ensure that the 3D object is produced with the required specifications.

#### **Sapphire, Sapphire 1MZ, Sapphire XC and Sapphire XC 1MZ**

The Sapphire printer system is our first generation production machine. Sapphire uses L-PBF technology and supports a build module of 315 millimeter diameter by 400 millimeter tall, and volume of up to 31 liters.

Sapphire XC is our second generation of printers and started shipping at the end of 2021. The acronym XC stands for "extra capacity" and as compared to Sapphire, has a larger build module of 600 millimeter diameter by 550 millimeter tall, and volume of up to 155 liters. Sapphire XC is based on the same fundamental design of our original Sapphire 3D printers. The Sapphire XC printer system is designed with the intent that all recipes and parts

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designed for the original Sapphire printers are fully compatible with the Sapphire XC printer systems, as the new system line is designed to carry over processes and metrologies.

The Sapphire 1MZ and Sapphire XC 1MZ printer systems are our newest addition to our Sapphire family of printers line. The Sapphire 1MZ and Sapphire XC 1MZ systems have the same functionality as the Sapphire and Sapphire XC, respectively. However, the 1MZ printers are larger having a 1000 millimeter (one meter) height build module as compared to the 400 millimeter and 550 millimeter height build module for Sapphire and Sapphire XC, respectively.

Our machines have the ability to make parts with thousands of composite structures made from various metals including aluminum, titanium, nickel-alloys, nickel super alloys, copper alloys, stainless steel and steel alloys. In principle, any metal that is cold-weldable is able to be used as a base layer in our machines. We currently have recipes to print from **ten 14** different metals (e.g., alloys) and add recipes for additional metals based on customer demand. Our team of materials and metallurgy experts qualify new materials on our Sapphire family of printers based on customer requirements and feedback. **We are currently working on new materials, such various types of stainless steel, and additional aluminum and copper** **Flow Developer** allows companies to develop parameters for their alloys.

#### **Assure**

Assure is an advanced quality control software platform that includes process metrologies to ensure repeatable, consistent part quality. The platform works with a myriad of complex sensors, which allow prompt control modulation of the laser systems of the Sapphire printer line, to calibrate production outcomes within prescribed tolerances.

#### **Flow Developer**

Flow Developer is available for users of Flow 7.0, the latest version of our print preparation software that turns traditional design files into print files. Developer grants editor-level access to print parameters, giving companies maximum flexibility and control when working with our additive manufacturing solution. With this access, users can import proven parameters they have developed, optimize default parameters for specific application needs, and develop parameter sets supporting new material development for novel solutions and specific applications.

#### **Intelligent Fusion**

Intelligent Fusion is the underlying manufacturing process that binds and facilitates all aspects of the Velo3D fully integrated solution, which includes our print preparation software (Flow), advanced metal 3D printers (Sapphire line), and quality assurance software (Assure).

Intelligent Fusion unifies and manages all of the above, including the information flow, sensor data from approximately 1,000 sensors, and the advanced printing technology for precision control of the entire print.

#### **Customers**

Our customers range from small- and medium-sized enterprises to Fortune 500 companies in the space, aviation, defense, automotive, energy and industrial markets. Our largest customer, Space Exploration Technologies Corp. ("SpaceX"), accounted for **28.4%** **4.0%** and **27.8%** **28.4%** of our revenue for the year ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively. Our customers include both OEMs, as well as CMs who provide service and parts on behalf of OEMs. Our 3D printer sales occur under purchase orders that are governed by our terms and conditions of sale. Our terms and conditions with our largest customer are consistent with all other customers and permit the customers to terminate our services at any time (subject to notice and certain other provisions).

We only sell to production customers. Our machines are not resalable without consent and software licenses are not transferable to certain geographic markets to protect our IP.

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#### **Research and Development**

The high-value metal parts and AM segments are undergoing technological advancements across hardware, software and materials. **We continue to dedicate meaningful resources into our ongoing R&D programs to extend our technological leadership.** Specifically, our R&D team is focused on continuing advances in technology that include, but are not limited to:

- enhancements of the Sapphire family of systems, such as our 1MZ systems;
- improvement of reliability and productivity of the Sapphire family of systems;
- expansion of functionality of Flow software;

- qualifying new materials;
- additional quality control features in Assure; and
- addition of recipes for new and for qualified metal alloys.

We ~~invest~~ have historically invested a significant amount of our resources in R&D because we believe that superior technology is a key to maintaining a leading market position. In the year ended ~~December 31, 2022~~ December 31, 2023 and ~~2021~~, our R&D expenses were approximately ~~\$46.3 million~~ \$42.0 million and ~~\$27.0 million~~ \$46.3 million.

## Sales and Marketing

We sell our AM solutions directly, as well as through a network of multiple distribution partners. Together, these relationships span much of the world, including the United States, the EU, Australia, Japan, South Korea and Southeast Asia. For new customers, our success reflects our strategy of making an initial sale to customers for technology validation before increasing penetration through sales of additional units.

Our marketing strategy is oriented around building deep and lasting relationships with leading global manufacturers. We seek to compete by maximizing the value we create for our customers. To that end, our engineers engage with customers to identify the specific parts and processes where our solutions can add the most immediate value. At the time of the installation, our engineers will typically engage with customers for several weeks to educate them on the system, after which point customers are typically able to operate the system without our direct engagement.

Our sales team remains engaged with customers after initial validation of our technology with a goal of integrating our technology into other customer processes. Thus far, we believe this strategy has proven successful.

In recent years, we have successfully demonstrated the utility of our technology across multiple target markets, including the highest performance application in the space, aviation, ~~and semiconductor~~, defense, automotive, energy and industrial end markets. We believe these successful deployments have seeded the market and will enable increased acquisition of new customers in those segments.

We rely on our own sales team, as well as multiple distribution partners, including Taiyo Nippon Sanso (Japan), Avaco (South Korea), and GoEngineer ~~and HarTech Group~~ (North America). These relationships have helped to extend our reach into overseas markets and essentially function as extensions of our sales team. We have entered into partnership agreements with each of our distribution partners, which grant the distribution partner the right to market our products in a specified territory on either an exclusive or nonexclusive basis, depending on the distribution partner; however, all sales contracts for our products are entered into between us and our customers. Certain of these distribution partners also provide maintenance services to customers in their specified territories. Going forward, we plan to expand our direct sales force and will consider establishing additional distribution partnerships as we continue to implement our strategy with new customers.

~~Our European Headquarters at the Augsburg Innovation Park, located in Augsburg, Germany, includes teams of sales, application engineering and field service engineering personnel, similar to the U.S. office.~~

## Manufacturing and Suppliers

We design, assemble, test and ship all of our products and rely on outside manufacturers for component and select subsystems. Production of our systems requires approximately 8 to 15 weeks depending on the Sapphire product within our family of systems. We employ several third-party vendors to supply our core hardware subsystems and components. Following receipt of these subsystems and components, we assemble and calibrate the system. We then conduct a series of process tests culminating in a final factory acceptance test. We have internal teams focused on technology development, engineering and manufacturing. The teams coordinate the design, construction, assembly, testing and shipment of our products.

We currently rely on numerous external suppliers, which we believe have ample capacity to increase supply of our critical components. For the majority of these suppliers, we believe we can readily source components from competing suppliers on short notice. For several critical subsystems, we have developed multiple suppliers to ensure surety of supply.

We manage our inventory based on sales and production forecasts and anticipated lead times for sourcing components and assembly.

## Intellectual Property

Our leadership in the high-value metal parts AM segment depends largely on our differentiated technology, which we seek to protect through a multi-layered IP approach. Our IP protection enables us to prevent organizations and individuals from selling or using our systems, apparatuses, devices, and software, practicing our methods, or trading in our produced parts (e.g., 3D objects), as these are all protected by various forms of IP protection including by our patents and trademarks granted in various jurisdictions, ~~by our copyrights, and by our trade secrets.~~

We attempt to protect our IP rights, in various jurisdictions (e.g., United States and abroad), through a combination of patents, trademarks, copyrights and trade secrets, ~~as well as nondisclosure and invention assignment agreements with our consultants and employees, and nondisclosure agreements with our contractors, vendors and other business partners.~~

We pursue patent protection when we believe it is possible and consistent with our overall strategy for safeguarding IP.

Our patent profile ~~is~~ includes a broad portfolio across our systems, apparatuses, devices, methods (e.g., of production), software, and composition of matter (e.g., 3D objects). Metal parts produced using our system technology have a signature that is readily recognizable and traceable.

We As of December 31, 2023 we own 58 60 issued patents of which 40 are issued U.S. patents, and 18 20 are issued foreign patents. We also have 22 46 publicly pending patent applications of which ~~seven~~ 17 are pending U.S. patent applications, 13 18 are pending foreign patent applications, and ~~two~~ 11 are pending PCT Patent Cooperation Treaty patent applications. Our issued patents will expire at different times in the future, with the earliest expiring in 2035 and the latest expiring in 2047. Our currently pending patent applications will generally remain in effect for 20 years from the date of filing of the initial patent application of each. Our ~~six~~ eight trademark types worldwide include four registered U.S. trademarks, 34 40 registered foreign trademarks, two pending U.S. trademark applications, and 18 13 pending foreign trademark applications. We also have one U.S. registered copyright.

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Our intellectual property is subject to a first lien security interest held by the holders of the Secured Notes.

#### Human Capital Resources

We have a strong team of employees who contribute to our success. As of December 31, 2022 December 31, 2023 and 2021, 2022, we had 294 237 and 193, 294, respectively, full-time employees, the majority of them based at our headquarters in Campbell, California and our manufacturing facility in Fremont, California. We rely on consultants and outside contractors in roles and responsibilities that include engineering, operations and finance.

To date, we have not experienced any work stoppages and consider our relationship with our employees to be in good standing. None of our employees are subject to a collective bargaining agreement or are represented by a labor union.

We have initiated leadership training in In the first quarter of 2023, we launched a leadership development program for global people managers across the Company to strengthen our Company's culture it how we manage collective management skills and enhance our culture. The program ran for the duration of 2023 and focused on best practices for managing relationships with employees, suppliers, customers and the communities in which we operate. The training is program resulted in increased management alignment, increased skills around communication, cross-functional collaboration, and talent development, and provided us with a management framework for leadership practices going forward. Through this development program we increased our first step to building a framework leadership community and strategy in educating our Company discussion of important micro and employees on awareness of the importance of environmental, social and governance issues, macro global topics such as diversity and inclusion, employee friendly policies and practices, employee retention, rates, corporate social responsibility, sustainability, climate-risks, and other important topics that will benefit our Company, employees, customers, suppliers, shareholders and investors.

Our board Board of directors Directors oversees matters relating to managing our human capital resources. Our human capital resources objectives include identifying, recruiting, and hiring qualified talent. We then focus on training, developing, and retaining training, incentivizing talent, while ensuring fair compensation and integrating our existing incentives for global employees. We focus heavily on ensuring compliance and additional employees, as well as emphasizing work place workplace safety. We review our compensation and benefit policies and programs regularly through industry benchmarks and, we benchmarks. We believe we offer competitive benefits and total compensation and benefits packages, of which the principal purposes of which are to attract, retain and motivate our employees.

#### Competition

We compete with other suppliers of 3D printers, materials and software, as well as with suppliers of traditional metal manufacturing solutions. We compete with these suppliers, as well as channel partners, for customers, and for certain of our products. We also compete with businesses and service bureaus that use such equipment to produce models, prototypes, molds and end-user parts. Development of new technologies or techniques not encompassed by the patents that we own may result in additional future competition.

Our competitors operate both globally and regionally, and many of them have well-recognized brands and product lines. Additionally, certain of our competitors are well established and may have greater financial resources than us.

We believe principal competitive factors include technology capabilities, materials, process and application know-how, total cost of operation of solution, product reliability and the ability to provide a full range of products and services to meet customer needs. We believe that our future success depends on our ability to provide high-quality solutions, introduce new products and services to meet evolving customer needs, market opportunities, and extend our technologies to new applications. Accordingly, our ongoing R&D programs are intended to enable us to continue technology advancement and develop innovative new solutions for the marketplace.

#### Government Regulations

We are subject to various laws, regulations and permitting requirements of U.S. federal, state and local and foreign authorities. These include:

- regulations promulgated by environmental and health agencies, as described below under "- Environmental Matters";
- the U.S. Occupational Safety and Health Administration;

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- the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and the anti-corruption laws of other countries;
- laws pertaining to the hiring, treatment, safety and discharge of employees; and
- import and trade restrictions and export control regulations, including the U.S. International Traffic in Arms Regulations and the U.S. Export Administration Regulations.

We believe that we are in material compliance with all such laws, regulations and permitting requirements.

#### **Environmental Matters**

We are subject to various environmental, health and safety laws, regulations and permitting requirements, including those governing the emission and discharge of hazardous materials into ground, air or water; noise emissions; the generation, storage, use, management and disposal of hazardous and other waste; the import, export and registration of chemicals; the cleanup of contaminated sites; and the health and safety of our employees. Based on information currently available to us, we do not expect environmental costs and contingencies to have a material adverse effect on our operations. The operation of our facility, however, entails risks in these areas. Significant expenditures could be required in the future to comply with environmental or health and safety laws, regulations or other requirements. Certain of these compliance requirements are imposed by our customers, who at times require us to be registered with U.S. health or safety regulatory agencies, whether on the federal or state level.

Under environmental laws and regulations, we are required to obtain environmental permits from governmental authorities for certain operations.

In the European marketplace, among others, electrical and electronic equipment is required to comply with the Directive on Waste Electrical and Electronic Equipment of the EU, which aims to prevent waste by encouraging reuse and recycling, and the EU Directive on Restriction of Use of Certain Hazardous Substances, which restricts the use of various hazardous substances in electrical and electronic products. Our products and certain components of such products "put on the market" in the EU (whether or not manufactured in the EU) are subject to these directives. Additionally, we are required to comply with certain laws, regulations and directives governing chemicals, including the U.S. Toxic Substances Control Act, Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"), the Restriction of Hazardous Substances Directive ("RoHS") and Classification, Labelling and Packaging Regulation ("CLP") in the EU. These and similar laws and regulations require, among others, the registration, evaluation, authorization and labeling of certain chemicals that we use and ship.

#### **Corporate Information**

We were incorporated on September 11, 2020 as a special purpose acquisition company and a Cayman Islands exempted company under the name JAWS Spitfire Acquisition Corporation. On December 7, 2020, JAWS Spitfire completed its initial public offering. On September 29, 2021, JAWS Spitfire consummated the Merger with Legacy Velo3D pursuant to the Business Combination Agreement. In connection with the Merger, JAWS Spitfire's jurisdiction of incorporation was changed from the Cayman Islands to the State of Delaware, and JAWS Spitfire changed its name to Velo3D, Inc.

Our address is **511 Division Street, Campbell, 2710 Lakeview Court, Fremont, CA 95008, 94538**. Our telephone number is (408) 610-3915. Our website address is <https://www.velo3d.com>. Information contained on our website or connected thereto does not constitute part of, and is not incorporated by reference into, this Annual Report.

#### **Available Information**

We file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the "SEC"). Our website is [www.velo3d.com](http://www.velo3d.com) and our Investor Relations webpage is [ir.velo3d.com](http://ir.velo3d.com). The SEC maintains a website, [www.sec.gov](http://www.sec.gov), that contains annual, quarterly and current

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reports, proxy and information statements and other information that issuers file electronically with the SEC. Our electronic SEC filings are available to the public at the SEC's website. We make available free of charge, on or through our Investor Relations webpage, our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC

We use our investor relations website, our Twitter handle ([www.twitter.com/VELO3DMetal](http://www.twitter.com/VELO3DMetal)), LinkedIn profile ([www.linkedin.com/company/velo3d](http://www.linkedin.com/company/velo3d)) and YouTube (@Velo3d) as a means of disseminating or providing notification of, among other things, news or announcements regarding our business or financial performance, investor events, press releases, and earnings releases and as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. The content of our websites and information that we may post on or provide to online and social media channels, including those mentioned above, and information that can be accessed through our

websites or these online and social media channels are not incorporated by reference into this Annual Report or in any other report or document we file with the SEC, and any references to our websites or these online and social media channels are intended to be inactive textual references only.

#### **Item 1A. Risk Factors.**

*Investing in our securities involves risks. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes included elsewhere in this Annual Report, before deciding whether to purchase any of our securities. Our business, results of operations, financial condition, and prospects could also be harmed by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of these risks actually occur, our business, results of operations, financial condition, and prospects could be materially and adversely affected. Unless otherwise indicated, references in these risk factors to our business being harmed will include harm to our business, reputation, brand, financial condition, results of operations, and prospects. In such event, the market price of our securities could decline, and you could lose all or part of your investment.*

#### **Summary of Risk Factors**

##### *Risks Related to Our Financial Position and Need for Additional Capital*

- We are an early-stage company with a history of operating losses and may not achieve or maintain profitability in the future.
- There is substantial doubt about our ability to continue as a going concern, which could have a material adverse impact on our business.
- Our limited operating history and rapid growth makes evaluating our current business and future prospects difficult and may increase the investment risk.
- We expect to rely on a limited number of customers for a significant portion of our near-term revenue.
- Our failure to satisfy certain financial covenants under the Notes raises substantial doubt about our ability to continue as a going concern.
- We may expect to require additional capital to support business growth, fund our operations, and this capital might not be available on acceptable terms, if at all.
- Our loan agreement contains operating and financial covenants that may restrict our business and financing activities.
- We have historically invested and expect to continue to invest in research and development efforts that further enhance our products. Such investments may affect our operating results and liquidity, and, if the return on these investments is lower or develops more slowly than we expect, our revenue and operating results may suffer.

##### *Risks Related to Our Business and Industry*

- We have in the past and may in the future experience significant delays in the design, production, launch, manufacture, shipment and installation of our additive manufacturing solutions, and we may be unable to successfully commercialize products on our planned timelines.
- As part of our growth strategy, we intend to continue to We may acquire or make investments in other businesses, patents, technologies, products or services. Our failure to do so successfully could disrupt our business and have an adverse impact on our financial condition.
- We have limited experience in making investments in other entities, and any such investments may not result in strategic benefits for our business or could expose us to other risks.
- Changes in our transaction models and product mix may impact our gross margins and financial performance.
- Our business model is predicated, in part, on building a customer base that will generate a recurring stream of revenues through the use of our additive manufacturing system and service contracts. If that recurring stream of revenues does not develop as expected, or if our business model changes as the industry evolves, our operating results may be adversely affected.
- If demand for additive manufacturing products does not grow as expected, or if market adoption of additive manufacturing technology does not continue to develop, or develops more slowly than expected, our revenues may stagnate or decline, and our business may be adversely affected.
- If we fail to meet our customers' price expectations, demand for our products and product lines could be negatively impacted and our business and results of operations could suffer.
- Declines in the prices of our products and services, or in our volume of sales, together with our relatively inflexible cost structure, may adversely affect our financial results.
- Defects in our additive manufacturing system or in enhancements to our existing additive manufacturing systems that give rise to part failures for our customers, resulting in product liability or warranty or other claims that could result in material expenses, diversion of management time and attention and damage to our reputation.
- The additive manufacturing industry in which we operate is characterized by rapid technological change, which requires us to continue to develop new products and innovations to meet constantly evolving customer demands and which could adversely affect market adoption of our products.
- The additive manufacturing industry is competitive. We expect to face increasing competition in many aspects of our business, which could cause our operating results to suffer.

- Our existing and planned global operations subject us to a variety of risks and uncertainties that could adversely affect our business and operating results. Our business is subject to risks associated with selling machines and other products in non-United States locations.
- We are dependent on management and key personnel, and our business would suffer if we fail to retain our key personnel and attract additional highly skilled employees.
- If we fail to grow our business as anticipated, our net sales, gross margin and operating margin will be adversely affected. If we grow as anticipated but fail to manage our growth and expand our operations accordingly, our business may be harmed and our results of operation may suffer.
- Some We may be unable to realize the level of the anticipated benefits that we expect from restructuring our arrangements for additive manufacturing solutions operations, which may contain customer-specific provisions that may adversely impact the period in which we recognize the related revenues under GAAP.
- We rely on our information technology systems to manage numerous aspects of our business and a disruption of these systems could adversely affect our business.
- Our current levels of insurance may not be adequate for our potential liabilities.
- Changes in tax laws or tax rulings could materially affect our financial position, results of operations and cash flows.
- We have identified material weaknesses in our internal control over financial reporting and we may identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations or cause our access to the capital markets to be impaired and have a material adverse effect on our business.

#### Risks Related to Third Parties

- We could be subject to personal injury, property damage, product liability, warranty and other claims involving allegedly defective products that we supply.
- We depend on independent contractors and third parties to provide key services in our product development and operations, and any disruption of their services, or an increase in cost of these services, could negatively impact our financial condition and results of operations.
- We may rely heavily on future collaborative and supply chain partners.
- If our suppliers become unavailable or inadequate, our customer relationships, results of operations and financial condition may be adversely affected.

#### Risks Related to Operations

- We operate primarily at two facilities, one facility, and any disruption at one our facility could adversely affect our business and operating results.
- Maintenance, expansion and refurbishment of our facilities, the construction of new facilities and the development and implementation of new manufacturing processes involve significant risks.

#### Risks Related to Compliance Matters

- We are subject to U.S. and other anti-corruption laws, trade controls, economic sanctions and similar laws and regulations. Our failure to comply with these laws and regulations could subject us to civil, criminal and administrative penalties and harm our reputation.
- We are subject to environmental, health and safety laws and regulations related to our operations and the use of our additive manufacturing systems and consumable materials, which could subject us to compliance costs and/or potential liability in the event of non-compliance.
- Aspects of our business are subject to privacy, data use and data security regulations, which could increase our costs.

#### Risks Related to Intellectual Property

- Our business relies on technological and other innovations embodied in various forms of proprietary information and other intellectual property ("IP") related information. Our failure to protect our IP rights could potentially harm our competitive advantages to an extent (e.g., with respect to the use, manufacturing, lease, sale or other commercialization of our processes, technologies and products), which may have an adverse effect on our results of operations and financial condition.
- Third-party lawsuits and assertions to which we are subject alleging our infringement of patents, trade secrets or other IP rights may have a significant adverse effect on our financial condition.

#### Risks Related to Our Notes

- The terms of the Notes restrict our current and future operations. Upon an event of default, we may not be able to make any accelerated payments under the Notes or our other permitted indebtedness.
- Servicing the Notes requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our obligations under the Notes or our other permitted indebtedness.

#### 19 Risks Related to Our Common Stock and Public Warrants

- If we fail to comply with the continued listing requirements of the NYSE, our securities may be delisted and the price of our securities and our ability to access the capital markets could be negatively impacted.

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## Risks Related to Our Financial Position and Need for Additional Capital

**We are an early-stage company with a history of operating losses and may not maintain profitability in the future.**

We experienced loss from operations of **\$104.3** **\$133.3** million and **\$57.8** **\$106.3** million for the years ended **December 31, 2022** **December 31, 2023** and **2021, 2022**, respectively. We anticipate incurring operating losses and negative cash flow in the near-term as we continue to invest significantly in our business, in particular across our **R&D** efforts and sales and marketing programs. These investments may not result in increased revenue or growth in our business.

As Servicing our indebtedness requires a significant amount of cash and, as a public company, we incur significant additional legal, accounting and other expenses that Legacy Velo3D did not incur as a private company, expenses. These increased obligations and expenditures may make it harder for us to achieve and maintain future profitability. Revenue growth and growth in our customer base may not be sustainable, and we may not achieve sufficient revenue to achieve or maintain profitability. For example, during the year ended December 31, 2023, we experienced less annual revenue growth than expected due to the impact of delayed shipments and customer order delays, resulting in an overall decrease in system sales and backlog in the fourth quarter of 2023. While we have generated revenue in the past, it is difficult for us to predict our future operating results. We may incur significant losses in the future for a number of reasons, including due to the other risks described in this Annual Report, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown events. As a result, our losses may be larger than anticipated, we may incur significant losses for the foreseeable future, and we may not achieve profitability when expected, or at all, and even if we do, we may not be able to maintain or increase profitability. Furthermore, if our future growth and operating performance fail to meet investor or analyst expectations, or if we have future negative cash flow or losses resulting from our investment in acquiring customers or expanding our operations, this could make it difficult for them to evaluate our current business and our future prospects and have a material adverse effect on our business, financial condition and results of operations.

**There is substantial doubt about our ability to continue as a going concern, which could have a material adverse impact on our business.**

As described in Note 1 *Description of Business and Basis of Presentation—Going Concern, Financial Condition and Liquidity and Capital Resources* in the notes to the audited consolidated financial statements included elsewhere in this Annual Report, we believe there is substantial doubt about our ability to continue as a going concern for the twelve-month period following the filing date of this Annual Report.

Our conclusion that there is substantial doubt about our ability to continue as a going concern may be viewed unfavorably by current and prospective investors, as well as by analysts and creditors. As a result, this conclusion may make it more difficult for us to raise the additional financing necessary to continue to operate our business and satisfy our obligations. In addition, this conclusion may make it more difficult for us to sell our products and meet our sales forecasts or retain employees, which may further impede our ability to raise additional financing. If we become unable to continue as a going concern, we may find it necessary to file a petition for reorganization under Title 11 of the U.S. Code in order to provide us additional time to identify an appropriate solution to our financial situation and implement a plan of reorganization aimed at improving our capital structure.

**Our limited operating history and rapid growth makes evaluating our current business and future prospects difficult and may increase the investment risk.**

Much of our growth has occurred in recent periods. Our limited operating history may make it difficult to evaluate our current business and our future prospects, as we continue to grow our business. Our ability to forecast our future operating results is subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly evolving industries as we continue to grow our business. If our assumptions regarding these uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, our business could suffer, and the trading price of our securities may decline.

It is difficult to predict our future revenues and appropriately budget for our expenses, and we have limited insight into trends that may emerge and affect our business. If actual results differ from our estimates or we adjust our estimates in future periods, our operating results and financial position could be materially affected.

**We expect to rely on a limited number of customers for a significant portion of our near-term revenue.**

We currently have purchase orders with a limited number of customers, from which we expect to generate most of our revenues in the near future. For the years ended **December 31, 2022** **December 31, 2023** and **2021, 2022**, sales to the top three customers accounted for **46.4%** **24.5%** and **62.1%** **48.5%** of our revenue, respectively. Of the top three customers for the year ended **December 31, 2022** **December 31, 2023**, **one** all three customer was different from the top three customers for the comparable period in **2021**. We anticipate that a significant portion of our revenue will continue to be derived from sales through these customers in the foreseeable future. **2022**. We continue to diversify our customer base.

Revenue trends from our largest customer, SpaceX, have historically been driven by the timing of its major orders for 3D Printers and the timing of the shipments under those orders. We expect our largest customer to remain an important relationship going forward. However, the largest customer contribution as a percentage of our total revenue will depend on the growth of our customer base. As of **December 31, 2022** **December 31, 2023**, over 50% of our customers have multiple Sapphire family of systems products.

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Our 3D printer sales occur under purchase orders that are governed by our terms and conditions of sale. Our terms and conditions with SpaceX are consistent with all other customers and permit the customer to terminate our services at any time (subject to notice and certain other provisions). Accordingly, the sudden loss of SpaceX or one or more of our other significant customers, the renegotiation of a significant customer contract, a substantial reduction in their orders, their failure to exercise customer options, their unwillingness to extend contractual deadlines if we are unable to meet production requirements, their inability to perform under their contracts or a significant deterioration in their financial condition could harm our business, results of operations and financial condition. If we fail to perform under the terms of these agreements, the customers could seek to terminate these agreements and/or pursue damages against us, including liquidated damages in certain instances, which could harm our business.

Because we rely on a limited number of customers for a significant portion of our revenues, we depend on the creditworthiness of these customers. If the financial condition of our customers declines, our credit risk could increase. Should one or more of our significant customers declare bankruptcy, be declared insolvent or otherwise be restricted by state or federal laws or regulation from continuing in some or all of their operations, this could adversely affect our ongoing revenues, the collectability of our accounts receivable and our net income. In particular, as discussed in Note 1 *Description of Business and Basis of Presentation—Going Concern, Financial Condition and Liquidity and Capital Resources*, a significant portion of our outstanding receivables are currently past due with customers. Further, some of our customers are early-stage, startup companies that are privately funded, have limited resources, and do not have a history of creditworthiness that we can audit to determine reliability. These customers may be more susceptible to negative impacts from economic downturns, recession, inflation, supply chain shortages and/or the COVID-19 pandemic outbreak of epidemic diseases than larger, more established businesses, and if they fail to raise enough capital, they may have to shut down operations.

**We may expect to require additional capital to support business growth, fund our operations in the near-term, and this capital might not be available on acceptable terms, if at all.**

We intend expect that we will need to continue engage in additional financings to make investments to support fund our business growth operations and may require additional funds satisfy our obligations in the near-term as well as to respond to business challenges and opportunities, including the need to repay our senior secured notes due 2026, as amended (the "Secured Notes"), provide working capital, develop new features or enhance our products, expand our manufacturing capacity, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, subject to our compliance with the covenants in the Secured Notes, we may expect we will need to engage in equity or debt financings to secure additional funds, if our existing sources of cash and any funds generated from operations do not provide us with sufficient capital, including seeking additional capital from public or private offerings of our equity or debt securities, electing to repay, restructure or refinance our existing indebtedness, or electing to borrow additional amounts under new credit lines or from other sources. We may also seek to raise additional capital, including from offerings of our equity or

debt securities on an opportunistic basis when we believe there are suitable opportunities for doing so, opportunities. For example, on November 14, 2022, we filed with the SEC a shelf registration statement (the "Shelf Registration Statement") that was subsequently declared effective on November 21, 2022 and permits us to sell from time-to-time additional shares of our common stock or other securities in one or more offerings in amounts, at prices and on the terms that we will determine at the time of offering for aggregate gross sale proceeds of up to \$300.0 million, of which we may offer and sell up to \$40.0 million \$75.0 million shares of our common stock from time to time pursuant to an "at-the-market" offering sales agreement (the "ATM Sales Agreement") we entered into in February 2023 with Needham & Company, LLC ("Needham"), as agent, subject to the terms and conditions described in the ATM Sales Agreement and SEC rules and regulations. However, our recent and projected financial results, and the related conditions that raise substantial doubt about our ability to continue as a going concern, and general concerns among potential investors and creditors about our financial well-being may make taking such actions on commercially reasonable terms especially difficult.

If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. Our ability to raise additional capital when needed may be adversely affected by external factors beyond our control, including changes in the political climate, geopolitical actions, changes in market interest rates or foreign exchange rates, market volatility in the trading prices for our common stock and other technology companies, a recession, depression, high inflation or other sustained adverse market event, and the ongoing COVID-19 pandemic, outbreak of epidemic disease. If we are unable to obtain adequate financing or financing on terms satisfactory to us in the near term, we will not be able to continue operations. If we are otherwise unable to obtain additional financing when we require it, our ability to continue to support our business growth and

**Our loan agreement contains operating and financial covenants that may restrict our business and financing activities.**

As of December 31, 2022, we had \$8.4 million outstanding borrowings under our third amended and restated loan and security agreement, as amended (the "Loan Agreement"), with Silicon Valley Bank ("SVB"). Borrowing under the Loan Agreement are secured by substantially all of our assets. The Loan Agreement contains customary representations and warranties as well as customary affirmative and negative covenants. Negative covenants include, among others, limitations on incurrence of indebtedness, liens, dispositions of property and investments by us and our subsidiaries. In addition, the Loan Agreement requires us to maintain minimum liquidity (the sum of the Company's cash, cash equivalents and availability under the revolving credit facility) of \$20.0 million and minimum levels of quarterly revenue for the 2022 and 2023 fiscal years. The operating and financial restrictions and covenants in the Loan Agreement, as well as any future financing arrangements that we may enter into, may restrict our ability to finance our operations, engage in, expand, or otherwise pursue our business activities and strategies. Our ability to comply with these or other covenants may be affected by events beyond our control, and future breaches of these or other covenants could result in a default under the Loan Agreement. If not waived, future defaults could cause all of the outstanding indebtedness under our Loan Agreement to become immediately due and payable and terminate all commitments to extend further credit.

On March 10, 2023, the Federal Deposit Insurance Corporation ("FDIC") announced the closure of SVB. On March 13, 2023, pursuant to a joint statement released by the U.S. Department of Treasury, the U.S. Federal Reserve, and the FDIC, the U.S. government reassured that all depositors will be fully protected. Thereafter, the FDIC transferred all deposits of SVB to a newly created bridge bank, named Silicon Valley Bridge Bank, N.A. ("SVBB"), which has announced that it will be fully honoring existing credit facilities. The Loan Agreement requires us to maintain at least 90% of the dollar value of all our operating and depository accounts either in SVB accounts or in third party custodian accounts advised by SVB's asset management affiliate ("SAM accounts"). In light of the status of SVB, following its closure, we established accounts and moved a portion of our cash resources to other financial institutions. We are now in discussions with SVBB regarding an amendment to the Loan Agreement to increase the percentage of cash that we can maintain in other accounts. We expect to resolve this issue by negotiating the amendment with SVBB and/or transferring cash to SAM accounts or to SVBB accounts, or by repaying our outstanding loan balances.

If we do not have or are unable to generate sufficient cash to repay our debt obligations when they become due and payable, either upon maturity or in the event of a default, we may not be able to obtain additional debt or equity financing on favorable terms, if at all, which may negatively impact our ability to operate and continue our business as a going concern.

**We have historically invested and expect to continue to invest in research and development efforts that further enhance our products. Such investments may affect our operating results and liquidity, and, if the return on these investments is lower or develops more slowly than we expect, our revenue and operating results may suffer.**

We have historically invested and expect to continue to invest in research and development efforts that further enhance our products. These investments may involve significant time, risks and uncertainties, including the risk that the expenses associated with these investments may affect our margins, operating results and liquidity and that such investments may not generate sufficient revenues to offset liabilities assumed and expenses associated with these new investments. The AM industry changes rapidly as a result of technological and product developments, which may render our solutions less effective. We believe that we must continue to invest a significant amount of time and resources in our products to maintain and improve our competitive position. If we do not achieve the benefits anticipated from these investments, if the achievement of these benefits is delayed, our business, operating results and prospects may be materially adversely affected.

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#### Risks Related to Our Business and Industry

**We have in the past and may in the future experience significant delays in the design, production, launch, manufacture, shipment and installation of our additive manufacturing solutions, and we may be unable to successfully commercialize products on our planned timelines.**

There are significant technological and logistical challenges associated with producing, marketing, selling and delivering additive manufacturing systems such as ours that make high-value component parts for customers, and we may not be able to resolve all of the difficulties that arise in a timely or cost-effective manner, or at all. While we believe that we understand the engineering and process characteristics necessary to successfully design and produce additive manufacturing systems to make high-value metal parts for our customers, our assumptions may prove to be incorrect, and we may be unable to consistently produce additive manufacturing products in an economical manner in commercial quantities.

Certain additive manufacturing solutions are still under development. We have experienced, and may experience in the future, delays in the design, testing, manufacture and commercial release of new products, and any delay in the launch of our products could materially damage our brand, business, growth prospects, financial condition and operating results. Even if we successfully complete the design, testing and manufacture for one or all of our products under development, we may fail to develop a commercially successful product on the timeline we expect for a number of reasons, including:

- misalignment between the products and customer needs;

- lack of innovation of the product;
- failure of the product to perform in accordance with the customer's industry standards;
- ineffective distribution and marketing;
- delay in obtaining any required regulatory approvals;
- unexpected production costs; or
- release of competitive products.

We have also experienced, and may experience in the future, delay in the manufacture, shipment and installation of products we have launched. For example, following the launch of our Sapphire XC and SapphireXC 1 MZ printers, we have been in the process of scaling the production of our Sapphire XC printers while managing supply chain issues stemming from the COVID-19 pandemic. This has resulted in delays in the manufacture, shipments and installation of our Sapphirefamily of printers.

Our success in the market for the products we develop will depend largely on our ability to prove our products' capabilities in a timely manner. Upon demonstration, our customers may not believe that our products and/or technology have the capabilities they were designed to have or that we believe they have. Furthermore, even if we do successfully demonstrate our products' capabilities, potential customers may be more comfortable doing business with another larger and more established company or may take longer than expected to make the decision to order our products. Significant revenue from new product investments may not be achieved for a number of years, if at all. If the timing of our launch of new products and/or of our customers' acceptance of such products is different than our assumptions, our revenue and results of operations may be adversely affected.

In particular, we may fail to develop a commercially successful offering if we are unable to meet customer needs or industry standards, if we fail to meet customer price expectations or if our marketing and distribution strategy proves ineffective. If we are unable to establish such an offering, sales of our additive manufacturing solutions and our overall operating results could suffer.

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**As part of our growth strategy, we intend to continue to We may acquire or make investments in other businesses, patents, technologies, products or services. Our failure to do so successfully could disrupt our business and have an adverse impact on our financial condition.**

As part of our business strategy, we expect to We may enter into agreements to acquire or invest in other companies. To the extent we seek to grow our business through acquisitions, we may not be able to successfully identify attractive acquisition opportunities or consummate any such acquisitions if we cannot reach an agreement on commercially favorable terms, if we lack sufficient resources to finance the transaction on our own and cannot obtain financing at a reasonable cost or if regulatory authorities prevent such transaction from being consummated. In addition, competition for acquisitions in the markets in which we operate during recent years has increased, and may continue to increase, which may result in an increase in the costs of acquisitions or cause us to refrain from making certain acquisitions. We may not be able to complete future acquisitions on favorable terms, if at all.

If we do complete future acquisitions, we cannot assure that they will ultimately strengthen our competitive position or that they will be viewed positively by customers, financial markets or investors. Furthermore, future acquisitions could pose numerous additional risks to our operations, including:

- diversion of management's attention from their day-to-day responsibilities;
- unanticipated costs or liabilities associated with the acquisition;
- increases in our expenses;
- problems integrating the purchased business, products or technologies;
- challenges in achieving strategic objectives, cost savings and other anticipated benefits;
- inability to maintain relationships with key customers, suppliers, vendors and other third parties on which the purchased business relies;
- the difficulty of incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand;
- difficulty in maintaining controls, procedures and policies during the transition and integration;
- challenges in integrating the new workforce and the potential loss of key employees, particularly those of the acquired business; and
- use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition.

If we proceed with a particular acquisition, we may have to use cash, issue new equity securities with dilutive effects on existing stockholders, incur indebtedness, assume contingent liabilities or amortize assets or expenses in a manner that might have a material adverse effect on our financial condition and results of operations. Acquisitions will also require us to record certain acquisition-related costs and other items as current period expenses, which would have the effect of reducing our reported earnings in the period in which an acquisition is consummated. In addition, we could also face unknown liabilities or write-offs due to our acquisitions, which could result in a significant charge to our earnings in the period in which they occur. We will also be required to record goodwill or other long-lived asset impairment charges (if any) in the periods in which they occur, which could result in a significant charge to our earnings in any such period.

Achieving the expected returns and synergies from future acquisitions will depend, in part, upon our ability to integrate the products and services, technology, administrative functions and personnel of these businesses into our product lines in an efficient and effective manner. We cannot assure that we will be able to do so, that our acquired businesses will perform at levels and on the timelines anticipated by our management or that we will be

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able to obtain these synergies. In addition, acquired technologies and IP may be rendered obsolete or uneconomical by our own or our competitors' technological advances. Management resources may also be diverted from operating our existing businesses to certain acquisition integration challenges. If we are unable to successfully integrate acquired businesses, our anticipated revenues and profits may be lower. Our profit margins may also be lower, or diluted, following the acquisition of companies whose profit margins are less than those of our existing businesses.

***We have limited experience in making investments in other entities, and any such investments may not result in strategic benefits for our business or could expose us to other risks.***

From time to time, we ~~will may~~ consider and may pursue strategic investments. These transactions could include, among other things, investments in, partnerships or joint ventures with other AM technology related companies, among other types of entities. These types of investments involve significant challenges and risks, including that the investment ~~does~~ may not advance our business strategy, that we ~~do may~~ not realize a satisfactory return on our investment,

that we ~~may~~ acquire unknown liabilities, or that management's attention ~~is~~ may be diverted from our core business. These events could harm our operating results or financial condition. Any investments in other entities may also subject us to the operating and financial risks of such entities, and we ~~will~~ rely on the internal controls and financial reporting controls of such entities.

We have made ~~in the past, and may make in the future~~, minority investments in entities in which we do not have sole control, which present risks in addition to those that apply to other investments or acquisitions. We ~~do~~ may not have the ability to control the policies, management or affairs of these entities, and generally we would not have that ability in any minority investment in an entity. The interests of persons who control the entities in which we ~~have invested and~~ may invest may differ from our interests, and they may cause such entities to take actions that are not in our best interest, and we may become involved in disputes with such persons. Our inability to control entities in which we make minority investments could negatively affect our ability to realize the strategic benefits of those investments.

We cannot ensure that we will realize any strategic benefits from these investments in the near-term or at all. To the extent that the strategic benefits of any investment are not timely realized, or the investment otherwise underperforms, we may wish to dispose of the investment. Because our interests in entities ~~are~~ ~~will~~ be highly illiquid and not traded in any public market, we may not be able to timely dispose of these interests or may have to sell at less than our carrying value. Further, should the value of these investments become impaired, we may be ~~required to, and in the past have been~~ required to reduce the carrying value of these investments.

Our inability to dispose of our interest in such an entity, or a reduction in the carrying value of such an entity on our books, would negatively affect our operating results.

***Changes in our transaction models and product mix may impact our gross margins and financial performance.***

Our financial performance may be affected by the mix of transaction models under which we sell during a given period. Different transaction models have different margins in the period in which the transaction occurs and in subsequent periods. Therefore our gross margins may fluctuate based on the mix of sale, sale and utilization fee (variable consideration) and operating lease transactions in a given period. If our product mix shifts too far into lower gross margin transactions in a given period and we are not able to sufficiently reduce the engineering, production and other costs associated with those transactions or substantially increase the sales of our higher gross margin transactions, our profitability could be reduced. Additionally, the introduction of new products or services may further heighten quarterly fluctuations in gross profit and gross profit margins due to manufacturing ramp-up and start-up costs as well as new product introduction pricing strategies. We may experience significant quarterly fluctuations in gross profit margins or operating income or loss due to the impact of the mix of products, channels or geographic areas in which we sell our products from period to period.

***Our business model is predicated, in part, on building a customer base that will generate a recurring stream of revenues through the use of our additive manufacturing system and service contracts. If that recurring stream of***

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**revenues does not develop as expected, or if our business model changes as the industry evolves, our operating results may be adversely affected.**

Our business model is dependent, in part, on our ability to maintain and increase sales of our additive manufacturing products and service contracts as they generate recurring revenues. Existing and future customers of our systems may not purchase our products or related service contracts at the same rate at which customers currently purchase those products and services.

**If demand for additive manufacturing products does not grow as expected, or if market adoption of additive manufacturing technology does not continue to develop, or develops more slowly than expected, our revenues may stagnate or decline, and our business may be adversely affected.**

The industrial manufacturing market, which today is dominated by conventional manufacturing processes that do not involve 3D printing technology, is undergoing a shift towards additive manufacturing. We may not be able to develop effective strategies to raise awareness among potential customers of the benefits of additive manufacturing technologies or our products may not address the specific needs or provide the level of functionality required by potential customers to encourage the continuation of this shift towards additive manufacturing. If additive manufacturing technology does not continue to gain broader market acceptance as an alternative to conventional manufacturing processes, particularly with regard to high value parts, or if the marketplace adopts additive manufacturing technologies that differ from our technologies, we may not be able to increase or sustain the level of sales of our products, and our operating results would be adversely affected as a result.

**If we fail to meet our customers' price expectations, demand for our products and product lines could be negatively impacted and our business and results of operations could suffer.**

Demand for our product lines is sensitive to price. We believe our competitive pricing has been an important factor in our results to date. Therefore, changes in our pricing strategies can have a significant impact on our business and ability to generate revenue. Many factors, including our new product launches, our production and personnel costs and our competitors' pricing and marketing strategies, can significantly impact our pricing strategies. If we fail to meet our customers' price expectations in any given period, demand for our products and product lines could be negatively impacted and our business and results of operations could suffer.

We use, and plan to continue using, different pricing models for different products. For example, we lease our 3D printers to certain customers and we also use a sale and utilization fee (variable consideration) model with certain other customers. Our sale and utilization fee model is still relatively new to some of our customers and may not be attractive to them, especially in regions where the model is less common. If customers resist this or any other new pricing models we introduce, our revenue may be adversely affected, and we may need to restructure the way in which we charge customers for our products.

**Declines in the prices of our products and services, or in our volume of sales, together with our relatively inflexible cost structure, may adversely affect our financial results.**

Our business is subject to price competition. Such price competition may adversely affect our results of operation, especially during periods of decreased demand. Decreased demand also adversely impacts the volume of our additive manufacturing systems sales. If our business is not able to offset price reductions resulting from these pressures, or decreased volume of sales due to contractions in the market, by improved operating efficiencies and reduced expenditures, then our operating results will be adversely affected.

Certain of our operating costs are fixed and cannot readily be reduced, which diminishes the positive impact of our restructuring programs on our operating results. To the extent the demand for our products slows, or the additive manufacturing market contracts, we may be faced with excess manufacturing capacity and related costs that cannot readily be reduced, which will adversely impact our financial condition and results of operations.

**Defects in our additive manufacturing system or in enhancements to our existing additive manufacturing systems that give rise to part failures for our customers, resulting in product liability or warranty or other claims that could result in material expenses, diversion of management time and attention and damage to our reputation.**

Our additive manufacturing solutions are complex and may contain undetected defects or errors when first introduced or as enhancements are released that, despite testing, are not discovered until after an additive manufacturing system has been used. This could result in delayed market acceptance of those additive manufacturing systems or claims from customers or others, which may result in litigation, increased end user warranty, support and repair or replacement costs, damage to our reputation and business, or significant costs and diversion of support and engineering personnel to correct the defect or error. We may from time to time become subject to warranty or product liability claims related to product quality issues that could lead us to incur significant expenses.

We attempt to include provisions in our agreements and purchase orders with customers that are designed to limit our exposure to potential liability for damages arising from defects or errors in our products. However, it is possible that these limitations may not be effective as a result of unfavorable judicial decisions or laws enacted in the future.

The sale and support of our products entails the risk of product liability claims. Any product liability claim brought against us, regardless of our merit, could result in material expense, diversion of management time and attention, damage to our business and reputation and brand, and cause us to fail to retain existing customers or to fail to attract new

customers.

***The additive manufacturing industry in which we operate is characterized by rapid technological change, which requires us to continue to develop new products and innovations to meet constantly evolving customer demands and which could adversely affect market adoption of our products.***

Our revenues are derived from the sale of additive manufacturing systems, parts and services. We have encountered and will continue to encounter challenges experienced by growing companies in a market subject to rapid innovation and technological change. While we intend to invest substantial resources to remain on the forefront of technological development, continuing advances in additive manufacturing technology, changes in customer requirements and preferences and the emergence of new standards, regulations and certifications could adversely affect adoption of our products either generally or for particular applications. Our ability to compete in the additive manufacturing market depends, in large part, on our success in developing and introducing new additive manufacturing systems and technology, in improving our existing products and technology and qualifying new materials which our systems can support. We believe that we must continuously enhance and expand the functionality and features of our products and technologies in order to remain competitive. However, we may not be able to:

- develop cost effective new products and technologies that address the increasingly complex needs of prospective customers;
- enhance our existing products and technologies;
- respond to technological advances and emerging industry standards and certifications on a cost-effective and timely basis;
- adequately protect our IP as we develop new products and technologies;
- identify the appropriate technology or product to which to devote our resources; or
- ensure the availability of cash resources to fund R&D.

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Even if we successfully introduce new additive manufacturing products and technologies and enhance our existing products and technologies, it is possible that these will eventually supplant our existing products or that our competitors will develop new products and technologies that will replace our own. As a result, any of our products may be rendered obsolete or uneconomical by our or our competitors' technological advances, leading to a loss in market share, decline in revenue and adverse effects to our business and prospects.

***The additive manufacturing industry is competitive. We expect to face increasing competition in many aspects of our business, which could cause our operating results to suffer.***

The additive manufacturing industry in which we operate is fragmented and competitive. We compete for customers with a wide variety of producers of additive manufacturing and/or 3D printing equipment that creates 3D objects and end-use parts, as well as with providers of materials and services for this equipment. Some of our existing and potential competitors are researching, designing, developing and marketing other types of products and services that may render our existing or future products obsolete, uneconomical or less competitive. Existing and potential competitors may also have substantially greater financial, technical, marketing and sales, manufacturing, distribution and other resources than we do, including name recognition, as well as experience and expertise in IP rights and operating within certain international markets, any of which may enable them to compete effectively against us. For example, a number of companies that have substantial resources have announced that they are beginning production of 3D printing systems, which will further enhance the competition we face. We may lose market share to, or fail to gain market share from, producers of products that can be substituted for our products, which may have an adverse effect on our results of operations and financial condition.

Future competition may arise from the development of allied or related techniques for equipment, materials and services that are not encompassed by our patents, from the issuance of patents to other companies that may inhibit our ability to develop certain products and from improvements to existing technologies.

We intend to continue to follow a strategy of continuing product development and distribution network expansion to enhance our competitive position to the extent practicable. However, we cannot assure that we will be able to maintain our current position or continue to compete successfully against current and future sources of competition. If we do not keep pace with technological change and introduce new products and technologies, demand for our products may decline, and our operating results may suffer.

***Our existing and planned global operations subject us to a variety of risks and uncertainties that could adversely affect our business and operating results. Our business is subject to risks associated with selling machines and other products in non-United States locations.***

Our products and services, and product outputs from CMs who use our 3D printer systems, are distributed in more than 25 countries around the world. In addition, our European headquarters and technology center is located in Augsburg, Germany. Accordingly, we face significant operational risks from doing business internationally. For current and potential international customers whose contracts are denominated in U.S. dollars, the relative change in local currency values creates relative fluctuations in our product pricing. These changes in international end-user costs may result in lost orders and reduce the competitiveness of our products in certain foreign markets. As we realize our strategy to expand internationally, our exposure to currency risks may increase.

Other risks and uncertainties we face from our global operations include:

- limited protection for the enforcement of contract and IP rights in certain countries where we may sell our products or work with suppliers or other third parties;

- potentially longer sales and payment cycles and potentially greater difficulties in collecting accounts receivable;
- costs and difficulties of customizing products for foreign countries;

- challenges in providing solutions across a significant distance, in different languages and among different cultures;
- laws and business practices favoring local competition;
- being subject to a wide variety of complex foreign laws, treaties and regulations and adjusting to any unexpected changes in such laws, treaties and regulations;
- compliance with U.S. laws affecting activities of U.S. companies abroad, including the U.S. Foreign Corrupt Practices Act ("FCPA"), and compliance with anti-corruption laws in other countries, such as the UK Bribery Act ("Bribery Act");
- tariffs, trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets;
- operating in countries with a higher incidence of corruption and fraudulent business practices;
- changes in regulatory requirements, including export controls, tariffs and embargoes, other trade restrictions, competition, corporate practices and data privacy concerns;
- potential adverse tax consequences arising from global operations;
- rapid changes in government, economic and political policies and conditions; and
- political or civil unrest or instability, terrorism or epidemics and other similar outbreaks or events.

In addition, additive manufacturing has been identified by the U.S. government as an emerging technology and is currently being further evaluated for national security impacts. We expect additional regulatory changes to be implemented that will result in increased and/or new export controls related to 3D printing technologies, components, and related materials and software. These changes, if implemented, may result in our being required to obtain additional approvals and/or licenses to sell 3D printers in the global market.

Our failure to effectively manage the risks and uncertainties associated with our global operations could limit the future growth of our business and adversely affect our business and operating results.

***We are dependent on management and key personnel, and our business would suffer if we fail to retain our key personnel and attract additional highly skilled employees.***

Our success depends on the specialized skills of our management team and key operating personnel. This may present particular challenges as we operate in a highly specialized industry sector, which may make replacement of our management team and key operating personnel difficult. A loss of our managers or key employees, or their failure to satisfactorily perform their responsibilities, could have an adverse effect on our business, financial condition, results of operations and prospects.

Our success has been dependent, and will continue to depend, on our ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization, particularly R&D, recycling technology, operations and sales. Trained and experienced personnel are in high demand and may be in short supply. Many of the companies that we compete with for experienced employees have greater resources than us and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training employees, which increases their value to competitors that may seek to recruit them. We may not be able to attract, develop and maintain the skilled workforce necessary to operate our business, and labor expenses may increase as a result of a shortage in the supply of qualified personnel, which will negatively impact our business, financial condition, results of operations and prospects. Each member of senior management as well as our key employees may terminate employment without notice and without cause or good reason. The members of our senior

management are not subject to non-competition agreements. Accordingly, the adverse effect resulting from the loss of certain members of senior management could be compounded by our inability to prevent them from competing with us.

**If we fail to grow our business as anticipated, our net sales, gross margin and operating margin will be adversely affected. If we grow as anticipated but fail to manage our growth and expand our operations accordingly, our business may be harmed and our results of operation may suffer.**

Since 2020, From January 1, 2021 through September 30, 2023 we have experienced rapid growth each quarter, and we are attempting to continue to grow our business substantially. To this end, we have made, and expect to continue to make significant investments in our business, including investments in our infrastructure, technology, marketing and sales efforts. These investments include increased staffing and market expansion into global territories. If our business does not generate the level of revenue required to support our investment, our net sales and profitability will be adversely affected.

We may not manage our growth effectively. For example, during the year ended December 31, 2023, we experienced less annual revenue growth than expected due to the impact of delayed shipments and customer order delays, resulting in an overall decrease in system sales and backlog in the fourth quarter of 2023. As a result, we determined that our focus on revenue growth had come at the expense of our cash flow and profitability and our commitment to the highest level of customer service and, in October 2023, we made a strategic decision to realign our operations to pivot from emphasizing revenue growth to optimizing our free cash flow, maximizing customer success, reducing expenditures, and improving our operational efficiency. We are undertaking expense reduction and cash savings initiatives as part of a company-wide restructuring and strategic realignment plan to help conserve working capital.

Our ability to effectively manage our anticipated growth and expansion of our operations will also require us to enhance our operational, financial and management controls and infrastructure, human resources policies and reporting systems. This expansion will place a significant strain on our management, operational and financial resources. To manage the growth of our operations and personnel, we must establish appropriate and scalable operational and financial systems, procedures and controls and establish and maintain a qualified finance, administrative and operations staff. We may be unable to hire, train, retain and manage the necessary personnel or to identify, manage and exploit potential strategic relationships and market opportunities, which will negatively impact our business, financial condition, results of operations and prospects.

**We may be unable to realize the level of the anticipated benefits that we expect from restructuring our operations, which may adversely impact our business and results of operations.**

In October 2023, we announced a reduction in force to streamline our business operations, reduce costs and create further operating efficiencies, which impacted approximately 21% of our workforce. In addition, we have begun the process of closing down several of our facilities. In connection with these actions, we have incurred and may continue to incur restructuring costs in the near term, including cash expenditures related to severance payments and other benefits. These actions may result in unintended consequences, including employee attrition beyond our intended reduction in force, damage to our corporate culture and decreased employee morale among our remaining employees, diversion of management attention, adverse effects to our reputation as an employer, loss of continuity, institutional knowledge and expertise, and potential failure or delays to meet operational and growth targets. Further, our business may ultimately not be more efficient or effective and we may be unable to achieve anticipated operating enhancements or cost reductions, which would adversely affect our business, competitive position, operating results and financial condition.

**We have identified material weaknesses in our internal control over financial reporting and we may identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations or cause our access to the capital markets to be impaired and have a material adverse effect on our business.**

We have identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses are as follows:

- We did not design and maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we did not maintain a sufficient complement of personnel with an appropriate degree of internal controls and accounting knowledge, experience, and training commensurate with our accounting and financial reporting requirements. Additionally, the lack of a sufficient complement of personnel resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in our finance and accounting functions. This material weakness contributed to the following additional material weaknesses.
- We did not design and maintain effective controls over the segregation of duties related to journal entries and account reconciliations. Specifically, certain personnel have the ability to both (i) create and post journal entries within our general ledger system and (ii) prepare and review account reconciliations.
- We did not design and maintain effective controls over the accounting and disclosure for debt and equity instruments. Specifically, we did not design and maintain effective controls over the accounting for the issuance and extinguishment of convertible note arrangements, warrants and common stock.
- We did not design and maintain effective controls over the accounting for inventory and related accounts. Specifically, we did not design and maintain effective controls over verifying the existence of inventory, the accuracy of purchases, manufacturing costs, and write-offs and the financial statement presentation of inventory and related accounts.
- We did not design and maintain effective controls over the accounting for contract assets and liabilities. Specifically, we did not design and maintain effective controls over the accuracy and the financial statement presentation of contract assets and liabilities, including variable consideration.
- We did not design and maintain effective controls over financial statement preparation, presentation and disclosure commensurate with our financial reporting requirements. Specifically, we did not design and maintain effective controls over the appropriate classification and presentation of accounts and disclosures in the consolidated financial statements.

These material weaknesses resulted in adjustments to accounts receivable, inventory, other current assets, current and non-current contract liabilities, accrued expenses and other current liabilities which were recorded prior to the issuance of the consolidated financial statements as of and for the years ended December 31, 2019, 2020 and 2021 and as of and for the interim periods ended September 30, 2021 and December 31, 2021. These material weaknesses also resulted in the revision of our consolidated financial statements

for the year ended December 31, 2022 and as of and for the interim periods ended March 31, 2022, June 30, 2022, September 30, 2022, March 31, 2023, June 30, 2023, and September 30, 2023. Also, these material weaknesses resulted in an uncorrected misstatement to inventories and cost of revenue and adjustments to debt – current portion and long-term debt, other income, additional paid in capital, gain on fair value of warrants, interest expense, revenue and contract assets, and loss on debt extinguishment which were recorded prior to the issuance of the consolidated financial statements as of and for the year ended December 31, 2023. Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

- We did not design and maintain effective controls over certain information technology ("IT") general controls for information systems that are relevant to the preparation of our consolidated financial statements. Specifically, we did not design and maintain effective:
  - user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; and
  - program change management controls to ensure that information technology program and data changes affecting certain financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately.

These IT deficiencies did not result in a misstatement to the consolidated financial statements, however, the deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all consolidated financial statement accounts and disclosures that would not be prevented or detected. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

Although we intend to take measures to remediate these material weaknesses, there can be no assurance that the material weaknesses will be remediated on a timely basis or at all, or that additional material weaknesses will not be identified or occur in the future, which could result in material misstatements of our interim or annual consolidated financial statements. If we are unable to remediate the material weaknesses or additional material weaknesses are identified in the future, our ability to record, process and report financial information accurately, and to prepare consolidated financial statements within the time periods specified by the rules and forms of the SEC, could be adversely affected which, in turn, may adversely affect our reputation and business and the market price of our securities. In particular, if our consolidated financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our consolidated financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities. In either case, this could result in a material adverse effect on our business. Failure to timely file will cause us to be ineligible to utilize short form registration statements on Form S-3, which may impair our ability to obtain capital in a timely fashion to execute our business strategies or issue shares to effect an acquisition.

***Some of our arrangements for additive manufacturing solutions contain customer-specific provisions that may impact the period in which we recognize the related revenues under GAAP.***

Certain customers that purchase additive manufacturing solutions from us require specific, customized factors relating to their intended use of the solution or the installation of the product in the customers' facilities. These specific, customized factors are occasionally required by our customers to be included in our commercial agreements relating to the purchases. As a result, our responsiveness to our customers' specific requirements has the potential to impact the period in which we recognize the revenue relating to that additive manufacturing system sale.

Similarly, some of our customers must build or prepare facilities to install a subset of our additive manufacturing solutions, and the completion of such projects can be unpredictable, which can impact the period in which we recognize the revenue relating to that additive manufacturing solution sale.

***We rely on our information technology systems to manage numerous aspects of our business and a disruption of these systems could adversely affect our business.***

We rely on our information technology systems to manage numerous aspects of our business, including to efficiently purchase products from our suppliers, provide procurement and logistic services, ship products to our customers, manage our accounting and financial functions, including our internal controls, and maintain our R&D data. Our information technology systems are an essential component of our business and any disruption could significantly limit our ability to manage and operate our business efficiently. A failure of our information technology systems to perform properly could disrupt our supply chain, product development and customer experience, which may lead to increased overhead costs and decreased sales and have an adverse effect on our reputation and our financial condition. In addition, as a result of the ongoing COVID-19 pandemic, a portion of our employees conduct work remotely, making us more dependent on potentially vulnerable communications systems and making us more vulnerable to cyberattacks.

Although we take steps and incur significant costs to secure our information technology systems, including our computer systems, intranet and internet sites, email and other telecommunications and data networks, our security measures may not be effective and our systems may be vulnerable to damage or interruption. The failure of any such systems or the failure of such systems to scale as our business grows could adversely affect our results

We have engaged with third-party auditors to identify risk factors based on the NIST SP 800-171 framework (which provides recommended requirements for protecting the confidentiality of controlled unclassified information) that affect data security within our internal network and external products. These audits include compliance reviews and penetration tests where applicable. A prioritized list of remediations to strengthen our security posture are in progress, and there are risks associated with unaddressed vulnerabilities in the meantime including risk of data loss, malware, and ransomware. We have taken steps to protect customer data within our products by applying strong encryption to files both in transit and at rest.

Our reputation and financial condition could be adversely affected if, as a result of a significant cyber-event or otherwise:

- our operations are disrupted or shut down;
- our or our customers' or employees' confidential, proprietary information is stolen or disclosed;
- we incur costs or are required to pay fines in connection with stolen customer, employee or other confidential information;
- we must dedicate significant resources to system repairs or increase cyber security protection; or
- we otherwise incur significant litigation or other costs.

If our computer systems are damaged or cease to function properly, or, if we do not replace or upgrade certain systems, we may incur substantial costs to repair or replace them and may experience an interruption of our normal business activities or loss of critical data. Any such disruption could adversely affect our reputation and financial condition.

We also rely on information technology systems maintained by third parties, including third-party cloud computing services and the computer systems of our suppliers for both our internal operations and our customer-facing infrastructure related to our additive manufacturing solutions. These systems are also vulnerable to the types of interruption and damage described above but we have less ability to take measures to protect against such disruptions or to resolve them if they were to occur. Information technology problems faced by third parties on which we rely could adversely impact our business and financial condition as well as negatively impact our brand reputation.

***Our current levels of insurance may not be adequate for our potential liabilities.***

We maintain insurance to cover our potential exposure for most claims and losses, including potential product and non-product related claims, lawsuits and administrative proceedings seeking damages or other remedies arising out of our commercial operations. However, our insurance coverage is subject to various exclusions, self-retentions and deductibles. We may be faced with types of liabilities that are not covered under our insurance policies, such as environmental contamination or terrorist attacks, or that exceed our policy limits. Even a partially uninsured claim of significant size, if successful, could have an adverse effect on our financial condition.

In addition, we may not be able to continue to obtain insurance coverage on commercially reasonable terms, or at all, and our existing policies may be cancelled or otherwise terminated by the insurer. Maintaining adequate insurance and successfully accessing insurance coverage that may be due for a claim can require a significant amount of our management's time, and we may be forced to spend a substantial amount of money in that process.

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***Changes in tax laws or tax rulings could materially affect our financial position, results of operations and cash flows.***

The tax regimes we are subject to or operate under, including income and non-income taxes, are unsettled and may be subject to significant change. Changes in tax laws, regulations, or rulings, or changes in interpretations of existing laws and regulations, could materially affect our financial position and results of operations. For example, the 2017 Tax Cuts and Jobs Act (the "Tax Act") made broad and complex changes to the U.S. tax code, including changes to U.S. federal tax rates, additional limitations on the deductibility of interest, both positive and negative

changes to the utilization of future net operating loss ("NOL") carryforwards, allowing for the expensing of certain capital expenditures, and putting into effect the migration from a "worldwide" system of taxation to a more territorial system. Future guidance from the IRS with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") has already modified certain provisions of the Tax Act. The Inflation Reduction Act of 2022 (the "IRA"), enacted on August 16, 2022, further amended the U.S. tax code, imposing a 15% minimum tax on "adjusted financial statement income" of certain corporations as well as an excise tax on the repurchase or redemption of stock by certain corporations, beginning in the 2023 tax year. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the CARES Act, the IRA or any newly enacted federal tax legislation. The issuance of additional regulatory or accounting guidance related to the Tax Act could materially affect our tax obligations and effective tax rate in the period issued. As we continue to expand internationally, we will be subject to other jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have an adverse impact on our liquidity and results of operations. In addition, the authorities in several jurisdictions could review our tax returns and impose additional tax, interest and penalties, which could have an impact on us and on our results of operations. In addition, many countries in Europe and a number of other countries and organizations, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could significantly increase our tax obligations in the countries where we do or intend to do business or require us to change the manner in which we operate our business.

As we expand the scale of our international business activities, these types of changes to the taxation of our activities could increase our worldwide effective tax rate, increase the amount of taxes imposed on our business, and harm our financial position. Such changes also may apply retroactively to our historical operations and result in taxes greater than the amounts estimated and recorded in our consolidated financial statements.

**We have identified material weaknesses in our internal control over financial reporting and we may identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations or cause our access to the capital markets to be impaired and have a material adverse effect on our business.**

We have identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses are as follows:

- We did not design and maintain an effective control environment commensurate over our financial reporting requirements. Specifically, we did not maintain a sufficient complement of personnel with an appropriate degree of internal controls and accounting knowledge, experience, and training commensurate with our accounting and financial reporting requirements. Additionally, the lack of a sufficient complement of personnel resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in our finance and accounting functions. This material weakness contributed to the following additional material weaknesses.

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- We did not design and maintain effective controls over the segregation of duties related to journal entries and account reconciliations. Specifically, certain personnel have the ability to both (i) create and post journal entries within our general ledger system and (ii) prepare and review account reconciliations.
- We did not design and maintain effective controls over inventory. Specifically, we did not design and maintain effective controls over the existence, accuracy and completeness of inventory, the completeness and presentation of accrued inventory purchases, the completeness and accuracy of related expenses.
- We did not design and maintain effective controls over the presentation of contract assets and liabilities.

These material weaknesses resulted in adjustments to accounts receivable, inventory, other current assets, current and non-current contract liabilities, accrued expenses and other current liabilities, which were recorded prior to the issuance of the consolidated financial statements as of and for the years ended December 31, 2019, 2020 and 2021 and as of and for the interim periods ended September 30, 2021 and December 31, 2021; adjustments to inventory, cost of revenue, research and development expense, contract assets and contract liabilities as of and for the year ended December 31, 2022; and adjustments to current and non-current contract liabilities as of and for the interim period ended March 31, 2022. Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

- We did not design and maintain effective controls over certain information technology ("IT") general controls for information systems that are relevant to the preparation of our consolidated financial statements. Specifically, we did not design and maintain effective:
  - user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; and
  - program change management controls to ensure that information technology program and data changes affecting certain financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately.

These IT deficiencies did not result in a misstatement to the consolidated financial statements, however, the deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all consolidated financial statement accounts and disclosures that would not be prevented or detected. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

Although we intend to take measures to remediate these material weaknesses, there can be no assurance that the material weaknesses will be remediated on a timely basis or at all, or that additional material weaknesses will not be identified or occur in the future, which could result in material misstatements of our interim or annual consolidated financial statements. If we are unable to remediate the material weaknesses or additional material weaknesses are identified in the future, our ability to record, process and report financial information accurately, and to prepare consolidated financial statements within the time periods specified by the rules and forms of the SEC, could be adversely affected which, in turn, may adversely affect our reputation and business and the market price of our securities. In particular, if our consolidated financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our consolidated financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities. In either case, this could result in a material adverse effect on our business. Failure to timely file will cause us to be ineligible to utilize short form registration statements on Form S-3, which may impair our ability to obtain capital in a timely fashion to execute our business strategies or issue shares to effect an acquisition.

***Some members of our management have limited experience in operating a public company.***

Some of our executive officers have limited experience in the management of a publicly traded company. Our management team may not successfully or effectively manage the significant public company regulatory oversight and reporting obligations under federal securities laws. Our limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities, which will result in less time being devoted to the management and growth of the company. We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal control over financial reporting required of public companies. The development and implementation of the standards and controls and the hiring of experienced personnel necessary to achieve the level of accounting standards required of a public company may require costs greater than expected.

***Our business activities have been, and may continue to be, disrupted due to the ongoing COVID-19 pandemic.***

We face various risks and uncertainties related to the ongoing global COVID-19 pandemic. Since the first quarter of 2020, the pandemic has led to periods of disruption and volatility in the global economy and capital markets, which has increased the cost of capital and adversely impacted access to capital. During 2020 and, to a lesser extent, 2021, the government-enforced travel restrictions, quarantines and business closures around the world that occurred periodically in response to the pandemic have significantly impacted our ability to sell, install and service our additive manufacturing systems at customers around the world. The pandemic has, and may continue to, disrupt our third-party CMs and supply chain, and our ability to perform the final assembly and testing of our systems. In particular, we have been impacted by the global wafer chip and electronic component supply chain disruptions that have been exacerbated by the pandemic, which has delayed the completion of our Sapphire and Sapphire XC printers and subsequently delayed shipments of those printers to our customers and installations of those printers at their facilities. These delays in installation could lead to postponed customer acceptance of the transactions. Furthermore, if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, facility closures, remote working or other restrictions in connection with the COVID-19 pandemic, our operations will likely be adversely impacted.

It is not currently possible to reliably project the direct impact of COVID-19 on our operating revenues and expenses. If the COVID-19 pandemic continues for a prolonged duration, we or our customers may be unable to perform fully on our contracts, which will likely result in increases in costs and reduction in revenue. These cost increases may not be fully recoverable or adequately covered by insurance. The long-term effects of COVID-19 to the global economy and to us are difficult to assess or predict and may include continued supply chain disruptions, risks for the production and deployment of our products and services, reduced sales, declines in the market prices of our products, and risks to employee health and safety. In addition, any prolonged restrictive measures put in place in order to control COVID-19 or other adverse public health developments in any of our targeted markets, including as a result of new variant strains of the virus, may have a material and adverse effect on our business operations and results of operations.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, including but not limited to those relating to cyber-attacks and security vulnerabilities, interruptions or delays due to third parties or our ability to raise additional capital or generate sufficient cash flows necessary to fulfill our obligations under our existing indebtedness or to expand our operations.

***Market conditions, economic uncertainty or downturns could adversely affect our business and operating results.***

In recent years, the United States and other significant markets have experienced cyclical downturns and worldwide economic conditions remain uncertain, including as a result of the ongoing outbreaks of epidemic diseases (including COVID-19 pandemic, and variants), supply chain disruptions, the war in Ukraine – Russia conflict, and the war in Israel, instability in the U.S. and global banking systems, rising fuel prices, increasing interest rates or foreign exchange rates

and, as discussed in more detail below, high inflation and the possibility of a recession. Economic uncertainty and associated macroeconomic conditions make it extremely difficult for our customers and us to accurately forecast and plan future business activities, and could cause our customers to slow spending on our products, which could delay and lengthen sales cycles.

A significant downturn in economic activity, or general spending on additive manufacturing systems, may cause our current or potential customers to react by reducing their capital and operating expenditures in general or by specifically reducing their spending on additive manufacturing systems and related technologies. Moreover,

competitors may respond to challenging market conditions by lowering prices and attempting to lure away our customers.

We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally, or in any industry. If the conditions in the general economy and the markets in which we operate worsen from present levels, our business, financial condition, and operating results could be adversely affected.

For example, as described above, on March 10, 2023, FDIC announced instability in the U.S. banking system has resulted in the failure of several U.S. banks during 2023, including the closure of SVB. Silicon Valley Bank by banking regulators in March 2023. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments or to access financing may be threatened, and which could have a material adverse effect on our business and financial condition.

#### ***We may be adversely affected by the effects of inflation or possible stagflation.***

Inflation or possible stagflation in the United States and other regions has the potential to adversely affect our liquidity, business, financial condition and operating results. For example, our current and potential customers may choose to limit their spending on and budgets for our additive manufacturing systems as a response to decreased spending by their own customers and consumers. The existence of inflation in certain economies has resulted in, and may continue to result in, higher interest rates and foreign exchange rates and capital costs, increased costs of labor, weakening exchange rates and other similar effects. Although we may take measures to mitigate the impact of this inflation, if these measures are not effective, our business, financial condition, operating results and liquidity may be materially adversely affected. Even if such measures are effective, there could be a difference between the timing of when these beneficial actions impact our operating results and when the cost of inflation is incurred. Inflation and any economic challenges may also adversely impact spending patterns by our customers.

#### ***Changes in financial accounting standards or practices as well as interpretations thereof may cause adverse, unexpected financial reporting fluctuations and affect our results of operations.***

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (the "FASB"), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls. In addition, many companies' accounting policies and treatment are being subjected to heightened scrutiny by regulators and the public. Further, accounting rules and regulations as well as their interpretations are continually changing in ways that could materially impact our consolidated financial statements.

We cannot predict the impact of future changes to accounting principles or interpretations thereof or our accounting policies on our consolidated financial statements going forward, which could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of the change.

#### **Risks Related to Third Parties**

##### ***We could be subject to personal injury, property damage, product liability, warranty and other claims involving allegedly defective products that we supply.***

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The products we supply are sometimes used in potentially hazardous or critical applications, such as the assembled parts of an aircraft, that could result in death, personal injury, property damage, loss of production, punitive damages and consequential damages. While we have not experienced any such claims to date, actual or claimed defects in the products we supply could result in our being named as a defendant in lawsuits asserting potentially large claims.

We attempt to include legal provisions in our agreements and purchase orders with customers that are designed to limit our exposure to potential liability for damages arising from defects or errors in our products. However, it is possible that these limitations may not be effective as a result of unfavorable judicial decisions or laws enacted in the future. Any such lawsuit, regardless of merit, could result in material expense, diversion of management time and efforts and damage to our reputation, and could cause us to fail to retain or attract customers, which could adversely affect our results of operations.

#### ***We depend on independent contractors and third parties to provide key services in our product development and operations, and any disruption of their services, or an increase in cost of these services, could negatively impact our financial condition and results of operations.***

We depend on subcontractors to provide cost effective and efficient services in supply chain functions, including sourcing certain subcomponents and assemblies, and in product development activities.

Our operations and operating results may be negatively impacted if we experience problems with our subcontractors that impact the delivery of product to our customers. These problems may include: delays in software or hardware development timelines, prolonged inability to obtain components with competitive performance and cost attributes; inability to achieve adequate yields or timely delivery; inability to meet customer timelines or demands, disruption or defects in assembly, test or shipping services; or delays in stabilizing manufacturing processes or ramping up volume for new products. If our third-party supply chain providers were to reduce or discontinue services for us or their operations are disrupted as a result of a fire, earthquake, act of terrorism, political unrest, governmental uncertainty, war, disease, or other natural disaster or catastrophic event, weak economic conditions or any other reason, our financial condition and results of operations could be adversely affected.

#### ***We may rely heavily on future collaborative and supply chain partners.***

We have entered into, and may enter into, strategic collaborations and partnerships to develop and commercialize our current and future R&D programs with other companies to accomplish one or more of the following:

- obtain capital, equipment and facilities;
- obtain expertise in relevant markets;
- obtain access to components;
- obtain sales and marketing services or support; and/or
- obtain support services and other downstream supply chain support.

We may not be successful in establishing or maintaining suitable collaborations and partnerships, and we may not be able to negotiate collaboration or partnership agreements having terms satisfactory to us, or at all. Failure to make or maintain these arrangements or a delay or failure in a collaborative partner's performance under any such arrangements could harm our business and financial condition.

***If our suppliers become unavailable or inadequate, our customer relationships, results of operations and financial condition may be adversely affected.***

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We acquire certain of our materials, which are critical to the ongoing operation and future growth of our business, from several third parties. We face risks from financial difficulties or other uncertainties experienced by our suppliers, distributors or other third parties on which we rely. We do not have long-term agreements with any of these suppliers that obligate them to continue to sell components, subsystems, systems or products to us. Our reliance on these suppliers involves significant risks and uncertainties, including whether the suppliers will provide an adequate supply of required components, subsystems or systems of sufficient quality will increase prices for the components, subsystems or systems and will perform their obligations on a timely basis. In addition, certain suppliers have long lead times, which we cannot control. If third parties are unable to supply us with required materials or components or otherwise assist us in operating our business, our business could be harmed. In addition, compliance with the SEC's conflict minerals regulations may increase our costs and adversely impact the supply-chain for our products.

While most manufacturing equipment and materials for our products are available from multiple suppliers, certain of those items are only available from limited sources. Should any of these suppliers become unavailable or inadequate, or impose terms unacceptable to us, such as increased pricing terms, we could be required to spend a significant amount of time and expense to develop alternate sources of supply, and we may not be successful in doing so on terms acceptable to us, or at all. As a result, the loss of a limited source supplier could adversely affect our relationship with our customers, as well as our results of operations and financial condition.

***Our facilities facility as well as our suppliers' and our customers' facilities are vulnerable to disruption due to natural or other disasters, strikes and other events beyond our control.***

A major earthquake, fire, tsunami, hurricane, cyclone or other disaster, such as a pandemic, major flood, seasonal storms, nuclear event or terrorist attack affecting our facilities facility or the area in which they are located, or affecting those of our suppliers or customers, could significantly disrupt our or their operations and delay or prevent product shipment or installation during the time required to repair, rebuild or replace our or their damaged manufacturing facilities. Moreover, extreme weather and other natural disasters may become more intense or more frequent. Any resulting delays from these events could be lengthy and costly. If any of our suppliers' or customers' facilities are negatively impacted by such a disaster, production, shipment and installation of our 3D printing machines could be delayed, which can impact the period in which we recognize the revenue related to that 3D printing machine sale. Additionally, customers may delay purchases of our products until operations return to normal. Even if we are able to respond quickly to a disaster, the continued effects of the disaster could create uncertainty in our business operations. In addition, concerns about terrorism, the effects of a terrorist attack, political turmoil, labor strikes, war (including the Ukrainian - Russia conflict and the Israel - Hamas conflicts) or the outbreak of epidemic diseases (including the outbreak of COVID-19 and variants) could have a negative effect on our operations and sales.

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## Risks Related to Operations

***We operate primarily at two one facility locations, location, and any disruption at one our facility could adversely affect our business and operating results.***

Our principal offices are located in Campbell, Fremont, California. Substantially all of our R&D activities, customer and technical support, and management and administrative operations, are conducted at this location. Our and our final assembly and testing operations are conducted at one facility in Campbell, California and a second the facility in Fremont, California. Our inventory of component supplies, subassemblies and finished goods are held at our Fremont Campbell facility and third-party warehouses. We take precautions to safeguard our facilities, facility, including acquiring insurance, employing back-up generators, adopting health and safety protocols and utilizing off-site storage of computer data. However, vandalism, terrorism or a natural or other disaster, such as an earthquake, fire or flood, could damage or destroy our manufacturing equipment or our

inventory of component supplies or finished goods, cause substantial delays in our operations, result in the loss of key information and cause us to incur additional expenses. Recent prolonged power outages due to California wildfires may cause substantial delays in our operations and the impact of these wildfires and other natural disasters may be exacerbated in the future as a result of climate change. Our insurance may not cover our losses in any particular case. In addition, regardless of the level of insurance coverage, damage to our facilities may have a material adverse effect on our business, financial condition and operating results.

***Maintenance, expansion and refurbishment of our facilities, the construction of new facilities and the development and implementation of new manufacturing processes involve significant risks.***

Our existing facilities and any of our future facilities may require regular or periodic maintenance, upgrading, expansion, refurbishment or improvement. Any unexpected operational or mechanical failure, including failure associated with breakdowns and forced outages, could reduce our facilities' production capacity below expected levels, which would reduce our production capabilities and ultimately our revenues. Unanticipated capital expenditures associated with maintaining, upgrading, expanding, repairing, refurbishing or improving our facilities may also reduce our profitability. Our facilities also may be subject to unanticipated damage as a result of natural disasters, terrorist attacks or other events.

If we make any major modifications to our facilities, such modifications likely would result in substantial additional capital expenditures and could prolong the time necessary to bring the facility online. We also may choose to refurbish or upgrade our facilities based on our assessment that such activity will provide adequate financial returns. However, such activities require time for development and capital expenditures before commencement of commercial operations, and key assumptions underpinning a decision to make such an investment may prove incorrect, including assumptions regarding construction costs and timing, which could harm our business, financial condition, results of operations and cash flows.

Finally, we may not be successful or efficient in developing or implementing new production processes. Innovation in production processes involves significant expense and carries inherent risks, including difficulties in designing and developing new process technologies, development and production timing delays, and product defects. Disruptions in the production process can also result from errors, defects in materials, delays in obtaining or revising operating permits and licenses, returns of product from customers, interruption in our supply of materials or resources, and disruptions at our facilities due to accidents, maintenance issues, or unsafe working conditions, all of which could affect the timing of production ramps. **For example, following the launch of our Sapphire XC and Sapphire XC 1MZ printers, we have been in the process of scaling the production of our Sapphire XC printers while managing supply chain issues stemming from the ongoing COVID-19 pandemic.** Production issues can lead to increased costs and may affect our ability to meet product demand, which could adversely impact our business and results from operations.

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## Risks Related to Compliance Matters

***We are subject to U.S. and other anti-corruption laws, trade controls, economic sanctions and similar laws and regulations. Our failure to comply with these laws and regulations could subject us to civil, criminal and administrative penalties and harm our reputation.***

Doing business on a worldwide basis requires us to comply with the laws and regulations of the U.S. government and various foreign jurisdictions. These laws and regulations place restrictions on our operations, trade practices, partners and investments.

In particular, our operations are subject to U.S. and foreign anti-corruption and trade control laws and regulations, such as the FCPA and the Bribery Act, export controls and economic sanctions programs, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), the State Department's Directorate of Defense Trade Controls ("DDTC") and the Bureau of Industry and Security ("BIS") of the Department of Commerce. As a result of doing business in foreign countries and with foreign customers, we are exposed to a heightened risk of violating anti-corruption and trade control laws and sanctions regulations.

As part of our business, we may deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA's prohibition on providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. In addition, the provisions of the Bribery Act extend beyond bribery of foreign public officials and also apply to transactions with individuals that a government does not employ. Some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. Our continued expansion outside the U.S., primarily in Europe, South-East Asia and Oceania, and our development of new partnerships worldwide, could increase the risk of FCPA, OFAC or Bribery Act violations in the future.

As an exporter, we must comply with various laws and regulations relating to the export of products and technology from the U.S. and other countries having jurisdiction over our operations. In the United States, these laws include the International Traffic in Arms Regulations ("ITAR") administered by the DDTC, the Export Administration Regulations ("EAR") administered by the BIS and trade sanctions against embargoed countries and destinations administered by OFAC. The EAR governs products, parts, technology and software which present military or weapons proliferation concerns, so-called "dual use" items, and ITAR governs military items listed on the United States Munitions List. Prior to shipping certain items, we must obtain an export license or verify that license exemptions are available. Any failures to comply with these laws and regulations could result in fines, adverse publicity and restrictions on our ability to export our products, and repeat failures could carry more significant penalties.

Violations of anti-corruption and trade control laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment and could harm our reputation, create

negative shareholder sentiment and affect the value of our securities. We have established policies and procedures designed to assist our compliance with applicable U.S. and international anti-corruption and trade control laws and regulations, including the FCPA, the Bribery Act and trade controls and sanctions programs administered by OFAC, the DDTCA and BIS, and have trained our employees to comply with these laws and regulations. However, there can be no assurance that all of our employees, consultants, agents or other associated persons will not take actions in violation of our policies and these laws and regulations. Additionally, there can be no assurance that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage or provide a defense to any alleged violation. In particular, we may be held liable for the actions that our joint venture partners take inside or outside of the United States, even though our partners may not be subject to these laws. Such a violation, even if our policies prohibit it, could have an adverse effect on our reputation, business, financial condition and results of operations. In addition, various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business with sanctioned countries, persons and entities, which could adversely affect our reputation, business, financial condition and results of operations.

***We are subject to environmental, health and safety laws and regulations related to our operations and the use of our additive manufacturing systems and consumable materials, which could subject us to compliance costs and/or potential liability in the event of non-compliance.***

We are subject to various environmental laws and regulations governing our operations, including, but not limited to, emissions into the air and water and the use, handling, disposal and remediation of hazardous substances. A certain risk of environmental liability is inherent in our production activities. These laws and regulations govern, among other things, the generation, use, storage, registration, handling and disposal of chemicals and waste materials, the presence of specified substances in electrical products, the emission and discharge of hazardous materials into the ground, air or water, the cleanup of contaminated sites, including any contamination that results from spills due to our failure to properly dispose of chemicals and other waste materials and the health and safety of our employees. Under these laws, regulations and requirements, we also could be subject to liability for improper disposal of chemicals and waste materials, including those resulting from the use of our systems and accompanying materials by end-users. Accidents or other incidents that occur at our facilities or involve our personnel or operations could result in claims for damages against us. Compliance with extensive environmental, health and safety laws could require material expenditures, changes in our operations or site remediation. In addition, we use hazardous materials in our business, and we must comply with environmental laws and regulations associated therewith. Any claims relating to improper handling, storage or disposal of these materials or noncompliance with applicable laws and regulations could be time consuming and costly and could adversely affect our business and results of operations.

In the event we are found to be financially responsible, as a result of environmental or other laws or by court order, for environmental damages alleged to have been caused by us or occurring on our premises, we could be required to pay substantial monetary damages or undertake expensive remedial obligations. If our operations fail to comply with such laws or regulations, we may be subject to fines and other civil, administrative or criminal sanctions, including the revocation of permits and licenses necessary to continue our business activities. In addition, we may be required to pay damages or civil judgments in respect of third-party claims, including those relating to personal injury (including exposure to hazardous substances that we generate, use, store, handle, transport, manufacture or dispose of), property damage or contribution claims. Some environmental laws allow for strict, joint and several liabilities for remediation costs, regardless of fault. We may be identified as a potentially responsible party under such laws. The amount of any costs, including fines or damages payments that we might incur under such circumstances could substantially exceed any insurance we have to cover such losses. Any of these events, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations and could adversely affect our reputation.

The export of our products internationally from our production facilities subjects us to environmental laws and regulations concerning the import and export of chemicals and hazardous substances such as the United States Toxic Substances Control Act and the Registration, Evaluation, Authorization and Restriction of Chemical Substances. These laws and regulations require the testing and registration of some chemicals that we ship along with, or that form a part of, our systems and other products. If we fail to comply with these or similar laws and regulations, we may be required to make significant expenditures to reformulate the chemicals that we use in our products and materials or incur costs to register such chemicals to gain and/or regain compliance. Additionally, we could be subject to significant fines or other civil and criminal penalties should we not achieve such compliance.

The cost of complying with current and future environmental, health and safety laws applicable to our operations, or the liabilities arising from past releases of, or exposure to, hazardous substances, may result in future expenditures. Any of these developments, alone or in combination, could have an adverse effect on our business, financial condition and results of operations.

***Aspects of our business are subject to privacy, data use and data security regulations, which could increase our costs.***

We collect personally identifiable information from our employees, prospects, and our customers. Privacy and security laws and regulations may limit the use and disclosure of certain information and require us to adopt certain

certain cybersecurity and data handling practices that may affect our ability to effectively market our services to current, past or prospective customers. We must comply with privacy laws in the United States, Europe and elsewhere, including the General Data Protection Regulations ("GDPR") in the European Union ("EU"), which became effective May 25, 2018, and the California Privacy Rights Act, which became effective on January 1, 2023. Further, in connection with its withdrawal from the EU, the United Kingdom has implemented the

GDPR as of January 1, 2021 (as it existed on December 31, 2020 but subject to certain UK-specific amendments). These laws create new individual privacy rights and impose increased obligations, including disclosure obligations, on companies handling personal data. In many jurisdictions, consumers must be notified in the event of a data security breach, and such notification requirements continue to increase in scope and cost. Privacy and security laws and regulations may limit the use and disclosure of certain information and require us to adopt certain cybersecurity and data handling practices that may affect our ability to effectively market our services to current, past or prospective customers. While we have invested in, and intend to continue to invest in, resources to comply with these standards, we may not be successful in doing so, and any such failure could have an adverse effect on our business, results of operations and reputation.

As privacy, data use and data security laws are interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. In recent years, there has been increasing regulatory enforcement and litigation activity in this area in the United States and in various other countries in which we operate.

#### **Risks Related to Intellectual Property**

***Our business relies on technological and other innovations embodied in various forms of proprietary information and other intellectual property ("IP") related information. Our failure to protect our IP rights could potentially harm our competitive advantages to an extent (e.g., with respect to the use, manufacturing, lease, sale, or other commercialization of our processes, technologies and products), which may have an adverse effect on our results of operations and financial condition.***

We may be required to make significant capital investments into the R&D of proprietary information and other IP as we develop, improve and scale our processes, technologies and products, and failure to fund and make these investments, or underperformance of the technology funded by these investments, could severely impact our business, financial condition, results of operations and prospects. From time to time, we collaborate with partners on certain R&D activities and the success of such R&D activities is aided by the cooperation of such partners.

In addition, our failure to adequately protect our IP rights could result in the reduction or loss of our competitive advantage. We may be unable to prevent third parties from using our proprietary information and other IP without our authorization or from independently developing proprietary information and other IP that is similar to ours, particularly in those countries where the laws do not protect our proprietary rights to the same degree as in the U.S. or those countries where we do not have IP rights protection. The use of our proprietary information and other IP by others could reduce or eliminate competitive advantages that we have developed, potentially causing us to lose sales, licensing opportunities, actual or potential customers, or otherwise harm our business. If it becomes necessary for us to litigate to protect these IP rights, any proceedings could be burdensome and costly, could result in counterclaims challenging our IP (including validity or enforceability) or accusing us of infringement, and we may not prevail.

Our patent applications and issued patents may be practiced by third parties without our knowledge. Our competitors may also attempt to design around our patents or copy or otherwise obtain and use our proprietary information and other IP. Moreover, our competitors may already hold or have applied for patents in the U.S. or abroad that, if enforced, could possibly prevail over our patent rights or otherwise limit our ability to manufacture, sell or otherwise commercialize one or more of our products in the U.S. or abroad. With respect to our pending patent applications, we may not be successful in securing issued patents, or the claims of such patents may be narrowed, any of which may limit our ability to protect inventions that these applications were intended to cover, which could harm our ability to prevent others from exploiting our technologies and commercializing products.

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similar to our products. In addition, the expiration of a patent can result in increased competition with consequent erosion of profit margins.

Our confidentiality agreements could be breached or may not provide meaningful protection for at least a portion of our trade secrets or proprietary manufacturing expertise. Adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and manufacturing expertise. Violations by others of our confidentiality agreements and the loss of employees who have specialized knowledge and expertise could harm our competitive position resulting from the exclusive nature of such knowledge and expertise and cause our sales and operating results to decline as a result of increased competition. In addition, others may obtain knowledge of our trade secrets through independent development or other access by legal means.

The applicable governmental authorities may not approve our pending service mark and trademark applications. A failure to obtain trademark registrations in the U.S. and in other countries could limit our ability to obtain and retain our trademarks in those jurisdictions. Moreover, third parties may seek to oppose our applications or otherwise challenge the resulting registrations. In the event that our trademarks are not approved or are successfully challenged by third parties, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote significant resources to rebranding and advertising and marketing new brands. We could be sued by third parties who, unbeknown to us and to government agencies allowing for registration of our trademark, previously used our registered trademark in the market before we did.

The failure of any of our patents, trademarks, trade names, trade secrets, other IP rights, IP right assignments, or confidentiality agreements to protect our proprietary information and other IP, including our processes, systems, apparatuses, devices, software, composition of matter (e.g., 3D objects), our other proprietary manufacturing expertise, and any other of our technology and know-how, could have a material adverse effect on our business and results of operations.

***Third-party lawsuits and assertions to which we are subject alleging our infringement of patents, trade secrets or other IP rights may have a significant adverse effect on our financial condition.***

Third parties may own issued patents and pending patent applications that exist in fields relevant to additive manufacturing or any other technology related to our products. Some of these third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims related to additive manufacturing or any other technology related to our products. Because patent applications can take many years to issue as patents, there may be currently pending patent applications which may later result in issued patents that our technologies may potentially infringe in the future. In addition, third parties may obtain patents in the future and claim that our technologies infringe upon these obtained patents. Any third-party lawsuits or other assertion to which we are subject alleging our infringement of patents, trade secrets or any other IP rights may have a significant adverse effect on our financial condition.

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***We may incur substantial costs enforcing and defending our IP rights.***

We may incur substantial expense and costs in protecting, enforcing and defending our IP rights against third parties. IP disputes may be costly and can be substantially disruptive to our business operations by diverting attention and energies of management and key technical personnel and by increasing our costs of doing business. Third-party IP claims asserted against us could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from assembling or licensing certain of our products, subject us to injunctions restricting our sale of products, cause severe disruptions to our operations or the marketplaces in which we compete or require us to satisfy indemnification commitments with our customers, including contractual provisions under various license arrangements. In addition, we may incur significant costs in acquiring the necessary third-party IP rights for use in our products. Any and all of these could have an adverse effect on our business and financial condition.

***If we are unable to adequately protect or enforce our IP rights, such information may be used by others to compete against us.***

We have devoted substantial resources to the development of our technology and related IP rights. Our success and future revenue growth will depend, in part, on our ability to protect the various facets of our IP. We rely on a combination of registered and unregistered IP and protect our rights using patents, trademarks, trade secrets, confidentiality agreements, and assignment of invention agreements and other methods.

Despite our efforts to protect our IP and proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies, inventions, processes, improvements, or any other IP. We cannot assure that any of our existing or future patents or other IP rights will not be challenged, invalidated, circumvented, or will otherwise provide us with meaningful protection. Our pending patent applications may not be granted, and we may not be able to obtain foreign patents or pending applications corresponding to our U.S. patents. Even if foreign patents are granted, effective enforcement in foreign countries may not be available.

Our trade secrets, know-how and other unregistered proprietary rights are a key aspect of our IP portfolio. While we take reasonable steps to protect our proprietary information and IP in trade secrets and other forms of confidential information protection, and enter into confidentiality agreements and invention assignment agreements intended to protect such rights, such agreements can be difficult and costly to enforce or may not provide adequate remedies if violated, and we may have inadvertently not have entered into such agreements with all relevant parties, or some of the agreements may prove invalid in all jurisdictions. Such agreements may be breached, and trade secrets or confidential information may be willfully or unintentionally disclosed, including by employees who may leave our company and join our competitors, or our competitors or other parties may learn of the information in some other way. The disclosure to, or independent development by, a competitor of our proprietary information and IP including trade secrets, know-how or other technology related information not protected by a patent or other IP system could materially reduce or eliminate any competitive advantage that we may have over such competitor.

If our patents and other forms of IP protection do not adequately protect our technology, our competitors may be able to offer products similar to ours. Our competitors may also be able to develop similar technology independently, reverse engineer our technology, or design around our patents and other forms of IP protection. Any of the foregoing events would lead to increased competition and reduce our revenue or gross margin, which would adversely affect our operating results.

If we attempt enforcement of our IP rights, we may be subject or party to claims, negotiations or complex, protracted litigation. IP disputes and litigation, regardless of merit, can be substantially costly and disruptive to our business operations, e.g., by diverting attention and energies of management and key technical personnel and by increasing our costs of doing business. Any of the foregoing could adversely affect our business and financial condition.

As part of any settlement or other compromise to avoid complex, protracted litigation, we may agree not to pursue future claims against a third party, including related to alleged infringement of our IP rights. Part of any

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settlement or other compromise with another party may resolve a potentially costly dispute but may also have future repercussions on our ability to defend and protect our IP rights, which in turn could adversely affect our business.

***Our additive manufacturing software contains third-party open-source software components, and failure to comply with the terms of the underlying open-source software licenses could restrict our ability to sell our products.***

Our additive manufacturing software contains components that are licensed under so-called "open-source," "free," or other similar licenses. Open-source software is made available to the general public on an "as-is" basis under the terms of a non-negotiable license. We currently combine our proprietary software with open-source software, but not in a manner that we believe requires the release of the source code of our proprietary software to the public. We do not plan to integrate our proprietary software with open-source software in ways that would require the release of our proprietary software's source code to the public; however, our use and distribution of open-source software may entail greater risks than use of third-party commercial software. Open-source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. In addition, if we combine our proprietary software with open-source software in a certain manner, we could, under certain open-source licenses, be required to release to the public or remove the source code of our proprietary software. We may also face claims alleging noncompliance with open-source license terms or infringement or misappropriation of proprietary software. These claims could result in litigation, require us to purchase a costly license, or remove the software. In addition, if the license terms for open-source software that we use change, we may be forced to re-engineer our solutions, incur additional costs or discontinue the sale of our offerings if re-engineering could not be accomplished on a timely basis. Although we monitor our use of open-source software to avoid subjecting our offerings to unintended conditions, there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our offerings. We cannot guarantee that we have incorporated open-source software in our software in a manner that will not subject us to liability or in a manner that is consistent with our current policies and procedures.

#### Risks Related to Our Securities Notes

***The terms of the Notes restrict our current and future operations. Upon an event of default, we may not be able to make any accelerated payments under the Notes or our other permitted indebtedness.***

As of December 31, 2023, we had approximately \$36.7 million aggregate principal amount of the Secured Notes outstanding. In addition, we have granted the holders of the Secured Notes the right to purchase up to an additional \$35.0 million in aggregate principal amount of our senior secured convertible notes due 2026 (the "Additional Secured Convertible Notes") so long as the notice to exercise such option is provided no later than the August 14, 2025. We refer to the Secured Notes and the Secured Convertible Notes collectively as the "Notes."

The Secured Notes contain, and the Additional Secured Convertible Notes if issued will contain, a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest. In particular, the Secured Notes contain, and the Additional Secured Convertible Notes if issued will contain, customary affirmative and negative covenants (including covenants that limit our ability to incur debt, make investments, transfer assets, engage in certain transactions with affiliates and merge with other companies, in each case, other than those permitted by the Notes) and events of default. Furthermore, we will be required to maintain a minimum of \$30.0 million of unrestricted cash and cash equivalents under the Additional Secured Convertible Notes, if issued. Further, the Secured Notes require us, and the Additional Secured Convertible Notes if issued will require us, to maintain minimum levels of Available Cash (as defined in the Notes), calculated monthly based on a rolling three-month lookback period beginning with the three-month period ending on December 31, 2023, specified in the Notes. Our ability to meet the financial tests under the Notes can be affected by events beyond our control, and we may be unable to meet them.

A breach of the covenants or restrictions under the Notes or under the agreements governing any of our other permitted indebtedness could result in an event of default under the applicable indebtedness. Such a default may allow holders of the Notes or the holders or lenders of our other permitted indebtedness, as appropriate, to accelerate the related indebtedness, which may result in the acceleration of other indebtedness to which a cross-acceleration or cross-default provision applies. In addition, such lenders or holders could terminate commitments to lend money, if any. Furthermore, if we were unable to repay the Notes or other permitted indebtedness, then due and payable, secured lenders could proceed against the assets, if any, securing such indebtedness. In the event such lenders or holders accelerate the repayment of the Notes or our other permitted borrowings, we may not have sufficient assets to repay that indebtedness. A default would also significantly diminish the market price of our common stock and our public warrants.

In particular, as described in more detail in "Management's Discussion and Analysis—Recent Developments," we were not in compliance with a minimum revenue covenant under our then outstanding Secured Convertible Notes, which required us to repay and restructure our indebtedness thereunder, and we also amended certain terms of the Secured Notes. However, we may not be able to obtain any necessary waivers or amendments or otherwise restructure our outstanding indebtedness on favorable terms or at all to the extent we breach any covenants in the future.

Furthermore, as a result of these restrictions, we may be limited in how we conduct and grow our business, or unable to compete effectively or to take advantage of new business opportunities. These restrictions may affect our ability to grow in accordance with our strategy.

***Servicing the Notes requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our obligations under the Notes or our other permitted indebtedness.***

Our ability to make scheduled payments of principal or to pay interest on or to refinance the Notes or our other permitted indebtedness depends on our future performance and our ability to obtain future financing, which are subject to economic, financial, competitive and other factors, some of which are beyond our control. As of December 31, 2023, we had outstanding \$36.7 million of Secured Notes, and the terms of the Secured Notes require us to pay approximately \$44.0 million to repay the full principal amount of the Secured Notes at maturity or any other time. On the first day of each three-month period beginning on July 1, 2024 (a "Partial Redemption Date"), we are required to redeem \$8,750,000 of the principal amount of the Secured Notes for a repayment price of \$10,500,000, plus accrued and unpaid interest, unless the holders cancel such redemption.

Further, if we issue the full \$35.0 million of the Additional Secured Convertible Notes, the terms of the Additional Secured Convertible Notes will require us to pay approximately \$40.3 million to repay the full principal amount of the Additional Secured Convertible Notes at maturity or any other time, and the holders of the Additional Secured Convertible Notes will have the right to require us to redeem \$8,750,000 of the principal amount of the Additional Secured Convertible Notes for a repayment price of \$10,062,500, plus accrued and unpaid interest, on a Partial Redemption Date.

Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations under the Notes or our other permitted indebtedness and, in particular, we expect that we will need to engage in additional financings to fund our operations in the near term, the terms of which may be onerous or highly dilutive. If we are unable to generate such cash flow and obtain such additional financing, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, or refinancing or restructuring our indebtedness on terms that may be unfavorable. We may not prepay the Notes without the consent of the holders, and our ability to refinance the Notes or our other permitted indebtedness will also depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the Notes or our other indebtedness.

**Conversion of any Additional Secured Convertible Notes may dilute the ownership interest of existing stockholders or may otherwise depress the price of our common stock.**

If we issue any Additional Secured Convertible Notes, the conversion of such Notes will dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of such Notes. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, if we issue any Additional Secured Convertible Notes, the existence of such Notes may encourage short selling by market participants because the conversion of such Notes could be used to satisfy short positions, or anticipated conversion of such Notes into shares of our common stock could depress the price of our common stock.

#### **Risks Related to Our Common Stock and Our Public Warrants**

**Warrant holders may only be able to exercise their public warrants on a “cashless basis” under certain circumstances, and if such warrant holders do so, they will receive fewer shares of common stock from such exercise than if they were to exercise such warrants for cash.**

The warrant agreement governing the public warrants and the private placement warrants provides that in the following circumstances holders of the public warrants who seek to exercise their warrants will not be permitted to do so for cash and will, instead, be required to do so on a cashless basis in accordance with Section 3(a)(9) of the Securities Act: (i) if the shares of common stock issuable upon exercise of the warrants are not registered under the Securities Act in accordance with the terms of the warrant agreement; (ii) if we have so elected and the shares of common stock are at the time of any exercise of a warrant are not listed on a national securities exchange such that they satisfy the definition of “covered securities” under Section 18(b)(1) of the Securities Act; and (iii) if we have so elected and we call the public warrants for redemption. If warrant holders exercise their public warrants on a cashless basis, they would pay the warrant exercise price by surrendering all of the warrants for that number of common stock equal to the quotient obtained by dividing (x) the product of the number of common stock underlying the warrants, multiplied by the excess of the “fair market value” of our common stock (as defined in the next sentence) over the exercise price of the warrants by (y) the fair market value. The “fair market value” is the average reported last sale price of the common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of exercise is received by the warrant agent or on which the notice of redemption is sent to the holders of warrants, as applicable. As a result, warrant holders would receive fewer shares of common stock from such exercise than if they were to exercise such warrants for cash.

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**We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to “emerging growth companies” or “smaller reporting companies,” this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.**

We are an “emerging growth company” within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds \$700 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our consolidated financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Additionally, we are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited consolidated financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of our common stock held by nonaffiliates exceeds \$250 million as of the prior June 30 or (ii) our annual revenues exceeded \$100 million during such completed fiscal year and the market value of our common stock held by non-affiliates exceeds \$700 million as of the prior June 30. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our consolidated financial statements with other public companies difficult or impossible.

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**The public warrants and the private placement warrants are accounted for as liabilities and the changes in value of our warrants could have a material effect on our financial results.**

On April 12, 2021 the SEC released a public statement highlighting the potential accounting implications of certain terms of warrants issued by Special Purpose Acquisition Companies ("SPACs") (the "Public Statement"). The terms described in the Public Statement are common in SPACs and are similar to the terms contained in the warrant agreement governing our the public warrants and the private placement warrants. In response to the Public Statement, we reevaluated the accounting treatment of our public warrants and private placement warrants and determined to classify the warrants as derivative liabilities measured at fair value, with changes in fair value each period reported in earnings. As a result, included on our balance sheet as of December 31, 2022 December 31, 2023 contained elsewhere in this Annual Report are derivative liabilities related to embedded features contained within our these warrants. ASC Topic 815, provides for the

remeasurement of the fair value of such derivatives at each balance sheet date, with a resulting non-cash gain or loss related to the change in the fair value being recognized in earnings in the statement of operations. As a result of the recurring fair value measurement, our consolidated financial statements and results of operations may fluctuate quarterly based on factors which are outside of our control. Due to the recurring fair value measurement, we expect that we will recognize non-cash gains or losses on our the public warrants and the private placement warrants each reporting period and that the amount of such gains or losses could be material.

**The price of our common stock and our public warrants may be volatile.**

The trading price of our common stock and our public warrants has fluctuated, and is likely to continue to fluctuate due to a variety of factors, including:

- the period over which we anticipate our existing cash and cash equivalents will be sufficient to fund our operating expenses and capital expenditure requirements and our ability to continue as a going concern;
- our ability to service and comply with our indebtedness;
- our ability to satisfy NYSE listing rules;
- changes in the industries in which we and our customers operate;
- variations in our operating performance and the performance of our competitors in general;
- material and adverse impact of the ongoing COVID-19 pandemic on the markets and the broader global economy;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about our or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- our failure or the failure of our competitors to meet securities analysts' projections or guidance that our or our competitors may give to the market;
- changes in our financial, operating or other metrics, regardless of whether we consider those metrics as reflective of the current state or long-term prospects of our business, and how those results compare to securities analyst expectations, including whether those results fail to meet, exceed, or significantly exceed securities analyst expectations;
- additions and departures of key personnel;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities pursuant to the ATM Sales Agreement, under the Shelf Registration Statement or otherwise or the incurrence of additional debt; debt including in connection with the exercise by certain affiliated institutional investors of their right to purchase the Additional Secured Convertible Notes;
- the volume of shares of our common stock available for public sale; and
- general economic and political conditions such as recessions, interest rates, fuel prices, inflation, foreign currency fluctuations, international tariffs, social, political and economic risks and acts of war or terrorism (including, for example, the ongoing military conflict between war in Israel, and the war in Ukraine and Russia and the economic

sanctions related thereto).

These market and industry factors may materially reduce the market price of our common stock and our **public** warrants regardless of our operating performance.

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**Future sales of our common stock either by us or our stockholders, including pursuant to the ATM Sales Agreement, could cause the market price of our common stock to drop significantly, even if our business is doing well.**

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that either we or the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock.

We had outstanding **192,393,999** **261,704,586** shares of common stock on **March 15, 2023** **March 22, 2024**. We have filed a registration statement (the "Resale Shelf Registration Statement") which registers the offer and sale from time to time by certain selling stockholders of up to 161,028,936 shares of our common stock. To the extent shares are sold into the market by our stockholders pursuant to the Resale Shelf Registration Statement, under Rule 144 under the Securities Act or otherwise, particularly in substantial quantities, the market price of our common stock could decline.

In addition, we have filed the Shelf Registration Statement, which permits us to sell from time-to-time up to \$300.0 million of additional shares of our common stock or other securities in one or more offerings. In particular, we may offer and sell up to **\$40.0 million** **\$75.0 million** shares of our common stock from time to time pursuant to the ATM Sales Agreement that we have entered into with Needham. As of the filing date of this Annual Report, we have sold approximately **\$11.0 million** **\$24.6 million** shares of our common stock pursuant to the ATM Sales Agreement. Depending on market liquidity at the time, sales of our common stock pursuant to the ATM Sales Agreement, or other sales of our common stock or other securities under the Shelf Registration Statement, may cause the trading price of our common stock to decline.

**To the extent the public warrants and the private placementany of our outstanding warrants are exercised, it will increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.**

We As of December 31, 2023, we have outstanding outstanding:

- the public warrants and the private placement warrants to purchase an aggregate of 13,075,000 shares of our common stock, which became exercisable on December 7, 2021 and expire on September 29, 2026. The exercise price of these warrants is \$11.50 per share.
- a warrant to purchase 70,000 shares of common stock (the "2022 Private Warrant"), which was issued to Silicon Valley Bank in July 2022 in connection with an amendment to our prior credit facility and expires on July 24, 2034. The exercise price of this warrant is \$2.56 per share
- warrants to purchase an aggregate of 36,000,000 shares of common stock (the "RDO warrants"), which were issued in connection with our December 2023 registered direct offering (our "Registered Direct Offering") and expire on December 29, 2029. The exercise price of these warrants is \$0.565 per share.
- warrants to purchase an aggregate of 1,800,000 shares of common stock (the "placement agent warrants"), which were issued to the placement agent in connection with our Registered Direct Offering and expire on December 29, 2029. The exercise price of these warrants is \$0.625 per share.

Further, as described in more detail in "Management's Discussion and Analysis—Recent Developments," we issued additional warrants to purchase an aggregate of 21,949,079 shares of common stock on April 1, 2024.

To the extent **such any of these** warrants are exercised, additional shares of our common stock will be issued, which will result in dilution to the holders of our common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the market price of our common stock. However, there is no guarantee that the public warrants will ever be in the money prior to their expiration, and as such, the **public** warrants may expire worthless.

**We may amend the terms of the public warrants and private placement warrants in a manner that may be adverse to holders of public warrants with the approval by the holders of at least 65% of the then outstanding public warrants. As a result, the exercise price of their **public** warrants could be increased, the exercise period could be shortened and the number of our common stock purchasable upon exercise of a **public** warrant could be decreased, all without their approval.**

Our public warrants and private placement warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the public warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 65% of the then outstanding public warrants to make any change that adversely affects the interests of the registered holders of public warrants. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder if holders of at least 65% of the then

outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 65% of the then outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash, shorten the exercise period or decrease the number of shares of our common stock purchasable upon exercise of a warrant.

**We may redeem their the unexpired public warrants prior to their exercise at a time that is disadvantageous to them, thereby making their public warrants worthless.**

We have the ability to redeem outstanding public warrants at any time prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of our common stock equals or exceeds \$18.00 per share (as adjusted for share subdivisions, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading-day period ending on the third trading day prior to the date we send the notice of redemption to the warrant holders. If and when the public warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding public warrants could force them holders to: (i) exercise their warrants and pay the exercise price therefor at a time when it may be disadvantageous for them to do so; (ii) sell their warrants at the then-current market price when they might otherwise wish to hold their warrants; or (iii) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of their warrants.

In addition, we may redeem their the public warrants at any time prior to their expiration at a price of \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants prior to redemption for a number of shares of our common stock determined based on the redemption date and the fair market value of our common stock.

The value received upon exercise of the public warrants (1) may be less than the value the holders would have received if they had exercised their warrants at a later time where the underlying share price is higher and (2) may not compensate the holders for the value of the warrants, including because the number of shares of common stock received is capped at 0.365 shares of common stock per warrant (subject to adjustment) irrespective of the remaining life of the warrants. None of the private placement warrants will be redeemable by us, subject to certain circumstances, so long as they are held by the Sponsor or its permitted transferees.

**We may not be able if we fail to satisfy comply with the continued listing standards requirements of the NYSE, going forward, our securities may be delisted and the price of our securities and our ability to access the capital markets could be negatively impacted.**

Our common stock and our public warrants are listed on the NYSE. However, an active trading market for our common stock or warrants securities may not be sustained. Furthermore, sustained and we cannot ensure that we will be able to satisfy the continued listing standards of the NYSE.

In particular, on December 28, 2023, we received a written notice from the NYSE going forward, informing us that we are below compliance criteria pursuant to the continued listing standards set forth in Section 802.01C of the NYSE Listed Company Manual as the average closing price of our common stock is less than \$1.00 per share over a consecutive 30 trading-day period (the "Minimum Share Price Requirement"). Pursuant to Section 802.01C of the NYSE Listed Company Manual, we will have a period of six months following the receipt of the notice to regain compliance with the Minimum Share Price Requirement. We can regain compliance with the Minimum Share Price Requirement at any time during the six-month cure period if, on the last trading day of any calendar month during the cure period or on the last day of the cure period, we have (i) a closing share price of at least \$1.00, and (ii) an average closing share price of at least \$1.00 over the 30 trading-day period ending on such date.

No assurance can be given that we will meet applicable NYSE continued listing standards or that future noncompliance will not occur. If we cannot satisfy the continued listing standards, going forward, the NYSE may commence delisting procedures against us, which could result in our common stock or public warrants securities being removed from listing on the NYSE. If any of our common stock or public warrants securities were to be delisted, the liquidity of our common stock or warrants securities could be adversely affected and the market price of our common stock or warrants securities could decrease. Delisting could also adversely affect our security holders' ability to trade or obtain quotations on our securities because of lower trading volumes and transaction delays. These factors could contribute to lower prices and larger spreads in the bid and ask price for our securities. They may also not be able to resell their common stock or warrants securities at or above the price they paid for such securities or at all. In addition, delisting could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in the inability to expand our business, potential loss of confidence by investors and employees, and fewer business development and strategic investment opportunities.

In addition, the National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." If our securities were not listed on the NYSE, such securities would not qualify as covered securities and we would be subject to regulation in each state in which we offer our securities because states are not preempted from regulating the sale of securities that are not covered securities.

**Reports published by analysts, including projections in those reports that differ from our actual results, could adversely affect the price and trading volume of our common stock.**

Securities research analysts may establish and publish their own periodic projections for us. These projections may vary widely and may not accurately predict the results we actually achieve. Our share price may decline if our actual results do not match the projections of these securities research analysts. Similarly, if one or more of the analysts who write reports on us downgrades our stock or publishes inaccurate or unfavorable research about our business, our share price could decline. If one or more of these analysts ceases coverage of us or fails to

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publish reports on us regularly, our share price or trading volume could decline. While we expect research analyst coverage of our company, if no analysts commence coverage of us, the market price and volume for our shares of common stock could be adversely affected.

***We are subject to changing law and regulations regarding regulatory matters, corporate governance and public disclosure will continue to increase our costs and the risk of non-compliance.***

We are subject to rules and regulations by various governing bodies, including, for example, the SEC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in increased general and administrative expenses and a diversion of management time and attention.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

***Delaware law and our Certificate of Incorporation and Amended and Restated Bylaws contain certain provisions, including anti-takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.***

Our Certificate of Incorporation, our Amended and Restated Bylaws and the Delaware General Corporation Law (the "DGCL"), contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by the Board and therefore depress the trading price of our common stock. These provisions also could make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of the Board or taking other corporate actions, including effecting changes in our management. Among other things, our Certificate of Incorporation and Amended and Restated Bylaws include provisions regarding:

- the ability of the Board to issue shares of preferred stock, including "blank check" preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the limitation of the liability of, and the indemnification of, our directors and officers;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of stockholders after such date and could delay the ability of stockholders to force consideration of a stockholder proposal or to take action, including the removal of directors;
- the requirement that a special meeting of stockholders may be called only by a majority of the entire Board, which could delay the ability of stockholders to force consideration of a proposal or to take action, including the removal of directors;
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings;
- the ability of the Board to amend the bylaws, which may allow the Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to the Board or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in the Board, and

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also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in the Board or management.

**Our Certificate of Incorporation and our Amended and Restated Bylaws designate a state or federal court located within the State of Delaware as the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, stockholders, employees or agents.**

Our Certificate of Incorporation and our Amended and Restated Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of our company to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or our Certificate of Incorporation or our Amended and Restated Bylaws, (iv) any action to interpret, apply, enforce or determine the validity of our Certificate of Incorporation or our Amended and Restated Bylaws or (v) any action asserting a claim against us governed by the internal affairs doctrine. The forgoing provisions will not apply to any claims arising under the Exchange Act or the Securities Act and, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for resolving any action asserting a claim arising under the Securities Act.

These provisions in our Certificate of Incorporation and Amended and Restated Bylaws may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar provisions in other companies' charter documents has been challenged in legal proceedings. It is possible that a court could find these types of provisions to be inapplicable or unenforceable, and if a court were to find the provisions contained in our Certificate of Incorporation and Amended and Restated Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition.

**Our The warrant agreement governing the public warrants and the private placement warrants designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of our public warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with our company.**

**Our The warrant agreement governing the public warrants and the private placement warrants** provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the warrant agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. We will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

Notwithstanding the foregoing, these provisions of the warrant agreement do not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of our **public warrants** will be deemed to have notice of and to have consented to the forum provisions in our warrant agreement.

If any action, the subject matter of which is within the scope of the forum provisions of the warrant agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a "foreign action") in the name of any holder of our **public warrants**, such holder will be

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deemed to have consented to (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an "enforcement action") and (y) having service of process made upon such warrant holder in any such enforcement action by service upon such warrant holder's counsel in the foreign action as agent for such warrant holder.

This choice-of-forum provision may limit a warrant holder's ability to bring a claim in a judicial forum that it finds favorable for disputes with our company, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our warrant agreement inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and **board Board of directors. Directors**.

**Our business and operations could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of business and growth strategy and impact our stock price.**

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Shareholder activism, which could take many forms or arise in a variety of situations, has been increasing recently. Volatility in the stock price of our common stock or other reasons may in the future cause it to become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert management's and **board Board of directors. Directors** attention and resources from our business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist shareholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism.

## Item 1B. Unresolved Staff Comments.

Not applicable.

## Item 1C. Cybersecurity.

We recognize the critical importance of maintaining the trust and confidence of all our stakeholders. Our Board is actively involved in oversight of our risk management program, and cybersecurity represents an important component of our overall approach to risk management. Our cybersecurity policies, standards, processes, and practices are fully integrated into our risk management program and are based on recognized frameworks established by the National Institute of Standards and Technology, the International Organization for Standardization and other applicable industry standards. In general, we seek to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, security and availability of the information that we collect and store by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

### Risk Management and Strategy

As one of the critical elements of our overall risk management approach, our cybersecurity program is focused on the following key areas:

**Governance:** The Board's oversight of cybersecurity risk management is supported by the Audit Committee of the Board, which receives, at a minimum, quarterly reports and presentations from our risk management function, our Vice President Information Technology (our "VP of IT") and other members of management. The Board and Audit Committee also receive prompt and timely information regarding material cybersecurity incidents as described below.

**Collaborative Approach:** We have implemented a comprehensive, cross-functional approach to identifying, preventing, and mitigating cybersecurity threats and incidents, while also executing controls and procedures that provide for the prompt escalation of certain material cybersecurity incidents so that decisions regarding the public disclosure and reporting of such material incidents can be made by management in a timely manner.

**Technical Safeguards:** We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

**Incident Response and Recovery Planning:** We have established and maintain comprehensive incident response and recovery plans to address our response to cybersecurity incidents, and such plans are tested and reviewed on an as needed basis. Our cybersecurity program includes a dedicated security incident response team (the "SIRT") responsible for identifying, investigating, and mitigating cybersecurity threats. The SIRT follows a well-defined incident response process encompassing intake, investigation, mitigation, and recovery. This process leverages tools for threat detection and utilizes standardized protocols for containment, root cause analysis, and system restoration. By integrating security measures with a robust response process, we aim to minimize the impact of potential cyber incidents.

**Incident Reporting and Communication:** We have established protocols for reporting material cybersecurity incidents to management, stakeholders, and regulatory bodies as required. The Board is promptly informed and receives ongoing updates regarding material cybersecurity incidents as described below.

**Third-Party Risk Management:** We maintain a comprehensive, risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

**Education and Awareness:** We provide annual mandatory training for personnel regarding cybersecurity threats to equip our employees and contractors with effective tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes and practices.

We engage in an annual assessment and testing of our policies, standards, processes and practices that are designed to address cybersecurity threats and incidents. These efforts include a wide range of activities, focused on evaluating the effectiveness of our cybersecurity measures and planning.

### Governance

Our Board, supported by the Audit Committee, oversees our risk management process. The Audit Committee receives, at a minimum, quarterly presentations and reports on cybersecurity risks, which address a wide range of topics including recent developments, evolving standards, vulnerability assessments, the threat environment, technological trends and information security considerations arising with respect to our peers and third parties. The Board and the Audit Committee also receive prompt and timely information regarding any material cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed.

Our VP of IT, in coordination with our executive management team, works collaboratively across the company to implement a program designed to protect our information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with our incident response and recovery plans. Through ongoing communications with our entire employee basis and appropriate third-party contractors, the VP of IT, and our Head of Information Security, as well as the management team monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time and report threats and incidents to the Audit Committee, as needed.

Our VP of IT oversees information technology ("IT") strategy, operations, cybersecurity, compliance, and business applications. They are dedicated to accelerating and scaling our company by implementing innovative technology across the company. Additionally, they are an accomplished IT executive with over 20 years of leadership experience driving transformative change across diverse industries, including manufacturing, supply

chain, and software as a service. The VP of IT is a skilled technical leader proficient in technology strategy, enterprise architecture, and program management.

Our Head of Information Security, Governance, Risk and Compliance is CISA certified and has over 20 years of leadership experience in IT audit and governance, risk and compliance ("GRC") at companies like Google, Cisco, Federal Reserve Bank, & Vodafone. They have substantial expertise in implementing SOX compliance, NIST compliance, COSO / COBIT framework, GDPR compliance, privacy compliance, regulatory compliance, internal IT audit, ITIL/ ITSM standards and risk assessment. Additionally, they have established our enterprise risk management program and leads our infosec steering committee. They have also been instrumental in automating GRC and continuous control monitoring to drive efficiency at our company.

Although we are subject to ongoing and evolving cybersecurity threats, we are not aware of any material risks from cybersecurity threats in 2023 that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. For more information on our cybersecurity risks, see "Risk Factors—Risks Related to Compliance Matters—Aspects of our business are subject to privacy, data use and data security regulations, which could increase our costs" and "Risks Related to Our Business and Industry—We rely on our information technology systems to manage numerous aspects of our business and a disruption of these systems could adversely affect our business."

#### Item 2. Properties.

Our global corporate headquarters is located in Campbell, Fremont, California, and our European headquarters is located in Augsburg, Germany. We conduct final assembly and test of our machines in two manufacturing facilities that are located near at our headquarters in California, headquarters. The lease term, including options to extend, expirations range from 2023 to 2024 to 2032. We believe substantially all of our properties are in good condition and adequate to meet our current needs.

Location	City, Country	Description	Square Footage	Owned/Leased
511 Division*	Campbell, CA, USA	Global Headquarters Research and Development	17,200	Leased
Augsburg Innovation Park	Augsburg, Germany	European Headquarters	5,000	Leased
Lakeview	Fremont, CA, USA	Global Headquarters & Manufacturing Facility	80,000	Leased
McGlincy	Campbell, CA, USA	Manufacturing Facility	9,100	Leased
Division R&D530 Division*	Campbell, CA, USA	Research and Development	5,000	Leased

\* See Note 9.8. Leases in the notes to our audited consolidated financial statements included elsewhere in this Annual Report for additional information on our leased properties. Our lease for the McGlincy location two Campbell locations will terminate in the first second half of 2023, 2024.

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#### Item 3. Legal Proceedings.

From time to time, we may be involved in various disputes and litigation matters that arise in the ordinary course of business. We are currently not a party to any material legal proceedings.

#### Item 4. Mine Safety Disclosures.

Not applicable.

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## PART II

#### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

##### Market Information for Common Stock

Our common stock has been traded on the NYSE under the symbol "VLD" since September 30, 2021. Prior to that, our Class A ordinary shares traded on the NYSE under the symbol "SPFR".

##### Holders of Record

As of **March 15, 2023** **March 27, 2024**, there were **approximately 21,000** over 20,000 holders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial owners of our common stock represented by these record holders.

#### Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our Board, subject to applicable laws and the terms of our indebtedness, and will depend on our financial condition, operating results, capital requirements, general business conditions, and other factors that our board of directors may deem relevant.

#### Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item will be included in our Proxy Statement for the **2023** **2024** Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended **December 31, 2022** **December 31, 2023**, and is incorporated herein by reference.

#### Sales of Unregistered Securities

None.

#### Use of Proceeds.

None.

#### Issuer Purchases of Equity Securities

None.

#### Item 6. Reserved

#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion and analysis provides information which our management believes is relevant to an assessment and understanding of our results of operations and financial condition. The discussion should be read in conjunction with our audited consolidated financial statements included elsewhere in this Annual Report. The fiscal 2022 amounts have been revised to reflect certain immaterial revisions described in Note 1, Description of Business and Basis of Presentation, in the notes to our audited consolidated financial statements. In addition, the fiscal 2023 amounts have been updated from those preliminarily reported in our earnings release, dated March 26, 2024, as a result of the immaterial revisions to both the three-months ended and fiscal year ended December 31, 2023, as*

*described in Note 17, Quarterly Financial Information (Unaudited) in the notes to our audited consolidated financial statements. This discussion contains forward-looking statements based upon our current expectations, estimates and projections, and involves numerous risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements due to, among other considerations, the matters discussed in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements."*

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#### Overview

We seek to fulfill the promise of additive manufacturing, also referred to as 3D printing ("AM"), to deliver breakthroughs in performance, cost, and lead time in the production of high-value metal parts.

We produce a fully integrated hardware and software solution based on our proprietary laser powder bed fusion ("L-PBF") technology, which greatly reduces and often eliminates the need for support structures. Our technology enables the production of highly complex, mission-critical parts that existing AM solutions cannot produce without the need for redesign or additional assembly.

Our Sapphire Family of Printers give our customers who are in space, aviation, defense, automotive, energy and industrial markets the freedom to design and produce metal parts with complex internal features and geometries that had previously been considered impossible for AM. We believe our technology is years ahead of competitors.

Our technology is novel compared to other AM technologies based on its ability to deliver high-value metal parts that have complex internal channels, structures, and geometries. This affords a wide breadth of design freedom for creating new metal parts and it enables replication of existing parts without the need to redesign the part to be manufacturable with AM. Because of these features, we believe our technology and product capabilities are highly valued by our customers. Our customers are primarily original equipment manufacturers ("OEMs") and contract manufacturers ("CMs") who look to AM to solve issues with traditional metal parts manufacturing technologies. Those traditional manufacturing technologies rely on processes, including casting, stamping and forging, that typically require high volumes to drive competitive costs and have long lead times for production. Our customers look to AM solutions to produce assemblies that are lighter, stronger, and more reliable than those manufactured with traditional technologies. Our customers also expect AM solutions to drive lower costs for low-volume parts and substantially shorter lead times. However, many of our customers have found that legacy AM technologies failed to produce the required designs for the high-value metal parts and assemblies that our customers wanted to produce with AM. As a result, other AM solutions often require that parts be redesigned so that they can be produced and frequently incur performance losses for high-value applications.

In contrast, our technology can deliver complex high value metal parts with the design advantages, lower costs and faster lead times associated with AM, and generally avoids the need to redesign the parts. As a result, our customers have increasingly adopted our technology into their design and production processes. We believe our value is reflected in our sales patterns, as most customers purchase a single machine to validate our technology and purchase additional systems over time as they embed our technology in their product roadmap and manufacturing infrastructure. We consider this approach a "land and expand" strategy, oriented around a demonstration of our value proposition followed by increasing penetration with key customers.

## Recent Developments

### Recent Trends and Strategic Realignment

During the second half of 2023, we experienced delayed shipments and customer order delays, resulting in an overall decrease in system sales and backlog in the fourth quarter of 2023 and, as a result, lower annual revenue growth than expected. As a result, we believe that our historical focus on revenue growth came at the expense of our cash flow and profitability and our commitment to the highest level of customer service.

Accordingly, in October 2023, we made a strategic decision to realign our operations to pivot from emphasizing revenue growth to optimizing our free cash flow, maximizing customer success, reducing expenditures, and

improving our operational efficiency. Since then, we have been undertaking expense reduction and cash savings initiatives as part of a company-wide restructuring and strategic realignment plan (the "Strategic Realignment") to help conserve working capital. The expense reduction and cash saving initiatives included an October 2023 reduction in force, as well as ongoing efforts to streamline facilities, manage working capital, reduce capital expenditures, and reduce overall selling, general and administrative expenses. In addition, we also implemented new go-to-market and service strategies to rebuild our bookings and backlog pipeline.

Notwithstanding these efforts, due to the continuing impact of customer order delays and based our bookings to date, we expect additional contraction of revenue growth in the first quarter of 2024 and likely thereafter.

### 54 Recent Debt and Equity Transactions

As of September 30, 2023, we did not satisfy the minimum revenue covenant for the quarter ended September 30, 2023 in our then outstanding \$70.0 million aggregate principal amount of senior secured convertible notes due 2026 (the "Secured Convertible Notes"). Since September 30, 2023 through March 31, 2024, we had taken the following steps to repay and restructure our indebtedness and raise additional capital:

- On November 28, 2023, we (i) made a \$15.0 million cash payment, together with accrued and unpaid interest, to the holders of the Secured Convertible Notes to repay \$12.5 million of aggregate principal amount thereof, (ii) exchanged the remaining Secured Convertible Notes for (A) \$57.5 million aggregate principal amount of senior secured notes due 2026 (the "Secured Notes") and (B) 10,000,000 shares of common stock, and (iii) made a cash payment of accrued and unpaid interest on the remaining Secured Convertible Notes that were exchanged;
- During December 2023, we offered and sold approximately 8,941,494 shares of our common stock for gross proceeds of approximately \$5.0 million pursuant to our "at-the-market" offering sales agreement (the "ATM Sales Agreement") with Needham & Company, LLC ("Needham"), as agent;
- On December 29, 2023, we issued 36,000,000 shares of common stock and warrants to purchase 36,000,000 shares of common stock (the "RDO warrants") for gross proceeds of \$18.0 million in a registered direct offering (our "Registered Direct Offering");
- We (i) made a \$25.0 million cash payment, together with accrued and unpaid interest, to the holders of the Secured Notes to repay approximately \$20.8 million of aggregate principal amount thereof, and (ii) amended certain terms of the Secured Notes; and
- We issued warrants to purchase 1,800,000 shares of common stock (the "placement agent warrants") to the placement agent in our Registered Direct Offering.

As of March 31, 2024, we had approximately \$11.2 million in accounts receivable and \$14.3 million in cash and investments. On April 1, 2024, we made a cash payment of \$5.5 million to redeem approximately \$4.2 million of aggregate principal amount of the Secured Notes, together with accrued and unpaid interest, we agreed to make a cash payment of \$5.5 million on April 15, 2024 to repay approximately \$4.6 million of principal of the Secured Notes, together with accrued and unpaid interest, we amended certain other terms of the Secured Notes, and we issued the holders of the Secured Notes warrants to purchase up to an aggregate of 21,949,079 shares of common stock. See Note 18 *Subsequent Events* in the notes to our audited consolidated financial statements included elsewhere in this Annual Report for additional information.

Notwithstanding the recent debt and equity transactions, as described in "—Liquidity and Capital Resources" and in Note 1 *Description of Business and Basis of Presentation—Going Concern, Financial Condition and Liquidity and Capital Resources* in the notes to the audited consolidated financial statements included elsewhere in this Annual Report,

there continues to be a substantial doubt about our ability to continue as a going concern. We do not have sufficient liquidity to meet our operating needs and satisfy our obligations for at least the next 12 months.

We expect that we will need to engage in additional financings to fund our operations and satisfy our obligations in the near-term. Without such additional funding, we will not be able to continue operations.

#### Key Financial and Operational Metrics

We believe that our performance and future success depend on many factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section of this Annual Report titled "Risk Factors."

We regularly evaluate several metrics, including the metrics presented in the table below, to measure our performance, identify trends affecting our business, prepare financial projections, make strategic decisions and establish performance goals for compensation and we periodically review and revise these metrics to reflect changes in our business.

	2022	2021	2023	2023	2023	2022
Revenue (\$ in millions) for the year ended December 31	Revenue (\$ in millions) for the year ended December 31					
31	31	\$ 81	\$ 27			
Bookings (\$ in millions) for the year ended December 31	Bookings (\$ in millions) for the year ended December 31					
31	31	71	52	Bookings (\$ in millions) for the year ended December 31	56	71
Backlog (\$ in millions) as of December 31	Backlog (\$ in millions) as of December 31					
31	31	43	47	Backlog (\$ in millions) as of December 31	13	43

*Bookings (\$ in millions):* Bookings (\$ in millions) are defined as a confirmed order for a 3D printer system in contracted dollars.

*Backlog (\$ in millions):* Backlog (\$ in millions) is defined as the unfulfilled 3D printer systems to be delivered to customers in contracted dollars as of period end.

#### Commercial Launch of the Sapphire XC 1MZ System

We shipped our first Sapphire XC 1MZ system at the end of 2022, one year after the Sapphire XC launch. The Sapphire XC 1MZ system has the same functionality of the Sapphire XC with a 1000 millimeter (one meter) height build volume of the Sapphire XC 1MZ system compared to the 550 millimeter height build volume of the Sapphire XC system. The Sapphire XC has capacity to make parts that are 400% larger and reduce production costs per part by approximately 65% to 80% when compared to the existing Sapphire system. The Sapphire XC 1MZ system and Sapphire XC system line is manufactured in our 80,000+ square foot manufacturing facility in Fremont, California.

As we bring our products to market, we pay particular attention to forecasts by industry analysts and the adoption curve of new technologies. If we fail to anticipate or respond to market adoption of AM, it could result in decreased revenue.

#### Adoption of Additive Manufacturing with New and Existing Customers

We work closely with our customers to understand their product roadmaps and strategies. Our customers continuously develop new complex metal parts, use different metallic powders, and explore solutions where production is either outsourced to CMs or performed in-house. The selection process for AM solutions is lengthy, typically 12 to 24 months, and may require us to incur costs in pursuing opportunities with no assurance that our solutions will be selected, which are included in selling and marketing expenses and research and development expenses. As a result, the loss of any key customers to adopt our solutions or any significant delay in commercialization of our products could impact our business and future revenue.

## Customer Concentration

Our operating results for the foreseeable future will continue to depend on sales to a small group of customers. For the years ended December 31, 2022 December 31, 2023 and 2021, sales to the top three customers accounted for 46.4%

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24.5% and 62.1% 48.5% of our revenue, respectively. Of the top three customers for the year ended December 31, 2022 December 31, 2023, one customer was all three customers were different from the top three customers for the comparable period in 2021 2022.

While our objective is to diversify our customer base, we believe that we could continue to be susceptible to risks associated with customer concentration. See "Risk Factors - Factors—Risks Related to Our Financial Position and Need for Additional Capital—We expect to rely on a limited number of customers for a significant portion of our near-term revenue" revenue, and see Note 2, Summary of Significant Accounting Policies - Policies—Concentration of Credit Risk and Other Risks and Uncertainties, in the notes to the audited consolidated financial statements included elsewhere in this Annual Report.

## Continued Investment and Innovation

We continue to be a customer-focused company working to develop innovative solutions to address customers' needs and focus on our customers to identify the most impactful areas for research and development as we seek to further improve the capabilities of our AM solutions. We believe this process has contributed significantly to our development of the most advanced metal AM systems in the world. We believe that continued investments in our products are important to our future growth and, as a result, we expect our research and development expenses to continue to increase, which may adversely affect our near-term profitability.

## Impact of COVID-19 Macroeconomic Conditions and Other World Events

We face various risks and uncertainties related to the ongoing global COVID-19 pandemic. During 2020 and, to a lesser extent, 2021, the government-enforced travel restrictions, quarantines and business closures around the world that occurred periodically in response to the pandemic significantly impacted our ability to sell, install and service our additive manufacturing systems at customers around the world. During 2022, we experienced various supply chain constraints due to the pandemic, which lead to delays in shipment of our products to our customers, and the pandemic may continue to disrupt our third-party contract manufacturers and supply chain, and our ability to perform the final assembly and testing of our systems. Furthermore, if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, facility closures, remote working or other restrictions in connection with the COVID-19 pandemic, our operations will likely be adversely impacted.

General economic and political conditions such as recessions, interest rates, fuel prices, inflation, foreign currency fluctuations, international tariffs, social, political and economic risks and acts of war or terrorism (including, for example, the ongoing military conflict between conflicts in Israel and in Ukraine and Russia and the economic sanctions related thereto), have added uncertainty in timing of customer orders and supply chain constraints. During In 2022, supply chain challenges increased our material and shipping costs, resulted in shipping delays and impacted our gross margins. We In 2023, we implemented a number of supply chain and manufacturing improvements in response and intend to continue to focus on driving further operational improvements during 2023 2024 as well as company-wide initiatives our Strategic Realignment to reduce operating costs.

See "Risk Factors - Risks Related to Our Business and Industry—Our business activities have been, and may continue to be, disrupted due to the ongoing COVID-19 pandemic", "Economic Industry—Market conditions, economic uncertainty or downturns could adversely affect our business and operating results" and "We"—We may be adversely affected by the effects of inflation or possible stagflation."

## Climate Change

Material pending or existing climate change-related legislation, regulations, and international accords, including the SEC's recently adopted climate disclosure rules, could have an adverse effect on our business, financial condition, and results of operations, including: (1) material past and/or future capital expenditures for climate-related projects, (2) material indirect consequences of climate-related regulation or business trends, such as the following: decreased/increased demand for goods or services that produce significant greenhouse gas emissions or are related to carbon-based energy sources; increased competition to develop innovative new products that result in lower emissions; increased demand for generation and transmission of energy from alternative energy sources; and any anticipated reputational risks resulting from operations or

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products that produce material greenhouse gas emissions and (3) material increased compliance costs related to climate change. In addition, extreme weather and other natural disasters may become more intense or more frequent, which may disrupt our operations or the operations of our suppliers and customers.

## Components of Results of Operations

### Revenue

Our revenue is primarily derived from our AM fully integrated hardware and software solution based on our proprietary L-PBF technology. Sapphire, Sapphire 1MZ, Sapphire XC and Sapphire XC 1MZ metal AM printer using our L-PBF technology and Assure quality validation software (collectively referred to as the "3D Printer"). Contracts for 3D Printers also include post-sale customer support services ("Support Services"), except for our distributor partners, which are qualified to perform support services.

We sell our fully integrated hardware and software AM solutions through two types of transaction models: a 3D Printer sale transaction and a recurring payment transaction ("Recurring Payment"). Support services are included with a 3D Printer sale transaction and a recurring payment transaction. For 3D Printer sale transactions where the support service period have expired, customers have purchased extended support service contracts.

**3D Printer sale transactions** - fall into two categories: a structured fixed purchase price for the system or a sale and utilization (variable consideration) fee model. In the sale and utilization fee model, customers pay an upfront amount that is less than the full purchase price to purchase the system. This purchase price is supplemented by an hourly usage fee for each hour of system utilization over the life of the system. The variable payments are recognized when the event determining the amount of variable consideration to be paid occurs. Sales with variable consideration represented 18% 3% of revenue during the year ended December 31, 2022 December 31, 2023 and none 6% of our revenue during year ended December 31, 2021 December 31, 2022. For more information, see "—Critical Accounting Policies and Significant Estimates—Revenue – Variable Consideration" below.

The timeframe from order to completion of the site acceptance test occurs normally over three to six months. As we scale our production, we expect to reduce this timeframe. Contract consideration allocated to the 3D Printer is recognized at a point in time, which occurs upon transfer of control to the customer at shipment.

The initial sales of 3D Printers and Support Services are included in one contract and are invoiced together. Contract consideration is allocated between the two performance obligations based on relative fair value. This allocation involves judgement and is periodically updated as new relevant information becomes available.

**Recurring payment transactions** - are our leased 3D Printer transactions. We define our Recurring Payment transactions as operating leases. Under the leased 3D Printer transaction, the customer typically pays an amount for a lease which entitles the customer to a base number of hours of usage. For usage above that level, the customer typically pays an hourly usage fee. Most of our leases have a 12-month term, though in certain cases the lease term is longer.

The Recurring Payment transactions, which are structured as operating leases, were 5.2% 2.2% and 5.8% 5.3% of revenue for the years ended December 31, 2022 December 31, 2023 and 2021 2022, respectively. Under this model, the customer typically pays a base rent and variable payments based on usage in excess of a defined threshold. Most of our leases have a 12-month term, though in certain cases the lease term is longer.

**Support Services** - are included with most 3D Printer sale transactions and Recurring Payment transactions. Support services consist of field service engineering, phone and email support, preventative maintenance, and limited on and off-site consulting support. A subsequent Extended Support Agreement is available for renewal after the initial contract period based on the then-fair value of the service, which is paid for separately. Support Service revenue is recognized over the contract period beginning with customer performance test acceptance.

Other revenue included under 3D Printer sales includes parts and consumables, such as filters, powder or build plates, that are sold to customers and recognized upon transfer of control to the customer at shipment. Other revenue was not material for the years ended December 31, 2022 December 31, 2023 and 2021 2022.

### Cost of Revenue

Our cost of revenue includes the "Cost of 3D Printers," "Cost of Recurring Payment" and "Cost of Support Services."

Cost of 3D Printers includes the manufacturing cost of our components and subassemblies purchased from vendors for the assembly, as well as raw materials and assemblies, shipping costs and other directly associated costs. Cost of 3D Printers also includes allocated overhead costs from headcount-related costs, such as salaries, stock-based compensation, depreciation of manufacturing related equipment and facilities, and information technology costs.

Cost of Recurring Payment includes depreciation of the leased equipment over the useful life of five years less the residual value, and an allocated portion of Cost of Support Services.

Cost of Support Services includes the cost of spare or replacement parts for preventive maintenance, installation costs, headcount-related costs such as salaries, stock-based compensation, depreciation of manufacturing related equipment and facilities, and information technology costs. The headcount-related costs are directly associated with the engineers dedicated to remote and on-site support, training, travel costs and other services costs.

#### *Gross Profit and Gross Margin*

Our gross profit is revenue less cost of revenue and our gross margin is gross profit as a percentage of revenue. The gross profit and gross margin for our products are varied and are expected to continue to vary from period to period due to the mix of products sold through either a 3D Printer sale transaction or a Recurring Payment transaction, new product introductions and efforts to optimize our operational costs. Other factors affecting our gross profit include changes to our material costs, assembly costs that are themselves dependent upon improvements to yield, and any increase in assembly overhead to support a greater number of 3D Printers sold and markets served.

#### *Research and Development Expenses*

Our research and development expenses represent costs incurred to support activities that advance the development of innovative AM technologies, new product platforms and consumables, as well as activities that enhance the capabilities of our existing product platforms. Our research and development expenses consist primarily of salaries and related personnel costs for individuals working in our research and development departments, including stock-based compensation, prototypes, design expenses, information technology costs and software license amortization, consulting and contractor costs, and an allocated portion of overhead costs, including depreciation of property and equipment used in research and development activities.

#### *Selling and Marketing Expenses*

Sales and marketing expenses consist primarily of salaries and related personnel costs for individuals working in our sales and marketing departments, including stock-based compensation, costs related to trade shows and events, advertising, marketing promotions, travel costs and an allocated portion of overhead costs, including information technology costs and costs for customer proof of concept validation.

#### *General and Administrative Expenses*

General and administrative expenses consist primarily of salaries and related personnel costs for individuals associated with our executive, administrative, finance, legal, information technology and human resources functions, including stock-based compensation, professional fees for legal, audit and compliance, accounting and consulting

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services, general corporate costs, facilities, rent, information technology costs, insurance, bad debt expenses and an allocated portion of overhead costs, including equipment and depreciation and other general and administrative expenses.

#### *Interest Expense*

Interest expense primarily consists of interest incurred under our outstanding debt and finance leases.

#### *Loss on the Convertible Note Modification*

Loss on the convertible note modification relates to the convertible note agreement modification in September 2021. For more information, see Note 11, *Convertible Notes Payable*, in the consolidated financial statements included elsewhere in this Annual Report.

#### *Gain (Loss) on Fair Value of Warrants*

Gain (loss) on valuation of warrant liabilities relates to the changes in the fair value of warrant liabilities, including liabilities related to the public warrants and private placement warrants, which are subject to remeasurement at each balance sheet date.

#### *Gain (Loss) on Fair value of Contingent Earnout Liabilities*

Gain (loss) on valuation of contingent earnout liabilities relates to the changes in the fair value of contingent earnout liabilities related to the Earnout Shares, which are subject to remeasurement at each balance sheet date.

#### *Gain (loss) on Fair value of Debt Derivatives*

Gain (loss) on valuation of debt derivatives relates to the non-cash fair value change of the debt derivatives driven by the change in stock price.

#### *Loss on Debt Extinguishment*

Loss on debt extinguishment relates to the loss recorded in accordance with the termination of our third amended and restated loan and security agreement, as amended (the "Loan Agreement"), originally entered into with Silicon Valley Bank.

#### *Other Income (Expense), Net*

Other income (expense), net includes interest earned on our bank sweep account, gains and losses on disposals of fixed assets and other miscellaneous income/expenses.

#### Income Taxes

No provision for federal and state income taxes was recorded for any periods presented due to projected losses, and we maintained a full valuation allowance on the deferred tax assets as of December 31, 2022 December 31, 2023 and 2021, 2022. Provision for income taxes consists of an estimate of federal and state and income taxes based on enacted federal and state tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in tax law. Due to the level of historical losses, we maintain a full valuation allowance against U.S. federal and state deferred tax assets as we have concluded it is more likely than not that these deferred tax assets will not be realized. We do not believe that there is objectively verifiable evidence that the improvement in our results of operations is sustainable to support the release of the remaining valuation allowance. As of December 31, 2022 December 31, 2023 and 2021, 2022, there were immaterial foreign income taxes or liabilities.

#### Results of Operations

##### Comparison of the Years Ended December 31, 2022 December 31, 2023 and 2021: 2022:

The following table summarizes our historical results of operations and as a percentage of revenue for the periods presented:

Year Ended December 31,																			
2022		2021		Change		% (In thousands, except for percentages)													
Year Ended December 31,																			
2023																			
2023																			
2023																			
(In thousands, except for percentages)																			
Revenue	Revenue																		
3D Printer																			
3D Printer																			
3D Printer	3D Printer	\$ 71,346	88.3 %	\$ 23,015	83.9 %	\$ 48,331	210.0 %	\$ 68,938	89.0 %	\$ 69,295									
Recurring payment	Recurring payment	4,161	5.2 %	1,589	5.8 %	2,572	161.9 %	Recurring payment	1,676	2.2 %									
Support services	Support services	5,250	6.5 %	2,835	10.3 %	2,415	85.2 %	Support services	6,829	8.8 %									
Total Revenue	Total Revenue	80,757	100.0 %	27,439	100.0 %	53,318	194.3 %	Total Revenue	77,443	100.0 %									
Cost of revenue	Cost of revenue																		
3D Printer																			
3D Printer																			
3D Printer	3D Printer	68,253	84.5 %	17,560	64.0 %	50,693	288.7 %	94,448	122.0 %	68,253									
Recurring payment	Recurring payment	2,612	3.2 %	1,112	4.1 %	1,500	134.9 %	Recurring payment	1,291	1.7 %									
Support services	Support services	6,998	8.7 %	3,809	13.9 %	3,189	83.7 %	Support services	7,971	10.3 %									
Total cost of revenue	Total cost of revenue	77,863	96.4 %	22,481	81.9 %	55,382	246.4 %	Total cost of revenue	103,710	133.9 %									
Gross profit	Gross profit	2,894	3.6 %	4,958	18.1 %	(2,064)	(41.6) %	Gross profit	(26,267)	(33.9) %									
Operating expenses	Operating expenses																		

Research and development	Research and development	46,266	57.3 %	27,002	98.4 %	19,264	71.3 %				
Research and development											
Research and development											
Selling and marketing	Selling and marketing	23,907	29.6 %	12,363	45.1 %	11,544	93.4 %	23,229	30.0	30.0 %	
General and administrative	General and administrative	36,982	45.8 %	23,352	85.1 %	13,630	58.4 %	41,727	53.9	53.9 %	
Total operating expenses	Total operating expenses	107,155	132.7 %	62,717	228.6 %	44,438	70.9 %	106,987	138.1	138.1 %	
Loss from operations	Loss from operations	(104,261)	(129.1)%	(57,759)	(210.5)%	(46,502)	80.5 %	(133,254)	(172.1)	(172.1) %	
Interest expense	Interest expense	(372)	(0.5)%	(2,740)	(10.0)%	2,368	(86.4)%	(9,722)	(12.6)	(12.6) %	
Loss on the convertible note modification		—	— %	(50,577)	(184.3)%	50,577	(100.0)%				
(Loss)/gain on fair value of warrants		19,129	23.7 %	(5,202)	(19.0)%	24,331	(467.7)%				
Gain (loss) on fair value of warrants									Gain (loss) on fair value of warrants	2,338	3.0 %
Gain on fair value of contingent earnout liabilities	Gain on fair value of contingent earnout liabilities	94,073	116.5 %	9,275	33.8 %	84,798	914.3 %	15,958	20.6	20.6 %	
Gain on fair value of debt derivatives									Gain on fair value of debt derivatives	8,485	11.0 %
Loss on debt extinguishment									Loss on debt extinguishment	(19,450)	(25.1) %
Other income (expense), net	Other income (expense), net	1,451	1.8 %	(88)	(0.3)%	1,539	(1748.9)%	506	0.7	0.7 %	
Income (loss) before provision for income taxes	Income (loss) before provision for income taxes	10,020	12.4 %	(107,091)	(390.3)%	117,111	(109.4)%	(135,139)	(174.5)	(174.5) %	
Provision for income taxes	Provision for income taxes	—	— %	—	— %	—	— %	—	—	— %	
Net income (loss)	Net income (loss)	\$ 10,020	12.4 %	\$ (107,091)	(390.3)%	\$ 117,111	(109.4)%	\$ (135,139)	(174.5)	(174.5) %	\$

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## Revenue

The following table presents the revenue disaggregated by products and service type, as well as the percentage of total revenue.

Year Ended December 31,					
2022		2021			
(in thousands, except percentages)					
Year Ended December 31,					

Year Ended December 31,													
Year Ended December 31,													
2023													
2023													
2023													
(in thousands, except percentages)													
(in thousands, except percentages)													
(in thousands, except percentages)													
3D Printer sales	3D Printer sales	\$	71,346	88.3	%	\$	23,015	83.9	%	\$	48,331	210.0	%
Recurring payment	Recurring payment		4,161	5.2	%		1,589	5.8	%		2,572	161.9	%
Recurring payment													
Recurring payment													
Support services													
Support services													
Support services	Support services		5,250	6.5	%		2,835	10.3	%		2,415	85.2	%
Total Revenue	Total Revenue	\$	80,757	100.0	%	\$	27,439	100.0	%	\$	53,318	194.3	%
Total Revenue													
Total Revenue													

Total revenue for the years ended December 31, 2022 December 31, 2023 and 2021 2022 was \$80.8 million \$77.4 million and \$27.4 million \$78.7 million respectively. Total revenue for the year ended December 31, 2022 increased December 31, 2023 decreased by \$53.3 million \$1.3 million, or 194.3% 1.6% from the year ended December 31, 2021 December 31, 2022.

3D Printer sales were \$71.3 million \$68.9 million and \$23.0 million \$69.3 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively, an increase of \$48.3 million, which was primarily attributed to an overall decrease in system sales and backlog in the launch fourth quarter of 2023, offset in part by sales of the higher priced Sapphire 1MZ, Sapphire XC system in late 2021 and Sapphire XC 1MZ systems throughout the subsequent sales first three quarters of these systems in 2022, 2023. The improvement in negative revenue performance was due to a lower systems sold, mix of higher lower production volumes and discounted system pricing offset by our change in product mix to include more Sapphire XC higher priced systems as discussed previously, resulting in an increase a decrease in the average selling price. The 3D Printer sales also included Sapphire XC 1MZ systems sales which have higher selling prices. The 3D Printer sales also included parts and consumables revenue.

Recurring Payment, structured as an operating lease, was \$4.2 million \$1.7 million and \$1.6 million \$4.2 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The decrease was primarily attributed to a decrease in the number of 3D Printer systems in service generating Recurring Payment revenue for the year ended December 31, 2023 compared to the year ended December 31, 2022. Additionally, three Recurring Payment revenue systems were converted to 3D Printer sales during 2023.

Our Support Service revenue was \$6.8 million and \$5.3 million for the years ended December 31, 2023 and 2022, respectively. The increase was primarily attributed to an increase in the number of 3D Printer systems in service generating Recurring Payment revenue for the year ended December 31, 2022 compared to the year ended December 31, 2021. As discussed above, two of the Recurring Payment revenue systems were converted to 3D Printer sales during the 2022.

Our Support Service revenue was \$5.3 million and \$2.8 million for the years ended December 31, 2022 and 2021, respectively. The increase was primarily attributed to a significant increase in the number of 3D Printer systems in service as of December 31, 2022 December 31, 2023 compared to the number of 3D Printers in service as of December 31, 2021 December 31, 2022.

We As part of our Strategic Realignment, we have implemented new go-to-market and service strategies to rebuild our bookings and backlog pipeline. As we rebuild our bookings and backlog, we expect the demand for the Sapphire, Sapphire 1MZ, Sapphire XC and Sapphire XC 1MZ to increase our revenue in the future. We also expect Recurring Payment revenue to remain flat or decrease as we continue to shift our focus to 3D Printer system sales. We expect our Recurring Payment and Support Service revenue to increase as the number of systems we have in the field increases. As of December 31, 2022 December 31, 2023, our backlog for firm orders was \$43 million \$13 million for 3D Printers. Our focus for revenue remains on expanding our selling has shifted to ensuring customer success and marketing efforts and developing improving system reliability to strengthen our existing customer network and developing new customer networks to increase demand.

Revenue trends from our largest customer have historically been driven by the timing of its major orders for 3D Printers and the timing of the shipments under those orders. We shipped our first Sapphire system to our largest customer in 2018, and as of December 31, 2022 December 31, 2023, we have shipped to this customer 26 in total (Sapphire and Sapphire XC systems). We expect our largest customer to remain an important relationship going forward. However, the largest customer contribution's as a percentage of our total revenue will depend on the growth of our customer base. As of December 31, 2022 December 31, 2023, over 50% of our customers have multiple Sapphire family of systems.

#### Cost of Revenue

The following table presents the Cost of Revenue disaggregated by product and service type, as well as the percentage of total cost of revenue.

		Year Ended December 31,																
		2022			2021			Change		%								
		Year Ended December 31,			Year Ended December 31,													
		Year Ended December 31,			Year Ended December 31,													
		Year Ended December 31,			Year Ended December 31,													
		2023			2023													
		2023			2023													
<b>Cost of Revenue</b>																		
<b>Cost of Revenue</b>																		
<b>Cost of Revenue</b>	<b>Cost of Revenue</b>	(in thousands, except percentages)																
Cost of 3D Printers	Cost of 3D Printers	\$ 68,253	87.7	%	\$ 17,560	78.1	%	\$ 50,693	288.7	%								
Cost of Recurring Payment	Cost of Recurring Payment	2,612	3.4	%	1,112	5.0	%	1,500	134.9	%								
<b>Cost of Recurring Payment</b>																		
<b>Cost of Support Services</b>																		
Cost of Support Services	Cost of Support Services	6,998	9.0	%	3,809	16.9	%	3,189	83.7	%								
Total Cost of Revenue	Total Cost of Revenue	\$ 77,863	100.0	%	\$ 22,481	100.0	%	\$ 55,382	246.4	%								
<b>Total Cost of Revenue</b>																		
<b>Total Cost of Revenue</b>																		

Total cost of revenue for the years ended December 31, 2022 December 31, 2023 and 2021 2022 was \$77.9 million \$103.7 million and \$22.5 million \$77.9 million, respectively, an increase of \$55.4 million \$25.8 million, or 246.4% 33.2%.

Cost of 3D Printers was \$68.3 million \$94.4 million and \$17.6 million \$68.3 million, for the years ended December 31, 2022 December 31, 2023 and 2021 2022, respectively. The increase of \$50.7 million \$26.2 million was due to a \$27 million increase in Cost of 3D printers related to an increase the valuation of inventory for the year ended December 31, 2023, offset by a decrease in the number of 3D Printers sold, which included both Sapphire and Sapphire XC systems, compared to the number of 3D Printers sold for the year ended December 31, 2021 December 31, 2022. For the year ended December 31, 2022 December 31, 2023, cost of 3D Printers increased compared to the prior year in 2021 2022, due to higher material, labor a significant increase in scrapped inventory and factory overhead costs associated with higher production volumes inventory reserves for excess and obsolete inventory related to changes in our business strategy due to our Strategic Realignment and the change in our product mix towards more Sapphire 1MZ, Sapphire XC, and Sapphire XC 1MZ systems compared to Sapphire systems, offset by lower material, labor and factory overhead costs associated with lower production volumes.

During the year ended December 31, 2022 December 31, 2023, the cost of the Sapphire 1MZ, Sapphire XC, and Sapphire XC 1MZ systems included higher lower factory overhead costs to scale up operations, production engineering development costs, and higher lower costs to expedite shipping for manufacturing materials and assemblies related to supply chain disruption in the global markets. As we gain experience with Sapphire XC production, we expect to further lower our material costs and reduce labor and overhead expenses per unit.

Cost of Recurring Payment was \$2.6 million \$1.3 million and \$1.1 million \$2.6 million for the years ended December 31, 2022 December 31, 2023 and 2021 2022, respectively. This increase decrease of \$1.5 million \$1.3 million was due to an increase a decrease in depreciation of the equipment on lease and allocable Cost of Support Services as a result of more less 3D Printers in service in 2022 2023 compared to 2021 2022. Additionally, as discussed previously, three Recurring Payment revenue systems were converted to 3D Printer sales during 2023.

Cost of Support Services was **\$7.0 million** \$8.0 million and **\$3.8 million** \$7.0 million, for the years ended **December 31, 2022** December 31, 2023 and **2021, 2022**, respectively. This increase of **\$3.2 million** \$1.0 million was primarily attributable to the costs for preventative maintenance, costs incurred to enhance system reliability performance, and field service engineering labor costs due to significantly more 3D Printers in service in **2022** 2023 compared to **2021, 2022**.

In addition, field service engineering support cost has increased specifically with the ramp of Sapphire XC systems and introduction of the Sapphire 1MZ and Sapphire XC 1MZ systems in the field. We expect this to decrease on a per unit basis as the Sapphire XC, Sapphire 1MZ and Sapphire XC 1MZ system performance improves. We also expect our Cost of Support Services will increase with the delivery of more 3D Printer systems to customers.

Cost of revenue as a percentage of revenue was **96.4% 133.9%** and **81.9% 98.9%** for the years ended **December 31, 2022** December 31, 2023 and **2021, 2022**, respectively. The increase in the cost of revenue as a percentage was primarily due to the change in our product mix towards **more less** Sapphire 1MZ, Sapphire XC, and Sapphire XC 1MZ systems compared to Sapphire systems, and the impact of launch customer pricing for Sapphire XC. Additionally, the increase was also driven by the large increase in scrapped inventory and inventory reserves for excess and obsolete inventory related to changes in our business strategy due to our Strategic Realignment.

We continue to focus on reducing our material costs through improved purchasing and inventory planning, accelerating production cycle times and improving efficiencies on the production floor to lower our cost of revenue.

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We expect our cost of revenue to improve as we address the challenges that impact our production.

#### *Gross Profit and Gross Margin*

Total gross profit was **\$2.9 million** \$(26.3) million and **\$5.0 million** \$0.8 million for the years ended **December 31, 2022** December 31, 2023 and **2021, 2022**, respectively. As a percentage of revenue, the gross margin was **3.6% (33.9%)** and **18.1% 1.1%** for the years ended **December 31, 2022** December 31, 2023 and **2021, 2022**, respectively. The lower gross profit for the year ended **December 31, 2022** December 31, 2023 was primarily attributable to the change in the mix of Sapphire and Sapphire XC system sales, the impact of launch customer pricing for Sapphire XC, and the higher than expected costs associated with the production of the Sapphire XC, Sapphire 1MZ and Sapphire XC 1MZ systems, and the higher material, labor and overhead costs for the increased number of systems sold in **2022, 2023**, as compared to **2021, 2022**, and the large increase in scrapped inventory and inventory reserves for excess and obsolete inventory related to changes in our business strategy due to our Strategic Realignment.

Our **2022** 2023 gross profit reflects the impact of launch customer price concessions for our Sapphire XC systems shipped during **2022, 2023**. This pricing reduced our gross margin for the year by approximately 7.7% compared to **2021, 2022**. We do not expect these launch customer price concessions to impact gross margins in **2023, 2024**, as have completed the delivery of the Sapphire XC systems under the related launch customer contract.

Our gross profit and gross margin are influenced by a number of factors, including:

- Product mix of Sapphire, Sapphire XC, Sapphire 1MZ and Sapphire XC 1MZ systems;
- **Average selling prices for our systems;**
- Trends in materials and shipping costs;
- Production volumes that may impact factory overhead absorption;
- **System reliability performance;** and
- **Cost Impact of our Support Services and product support may be influenced by product mix changes, including new product introductions, and other factors.** factors on our Cost of Support Services

We continue to focus on inventory planning to address the ongoing supply chain challenges. We expect to accelerate production cycle times and improving efficiencies on the production floor to lower our cost of revenue, which we expect will improve our gross profit and gross margins in the second half of **2023, 2024**.

#### *Research and Development Expenses*

Research and development expenses were **\$46.3 million** \$42.0 million and **\$27.0 million** \$46.3 million for the years ended **December 31, 2022** December 31, 2023 and **2021, 2022**, respectively. In the year ended **December 31, 2022** December 31, 2023, there was an increase a decrease of **\$19.3 million** \$4.3 million in research and development expenses primarily due to the completion of the development of the Sapphire 1MZ, Sapphire XC, and Sapphire XC 1MZ systems. systems in 2022 and reduction of new research and development projects in 2023 due to our Strategic Realignment.

The **increases** decrease in research and development expenses in **2022** 2023 were related to a **\$6.3 million increase** \$0.7 million decrease for headcount, salaries and employee-related expenses, a **\$3.4 million decrease** in product development expenses for the Sapphire family of systems, and a **\$1.8 million decrease** in components design and engineering testing and validation for the Sapphire XC and development expenses for the product development of the 1MZ larger build volumes for our Sapphire systems, offset by a **\$8.9 million increase** for additional headcount, salaries and employee-related expenses, and a **\$8.0 million** \$1.6 million increase in stock-based compensation, offset by a **\$2.4 million decrease** in product development expenses for the Sapphire family of systems. compensation.

We expect research and development costs to begin decrease in 2024 due to stabilize over time as the maturation of our Sapphire family of systems mature, while and reduction in research and development projects due to our Strategic Realignment and to increase in the long term as we continue to invest in enhancing and advancing our portfolio of AM solutions.

#### Selling and Marketing Expenses

Selling and marketing expenses were \$23.9 million \$23.2 million and \$12.4 million \$23.9 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. There was an increase a decrease of \$11.5 million \$0.7 million for the year ended December 31, 2022 December 31, 2023 as compared to 2021.

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2022.

The increase decrease in selling and marketing expenses for the year ended December 31, 2022 December 31, 2023 was attributable to a \$6.8 million \$0.1 million decrease in trade show expenses, marketing initiatives, and branding expenses and a \$3.3 million decrease in European marketing costs, offset by a \$1.6 million increase for additional headcount, salaries and employee-related expenses and a \$3.7 million \$1.1 million increase in stock-based compensation, and a \$1.0 million increase in trade show expenses and marketing initiatives and branding expenses, compensation.

We expect selling and marketing expenses to stabilize over 2023 continue to decrease during 2024 as we have built up continue to implement our European marketing team and completed marketing campaigns with the launch of the Sapphire XC, and realignment strategy. During 2024, we intend to will continue our focus on certain markets that show strong attendance of additive manufacturing conferences to build product awareness.

#### General and Administrative

General and administrative expenses were \$37.0 million \$41.7 million and \$23.4 million \$37.0 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The increase of \$13.6 million \$4.7 million in the year ended December 31, 2022 December 31, 2023 in general and administrative expenses as compared to 2021 2022 was attributable to, a \$11.2 million \$2.8 million increase in additional headcount, salaries and employee-related benefits, a \$4.0 million increase in stock-based compensation, and a \$5.7 million \$1.8 million increase in public company related expenses for advisory, legal and accounting fees and insurance, offset by and a \$2.9 million decrease \$0.1 million increase in other general and administrative operating facilities expenses. In addition, we had Merger related expenses of \$4.4 million related to the Merger in 2021, which did not recur in 2022.

We expect general and administrative expenses to decrease as a result of stabilizing headcount one-time charges incurred in 2023 related to personnel and operations, other charges of \$1.2 million from our reduction in force and charges to consolidate our facilities of approximately \$2.5 million. We have started continue to focus on our company-wide initiatives to reduce operating costs. We expect to incur costs for 2024 as we hire additional personnel and enhance continue to implement our infrastructure to support the anticipated growth of the business, but that the overall impact of these costs will be offset Strategic Realignment by reducing our general and administrative expenses through reducing our reliance on outside consultants, managing effective facility spending costs and developing relationships negotiating with general and administrative vendors for improved pricing.

#### Interest Expense

Interest expense was \$0.4 million \$9.7 million and \$2.7 million \$0.4 million, for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. In the year ended December 31, 2022 December 31, 2023, there was a decrease an increase of \$2.4 million \$9.3 million attributable to decreased increases in outstanding debt balances, which was partially repaid during attributable to the fourth quarter of 2021. Notes.

#### Loss on the Convertible Note Modification

The loss on the convertible note modification was \$50.6 million for the year ended December 31, 2021. In December 2021, the convertible promissory note agreement was amendedWe expect our interest expense will continue to reflect an automatic conversion to Legacy Velo3D Series D redeemable convertible preferred stock upon a change in control. The modification was accounted for increase as a debt extinguishment per ASC 470-50 result of the Secured Notes (for further information, see "—Liquidity and Capital Resources" and Note 9, Long-Term Debt and resulted, in a \$50.6 million fair value adjustment the notes to the \$5.0 million convertible promissory note, audited consolidated financial statements included elsewhere in this Annual Report).

#### Gain (Loss) on Fair Value of Warrants

The change in fair value of warrants resulted in a gain of \$19.1 million \$2.3 million, and a loss of \$5.2 million \$19.1 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively, and were related to the non-cash fair value change of the warrant liabilities.

#### Gain on Fair value of Contingent Earnout Liabilities

The change in fair value of the contingent earnout liability was a gain of \$94.1 million \$16.0 million and \$9.3 million \$94.1 million for the year ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively, and were related to the non-cash fair value change of the contingent earnout liabilities.

#### Gain on Fair value of Debt Derivatives

The change in fair value of the debt derivatives was a gain of \$8.5 million for the year ended December 31, 2023, and was related to the non-cash fair value change of the debt derivatives driven by the change in our stock price.

#### Loss on Debt Extinguishment

The loss on debt extinguishment was \$19.5 million for the year ended December 31, 2023, and was related to the termination of the Loan Agreement with Silicon Valley Bank and the cancellation of the Secured Convertible Notes held by High Trail Investments ON LLC and an affiliated institutional investor.

#### Other Income (Expense), Net

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Other income (expense), net was \$1.5 million \$0.5 million and less than (\$0.1) million \$1.5 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Interest income earned from cash, cash equivalents and short term investments was \$1.4 million for the year ended December 31, 2022.

#### Income Taxes

No provision for federal and state income taxes was recorded because we incurred income tax losses for the years ended December 31, 2022 December 31, 2023 and 2021, 2022 and maintained a full valuation allowance on the deferred tax assets as of December 31, 2022 December 31, 2023 and 2021, 2022.

We will continue to review our conclusions about the appropriate amount of the valuation allowance on a quarterly basis. If we were to generate profits in 2023 2024 and beyond, the U.S. valuation allowance position could be reversed in the foreseeable future. We expect a benefit to be recorded in the period the valuation allowance reversal is recorded and a higher effective tax rate in periods following the valuation allowance reversal.

#### Liquidity and Capital Resources

As of December 31, 2022 December 31, 2023, we had have raised net proceeds of \$428.3 million \$517.1 million, comprised of approximately \$18 million from the Registered Direct Offering, which closed on December 28, 2023, approximately \$66 million from the offering of \$70.0 million aggregate principal amount of the Secured Convertible Notes, which closed on August 10, 2023, \$22.8 million from our "at-the-market" offering (the "ATM Offering") (as described below), \$278.3 million from the Merger and the related private placement of shares of our common stock (the "PIPE Financing"), which closed on September 29, 2021, and, prior to the Merger, \$150.0 million from the issuance of redeemable convertible preferred stock (series A to series D), third-party financing and convertible notes. We have incurred net profit of \$10.0 million and a net loss of \$107.1 million \$135.1 million and net income of \$8.0 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. As of December 31, 2022 December 31, 2023 and December 31, 2021, 2022, we had \$80.2 million \$31.1 million and \$223.1 million \$80.2 million in cash, cash equivalents and short-term investments, respectively, and an accumulated deficit of \$219.8 million \$357.0 million and \$229.9 million \$221.9 million, respectively. Our business requires substantial amounts of cash for operating activities, including salaries and wages paid to our employees, component and subassembly sub-assembly purchases, general and administrative expenses, and others.

Our purchase commitments per our standard terms and conditions with our suppliers and vendors are cancellable in whole or in part with or without cause prior to delivery. If we terminate an order, we will have no liability beyond payment shipment. Non-cancellable purchase commitments (purchase orders) of any balances owing for goods and services delivered previously. Certain Sapphire, Sapphire 1MZ, Sapphire XC and Sapphire XC 1MZ purchase orders \$13.0 million for parts and assemblies are noncancelable and are due upon receipt with standard payment terms and will primarily be delivered over in the first half of 2024. If inventory is shipped, we will accrue a liability under accrued expenses. We have no other commitment and contingencies, except

for the operating leases. See Note 8, Leases, in the notes to the audited consolidated financial statements included elsewhere in this Annual Report for further discussion.

During the year ended December 31, 2023, we experienced less revenue growth than expected due to the impact of delayed shipments and customer order delays, resulting in an overall decrease in system sales and backlog in the fourth quarter of 2023. Further, due to the continuing impact of customer order delays and based our bookings to date, we expect additional contraction of revenue growth in the first quarter of 2024 and likely thereafter. Additionally, we do not have sufficient working capital to meet our financial needs for the twelve-month period following the filing date of this Annual Report. As such, we believe that there is substantial doubt about our ability to continue as a going concern for the twelve-month period following the filing date of this Annual Report. See Note 1 Description of Business and Basis of Presentation—Going Concern, Financial Condition and Liquidity and Capital Resources in the notes to the audited consolidated financial statements included elsewhere in this Annual Report.

We may require expect that we will need to engage in additional funds financings to fund our operations and satisfy our obligations in the near-term as well as to respond to business challenges and opportunities, including the need to repay the Secured Notes, provide working capital, develop new features or enhance our products, expand our manufacturing capacity, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, subject to our compliance with the covenants in the Secured Notes, we may expect we will need to engage in equity or debt financings to secure additional funds, if our existing sources of cash and any funds generated from operations do not provide us with sufficient capital, including seeking additional capital from public or private offerings of our equity or debt securities, electing to repay, restructure or

refinance our existing indebtedness, or electing to borrow additional amounts under new credit lines or from other sources. We may also seek to raise additional capital, including from offerings of our equity or debt securities, on an opportunistic basis when we believe there are suitable opportunities for doing so. For example, on November 14, 2022, we filed with the SEC a shelf registration statement (the "Shelf Registration Statement") that was subsequently declared effective on November 21, 2022, and permits us to sell from time-to-time additional shares of our common stock or other securities in one or more offerings in amounts, at prices and on the terms that we will determine at the time of offering for aggregate gross sale proceeds of up to \$300.0 million, of which we may offer and sell up to \$40.0 million \$75.0 million shares of our common stock from time to time pursuant to an "at-the-market" offering sales agreement (the "the ATM Sales Agreement;") we entered into in January 2023 with Needham & Company, LLC ("Needham"), as agent, subject to the terms and conditions described in the ATM Sales Agreement and SEC rules and regulations. For more information, see Note 16.

We believe that our cash and cash equivalents on hand, including recent cash proceeds obtained from sales of shares of common stock pursuant "At-the-Market Offering", in the notes to the ATM Sales Agreement in the first quarter of 2023, together with cash we expect to generate from our future operations, will be sufficient to meet our working capital and capital expenditure

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requirements for a period of at least twelve months from the date of this Annual Report. See Note 18, *Subsequent Events - At-the-Market Offering*, in the audited consolidated financial statements included elsewhere in this Annual Report. *Report. Without such additional funding, we will not be able to continue operations.*

However, Additionally, our recent and projected financial results, and the related conditions that raise substantial doubt about our ability to continue as a going concern, and general concerns among potential investors and creditors about our financial well-being, may make taking such actions on commercially reasonable terms especially difficult.

More generally, our ability to meet our cash requirements depends on, among other things, our operating performance, competitive and industry developments, and financial market conditions, all of which are significantly affected by business, financial, economic, political, and other factors, many of which we may not be able to control or influence. To the extent that our actual operating results or other developments differ from our expectations, our liquidity could be adversely affected.

As described above, we are undertaking expense reduction and cash savings initiatives as part of a company-wide restructuring and strategic realignment plan to help conserve working capital. The expense reduction and cash saving initiatives include streamlining facilities, managing working capital, reducing capital expenditures, and reducing overall selling, general and administrative expenses.

#### Debt Facilities

In May 2021, As of December 31, 2023, our debt arrangements comprised the Secured Notes, of which we entered into a third amended and restated loan and security agreement and a mezzanine loan and security agreement with Silicon Valley Bank ("SVB") providing for certain debt facilities comprised had approximately \$36.7 million aggregate principal amount outstanding as of a \$35.0 million term loan, a \$10.0 million revolving credit line and a \$8.5 million secured equipment loan facility December 31, 2023.

On July 25, 2022 November 27, 2023, we entered into a joinder and fourth loan modification securities exchange agreement that made certain modifications (the "Exchange Agreement") with the holders of our then outstanding Secured Convertible Notes. On November 28, 2023, pursuant to the third amended and restated loan and security agreement, including Exchange Agreement, (i) increasing we made a cash payment to the holders of \$15.0 million to repay \$12.5 million of aggregate principal amount of the revolving credit line to \$30.0 million Secured Convertible Notes, together with accrued and unpaid interest, (ii) extending the maturity date remaining Secured Convertible Notes were exchanged for (A) \$57.5 million aggregate principal amount of the revolving credit line to December 31, 2024, Secured Notes and (B) 10,000,000 shares of common stock, and (iii) establishing we made a secured equipment loan facility cash payment to the holders of accrued and unpaid interest on the remaining Secured Convertible Notes that were exchanged.

On August 10, 2023, we entered into a securities purchase agreement (as amended, the "Securities Purchase Agreement") with certain affiliated institutional investors pursuant to which we agreed to issue and sell, in a registered public offering by us directly to investors, up to \$15.0 million available through December 31, 2023. For more information, see Note 10, *Long-Term Debt* \$105 million aggregate principal amount of our Secured Convertible Notes. On August 14, 2023, in we issued \$70 million aggregate principal amount of the notes Secured Convertible Notes to the consolidated financial statements included elsewhere investors for approximately \$66 million in this Annual Report.

**Revolving Credit Line**— In August 2021, we drew on net proceeds, and used approximately \$22 million of the revolving credit line net proceeds to repay in full indebtedness outstanding under the third amended and restated loan and security agreement in Loan Agreement with Silicon Valley Bank. In connection with the amount of \$3.0 million, with a variable interest rate repayment of the greater of 5.75% of Prime plus 2.50% debt, the Loan Agreement was terminated and a term of 10 months. The outstanding balance on the revolver as of December 31, 2022 was \$3.0 million, is no longer available to us.

We do not hedge our exposure to changes in interest rates. A 10% change in interest rates would not have a material impact on annualized interest expense.

On February 3, 2023, we drew \$5.0 million on the revolving credit facility. We had \$22.0 million on the revolving credit line undrawn after the draw on February 3, 2023.

**Equipment Loans Secured by Leased Equipment**— For more information, see Note 9, *The secured equipment loan facility under Long-TermDebt*, in the third amended and restated loan and security agreement has a variable interest rate of the greater of Prime rate, or 3.25%, and terms of three years. As of December 31, 2022, we had \$5.4 million in

variable rate debt outstanding. We do not hedge our exposure to changes in interest rates. A 10% change in interest rates would not have a material impact on annualized interest expense.

We had \$9.6 million of additional equipment loan advances available as December 31, 2022.

As described below, on March 10, 2023, SVB was closed and its deposits transferred and loans assumed by Silicon Valley Bridge Bank, N.A. ("SVBB"). The third amended and restated loan and security agreement requires us to maintain at least 90% of the dollar value of all our operating and depository accounts either in SVB accounts or in third party custodian accounts advised by SVB's asset management affiliate ("SAM accounts"). In light of the status of SVB, following its closure, we established accounts and moved a portion of our cash resources to other financial institutions. We are now in discussions with SVBB regarding an amendment to the third amended and restated loan and security agreement to increase the percentage of cash that we can maintain in audited consolidated financial statements included elsewhere in other accounts. We expect to resolve this issue by negotiating the amendment with SVBB and/or transferring cash to SAM accounts or to SVBB accounts, or by repaying our outstanding loan balances.

*Silicon Valley Bank*

On March 10, 2023, the Federal Deposit Insurance Corporation ("FDIC") announced the closure of SVB. On March 13, 2023, pursuant to a joint statement released by the U.S. Department of Treasury, the U.S. Federal Reserve, and the FDIC, the U.S. government reassured that all depositors will be fully protected. Thereafter, the

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FDIC transferred all deposits of SVB to a newly created bridge bank, named SVBB, which has announced that it will be fully honoring existing credit facilities. We have an immaterial portion, specifically \$4.0 million, of our total cash, cash equivalents and short-term investments in deposit accounts at SVB. Furthermore, we do not plan on significant Annual Report for further drawdown on our debt facilities to meet our growth objective for 2023. We believe that the closure of SVB will have minimal impact on our liquidity and business operations.

## **Facilities Expansion**

We have substantially completed our Sapphire family of systems manufacturing facility. For the year ended December 31, 2022, we invested approximately \$13.5 million in factory equipment and leasehold improvements. There are no current major capital improvements planned at this facility for 2023.

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## Cash Flow Summary

The following table summarizes our cash flows for the years ended December 31, 2022, December 31, 2023 and 2021.

Years Ended December 31,		
2022	2021	Change
(in thousands)		
	Years Ended December 31,	
	Years Ended December 31,	
	Years Ended December 31,	
2023		
2023		
2023		
(in thousands)		
(in thousands)		
(in thousands)		

Net cash used in operating activities	Net cash used in operating activities	\$ (123,962)	\$ (56,404)	\$ (67,558)
Net cash used in investing activities		(53,022)	(33,590)	(19,432)
Net cash provided by (used in) investing activities				
Net cash provided by (used in) investing activities				
Net cash provided by (used in) investing activities				
Net cash provided by financing activities	Net cash provided by financing activities	1,342	282,886	(281,544)
Net cash provided by financing activities				
Net cash provided by financing activities				

#### Operating Activities

Net cash used in operating activities for the year ended December 31, 2023 was \$105.6 million, consisting primarily of a net loss of \$135.1 million, cash used from net operating assets of \$1.2 million, and non cash charges of \$28.3 million. The cash used from operating assets was primarily comprised of contract liabilities of \$10.1 million, accrued expenses and other current liabilities of \$9.0 million, and contract assets of \$7.2 million, partially offset by a decrease in inventories of \$13.7 million for Sapphire and Sapphire XC system production, other assets of \$10.2 million, prepaid expenses and other current assets of \$2.8 million related to insurance and vendor prepayments, and accounts payable of \$2.2 million. The noncash charges primarily consisted of stock-based compensation of \$24.9 million, the change in loss on debt extinguishment of \$19.5 million, depreciation and amortization of \$9.3 million, cost of issuance of common stock warrants of \$1.4 million, and realized loss on available for sale securities, partially offset by the change in fair value related to the contingent earnout liabilities of \$16.0 million, the change in fair value of debt derivatives of \$8.5 million, and fair value related to the warrants of \$2.3 million.

Net cash used in operating activities for the year ended December 31, 2022 was \$124.0 million, consisting primarily of a net income of \$10.0 million, cash used from net operating assets of \$46.6 million, and non cash charges of \$87.4 million. The cash used from operating assets was primarily comprised of increases in inventories of \$47.0 million for Sapphire and Sapphire XC system production, contract liabilities of \$7.1 million, contract assets of \$6.5 million, and an increase from other net operating assets of \$4.0 million, partially offset by accrued expenses and other current liabilities of \$6.4 million, prepaid expenses and other current assets of \$6.1 million related to insurance and vendor prepayments, accounts receivable of \$3.2 million due to timing of customer payments, and accounts payable of \$2.3 million. The noncash charges primarily consisted of the change in fair value related to the warrants of \$19.1 million, the change in fair value related to the contingent earnout liabilities of \$94.1 million, partially offset by depreciation and amortization, stock-based compensation expense, and bad debt provision expense.

Net cash used in operating activities for the year ended December 31, 2021 was \$56.4 million, consisting primarily of a net loss of \$107.1 million and cash used from net operating assets of \$3.2 million, primarily comprised of increases in other assets of \$14.5 million, prepaid expenses and other current assets of \$7.6 million related to insurance and vendor prepayments, increases in inventories of \$8.0 million for Sapphire and Sapphire XC system production, and increases in accounts receivable of \$11.5 million due to timing of customer payments, offset by decreases in contract liabilities of \$17.6 million, increases in other noncurrent liabilities of \$9.4 million, increases in accrued expenses and other current liabilities of \$6.9 million, decreases in other operating assets of \$4.5 million and noncash charges of \$53.9 million. The noncash charges primarily consisted of the loss on the convertible note modification of \$50.6 million and the change in fair value related to the warrants of \$5.2 million, and depreciation and amortization and stock-based compensation expense, offset by the change in fair value related to the contingent earnout liabilities of \$9.3 million.

We expect our cash used in operating activities to decrease, in 2023 driven by our company-wide efforts to reduce costs, manage stabilize our working capital requirements with improved planning through our expense reduction efforts and decrease operating expenses, cash savings initiatives as part our Strategic Realignment.

#### Investing Activities

Net cash provided by investing activities during the year ended December 31, 2023 was \$38.9 million, consisting of \$35.1 million of proceeds from maturity of available for sale investments and \$10.7 million in sales of available for sale securities, offset by property and equipment purchases of \$1.0 million, purchases of available-for-sale investments of \$3.7 million consisting primarily of high quality investment-grade securities, and production of equipment for lease to customers of \$2.2 million.

Net cash used in investing activities during the year ended December 31, 2022 was \$53.0 million, consisting of property and equipment purchases of \$13.8 million, production of equipment for the equipment on lease to customers of \$5.6 million and purchases of available-for-sale investments of \$87.7 million consisting primarily of

high quality investment-grade securities, offset by \$54.1 million of proceeds from maturity of available for sale investments.

Net cash used in investing activities during the year ended December 31, 2021 was \$33.6 million, consisting of property and equipment purchases of \$9.6 million and production of equipment for the equipment on lease to customers of \$8.5 million and purchases of available-for-sale investments of \$15.5 million consisting primarily of high quality investment-grade securities.

We expect our capital expenditures **excluding purchases of available-for-sale investments**, to decrease in **2023** **2024** compared to **2022**, **2023** as we intend to limit the number of 3D Printer systems as equipment for lease to customers and **have because we completed the build out construction** of our manufacturing facility. **facility** in **2022**.

#### Financing Activities

Net cash provided by financing activities during the year ended December 31, 2023 was \$59.3 million, consisting of proceeds of \$65.7 million from the issuance of the Secured Convertible Notes, net of issuance costs, proceeds of \$57.1 million from the Secured Notes, net of issuance costs, proceeds of \$22.8 million from the issuance of common stock, net of issuance costs, pursuant to the ATM Offering, proceeds from the Registered Direct Offering, net of issuance costs of \$16.3 million, proceeds of \$14.0 million drawn from the prior revolver facility under the Loan Agreement, proceeds of \$1.6 million drawn from the prior secured equipment loan facility under the Loan Agreement and proceeds of \$0.6 million from the issuance of common stock upon exercise of stock options, partially offset by \$69.9 million in repayment of the Secured Convertible Notes, \$25.0 million in repayment of the Secured Notes, \$17.0 million in repayment of the revolver facility, and \$7.0 million in repayment of equipment loans.

Net cash provided by financing activities during the year ended December 31, 2022 was \$1.3 million, consisting of repayments of \$8.1 million for loan refinance, and repayments of \$0.9 million for property and equipment loans, partially offset by \$6.7 million of proceeds from the loan refinance, \$2.4 million proceeds from new equipment loans, and \$1.2 million of proceeds from the issuance of common stock upon exercise of stock options.

**Net** We expect cash provided by financing activities during the year ended December 31, 2021 was \$282.9 million, consisting of financing activities resulting primarily from the net proceeds of \$123.3 million from the Merger, \$155.0 million from the PIPE Financing, proceeds of \$19.3 million from the term loan, net of issuance costs, proceeds of \$3.0 million from the term loan revolving credit line, proceeds of \$5.4 million from equipment loans, net of issuance costs, proceeds of \$5.0 million from the convertible notes and proceeds of \$0.4 million from the issuance of common stock upon exercise of stock options. This was offset by repayments of \$25.3 million for the term loan, repayments of \$0.8 million for the property and equipment loan, and repayments of \$2.4 million for equipment loans.

We expect to provide cash by financing activities increase by issuing new equity pursuant to the ATM Sales Agreement, under the Shelf Registration Statement or otherwise or incurring new debt to continue operations, subject to our compliance with the covenants in the Secured Notes. Our future cash requirements and the adequacy of available funds will depend on many factors, including our operating performance, competitive and industry developments, and financial market conditions.

#### Off-Balance Sheet Arrangements

As of December 31, 2022 December 31, 2023 and 2021, 2022, we did not have any off-balance sheet arrangements.

#### Contractual Obligations

The table below summarizes our contractual obligations as of December 31, 2022 December 31, 2023:

Payments Due by Period						
	Less than 1 year	1 – 3 years	3 – 5 years	Total		
(In thousands)						
Payments Due by Period						
	Less than 1 year		Less than 1 year	1 – 3 years	3 – 5 years	Payments Due by Period
(In thousands)						
Operating leases	Operating leases	\$ 2,786	\$ 7,309	\$13,670	\$23,765	
Debt principal, interest and fees	Debt principal, interest and fees	2,934	5,422	—	8,356	
Purchase commitments	Purchase commitments	52,441	—	—	52,441	

Total contractual cash obligations	Total contractual cash obligations	\$58,161	\$12,731	\$13,670	\$84,562
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Purchase commitments (purchase orders) of **\$52.4 million** for parts and assemblies are non-cancellable and are due upon receipts with standard payment terms and will be delivered throughout **2023** **2024**.

#### Recent Accounting Pronouncements

For a description of recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on **Velo3D's** consolidated financial statements, Note 2, *Summary of Significant Accounting Policies*, in the notes to the **audited** consolidated financial statements in this Annual Report.

#### Implications of Being an Emerging Growth Company

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. We are an "emerging growth company" as defined in Section 2(A) of the Securities Act and have elected to take advantage of the benefits of this extended transition period.

We will elect to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public business entities and nonpublic business entities until the earlier of the date we (a) are no longer an emerging growth company or (b) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used. See Note 2, *Summary of Significant Accounting Policies*, in the **notes to the audited** consolidated financial statements included in this Annual Report for the recent accounting pronouncements adopted and the recent accounting pronouncements not yet adopted for the years ended December 31, 2021.

We will remain an emerging growth company under the JOBS Act until the earliest of (a) December 31, 2025, (b) the last date of our fiscal year in which we have total annual gross revenue of at least \$1.07 billion, (c) the last date of our fiscal year in which we are deemed to be a "large accelerated filer" under the rules of the SEC or (d) the date on which we have issued more than \$1.0 billion in nonconvertible debt securities during the previous three years.

#### Implications of Being a Smaller Reporting Company

We are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited consolidated financial statements.

We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We will remain a smaller reporting company and may take advantage of certain scaled disclosures available to smaller reporting companies until the last day of the fiscal year in which (a) the market value of our voting and nonvoting common stock held by non-affiliates equals or exceeds \$250.0 million measured on the last business day of that year's second fiscal quarter and (b) our annual revenue equals or exceeds \$100.0 million during the most recently completed fiscal year or our voting and nonvoting common stock held by non-affiliates equals or exceeds \$700.0 million measured on the last business day of that year's second fiscal quarter.

#### Critical Accounting Policies and Significant Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. We evaluated the development and selection of our critical accounting policies and estimates and believe that the following involve a higher degree of judgement or complexity and are most significant to reporting our results of operations and financial position and are therefore discussed as critical. The following critical accounting policies reflect the significant estimates and judgements used in the preparation of our consolidated financial statements. Actual results could differ materially from those estimates and assumptions, and those differences could be material to our consolidated financial statements. We re-evaluate our estimates on an ongoing basis. For information on our significant accounting policies, refer to Note 2, *Summary of Significant Accounting Policies*, included in the notes to the consolidated financial statements in this Annual Report.

##### Revenue Recognition

Revenue subject to ASC 606 consists of 3D Printer sales and Support Services (recognition of Recurring Payment consisting of payments from lessees of the Company's equipment discussed below). The Company determines revenue recognition through the following five- step model for recognizing revenue: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, the Company satisfies its performance obligation.

A typical contract with customers for the 3D Printer and bundled software includes the Support Services. The Company provides one price for all deliverables including the 3D Printer and bundled software, and for the Support Services. Typically, the Company has one distinct obligation to transfer the 3D Printers and bundled software, and another distinct obligation to provide the Support Services.

The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. The Company determines SSP based on observable standalone selling price when it is available, as well as other factors, including the price charged to its customers, its discounting practices, and its overall pricing objectives including risk adjusted gross profit margin for products and services, while maximizing observable inputs. In situations where pricing is highly variable, or a product is never sold on a stand-alone basis, the Company estimates the SSP using the residual approach. Significant judgment is used to identify and account for each of the two performance obligations.

#### 3D Printer Sales

The Company bills its customers beginning at the time of acceptance of the purchase order (which represents a deposit), with the second billing at the time of shipment and final billing upon site acceptance test completion. The timeframe from order to completion of the site acceptance test occurs typically over three to six months. Revenue

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months. Revenue for the 3D Printer is recognized at a point-in time, which occurs upon transfer of control to the customer at shipment. Site installation, testing and customer training are incidental to customer acceptance with the portion of the transaction price allocated to these services being deferred as part of Support Services and recognized over the period the services are provided.

*Revenue - Variable Consideration* - The sales of 3D Printer systems under certain contracts may include variable consideration such that the Company is entitled to a rate per print hour used on the 3D Printer systems. The Company makes certain estimates in calculating the variable consideration, including amount of hours, the estimated life of the equipment and the discount rate. Although estimates may be made on a contract-by-contract basis, whenever possible, the Company uses all available information including historical customer usage and collection patterns to estimate variable consideration. Management reassesses the estimated variable consideration quarterly.

The Company estimates its variable consideration on a quarterly basis based on the latest data available, and adjust the transaction price accordingly by recording an adjustment to net revenue and contract assets. The Company has recognized the estimate of variable consideration to the extent that it is probable that a significant reversal will not occur as a result from a change in estimation. Sales with variable consideration represented 18% 3% of revenue during the year ended December 31, 2022 December 31, 2023 and none 6% of our revenue during year ended December 31, 2021 December 31, 2022.

The Company has elected not to recognize shipping to customers as a separate performance obligation. Revenue from shipping billed to customers for the years ended December 31, 2022 December 31, 2023 and 2021 2022 was not material.

#### Recurring Payment (operating lease revenue from customers)

The Company enters into operating leases ("Recurring Payment") for customers who do not purchase the 3D Printers ("equipment"). The contracts explicitly specify the equipment which is a production system with defined components and services including the printer itself, services, and accessories. The asset is physically distinct, the supplier does not have substitution rights, and the customer holds the right to direct the use of and obtain substantially all of the economic benefits from the use of the identified asset. The initial lease terms are for 12 months and the Company has considered the possibility of renewals when determining the length of the contract and the expectation is that customers will not exercise any renewal or purchase options at the end of the lease. The Company has evaluated our customer history on renewals, returns and purchase options and have determined the operating lease period of 12 months is appropriate and will continue to monitor our customer expectations. The arrangements provide for a base rent and usually provide for variable payments based on usage in excess of a defined threshold. Support Services are included during the lease term.

Equipment under lease contracts is reclassified from inventory at its basis and depreciated over five years to a salvage value. Income from the lessee is recorded as revenue using the straight-line method over the term of the lease. Support services are a non-lease component. The practical expedient has been elected to include rents and this non-lease component as one revenue stream recognized over the lease term on a straight-line basis. Costs associated with this component are classified as cost of revenue and recognized as incurred.

Costs for warranties for parts and services for equipment under lease are accrued separately at lease commencement and amortized to cost of revenue over the lease term to the extent the costs are probable and can be reasonably estimated since the related revenue is being recognized over the lease term. Warranty accruals were not material as of December 31, 2022 December 31, 2023 or December 31, 2021 December 31, 2022.

Equipment leased to customers are considered long-lived assets and are tested for impairment as described below under the heading "Impairment of Long-lived Assets."

#### Support Services

Support Services are field service engineering, phone and email support, preventative maintenance, and limited on and off-site consulting support. A subsequent Extended Support Agreement ("ESA") is available for renewal after the initial period based on the then fair value of the service.

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Support Services revenue are recognized evenly over the contract period beginning with customer performance test acceptance.

#### Other Revenue

Revenue is recognized for parts sold to customers independent of the 3D Printer sales or Support Services contract is included with 3D Printer sales. Such revenue is recognized upon transfer of control to the customer. Revenue from parts was not material for the years ended **December 31, 2022** **December 31, 2023** and **2021** **2022**.

#### Contracts Assets and Contract Liabilities

Contract assets consist of unbilled receivables and are recorded when revenue is recognized in advance of scheduled billings to the Company's customers. A contract asset is recognized when products or services are transferred to a customer and the right to consideration is conditional on something other than the passage of time. Contract liabilities include amounts billed or collected which is related to remaining performance obligations. Revenue allocated to remaining performance obligations represents the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied. It includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods.

#### Stock-based Compensation

Stock-based compensation cost for awards is measured as of the grant date based on its fair value, and the amount is expensed ratably over the service period which is typically the vesting period. We have elected to account for forfeitures when they occur, and any compensation expense previously recognized on unvested shares will be reversed.

We estimate the fair value of stock option awards subject to only a service condition on the date of grant using the Black-Scholes valuation model. The Black-Scholes model requires the use of highly subjective and complex assumptions, including the option's expected term, price volatility of the underlying stock, risk-free interest rate, and the expected dividend yield of the underlying common stock, as well as an estimate of the fair value of the common stock underlying the award.

We estimate the fair value of restricted share unit awards using the value of the Company's common stock on the date of grant.

We estimate the fair value of Earnout Shares awards underlying stock options to employees, which is considered a compensatory award and accounted for under ASC 718, *Share-Based Compensation*, using the Monte-Carlo simulation model. The Monte-Carlo simulation model was selected as the valuation methodology for the Earnout Shares due to the path-dependent nature of triggering events. Under ASC 718, the award is measured at fair value at the grant date and expense is recognized over the time-based vesting period (the triggering event is a market condition and does not impact expense recognition). The Monte-Carlo model requires the use of highly subjective and complex assumptions, including the current stock price, volatility of the underlying stock, expected term, and the risk-free interest rate.

Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our risk-free interest rates, the selection of comparable companies, and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material

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impact on the valuation of our common stock. An increase of 100-basis points in interest rates would not have a material impact on our stock-based compensation.

#### Common Stock Warrants

Prior to the Merger, warrants to purchase shares of common stock were classified as equity and recognized within additional paid-in capital with no subsequent remeasurement. The amount recognized within additional paid-in capital was determined by allocating the proceeds received and issuance costs incurred between the instruments issued based on their relative fair value. All Common Stock Warrants outstanding prior to the Merger were converted into common stock as part of the Merger.

Following the Merger, 8,625,000 publicly-traded warrants (the "Public Warrants" "Public Warrants") and 4,450,000 private placement warrants (the "Private Placement Warrants" "Warrants"), issued to Spitfire Sponsor, LLC (the "Sponsor" "Sponsor"), all of which were issued in connection with JAWS Spitfire's initial public offering ("IPO" "IPO"), became exercisable for one share of the Company's Common Stock at an exercise price of \$11.50 per share. During the year ended **December 31, 2022** **December 31, 2023**, there were no Public Warrants or Private Placement Warrants exercised. The Public Warrants are publicly traded and are exercisable for cash, unless certain conditions occur, such as redemption by the Company under certain circumstances, at which time the Public Warrants may be exercised on a cashless basis. The Private Placement Warrants are non-redeemable for cash so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants are redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

In conjunction with the joinder and fourth loan modification agreement on July 25, 2022, we issued to Silicon Valley Bank warrants to purchase up to 70,000 shares of the Company's Common Stock at an exercise price of \$2.56 per warrant share (the "2022 Private Warrant" and together with the Public Warrants and the Private Placement Warrants, the "Common Stock Warrants" "Warrant"). The 2022 Private Warrant is exercisable until July 24, 2034 and allow cashless exercise in whole or part.

On December 29, 2023, the Company issued warrants to purchase 36,000,000 shares of the Company's stock at an exercise price of \$0.57 per warrant share (the "RDO Warrants"). Additionally, the Company issued warrants to purchase 1,800,000 shares of the Company's stock at an exercise price of \$0.62 per warrant share (the "Placement Agent

Warrants" and together with the Public Warrants, the Private Placement Warrants, the 2022 Private Warrant, and the RDO Warrants the "Common Stock Warrants"). The RDO Warrants and Placement Agent Warrants are exercisable until December 29, 2028.

The Company evaluated the Common Stock Warrants, and concluded that they all do not meet the criteria to be classified within stockholders' equity. The warrant agreement governing the Public Warrants and Private Placement Warrants includes a provision, the application of which could result in a different settlement value for the Common Stock Warrants depending on their holder. Because the holder of an instrument is not an input into the pricing of a fixed-for-fixed option on the common stock, the Private Placement Warrants are not considered to be "indexed to the Company's own stock." In addition, the warrant agreement includes a provision that provides that in the event of a tender or exchange offer accepted by holders of more than 50.0% of the outstanding shares of the common stock, all holders of the Public Warrants and the Private Placement Warrants would be entitled to receive cash for all of their Public Warrants and Private Placement Warrants. Specifically, in the event of a qualifying cash tender offer (which could be outside of the Company's control), all Public Warrant and Private Placement Warrant holders would be entitled to cash, while only certain of the holders of the common stock may be entitled to cash. These provisions preclude us from classifying the Public Warrants and Private Placement Warrants in stockholders' equity. The 2022 Private Warrant, the RDO Warrants, and Placement Agent Warrants also contain similar provisions on the treatment in the event of a qualifying cash tender offer that preclude us from classifying the 2022 Public Private Warrants, the RDO Warrants, and the Placement Agent Warrants in stockholders' equity.

We classify the Common Stock Warrants as liabilities in accordance with ASC Topic 815 "Derivatives and Hedging—Contracts in Entity's Own Equity". As these meet the definition of a derivative, we recorded these warrants within Warrant liabilities on the consolidated balance sheet at fair value, with subsequent changes in their respective fair values recognized in the consolidated statements of operations and comprehensive loss at each reporting date.

#### **Contingent Earnout Liability**

In connection with the Reverse Recapitalization and pursuant to the Business Combination Agreement, eligible former Legacy Velo3D equity holders are entitled to receive additional shares of Common Stock upon the

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Company achieving certain Earnout Triggering Events (as described in the Business Combination Agreement) (the "Earnout Shares"). The Earnout Shares are not indexed to the Common Stock and therefore are accounted for as a liability at the Reverse Recapitalization Date and subsequently remeasured at each reporting date with changes in fair value recorded as a component of gain on fair value of contingent earnout liabilities in the consolidated statements of operations and comprehensive loss. The estimated fair value of the contingent earnout liability was determined using a Monte Carlo simulation using a distribution of potential outcomes on a monthly basis over the Earnout Period (as defined in Note 12, **10, Equity Instruments**) prioritizing the most reliable information available. The assumptions utilized in the calculation are based on the achievement of certain stock price milestones, including the current Company Common Stock price, expected volatility, risk free rate, expected term and dividend rate. The contingent earnout liability is categorized as a Level 3 fair value measurement (see "Fair Value Measurements" as described above) because the Company estimates projections during the Earnout Period utilizing unobservable inputs. Contingent earnout liabilities involve certain assumptions requiring significant judgment and actual results may differ from assumed and estimated amounts.

#### **Fair Value Measurements**

We have applied the framework for measuring fair value which requires a fair value hierarchy to be applied to all fair value measurements. Assets and liabilities measured at fair value are classified into one of three levels in the fair value hierarchy based on the inputs used to measure fair value as follows:

Level 1 — Quoted prices observed in active markets for identical assets or liabilities;

Level 2 — Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and

Level 3 — Significant unobservable market inputs for the asset or liability.

The carrying amounts of cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short-term maturities. The long-term debt (including convertible notes) with variable interest at market rates is carried at amortized cost, which approximates its fair value and was classified as Level 2. See Note 10, **9, Long-Term Debt** and Note 11, **Convertible Notes Payable**, for further information.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

We are a smaller reporting company as defined in Rule 12b-2 under the Exchange Act. As a result, pursuant to Item 305(e) of Regulation S-K, we are not required to provide the information required by this Item.

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**Item 8. Financial Statements and Supplementary Data.**

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Velo3D, Inc.

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Velo3D, Inc. and its subsidiaries (the (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, and the related consolidated statement statements of operations and comprehensive income (loss), of redeemable convertible preferred stock and stockholders' equity (deficit) and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Substantial Doubt about the Company's Ability to Continue as a Going Concern***

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred losses from operations and negative cash flows from operations since inception that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

San Jose, California

March 20, 2023 April 3, 2024

**Velo3D, Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
As of **December 31, 2022 December 31, 2023 and 2021**  
(In thousands, except share and per share data)

	2022	2021		2023	2022
<b>Assets</b>	<b>Assets</b>				
Current assets:	Current assets:				
Current assets:					
Current assets:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 31,983			
Cash and cash equivalents	equivalents	\$207,602			
Short-term investments	Short-term investments	48,214	15,483		
Accounts receivable, net	Accounts receivable, net	9,185	12,778		
Inventories	Inventories	71,202	22,479		
Contract assets	Contract assets	6,805	274		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	5,533	9,458		
Total current assets	Total current assets	172,922	268,074		
Property and equipment, net	Property and equipment, net	19,812	10,046		
Equipment on lease, net	Equipment on lease, net	9,070	8,366		
Other assets	Other assets	23,310	16,231		
Total assets	Total assets	<u><u>\$225,114</u></u>	<u><u>\$302,717</u></u>		
<b>Liabilities, Redeemable Convertible Preferred Stock, and Stockholders' Equity (Deficit)</b>					
<b>Liabilities and Stockholders' Equity</b>					
Current liabilities:	Current liabilities:				
Current liabilities:					
Current liabilities:					
Accounts payable					
Accounts payable					
Accounts payable	Accounts payable	\$ 12,207	\$ 9,882		

Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	15,877	9,414
Debt – current portion	Debt – current portion	2,775	5,114
Contract liabilities	Contract liabilities	15,194	22,252
Total current liabilities	Total current liabilities	46,053	46,662
Long-term debt – less current portion	Long-term debt – less current portion	5,422	2,956
Contingent earnout liabilities (Note 12)		17,414	111,487
Warrant liabilities (Note 12)		2,745	21,705
Contingent earnout liabilities (Note 10)			
Warrant liabilities (Note 10)			
Other noncurrent liabilities	Other noncurrent liabilities	12,634	9,492
Total liabilities	Total liabilities	84,268	192,302
Commitments and contingencies (Note 15)			
Commitments and contingencies (Note 13)			Commitments and contingencies (Note 13)
Stockholders' equity (deficit):	Stockholders' equity (deficit):		
Common stock, \$0.00001 par value – 500,000,000 shares authorized at December 31, 2022 and 2021, respectively, 187,561,368 and 183,232,494 shares issued and outstanding as of December 31, 2022 and 2021, respectively		2	2
Common stock, \$0.00001 par value – 500,000,000 shares authorized at December 31, 2023 and 2022, respectively, 258,418,695 and 187,561,368 shares issued and outstanding as of December 31, 2023 and 2022, respectively			
Common stock, \$0.00001 par value – 500,000,000 shares authorized at December 31, 2023 and 2022, respectively, 258,418,695 and 187,561,368 shares issued and outstanding as of December 31, 2023 and 2022, respectively			

Common stock, \$0.00001 par value

– 500,000,000 shares authorized  
at December 31, 2023 and 2022,  
respectively, 258,418,695 and  
187,561,368 shares issued and  
outstanding as of December 31,  
2023 and 2022, respectively

Additional paid-in capital	Additional paid-in capital	361,528	340,294
	Accumulated other comprehensive loss	(837)	(14)
Accumulated deficit	Accumulated deficit	(219,847)	(229,867)
Total stockholders' equity	Total stockholders' equity	140,846	110,415
Total liabilities, redeemable convertible preferred stock and stockholders' equity		\$225,114	\$302,717
Total liabilities and stockholders' equity			

The accompanying notes are an integral part of these consolidated financial statements.

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**Velo3D, Inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
For the Years Ended **December 31, 2022** **December 31, 2023** and **2021** **2022**  
(In thousands, except per share data)

		2022	2021		
		2023		2023	2022
Revenue	Revenue				
3D Printer					
3D Printer					
3D Printer	3D Printer	\$ 71,346	\$ 23,015		
Recurring payment	Recurring payment	4,161	1,589		
Support services	Support services	5,250	2,835		
Total Revenue	Total Revenue	80,757	27,439		
Cost of revenue	Cost of revenue				
3D Printer					
3D Printer					

3D Printer	3D Printer	68,253	17,560
Recurring payment	Recurring payment	2,612	1,112
Support services	Support services	6,998	3,809
Total cost of revenue	Total cost of revenue	77,863	22,481
<b>Gross profit</b>	<b>Gross profit</b>	<b>2,894</b>	<b>4,958</b>
Operating expenses	Operating expenses		
Research and development	Research and development	46,266	27,002
Research and development	Research and development		
Selling and marketing	Selling and marketing	23,907	12,363
General and administrative	General and administrative	36,982	23,352
Total operating expenses	Total operating expenses	107,155	62,717
Loss from operations	Loss from operations	(104,261)	(57,759)
Interest expense	Interest expense	(372)	(2,740)
Loss on the convertible note modification		—	(50,577)
Gain (loss) on fair value of warrants		19,129	(5,202)
Gain on fair value of warrants	Gain on fair value of warrants		
Gain on fair value of contingent earnout liabilities	Gain on fair value of contingent earnout liabilities	94,073	9,275
Other income (expense), net		1,451	(88)
Gain on fair value of debt derivatives			
Loss on debt extinguishment			
Other income, net			
Gain (loss) before provision for income taxes	Gain (loss) before provision for income taxes	10,020	(107,091)
Provision for income taxes	Provision for income taxes	—	—
Net income (loss)	Net income (loss)	10,020	(107,091)
Net income (loss) per share:	Net income (loss) per share:		
Net income (loss) per share:	Net income (loss) per share:		

Basic				
Basic				
Basic	Basic	\$ 0.05	\$ (1.82)	
Diluted	Diluted	\$ 0.05	\$ (1.82)	
Shares used in computing net income (loss) per share:	Shares used in computing net income (loss) per share:			
Shares used in computing net income (loss) per share:	Shares used in computing net income (loss) per share:			
Basic				
Basic				
Basic	Basic	185,079,101	58,688,496	
Diluted	Diluted	202,174,903	58,688,496	
Net income (loss)	Net income (loss)	\$ 10,020	\$ (107,091)	
Net unrealized holding losses on available-for-sale investments		(823)	(14)	
Net income (loss)				
Net income (loss)				
Net unrealized holding gain (loss) on available-for-sale investments				
Total	Total			
comprehensive income (loss)	comprehensive income (loss)	\$ 9,197	\$ (107,105)	

The accompanying notes are an integral part of these consolidated financial statements.

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**Velo3D, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2022 December 31, 2023 and 2021 2022**  
 (In thousands)

	2023	2022
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (135,139)	\$ 7,969
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation and amortization	9,310	5,290
Stock-based compensation	24,931	20,148
Gain on fair value of warrants	(2,338)	(19,129)
Gain on fair value of contingent earnout liabilities	(15,958)	(94,073)
Gain on fair value of debt derivatives	(8,485)	—
Loss on debt extinguishment	19,450	—
Cost of issuance of common stock warrants	1,357	—
Realized loss on available for sale securities	14	—
Changes in assets and liabilities		

Accounts receivable	(398)	3,593
Inventories	13,728	(47,017)
Contract assets	(7,224)	(5,129)
Prepaid expenses and other current assets	2,795	6,142
Other assets	10,153	(592)
Accounts payable	2,211	2,341
Accrued expenses and other liabilities	(9,038)	6,362
Contract liabilities	(10,059)	(7,058)
Other noncurrent liabilities	(946)	(2,809)
Net cash used in operating activities	(105,636)	(123,962)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,046)	(13,822)
Production of equipment for lease to customers	(2,164)	(5,595)
Purchases of available-for-sale investments	(3,655)	(87,655)
Sales of available for sale securities	10,664	—
Proceeds from maturity of available for sale investments	35,092	54,050
Net cash provided by (used in) investing activities	38,891	(53,022)
<b>Cash flows from financing activities</b>		
Proceeds from loan refinance, net of issuance costs	—	6,664
Repayment of loans in connection with loan refinance	—	(8,089)
Proceeds from ATM offering, net of issuance costs	22,805	—
Proceeds from revolving credit line	14,000	—
Repayment of revolving credit line	(17,000)	—
Proceeds from equipment loans	1,600	2,400
Repayment of equipment loans	(6,956)	(889)
Proceeds from secured convertible notes, net of issuance costs	65,736	—
Repayment of secured convertible notes	(69,886)	—
Proceeds from secured notes, net of issuance costs	57,114	—
Repayment of secured notes	(25,000)	—
Proceeds from capital raise, net of issuance costs	16,287	—
Issuance of common stock upon exercise of stock options	561	1,256
Net cash provided by financing activities	59,261	1,342
Effect of exchange rate on cash and cash equivalents	(5)	23

	2022	2021
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 10,020	\$ (107,091)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation and amortization	5,290	3,007
Stock-based compensation	20,148	4,368
Loss on convertible note modification	—	50,577
Loss (gain) on fair value of warrants	(19,129)	5,202
Gain on fair value of contingent earnout liabilities	(94,073)	(9,276)
Bad debt provision	387	—
Changes in assets and liabilities		
Accounts receivable	3,206	(11,546)
Inventories	(47,017)	(8,010)
Contract assets	(6,531)	2,759
Prepaid expenses and other current assets	6,142	(7,628)
Other assets	(1,241)	(14,499)
Accounts payable	2,341	1,876
Accrued expenses and other liabilities	6,362	6,878

Contract liabilities	(7,058)	17,550
Other noncurrent liabilities	(2,809)	9,429
Net cash used in operating activities	(123,962)	(56,404)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(13,822)	(9,619)
Production of equipment for lease to customers	(5,595)	(8,480)
Purchases of available-for-sale investments	(87,655)	(15,491)
Proceeds from maturity of available for sale investments	54,050	—
Net cash used in investing activities	(53,022)	(33,590)
<b>Cash flows from financing activities</b>		
Proceeds from Merger, net of transaction costs	—	123,270
Proceeds from PIPE financing	—	155,000
Proceeds from term loan	—	19,339
Proceeds from loan refinance, net of issuance costs	6,664	—
Repayment of loans in connection with loan refinance	(8,089)	—
Repayment of term loan	—	(25,283)
Repayment of property and equipment loan	(889)	(833)
Proceeds from term loan revolver facility	—	3,000
Proceeds from equipment loans	2,400	5,419
Repayment of equipment loans	—	(2,411)
Proceeds from convertible notes	—	5,000
Issuance of common stock upon exercise of stock options	1,256	385
Net cash provided by financing activities	1,342	282,886
Effect of exchange rate on cash and cash equivalents	23	(7)
Net change in cash and cash equivalents	(175,619)	192,885
Cash and cash equivalents and restricted cash at beginning of period	208,402	15,517
Cash and cash equivalents and restricted cash at end of period	\$ 32,783	\$ 208,402

**Supplemental disclosure of cash flow information**

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Cash paid for interest	372	1,417
<b>Supplemental disclosure of non-cash information</b>		
Conversion of convertible notes to Series D redeemable convertible preferred stock	—	5,000
Unpaid liabilities related to property and equipment	—	1,271
Conversion of warrants into redeemable convertible preferred stock, net settlement	—	899
Conversion of redeemable convertible preferred stock into common stock	—	180,180
Conversion of warrants into common stock, net settlement	—	3,635
Reclassification of warrants liability upon the reverse recapitalization	—	21,051
Reclassification of contingent earnout liability upon the reverse recapitalization	—	120,763
Issuance of common stock warrants in connection with financing	170	316
Net change in cash and cash equivalents	(7,489)	(175,619)
Cash and cash equivalents and restricted cash at beginning of period	32,783	208,402
Cash and cash equivalents and restricted cash at end of period	\$ 25,294	\$ 32,783

<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	9,722	372
<b>Supplemental disclosure of non-cash information</b>		
Unpaid liabilities related to property and equipment	92	—
Equipment for lease to customers returned to inventory	3,375	2,619
Issuance of common stock warrants in connection with capital raise	11,428	—
Issuance of common stock warrants in connection with financing	—	170

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets to the total of such amounts shown on the consolidated statements of cash flows:

	<b>December 31,</b>		
	<b>2022</b>	<b>2021</b>	
	<b>(In thousands)</b>		
	<b>December 31,</b>		<b>December 31,</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>(In thousands)</b>		
Cash and cash equivalents	Cash and cash equivalents	\$31,983	\$207,602
Restricted cash (Other assets)	Restricted cash (Other assets)	800	800
Total cash and cash equivalents, and restricted cash	Total cash and cash equivalents, and restricted cash	\$32,783	\$208,402

The accompanying notes are an integral part of these consolidated financial statements.

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**Velo3D, Inc.**  
**CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)**  
For the Years Ended **December 31, 2022** **December 31, 2023** and **2021** **2022**  
(in thousands, except share amounts)

	Redeemable Convertible Preferred Stock		Accumulated Stockholders' Equity							
	Shares	Amount	Common Stock		Additional Paid-In Capital		Other Comprehensive (Loss)		Accumulated Deficit	Total Equity (Deficit)
			Shares	Amount	Capital	(Loss)	Deficit			
Balance as of December 31, 2020	117,734,383	\$123,704	16,003,558	\$ 1	\$ 14,954	\$ —	\$ (122,776)	\$ (107,821)		
Conversion of warrants into preferred stock, net settlement	126,802	899	—	—	—	—	—	—	—	—
Conversion of convertible notes into preferred stock	6,820,022	55,577	—	—	—	—	—	—	—	—
Conversion of convertible preferred stock into common stock in connection with the reverse recapitalization	(124,681,207)	(180,180)	126,310,700	—	180,180	—	—	—	180,180	
Conversion of warrants into common stock, net settlement	—	—	239,992	—	3,635	—	—	3,635		

Issuance of contingent earnout liability upon the reverse recapitalization	—	—	—	—	(120,763)	—	—	(120,763)					
Issuance of warrants upon the reverse recapitalization	—	—	—	—	(21,051)	—	—	(21,051)					
Issuance of common stock upon the reverse recapitalization, net of issuance costs	—	—	40,409,132	1	278,270	—	—	278,271					
Issuance of common stock upon exercise of stock options	—	—	269,112	—	385	—	—	385					
Issuance of common stock warrants in connection with financing	—	—	—	—	316	—	—	316					
Stock-based compensation	—	—	—	—	4,368	—	—	4,368					
Net loss	—	—	—	—	—	(107,091)	(107,091)						
Other comprehensive loss	—	—	—	—	(14)	—	—	(14)					
Common Stock													
Shares													
Balance as of December 31, 2021	Balance as of December 31, 2021	—	\$	—	183,232,494	\$	2	\$ 340,294	\$	(14)	\$ (229,867)	\$	110,415
Issuance of common stock upon exercise of stock options	Issuance of common stock upon exercise of stock options	—	—	—	2,980,626	—	1,256	—	—	—	—	—	1,256
Stock-based compensation	Stock-based compensation	—	—	—	1,348,248	—	20,148	—	—	—	—	—	20,148
Issuance of common stock warrant in connection with financing	—	—	—	—	—	(170)	—	—	—	—	—	—	(170)
Net income (loss)	—	—	—	—	—	—	—	—	10,020	—	—	—	10,020
Issuance of common stock warrants in connection with financing	—	—	—	—	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	—	—	—	—	—
Other comprehensive loss	Other comprehensive loss	—	—	—	—	—	—	—	(823)	—	—	—	(823)
Balance as of December 31, 2022	Balance as of December 31, 2022	—	\$	—	187,561,368	\$	2	\$ 361,528	\$	(837)	\$ (219,847)	\$	140,846
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—
									Total Stockholders' Equity (Deficit)				
									Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Accumulated Deficit	

Issuance of  
common stock  
in connection  
with At-the-  
Market  
offering, net of  
issuance costs  
Issuance of  
common stock  
and warrants  
in connection  
with capital  
raise, net of  
issuance costs  
Issuance of  
common stock  
in connection  
with debt  
extinguishment  
Net loss  
Other  
comprehensive  
loss  
**Balance as of**  
**December 31,**  
**2023**

The accompanying notes are an integral part of these consolidated financial statements.

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**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

**Note 1. Description of Business and Basis of Presentation**

Velo3D, Inc., a Delaware corporation ("Velo3D"), formerly known as JAWS Spitfire Acquisition Corporation ("JAWS Spitfire"), produces metal additive three dimensional printers ("3D Printers") which enable the production of components for space rockets, jet engines, fuel delivery systems and other high value metal parts, which it sells or leases to customers for use in their businesses. The Company also provides support services ("Support Services") for an incremental fee.

Velo3D's subsidiaries are Velo3D US, Inc., (formerly known as Velo3D, Inc. ("Legacy Velo3D"), was founded in June 2014 as a Delaware corporation headquartered in Campbell, California), Velo3D, B.V., (a sales and marketing office located in the Netherlands) and Velo3D, GmbH, (a sales and marketing office located in Germany). The first commercially developed 3D Printer was delivered in the fourth quarter of 2018.

**Unless otherwise stated herein or unless the context otherwise requires, references in these notes to the "Company" refer to (i) Legacy Velo3D prior to the consummation of the Merger (as defined below); and (ii) Velo3D and its consolidated subsidiaries following the consummation of the Merger.**

On September 29, 2021 (the "Closing Date" or the "Reverse Recapitalization Date"), JAWS Spitfire completed the previously announced merger with Legacy Velo3D, with Legacy Velo3D surviving as a wholly-owned subsidiary of JAWS Spitfire (the "Merger" or the "Reverse Recapitalization"). In connection with the Merger, JAWS Spitfire was renamed "Velo3D, Inc.", and Legacy Velo3D was renamed "Velo3D US, Inc."

**See Note 3, Reverse Recapitalization, for further details of the Merger.**

Accordingly, all historical financial information presented in the consolidated financial statements of Velo3D for periods prior to the closing date represent the accounts of Legacy Velo3D. The shares and Net loss per share attributable to common stockholders, stockholders, basic and diluted, prior to the Merger, have been retroactively restated as shares reflecting the exchange ratio (the "Exchange Ratio") established in the Merger (0.8149 shares of Velo3D common stock for 1 share of Legacy Velo3D common stock, par value \$0.00001 (the \$0.00001 (the "Common Stock"). All fractional shares were rounded.

**Unless otherwise stated herein or unless the context otherwise requires, references in these notes to the "Company" refer to (i) Legacy Velo3D prior to the consummation of the Merger; and (ii) Velo3D and its consolidated subsidiaries following the consummation of the Merger.**

#### **Basis of Presentation**

The consolidated financial statements include the accounts of the Company and its subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the requirements of the U.S. Securities and Exchange Commission (the "SEC"). Intercompany balances and transactions have been eliminated in consolidation. These consolidated financial statements, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for the fair statement of the Company's financial information.

#### **Revision of Previously Issued Consolidated Financial Statements**

During the fourth quarter of 2023, the Company identified a formula error and an incorrect hourly rate used in its calculation of variable consideration and the calculation of sales type leases related to revenue for the year ended December 31, 2022. The Company determined that \$2.1 million of revenue was incorrectly recognized in the consolidated statement of operations for the year ended December 31, 2022 and as a contract asset balance and net investment in sales type lease within other assets on the consolidated balance sheet as of December 31, 2022. The Company concluded that the errors were not material, either individually or in the aggregate, to its previously issued consolidated financial statements. To correct the immaterial errors, the Company has revised its previously issued consolidated financial statements as of and for the year ended December 31, 2022.

Additionally, the Company will revise its previously issued 2023 interim condensed consolidated financial statements in connection with the future filings of its 2024 interim reporting on Quarterly Reports on Form 10-Q for the periods ended March 31, 2024, June 30, 2024, and September 30, 2024. Refer to Note 17 for further discussion on the unaudited quarterly financial information.

#### **Velo3D, Inc.**

#### **Notes to Consolidated Financial Statements**

The following table reflects the revisions to the previously issued Consolidated Balance Sheet as of December 31, 2022:

	As of December 31, 2022			
	As Previously Reported		Adjustment	As Revised
Contract assets	\$	6,805	\$ (1,402)	\$ 5,403
Total current assets		172,922	(1,402)	171,520
Other assets		23,310	(649)	22,661
Total assets		225,114	(2,051)	223,063
Accumulated deficit		(219,847)	(2,051)	(221,898)
Total stockholders' equity		140,846	(2,051)	138,795
Total liabilities and stockholders' equity	\$	225,114	\$ (2,051)	\$ 223,063

The following table reflects the revisions to the previously issued Consolidated Statement of Operations and Comprehensive Income (Loss) for the fiscal year ended December 31, 2022:

	Fiscal Year			
	2022			
	As Previously Reported		Adjustment	As Revised
3D Printer	\$	71,346	\$ (2,051)	\$ 69,295
Total Revenue		80,757	(2,051)	78,706
Gross profit		2,894	(2,051)	843
Loss from operations		(104,261)	(2,051)	(106,312)
Loss before provision for income taxes		10,020	(2,051)	7,969
Net income (loss)		10,020	(2,051)	7,969
Net income (loss) per share:				
Basic	\$	0.05	\$ (0.01)	\$ 0.04
Diluted	\$	0.05	\$ (0.01)	\$ 0.04
Net income (loss)	\$	10,020	\$ (2,051)	\$ 7,969
Total comprehensive income (loss)	\$	9,197	\$ (2,051)	\$ 7,146

The following table reflects the revisions to the previously issued Consolidated Statements of Cash Flows for the fiscal years ended December 31, 2022:

	Fiscal Year		
	2022		
	As Previously Reported	Adjustment	As Revised
Net income (loss)	\$ 10,020	\$ (2,051)	\$ 7,969
Contract assets	(6,531)	1,402	(5,129)
Other assets	(1,241)	649	(592)

**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

**Notice of Delisting**

On December 26, 2023, the Company received informal notice from the New York Stock Exchange ("NYSE") that NYSE would be sending the Company a written notice (the "Notice") that the Company is below compliance criteria pursuant to the continued listing standards set forth in Section 802.01C of the NYSE Listed Company Manual as the average closing price of the Common Stock is less than \$1.00 per share over a consecutive 30 trading-day period.

On December 28, 2023, the Company received the Notice from the NYSE. In accordance with applicable NYSE procedures, the Company plans to notify the NYSE of its intent to cure the deficiency. Pursuant to Section 802.01C of the NYSE Listed Company Manual, the Company will have until June 28, 2024 to regain compliance with the Minimum Share Price Requirement.

The Notice has no immediate impact on the listing of the Common Stock, which will continue to be listed and traded on the NYSE during the applicable cure period, subject to the Company's compliance with the other continued listing requirements of the NYSE and will not affect the ongoing business operations of the Company or its reporting requirements with the Securities and Exchange Commission. However, failure to satisfy the conditions of the cure period or to maintain other NYSE listing requirements could lead to a delisting.

**Going Concern, Financial Condition and Liquidity and Capital Resources**

The consolidated financial statements have been prepared on the basis of continuity of operations, the realization of assets and satisfaction of liabilities in the ordinary course of business. On September 29, 2021, the Company consummated the Merger, which resulted in the Company receiving approximately \$278.3 million in total net proceeds, including \$155.0 million from the PIPE Financing (as defined in Note 3, *Reverse Recapitalization*). Since inception, the Company has not achieved profitable operations or generated positive cash flows from operations. The Company's operating plan may change as a result of many factors currently unknown and there can be no assurance that the current operating plan will be achieved in the time frame anticipated by the Company, and it may need to seek additional funds sooner than planned. If adequate funds are not available to the Company on a timely basis, it may be required to delay, limit, reduce, or terminate certain commercial efforts, or pursue merger or acquisition strategies, all of which could adversely affect the holdings or the rights of the Company's stockholders.

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**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

The Company has incurred losses from operations through the years ended December 31, 2022 and 2021, respectively, and negative cash flows from operations in every year since inception and expects this to continue for the foreseeable future. As of December 31, 2022 December 31, 2023, the Company had an accumulated deficit of \$219.8 \$357.0 million, and cash and investments on hand of approximately \$31.1 million.

Management believes that there is a substantial doubt concerning the Company's ability to continue as a going concern. As of March 20, 2023, the issuance date of the consolidated issuance of these financial statements, the Company believes that the cash and cash equivalents on hand, together with cash the Company expects to generate from future operations, will be does not have sufficient liquidity to meet the Company's working capital its operating needs and capital expenditure requirements satisfy its obligations for a period of at least twelve 12 months from the date of issuance of these the consolidated financial statements.

As of March 31, 2024, the Company had approximately \$11.2 million in accounts receivable and \$14.3 million in cash and investments. On February 6, 2023 April 1, 2024, the Company entered into a sales agreement second note amendment (the "ATM Sales Agreement" "Second Note Amendment") to its Secured Notes (as defined below) held with Needham & the Investors (as defined below). Pursuant to the Second Note Amendment, the Company LLC ("Needham"), as agent, pursuant agreed to which make a cash payment of \$5.5 million on April 1, 2024 to redeem approximately \$4.2 million of aggregate principal amount of the Notes, together with accrued and unpaid interest, and a cash payment of \$5.5 million on April 15, 2024 to repay approximately \$4.6 million of principal of the Notes, together with accrued and unpaid interest. See Note 18 for further information.

Further, the Company expects that it will need to engage in additional financings to fund its operations and satisfy its obligations in the near-term. The Company is in discussions with multiple financing sources to attempt to secure additional financing. There are no assurances that the Company will be able to obtain financing on acceptable terms, or at all, to provide the necessary interim funding to continue its operations and satisfy its obligations for at least 12 months from the date of issuance of the consolidated financial statements.

In December 2023, the Board of Directors commenced a strategic business review process to explore alternatives in order to maximize stockholder value. Potential strategic alternatives actively being explored or evaluated currently include a potential merger, business combination or sale. There can be no assurance that the Company's strategic review process will result in any transaction or other strategic outcome on acceptable terms, or at all, to provide the necessary funding to continue its operations and satisfy its obligations and if not, the Company may offer be required to file for bankruptcy. The Company's strategic review remains ongoing, with the Board of Directors in discussions with multiple parties.

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The Company's operational priorities include reliability improvements and sell, from time system uptime for the products previously sold to time through Needham, shares its key customers. If the Company is unable to maintain system reliability and uptime consistent with the expectations of its common stock, par value \$0.00001 per share. See Note 18, Subsequent Events, for further information.

key customers the Company will not be able to collect outstanding receivables, which a significant portion are currently past due with customers, or variable consideration contingent on the future usage of 3D Printer systems and it will not be able to collect on contractual amounts owed which are contingent upon successful completion of site acceptance tests.

**Note 2. Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of the consolidated financial statements are set forth below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results and outcomes could differ significantly from the Company's estimates, judgments, and assumptions. Significant estimates include determining useful lives of long-lived assets, the determination of the incremental borrowing rate used for operating lease liabilities, standalone selling price for performance obligations in contracts with customers, variable consideration for sale and utilization fee contracts with customers, the valuation of redeemable convertible preferred stock warrants and common stock warrants, the fair value of common stock stock-based compensation and other assumptions used to measure stock-based compensation, the fair value of contingent earnout liabilities, inventory reserves, allowance for doubtful accounts, and the valuation of deferred income tax assets and uncertain tax positions.

These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods. As future events and their effects cannot be determined with precision, actual results could materially differ from these estimates and assumptions.

**Concentration of Credit Risk and Other Risks and Uncertainties**

The Company's financial instruments that potentially expose the Company to concentration of credit risk consist mainly of cash and cash equivalents, short-term investments, and accounts receivable, net. The Company maintains its cash and cash equivalents in domestic cash accounts with large, creditworthy financial institutions and maintains its short-term investments with fixed income instruments denominated in U.S. dollars and at minimum A- credit rating. The Company has not experienced any losses on its deposits of cash and cash equivalents through deposits with federally insured commercial banks and at times cash balances may be in excess of federal insurance limits.

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See Note 17, Revenue, for customer concentration of revenue and accounts receivable.

The Company relies on several key suppliers for products and services. While alternative providers have and could be identified, the Company is subject to supply and pricing risks.

**Impact of COVID-19**

During 2021 and 2022, the Company experienced various supply chain constraints due to the pandemic, which led to delays in installation of its products at customers' facilities, and postponed customer acceptance of the transactions. Furthermore, the impact of COVID-19 on the Company's operating results added uncertainty in timing

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of customer orders creating longer lead times for sales and marketing. The Company continues to operate its business through the lingering effects of the COVID-19 pandemic, and has taken however, as of 2023 all operations have returned to normal. The Company continues to take additional precautions to ensure the safety of its employees, customers, and vendors with which it operates. The impact of COVID-19 on the Company's operating results has added uncertainty in timing of customer orders creating longer lead times for sales and marketing. While the COVID-19 pandemic has tapered, the Company continues to experience various supply chain constraints due to the pandemic, and thereby leading to delays in installation of its products at customers' facilities, which could lead to postponed customer acceptance of the transactions. Furthermore, if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, facility closures, remote working or other restrictions in connection with the COVID-19 pandemic, our operations will likely be adversely impacted.

#### **Fair Value Measurements**

The Company has applied the framework for measuring fair value which requires a fair value hierarchy to be applied to all fair value measurements. Assets and liabilities measured at fair value are classified into one of three levels in the fair value hierarchy based on the inputs used to measure fair value as follows:

Level 1 — Quoted prices observed in active markets for identical assets or liabilities;

Level 2 — Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and

Level 3 — Significant unobservable market inputs for the asset or liability.

The carrying amounts of cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short-term maturities. The long-term debt (including convertible notes) with variable interest at market rates is and debt with fixed rates are carried at amortized cost, which approximates its fair value and was classified as Level 2. See Note 10, *Long-Term Debt* and Note 11, *Convertible Notes Payable*, for further information.

#### **Cash and Cash Equivalents and Restricted Cash**

All highly liquid investments with an original maturity of three months or less, when purchased, are classified as cash equivalents. Cash equivalents may be invested in money market funds and are carried at cost, which approximates their fair value.

In June 2021, in conjunction with the new 80,000+ square foot manufacturing facility, to begin production of the Company's Sapphire XC 3D Printer in late 2021, the Company issued a one-year letter of credit for \$0.8 million to the landlord to secure the agreement, which automatically renews for another annual period. The Company has restricted cash to secure the letter of credit and the agreement will allow for reductions to the letter of credit limit based on the Company's revenue achievements.

#### **Revenue Recognition**

Revenue subject to ASC 606 consists of 3D Printer sales and Support Services (recognition of Recurring Payment consisting of payments from lessees of the Company's equipment discussed below). The Company determines revenue recognition through the following five- step model for recognizing revenue: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of

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the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, the Company satisfies its performance obligation.

A typical contract with customers for the 3D Printer and bundled software includes the Support Services. The Company provides one price for all deliverables including the 3D Printer and bundled software, and for the Support Services. Typically, the Company has one distinct obligation to transfer the 3D Printers and bundled software, and another distinct obligation to provide the Support Services.

The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. The Company determines SSP based on observable standalone selling price when it is available, as well as other factors, including the price charged to its customers, its discounting practices, and its overall pricing

objectives including risk adjusted gross profit margin for products and services, while maximizing observable inputs. In situations where pricing is highly variable, or a product is never sold on a stand-alone basis, the Company

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estimates the SSP using the residual approach. Significant judgment is used to identify and account for each of the two performance obligations.

**3D Printer Sales**

The Company bills its customers beginning at the time of acceptance of the purchase order (which represents a deposit), with the second billing at the time of shipment and final billing upon site acceptance test completion. The timeframe from order to completion of the site acceptance test occurs typically over three to six months. Revenue for the 3D Printer is recognized at a point-in time, which occurs upon transfer of control to the customer at shipment. Site installation, testing and customer training are incidental to customer acceptance with the portion of the transaction price allocated to these services being deferred as part of Support Services and recognized over the period the services are provided.

**Revenue - Variable Consideration** - The sales of 3D Printer systems under certain contracts may include variable consideration such that the Company is entitled to a rate per print hour used on the 3D Printer systems. The Company makes certain estimates in calculating the variable consideration, including amount of hours, the estimated life of the equipment and the discount rate. Although estimates may be made on a contract-by-contract basis, whenever possible, the Company uses all available information including historical customer usage and collection patterns to estimate variable consideration. Management reassesses the estimated variable consideration quarterly.

The Company estimates its variable consideration on a quarterly basis based on the latest data available, and adjust the transaction price accordingly by recording an adjustment to net revenue and contract assets. The Company has recognized the estimate of variable consideration to the extent that it is probable that a significant reversal will not occur as a result from a change in estimation. Sales with variable consideration represented **18% 3%** of revenue during the year ended **December 31, 2022 December 31, 2023** and **none 6%** of our revenue during year ended **December 31, 2021 December 31, 2022**.

The Company has elected not to recognize shipping to customers as a separate performance obligation. Revenue from shipping billed to customers for the years ended **December 31, 2022 December 31, 2023** and **2021 2022** was not material.

**Recurring Payment (operating lease revenue from customers)**

The Company enters into operating leases ("Recurring Payment") for customers who do not purchase the 3D Printers ("equipment"). The contracts explicitly specify the equipment which is a production system with defined components and services including the printer itself, services, and accessories. The asset is physically distinct, the supplier does not have substitution rights, and the customer holds the right to direct the use of and obtain substantially all of the economic benefits from the use of the identified asset. The initial lease terms are for 12 months and the Company has considered the possibility of renewals when determining the length of the contract and the expectation is that customers will not exercise any renewal or purchase options at the end of the lease. The Company has evaluated our customer history on renewals, returns and purchase options and have determined the operating lease period of 12 months is appropriate and will continue to monitor our customer expectations. The

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arrangements provide for a base rent and usually provide for variable payments based on usage in excess of a defined threshold. Support Services are included during the lease term.

Equipment under lease contracts is reclassified from inventory at its basis and depreciated over five years to a salvage value. Income from the lessee is recorded as revenue using the straight-line method over the term of the lease. Support services are a non-lease component. The practical expedient has been elected to include rents and this non-lease component as one revenue stream recognized over the lease term on a straight-line basis. Costs associated with this component are classified as cost of revenue and recognized as incurred.

Costs for warranties for parts and services for equipment under lease are accrued separately at lease commencement and amortized to cost of revenue over the lease term to the extent the costs are probable and can be reasonably estimated since the related revenue is being recognized over the lease term. Warranty accruals were not material as of **December 31, 2022 December 31, 2023** or **December 31, 2021 December 31, 2022**.

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Equipment leased to customers are considered long-lived assets and are tested for impairment as described below under the heading "*Impairment of Long-lived Assets*."

#### **Support Services**

Support Services are field service engineering, phone and email support, preventative maintenance, and limited on and off-site consulting support. A subsequent Extended Support Agreement ("ESA") is available for renewal after the initial period based on the then fair value of the service.

Support Services revenue are recognized evenly over the contract period beginning with customer performance test acceptance.

#### **Other Revenue**

Revenue is recognized for maintenance parts, printed parts, and powder sold to customers independent of the 3D Printer sales or Support Services contract and is included with 3D Printer sales. Such revenue is recognized upon transfer of control to the customer. Revenue from maintenance parts, printed parts, and powder was not material \$5.9 million and \$2.3 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

#### **Contracts Assets and Contract Liabilities**

Contract assets consist of unbilled receivables and are recorded when revenue is recognized in advance of scheduled billings to the Company's customers. A contract asset is recognized when products or services are transferred to a customer and the right to consideration is conditional on something other than the passage of time. Contract liabilities include amounts billed or collected which is related to remaining performance obligations. Revenue allocated to remaining performance obligations represents the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied. It includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods

#### **Cost of Revenue**

Cost of 3D Printers includes the manufacturing cost of the components and subassemblies purchased from vendors for the assembly, as well as raw materials, powder, and assemblies, shipping costs, printed parts costs, and other directly associated costs. Cost of 3D Printers also includes allocated overhead costs from headcount related costs, such as salaries and stock-based compensation, depreciation of manufacturing related equipment and facilities, and information technology costs.

Cost of Recurring Payment includes depreciation of the equipment on lease over the useful life of three to five years less the residual value, and an allocated portion of Cost of Support Services.

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**Velo3D, Inc.**  
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Cost of Support Services includes the cost of spare or replacement parts for preventive maintenance, installation costs, allocated headcount related costs, such as salaries, stock-based compensation, depreciation of manufacturing related equipment and facilities, and information technology costs. The headcount related costs are directly associated with the engineers dedicated to remote and on-site support, training, travel costs, and other services costs.

#### **Accounts Receivable, Net**

Accounts receivable are recorded at the invoiced amount, net of allowance for doubtful accounts and are non-interest bearing. The Company performs ongoing credit evaluations of its customers and maintains an allowance for doubtful accounts to ensure trade receivables are not overstated due to uncollectability. Allowances are provided for individual accounts receivable when the Company becomes aware of a customer's inability to meet its financial

**Velo3D, Inc.**  
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obligations, such as in the case of bankruptcy, deterioration in the customer's operating results, or change in financial position.

#### **Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is computed on a first-in, first-out basis, using the weighted-average cost method. Inventory levels are analyzed periodically and written down to their net realizable value if they have become obsolete, have a cost basis in excess of expected net realizable value or are in excess of expected demand.

The Company analyzes current and future product demand relative to the remaining product life to identify potential excess inventories. The write-down is measured as the difference between the cost of the inventories and net realizable value and charged to inventory reserves, which is a component of cost of revenue. At the point of the loss recognition, a new, lower cost basis for those inventories is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

**Property and Equipment, Net and Equipment on Lease, Net**

Property and equipment and equipment on lease are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

		Estimated useful life
Equipment on lease.....	lease	3 - 5 years
Computers and software.....	software	1 - 3 years
Lab equipment and other equipment		R&D lab
	equipment.....	3 - 7 years
Furniture and fixtures		3 - 5 years
Furniture and fixtures.....		3 - 5 years
Leasehold improvements.....	improvements	Shorter of the remaining lease term or useful life of 10 years

Expenditures for major renewals and improvements that increase functionality of the asset are capitalized and depreciated ratably over the identified useful life. Expenditures for non-major repairs and maintenance are charged to expense as incurred.

The Company capitalizes qualifying internal-use software development costs incurred during the application development stage for internal tools and cloud-based applications used to deliver its services, provided that management with the relevant authority authorizes and commits to the funding of the project, it is probable the project will be completed, and the software will be used to perform the function intended. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Costs incurred for enhancements that are expected to result in additional material functionality are capitalized. As of December 31, 2022 2023 and 2021 2022, capitalized costs were not material.

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**Investments**

The Company's available-for-sale ("AFS") investments primarily consist of U.S. Treasury securities and corporate debt and are reported at fair value on the balance sheet. Unrealized gains and losses on these investments are included as a separate component of accumulated other comprehensive income ("AOCI"), net of tax. These available-for-sale investments are primarily held in the custody of a major financial institution. A specific identification method is used to determine the adjusted cost basis of AFS investments sold. The Company's AFS investments are classified as current based on the intent of management, the nature of the investments and their availability for use in current operations.

**Impairment of Long-Lived Assets**

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The Company reviews its long-lived assets, consisting of property and equipment, equipment on lease, net, and right-of-use assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors considered important that could trigger an impairment review include a significant underperformance relative to expected historical or projected future operating results, or a significant change in the manner of the use of the assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset (or asset group) to estimated undiscounted future cash flows expected to be generated by the asset (or asset group). If the estimated undiscounted future cash flows generated by these assets were less than the carrying amounts, an impairment charge is recognized.

Management evaluates its long-lived assets, on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with Accounting Standards Codification ("ASC"), ASC Topic 360, Property, Plant and Equipment.

#### **Deferred Transaction Costs**

The Company capitalizes certain legal, accounting, and other third-party fees that are directly related to a planned equity financing that is probable of successful completion until such financing is consummated. After consummation of an equity financing, these costs are recorded as a reduction of the proceeds received as a result of the financing. Should a planned equity financing be abandoned, terminated or significantly delayed, the deferred transaction costs are immediately written off to operating expenses.

#### **Information by Segment and Geography**

The Company manages its operations and allocates resources as a single operating segment. Further, the Company manages, monitors, and reports its financial results as a single reportable segment. The Company's chief operating decision-maker ("CODM") is its Chief Executive Officer, who reviews financial information presented on an entity-wide basis for purposes of making operating decisions, assessing financial performance, and allocating resources. The Company has no segment managers who are held accountable by the CODM for operations, operating results, and planning for levels of components below the entity-wide level.

#### **Assets Under Lease Agreements (as Lessee)**

The carrying value of right of use ("ROU") assets and lease liabilities are based on the present value of future minimum lease payments for leases with original terms in excess of one year. The sum of future minimum lease payments, as adjusted for any initial direct costs, are recognized over the lease term on the straight-line method.

The rate implicit in the lease is not readily determinable in most of the Company's leases, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease.

The Company has operating leases for office space, warehouse, research and development facilities, and manufacturing facilities. The carrying value of right of use ("ROU") assets and lease liabilities are based on the present value of future minimum lease payments, as adjusted for any initial direct costs, and are recognized over the lease term on the straight-line method. The Company has elected the short-term lease exemption for all leases with a term of 12 months or less. The Company elected the practical expedient to capitalize the total lease payment rather than separate lease and non-lease components and only capitalize the lease component.

#### **Warrants for Redeemable Convertible Preferred Stock**

Warrants to purchase shares of redeemable convertible preferred stock are classified as liabilities because the warrants are freestanding financial instruments that may require the Company to transfer assets upon exercise. Warrants for redeemable convertible preferred stock are recorded within other noncurrent liabilities on the balance sheets. The warrants are recorded at fair value upon issuance and are subject to remeasurement to fair value at each balance sheet date. Changes in fair value of the warrants for redeemable convertible preferred stock are recorded in the Statements of Operations and Comprehensive Income (Loss) gain on fair value of warrants. The liability was adjusted for changes in fair value until the warrants were exercised as part of the Merger.

#### **Common Stock Warrants**

Prior to the Merger, warrants to purchase shares of common stock were classified as equity and recognized within additional paid-in capital with no subsequent remeasurement. The amount recognized within additional paid-in capital was determined by allocating the proceeds received and issuance costs incurred between the instruments issued based on their relative fair value. All Common Stock Warrants outstanding prior to the Merger were converted into common stock as part of the Merger.

Following the Merger, 8,625,000 publicly-traded warrants (the "Public Warrants") and 4,450,000 private placement warrants (the "Private Placement Warrants"), issued to Spitfire Sponsor, LLC (the "Sponsor"), all of which were issued in connection with JAWS Spitfire's initial public offering ("IPO"), became exercisable for one share of the Company's Common Stock at an exercise price of \$11.50 per share. During the year ended December 31, 2022, there were no Public Warrants or Private Placement Warrants exercised. The Public Warrants are publicly traded and are exercisable for cash, unless certain conditions occur, such as redemption by the Company under certain circumstances, at which time the Public Warrants may be exercised on a cashless basis. The Private Placement Warrants are non-redeemable for cash so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants are redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

In conjunction with the joinder and fourth loan modification agreement on July 25, 2022, we issued to Silicon Valley Bank warrants to purchase up to 70,000 shares of the Company's common stock at an exercise price of \$2.56 per warrant share (the "2022 Private Warrant" and together with the Public Warrants and the Private Placement Warrants, the "Common Stock Warrants"). The 2022 Private Warrant is exercisable until July 24, 2034 and allow cashless exercise in whole or part.

The Company evaluated the Common Stock Warrants, and concluded that they all do not meet the criteria to be classified within stockholders' equity. The warrant agreement governing the Public Warrants and Private Placement Warrants includes a provision, the application of which could result in a different settlement value for the Common Stock Warrants depending on their holder. Because the holder of an instrument is not an input into the pricing of a fixed-for-fixed option on the common stock, the Private Placement Warrants are not considered to be "indexed to the Company's own stock." In addition, the warrant agreement includes a provision that provides that in the event of a tender or exchange offer accepted by holders of more than 50.0% of the outstanding shares of the common stock, all holders of the Public Warrants and the Private Placement Warrants would be entitled to receive cash for all of their Public Warrants and Private Placement Warrants. Specifically, in the event of a qualifying cash tender offer (which could be outside of the Company's control), all Public Warrant and Private Placement Warrant holders would be entitled to cash, while only certain of the holders of the common stock may be entitled to cash.

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These provisions preclude us from classifying the Public Warrants and Private Placement Warrants in stockholders' equity. The 2022 Private Warrants also contain similar provisions on the treatment in the event of a qualifying cash tender offer that preclude us from classifying the 2022 Public Warrants in stockholders' equity.

The Company classifies the Common Stock Warrants as liabilities in accordance with ASC Topic 815 "Derivatives and Hedging—Contracts in Entity's Own Equity". As the Common Stock Warrants meet the definition of a derivative, the Company recorded these warrants within Warrant liabilities on the consolidated balance sheet at fair value, with subsequent changes in their respective fair values recognized in the consolidated statements of operations and comprehensive loss at each reporting date.

#### Contingent Earnout Liability

In connection with the Reverse Recapitalization and pursuant to the Business Combination Agreement, eligible former Legacy Velo3D equity holders are entitled to receive additional shares of Common Stock upon the Company achieving certain Earnout Triggering Events (as described in the Business Combination Agreement) (the "Earnout Shares"). The Earnout Shares are not indexed to the Common Stock and therefore are accounted for as a liability at the Reverse Recapitalization Date and subsequently remeasured at each reporting date with changes in fair value recorded as a component of gain or fair value of contingent earnout liabilities in the consolidated statements of operations and comprehensive loss. The estimated fair value of the contingent earnout liability was determined using a Monte Carlo simulation using a distribution of potential outcomes on a monthly basis over the Earnout Period (as defined in Note 12, 10, *Equity Instruments*) prioritizing the most reliable information available. The assumptions

#### Velo3D, Inc.

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utilized in the calculation are based on the achievement of certain stock price milestones, including the current Company Common Stock price, expected volatility, risk free rate, expected term and dividend rate. The contingent earnout liability is categorized as a Level 3 fair value measurement (see "Fair Value Measurements" as described above) because the Company estimates projections during the Earnout Period utilizing unobservable inputs. Contingent earnout liabilities involve certain assumptions requiring significant judgment and actual results may differ from assumed and estimated amounts.

#### Stock-based Compensation

Stock-based compensation cost for awards is measured as of the grant date based on its fair value, and the amount is expensed ratably over the service period which is typically the vesting period. We have elected to account for forfeitures when they occur, and any compensation expense previously recognized on unvested shares will be reversed.

We estimate the fair value of stock option awards subject to only a service condition on the date of grant using the Black-Scholes valuation model. The Black-Scholes model requires the use of highly subjective and complex assumptions, including the option's expected term, price volatility of the underlying stock, risk-free interest rate, and the expected dividend yield of the underlying common stock, as well as an estimate of the fair value of the common stock underlying the award.

We estimate the fair value of restricted share unit awards using the value of the Company's common stock Common Stock on the date of grant.

We estimate the fair value of Earnout Shares awards underlying stock options to employees, which is considered a compensatory award and accounted for under ASC 718, *Share-Based Compensation*, using the Monte-Carlo simulation model. The Monte-Carlo simulation model was selected as the valuation methodology for the Earnout Shares due to the path-dependent nature of triggering events. Under ASC 718, the award is measured at fair value at the grant date and expense is recognized over the time-based vesting period

(the triggering event is a market condition and does not impact expense recognition). The Monte-Carlo model requires the use of highly subjective and complex assumptions, including the current stock price, volatility of the underlying stock, expected term, and the risk-free interest rate.

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Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our risk-free interest rates, the selection of comparable companies, and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of **our common stock**. **Common Stock**. An increase of 100-basis points in interest rates would not have a material impact on **our** **the Company's** stock-based compensation.

**Operating Expenses**

Research and development expenses consist primarily of **development materials and supplies, software licenses, depreciation, and** salary and related expenses, including stock-based compensation, for personnel related to the development of improvements and expanded features for the Company's products and services, as well as quality assurance, testing, product management, and allocated overhead. Research and development costs are expensed as incurred.

Selling and marketing expenses consist primarily of **travel and entertainment expenses, and** salary and related expenses, including stock-based compensation, for personnel related to the sales and marketing efforts to expand the Company's brand and market share. Also, selling and marketing expenses includes third-party consulting fees, advertising, and allocated overhead. The Company expenses the cost of advertising, including promotional expenses, as incurred. Advertising expenses for the years ended **December 31, 2022** December 31, 2023 and **2021** 2022 were **not material**, \$0.8 million and \$0.7 million, respectively.

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**Velo3D, Inc.**  
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General and administrative expenses consist primarily of salaries, occupancy costs including rent and utilities, and depreciation; information technology used in the business; professional services costs including legal, accounting, and consulting; and other.

**Income Taxes**

The Company uses the asset and liability method in accounting for income taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income taxes of a change in tax rates is recognized in the period that includes the enactment date. Deferred tax expense or benefit is the result of changes in the deferred tax asset and liability. Valuation allowances are established when necessary, to reduce deferred tax assets where it is more-likely-than-not that the deferred tax assets will not be realized. In evaluating the Company's ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including historical operating results, ongoing tax planning, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. Based on the level of historical losses, the Company has established a valuation allowance to reduce its net deferred tax assets to the amount that is more-likely-than-not to be realized. The Company has recorded a full valuation allowance against its **net** **deferred tax assets** as of December 31, **2022** 2023 and **2021** 2022.

A tax benefit from an uncertain tax position may be recognized when it is more-likely-than-not that the position will be sustained upon examination by the taxing authorities, including resolutions of any related appeals or litigation processes, based on the technical merits of the position.

**Net Income (Loss) per Share**

Basic and diluted net income (loss) per share is presented in conformity with the two-class method required for participating securities.

Under the two-class method, basic net income (loss) per share is computed by dividing the net income or loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share adjusts basic net income (loss) per share for the effect of potentially dilutive securities.

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**Comprehensive Income (Loss)**

Comprehensive income (loss) includes net income (loss) plus all changes in stockholders' equity except those resulting from distributions to stockholders. The Company's unrealized gains and losses on short-term available-for-sale investment securities represent the components of other comprehensive loss income (loss) that are excluded from the reported net income (loss) and are presented in the consolidated statements of operations and comprehensive income (loss).

#### **JOBS Act Accounting Election**

The Company is provided the option to adopt new or revised accounting guidance as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") either (1) within the same periods as those otherwise applicable to public business entities, or (2) within the same time periods as non-public business entities, including early adoption when permissible. With the exception of standards the Company elected to early adopt, when permissible, the Company has elected to adopt new or revised accounting guidance within the same time period as non-public business entities, as indicated below.

#### **Recently Adopted Accounting Pronouncements**

In July 2021, the FASB issued ASU 2021-05, "Leases ("Topic 842") Lessors — Certain Leases with Variable Lease Payments", that amends the lessor's lease classification for leases that include any amount of variable lease payments that are not variable lease payments that do not depend on an index or a rate as an operating lease at lease commencement if classifying the lease as a sales-type lease or a direct financing lease would result in the recognition of a selling loss. This guidance is effective for the Company for the fiscal year beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted the new guidance in the first quarter of fiscal year 2022. The effect on the consolidated financial statements and related disclosures was not material.

**Velo3D, Inc.**

#### **Notes to Consolidated Financial Statements**

#### **Recently Issued Adopted Accounting Pronouncements**

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("Topic 326")", and has since released various amendments including ASU No. 2019-04. The guidance modifies the measurement of expected credit losses on certain financial instruments. This guidance is effective for the Company for the fiscal year beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing adopted the impact new guidance in the first quarter of the guidance fiscal year 2023. The effect on its the consolidated financial statements and disclosures. related disclosures was not material.

#### **Recently Issued Accounting Pronouncements**

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**Velo3D, Inc.**

#### **Notes In December 2023, the FASB issued ASU No. 2023-09 ("ASU 2023-09"), Income Taxes (Topic 740): Improvement to Consolidated Financial Statements**

#### **Note 3. Reverse Recapitalization**

On September 29, 2021, Merger Sub merged with Legacy Velo3D, with Legacy Velo3D surviving as a wholly-owned subsidiary. Income Tax Disclosures to enhance the transparency and decision usefulness of Velo3D. Immediately prior income tax disclosures. Two primary enhancements related to this ASU include disaggregating existing income tax disclosures relating to the closing of the Merger:

- all issued effective tax rate reconciliation and outstanding 6,738,651 shares of Legacy Velo3D outstanding Series A redeemable convertible preferred stock was converted into an equivalent number of shares of Legacy Velo3D common stock income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a 1:2.178 basis;
- all issued and outstanding 8,386,456 shares prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of Legacy Velo3D outstanding Series B redeemable convertible preferred stock was converted into an equivalent number of shares of Legacy Velo3D common stock this accounting standard update on a 1:2.273 basis;
- all issued and outstanding 8,513,343 shares of Legacy Velo3D outstanding Series C redeemable convertible preferred stock was converted into an equivalent number of shares of Legacy Velo3D common stock on a 1:2.372 basis;
- all issued and outstanding 101,042,757 shares of Legacy Velo3D outstanding Series D redeemable convertible preferred stock was converted into an equivalent number of shares of Legacy Velo3D common stock on a 1:1.000 basis;

In connection with the Merger, shares of Legacy Velo3D redeemable convertible preferred stock were converted into an equivalent number of shares of Legacy Velo3D common stock at their respective conversion ratios and concurrently recast into 126,310,700 shares of Common Stock.

As of September 29, 2021 and after giving effect to the Exchange Ratio, there were 183,163,826 shares of Common Stock outstanding, comprised of the 126,310,700 shares of Common Stock issued in respect of the Legacy Velo3D redeemable convertible preferred stock, 16,443,994 shares of Common Stock issued in respect of Legacy Velo3D

common stock, and 40,409,132 shares of Common Stock issued to public shareholders of JAWS Spitfire, the JAWS Spitfire initial shareholders, and third-party PIPE Investors (as defined below).

At the Merger, eligible former Legacy Velo3D equity holders received or had the right to receive shares of Common Stock at a deemed value of \$10.00 per share after giving effect to the Exchange Ratio of 0.8149 as defined in the Merger Agreement. Accordingly, immediately following the consummation of the Merger, Legacy Velo3D common stock exchanged into 142,754,694 shares of Common Stock, 66,830,878 shares of Common Stock were reserved for the issuance of Common Stock upon the potential future exercise of Legacy Velo3D stock options, common stock warrants, and shares of Common Stock issuable under the Company's employee stock purchase plan.

In connection with the execution of the Business Combination Agreement, JAWS Spitfire entered into separate subscription agreements (each a "Subscription Agreement") with a number of investors (each a "PIPE Investor"), pursuant to which the PIPE Investors agreed to purchase, and JAWS Spitfire agreed to sell to the PIPE Investors, an aggregate of 15,500,000 shares of Common Stock (the "PIPE Shares"), for a purchase price of \$10.00 per share and an aggregate purchase price of \$155.0 million, in a private placement pursuant to the Subscription Agreements (the "PIPE Financing"). The PIPE Financing closed simultaneously with the consummation of the Merger.

In connection with the Merger, 8,625,000 of JAWS Spitfire Class B ordinary shares originally purchased by the Sponsor were exchanged for shares of Common Stock prior to the Closing (the "Founder Shares").

Pursuant to JAWS Spitfire's Articles of Association, JAWS Spitfire's public shareholders were entitled to elect to redeem their public shares for cash even if they had approved the Merger. As of September 24, 2021, the final day of the redemption period, public shareholders had redeemed 18,215,868 Class A ordinary shares of JAWS

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Velo3D, Inc.

Notes to Consolidated Financial Statements

Spitfire for cash at the redemption price of \$10.00 per share, based on funds held in the trust account for an aggregate payment of \$182.2 million (the "Redemptions").

The number of shares of Common Stock issued immediately following the consummation of the Merger was:

	Shares
Public shares, outstanding prior to Merger	34,500,000
Less redemption of public shares	(18,215,868)
Public shares following redemptions	16,284,132
Shares issued in PIPE Financing	15,500,000
Public shares and PIPE Financing Shares	31,784,132
Founder Shares	8,625,000
Legacy Velo3D shares (1)	142,754,694
<b>Total shares of Common Stock immediately after Merger</b>	<b>183,163,826</b>

(1) Upon consummation of the Merger, 175,173,445 Legacy Velo3D shares were exchanged at the Exchange Ratio and fractional shares were rounded to whole shares.

The Merger was accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, JAWS Spitfire was treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Company's consolidated financial statements of Velo3D are represented as a continuation of the consolidated financial statements of Legacy Velo3D, with the Merger being treated as the equivalent of Legacy Velo3D issuing stock for the net assets of JAWS Spitfire, accompanied by a recapitalization. The net assets of JAWS Spitfire are stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Merger are those of Legacy Velo3D in future reports.

Legacy Velo3D has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances as of the Closing: (1) Legacy Velo3D's stockholders have a majority of the voting power of Velo3D; (2) the board of directors of Velo3D initially has twelve members, and Legacy Velo3D has the ability to nominate the majority of the initial members of the board of directors; (3) Legacy Velo3D's senior management is the senior management of Velo3D and is responsible for day-to-day operations; (4) Velo3D has assumed the Velo3D name; and; (5) the current strategy and operations of Velo3D continue to be Legacy Velo3D's strategy and operations to develop the next generation of AM printers.

In connection with the Merger and the PIPE Financing, the Company received \$298.2 million of gross proceeds including the contribution of \$345.0 million of cash held in JAWS Spitfire's trust account from its IPO, redemptions of JAWS Spitfire public shareholders of \$182.2 million, and \$155.0 million of cash in connection with the PIPE Financing. The gross proceeds were net of \$19.6 million of costs incurred by JAWS Spitfire prior to the Closing. The Company incurred \$19.9 million of transaction costs, consisting of banking, legal, and other professional fees, of which \$19.1 million was recorded as a reduction to additional paid-in capital of proceeds ("APIC"), and the remaining \$0.8 million was expensed in the consolidated statements of operations. The total net cash proceeds to the Company were \$278.3 million.

related disclosures.

**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

**Note 4.3. Basic and Diluted Net Income (Loss) per Share**

The following table sets forth the computation of the Company's basic and diluted net income (loss) per share to common stockholders:

December 31,			
		2022	2021
(In thousands, except share per share data)			
December 31,		December 31,	
		2023	2022
(In thousands, except share per share data)			
Numerator:	Numerator:		
Net income (loss)			
Net income (loss)			
Net income (loss)	Net income (loss)	\$ 10,020	\$ (107,091)
Denominator:	Denominator:		
Denominator:			
Basic weighted average shares outstanding			
Basic weighted average shares outstanding			
Basic weighted average shares outstanding	Basic weighted average shares outstanding	185,079,101	58,688,496
Effect of dilutive securities:	Effect of dilutive securities:		
Common stock warrants			
Common stock warrants			
Common stock warrants	Common stock warrants	7,999	—
Restricted stock units	Restricted stock units	345,714	—
Common stock options	Common stock options	16,742,089	—
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding	202,174,903	58,688,496

Net income (loss) per share	Net income (loss) per share
Net income (loss) per share	
Net income (loss) per share	
Basic	
Basic	
Basic	Basic \$ 0.05 \$ (1.82)
Diluted	Diluted \$ 0.05 \$ (1.82)

**Velo3D, Inc.**

**Notes to Consolidated Financial Statements**

The following potentially dilutive shares of common stock equivalents **on an as-converted basis** were excluded from the computation of diluted net loss per share **attributable to common stockholders** for the periods presented because including them would have had an antililutive effect:

		December 31,			
		2022	2021		
		(per share data)			
		December 31,		December 31,	
		2023		2022	
		(per share data)		(per share data)	
Common stock warrants	Common stock warrants	13,075,000	13,075,000		
Restricted stock units issued and outstanding		3,819,727	4,041,346		
Common stock options issued and outstanding		725,711	21,191,226		
Restricted stock units					
Common stock options					
Total potentially dilutive common share equivalents	Total potentially dilutive common share equivalents	17,620,438	38,307,572		

Total potentially dilutive common share equivalents for the years ended **December 31, 2022** December 31, 2023 and 2021, exclude 2022, excludes 21,265,936 and 21,758,149, respectively, shares related to the earnout liability as these shares are contingently issuable upon meeting certain triggering events.

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**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

**Note 5. Fair Value Measurements**

The Company's assets and liabilities that were measured at fair value on a recurring basis were as follows:

Fair Value Measured as of December 31, 2023		Fair Value Measured as of December 31, 2023			
	Level 1	Level 1	Level 2	Level 3	Total
	(In thousands)			(In thousands)	
<b>Assets</b>					
Money market funds (i)					
Money market funds (i)					
Money market funds (i)					
Corporate bonds (ii)					
<b>Total financial assets</b>					
<b>Liabilities</b>					
Common stock warrant liabilities (Public) (iii)					
Common stock warrant liabilities (Public) (iii)					
Common stock warrant liabilities (Public) (iii)					
Common stock warrant liabilities (Public) (iii)					
Common stock warrant liabilities (Private Placement) (iii)					
Common stock warrant liabilities (2022 Private Warrant) (iii)					
Common stock warrant liabilities (RDO Warrants) (iii)					
Common stock warrant liabilities (Placement Agent Warrants) (iii)					
Contingent earnout liabilities					
<b>Total financial liabilities</b>					
<b>Fair Value Measured as of December 31, 2022</b>					

	Level 1	Level 2	Level 3	Total				
	(In thousands)							
<b>Fair Value Measured as of December 31, 2022</b>								
<b>Fair Value Measured as of December 31, 2022</b>								
<b>Fair Value Measured as of December 31, 2022</b>								
	Level 1	Level 2	Level 3	Total				
	(In thousands)							
<b>Assets</b>	<b>Assets</b>							
Money market funds (i)								
Money market funds (i)								
Money market funds (i)	\$ 31,728	\$ —	\$ —	\$ 31,728				
U.S. Treasury securities (ii)	U.S. Treasury securities (ii)	24,701	—	— 24,701				
Corporate bonds (ii)	Corporate bonds (ii)	—	23,513	— 23,513				
Total financial assets	Total financial assets	\$ 56,429	\$ 23,513	\$ — \$ 79,942				
<b>Liabilities</b>	<b>Liabilities</b>							
Common stock warrant liabilities	Common stock warrant liabilities							
(Public) (iii)	(Public) (iii)	\$ 1,748	\$ —	\$ — \$ 1,748				
Common stock warrant liabilities (Public) (iii)								
Common stock warrant liabilities (Public) (iii)								
Common stock warrant liabilities (Private Placement) (iii)	Common stock warrant liabilities (Private Placement) (iii)	—	—	888 888				
Common stock warrant liabilities (2022 Private Warrant) (iii)	Common stock warrant liabilities (2022 Private Warrant) (iii)	—	—	109 109				
Contingent earnout liabilities	Contingent earnout liabilities	—	—	17,414 17,414				
Total financial liabilities	Total financial liabilities	\$ 1,748	\$ —	\$ 18,411 \$ 20,159				

Fair Value Measured as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
<b>Assets</b>				
Money market funds (i)	\$207,471	\$ —	\$ —	\$207,471
U.S. Treasury securities (ii)	8,141	—	—	8,141
Corporate bonds (ii)	—	7,342	—	7,342
<b>Total financial assets</b>	<b>\$215,612</b>	<b>\$ 7,342</b>	<b>\$ —</b>	<b>\$222,954</b>
<b>Liabilities</b>				
Common stock warrant liabilities (Public) (iii)	\$ 14,318	\$ —	\$ —	\$ 14,318
Common stock warrant liabilities (Private Placement) (iii)	—	—	7,387	7,387
Contingent earnout liabilities	—	—	111,487	111,487
<b>Total financial liabilities</b>	<b>\$ 14,318</b>	<b>\$ —</b>	<b>\$118,874</b>	<b>\$133,192</b>

(i) Included in cash and cash equivalents on the consolidated balance sheets.

(ii) Included in short-term investments on the consolidated balance sheets.

(iii) Included in warrant liabilities on the consolidated balance sheets.

For more information regarding the Public Warrants, Private Placement Warrants, the 2022 Private Warrant, the RDO Warrants, the Placement Agent Warrants, and the Contingent earnout liabilities, see Note 10, *Equity Instruments*.

#### Velo3D, Inc.

#### Notes to Consolidated Financial Statements

The aggregate fair value of the Company's money market funds approximated amortized cost and, as such, there were no unrealized gains or losses on money market funds as of December 31, 2022 December 31, 2023 and 2021 2022. Realized gains and losses, net of tax, were not material for any of the periods presented.

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#### Velo3D, Inc.

#### Notes to Consolidated Financial Statements

The following table presents a summary of the changes in the fair value of the Company's Level 3 financial instruments:

Fair value as of January 1, 2023	Private placement warrant liabilities	Private placement warrant liabilities	2022 Private Warrant	Contingent earnout liabilities	Debt derivatives	RDO Warrants	Placement Agent Warrants	(In Thousands)
								(In Thousands)
Issuance of instruments								
Change in fair value								

Extinguishment of debt derivatives in connection with debt extinguishment	
<b>Fair value as of December 31, 2023</b>	
	<b>Redeemable convertible preferred stock warrant liabilities</b>
	<b>Private placement warrant liabilities</b>
	<b>Contingent earnout liabilities</b>
	(In thousands)
<b>Fair value as of January 1, 2022</b>	
<b>Fair value as of January 1, 2022</b>	
<b>Fair value as of January 1, 2022</b>	<b>Fair value as of January 1, 2022</b>
Issuance of warrants	\$ — \$ 7,387 \$ — \$ 111,487
Change in fair value	\$ — (6,499) (61) (94,073)
<b>Fair value as of December 31, 2022</b>	<b>Fair value as of December 31, 2022</b>
	\$ — \$ 888 \$ 109 \$ 17,414
<b>Fair value as of January 1, 2021</b>	\$ 181 \$ — \$ — \$ —
Private placement warrant liabilities acquired as part of the reverse recapitalization	\$ — 7,164 \$ — \$ —
Contingent earnout liabilities recognized upon the closing of the reverse recapitalization	\$ — \$ — \$ — 120,763
Change in fair value	\$ 718 \$ 223 \$ — (9,276)
Exercise of warrants	\$ (899) \$ — \$ — \$ —
<b>Fair value as of December 31, 2021</b>	<b>Fair value as of December 31, 2021</b>
	\$ — \$ 7,387 \$ — \$ 111,487

The fair value of the private placement warrant liability, the 2022 Private Warrant, (see Note 12, *Equity Instruments*), redeemable convertible preferred stock warrant Contingent earnout liability, Debt derivative, RDO Warrants, and contingent earnout liability Placement Agent Warrants are based on significant unobservable inputs, which represent Level 3 measurements within the fair value hierarchy.

In determining the fair value of the private placement warrant Private Placement Warrant liability, Contingent earnout liability, and Debt derivatives, the Company used the the Monte Carlo Simulation Model simulation model using a distribution of potential outcomes on a weekly basis over the applicable periods that assumes optimal exercise of the Company's redemption option at the earliest possible date, date (see Note 10, *Equity Instruments*).

In determining the fair value of the redeemable convertible preferred stock warrant liability, 2022 Private Warrant, RDO Warrants, and Placement Agent Warrants, the Company used the Black-Scholes option pricing model to estimate the fair value using unobservable inputs including the expected term, expected volatility, risk-free interest rate and dividend yield (see Note 12,10, *Equity Instruments*).

In determining the fair value of the 2022 Private Warrant, the Company used the Black-Scholes option pricing model to estimate the fair value using unobservable inputs including the expected term, expected volatility, risk-free interest rate and dividend yield (see Note 12, *Equity Instruments*).

In determining the fair value of the contingent earnout liability, the Company used the Monte Carlo simulation valuation model using a distribution of potential outcomes on a weekly basis over the applicable earnout period using the most reliable information available (see Note 12, *Equity Instruments*).

**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

**Note 6.5. Investments**

**Available-for-sale Investments**

The Company began investing in available-for-sale ("AFS") investments in the fourth quarter of 2021. The following table summarizes our AFS the Company's available-for-sale ("AFS") investments. These are classified as "Short-term investments" on the consolidated balance sheets.

		December 31, 2022			
		Gross	Gross	Amortized	Unrealized
		Cost	Gain	Loss	Fair Value
(In thousands)					
U.S. Treasury securities	\$ 25,124	\$ —	\$ (423)	\$ 24,701	

		December 31, 2023				December 31, 2023				
		Amortized					Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
		Cost								
(In thousands)										
Corporate bonds	Corporate bonds	23,927	—	(414)	23,513					
Total available-for-sale investments	Total available-for-sale investments	\$ 49,051	\$ —	\$ (837)	\$ 48,214					

		December 31, 2021			
		Gross	Gross	Amortized	Unrealized
		Cost	Gain	Loss	Fair Value
(In thousands)					
U.S. Treasury securities	U.S. Treasury securities	\$ 8,154	\$ —	\$ (13)	\$ 8,141
Corporate bonds	Corporate bonds	7,343	1	(2)	7,342
Total available-for-sale investments	Total available-for-sale investments	\$ 15,497	\$ 1	\$ (15)	\$ 15,483

The following table presents the breakdown of the available-for-sale AFS investments in an unrealized loss position as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively.

December 31, 2022   December 31, 2021

		Gross		Gross			
		Fair Value	Unrealized Loss	Fair Value	Unrealized Loss		
		(In thousands)					
December 31, 2023				December 31, 2023		December 31, 2022	
Fair Value				Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
(In thousands)				(In thousands)			
U.S.	U.S.						
Treasury securities	Treasury securities						
Less than 12 months	Less than 12 months						
12 months	12 months	\$ 16,702	\$ (365)	\$ 8,141	\$ (13)		
Greater than 12 months	—	\$ 7,999	\$ (58)	\$ —	\$ —		
Less than 12 months	—						
Less than 12 months	—						
12 months or longer	—						
Total	Total	\$ 24,701	\$ (423)	\$ 8,141	\$ (13)		
Corporate bonds	Corporate bonds						
Corporate bonds	Corporate bonds						
Less than 12 months	Less than 12 months						
12 months	12 months	\$ 18,951	\$ (387)	\$ 5,640	\$ (2)		
Greater than 12 months	—	\$ 1,478	\$ (27)	\$ —	\$ —		
Less than 12 months	—						
Less than 12 months	—						
12 months or longer	—						
Total	Total	\$ 20,429	\$ (414)	\$ 5,640	\$ (2)		

The Company does not believe these AFS investments to be other-than-temporarily impaired as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022.

There were no material realized gains or losses on AFS investments for the years ended December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022.

All remaining contractual maturities of AFS investments with maturities greater than 12 months were \$12.4 million held at December 31, 2022 December 31, 2023 are as follows:

	Less than 12 months		Greater than 12 months	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
			(In thousands)	
Corporate bonds	\$ 6,621	\$ (96)	\$ —	\$ —
Total	\$ 6,621	\$ (96)	\$ —	\$ —

## Note 7.6. Balance Sheet Components

### Accounts Receivable, Net

Accounts receivable, net consisted of the following:

		December 31,	
		2022	2021
(In thousands)			
		December 31,	December 31,
		2023	2022
		(In thousands)	
Trade Receivables	Trade Receivables	\$9,639	\$12,845
Less: Allowances for Doubtful Accounts	Allowances for Doubtful Accounts	(454)	(67)
Total	Total	<u>\$9,185</u>	<u>\$12,778</u>

### Inventories

Inventories consisted of the following:

		December 31,	
		2022	2021
(In thousands)			
		December 31,	December 31,
		2023	2022
		(In thousands)	
Raw materials	Raw materials	\$58,585	\$16,594
Work-in-progress	Work-in-progress	12,617	5,885
Finished goods			
Total	Total	<u>\$71,202</u>	<u>\$22,479</u>

The Company recorded \$27.1 million in inventory reserves related to the valuation of inventory for the year ended December 31, 2023

### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

		December 31,	
		2022	2021
(In thousands)			
		December 31,	December 31,
		2023	2022
		(In thousands)	
Prepaid insurance and other	Prepaid insurance and other	\$3,316	\$5,326
Vendor prepayments	Vendor prepayments	2,217	4,132
Total	Total	<u>\$5,533</u>	<u>\$9,458</u>

**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

**Property and Equipment, Net**

Property and equipment, net consisted of the following:

		<b>December 31,</b>	
		<b>2022</b>	<b>2021</b>
		(In thousands)	
		<b>December 31,</b>	<b>December 31,</b>
		<b>2023</b>	<b>2022</b>
		(In thousands)	
Computers and software	Computers and software	\$ 2,222	\$ 1,397
R&D lab equipment		7,379	2,283
Lab equipment and other equipment			
Furniture and fixtures	Furniture and fixtures	181	88
Leasehold improvements	Leasehold improvements	16,273	2,771
Construction in progress		—	6,273
Total property, plant and equipment	Total property, plant and equipment	26,055	12,812
Less accumulated depreciation and amortization	Less accumulated depreciation and amortization	(6,243)	(2,766)
Property, plant and equipment, net	Property, plant and equipment, net	<u>\$19,812</u>	<u>\$10,046</u>

Depreciation expense for the years ended December 31, 2022 December 31, 2023 and 2021 2022 was \$3.6 million \$5.2 million and \$1.2 million \$3.6 million, respectively.

The manufacturing facility operating lease at Campbell (McGlincy) was terminated on March 31, 2023, and is no longer in use. There were no significant asset retirement obligations. The Company accelerated depreciation of \$0.4 million in leasehold improvements, which are included in depreciation expense, related to the Company's exit from its two facilities at Campbell (Division) on December 31, 2023, which are no longer in use. The Company disposed of \$2.1 million in fully-depreciated leasehold improvements during the year ended December 31, 2023.

**Other Assets**

Other assets consisted of the following:

		<b>December 31,</b>	
		<b>2022</b>	<b>2021</b>
		(In thousands)	
		<b>December 31,</b>	<b>December 31,</b>
		<b>2023</b>	<b>2022</b>
		(In thousands)	
Right of use assets	Right of use assets	\$13,545	\$11,073

Net investment in sales-type lease	Net investment in sales-type lease	6,554	\$ 2,500
Non-current assets	Non-current assets	3,211	\$ 2,658
prepaid expenses and other assets	prepaid expenses and other assets		
Total assets	Total assets	\$23,310	\$16,231
Total Other assets	Total Other assets		

The Company negotiated the early buy-out of all outstanding sales-type leases. The excess of the carrying value of the net investment in sales-type lease, associated contract assets and the consideration received of \$5.0 million resulted in a reduction in revenue of \$2.2 million for the year ended December 31, 2023.

**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

**Accrued Expenses & Other Current Liabilities**

Accrued expenses and other current liabilities consisted of the following:

	<b>December 31,</b>	
	<b>2022</b>	
	<b>2021</b>	
(In thousands)		
Accrued expenses	\$ 8,602	\$ 3,015
Accrued salaries and benefits	4,830	4,143
Lease liability – current portion	2,445	2,256
Total Accrued expenses and other current liabilities	\$ 15,877	\$ 9,414

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**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

	<b>December 31,</b>	
	<b>2023</b>	
	<b>2022</b>	
(In thousands)		
Accrued expenses	\$ 1,948	\$ 8,602
Accrued salaries and benefits	2,277	4,830
Lease liability – current portion	2,266	2,445
Total accrued expenses and other current liabilities	\$ 6,491	\$ 15,877

**Other Noncurrent Liabilities**

Other noncurrent liabilities consisted of the following:

	<b>December 31,</b>	
	<b>2022</b>	
	<b>2021</b>	
(In thousands)		
Lease liabilities - noncurrent portion	12,206	9,184
Other noncurrent liabilities	428	308

Total other noncurrent liabilities	\$ 12,634	\$ 9,492
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See Note 12, *Equity Instruments*, for further details of the contingent earnout liability and warrant liabilities.

	December 31,	
	2023	2022
	(In thousands)	
Lease liabilities - noncurrent portion	\$ 10,176	\$ 12,206
Other noncurrent liabilities	1,380	428
<b>Total other noncurrent liabilities</b>	<b>\$ 11,556</b>	<b>\$ 12,634</b>

#### Note 8.7. Equipment on Lease, Net

The equipment leased to customers had a cost basis of \$10.6 million \$7.4 million and accumulated depreciation of \$1.5 million \$0.8 million as of December 31, 2022 2023. The total depreciation expense was \$1.7 1.0 million and included in cost of revenue for the year ended December 31, 2022 2023.

The equipment leased to customers had a cost basis of \$9.3 million \$10.6 million and accumulated depreciation of \$0.9 1.5 million as of December 31, 2021 December 31, 2022. The total depreciation expense was \$0.7 1.7 million and included in cost of revenue for the year ended December 31, 2021 2022.

The equipment on lease initial lease terms are generally for 12 months and the Company has considered the possibility of renewals when determining the length of the contract and the expectation is that customers will not exercise any renewal or purchase options at the end of the lease. The Company has evaluated our customer history on renewals, returns and purchase options and have determined the operating lease period of 12 months is appropriate.

For the year ended December 31, 2023, two new leases were entered into and eight equipment on leases with an aggregate carrying value of \$6.7 million were reclassified from equipment on lease, net to finished goods inventory to be resold as the purchase options were not exercised.

As noted above, we are unsure of when the customer will return or renew leased equipment. Additionally, lessees do not provide residual value guarantees on equipment on lease. The future lease payments expected in 2023 2024 are \$1.9 \$1.2 million.

Lease payments consisted of the following:

	December 31,	
	2022	2021
	(In thousands)	
Equipment on lease payments	3,483	1,556
Equipment on lease variable payments	678	33
<b>Total lease payments</b>	<b>\$ 4,161</b>	<b>\$ 1,589</b>

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	December 31,	
	2023	2022
	(In thousands)	
Equipment on lease payments	1,676	3,483
Equipment on lease variable payments	—	678
<b>Total lease payments</b>	<b>\$ 1,676</b>	<b>\$ 4,161</b>

The Company entered into debt secured by certain leased equipment to customers. See Note 10.9, *Long-term Debt*, for a description of these financing arrangements.

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#### Note 9.8. Leases

The Company leases its office and manufacturing facilities under five four non-cancellable operating leases, including options to extend, which expire in 2023 2024 to 2032. The agreements include a provision for renewal at the then prevailing market rate for terms specified in each lease. During

As noted above in Note 6, Balance Sheet Components, the year ended December 31, 2022 the manufacturing facility operating lease was re-measured in accordance with ASC 842, Leases, as management's intent is to exercise the renewal option at the end of the lease term due to the significant leasehold improvement investments made to the facility.

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The manufacturing facility operating lease at Campbell (McGlincy) expired was terminated on January 31, 2023 March 31, 2023, and is no longer in use. The Company's right-of-use assets and lease liabilities related to McGlincy were amortized in full over the life of the lease. Additionally, the Company exited from its two facilities at Campbell (Division) on December 31, 2023, which are no longer in use, however the lease agreement was renewed on a month-to-month lease terminating on March 31, 2023, not terminated.

Total ROU assets and lease liabilities are as follows:

		<b>December 31,</b>			
		2022	2021		
		(In thousands)			
		<b>December 31,</b>		<b>December 31,</b>	
		2023	2023	2022	2022
		(In thousands)		(In thousands)	
Right-of-use assets:	Right-of-use assets:				
Net book value (Other assets)	Net book value (Other assets)				
Net book value (Other assets)	Net book value (Other assets)				
Net book value (Other assets)	Net book value (Other assets)	\$13,545	\$11,073		
Operating lease liabilities:	Operating lease liabilities:				
Current (Accrued expense and other current liabilities)	Current (Accrued expense and other current liabilities)				
Current (Accrued expense and other current liabilities)	Current (Accrued expense and other current liabilities)				
Noncurrent (Other noncurrent liabilities)	Noncurrent (Other noncurrent liabilities)	12,201	9,143		
		14,612	11,365		
		12,126			

Financing lease liabilities:	Financing lease liabilities:
Current (Accrued expense and other and other current liabilities)	Current (Accrued expense and other and other current liabilities)
Noncurrent (Other noncurrent liabilities)	Noncurrent (Other noncurrent liabilities)
	\$ 40
Total lease liabilities	Total lease liabilities

There were no impairments recorded related to these assets as of December 31, 2022, 2023 and 2021.

Information about lease-related balances were as follows:

	December 31,	
	2022	2021
	(In thousands, except years and percentages)	
Operating lease expense	\$ 2,956	\$ 1,058
Financing lease expense	36	31
Short-term lease expense	351	186
Total lease expense	<u>3,343</u>	<u>1,275</u>
Cash paid for leases	\$ 2,360	\$ 1,018
Weighted – average remaining lease term – operating leases (years)	4.1	4.9
Weighted – average discount rate – operating leases	8.7%	4.4%

Maturity of operating lease liabilities as of December 31, 2022 are as follows:

	(In thousands)	
	2023	2024
2023	\$ 2,786	2,730
2024	2,266	2,313
2025		
2026		
Thereafter	13,670	
Total operating lease payments	\$ 23,765	
Less portion representing imputed interest	(9,153)	
Total operating lease liabilities	\$ 14,612	
Less current portion	2,411	
Long-term portion	<u>12,201</u>	

	December 31,	
	2023	2022
	(In thousands, except years and percentages)	

Operating lease expense	\$ 3,002	\$ 2,956
Financing lease expense	80	36
Short-term lease expense	314	351
<b>Total lease expense</b>	<b>\$ 3,396</b>	<b>\$ 3,343</b>
Cash paid for leases	\$ 2,827	\$ 2,360
Weighted – average remaining lease term – operating leases (years)	7.8	4.1
Weighted – average discount rate – operating leases	8.8%	8.7%

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Maturity of operating lease liabilities as of December 31, 2023 are as follows:

	(In thousands)
2024	\$ 2,806
2025	2,360
2026	2,402
2027	2,400
2028	2,490
Thereafter	8,779
<b>Total operating lease payments</b>	<b>\$ 21,237</b>
Less portion representing imputed interest	(9,111)
<b>Total operating lease liabilities</b>	<b>\$ 12,126</b>
Less current portion	2,153
<b>Long-term portion</b>	<b>\$ 9,973</b>

**Note 10.9. Long-Term Debt**

Long-term debt consisted of the following:

		<b>December 31,</b>		2023	<b>December 31,</b>	
		<b>2022</b>	<b>2021</b>		2023	2022
		(In thousands)			(In thousands)	
		<b>December 31,</b>			<b>December 31,</b>	
		<b>2023</b>			2022	
		(In thousands)			(In thousands)	
Revolving credit line	Revolving credit line	\$3,000	\$3,000			
Equipment loan	Equipment loan	5,356	5,089			
Secured notes						
Deferred financing costs	Deferred financing costs	(159)	(19)			
Total	Total	\$8,197	\$8,070			

Debt – current portion	Debt – current portion	2,775	5,114
Long-term debt – less current portion	Long-term debt – less current portion		
		\$5,422	\$2,956

**The Company Secured Convertible Notes** — 's banking arrangements include three facilities and a revolving credit line with its primary bank. These loans contain customary representations and warranties, reporting covenants, events of default and termination provisions. The affirmative covenants include, among other things, that On August 10, 2023, the Company furnish monthly financial statements, a yearly budget, timely files taxes, maintains good standing entered into the Securities Purchase Agreement with High Trail Investments ON LLC and government compliance, maintains liability an affiliated institutional investor (together, the "Investors") pursuant to which the Company agreed to issue and other insurance and furnishes audited financial statements sell in an offering up to \$105 million aggregate principal amount of senior secured convertible notes (the "Secured Convertible Notes"). On August 14, 2023, the Company issued \$70 million aggregate principal amount of Secured Convertible Notes to the Investors. In addition, the Company granted the Investors the right to purchase up to an additional \$35 million aggregate principal amount of the Secured Convertible Notes so long as the notice to exercise such option was provided no later than August 14, 2024. The Secured Convertible Notes bore interest at 6.00% per annum, payable quarterly in cash on January 1, April 1, July 1 and October 1 of each year, commencing on October 1, 2023, and would mature on August 1, 2026. The Secured Convertible Notes included covenants requiring the date Company to, among others things, maintain minimum levels of delivery quarterly revenue through the quarter ended June 30, 2026. The Company was not in compliance with the minimum revenue covenant for the quarter ended September 30, 2023.

Beginning on January 1, 2024, the Investors had the option to require the Company to repay principal on the Secured Convertible Notes quarterly pursuant to the Board terms of Directors. the Secured Convertible Notes at a repayment price equal to 115% of the Secured Convertible Notes principal balance repaid plus accrued interest. The repayments were calculated at a rate of 12.5% of 115% of the principal balance and would reduce the principal balance of the Secured Convertible Notes by the amount repaid divided by a rate of 1.15. The end of term maturity balance was the principal balance of the Secured Convertible Notes multiplied by 115% (the "Secured Convertible Notes Maturity Balance"). The Secured Convertible Notes were convertible based on a conversion rate of 644.7453 shares of Common Stock per \$1,000 principal amount of Secured Convertible Notes (equivalent to a conversion price of approximately \$1.55 per share of the Common Stock).

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The Company used approximately \$22.4 million of the net proceeds from the offering of the Secured Convertible Notes to repay all \$21.9 million of outstanding principal and \$0.3 million of accrued interest under the Company's Revolving Credit Line and Equipment Loan which resulted in a loss of \$0.2 million expensed within "Loss on debt extinguishment".

The Company incurred deferred financing costs of \$4.1 million related to the Secured Convertible Notes, which were capitalized upon issuance and were being accreted over the term of the Secured Convertible Notes using the effective interest rate method with \$0.6 million included in "Interest expense" in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2023. The unamortized deferred financing costs of \$3.5 million, were expensed within "Loss on debt extinguishment" upon the cancellation and exchange of the Secured Convertible Notes for the Secured Notes.

Additionally, the Company was capitalizing discounts of \$24.4 million against the carrying value of the Secured Convertible Notes and amortizing the discounts over the term of the Secured Convertible Notes using the effective interest rate method. The \$24.4 million discount included \$13.9 million related to debt derivatives, \$10.5 million related to the Secured Convertible Notes Maturity Balance, with \$4.7 million amortized interest expense for the year ended December 31, 2023. The unamortized discount was \$19.7 million, was expensed within "Loss on debt extinguishment" upon the extinguishment and termination of the Secured Convertible Notes.

As of December 31, 2022 December 31, 2023, the Company had no outstanding balance, no unamortized discount, or unamortized deferred loan fees due to the cancellation of the Secured Convertible Notes in connection with the issuance of the Secured Notes. During the year ended December 31, 2023, the Company had paid \$1.9 million in interest and incurred a total of \$7.2 million in interest expense related to the Secured Convertible Notes. The effective interest rate was in compliance with our reporting covenants, 41.1% for the year ended December 31, 2023.

**Secured Notes** — On November 27, 2023, the Company entered into the Securities Exchange Agreement (the "Exchange Agreement") with the Investors, pursuant to which the Company made a cash payment to the Investors of \$16.3 million to repay \$12.5 million of aggregate principal amount of the Secured Convertible Notes, together with \$1.3 million of accrued and unpaid interest. The remaining Secured Convertible Notes were exchanged for \$57.5 million aggregate principal amount of new senior secured notes due 2026 (the "Secured Notes") and 10,000,000 shares of Common Stock with a fair market value of \$9.4 million at issuance. The remaining Secured Convertible Notes Maturity Balance of \$8.0 million was recognized as a gain within "Loss on debt extinguishment" and was partially offset by \$0.2 million of financing costs paid to the Investors. The Secured Notes included covenants requiring the Company to maintain a minimum of \$35 million of unrestricted cash and cash equivalents and to maintain minimum levels of available cash, calculated monthly based on a rolling three-month lookback period beginning with the three-month period ending on December 31, 2023.

On December 27, 2023, the Company entered into a note amendment to its Secured Notes with the Investors, pursuant to which the Company made a cash payment to the note holders of \$25.0 million to repay approximately \$20.8 million of aggregate principal amount of the Secured Notes, together with accrued and unpaid interest. The amendment was determined to be a modification of the Secured Notes. The amended Secured Notes eliminated the requirement to pay a principal amount of Secured Notes on January 1, 2024, eliminated the requirement to maintain a minimum of \$35.0 million of unrestricted cash and cash equivalents, and deferred the requirement to, on or before December 31,

2023, establish a new "at-the-market" offering program (or increase the Company's existing "at-the-market" offering program) with aggregate available, accessible and unused capacity to generate gross proceeds to the Company of at least \$75.0 million as of December 31, 2023 to January 31, 2024.

The Secured Notes contain customary affirmative and negative covenants (including covenants that limit the Company's ability to incur debt, make investments, transfer assets, engage in certain transactions with affiliates and merge with other companies). Additionally, as noted above, the Secured Notes require the Company maintain available cash on a quarterly basis, adjusted for certain financing activity as defined in the Secured Notes, in excess of required minimum balances as defined in the Secured Notes. Furthermore, if an event of default occurs, the holders of the Secured Notes may declare the Secured Notes due and payable for cash in an amount equal to the Event of Default Acceleration Amount as defined in the Secured Notes. If an event of default occurs and the

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Company fails to pay the Event of Default Acceleration Amount when due in accordance with the Secured Notes, then the holders may elect to receive such unpaid portion of the Event of Default Acceleration Amount, entirely or partially, in shares of Common Stock calculated based on dividing Event of Default Acceleration Amount by the lowest of the 10 daily volume weighted average prices of the Common Stock immediately prior to the applicable event of default stock payment date.

The Secured Notes bear interest at 6.00% per annum, payable quarterly in cash on January 1, April 1, July 1 and October 1 of each year, commencing on January 1, 2024, and will mature on August 1, 2026. When the Company repays principal on the Secured Notes pursuant to the terms of the Secured Notes, it will be required to pay 120% of the principal amount repaid (the "Repayment Price") plus accrued and unpaid interest.

On the first day of each three-month period beginning on April 1, 2024 (a "Partial Redemption Date"), the Company will redeem a portion of the principal amount of the Secured Notes at the Repayment Price plus accrued and unpaid interest, unless the Investors cancel such redemption. The aggregate principal amount of the Secured Notes that will be redeemable on a Partial Redemption Date will be \$8,750,000 for a Repayment Price of \$10,500,000.

The Secured Notes include terms that provide the Investors seniority over other unsecured obligations in any settlement negotiations in the event of liquidation. Additionally, the Secured Notes contain redemption features in the event of default or a fundamental change in control that would make the Secured Notes immediately callable at a predetermined rate as described in the Secured Notes. The redemption features are settled in cash. As of December 31, 2023, the Company has not included the effect of an event of default or the effect of a fundamental change in control in the valuation of the Secured Notes, as the Company believes the likelihood of these occurring to be remote. The Company amortizes will continue to monitor the likelihood of these events in future reporting periods.

The Company incurred deferred financing costs of \$0.4 million related to the Secured Notes, which were capitalized upon issuance and are being accreted over the life term of the borrowing. Secured Notes using the effective interest rate method and are included in "Interest expense" in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). As of December 31, 2022 and 2021, December 31, 2023, the remaining unamortized balance of deferred financing costs was \$0.2 million \$0.4 million and less than \$0.1 million, respectively and was were included in Debt — current portion on the balance sheets.

Additionally, the Company is accreting discounts of \$11.5 million and capitalizing to the carrying value of the Secured Notes over the term of the Secured Notes using the effective interest rate method with \$1.2 million amortized to interest expense for the year ended December 31, 2023. As of December 31, 2023, the unamortized discount was \$10.3 million, which includes the difference between the principal and the Repayment Price, and capitalized deferred financing costs. For the year ended December 31, 2023, the Company paid \$0.4 million in interest and incurred a total of \$1.6 million in interest expense related to the Secured Notes. The effective interest rate was 45.0% for the year ended December 31, 2023.

The future minimum aggregate payments for the above borrowings are equal to the quarterly payments made using the Repayment Price, beginning are as follows as of December 31, 2023:

	(In thousands)
2024	\$ 31,500
2025	12,500
	<hr/> <hr/> <hr/>
	\$ 44,000

As of December 31, 2023 and the issuance date of the audited consolidated financial statements, the Company was in compliance with all covenants.

**Revolving Credit Line** — In May 2021, the Company executed the third amended and restated loan and security agreement and a mezzanine loan and security agreement with Silicon Valley Bank, the Company's primary lender, which included a \$10.0 million revolving credit line and an \$8.5 million secured equipment loan facility (see below).

In August 2021, the Company drew \$3.0 million on the revolving credit facility, with a variable interest rate of the greater of 5.75% or Prime plus 2.50% and a term of 10 months. The effective interest rate was 5.7% and 4.7%, respectively, for During the year ended December 31, 2022 and 2021. The deferred loan fees were less than \$0.2 million as of December 31, 2022.

On May 13, 2022, the Company entered into a first loan modification agreement agreements that made certain modifications to the third amended and restated loan and security agreement. The first loan modification agreement, agreements, among other things, extended the maturity date of the revolving line of credit, from May 14, 2022 to June 13, 2022, and included a limited waiver of a default related to the Company's failure to maintain revenue of at least \$25 million for the six month period ending March 31, 2022.

On June 13, 2022, the Company entered into a second loan modification agreement that made certain modifications to the third amended and restated loan and security agreement, as amended. The second loan modification agreement, among other things, extended the maturity date of the revolving line of credit from

June 13, 2022 to July 14, 2022.

On July 11, 2022, the Company entered into a third loan modification agreement that made certain modifications to the third amended and restated loan and security agreement, as amended. The third loan modification agreement, among other things, extended the maturity date of the Company's revolving line of credit to September 11, 2022.

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On July 25, 2022, the Company entered into a joinder and fourth loan modification agreement that made certain modifications to its third amended and restated loan and security agreement, as amended. The joinder and fourth loan modification agreement, among other things, amended the third amended and restated loan and security agreement to (i) increase increased the amount of the revolving credit line to \$30.0 million, and (ii) extend million. As of December 31, 2022, the maturity date of the revolving credit line to December 31, 2024. The Company has had \$27.0 million of the revolving credit line undrawn as December 31, 2022, and deferred loan fees of less than \$0.2 million.

On February 3, 2023, In 2023, the Company Company's drew an additional \$5.0 \$14.0 million on the revolving credit facility with a variable interest rate of the greater of 5.75% 5.50% or Prime Rate plus 2.50% 0.75% and a term of 22 months due on December 31, 2024. The outstanding principal of \$17.0 million was repaid upon the issuance of the Secured Convertible Notes. As of December 31, 2023, the Company has \$22.0 million on the had no outstanding balance, remaining revolving credit line undrawn after availability, or deferred loan fees.

The effective interest rate was 15.8% and 5.7% for the draw on February 3, 2023.

year ended December 31, 2023 and 2022, respectively. Interest on expense for the outstanding balance year ended December 31, 2023 was \$0.6 million which included an additional \$0.1 million for final payments made during the extinguishment of the revolving credit line is payable monthly at an annual rate of the Wall Street Journal Prime Rate plus 0.25% when the Company's Adjusted Quick Ratio ("AQR") is less than or equal to 1.50, and plus 0.75% when the Company's AQR is greater than 1.50. Revolving Credit Line.

**Equipment Loan** — On December 17, 2020, the Company executed the second amended and restated loan and security agreement which included an equipment loan facility for up to \$8.5 million secured by the equipment leased to customers. The facility had a variable interest rate of the greater of Prime rate or 3.25%.

During the year ended December 31, 2021, the Company executed seven additional advances on the first facility for \$5.6 million secured by equipment leased to customers. As of December 31, 2021, the outstanding balance was \$5.1 million. For the year ended December 31, 2022, \$2.1 million in principal payments were paid and the Company executed an additional \$2.4 million of advances on the equipment loans. As of December 31, 2022, the outstanding balance was \$5.4 million. As of December 31, 2022, the deferred loans fees associated with the equipment loans was \$0.2 million. The effective interest rate was 3.4% and 5.9% for the years ended December 31, 2022 and 2021, respectively.

On July 25, 2022, the Company entered into a joinder and fourth loan modification agreement that made certain modifications to its third amended and restated loan and security agreement, including (iii) establishing a secured equipment loan facility of up to \$15.0 million, secured by equipment leased to customers, available through December 31, 2023. This increased the previous \$8.5 million facility to \$15.0 million, which has with a variable interest rate of the greater of Prime rate or 3.25% and terms of three years. The

As of December 31, 2022, the Company has \$9.6 million had executed a total of additional \$8.0 million in equipment loan advances. For the year ended December 31, 2022, \$2.1 million in principal payments were made on the equipment loan advances available as December 31, 2022.

The future minimum aggregate payments for the above borrowings are as follows an outstanding balance of \$5.4 million as of December 31, 2022.

	(in thousands)
2023	\$ 2,934
2024	1,622
2025	3,800
	<hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/>
	\$ 8,356

**Note 11. Convertible Notes Payable**

On January 4, 2021, concurrent with For the Legacy Velo3D Series D redeemable convertible preferred stock issuance, year ended December 31, 2023, the Company issued executed a convertible note at a total of \$1.6 million in equipment loan advances and made \$2.0 million in principal amount payments. The outstanding principal of \$5.0 \$4.9 million with a maturity date was repaid upon the issuance of January 3, 2023. the Secured Convertible Notes. As of December 31, 2023, the Company had no outstanding balance, remaining equipment loan availability, or deferred loan fees.

The effective interest rate of the equipment loans was 12.6% and 3.4% for the years ended December 31, 2023 and 2022, respectively. Interest accrued on expense for the convertible note at 1.28% per annum, year ended December 31, 2023 was \$0.6 million which included an additional \$0.3 million for final payments made during the extinguishment of the Equipment Loan.

In September 2021, the convertible promissory note agreement was amended to reflect an automatic conversion to Legacy Velo3D Series D redeemable convertible preferred stock upon a change in control. The modification was accounted for as a debt extinguishment per ASC 470-50 Debt and resulted in a \$50.6 million fair

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value adjustment to the \$5.0 million convertible promissory note. The convertible note converted automatically in connection with the Merger. There was no convertible note payable as of December 31, 2022 and 2021.

The note conversion price of \$0.74 per share resulted in a conversion into 6,820,022 shares of Legacy Velo3D Series D redeemable convertible preferred stock immediately prior to Closing, which were subsequently converted from Legacy Velo3D Series D redeemable convertible preferred stock into Legacy Velo3D common stock and at the Exchange Ratio of 0.8149 for 5,557,864 shares of Common Stock at the Closing. There was no purchase discount offered to the note holder.

**Note 12, 10. Equity Instruments**

**Common stock**

The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders but are not entitled to cumulative voting rights, are entitled to receive ratably such dividends as may be declared by the Company's Board of Directors out of funds legally available therefor subject to preferences that may be applicable to any shares of redeemable convertible preferred stock currently outstanding or issued in the future, are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding redeemable convertible preferred stock in the event of the Company's liquidation, dissolution, or winding up, have no preemptive rights and no right to convert their common stock into any other securities, and have no redemption or sinking fund provisions applicable to the common stock.

On November 28, 2023, the Company issued 10,000,000 shares of Common Stock in connection with the exchange of the Secured Convertible Notes for the Secured Notes. For more information, see Note 9, *Long-Term Debt*.

On December 29, 2023, the Company issued 36,000,000 shares of Common Stock and warrants to purchase 36,000,000 shares of Common Stock for gross proceeds of \$18.0 million in a registered direct offering (the "Registered Direct Offering").

**Common Stock Reserved for Future Issuance**

Shares of common stock reserved for issuance on an "as if converted" basis were as follows:

	December 31,		
	2022	2021	
	(share data)		
	December 31,		December 31,
	2023	2023	2022
	(share data)		
Common stock	Common stock	13,145,000	13,075,000
warrants	warrants		
Shares available for future grant under 2021 Equity Incentive Plan	Shares available for future grant under 2021 Equity Incentive Plan	20,861,294	17,533,471

Reserved for At- the- Market offering	Reserved for employee stock purchase plan	5,495,601	3,663,277
Total shares of common stock reserved	Total shares of common stock reserved	39,501,895	34,271,748

In February 2023, the Company entered into a sales agreement (the "ATM Sales Agreement") with Needham & Company, LLC ("Needham"), as agent, pursuant to which the Company may offer and sell, from time to time through Needham, up to \$40.0 million shares of its common stock pursuant to a shelf registration statement on Form S-3 (the "Shelf Registration Statement") and the related prospectus supplement and accompanying base prospectus, and in connection therewith, the Company reserved 20,000,000 shares of common stock for issuance under the ATM Sales Agreement. In March 2023, pursuant to the evergreen provisions of the Company's 2021 Equity Incentive Plan (the "2021 EIP"), the Company registered an additional 9,378,068 shares of common stock for issuance under the 2021 EIP and 1,875,613 shares of common stock for issuance under the 2021 ESPP.

The shares available for future grant under the 2021 EIP are net of any un-exercised stock options (vested and unvested) and unvested restricted stock units ("RSUs") outstanding that may convert to common stock in the future upon exercise or vesting as of December 31, 2023 and 2022.

#### Common Stock Warrant liabilities

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**Warrant liabilities** Following the Merger, 8,625,000 publicly-traded warrants (the "Public Warrants") and 4,450,000 private placement warrants (the "Private Placement Warrants"), issued to Spitfire Sponsor, LLC (the "Sponsor"), all of which were issued in connection with JAWS Spitfire's initial public offering ("IPO"), became exercisable for one share of the Company's Common Stock at an exercise price of \$11.50 per share. During the year ended December 31, 2023, there were no Public Warrants or Private Placement Warrants exercised. The Public Warrants are publicly traded and are exercisable for cash, unless certain conditions occur, such as redemption by the Company under certain circumstances, at which time the Public Warrants may be exercised on a cashless basis. The Private Placement Warrants are non-redeemable for cash so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants are redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

**Warrants for** In conjunction with the joinder and fourth loan modification agreement on July 25, 2022, we issued to Silicon Valley Bank warrants to purchase up to 70,000 shares of the Company's common stock at an exercise price of \$13,145,000 \$2.56 per warrant share (the "2022 Private Warrant"). The 2022 Private Warrant is exercisable until July 24, 2034 and 13,075,000 were exercisable 1-to-1 as allow cashless exercise in whole or part.

On December 29, 2023, the Company issued warrants to purchase 36,000,000 shares of December 31, 2022 Common Stock at an exercise price of \$0.57 per warrant share (the "RDO Warrants") in the Registered Direct Offering. Additionally, the Company issued warrants to purchase 1,800,000 shares of Common Stock at an exercise price of \$0.62 per warrant share (the "Placement Agent Warrants" and, 2021, respectively, together with the Public Warrants, the Private Placement Warrants, the 2022 Private Warrant, and the RDO Warrants the "Common Stock Warrants"). The RDO Warrants and Placement Agent Warrants are exercisable until December 29, 2028.

The Company evaluated the Common Stock Warrants, and concluded that they all do not meet the criteria to be classified within stockholders' equity. The reason of the warrants being classified as a liability is because of "Provision (ii) in the event of a Fundamental Transaction it is not an acceptable measure for the Company's stock price in a fixed-for-fixed option pricing model." The warrant agreement governing the Public Warrants and Private Placement Warrants includes a provision, the application of which could result in a different settlement value for the Common Stock Warrants depending on their holder. The Private Placement Warrants are not considered to be "indexed to the Company's own stock." In addition, the warrant agreement includes a provision that provides that in the event of a tender or exchange offer accepted by holders of more than 50.0% of the outstanding shares of the common stock, all holders of the Public Warrants and the Private Placement Warrants would be entitled to receive cash for all of their Public Warrants and Private Placement Warrants. Specifically, in the event of a qualifying cash tender offer (which could be outside of the Company's control), all Public Warrant and Private Placement Warrant holders would be entitled to cash, while only certain of the holders of the common stock may be entitled to cash. These provisions preclude us from classifying the Public Warrants and Private Placement Warrants in stockholders' equity. The 2022 Private Warrant, the RDO Warrants, and the Placement Agent Warrants also

contain similar provisions on the treatment in the event of a qualifying cash tender offer that preclude us from classifying the 2022 Private Warrants, the RDO Warrants, and the Placement Agent Warrants in stockholders' equity.

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Warrants for common stock of 50,945,000 and 13,145,000 were exercisable 1-to-1 as of December 31, 2023 and 2022, respectively. The Private Placement Warrants, the 2022 Private Warrant, the RDO Warrants, the Placement Agent Warrants, and the Public Warrants on common stock (as defined below) are liability classified and recorded at fair value on the issue date with periodic remeasurement. Warrants for shares of common stock consisted of the following:

	December 31, 2022					
	Issue Date	Expiration Date	Number of Warrants	Exercise Price per warrant	Fair Value on Issue Date per warrant	Fair Value on December 31, 2022
					(In thousands)	
Private Placement Warrants - Common Stock	12/02/2020	09/29/2026	4,450,000	\$11.50	\$2.00	\$ 888
2022 Private Warrant - Common Stock	07/25/2022	07/24/2034	70,000	\$2.56	\$2.43	\$ 109
Public Warrants - Common Stock	12/02/2020	09/29/2026	8,625,000	\$11.50	\$3.30	\$ 1,748
			<u>13,145,000</u>			<u>\$ 2,745</u>

	December 31, 2023					
	Issue Date	Expiration Date	Number of Warrants	Exercise Price per warrant	Fair Value on Issue Date per warrant	Fair Value on December 31, 2023
					(In thousands)	
Private Placement Warrants - Common Stock	12/02/2020	09/29/2026	4,450,000	\$11.50	\$2.00	\$ 127
2022 Private Warrant - Common Stock	07/25/2022	07/24/2034	70,000	\$2.56	\$2.43	\$ 23
Public Warrants - Common Stock	12/02/2020	09/29/2026	8,625,000	\$11.50	\$3.30	\$ 258
RDO Warrants - Common Stock	12/29/2023	12/29/2028	36,000,000	\$0.57	\$0.30	\$ 10,891
Placement Agent Warrants - Common Stock	12/29/2023	12/29/2028	1,800,000	\$0.62	\$0.30	\$ 536
			<u>50,945,000</u>			<u>\$ 11,835</u>

	December 31, 2021					
	Issue Date	Expiration Date	Number of Warrant	Exercise Price per warrant	Fair Value on Issue Date per warrant	Fair Value on December 31, 2021
					(In thousands)	
December 31, 2022						
Issue Date	Expiration Date	Number of Warrant	Exercise Price per warrant	Issue Date per warrant	Fair Value on December 31, 2021	Exercise Price per warrant
Private Placement Warrants - Common Stock	12/02/2020	09/29/2026	4,450,000	\$11.50	\$2.00	\$ 7,387

Private Placement								
Warrants - Common								
Stock								
Private Placement								
Warrants - Common								
Stock								
2022								
Private								
Warrant -								
Common								
Stock								
Public	Public	12/02/2020	09/29/2026	8,625,000	\$11.50	\$3.30	\$	14,318
Warrants -	Warrants -							
Common	Common							
Stock	Stock							
				13,075,000			\$	21,705
				13,145,000				

#### Private Placement Warrants - Common Stock

Concurrently with JAWS Spitfire's IPO, 4,450,000 Private Placement Warrants were issued to the Sponsor at \$2.00 per warrant. Each Private Placement Warrant is exercisable to purchase one share of common stock at a price of \$11.50 per share. Subject to certain exceptions, the Private Placement Warrants have terms and provisions that are identical to those of the Public Warrants. As of **December 31, 2022** **December 31, 2023**, the number of Private Placement Warrants issued was 4,450,000.

#### 2022 Private Warrant - Common Stock

In conjunction with the joinder and fourth loan modification agreement on July 25, 2022, the Company issued to Silicon Valley Bank, warrants to purchase up to 70,000 shares of the Company's common stock at an exercise

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price of \$2.56 per warrant share . The 2022 Private Warrant is exercisable until July 24, 2034 and allows cashless exercise in whole or part.

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#### Notes RDO Warrants - Common Stock

In conjunction with the capital raise on December 29, 2023, the Company issued to **Consolidated Financial Statements** multiple institutional investors, warrants to purchase up to 36,000,000 shares of the Company's common stock at an exercise price of \$0.57 per warrant share . The RDO Warrants are exercisable until December 29, 2028 and allows cashless exercise in whole or part.

#### Placement Agent Warrants - Common Stock

In conjunction with the capital raise on December 29, 2023, the Company issued to the placement agent, warrants to purchase up to 1,800,000 shares of the Company's common stock at an exercise price of \$0.62 per warrant share . The Placement Agent Warrants are exercisable until December 29, 2028 and allows cashless exercise in whole or part.

#### Public Warrants - Common Stock

In conjunction with the JAWS Spitfire IPO, 34,500,000 units were issued to public investors at \$10.00 per unit. Each unit consisted of one JAWS Spitfire Class A ordinary share and one-fourth of one warrant . Each Public Warrant is exercisable to purchase shares of common stock at \$11.50 per share. As of **December 31, 2022** **December 31, 2023**, the number of Public Warrants issued was 8,625,000.

The Public Warrants may only be exercised for a whole number of shares. The Public Warrants became exercisable on December 7, 2021. The Public Warrants will expire 5 years after the completion of the Merger or earlier upon redemption or liquidation.

#### Common Stock Warrant Liabilities

The issuance of the Private Placement Warrant and Public Warrant liabilities were accounted for upon the reverse recapitalization. See Note 3, *Reverse Recapitalization*. The 2022 Private Warrant was issued in connection with the joinder and fourth loan modification. See Note 10, *Long-Term Debt*. The liability for warrants on common stock carried at fair value was as follows:

			December 31,		
		2022		2021	
			(In thousands)		
			December 31,		
			December 31,		
			December 31,		
		2023			
			(In thousands)		
			(In thousands)		
			(In thousands)		
Beginning Balance	Beginning Balance	\$ 21,705	\$ —		
Issuance of warrants upon the reverse recapitalization		—		21,051	
Issuance of common stock warrant in connection with financing	Issuance of common stock warrant in connection with financing	170		—	
Gain (loss) on fair value of warrants		(19,129)		654	
Issuance of common stock warrant in connection with financing					
Issuance of common stock warrant in connection with financing					
Loss on fair value of warrants					
Loss on fair value of warrants					
Loss on fair value of warrants					
Ending Balance	Ending Balance	<u>\$ 2,745</u>	<u>\$ 21,705</u>		
Ending Balance					
Ending Balance					

The liabilities associated with the Private Placement Warrants, and 2022 Private Warrant, RDO Warrants, and Placement Agent Warrants were subject to remeasurement at each balance sheet date using the Level 3 fair value inputs and the Public Warrants were subject to remeasurement at each balance sheet date using Level 1 fair value inputs the latest trading price of the warrants for the years ended December 31, 2022 December 31, 2023 and 2021.

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**Private Placement Warrant - Fair Value Assumption**

The fair value assumptions used in the Monte Carlo simulation model for the recurring valuation of the private placement common stock warrant liability were as follows:

	As of December 31, 2022	As of December 31, 2021
Current stock price	\$1.79	\$7.81
Expected volatility	68.0%	40.5%
Risk-free interest rate	4.1%	1.2%
Dividend yield	—%	—%
Expected term (in years)	3.75	4.75

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	<b>As of December 31, 2023</b>	<b>As of December 31, 2022</b>
Current stock price	\$0.40	\$1.79
Expected volatility	105.0%	68.0%
Risk-free interest rate	4.1%	4.1%
Dividend yield	—%	—%
Expected term (in years)	2.75	3.75

Expected volatility: The volatility is determined iteratively, such that the concluded value of the **public warrant** **Public Warrant** is equal to the traded price.

Risk-free interest rate: The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities corresponding to the expected term of the common stock warrants.

Expected dividend yield: The expected dividend rate is zero as the Company currently has no history or expectation of declaring dividends on its common stock.

Expected term: The expected term represents the period that the warrants are expected to be outstanding and is determined using the simplified method, which deems the term to be the average of the time to vesting and the contractual life of the common stock warrants.

**2022 Private Warrant, RDO Warrants, Placement Agent Warrants - Fair Value Assumptions**

The fair value assumptions used in the Black-Scholes simulation model for the recurring valuation of the 2022 Private Warrant, **liability** **the RDO Warrants, and the Placement Agent Warrants liabilities** were as follows:

	<b>As of December 31, 2022</b>
Current stock price	\$1.79
Expected volatility	86.9%
Risk-free interest rate	3.9%
Dividend rate	—%
Expected Term (years)	11.57

	<b>As of December 31, 2023</b>	<b>As of December 31, 2022</b>
Current stock price	\$0.40	\$1.79
Expected volatility	108.3%	86.9%
Risk-free interest rate	3.8% - 3.9%	3.9%
Dividend rate	—%	—%
Expected Term (years)	5 - 10.57	11.57

Expected volatility: The expected volatility was derived from the implied volatility of Velo3D's Public Warrants. The implied the Company's publicly traded common stock as of December 31, 2023. As of December 31, 2022, the expected volatility is was determined iteratively, such that the concluded value of the Public Warrant is equal to the traded price using a Monte Carlo Simulation. Additionally, the Company's common stock trading volatility was considered as of December 31, 2022. A blended weighting of the different volatility scenarios was utilized to arrive at the conclusion, where the Company utilized a 50% implied public warrant volatility and 50% Company common stock trading volatility weighting. The Company may reevaluate this volatility assumption in subsequent quarters. weighting was used.

Risk-free interest rate: The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities corresponding to the expected term of the common stock warrants.

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Expected dividend yield: The expected dividend rate is zero as the Company currently has no history or expectation of declaring dividends on its common stock.

Expected term: The expected term represents the period that the warrant is expected to be outstanding and is determined using the simplified method, which deems the term to be the average of the time to vesting and the contractual life of the warrant.

**Redeemable Convertible Preferred Stock Warrants**

Warrants on redeemable convertible preferred stock were issued to lenders in connection with borrowings. The fair value on the date of issue is recorded as a debt issue cost (contra-liability) and a liability because the

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**Notes to Consolidated Financial Statements**

warrant was liability classified. The fair value of the warrants are remeasured each reporting period using Level 3 inputs with the increase or decrease recorded in other income (expense), net in the statements of operations.

The liability for warrants on redeemable convertible preferred stock (carried at fair value) was as follows:

	<b>December 31,</b>	
	<b>2021</b>	
	(In thousands)	
<b>Beginning Balance</b>	\$	181
Change in fair value (Other income (expense), net)		4,484
Exercise of warrants (Redeemable preferred convertible stock)		(4,665)
<b>Ending Balance</b>	\$	—

**Contingent Earnout Liabilities**

The contingent earnout liability is for Earnout Shares for pre-closing Legacy Velo3D equity holders (as defined in the Business Combination Agreement as holders of Legacy Velo3D shares, Legacy Velo3D warrants, Legacy Velo3D convertible notes and Legacy Velo3D options immediately prior to the closing date) ("Eligible Legacy Velo3D Equityholders"). The Eligible Legacy Velo3D Equityholders will be entitled to Earnout Shares, pursuant to which they will receive (i) 5.0% of the total number of shares of Common Stock outstanding at the Closing if the shares of Common Stock trade at or above \$12.50 for 20 or more trading days in any 30 trading-day period, and (ii) an additional 5.0% of the total number of shares of Common Stock outstanding at the Closing if the shares of Common Stock trade at or above \$15.00 for 20 or more trading days in any 30 trading-day period (the "Triggering Events"). The earnout is subject to a five-year earnout period and early trigger upon certain change of control events.

During the time period between Closing and the five-year anniversary of the Closing Date, Eligible Legacy Velo3D Equityholders may receive up to 21,758,148 shares of additional Common Stock, which is based on two tranches or 10,879,074 per tranche as noted above. The Earnout Shares issuable to holders of employee stock options are accounted as stock-based compensation expense as they are subject to forfeiture based on the satisfaction of certain employment conditions. See Note 13, 11, *Equity Incentive Plans & Stock Based Compensation*, for further discussion.

The estimated fair value of the contingent earnout liabilities at the Closing Date was \$120.8 million based on a Monte Carlo simulation valuation model using a distribution of potential outcomes on a monthly basis over the Earnout Period using the most reliable information available. The change in fair value of contingent earnout liabilities are recognized in the consolidated statement of operations and comprehensive income (loss).

The rollforward for the contingent earnout liabilities was as follows:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	(In thousands)	
<b>Beginning Balance</b>	\$	111,487
Issuance of contingent earnout liability upon the reverse capitalization	—	120,763
Change in fair value of contingent earnout liabilities	(94,073)	(9,275)
<b>Ending Balance</b>	\$	17,414
	\$	111,487

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	December 31,	
	2023	2022
	(In thousands)	
<b>Beginning Balance</b>	\$ 17,414	\$ 111,487
Change in fair value of contingent earnout liabilities	(15,958)	(94,073)
<b>Ending Balance</b>	\$ 1,456	\$ 17,414

Assumptions used in the fair value of the contingent earnout liabilities are described below.

		As of December 31, 2022	As of December 31, 2021	As of December 31, 2023		As of December 31, 2023	As of December 31, 2022
Current stock price	Current stock price	\$1.79	\$7.81	Current stock price	\$0.40	\$1.79	
Expected volatility	Expected volatility	89.9%	52.5%	Expected volatility	105.0%	89.9%	
Risk-free interest rate	Risk-free interest rate	4.1%	1.2%	Risk-free interest rate	4.1%	4.1%	
Dividend yield	Dividend yield	—%	—%	Dividend yield	—%	—%	
Expected Term (years)	Expected Term (years)	3.75	4.75	Expected Term (years)	2.75	3.75	

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Expected volatility: The As of December 31, 2023, the expected volatility was derived from the implied volatility of Velo3D's Public Warrants. The implied the Company's publicly traded common stock. As of December 31, 2022, the expected volatility is was determined iteratively, such that the concluded value of the Public Warrant is equal to the traded price using a Monte Carlo Simulation. Additionally, the Company's common stock trading volatility was considered as of December 31, 2022. A blended weighting of the different volatility scenarios was utilized to arrive at the conclusion, where the Company utilized a 50% implied public warrant volatility and 50% Company common stock trading volatility weighting. The Company may reevaluate this volatility assumption in subsequent quarters. weighting was used.

Risk-free interest rate: The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities corresponding to the expected term of the Earnout Shares.

Expected dividend yield: The expected dividend rate is zero as the Company currently has no history or expectation of declaring dividends on its common stock.

Expected term: The expected term represents the period that the Company's stock-based awards are expected to be outstanding and is determined using the simplified method, which deems the term to be the average of the time to vesting and the contractual life of the Earnout Shares.

**Note 13, 11. Equity Incentive Plans & Stock-Based Compensation**

In 2014, the Company adopted its 2014 equity incentive plan (the "2014 Plan") which provides for the granting of stock options, restricted stock awards and stock appreciation rights to employees, directors, and consultants of the Company.

Awards granted under the 2014 Plan generally expire 10 years from the date of grant, or earlier if services are terminated. The exercise price of stock options grants shall not be less than 110% of the estimated fair value of the shares on the date of grant, respectively, as determined by the Company's Board of Directors. Awards generally vest based on continuous service over four years. Awards forfeited, cancelled, or repurchased generally are returned to the pool of shares of common stock available for issuance under the 2021 Plan (as defined below).

In 2021, the Company adopted its 2021 Equity Incentive Plan (the "2021 EIP") which provides for the granting of stock options, restricted stock units ("RSUs") and stock appreciation rights to employees, directors, and consultants of the Company. The Company initially reserved 42,766,043 shares of its common stock for issuance under the 2021

EIP. In March 2022, pursuant to the evergreen provisions of the 2021 EIP, the Company registered an additional 9,161,624 shares of common stock for issuance under the 2021 EIP.

As of December 31, 2022 December 31, 2023, the Company has an allocated reserve of 47,540,079 49,224,879 shares of its common stock for issuance under the 2021 EIP.

In addition, the Company adopted its 2021 Employee Stock Purchase Plan ("2021 ESPP"). The Company initially reserved 3,663,277 shares of its common stock for issuance under the 2021 ESPP. In March 2022, pursuant

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to the evergreen provisions of the 2021 ESPP, the Company registered an additional 1,832,324 shares of common stock for issuance under the 2021 ESPP.

As of December 31, 2022 December 31, 2023, the Company has an allocated reserve of 5,495,601 7,371,214 shares of its common stock for issuance under the 2021 ESPP. As of December 31, 2022 December 31, 2023, the Company had not begun any offering periods for the 2021 ESPP.

Awards granted under the 2021 EIP generally expire 10 years from the date of grant, or earlier if services are terminated. The exercise price of stock options grants shall not be less than 110% of the estimated fair value of the shares on the date of grant, respectively, as determined by the Company's Board of Directors. Awards generally vest based on continuous service over 4 years. Awards forfeited, cancelled, or repurchased generally are returned to the pool of shares of common stock available for issuance under the 2021 Plan.

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**Stock options**

Activity under the Company's stock option plans is set forth below:

	Options	Weighted-Average		
		Weighted-Average	Remaining	Contractual
		Options	Price	Term
		(In thousands)	(Per Share Data)	(Years)
Outstanding as of December 31, 2020	21,471	\$0.33		9.3
Granted	1,023	\$6.69		
Exercised	(269)	\$1.35		
Forfeited or expired	(1,034)	\$1.09		
Outstanding as of December 31, 2021	21,191	\$0.58		8.2
Options vested and expected to vest as of December 31, 2021	21,191	\$0.58		
Vested and exercisable as of December 31, 2021	9,361	\$0.56		
Weighted-Average				
Options		Options	Exercise Price	Contractual Term



Options  
vested and  
expected to  
vest as of  
December  
31, 2023

Vested and exercisable  
as of December 31,  
2023

Vested and exercisable  
as of December 31,  
2023

Vested and exercisable  
as of December 31,  
2023

The aggregate intrinsic value of options outstanding was **\$24.4 million** \$2.3 million and **\$153.2 million** \$24.4 million, respectively, as of **December 31, 2022** December 31, 2023 and 2021, respectively. Intrinsic value of options exercised for the years ended **December 31, 2022** December 31, 2023 and **2021** 2022 was **\$10.9 million** \$4.6 million and **\$1.0 million** \$10.9 million, respectively. The weighted-average grant date fair value of options granted in the year ended December 31, 2021 was \$3.58 per share. The total grant date fair value of options vested was **\$1.9 million** \$0.7 million and **\$1.5 million** \$1.9 million for the years ended **December 31, 2022** December 31, 2023 and **2021**, 2022, respectively.

As of **December 31, 2022** December 31, 2023, total unrecognized compensation cost related to options was **\$0.9 million** \$0.2 million related to 0.9 million unvested options and is expected to be recognized over a weighted-average period of **1.5 years** 1.0 year.

For the year ended December 31, 2021, the Company used the Black-Scholes option pricing model to determine the fair value of stock options. The fair value of each stock option grant is estimated on the date of the grant. The fair value of the Legacy Velo3D common stock underlying the stock options had historically been

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**determined by the Legacy Velo3D board of directors, as there was no public market for Legacy Velo3D's common stock prior to Merger closing. Therefore, the Legacy Velo3D board of directors had determined the fair value of the common stock at the time of the stock option grant by considering a number of objective and subjective factors including independent third-party valuation reports, valuations of comparable companies, sales of convertible preferred stock and common stock to unrelated third parties, operating and financial performance, lack of liquidity of capital stock and general and industry-specific economic outlook, among other factors.**

For the year ended December 31, 2022 there were no options granted. The weighted-average assumptions in the Black-Scholes option-pricing model used to determine the fair value of stock options granted for the year ended December 31, 2021 were as follows:

	<b>December 31, 2021</b>
Expected volatility	59%
Risk-free interest rate	0.9% - 1.0%
Dividend yield	—%
Expected term (in years)	5.72
Discount for Lack of Marketability	9.2%

Expected volatility: As Legacy Velo3D was not publicly traded at the time the awards were granted, the expected volatility for the Company's stock options was determined by using a review of historical volatilities of selected industry peers deemed to be comparable to the Company's business corresponding to the expected term of the awards.

Risk-free interest rate: The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities corresponding to the expected term of the awards.

Expected dividend yield: The expected dividend rate is zero as the Company currently has no history or expectation of declaring dividends on its common stock.

Expected term: The Company uses the simplified method available under U.S. GAAP to determine the expected term due to having insufficient history upon which to base an assumption about the term.

**Restricted Stock Units**

The fair value of RSUs under the Company's 2021 EIP is estimated using the value of the Company's common stock on the date of grant. The company granted 4,041,346 RSUs for the year ended December 31, 2021 at the weighted average grant date fair value of \$7.26 per share and an aggregate intrinsic value of \$29.5 million.

The following table summarizes outstanding and expected to vest RSUs as of December 31, 2022 December 31, 2023 and 2022 and their activity during the year ended December 31, 2022: December 31, 2023 and 2022:

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**Velo3D, Inc.**  
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		Weighted-Average		Number of Shares	Weighted-Average Grant Date Fair Value (Per Share Data)	Aggregate Intrinsic Value (In thousands)
		Grant	Aggregate Intrinsic Value			
	Number of Shares (In thousands)	(In thousands)	(In thousands)			
Balance as of December 31, 2021	Balance as of December 31, 2021	4,041	\$ 7.26	\$ 29,476		
Granted	Granted	7,996	3.57	28,338		
Released	Released	(1,348)	6.26	4,472		
Cancelled	Cancelled	(971)	6.07	3,521		
Balance as of December 31, 2022	Balance as of December 31, 2022	9,718	\$ 4.48	\$ 17,396		
Expected to vest as of December 31, 2022	Expected to vest as of December 31, 2022	9,718	\$ 4.48	\$ 17,396		
Balance as of December 31, 2022						
Balance as of December 31, 2022						
Balance as of December 31, 2022						
Granted						
Released						
Cancelled						
Balance as of December 31, 2023						
Expected to vest as of December 31, 2023						

The aggregate intrinsic value of outstanding RSUs is calculated based on the closing price of the Company's common stock as of the date outstanding. As of December 31, 2023, there was \$35.8 million of unrecognized compensation cost related to 20.1 million unvested RSUs, which is expected to be recognized over a weighted average period of

approximately 3.0 years. As of December 31, 2022, there was \$41.3 million of unrecognized compensation cost related to 9.7 million unvested RSUs, which is expected to be recognized over a weighted average period of approximately 3.3 years.

#### **Earnout Shares - Employees**

The Earnout Shares issuable to holders of employee stock options are accounted as stock-based compensation expense as they are subject to forfeiture based on the satisfaction of certain employment conditions. The estimated fair values of the Earnout Shares associated with vested stock options are recognized as an expense and determined by the Monte Carlo simulation valuation model using a distribution of potential outcomes on a monthly basis over the five-year earnout period. The portion of the Earnout Shares associated with unvested stock options are recognized as an expense and considers the vesting continuing employment requirements.

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#### **Stock-based Compensation Expense**

The following sets forth the total stock-based compensation expense by type of award included in **operating expenses** on the statements of operations:

	December 31,		
	2022	2021	
	(In thousands)		
	December 31,		December 31,
	2023	2023	2022
	(In thousands)		
Restricted stock units	Restricted stock units	\$10,723	\$ 355
Stock options	Stock options	1,690	2,453
Earnout shares - employees	Earnout shares - employees	7,737	1,560
		<u>\$20,150</u>	<u>\$4,368</u>
		<u>\$</u>	

The following sets forth the total stock-based compensation expense for the stock options, RSUs, and earnout shares - employees included in **operating expenses** on the statements of operations:

	December 31,	
	2023	2022
	(In thousands)	
Research and development	\$ 11,415	\$ 9,849
Selling and marketing	5,689	4,554
General and administrative	5,769	5,747
	<u>\$ 22,873</u>	<u>\$ 20,150</u>

The following sets forth the total stock-based compensation expense by **operating expense category**, type of **which we do not allocate to Cost** award included in **cost of Revenue**, **included revenue** in the statements of operations:

	December 31,	
	2023	2022
	(In thousands)	
Restricted stock units	\$ 1,995	\$ —
Stock options	63	\$ —
	<u>\$ 2,058</u>	<u>\$ —</u>

The following sets forth the total stock-based compensation expense for the stock options, and RSUs included in **cost of revenue** on the statements of operations:

	December 31,	
	2023	
	2022	
Cost of 3D Printer	\$ 1,622	\$ —
Cost of support services	436	—
	<u><u>\$ 2,058</u></u>	<u><u>\$ —</u></u>

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	December 31,	
	2022	
	2021	
Research and development	\$ 9,849	\$ 1,851
Selling and marketing	4,554	816
General and administrative	5,747	1,701
	<u><u>\$ 20,150</u></u>	<u><u>\$ 4,368</u></u>

**Note 14.12. Income Taxes**

The provision for income taxes differs from the amount which would result by applying the federal statutory income tax rate to "Gain (loss) before provision for income taxes" for the years ended **December 31, 2022** **December 31, 2023** and **2021** **2022**.

The reconciliation of the provision computed at the federal statutory rate to the Company's provision (benefit) for income taxes as follows:

	December 31,			
	2022			
	2021			
(In thousands, except percentages)				
December 31,				
2023		December 31,		
(In thousands, except percentages)				
Tax at federal statutory rate	\$ 2,104	(21.0)%		
State, net of federal benefit	(5,083)	50.7 %		
Stock based compensation	766	(7.6)%		
Fair value adjustments	(23,773)	237.3 %		
Research and development credits	(1,358)	13.6 %		
Transaction costs	—	— %		
Other	170	(1.8)%		
Change in valuation allowance	27,174	(271.2)%		
Tax at federal statutory rate	\$ (22,489)	(21.0)%		
State, net of federal benefit	(3,100)	(2.9)%		
Stock based compensation	341	0.3 %		
Fair value adjustments	9,766	9.1 %		
Research and development credits	(1,019)	— %		
Transaction costs	(1,838)	(1.7)%		
Other	29	(0.9)%		
Change in valuation allowance	18,310	17.1 %		
Tax at federal statutory rate	\$ (28,354)	(21.0)%		
State, net of federal benefit	(6,507)	(4.8)%		
Stock based compensation	967	0.7 %		
Fair value adjustments	(3,555)	(2.4)%		
Research and development credits	(1,121)	(0.8)%		
Transaction costs	(1,358)	(0.8)%		
Other	675	0.2 %		
Change in valuation allowance	37,895	28.1 %		
	27,174	27,174		
	(271.2)	(271.2)		
	(271.2)	(271.2)%		

Total provision for income taxes	Total provision for income taxes	\$ —	— %	\$ —	— %	Total provision for income taxes	\$ —	— %	\$ —	— %
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The Company did not incur income tax expense or benefit for the years ending December 31, 2022 December 31, 2023 or December 31, 2021 December 31, 2022.

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Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of deferred tax assets and liabilities are as follows:

	December 31,			December 31,	
	2022	2021		2023	2022
	(In thousands)			(In thousands)	
December 31,					
Deferred tax assets	Deferred tax assets				
Net operating loss carryforwards					
Net operating loss carryforwards					
Net operating loss carryforwards	Net operating loss carryforwards	\$ 64,731	\$ 51,036		
Research and development tax credits	Research and development tax credits	9,269	7,018		
Stock based compensation	Stock based compensation	3,764	1,250		
Fixed assets and intangibles	Fixed assets and intangibles	(410)	(342)		
Lease liability	Lease liability	3,694	2,798		
Section 174 research and development capitalization		7,345	—		
Section 174 research and development capitalization					
Interest expense					
Other timing differences	Other timing differences	3,093	1,622		
Total deferred tax assets	Total deferred tax assets	\$ 91,486	\$ 63,382		
Valuation allowance	Valuation allowance	\$(87,827)	\$(60,653)		
Net deferred tax assets	Net deferred tax assets	\$ 3,659	\$ 2,729		

Deferred tax liabilities	Deferred tax liabilities
<b>Deferred tax liabilities</b>	
<b>Deferred tax liabilities</b>	
Fixed assets and intangibles	
Fixed assets and intangibles	
Fixed assets and intangibles	
Right of use assets	Right of use assets
	\$ (3,659)
Total deferred tax liabilities	Total deferred tax liabilities
	\$ (3,659)
Net deferred tax assets	Net deferred tax assets
	\$ —

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain.

The Company concluded that it was not more-likely-than-not that tax benefits from operating losses would be realized and, accordingly, has provided a full valuation allowance against its deferred tax assets. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by ~~\$27.2~~ \$37.9 million and ~~\$18.3~~ \$27.2 million for the years ended **December 31, 2022** December 31, 2023 and **2021** 2022, respectively, due to stock based compensation, current and previous year losses and research credits claimed. As of December 31, 2023 and 2022, the net operating loss carryforwards were, \$91.7 million and \$64.7 million, respectively.

As of **December 31, 2022** December 31, 2023, the Company had ~~\$243.4~~ \$346.3 million and ~~\$209.4~~ \$293.7 million federal and state net operating losses ("NOLs"), respectively, available to reduce future taxable income, which will begin to expire in 2034 and 2030 respectively for federal and for state tax purposes. The Company had ~~\$197.5~~ \$300.4 million of federal net operating loss included above and can be carried forward indefinitely.

As of **December 31, 2021** December 31, 2022, the Company had ~~\$193.2~~ \$243.4 million and ~~\$149.9~~ \$209.4 million of federal and state net operating losses available to reduce future taxable income.

The Company also has federal research and developmental tax credit carryforwards of approximately ~~\$7.8~~ \$10.6 million which begin to expire in 2034, and state research and developmental tax credit carryforwards of ~~\$7.2~~ \$8.9 million as of **December 31, 2022** December 31, 2023. The state credits have no expiration date.

The provision for income taxes for the year ended December 31, 2022, reflected the impact of a change in U.S. tax law effective January 1, 2022, which requires the capitalization and amortization of research and experimental ("R&E") expenditures incurred after December 31, 2021.

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Federal and California tax laws impose substantial restrictions on the utilization of NOLs and credit carryforwards in the event of an "ownership change" for tax purposes, as defined in Section 382 of the Internal Revenue Code. Accordingly, the Company's ability to utilize these carryforwards may be limited as the result of

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such ownership change. Such a limitation could result in limitation in the use of the NOLs in future years and possibly a reduction of the NOLs available.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

December 31,
2022 2021
(In thousands)

	December 31, 2023	2023	December 31, 2022	
	(In thousands)		(In thousands)	
Balance at beginning of year	Balance at beginning of year	\$3,684	\$2,861	
Additions based on tax positions related to the current year	Additions based on tax positions related to the current year	1,066	823	
Balance at end of year	Balance at end of year	<u>\$4,750</u>	<u>\$3,684</u>	

For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, the amount of unrecognized tax benefits increased \$1.1 million \$1.3 million and \$0.8 million \$1.1 million, respectively, due to additional research and development credits generated during the year. As of December 31, 2022 December 31, 2023 and 2021 2022 the total amount of unrecognized tax benefits was \$4.8 million \$6.1 million and \$3.7 million \$4.8 million, respectively. The reversal of the uncertain tax benefits would not affect the Company's effective tax rate to the extent that it continues to maintain a full valuation allowance against its deferred tax assets.

The Company is subject to U.S. federal income taxes and to income taxes in various states in the United States. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations, and require significant judgment to apply. The Company is subject to U.S federal, state and local examinations by tax authorities for all prior years since incorporation. The Company does not anticipate significant changes to its current uncertain tax positions within the next twelve months.

The Company recognizes any interest and/or penalties related to income tax matters as a component of income tax expense. As of December 31, 2022 December 31, 2023, there were no accrued interest and penalties related to uncertain tax positions.

As of December 31, 2022 December 31, 2023 and 2021, 2022, foreign income taxes or liabilities were immaterial.

#### Note 15.13. Commitments and Contingencies

The Company may be involved in various lawsuits, claims, and proceedings, including intellectual property, commercial, securities, and employment matters that arise in the normal course of business. The Company accrues a liability when management believes information available prior to the issuance of the consolidated financial statements indicates it is probable a loss has been incurred as of the date of the consolidated financial statements and the amount of loss can be reasonably estimated. The Company adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Legal costs are expensed as incurred. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company is not aware of any litigation, claim or assessment in which the outcome, individually or in the aggregate, would have a material adverse effect on its financial positions, results of operations, cash flows or future earnings.

The Company's purchase obligations per terms and conditions with suppliers and vendors are cancellable in whole or in part prior to shipment. Non-cancellable purchase commitments (purchase orders) of \$13.0 million for parts and assemblies are due upon receipts and will primarily be delivered throughout 2024. If inventory is shipped, the Company will accrue a liability under accrued expenses. However, certain purchase obligations may be non-cancellable once the production has started or if the vendor has procured parts to begin the subassemblies. The Company has no other commitment and contingencies, except for the operating leases. See Note 9.8, Leases, for further discussion.

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Purchase commitments (purchase orders) of \$52.4 million for parts and assemblies that are non-cancellable and are due upon receipts with standard payment terms will be delivered throughout 2023.

#### Note 16.14. Employee Defined - Contribution Plans

The Company has a defined-contribution plan intended to qualify under Section 401 of the Internal Revenue Code (the "401(k) Plan"). The Company contracted with a third-party provider to act as a custodian and trustee, and

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to process and maintain the records of participant data. Substantially all of the expenses incurred for administering the 401(k) Plan are paid by the Company. Accrued salaries and benefits included accruals related to the 401(k) plans the Company offers to its employees. In order to qualify for these plans, employees must meet the minimum age requirement (21 years) and begin participating on their entry date which is the first paycheck date in the month following the month of eligibility described above. Employee and employer contributions are immediately 100% fully vested. The plans offer employer contributions of 3.0% of an employee's eligible compensation following safe-harbor rules. The Company's contribution to the 401(k) plan was **\$1.1 million** \$1.3 million and **\$0.6 million** \$1.1 million for the years ended **December 31, 2022** December 31, 2023 and **2021**, 2022, respectively. The Company has paid all matching contributions as of **December 31, 2022** December 31, 2023.

**Note 17.15. Revenue**

**Customer Concentration**

The customer concentration for balances greater than 10% of revenues and 10% of accounts receivables, net, respectively, are presented below:

	Total Revenue		Accounts Receivable, Net	
	Year ended December 31,		December 31,	
	2022	2021	2022	2021
(as a percentage)				
Customer 1	28.4 %	27.8 %	<10 %	71.2 %
Customer 2	10.6 %	— %	<10 %	— %
Customer 3	<10 %	21.5 %	— %	<10 %
Customer 4	<10 %	12.8 %	<10 %	16.0 %
Customer 5	<10 %	10.2 %	<10 %	<10 %

	Total Revenue		Accounts Receivable, Net	
	Year ended December 31,		December 31,	
	2023	2022	2023	2022
(as a percentage)				
Customer 1	<10 %	11.7 %	11.2 %	<10 %
Customer 2	<10 %	29.2 %	<10 %	<10 %

**Revenue by Geographic Area**

The Company currently sells its products in the **United States (U.S.) and Canada and other locations** geographic regions as follows:

	December 31,		(In thousands)
	2022	2021	
	(In thousands)		
U.S. and Canada	\$80,121	\$22,926	
December 31,			December 31,
2023	2023		2022
(In thousands)			(In thousands)
Americas			
Europe			
Other	Other	636	4,513
Total	Total	\$80,757	\$27,439

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**Contract Assets and Liabilities**

The amount There was \$2.7 million of revenue recognized during the year ended December 31, 2023 included in contract liabilities as of December 31, 2022. There was \$1.7 million of revenue recognized during the year ended December 31, 2022 included in contract liabilities as of December 31, 2021 was \$1.7 million. The amount of revenue recognized during the year ended December 31, 2021 included in contract liabilities as of December 31, 2020 was \$1.0 million. The change in contract assets reflects the difference in timing between our satisfaction of remaining performance obligations and our contractual right to bill our customers. The Company had no material asset impairment charges related to contract assets in the periods presented.

#### Variable Consideration

The Company estimates its variable consideration on a quarterly basis based on the latest data available, and adjust the transaction price accordingly by recording an adjustment to net revenue and contract assets. The Company has recognized the estimate of variable consideration to the extent that it is probable that a significant reversal will

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not occur as a result from a change in estimation. Revenue related to variable consideration represented \$2.7 million and \$4.9 million for the year ended December 31, 2023 and 2022, respectively.

#### Note 18. Subsequent Events

##### 16. At-the-Market Offering

On February 6, 2023, the Company entered into a sales agreement (the "the ATM Sales Agreement") with Needham, & Company, LLC ("Needham"), as agent, pursuant to which the Company may offer and sell, from time to time through Needham, shares of its common stock, par value \$0.00001 per share. Common Stock. As of March 8, 2023 December 31, 2023, we have the Company has sold \$11.0 \$22.8 million of shares. shares, net of issuance costs of \$1.8 million.

The offer and sale of the shares of common stock Common Stock will be made pursuant to a shelf registration statement on Form S-3 and the related prospectus. Pursuant to the Shelf Registration Statement, prospectus, amended prospectus supplement, and the ATM Sales Agreement, the Company may offer and sell up to \$4.0 million of shares of common stock. Agreement. Sales of shares, if any, under the amended prospectus supplement and the accompanying prospectus may be made by any method permitted that is deemed to be an "at the market offering" as defined in Rule 415(a)(4) promulgated under the Securities Act.

On January 31, 2024, the Company filed an amendment to the prospectus supplement increasing the aggregate dollar amount of shares available to be sold from time to time pursuant to the ATM Sales Agreement to \$75 million.

The Company will pay Needham commissions for its services in acting as agent in the sale of the shares pursuant to the ATM Sales Agreement. Needham will be entitled to compensation at a fixed commission rate equal to 3.0% of the aggregate gross proceeds from each sale of the shares pursuant to the ATM Sales Agreement. The Company has agreed to provide Needham with customary indemnification and contribution rights, including for liabilities under the Securities Act. The Company also will reimburse Needham for certain specified expenses in connection with entering into the ATM Sales Agreement. The Sales Agreement contains customary representations and warranties and conditions to the placements of the shares pursuant thereto.

#### Silicon Valley Bank Closure

On March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Note 17. Quarterly Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. SVB's deposits are insured by the FDIC in amounts up to \$250,000 Information (Unaudited)

The following tables present selected unaudited financial data for each deposit account. The Company held approximately \$4 million in deposit accounts at SVB. This amount exceeded the FDIC deposit limit and the majority was not insured by the FDIC (the "uninsured amount"). The remainder of the Company's cash and cash equivalents was held at a third party custodian institution. On March 13, 2023 eight quarters in the two-year period ended December 31, 2023, which have been updated to reflect the FDIC announced that it had transferred all deposits – both insured and uninsured – and substantially all assets revisions discussed in Note 1 of the former SVB Notes to a newly created, full-service FDIC-operated "bridge bank" called Silicon Valley Bridge Bank, N.A. ("SVBB"). Additionally, SVBB has announced that it will be fully honoring existing credit facilities. Consolidated Financial Statements.

On March 13, 2023, the Company regained full access to all of its cash and cash equivalents and believes that the closure of SVB will not impact the availability of its line of credit with the bridge bank. The Company does not currently anticipate any material disruptions to its ongoing operations.

The Company's third amended and restated loan and security agreement requires the Company to maintain at least 90% of the dollar value of all the Company's operating and depository accounts either in SVB accounts or in third party custodian accounts advised by SVB's asset management affiliate ("SAM accounts"). In light of the status of SVB, following its closure, the Company established bank accounts and moved a portion of the Company's cash resources to another financial institution. The Company is now in discussions with SVBB regarding an amendment to the third amended and restated loan and security agreement to increase the percentage of cash that we can

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maintain

	For the Three Months Ended									
	Fiscal Year 2023				Fiscal Year 2022					
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
<b>Revenue</b>										
3D Printer	\$ 24,448	\$ 23,190	\$ 20,787	\$ 513	\$ 10,052	\$ 17,615	\$ 15,654	\$ 25,974		
Recurring payment	575	35	531	535	925	934	1,183	1,119		
Support services	1,664	1,909	1,849	1,407	1,109	1,095	1,395	1,651		
Total Revenue	26,687	25,134	23,167	2,455	12,086	19,644	18,232	28,744		
<b>Cost of revenue</b>										
3D Printer	22,168	20,052	20,772	31,455	11,127	16,767	18,038	22,321		
Recurring payment	447	335	111	398	718	685	656	553		
Support services	1,540	2,211	2,121	2,100	1,006	2,094	2,006	1,892		
Total cost of revenue	24,155	22,598	23,004	33,953	12,851	19,546	20,700	24,766		
Gross profit	2,532	2,536	163	(31,498)	(765)	98	(2,468)	3,978		
<b>Operating expenses</b>										
Research and development	10,417	12,238	9,490	9,886	12,418	12,443	11,389	10,016		
Selling and marketing	6,174	6,108	5,772	5,175	5,983	6,249	5,632	6,043		
General and administrative	10,191	9,896	10,763	10,877	9,290	8,259	9,642	9,791		
Total operating expenses	26,782	28,242	26,025	25,938	27,691	26,951	26,663	25,850		
Loss from operations	(24,250)	(25,706)	(25,862)	(57,436)	(28,456)	(26,853)	(29,131)	(21,872)		
Interest expense	(220)	(344)	(3,018)	(6,140)	(141)	(92)	(129)	(10)		
Gain on fair value of warrants	(2,553)	828	1,587	2,476	(6,014)	23,665	(6,612)	8,090		
Gain on fair value of contingent earnout liabilities	(9,653)	1,843	10,810	12,958	(31,232)	130,227	(40,885)	35,963		
Gain on fair value of debt derivatives	—	—	(3,164)	11,649	—	—	—	—		
Loss on debt extinguishment	—	—	(253)	(19,197)	—	—	—	—		
Other income, net	351	178	436	(459)	219	391	384	458		
Gain (loss) before provision for income taxes	(36,325)	(23,201)	(19,464)	(56,149)	(65,624)	127,338	(76,373)	22,629		
Provision for income taxes	—	—	—	—	—	—	—	—		
Net income (loss)	(36,325)	(23,201)	(19,464)	(56,149)	(65,624)	127,338	(76,373)	22,629		
<b>Net income (loss) per share:</b>										
Basic	\$ (0.19)	\$ (0.12)	\$ (0.10)	\$ (0.27)	\$ (0.36)	\$ 0.69	\$ (0.41)	\$ 0.12		
Diluted	\$ (0.19)	\$ (0.12)	\$ (0.10)	\$ (0.27)	\$ (0.36)	\$ 0.63	\$ (0.41)	\$ 0.11		
<b>Shares used in computing net income (loss) per share:</b>										
Basic	189,609,021	193,917,908	197,833,109	207,869,092	183,498,082	184,282,194	185,560,177	186,491,083		
Diluted	189,609,021	193,917,908	197,833,109	207,869,092	183,498,082	202,326,053	185,560,177	202,704,021		
Net income (loss)	\$ (36,325)	\$ (23,201)	\$ (19,464)	\$ (56,149)	\$ (65,624)	\$ 127,338	\$ (76,373)	\$ 22,629		
Net unrealized holding gain (loss) on available-for-sale investments	288	148	149	156	(594)	(335)	(178)	283		
Total comprehensive income (loss)	\$ (36,037)	\$ (23,053)	\$ (19,315)	\$ (55,993)	\$ (66,218)	\$ 127,003	\$ (76,551)	\$ 22,912		

As discussed in Note 1, during the fourth quarter of 2023, the Company identified errors related to revenue, other accounts. The Company expects to resolve this issue by negotiating assets and contract assets which also impacted each of the amendment with SVBB and/or transferring cash to SAM accounts or to SVBB accounts, or by repaying our outstanding loan balances.

interim periods in 2022 and 2023 as originally

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presented in the Company's quarterly reports on Form 10-Q. Additionally, the Company has made adjustments to correct for other previously identified immaterial errors including the classification of stock-based compensation as cost of revenue for the periods ended March 31, 2023, June 30, 2023, and September 30, 2023, the correction of a formula error used in the calculation of interest expense, which led to an under-recognition of interest expense for the period ended September 30, 2023, the correction of a formula error used in the classification of short term and long term debt for the period ended September 30, 2023, and the correction of a formula error used in the calculation of the fair value of debt derivatives which led to an overstatement of debt derivatives as of September 30, 2023. The Company concluded that these errors were not material, either individually or in the aggregate, to its previously issued interim condensed consolidated financial statements. There were no changes to previously issued total cash flows generated from (used by) operating, investing, or financing activities for any of the impacted periods. The Company will revise the Condensed Consolidated Statements of Operations and Comprehensive Income for the interim periods ended March 31, 2023, June 30, 2023 and September 30, 2023, to reflect the corrections of these immaterial errors when presented in the Company's 2024 quarterly reports on Form 10-Q.

The impact of the revision on the previously reported unaudited quarterly financial data is as follows:

	For the Three Months Ended									
	March 31, 2023			June 30, 2023			September 30, 2023			
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	
<b>Revenue</b>										
3D Printer	\$ 24,575	\$ (127)	\$ 24,448	\$ 23,190	\$ —	\$ 23,190	\$ 21,428	\$ (641)	\$ 20,787	
Recurring payment	575	—	575	35	—	35	531	—	531	
Support services	1,664	—	1,664	1,909	—	1,909	1,849	—	1,849	
<b>Total Revenue</b>	<b>26,814</b>	<b>(127)</b>	<b>26,687</b>	<b>25,134</b>	<b>—</b>	<b>25,134</b>	<b>23,808</b>	<b>(641)</b>	<b>23,167</b>	
<b>Cost of revenue</b>										
3D Printer	21,974	194	22,168	19,728	324	20,052	20,273	499	20,772	
Recurring payment	447	—	447	335	—	335	111	—	111	
Support services	1,468	72	1,540	2,091	120	2,211	1,936	185	2,121	
<b>Total cost of revenue</b>	<b>23,899</b>	<b>266</b>	<b>24,155</b>	<b>22,154</b>	<b>444</b>	<b>22,598</b>	<b>22,320</b>	<b>684</b>	<b>23,004</b>	
<b>Gross profit</b>	<b>2,925</b>	<b>(393)</b>	<b>2,532</b>	<b>2,980</b>	<b>(444)</b>	<b>2,536</b>	<b>1,488</b>	<b>(1,325)</b>	<b>163</b>	
<b>Operating expenses</b>										
Research and development	10,547	(130)	10,417	12,454	(216)	12,238	9,819	(329)	9,490	
Selling and marketing	6,174	—	6,174	6,108	—	6,108	5,772	—	5,772	
General and administrative	10,327	(136)	10,191	10,124	(228)	9,896	11,118	(355)	10,763	
<b>Total operating expenses</b>	<b>27,048</b>	<b>(266)</b>	<b>26,782</b>	<b>28,686</b>	<b>(444)</b>	<b>28,242</b>	<b>26,709</b>	<b>(684)</b>	<b>26,025</b>	
<b>Loss from operations</b>	<b>(24,123)</b>	<b>(127)</b>	<b>(24,250)</b>	<b>(25,706)</b>	<b>—</b>	<b>(25,706)</b>	<b>(25,221)</b>	<b>(641)</b>	<b>(25,862)</b>	
<b>Interest expense</b>	<b>(220)</b>	<b>—</b>	<b>(220)</b>	<b>(344)</b>	<b>—</b>	<b>(344)</b>	<b>(1,107)</b>	<b>(1,911)</b>	<b>(3,018)</b>	
<b>Gain (loss) on fair value of warrants</b>	<b>(2,553)</b>	<b>—</b>	<b>(2,553)</b>	<b>828</b>	<b>—</b>	<b>828</b>	<b>1,587</b>	<b>—</b>	<b>1,587</b>	
<b>Gain (loss) on fair value of contingent earnout liabilities</b>	<b>(9,653)</b>	<b>—</b>	<b>(9,653)</b>	<b>1,843</b>	<b>—</b>	<b>1,843</b>	<b>10,810</b>	<b>—</b>	<b>10,810</b>	
<b>Gain on fair value of debt derivatives</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(3,648)</b>	<b>484</b>	<b>(3,164)</b>	
<b>Loss on debt extinguishment</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(253)</b>	<b>—</b>	<b>(253)</b>	
<b>Other income, net</b>	<b>351</b>	<b>—</b>	<b>351</b>	<b>178</b>	<b>—</b>	<b>178</b>	<b>436</b>	<b>—</b>	<b>436</b>	
<b>Gain (loss) before provision for income taxes</b>	<b>(36,198)</b>	<b>(127)</b>	<b>(36,325)</b>	<b>(23,201)</b>	<b>—</b>	<b>(23,201)</b>	<b>(17,396)</b>	<b>(2,068)</b>	<b>(19,464)</b>	
<b>Provision for income taxes</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Net income (loss)</b>	<b>(36,198)</b>	<b>(127)</b>	<b>(36,325)</b>	<b>(23,201)</b>	<b>—</b>	<b>(23,201)</b>	<b>(17,396)</b>	<b>(2,068)</b>	<b>(19,464)</b>	
<b>Net income (loss) per share:</b>										
Basic	\$ (0.19)	\$ —	\$ (0.19)	\$ (0.12)	\$ —	\$ (0.12)	\$ (0.09)	\$ —	\$ (0.10)	
Diluted	\$ (0.19)	\$ —	\$ (0.19)	\$ (0.12)	\$ —	\$ (0.12)	\$ (0.09)	\$ —	\$ (0.10)	
Shares used in computing net income (loss) per share:										

Basic	189,609,021	—	189,609,021	193,917,908	—	193,917,908	197,833,109	—	197,833,109
Diluted	189,609,021	—	189,609,021	193,917,908	—	193,917,908	197,833,109	—	197,833,109
Net income (loss)	\$ (36,198)	\$ (127)	\$ (36,325)	\$ (23,201)	\$ —	\$ (23,201)	\$ (17,396)	\$ (2,068)	\$ (19,464)
Net unrealized holding gain (loss) on available-for-sale investments	288	—	288	148	—	148	149	—	149
Total comprehensive income (loss)	\$ (35,910)	\$ (127)	\$ (36,037)	\$ (23,053)	\$ —	\$ (23,053)	\$ (17,247)	\$ (2,068)	\$ (19,315)

**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

	For the Three Months Ended											
	March 31, 2022			June 30, 2022			September 30, 2022			December 31, 2022		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
<b>Revenue</b>												
3D Printer	\$ 10,184	\$ (132)	\$ 10,052	\$ 17,615	\$ —	\$ 17,615	\$ 16,537	\$ (883)	\$ 15,654	\$ 27,010	\$ (1,036)	\$ 25,974
Recurring payment	925	—	925	934	—	934	1,183	—	1,183	1,119	—	1,119
Support services	1,109	—	1,109	1,095	—	1,095	1,395	—	1,395	1,651	—	1,651
<b>Total Revenue</b>	<b>12,218</b>	<b>(132)</b>	<b>12,086</b>	<b>19,644</b>	<b>—</b>	<b>19,644</b>	<b>19,115</b>	<b>(883)</b>	<b>18,232</b>	<b>29,780</b>	<b>(1,036)</b>	<b>28,744</b>
<b>Cost of revenue</b>												
3D Printer	10,479	648	11,127	15,633	1,134	16,767	16,574	1,464	18,038	25,567	(3,246)	22,321
Recurring payment	718	—	718	685	—	685	656	—	656	553	—	553
Support services	1,006	—	1,006	2,094	—	2,094	2,006	—	2,006	1,892	—	1,892
<b>Total cost of revenue</b>	<b>12,203</b>	<b>648</b>	<b>12,851</b>	<b>18,412</b>	<b>1,134</b>	<b>19,546</b>	<b>19,236</b>	<b>1,464</b>	<b>20,700</b>	<b>28,012</b>	<b>(3,246)</b>	<b>24,766</b>
<b>Gross profit</b>	<b>15</b>	<b>(780)</b>	<b>(765)</b>	<b>1,232</b>	<b>(1,134)</b>	<b>98</b>	<b>(121)</b>	<b>(2,347)</b>	<b>(2,468)</b>	<b>1,768</b>	<b>2,210</b>	<b>3,978</b>
<b>Operating expenses</b>												
Research and development	12,915	(497)	12,418	12,965	(522)	12,443	12,558	(1,169)	11,389	7,828	2,188	10,016
Selling and marketing	5,983	—	5,983	6,249	—	6,249	5,632	—	5,632	6,043	—	6,043
General and administrative	9,290	—	9,290	8,259	—	8,259	9,642	—	9,642	9,791	—	9,791
<b>Total operating expenses</b>	<b>28,188</b>	<b>(497)</b>	<b>27,691</b>	<b>27,473</b>	<b>(522)</b>	<b>26,951</b>	<b>27,832</b>	<b>(1,169)</b>	<b>26,663</b>	<b>23,662</b>	<b>2,188</b>	<b>25,850</b>
<b>Loss from operations</b>	<b>(28,173)</b>	<b>(283)</b>	<b>(28,456)</b>	<b>(26,241)</b>	<b>(612)</b>	<b>(26,853)</b>	<b>(27,953)</b>	<b>(1,178)</b>	<b>(29,131)</b>	<b>(21,894)</b>	<b>22</b>	<b>(21,872)</b>
Interest expense	(141)	—	(141)	(92)	—	(92)	(129)	—	(129)	(10)	—	(10)
Gain on fair value of warrants	(6,014)	—	(6,014)	23,665	—	23,665	(6,612)	—	(6,612)	8,090	—	8,090
Gain on fair value of contingent earnout liabilities	(31,232)	—	(31,232)	130,227	—	130,227	(40,885)	—	(40,885)	35,963	—	35,963
Gain on fair value of debt derivatives	—	—	—	—	—	—	—	—	—	—	—	—
Loss on debt extinguishment	—	—	—	—	—	—	—	—	—	—	—	—
Other income, net	219	—	219	391	—	391	384	—	384	458	—	458
<b>Gain (loss) before provision for income taxes</b>	<b>(65,341)</b>	<b>(283)</b>	<b>(65,624)</b>	<b>127,950</b>	<b>(612)</b>	<b>127,338</b>	<b>(75,195)</b>	<b>(1,178)</b>	<b>(76,373)</b>	<b>22,607</b>	<b>22</b>	<b>22,629</b>
<b>Provision for income taxes</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net income (loss)</b>	<b>(65,341)</b>	<b>(283)</b>	<b>(65,624)</b>	<b>127,950</b>	<b>(612)</b>	<b>127,338</b>	<b>(75,195)</b>	<b>(1,178)</b>	<b>(76,373)</b>	<b>22,607</b>	<b>22</b>	<b>22,629</b>
<b>Net income (loss) per share:</b>												
Basic	\$ (0.36)	\$ —	\$ (0.36)	\$ 0.69	\$ —	\$ 0.69	\$ (0.41)	\$ —	\$ (0.41)	\$ 0.12	\$ —	\$ 0.12
Diluted	\$ (0.36)	\$ —	\$ (0.36)	\$ 0.63	\$ —	\$ 0.63	\$ (0.41)	\$ —	\$ (0.41)	\$ 0.11	\$ —	\$ 0.11
<b>Shares used in computing net income (loss) per</b>												
share:												
Basic	183,498,082	—	183,498,082	184,282,194	—	184,282,194	185,560,177	—	185,560,177	186,491,083	—	186,491,083
Diluted	183,498,082	—	183,498,082	202,326,053	—	202,326,053	185,560,177	—	185,560,177	202,704,021	—	202,704,021
<b>Net income (loss)</b>	<b>\$ (65,341)</b>	<b>\$ (283)</b>	<b>\$ (65,624)</b>	<b>\$ 127,950</b>	<b>\$ (612)</b>	<b>\$ 127,338</b>	<b>\$ (75,195)</b>	<b>\$ (1,178)</b>	<b>\$ (76,373)</b>	<b>\$ 22,607</b>	<b>\$ 22</b>	<b>\$ 22,629</b>
<b>Net unrealized holding gain (loss) on available-for-sale investments</b>	<b>(594)</b>	<b>—</b>	<b>(594)</b>	<b>(335)</b>	<b>—</b>	<b>(335)</b>	<b>(178)</b>	<b>—</b>	<b>(178)</b>	<b>283</b>	<b>—</b>	<b>283</b>

Total comprehensive income (loss)	\$ (65,935)	\$ (283)	\$ (66,218)	\$ 127,615	\$ (612)	\$ 127,003	\$ (75,737)	\$ (1,178)	\$ (76,551)	\$ 22,890	\$ 22	\$ 22,912
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**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

	As of the Period Ended											
	March 31, 2023			June 30, 2023			September 30, 2023					
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised			
<b>Assets</b>												
Current assets:												
Cash and cash equivalents	\$ 37,139	\$ —	\$ 37,139	\$ 28,868	\$ —	\$ 28,868	\$ 58,131	\$ —	\$ 58,131			
Short-term investments	26,870	—	26,870	18,475	—	18,475	13,468	—	13,468			
Accounts receivable, net	14,347	—	14,347	14,284	—	14,284	12,597	—	12,597			
Inventories	73,937	—	73,937	78,015	—	78,015	81,159	—	81,159			
Contract assets	8,056	(1,529)	6,527	15,255	(1,529)	13,726	15,901	(2,170)	13,731			
Prepaid expenses and other current assets	4,575	—	4,575	2,860	—	2,860	2,515	—	2,515			
Total current assets	164,924	(1,529)	163,395	157,757	(1,529)	156,228	183,771	(2,170)	181,601			
Property and equipment, net	19,075	—	19,075	18,376	—	18,376	17,430	—	17,430			
Equipment on lease, net	6,672	—	6,672	7,668	—	7,668	7,020	—	7,020			
Other assets	23,055	(649)	22,406	23,001	(649)	22,352	21,782	(649)	21,133			
<b>Total assets</b>	<b>\$ 213,726</b>	<b>\$ (2,178)</b>	<b>\$ 211,548</b>	<b>\$ 206,802</b>	<b>\$ (2,178)</b>	<b>\$ 204,624</b>	<b>\$ 230,003</b>	<b>\$ (2,819)</b>	<b>\$ 227,184</b>			
<b>Liabilities and Stockholders' Equity</b>												
Current liabilities:												
Accounts payable	\$ 10,584	\$ —	\$ 10,584	\$ 17,579	\$ —	\$ 17,579	\$ 13,135	\$ —	\$ 13,135			
Accrued expenses and other current liabilities	13,805	—	13,805	9,369	—	9,369	11,215	—	11,215			
Debt – current portion	2,729	—	2,729	2,973	—	2,973	52,211	1,911	54,122			
Debt derivative	—	—	—	—	—	—	17,538	(484)	17,054			
Contract liabilities	10,611	—	10,611	5,772	—	5,772	4,847	—	4,847			
Total current liabilities	37,729	—	37,729	35,693	—	35,693	98,946	1,427	100,373			
Long-term debt – less current portion	9,756	—	9,756	19,400	—	19,400	—	—	—			
Contingent earnout liabilities (Note 10)	27,067	—	27,067	25,224	—	25,224	14,414	—	14,414			
Warrant liabilities (Note 10)	5,298	—	5,298	4,470	—	4,470	2,883	—	2,883			
Other noncurrent liabilities	11,936	—	11,936	11,420	—	11,420	10,805	—	10,805			
<b>Total liabilities</b>	<b>91,786</b>	<b>—</b>	<b>91,786</b>	<b>96,207</b>	<b>—</b>	<b>96,207</b>	<b>127,048</b>	<b>1,427</b>	<b>128,475</b>			
Commitments and contingencies (Note 13)												
Stockholders' equity (deficit):												
Common stock, \$0.00001 par value – 500,000,000 shares authorized at December 31, 2023 and 2022, respectively, 258,418,695 and 187,561,368 shares issued and outstanding as of December 31, 2023 and 2022, respectively	2	—	2	2	—	2	2	—	2			
Additional paid-in capital	378,532	—	378,532	390,240	—	390,240	399,847	—	399,847			
Accumulated other comprehensive loss	(549)	—	(549)	(401)	—	(401)	(252)	—	(252)			
Accumulated deficit	(256,045)	(2,178)	(258,223)	(279,246)	(2,178)	(281,424)	(296,642)	(4,246)	(300,888)			
<b>Total stockholders' equity</b>	<b>121,940</b>	<b>(2,178)</b>	<b>119,762</b>	<b>110,595</b>	<b>(2,178)</b>	<b>108,417</b>	<b>102,955</b>	<b>(4,246)</b>	<b>98,709</b>			
<b>Total liabilities and stockholders' equity</b>	<b>\$ 213,726</b>	<b>\$ (2,178)</b>	<b>\$ 211,548</b>	<b>\$ 206,802</b>	<b>\$ (2,178)</b>	<b>\$ 204,624</b>	<b>\$ 230,003</b>	<b>\$ (2,819)</b>	<b>\$ 227,184</b>			

**Velo3D, Inc.**  
**Notes to Consolidated Financial Statements**

	As of the Period Ended											
	March 31, 2022			June 30, 2022			September 30, 2022					
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised			
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<b>131/168</b>												
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Assets										
Current assets:										
Cash and cash equivalents	\$ 104,426	\$ —	\$ 104,426	\$ 43,509	\$ —	\$ 43,509	\$ 40,347	\$ —	\$ 40,347	
Short-term investments	81,725	—	81,725	98,287	—	98,287	72,478	—	72,478	
Accounts receivable, net	10,196	—	10,196	11,817	—	11,817	20,922	—	20,922	
Inventories	42,820	(151)	42,669	61,909	(763)	61,146	69,313	(1,058)	68,255	
Contract assets	1,430	(132)	1,298	405	(132)	273	2,370	(1,015)	1,355	
Prepaid expenses and other current assets	9,449	—	9,449	6,695	—	6,695	4,623	—	4,623	
Total current assets	250,046	(283)	249,763	222,622	(895)	221,727	210,053	(2,073)	207,980	
Property and equipment, net	12,438	—	12,438	17,717	—	17,717	19,208	—	19,208	
Equipment on lease, net	9,601	—	9,601	8,128	—	8,128	8,084	—	8,084	
Other assets	15,389	—	15,389	14,948	—	14,948	20,132	—	20,132	
Total assets	\$ 287,474	\$ (283)	\$ 287,191	\$ 263,415	\$ (895)	\$ 262,520	\$ 257,477	\$ (2,073)	\$ 255,404	
Liabilities and Stockholders' Equity										
Current liabilities:										
Accounts payable	\$ 19,609	\$ —	\$ 19,609	\$ 15,744	\$ —	\$ 15,744	\$ 14,134	\$ —	\$ 14,134	
Accrued expenses and other current liabilities	12,121	—	12,121	16,485	—	16,485	19,682	—	19,682	
Debt—current portion	5,116	—	5,116	5,119	—	5,119	1,954	—	1,954	
Debt derivative	—	—	—	—	—	—	—	—	—	
Contract liabilities	19,386	(700)	18,686	16,175	—	16,175	26,041	—	26,041	
Total current liabilities	56,232	(700)	55,532	53,523	—	53,523	61,811	—	61,811	
Long-term debt—less current portion	2,422	—	2,422	1,889	—	1,889	4,356	—	4,356	
Contingent earnout liabilities (Note 10)	142,719	—	142,719	12,493	—	12,493	53,377	—	53,377	
Warrant liabilities (Note 10)	27,719	—	27,719	4,053	—	4,053	10,836	—	10,836	
Other noncurrent liabilities	8,778	700	9,478	8,874	—	8,874	14,227	—	14,227	
Total liabilities	237,870	—	237,870	80,832	—	80,832	144,607	—	144,607	
Commitments and contingencies (Note 13)										
Stockholders' equity (deficit):										
Common stock, \$0.0001 par value—500,000,000 shares authorized at December 31, 2023 and 2022, respectively, 258,418,695 and 187,561,368 shares issued and outstanding as of December 31, 2023 and 2022, respectively	2	—	2	2	—	2	2	—	2	
Additional paid-in capital	345,418	—	345,418	350,797	—	350,797	356,457	—	356,457	
Accumulated other comprehensive loss	(608)	—	(608)	(957)	—	(957)	(1,135)	—	(1,135)	
Accumulated deficit	(295,208)	(283)	(295,491)	(167,259)	(895)	(168,154)	(242,454)	(2,073)	(244,527)	
Total stockholders' equity	49,604	(283)	49,321	182,583	(895)	181,688	112,870	(2,073)	110,797	
Total liabilities and stockholders' equity	\$ 287,474	\$ (283)	\$ 287,191	\$ 263,415	\$ (895)	\$ 262,520	\$ 257,477	\$ (2,073)	\$ 255,404	

#### Note 18. Subsequent Events

On April 1, 2024, the Company entered into the Second Note Amendment. Pursuant to the Second Note Amendment, the Company agreed to (A) make a cash payment of \$5.5 million on April 1, 2024 to redeem approximately \$4.2 million of aggregate principal amount of the Secured Notes, together with accrued and unpaid interest, and (B) a cash payment of \$5.5 million on April 15, 2024 to repay approximately \$4.6 million of principal of the Secured Notes, together with accrued and unpaid interest.

In connection with the Second Note Amendment, on April 1, 2024, the Company also entered into a letter agreement (the "Letter Agreement") with the Investors pursuant to which the Company issued to the Investors warrants (the "2024 Private Warrants") to purchase up to an aggregate of 21,949,079 shares of Common Stock. The 2024 Private Warrants will become exercisable 45 days after the original issuance date (the "Initial Exercise Date"), will be exercisable at an exercise price of \$0.4556 per share and will expire on the one year anniversary of the later of (i) the Initial Exercise Date and (ii) the date on which the Resale Registration Statement (as defined in the Letter Agreement) is declared effective by the SEC. The Investors may exercise the 2024 Private Warrants by paying the exercise in cash or by reducing the outstanding principal amount under the Secured Notes by an amount equal to the quotient of (A) the amount of the exercise price divided by (B) 1.20. The 2024 Private Warrants may also be exercised on a cashless basis under certain circumstances.

#### Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

## Item 9A. Controls and Procedures.

### Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Our management, with participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of **December 31, 2022** **December 31, 2023**. Based upon this evaluation our Chief Executive Officer and Chief Financial Officer concluded that, as of **December 31, 2022** **December 31, 2023**, our disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting described below.

### Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on the criteria established in "Internal Control - Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of its evaluation, management concluded that our internal control over financial reporting was not effective as of **December 31, 2022** **December 31, 2023**, due to the material weaknesses described below.

This Annual Report on Form 10-K does not include an audit report of our independent registered public accounting firm on the effectiveness of our internal control over financial reporting due to an exemption for emerging growth companies.

We have identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses are as follows:

- We did not design and maintain an effective control environment commensurate **over with** our financial reporting requirements. Specifically, we did not maintain a sufficient complement of personnel with an appropriate degree of internal controls and accounting knowledge, experience, and training commensurate with our accounting and financial reporting requirements. Additionally, the lack of a sufficient complement of personnel resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in our finance and accounting functions. This material weakness contributed to the following additional material weaknesses.
- We did not design and maintain effective controls over the segregation of duties related to journal entries and account reconciliations. Specifically, certain personnel have the ability to both (i) create and post journal entries within our general ledger system and (ii) prepare and review account reconciliations.

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- We did not design and maintain effective controls over **inventory, the accounting and disclosure for debt and equity instruments**. Specifically, we did not design and maintain effective controls over the **existence, accuracy accounting for the issuance and completeness extinguishment of inventory, the completeness convertible note arrangements, warrants and presentation of accrued inventory purchases, the completeness and accuracy of related expenses, common stock**.
- We did not design and maintain effective controls over the **accounting for inventory and related accounts**. Specifically, we did not design and maintain effective controls over **verifying the existence of inventory, the accuracy of purchases, manufacturing costs, and write-offs and the financial statement presentation of inventory and related accounts**.
- We did not design and maintain effective controls over the **accounting for contract assets and liabilities**. Specifically, we did not design and maintain effective controls over **the accuracy and the financial statement presentation of contract assets and liabilities, liabilities, including variable consideration**.
- We did not design and maintain effective controls over financial statement preparation, presentation and disclosure commensurate with our financial reporting requirements. Specifically, we did not design and maintain effective controls over the appropriate classification and presentation of accounts and disclosures in the consolidated financial statements.

These material weaknesses resulted in adjustments to accounts receivable, inventory, other current assets, current and non-current contract liabilities, accrued expenses and other current liabilities which were recorded prior to the issuance of the consolidated financial statements as of and for the years ended December 31, 2019, 2020 and 2021 and as of and for the interim periods ended September 30, 2021 and December 31, 2021; **adjustments**. These material weaknesses also resulted in the revision of our consolidated financial statements for the year ended December 31, 2022 and as of and for the interim periods ended March 31, 2022, June 30, 2022, September 30, 2022, March 31, 2023, June 30, 2023, and September 30, 2023. Also, these material weaknesses resulted in an uncorrected misstatement to **inventory, inventories and cost of revenue research and development adjustments to debt – current portion and long-term debt, other income, additional paid in capital, gain on fair value of warrants, interest expense, revenue and contract assets, and contract liabilities loss on debt extinguishment** which were recorded prior to the issuance of the consolidated financial statements as of and for the year ended December

31, 2022; and adjustments to current and non-current contract liabilities as of and for the interim period ended March 31, 2022. Additionally, December 31, 2023. Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

- We did not design and maintain effective controls over certain information technology ("IT") general controls for information systems that are relevant to the preparation of our consolidated financial statements. Specifically, we did not design and maintain effective:
  - user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; and
  - program change management controls to ensure that information technology program and data changes affecting certain financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately.

These IT deficiencies did not result in a misstatement to the consolidated financial statements, however, the deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all consolidated financial statement accounts and disclosures that would not be prevented or detected. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

#### Remediation of Previously Identified Material Weaknesses in Internal Control over Financial Reporting

We previously identified and disclosed a material weakness in our internal control over financial reporting relating to the following:

- We did not design and maintain effective controls over the accounting and valuation for debt and equity instruments, specifically, the recording of redeemable convertible preferred stock arrangements, contingent earnout liabilities and warrants.

Management, with the participation of the audit committee and the board of directors, began the implementation of certain remediation measures in 2021 and continued in 2022, including the implementation controls over the accounting and valuation for debt and equity instruments, including controls over valuations used in the accounting for contingent earnout liabilities and warrants.

During the year ended December 31, 2022, we completed our testing and evaluation of our internal control over financial reporting and determined that as of December 31, 2022, this material weakness has been remediated.

#### Remediation Measures for Remaining Material Weaknesses in Internal Control over Financial Reporting

We have taken measures to remediate the material weaknesses remaining existing as of December 31, 2022 December 31, 2023, including the following: hired additional accounting and IT personnel to bolster our reporting, technical accounting and IT capabilities; provided ongoing training for our personnel on accounting, financial reporting and internal control over financial reporting; engaged a third-party to assist in designing and implementing controls, including controls related to segregation of duties and IT general controls; designing and implementing controls to formalize roles and review responsibilities to align with our team's skills and experience and designing and implementing controls over segregation of duties; designing and implementing controls over the preparation and review of journal entries and account reconciliations, reconciliations; Additionally, we have begun planning for measures to remediate the material weaknesses related to designing and implementing controls over accounting and disclosure for debt and equity instruments, the accounting for the issuance and extinguishment of convertible note arrangements, warrants and common stock; designing and implementing controls over the existence, accounting for inventory and related accounts, the accuracy and completeness of inventory, purchases, manufacturing costs, and write-offs and the completeness and financial statement presentation of accrued inventory purchases, the completeness and accuracy of related expenses, accounts; designing and implementing controls over the accounting for contract assets and liabilities, the accuracy and the financial statement presentation and disclosure of contract assets and liabilities, liabilities, including variable consideration; designing and implementing controls over financial statement preparation, presentation and disclosure commensurate with our financial reporting requirements, the appropriate classification and presentation of accounts and disclosures in the consolidated financial statements; and designing and implementing IT general controls, including controls over the review and update of user access rights and privileges and program change management controls.

We are making progress toward the effectiveness of our internal control over financial reporting and disclosure controls and procedures. The measures that we are taking are subject to continued testing, ongoing senior management review, as well as audit committee oversight. We will not be able to conclude whether the measures we are taking will fully remediate these material weaknesses in our internal control over financial reporting until we have completed our remediation efforts and subsequent evaluation of their effectiveness. We may also conclude that additional measures may be required to remediate the material weaknesses in our internal control over financial reporting, which may

necessitate additional implementation and evaluation time. We will continue to assess the effectiveness of our internal control over financial reporting and take steps to remediate the known material weaknesses expeditiously.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarterly period ended **December 31, 2022** **December 31, 2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Item 9B. Other Information.**

##### **Rule 10b5-1 Plan Adoptions and Modifications**

None.

#### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable

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### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance.**

We maintain a Code of Business Conduct and Ethics that incorporates our code of ethics applicable to all employees (including executive officers), independent contractors, and board of directors of the Company. Our Code of Business Conduct and Ethics is published on our Investor Relations website at ir.velo3d.com under "Governance Documents." We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on the website address and location specified above.

The remaining information required by this item will be included in our Proxy Statement for the **2023** **2024** Annual Meeting of Stockholders, which we refer to as the Proxy Statement, to be filed with the SEC within 120 days of the fiscal year ended **December 31, 2022** **December 31, 2023**, and is incorporated herein by reference.

#### **Item 11. Executive Compensation.**

The information required by this item will be included in our Proxy Statement to be filed with the SEC, within 120 days of the year ended **December 31, 2022** **December 31, 2023**, and is incorporated herein by reference.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by this item will be included in our Proxy Statement to be filed with the SEC, within 120 days of the year ended **December 31, 2022** **December 31, 2023**, and is incorporated herein by reference.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item will be included in our Proxy Statement to be filed with the SEC, within 120 days of the year ended **December 31, 2022** **December 31, 2023**, and is incorporated herein by reference.

#### **Item 14. Principal Accountant Fees and Services.**

The information required by this item will be included in our Proxy Statement to be filed with the SEC, within 120 days of the year ended **December 31, 2022** **December 31, 2023**, and is incorporated herein by reference.

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### **PART IV**

#### **Item 15. Exhibits and Financial Statement Schedules.**

(a) The following documents are filed as part of this report:

(1) Financial Statements.

Our consolidated financial statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules.

All schedules are omitted because they are not applicable or because the required information is shown in the consolidated financial statements and notes.

(3) Exhibits.

**Exhibit Index**

Exhibit Number	Exhibit Title	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
2.1	<a href="#">Business Combination Agreement, dated as of March 22, 2021, by and among JAWS Spitfire Acquisition Corporation, Spitfire Merger Sub, Inc., and Velo3D, Inc.</a>	8-K	2.1	03/23/2021	
2.2	<a href="#">Amendment No. 1 to the Business Combination Agreement, dated July 20, 2021, by and among JAWS Spitfire Acquisition Corporation, Spitfire Merger Sub, Inc., and Velo3D, Inc.</a>	S-4/A	Annex AA	07/20/2021	
3.1	<a href="#">Certificate of Incorporation of Velo3D, Inc.</a>	8-K	3.1	10/05/2021	
3.2	<a href="#">Amended and Restated Bylaws of Velo3D, Inc.</a>	8-K	3.1	02/22/2023	
4.1	<a href="#">Specimen Unit Certificate</a>	S-1	4.1	11/27/2020	
4.2	<a href="#">Specimen Ordinary Share Certificate</a>	S-1	4.2	11/27/2020	
4.3	<a href="#">Specimen Warrant Certificate</a>	S-1	4.3	11/27/2020	
4.4	<a href="#">Certificate of Corporate Domestication of JAWS Spitfire Acquisition Corporation</a>	8-K	4.4	10/05/2021	
4.5	<a href="#">Warrant Agreement between Continental Stock Transfer &amp; Trust Company and JAWS Spitfire Acquisition Corporation, dated December 7, 2020</a>	8-K	4.1	12/08/2020	
4.6	<a href="#">Description of Securities Registered Under Section 12 of the Exchange Act</a>				X
4.7	<a href="#">Warrant to Purchase 70,000 shares of Common Stock</a>	8-K	4.1	07/29/2022	
10.1	<a href="#">Sponsor Letter Agreement, dated as of March 22, 2021, by and among Spitfire Sponsor LLC, certain other holders set forth on Schedule I thereto, JAWS Spitfire Acquisition and Velo3D, Inc.</a>	8-K	10.2	03/23/2021	
10.2	<a href="#">Form of Subscription Agreement</a>	8-K	10.1	03/23/2021	

Exhibit Number	Exhibit Title	Incorporated by Reference			
		Form	Exhibit	Filing Date	Filed Herewith
2.1	<a href="#">Business Combination Agreement, dated as of March 22, 2021, by and among JAWS Spitfire Acquisition Corporation, Spitfire Merger Sub, Inc., and Velo3D, Inc.</a>	8-K	2.1	03/23/2021	
2.2	<a href="#">Amendment No. 1 to the Business Combination Agreement, dated July 20, 2021, by and among JAWS Spitfire Acquisition Corporation, Spitfire Merger Sub, Inc., and Velo3D, Inc.</a>	S-4/A	Annex AA	07/20/2021	
3.1	<a href="#">Certificate of Incorporation of Velo3D, Inc.</a>	8-K	3.1	10/05/2021	
3.2	<a href="#">Certificate of Amendment to the Certificate of Incorporation of Velo3D, Inc.</a>	8-K	3.1	06/09/2023	
3.3	<a href="#">Amended and Restated Bylaws of Velo3D, Inc.</a>	8-K	3.1	02/22/2023	
4.1	<a href="#">Specimen Unit Certificate</a>	S-1	4.1	11/27/2020	
4.2	<a href="#">Specimen Ordinary Share Certificate</a>	S-1	4.2	11/27/2020	
4.3	<a href="#">Specimen Warrant Certificate</a>	S-1	4.3	11/27/2020	
4.4	<a href="#">Certificate of Corporate Domestication of JAWS Spitfire Acquisition Corporation</a>	8-K	4.4	10/05/2021	
4.5	<a href="#">Warrant Agreement between Continental Stock Transfer &amp; Trust Company and JAWS Spitfire Acquisition Corporation, dated December 7, 2020</a>	8-K	4.1	12/08/2020	
4.6	<a href="#">Description of Securities Registered Under Section 12 of the Exchange Act</a>	10-K	4.6	03/23/2023	
4.7	<a href="#">Warrant to Purchase 70,000 shares of Common Stock</a>	8-K	4.1	07/29/2022	
4.8	<a href="#">Indenture, dated as of August 14, 2023, by and between the Company and U.S. Bank Trust Company, National Association, as trustee</a>	8-K	4.1	08/15/2023	

4.9	<a href="#">First Supplemental Indenture, dated as of August 14, 2023, by and between the Company and U.S. Bank Trust Company, National Association, as trustee</a>	8-K	4.2	08/15/2023
4.10	<a href="#">Form of Note</a>	8-K	4.3	08/15/2023
4.11†	<a href="#">Second Supplemental Indenture by and between the Company and U.S. Bank Trust Company, National Association, as trustee</a>	8-K	4.1	11/29/2023
4.12	<a href="#">Form of Exchange Note</a>	8-K	4.2	11/28/2023
4.13	<a href="#">Form of Warrant</a>	8-K	4.1	11/28/2023
4.14	<a href="#">Form of Placement Agent Warrants</a>	8-K	4.2	11/28/2023
4.15	<a href="#">Note Amendment, dated December 27, 2023, by and among the Company, High Trail Investments ON LLC and HB SPV I Master Sub LLC</a>	8-K	4.3	11/28/2023
10.1	Sponsor Letter Agreement, dated as of March 22, 2021, by and among Spitfire Sponsor LLC, certain other holders set forth on Schedule I thereto, JAWS Spitfire Acquisition and Velo3D, Inc.	8-K	10.2	03/23/2021
10.2	<a href="#">Form of Subscription Agreement</a>	8-K	10.1	03/23/2021
10.3	Amended and Restated Registration Rights Agreement, dated September 29, 2021, by and among the Company, Spitfire Sponsor LLC, and other Holders party thereto	8-K	10.3	10/05/2021
10.4*	<a href="#">2014 Equity Incentive Plan</a>	8-K	10.4	10/05/2021
10.5*	<a href="#">2021 Equity Incentive Plan</a>	8-K	10.5	10/05/2021
10.6	<a href="#">Form of Option Award Agreement</a>	8-K	10.6	10/05/2021
10.7	<a href="#">Form of RSU Award Agreement</a>	8-K	10.7	10/05/2021
10.8	<a href="#">Form of Rollover Option Award Agreement</a>	8-K	10.8	10/05/2021
10.9	<a href="#">Form of Restricted Stock Award Agreement</a>	8-K	10.9	10/05/2021
10.10	<a href="#">Form of Stock Appreciation Right Award Agreement</a>	8-K	10.10	10/05/2021
10.11	<a href="#">Form of Stock Bonus Award Agreement</a>	8-K	10.11	10/05/2021
10.12	<a href="#">Form of Performance Shares Award Agreement</a>	8-K	10.12	10/05/2021
10.13*	<a href="#">2021 Employee Stock Purchase Plan</a>	8-K	10.13	10/05/2021
10.14*	Employment Agreement, dated July 13, 2020, between Velo3D, Inc. and Mr. McCombe	S-4/A	10.1	06/29/2021
10.15*	Addendum to Employment Agreement, dated October 26, 2020, between Velo3D, Inc. and Mr. McCombe	S-4/A	10.11	06/29/2021
10.16*	Employment Agreement, dated September 21, 2020, between Velo3D, Inc. and Ms. Youssef	S-4/A	10.12	06/29/2021
10.17	<a href="#">Form of Director and Officer Indemnification Agreement</a>	8-K	10.18	10/05/2021
10.18	Lease by and between Velo3D, Inc. and Division Street Property II, LLC, dated February 19, 2016	8-K	10.19	10/05/2021
10.19	First Amendment to Lease by and between Velo3D, Inc. and Division Street Property II, LLC, dated April 7, 2021	8-K	10.20	10/05/2021
10.3	Amended and Restated Registration Rights Agreement, dated September 29, 2021, by and among the Company, Spitfire Sponsor LLC, and other Holders party thereto	8-K	10.3	10/05/2021
10.4	<a href="#">2014 Equity Incentive Plan</a>	8-K	10.4	10/05/2021
10.5	<a href="#">2021 Equity Incentive Plan</a>	8-K	10.5	10/05/2021
10.6	<a href="#">Form of Option Award Agreement</a>	8-K	10.6	10/05/2021
10.7	<a href="#">Form of RSU Award Agreement</a>	8-K	10.7	10/05/2021
10.8	<a href="#">Form of Rollover Option Award Agreement</a>	8-K	10.8	10/05/2021

10.9	Form of Restricted Stock Award Agreement	8-K	10.9	10/05/2021
10.10	Form of Stock Appreciation Right Award Agreement	8-K	10.10	10/05/2021
10.11	Form of Stock Bonus Award Agreement	8-K	10.11	10/05/2021
10.12	Form of Performance Shares Award Agreement	8-K	10.12	10/05/2021
10.13	2021 Employee Stock Purchase Plan	8-K	10.13	10/05/2021
10.14	Lock-Up Agreement with Mr. Buller	S-4	10.9	05/13/2021
10.15	Employment Agreement between Velo3D, Inc. and Mr. McCombe	S-4/A	10.1	06/29/2021
10.16	Addendum to Employment Agreement between Velo3D, Inc. and Mr. McCombe	S-4/A	10.11	06/29/2021
10.17	Employment Agreement between Velo3D, Inc. and Ms. Youssef	S-4/A	10.12	06/29/2021
10.18	Form of Director and Officer Indemnification Agreement	8-K	10.18	10/05/2021
10.19	Lease by and between Velo3D, Inc. and Division Street Property II, LLC, dated February 19, 2016	8-K	10.19	10/05/2021
10.20	First Amendment to Lease by and between Velo3D, Inc. and Division Street Property II, LLC, dated April 7, 2021	8-K	10.20	10/05/2021
10.21	Lease by and between Velo3D, Inc. and Colfin 2019-2D Industrial Owner, LLC, dated June 28, 2021	8-K	10.21	10/05/2021
10.22	Third Amended and Restated Loan and Security Agreement between Silicon Valley Bank and Velo3D, Inc., dated May 14, 2021	8-K	10.22	10/05/2021
10.23	Mezzanine Loan and Security Agreement among Silicon Valley Bank, as Agent, Silicon Valley Bank, as Lender, Hercules Capital, Inc., as Lender, and Velo3D, Inc. as Borrower, dated May 14, 2021	8-K	10.23	10/05/2021
10.24	First Loan Modification Agreement by and between Silicon Valley Bank and Velo3D US, Inc., dated May 13, 2022	10-Q	10.1	5/16/2022
10.25	Second Loan Modification Agreement by and between Silicon Valley Bank and Velo3D US, Inc., dated June 13, 2022	10-Q	10.1	08/12/2022
10.26	Third Loan Modification Agreement between Silicon Valley Bank and Velo3D, Inc., dated July 11, 2022	8-K	10.1	07/15/2022

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10.2	Lease by and between Velo3D, Inc. and Colfin 2019-2D Industrial Owner, LLC, dated June 28, 2021	8-K	10.21	10/05/2021
10.21	Sales Agreement, by and between Velo3D and Needham dated February 6, 2023	8-K	1.1	02/06/2023
10.22†	Securities Purchase Agreement, dated as of August 10, 2023, by and among the Company and High Trail Investors ON LLC and HB SPV I Master Sub LLC, as buyers	8-K	10.1	08/15/2023
10.23	Placement Agent Agreement, dated as of August 10, 2023, by and between the Company and Credit Suisse Securities (USA) LLC, as placement agent	8-K	10.2	08/15/2023
10.24†	Security Agreement, dated as of August 14, 2023, by and among the Company, Velo3D US, Inc. and High Trail Investors ON LLC, as collateral agent	8-K	10.3	08/15/2023
10.25	Form of Voting Agreement (included as Exhibit D to the Securities Purchase Agreement filed as Exhibit 10.22)	8-K	10.4	08/15/2023
10.26*	Form of Change in Control Agreement	8-K	10.1	10/02/2023
10.27†	Securities Exchange Agreement, dated November 27, 2023, by and among the Company, High Trail Investors ON LLC and HB SPV I Master Sub LLC	8-K	10.1	11/28/2023
10.28†	Amendment to Securities Purchase Agreement, dated November 27, 2023, by and among the Company, High Trail Investors ON LLC and HB SPV I Master Sub LLC	8-K	10.2	11/28/2023
10.29	Form of Voting Agreement (included as Exhibit D to the Securities Exchange Agreement filed as Exhibit 10.27)	8-K	10.3	11/28/2023

10.30†	Amendment to Security Agreement, dated as of November 28, 2023, by and among the Company, Velo3D US, Inc. and High Trail Investors ON LLC, as collateral agent	8-K	10.4	11/28/2023
10.31*	Separation Agreement, dated December 15, 2023, by and between Velo3D, Inc. and Benyamin Buller	8-K	10.1	12/15/2023
10.32	Form of Securities Purchase Agreement, dated December 27, 2023, between Velo3D, Inc. and the Purchasers	8-K	10.1	12/28/2023
10.33	Placement Agency Agreement, dated December 27, 2023, by and between the Company and A.G.P/Alliance Global Partners	8-K	10.2	12/28/2023
10.34*	Offer Letter, dated November 10, 2022, between Velo3D, Inc. and Mr. Kreger			X
10.35*	Employment Agreement, dated December 3, 2020, between Velo3D, Inc. and Mr. Chung			X
21.1	List of Subsidiaries			X
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Velo3D, Inc.			X
10.27	Joinder and Fourth Loan Modification Agreement between Silicon Valley Bank and Velo3D, Inc. dated July 25, 2022	8-K	10.1	07/29/2022
21.1	List of Subsidiaries			X
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Velo3D, Inc.			X
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1994 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			X
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1994 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			X
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			X
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document			X
101.SCH	Inline XBRL Taxonomy Extension Schema Document			X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document			X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)			X

31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1994 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1994 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
97.1	Velo3d, Inc. Compensation Recovery Policy	X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X

† Portions of this exhibit (indicated with markouts) have been redacted in accordance with Item 601(b)(10)(iv).

\* Indicates a management contract or compensatory plan.

#### Item 16. Form 10-K Summary.

None.

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#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 20, 2023April 3, 2024

Velo3D, Inc

By:

/s/ William McCombeBernard Chung

William McCombeBernard Chung

*Acting Chief Financial Officer*

#### POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Benyamin Buller Bradley Kreger and William McCombe, Bernard Chung, and each of them, as his or her true and lawful attorneys-in-fact, proxies, and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, proxies, and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, proxies, and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

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Signature	Title	Date
/s/ Benyamin Buller Benyamin Buller	Interim Chief Executive Officer and Director ( <i>Principal Executive Officer</i> )	March 20, 2023 April 3, 2024
/s/ William McCombe William McCombe	Acting Chief Financial Officer and Director ( <i>Principal Financial and Accounting Officer</i> )	March 20, 2023 April 3, 2024
/s/ Bernard Chung Bernard Chung	Vice President of Finance ( <i>Principal Accounting Officer</i> )	March 20, 2023
/s/ Carl Bass Carl Bass	Chairman and Director	March 20, 2023 April 3, 2024
/s/ Benyamin Buller Benyamin Buller	Director	April 3, 2024
/s/ Michael Idelchik Michael Idelchik	Director	March 20, 2023 April 3, 2024
/s/ Adrian Keppler Adrian Keppler	Director	April 3, 2024
/s/ Stefan Krause Stefan Krause	Director	March 20, 2023 April 3, 2024
/s/ Ellen M. Pawlikowski Ellen M. Pawlikowski	Director	March 20, 2023
/s/ Ellen Smith Ellen Smith	Director	March 20, 2023 April 3, 2024
/s/ Gabrielle Toledano Gabrielle Toledano	Director	March 20, 2023 April 3, 2024
/s/ Matthew Walters Matthew Walters	Director	March 20, 2023 April 3, 2024

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Exhibit 4.6 10.34



Employment Offer

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**DESCRIPTION OF SECURITIES Offer Letter**

**REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934 Velo3D, Inc.**

Our November 10, 2022

Brad Kreger  
8106 Polo Crosse Avenue  
Sacramento, CA 95829  
[brad\\_kreger@hotmail.com](mailto:brad_kreger@hotmail.com)

Re: Offer of Employment by Velo3D, Inc.

Dear Brad:

I am very pleased to confirm our offer to you of employment with Velo3D, Inc. (the "**Company**"). The terms of our offer and the benefits currently provided by the Company are as follows:

1. **Position and Start Date.** You are being offered the position of EVP of Operations reporting to our CEO. This is an exempt position based in our Fremont, CA office. Your anticipated start date will be December 08, 2022.
2. **Starting Salary.** Your starting salary will be \$380,000 per year and will be subject to periodic review.
3. **Benefits.** In addition, you will be eligible to participate in regular health insurance, bonus, paid time off, and other employee benefit plans established by the Company for its employees from time to time.

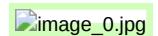
The Company reserves the right to change or otherwise modify, in its sole discretion, the preceding terms of employment.

4. **Annual Bonus.** You will be eligible to receive an incentive bonus of \$267,000 for the fiscal year of the Company during which you commence employment, as approved by the Company's Board of Directors (the "**Board**"), in its sole discretion, based on the achievement of individual and/or Company performance objectives to be determined by the Board. Any bonus for the fiscal year in which your employment begins will be prorated based on the number of days you are employed by the Company during that fiscal year. Thereafter, you will be eligible

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to receive an annual bonus in such amount and upon such terms as shall be determined by the Board, in its sole discretion. Any bonus for a fiscal year will be paid within 2½ months after the close of that fiscal year. You must be employed with the Company on the bonus payment date in order to be eligible to earn and receive the bonus payment. The determinations of the Board with respect to your bonus will be final and binding. Annual bonuses are subject to the terms and conditions of the applicable bonus plan established by the Company, which may be amended or terminated at any time.]

5. **Restricted Stock Units (RSUs).** We will recommend to the Company's Board of Directors (the "Board") that you be granted restricted stock units (the "**RSUs**") to acquire 467,148 shares of the Company's common stock under the Company's 2021 Equity Incentive Plan (the "**Plan**") and our public warrants are registered under Section 12 restricted stock unit agreement to be entered between the Company and you (the "**RSU Agreement**"). As more fully described in the RSU Agreement, the RSUs will be subject to vesting based on your satisfaction of a time-based Service Requirement (as defined in the RSU Agreement). You will satisfy the Service Requirement with respect to the RSUs in accordance with the following

schedule, so long as you remain in continuous service with the Company through each vesting date: 1/4 of the Securities Exchange Act total number of 1934, as amended (the "Exchange Act"), and listed shares will vest on the New York Stock Exchange (the "NYSE"). The following summary one-year anniversary of the material Vesting Commencement Date, and 1/16th of the total number of shares will vest on each Quarterly Vest Date thereafter. "Vesting Commencement Date" means the first Quarterly Vest Date following your first date of employment with the Company, and the "Quarterly Vest Date" means February 15, May 15, August 15, and November 15 of each calendar year.

Please be aware that the Company makes no representation or guarantee about the future value of the RSU shares. The shares subject to the RSU may increase in value, decrease in value, or stay the same as of the date the RSU is granted. The RSUs will be subject to the terms and conditions set forth in the Plan and the RSU Agreement. The grant of these securities the RSUs by the Company is subject to the approval of the Board or Compensation Committee and this promise to recommend such approval is not a promise of compensation and is not intended to be a complete summary create any obligation on the part of the rights Company. Further details on the Plan and preferences any specific RSU grant to you will be provided upon approval of such securities, grant by the Board or Compensation Committee.

**6. Protection of Confidential and is qualified by reference to our restated certificate of incorporation (the "Certificate of Incorporation"), our amended and restated bylaws (the "Bylaws") and the warrant agreement dates as of December 7, 2020 (the "Warrant Agreement"), between us and Continental Stock Transfer & Trust Company, which are also filed as exhibits to the Annual Report on Form 10-K to which this Exhibit 4.6 relates. We urge to you read each Proprietary Information.** As an employee of the Certificate of Incorporation, the Bylaws and the Warrant Agreement in their entirety for a complete description Company, you will have access to certain confidential information of the rights Company and preferences you may, during the course of these securities.

The total amount your employment, develop certain information or inventions that will be the property of our authorized share capital consists the Company. To protect the Company's interests, as a condition of 500,000,000 shares employment, you must sign and abide by the Company's standard "Employee Invention Assignment and Confidentiality Agreement," a copy of common stock, par value \$0.00001 per share, and 10,000,000 shares of preferred stock, par value \$0.00001 per share.

Common Stock

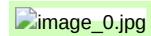
which is attached hereto as [Voting rights Exhibit A](#).

Each holder

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**7. No Breach of common stock is entitled Obligations to one (1) vote for each share Prior Employers.** We wish to impress upon you that we do not want you to, and we hereby direct you not to, bring with you any confidential or proprietary material of common stock held any former employer or violate any other obligations you may have to any former employer. You represent that your signing of record by such holder on all matters voted upon by our stockholders; provided, however, this offer letter, agreement(s) concerning equity granted to you, if any, under the Plan and the Company's Employee Invention Assignment and Confidentiality Agreement and your commencement of employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

**8. No Competition During Employment.** During the period that except as otherwise required in the Certificate of Incorporation or by applicable law, the holders of common stock are not entitled to vote on any amendment to our Certificate of Incorporation that relates solely you render services to the terms of one Company, you agree to not engage in any employment, business or more outstanding series of preferred stock if the holders of such affected series are entitled, either separately or together activity that is in any way competitive with the holders business or proposed business of one or more other such series, to vote thereon pursuant to our Certificate of Incorporation (including any certificate of designation relating to any series of preferred stock) or pursuant the Company. You will disclose to the Delaware General Corporation Law (the "DGCL").

**Dividend rights.**

Subject to Company in writing any other provisions gainful employment, business, or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Certificate Company.

9. **At Will Employment.** Employment with the Company is for no specific period of Incorporation, time. Should you accept our offer, you will be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) are superseded by this agreement. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Although your job duties, title, compensation, and benefits, as well as the Company's personnel policies and practices, may be amended change from time to time, holders the "at-will" nature of shares your employment may be changed only in an express, written employment agreement signed by you and a duly authorized officer of common stock the Company (other than you).

10. **Tax Matters.** All forms of compensation referred to in this agreement are entitled subject to receive ratably, in proportion reduction to the number of shares of common stock held by them, such dividends reflect applicable withholding and payroll taxes and other distributions in cash, stock or property deductions required by law.

11. **Authorization to Work.** Please note that because of our company when, as and if declared thereon by our Board of Directors (the "Board") from time to time out of assets or funds of our company legally available therefor.

#### **Rights upon liquidation.**

Subject to the rights of holders of preferred stock, if any, employer regulations adopted in the event Immigration Reform and Control Act of any liquidation, dissolution or winding-up 1986, within three (3) business days of our affairs, whether voluntary or involuntary, after payment or provision for payment of our debts and any other payments required by law and amounts payable upon shares of preferred stock ranking senior starting your new position you will need to the shares of common stock upon such dissolution, liquidation or winding-up, if any, our remaining net assets will be distributed present documentation demonstrating that you have authorization to the holders of shares of common stock and the holders of shares of any other class or series ranking equally with the shares of common stock upon such dissolution, liquidation or winding-up, equally on a per-share basis.

#### **Other rights.**

No holder of shares of common stock is entitled to preemptive or subscription rights contained work in the Certificate of Incorporation or in the Bylaws. There are no redemption or sinking fund provisions applicable United States. If you have questions about this requirement, which applies to common stock. The rights, preferences U.S. citizens and privileges of holders of common stock will be subject to those of the holders of any shares of preferred stock that we non-U.S. citizens alike, you may issue in the future. contact our personnel office.



#### **Preferred Stock**

The Board has the authority to issue shares of preferred stock from time to time on terms it may determine, to divide shares of preferred stock into one or more series and to fix the designations, preferences, privileges, and restrictions of preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference, sinking fund terms, and the number of shares constituting any series or the designation of any series to 12. **Arbitration.** To the fullest extent permitted by the DGCL. The issuance of preferred stock could have the effect of decreasing the trading price of common stock, restricting dividends on our capital stock, diluting the voting power of the common stock, impairing the liquidation rights of our capital stock, or delaying or preventing a change in control of our company.

## **Election of Directors and Vacancies**

Subject to the rights of the holders of any series of preferred stock to elect additional directors under specified circumstances, the number of directors of the Board shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board. The Board currently consists of nine (9) directors, which are divided into three (3) classes, designated Class I, II and III, with Class I consisting of three (3) directors, Class II consisting of three (3) directors and Class III consisting of three (3) directors.

Under the Bylaws, at all meetings of stockholders called for the election of directors, a plurality of the votes properly cast is sufficient to elect such directors to the Board.

Except as the DGCL may otherwise require and subject to the rights, if any, of the holders of any series of preferred stock, in the interim between annual meetings of stockholders or special meetings of stockholders called for the election of directors and/or the removal of one or more directors and the filling of any vacancy in that connection, newly created directorships and any vacancies on the Board, including unfilled vacancies resulting from the removal of directors, may be filled only by the affirmative vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director. All directors hold office until the expiration of their respective terms of office and until their successors have been elected and qualified. A director elected or appointed to fill a vacancy resulting from the death, resignation or removal of a director or a newly created directorship will serve for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until his or her successor has been elected and qualified.

Subject to the rights, if any, of any series of preferred stock, any director may be removed from office only with cause and only by the affirmative vote of the holders of not less than 2/3 of our outstanding voting stock (as defined below) then entitled to vote at an election of directors. Any such director proposed to be removed from office is entitled to advance written notice as described in the Certificate of Incorporation.

In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by us, subject, nevertheless, to the provisions of the DGCL, the Certificate of Incorporation and to any Bylaws adopted and in effect from time to time; provided, however, that no Bylaw so adopted will invalidate any prior act of the directors which would have been valid if such Bylaw had not been adopted.

Notwithstanding the foregoing provisions, any director elected pursuant to the right, if any, of the holders of preferred stock to elect additional directors under specified circumstances will serve for such term or terms and pursuant to such other provisions as specified in the relevant certificate of designations related to the preferred stock.

## **Quorum**

The holders of a majority of the voting power of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise required by law or provided by the Certificate of Incorporation. If, however, such quorum is not present or represented at any meeting of the stockholders, the holders of a majority of the voting

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power present in person or represented by proxy have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting is given to each stockholder entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

## **Anti-takeover Effects of the Certificate of Incorporation and the Bylaws**

The Certificate of Incorporation and the Bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with the Board, which we believe may result in an

improvement of the terms of any such acquisition in favor of our stockholders. However, they also give the Board the power to discourage acquisitions that some stockholders may favor.

#### Authorized But Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the NYSE, which would apply if and so long as the common stock (or public warrants) remains listed on the NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then-outstanding voting power or then-outstanding number of shares of common stock. Additional shares that may be issued in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock may be to enable the Board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise and thereby protect the continuity of management and possibly deprive stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

#### Special Meeting, Action by Written Consent and Advance Notice Requirements for Stockholder Proposals

Unless otherwise required by law, and subject to the rights, if limitations on arbitration set forth in subsection (a)(i) and (ii) below, you and the Company (collectively, the "parties") agree as follows:

(a) The parties agree to submit to mandatory binding arbitration any and all claims arising out of or related to your employment with the Company and the termination thereof (the "Arbitrable Claims"), except as follows:

(i) This arbitration section does not restrict your right to file (A) claims in court for violation of the holders of any series of preferred stock, special meetings of our stockholders, for any purpose or purposes, may be called only by the Chairperson of the Board, the Chief Executive Officer, the Lead Independent Director (as defined in the Bylaws) California Labor Code, including on a representative action basis under California Labor Code Sections 2698, et seq., the President, or the Board acting pursuant California Fair Employment and Housing Act; or (B) administrative claims before any government agency where, as a matter of law, you have the right to a resolution adopted by a majority of the Board and may file such administrative claims (including, but not be called by the stockholders or any other person or persons. Such special meeting shall have, for the purposes of the Bylaws or otherwise, all the force and effect of an annual meeting. Unless otherwise required by law, written notice of a special meeting of stockholders, stating the time, place and purpose or purposes thereof, shall be given to each stockholder entitled to vote at such meeting, not less than ten (10) or more than 60 days before the date fixed for the meeting. Business transacted at any special meeting of stockholders is limited to, the purposes stated National Labor Relations Board, the Equal Employment Opportunity Commission, the Department of Labor, and applicable state and local agencies); and

(ii) Each party may seek injunctive relief in court related to the improper use, disclosure or misappropriation of that party's private, proprietary, confidential and/or trade secret information.

(b) For all (i) Arbitrable Claims, and (ii) claims covered by subsection (a)(i) above that you voluntarily elect to adjudicate through arbitration rather than in court, the arbitration shall be conducted in Campbell, California through JAMS before a single neutral arbitrator, in accordance with the JAMS employment arbitration rules then in effect. The JAMS rules may be found and reviewed at <http://www.jamsadr.com/rules-employment-arbitration>. If you are unable to access these rules, please let me know and I will provide you with a hardcopy. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based.

(c) This arbitration section is governed by and will be construed in accordance with the Federal Arbitration Act, 9 U.S.C. 1, et seq. If, for any reason, any term of this arbitration provision is held to be invalid or unenforceable, all other valid terms and conditions of this arbitration provision shall be severable in nature, and remain fully enforceable.

13. **Background Check.** This offer is contingent upon a satisfactory verification of criminal, education, driving and/or employment background. This offer can be rescinded based upon data received in the notice verification.

The Bylaws also provide that unless otherwise restricted by 14. **Entire Agreement.** This offer (and **Exhibit A**), once accepted, constitutes the Certificate of Incorporation or the Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission, entire agreement between you and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee.

In addition, the Bylaws require advance notice procedures for stockholder proposals to be brought before an annual meeting of the stockholders, including the nomination of directors. Stockholders at an annual meeting may only consider the proposals specified in the notice of meeting or brought before the meeting by or at the direction of the Board, or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered a timely written notice in proper form to our secretary, of the stockholder's intention to bring such

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business before the meeting. A stockholder proposal including the nomination of directors must also comply with the requirements of Rule 14a-19 under the Exchange Act. These provisions might discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company. Furthermore, the DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. The Certificate of Incorporation and the Bylaws do not provide for cumulative voting.

These provisions could have the effect of delaying until the next stockholder meeting any stockholder actions, even if they are favored by the holders of a majority of our outstanding voting securities.

#### Amendment to Certificate of Incorporation and Bylaws

The DGCL provides generally that the affirmative vote of a majority of the outstanding stock entitled to vote on amendments to a corporation's certificate of incorporation or bylaws is required to approve such amendment, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage.

The Certificate of Incorporation provides that the provisions therein may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least 66-2/3% in voting power of all the then-outstanding shares of common stock entitled to vote thereon; provided, however, that if at least 66-2/3% of the entire Board have approved such amendment or repeal of any provision of the Certificate of Incorporation, then such amendment or repeal shall only require the affirmative vote of the majority of the outstanding shares of capital stock entitled to vote on such amendment or repeal, voting as a single class.

The Bylaws may be amended or repealed (A) by the affirmative vote of a majority of the entire Board then in office (subject to any bylaw requiring the affirmative vote of a larger percentage of the members of the Board) or (B) without the approval of the Board, by the affirmative vote of the holders of 66-2/3% of our outstanding voting stock entitled to vote on such amendment or repeal, voting as a single class, provided that if 66-2/3% of the entire Board recommends that stockholders approve such amendment or repeal at such meeting of stockholders, then such amendment or repeal shall only require the affirmative vote of the majority of the outstanding shares of capital stock entitled to vote on such amendment or repeal, voting as a single class.

#### Delaware Anti-Takeover Statute

Section 203 of the DGCL provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, such person becomes an "interested stockholder" and may not engage in certain "Business Combinations" with the corporation for a period of three years from the time such person acquired 15% or more of the corporation's voting stock, unless:

- (1) the board of directors approves the acquisition of stock or the merger transaction before the time that the person becomes an interested stockholder;
- (2) the interested stockholder owns at least 85% of the outstanding voting stock of the corporation at the time the merger transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans); or
- (3) the merger transaction is approved by the board of directors and at a meeting of stockholders, not by written consent, by the affirmative vote of 2/3 of the outstanding voting stock which is not owned by the interested stockholder. A Delaware corporation may elect in its certificate of incorporation or bylaws not to be governed by this particular Delaware law.

Generally, a "Business Combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of our voting stock.

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Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various Business Combinations with a corporation for a three-year period. This provision may encourage companies interested in acquiring our company to negotiate in advance with the Board because the stockholder approval requirement would be avoided if the Board approves either the Business Combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our board of directors and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

#### Limitations on Liability and Indemnification of Officers and Directors

The Certificate of Incorporation limits the liability of our directors to the fullest extent permitted by the DGCL, and the Bylaws provide that we will indemnify them to the fullest extent permitted by such law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the Board. Under the terms of such indemnification agreements, we are required to indemnify each of our directors and officers, to the fullest extent permitted by the laws of the state of Delaware, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director or officer of our company or any of our subsidiaries or was serving at our request in an official capacity for another entity. We must indemnify our officers and directors against all reasonable fees, expenses, charges and other costs of any type or nature whatsoever, including any and all expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing to defend, be a witness or participate in any completed, actual, pending or threatened action, suit, claim or proceeding, whether civil, criminal, administrative or investigative, or establishing or enforcing a right to indemnification under the indemnification agreement.

#### Exclusive Jurisdiction of Certain Actions

The Certificate of Incorporation and the Bylaws require, to the fullest extent permitted by law, unless we consent in writing to the selection of an alternative forum, that derivative actions brought in the name of our company, actions against directors, officers and employees for breach of fiduciary duty, actions asserting a claim arising pursuant to any provision of the DGCL or the Certificate of Incorporation or the Bylaws, actions to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws and actions asserting a claim against us governed by the internal affairs doctrine may be brought only in the Court of Chancery in the State of Delaware and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder's counsel. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provisions may have the effect of discouraging lawsuits against our directors and officers.

In addition, the Bylaws require that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States is the sole and exclusive forum for resolving any action asserting a claim arising under the Securities Act of 1933 (the "Securities Act").

#### Warrants

The Warrant Agreement governs both the 8,625,000 warrants (the "public warrants") that were issued in connection with our initial public offering (the "IPO") as well as the 4,450,000 warrants (the "private placement warrants" and, together with the public warrants, the "warrants") that were issued in a private placement to Spitfire Sponsor, LLC (the "Sponsor") in connection with the IPO. The public warrants are listed on the NYSE and the private placement warrants are registered for public resale pursuant to our registration statement (File No. 333-260415).

#### Public Warrants

Each whole warrant entitles the registered holder to purchase one share of common stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing on December 7, 2021, provided in each case that we have an effective registration statement under the

Securities Act covering the common stock issuable

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upon exercise of the warrants and a current prospectus relating to them is available (or we permit holders to exercise their warrants on a cashless basis under the circumstances specified in the Warrant Agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the Warrant Agreement, a warrant holder may exercise its warrants only for a whole number of shares of common stock. This means only a whole warrant may be exercised at a given time by a warrant holder. No fractional warrants will be issued upon separation of the units, and only whole warrants will trade. The warrants will expire September 29, 2026, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We will not be obligated to deliver any shares of common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act Company with respect to the common stock underlying subject matter hereof and

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supersedes all prior offers, negotiations, and agreements, if any, whether written or oral, relating to such subject matter. You acknowledge that neither the warrants Company nor its agents have made any promise, representation, or warranty whatsoever, either express or implied, written, or oral, which is then effective not contained in this agreement for the purpose of inducing you to execute the agreement, and a prospectus relating thereto you acknowledge that you have executed this agreement in reliance only upon such promises, representations, and warranties as are contained herein.

15. **Acceptance.** This offer will remain open until November 11, 2022. If you decide to accept our offer, and I hope you will, please sign the enclosed copy of this letter in the space indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

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We look forward to the opportunity to welcome you to the Company.

Very truly yours,

/s/ Benny Buller

BENNY BULLER  
PRESIDENT & CEO

I have read and understood this offer letter and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment offer except as specifically set forth herein.

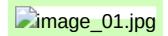
/s/ Brad Kreger Date signed: Nov 10, 2022

Brad Kreger

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### Employment Agreement

Velo3D, Inc.

December 3, 2020

Bernard Chung CPA,  
5591 Central Parkway,  
Dublin, CA 94568

Re: Offer of Employment by Velo3D, Inc.

Dear Bernard:

I am very pleased to confirm our offer to you of employment with Velo3D, Inc. (the "Company"). The terms of our offer and the benefits currently provided by the Company are as follows:

1. **Position and Start Date.** You are being offered the position of Vice President, Finance, reporting to our Chief Financial Officer. This is current, an exempt position based in our Campbell office. Your anticipated start date will be December 17, 2020.

2. **Starting Salary.** Your starting salary will be \$215,000 per year and will be subject to our satisfying our obligations described below with respect to registration, or a valid exemption from registration is available. No warrant periodic review.

3. **Benefits.** In addition, you will be exercisable eligible to participate in regular health insurance, bonus and we other employee benefit plans established by the Company for its employees from time to time. You will not be obligated eligible for 15 days a year of paid time off.

The Company reserves the right to issue a share change or otherwise modify, in its sole discretion, the preceding terms of common stock upon exercise employment.

4. **Options.** We will recommend to the Board of a warrant unless the share of common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws Directors of the state of residence of Company that you be granted the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect opportunity to a warrant, the holder of such warrant will not be entitled purchase up to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any warrant. In the event that a registration statement is not effective for the exercised warrants, the purchaser of a unit containing such warrant will have paid the full purchase price for the unit solely for the share of common stock underlying such unit.

We have agreed to file with the Securities and Exchange Commission (the "SEC") a registration statement covering the 500,000 shares of common stock issuable upon exercise of the warrants, to cause such registration statement to become effective, and to maintain the effectiveness of such registration statement and a current prospectus relating to those shares of common stock until the warrants expire or are redeemed, as specified in the Warrant Agreement, provided that if our shares of common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement. During any period when we will have failed to maintain an effective registration statement, warrant holders may exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption, but we will use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

#### **Redemption of Warrants When the Price Per Share of Common Stock Equals or Exceeds \$18.00**

We may call the warrants for redemption:

- a. in whole and not in part;
- b. at a price of \$0.01 per warrant;
- c. upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- d. if, and only if, the closing price of the common stock equals or exceeds \$18.00 per share (as adjusted for share splits, share capitalizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which notice of the redemption is given to the warrant holder.

If and when the warrants become redeemable by us, we may exercise Company under our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

We have established the last of the redemption criterion discussed above to prevent a redemption call unless there is 2014 Equity Incentive Plan (the "Plan") at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied

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and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise his, her or its warrant prior to the scheduled redemption date. However, the price of the shares of common stock may fall below the \$18.00 redemption trigger price (as adjusted for share splits, share capitalizations, recapitalizations and the like) as well as the \$11.50 (for whole shares) warrant exercise price after the redemption notice is issued.

#### **Redemption of Warrants When the Price Per Share of Common Stock Equals or Exceeds \$10.00**

We may redeem the outstanding warrants:

- in whole and not in part;

- at \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption, provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table below, based on the redemption date and the "fair market value" of our shares of common stock, except as otherwise described below;
- if, and only if, the closing price of the shares of our common stock equals or exceeds \$10.00 per share (as adjusted for share subdivisions, share dividends, reorganizations, reclassifications, recapitalizations and the like) on the trading day before we send the notice of redemption to the warrant holders;
- if, and only if, the private placement warrants are also concurrently called for redemption on the same terms as the outstanding public warrants, as described above; and
- if, and only if, there is an effective registration statement covering the issuance of our common stock issuable upon exercise of the warrants and a current prospectus relating thereto available throughout the 30-day period after written notice of redemption is given.

The numbers in the table below represent the number of shares of common stock that a warrant holder will receive upon exercise in connection with a redemption by us pursuant to this redemption feature, based on the "fair market value" of the common stock on the corresponding redemption date (assuming holders elect to exercise their warrants and such warrants are not redeemed for \$0.10 per warrant), determined based on volume weighted average price of the shares of common stock as reported during the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption date precedes the expiration date of the warrants, each as set forth in the table below.

The share prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares of common stock issuable upon exercise of a warrant is adjusted as set forth below in the first three paragraphs discussing anti-dilution adjustments. The adjusted share prices in the column headings will equal the share prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the number of shares deliverable upon exercise of a warrant immediately prior to such adjustment and the denominator of which is the number of shares deliverable upon exercise of a warrant as so adjusted. The number of shares in the table below shall be adjusted in the same manner and at the same time as the number of shares issuable upon exercise of a warrant.

Redemption Date (period to expiration of warrants)	Fair Market Value of Common Stock								
	≤10.00	11	12	13	14	15	16	17	≥18.00
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.365
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.365
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.365
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.365
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.365
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.365
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.365
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.365
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.365
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.365
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.365
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.365
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.365
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.365
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.365
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.365
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.365
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.365
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.365
0 months	-	-	0.042	0.115	0.179	0.233	0.281	0.323	0.365

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of shares of common stock to be issued for each warrant exercised will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365- or 366-day year, as applicable. For example, if the volume weighted average price of the shares of common stock as reported during the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the warrants is \$11.00 per share, and at such time there are 57 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.277 shares of common stock for each whole warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume weighted average price of the shares of common stock as reported during the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the warrants is \$13.50 per share, and at such time there are 38 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.298 shares of common stock for each whole warrant. In no event will the warrants be exercisable on a cashless basis in connection with this redemption feature for more than 0.365 shares of common stock per warrant (subject to adjustment). Finally, as reflected in the table above, if the warrants are out of the money and about to expire, they cannot be exercised on a cashless basis in

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connection with a redemption by us pursuant to this redemption feature, since they will not be exercisable for any shares of common stock.

This redemption feature is structured to allow for all of the outstanding warrants to be redeemed when the shares of common stock are trading at or above \$10.00 per share, which may be at a time when the trading price of our shares of common stock is below the exercise price of the warrants. We have established this redemption feature to provide us with the flexibility to redeem the warrants without the warrants having to reach the \$18.00 per share threshold set forth above. Holders choosing to exercise their warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of shares of common stock for their warrants based on an option pricing model with a fixed volatility input. This redemption right provides us with an additional mechanism by which to redeem all of the outstanding warrants, and therefore have certainty as to our capital structure as the warrants would no longer be outstanding and would have been exercised or redeemed. We will be required to pay the applicable redemption price to warrant holders if we choose to exercise this redemption right and it will allow us to quickly proceed with a redemption of the warrants if we determine it is in our best interest to do so. As such, we would redeem the warrants in this manner when we believe it is in our best interest to update our capital structure to remove the warrants and pay the redemption price to the warrant holders.

As stated above, we can redeem the warrants when the shares of common stock are trading at a price starting at \$10.00, which is below the exercise price of \$11.50, because it will provide certainty with respect to our capital structure and cash position while providing warrant holders with the opportunity to exercise their warrants on a cashless basis for the applicable number of shares. If we choose to redeem the warrants when the shares of common stock are trading at a price below the exercise price of the warrants, this could result in the warrant holders receiving fewer shares of common stock than they would have received if they had chosen to wait to exercise their warrants for shares of common stock if and when such shares were trading at a price higher than the exercise price of \$11.50.

No fractional shares of common stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of shares of common stock to be issued to the holder. If, at the time of redemption, the warrants are exercisable for a security other than the shares of common stock pursuant to the Warrant Agreement, the warrants may be exercised for such security. At such time as the warrants become exercisable for a security other than the shares of common stock, we (or surviving company) will use our commercially reasonable efforts to register under the Securities Act the security issuable upon the exercise of the warrants.

If we call the warrants for redemption when the price per share of common stock equals or exceeds \$18.00, our management will have the option to require any holder that wishes to exercise his, her or its warrant to do so on a "cashless basis" beginning on the third trading day prior to the date on which notice of the redemption is given to the holders of warrants. In determining whether to require all holders to exercise their warrants on a "cashless basis," our management will consider, among other factors, our cash position, the number of warrants that are outstanding and the dilutive effect on our shareholders of issuing the maximum number of shares of common stock issuable upon the exercise of our warrants. If our management takes advantage of this option, all holders of warrants would pay the exercise price by surrendering their warrants for that number of shares equal to

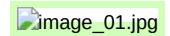
the lesser of (A) the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the excess of the "fair market value" (defined below) over the exercise price of the warrants by (y) the fair market value and (B) 0.365. The "fair market value" will mean the average closing price of the shares of common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. If our management takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of shares of common stock to be received upon exercise of the warrants, including the "fair market value" in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a warrant redemption. We believe this feature is an attractive option to us if we do not need the cash from the exercise of the warrants. If we call our warrants for redemption and our management team does not take advantage of this option, the Sponsor and its permitted transferees would still be entitled to exercise their private placement warrants for cash or on a cashless basis using the same formula described above that other warrant holders would have been required to use had all warrant holders been required to exercise their warrants on a cashless basis, as described in more detail below.

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A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the shares of common stock issued and outstanding immediately after giving effect to such exercise.

***Anti-Dilution Adjustments.*** If the number of outstanding shares of common stock is increased by a capitalization or share dividend payable in shares of common stock, or by a split-up of common stock or other similar event, then, on the effective date of such capitalization or share dividend, split-up or similar event, the number of shares of common stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of common stock. A rights offering made to all or substantially all holders of common stock entitling holders to purchase shares of common stock at a price less than the "historical fair market value" (as defined below) will be deemed a share dividend of a number of shares of common stock equal to the product of (i) the number of shares of common stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of common stock) and (ii) one minus the quotient of (x) the price per share of common stock paid in such rights offering and (y) the historical fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for shares of common stock, in determining the price payable for shares of common stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion, and (ii) "historical fair market value" means the volume weighted average price of shares of common stock as reported during the 10-trading day period ending on the trading day prior to the first date on which the shares of common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to all or substantially all the holders of shares of common stock on account of such shares (or other securities into which the warrants are convertible), other than (a) as described above, or (b) any cash dividends or cash distributions which, when combined on a per share basis with all other cash dividends and cash distributions paid on the shares of common stock during the 365-day period ending on the date of declaration of such dividend or distribution does not exceed \$0.50 (as adjusted to appropriately reflect any other adjustments and excluding cash dividends or cash distributions that resulted in an adjustment to the exercise price or to the number of shares of common stock issuable on exercise of each warrant) but only with respect to the amount of the aggregate cash dividends or cash distributions equal to or less than \$0.50 per share, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid the Company's Common Stock, as determined by the Board of Directors on each share the date the Board approves such grant. The shares you will be given the opportunity to purchase will vest at the rate of common stock 25% after 12 months of continuous service, and the balance of the shares will vest in respect equal monthly



installments over the next 36 months of continuous service, as described in the applicable Stock Option Agreement. However, the grant of such event options by the Company is subject to the Board's approval and this promise to recommend such approval is not a promise of compensation and is not intended to create any obligation on the part of the Company. Further details on the Plan and any specific option grant to you will be provided upon approval of such grant by the Company's Board of Directors.

**15. Target Bonus.** You will eligible for an incentive bonus of \$25,000 for the fiscal year of the Company during which you commence employment, based on the achievement of performance objectives to be determined by the Company's Board of Directors (the "Board"). Any bonus for the fiscal year in which your employment begins will be prorated, based on the number of outstanding shares of common stock is decreased days you are employed by a consolidation, combination, reverse share split or reclassification of share of common stock or other similar event, then, on the effective date of such consolidation, combination, reverse share split, reclassification or similar event, the number of shares of common stock issuable on exercise of each warrant Company during that fiscal year. Thereafter, you will be decreased eligible to receive an annual bonus in proportion to such decrease in outstanding shares amount and upon such terms as shall be determined by the Board. Any bonus for a fiscal year will be paid within 2½ months after the close of common stock.

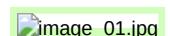
Whenever that fiscal year, but only if you are still employed by the number Company at the time of shares of common stock purchasable upon the exercise payment. The determinations of the warrants is adjusted, as described above, the warrant exercise price Board with respect to your bonus will be adjusted by multiplying final and binding.

**6. Protection of Confidential and Proprietary Information.** As an employee of the warrant exercise price immediately prior Company, you will have access to such adjustment by a fraction, (x) certain confidential information of the numerator Company and you may, during the course of which your employment, develop certain information or inventions that will be the number of shares of common stock purchasable upon the exercise property of the warrants immediately prior to such adjustment Company. To protect the Company's interests, as a condition of employment, you must sign and (y) abide by the denominator Company's standard "At-Will Employment, Confidential Information, Arbitration, and Invention Assignment Agreement," a copy of which will be the number is attached hereto as **Exhibit A**.

**7. No Breach of shares of common stock so purchasable immediately thereafter.**

**In case Obligations to Prior Employers.** We wish to impress upon you that we do not want you to, and we hereby direct you not to, bring with you any confidential or proprietary material of any reclassification former employer or reorganization violate any other obligations you may have to any former employer. You represent that your signing of this offer letter, agreement(s) concerning stock options granted to you, if any, under the Plan and the Company's At-Will Employment, Confidential Information, Arbitration, and Invention Assignment Agreement and your commencement of employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

**8. No Competition During Employment.** During the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the outstanding shares of common stock (other than those described above Company. You will disclose to the Company in writing any other gainful employment, business or activity that solely affects the par value of such shares of common stock), or in the case of any merger or consolidation of us you are currently associated with or into another corporation (other than a consolidation or merger participate in which we are that competes with the continuing corporation and that does Company. You will not result in any reclassification or reorganization of our outstanding shares of common stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions



specified assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.

9. **At Will Employment.** Employment with the Company is for no specific period of time. Should you accept our offer, you will be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) are superseded by this agreement. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and practices, may change from time to time, the "at-will" nature of your employment may be changed only in an express, written employment agreement signed by you and a duly authorized officer of the Company (other than you).

10. **Tax Matters.** All forms of compensation referred to in this agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

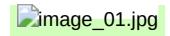
11. **Authorization to Work.** Please note that because of employer regulations adopted in the warrants Immigration Reform and in lieu Control Act of the shares 1986, within three (3) business days of common stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of common stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, starting your new position you will need to present documentation demonstrating that the holder of the warrants would you have received if such holder had exercised their warrants immediately prior authorization to such event. If less than 70% of the consideration receivable by the holders of shares of common stock in such a transaction is payable work in the form United States. If you have questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, you may contact our personnel office.

12. **Arbitration.** You and the Company agree to submit to mandatory binding arbitration any disputes arising out of shares of common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is related to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within 30 days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the Warrant Agreement based on the Black-Scholes value (as defined in the Warrant Agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants.

The warrants are issued in registered form under the Warrant Agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The Warrant Agreement provides that the terms of this offer and the warrants may be amended without the consent resolution of any holder to cure any ambiguity or correct any defective provision or correct any mistake, including to conform the provisions of the Warrant Agreement disputes as to the description meaning, effect, performance or validity of this offer or arising out of, related to, or in any way connected with, this offer, your employment with the terms of the warrants Company or any other relationship between you and the Warrant Agreement Company in accordance with the arbitration terms set forth in the prospectus attached At-Will Employment, Confidential Information, Arbitration, and Invention Assignment Agreement.

13. **Background Check.** This offer is contingent upon a satisfactory reference checks and verification of criminal, education, driving and/or employment background. This offer can be rescinded based upon data received in the verification.

14. **Entire Agreement.** This offer, once accepted, and **Exhibit A** constitute the entire agreement between you and the Company with respect to the subject matter hereof and



Employment Offer

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supersedes all prior offers, negotiations and agreements, if any, whether written or oral, relating to such subject matter. You acknowledge that neither the Company nor its agents have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this agreement for the IPO but requires purpose of inducing you to execute the approval by agreement, and you acknowledge that you have executed this agreement in reliance only upon such promises, representations and warranties as are contained herein.

15. **Acceptance.** This offer will remain open until 11:59PM on December 4<sup>th</sup>, 2020. If you decide to accept our offer, and I hope you will, please sign the holders of at least 50% of the then-outstanding public warrants to make any change that adversely affects the interests of the registered holders. You should review a enclosed copy of this letter in the Warrant Agreement, which is filed as an exhibit space indicated and return it to the Annual Report on Form 10-K me. Your signature will acknowledge that you have read and understood and agreed to which this Exhibit 4.6 relates, for a complete description of the terms and conditions applicable of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

We look forward to the warrants.

The warrant holders do not have the rights or privileges of holders of shares of common stock and any voting rights until they exercise their warrants and receive shares of common stock.

No fractional warrants will be issued upon separation of the units and only whole warrants will trade. If, upon exercise of the warrants, a holder would be entitled opportunity to receive a fractional interest in a share, we will, upon exercise, round down welcome you to the nearest whole number the number of shares of common stock to be issued to the warrant holder. Company.

We Very truly yours,

/s/ Benyamin Buller

BENYAMIN BULLER  
CEO and President

I have agreed that, subject to applicable law, any action, proceeding or claim against us arising out of or relating in any way to the Warrant Agreement will be brought read and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, understood this offer letter and we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This provision applies to claims under the Securities Act but does not apply to claims under the Exchange Act or any claim for which the federal district courts of the United States of America are the sole hereby acknowledge, accept and exclusive forum.

**Private Placement Warrants**

Except as described below, the private placement warrants have terms and provisions that are identical to those of the public warrants. The private placement warrants will not be redeemable by us, except as described above when the price per share of common stock equals or exceeds \$10.00, so long as they are held by the Sponsor or its permitted transferees. The Sponsor, or its permitted transferees, has the option to exercise the private placement warrants on a cashless basis. If the private placement warrants are held by holders other than the Sponsor or its permitted transferees, the private placement warrants will be redeemable by us in all redemption scenarios and exercisable by the holders on the same basis as the public warrants. Any amendment agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of the private placement warrants or any provision of the Warrant Agreement with respect to the private placement warrants will require a vote of holders of at least 50% of the number of the then outstanding private placement warrants. my employment offer except as specifically set forth herein.

Except as described above regarding redemption procedures and cashless exercise in respect of the public warrants, if holders of the private placement warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of shares of common stock equal to the quotient /s/ Bernard Chung Date signed: 12/3/2020

Bernard Chung

obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the excess of the "historical fair market value" (defined below) over the exercise price of the warrants by (y) the historical fair market value. The "historical fair market value" will mean the average reported closing price of the shares of common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the holders of warrants.

**Transfer Agent and Warrant Agent**

The transfer agent for common stock and warrant agent for the public warrants and private placement warrants is Continental Stock Transfer & Trust Company.

Velo3D, Inc. | 511 Division Street, Campbell, CA 95008 |

[www.Velo3D.com](http://www.Velo3D.com)

**Exhibit 21.1**

**List of Subsidiaries of Velo3D, Inc.**

<b>Name</b>	<b>Jurisdiction</b>
Velo3D US, Inc.	Delaware
Velo3D, B.V.	Netherlands
Velo3D GmbH	Germany

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-260415 and 333-268346) and Form S-8 (Nos. 333-261508, 333-263895 and 333-263895) 333-270695 of Velo3D, Inc. of our report dated **March 20, 2023** **April 3, 2024** relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Jose, California

**March 20, 2023** **April 3, 2024**

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO**

REFINITIV CORPORATE DISCLOSURES | [www.refinitiv.com](http://www.refinitiv.com) | Contact Us

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**REFINITIV** 

**RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Benyamin Buller, Brad Kreger**, certify that:

1. I have reviewed this [Annual Report](#) on Form 10-K of Velo3D, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 20, 2023 April 3, 2024

**Velo3D, Inc.**

/s/ Benyamin Buller Brad Kreger

**Benyamin Buller Brad Kreger**

**Interim Chief Executive Officer**

*(Principal Executive Officer)*

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **William McCombe** **Bernard Chung** certify that:

1. I have reviewed this **Annual Report** on Form 10-K of Velo3D, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 20, 2023 April 3, 2024

**Velo3D, Inc.**

/s/ William McCombe **Bernard Chung**

**William McCombe** **Bernard Chung**

**Acting Chief Financial Officer**

*(Principal Financial Officer)*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Benyamin Buller, Brad Kreger, Interim** Chief Executive Officer of Velo3D, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Annual Report on Form 10-K of the Company for the fiscal year ended **December 31, 2022** **December 31, 2023** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

Date: **March 20, 2023** **April 3, 2024**

**Velo3D, Inc.**

/s/ Benyamin Buller Brad Kreger

**Benyamin Buller Brad Kreger**

**Interim** Chief Executive Officer

*(Principal Executive Officer)*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, **William McCombe, Bernard Chung, Acting** Chief Financial Officer of Velo3D, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Annual Report on Form 10-K of the Company for the year ended **December 31, 2022** **December 31, 2023** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

Date: **March 20, 2023** **April 3, 2024**

Velo3D, Inc.

/s/ William McCombe Bernard Chung

William McCombe Bernard Chung

Acting Chief Financial Officer

(Principal Financial Officer)

Exhibit 97.1

## Velo3D, Inc.

### Compensation Recovery Policy

(Adopted October 18, 2023)

The Board has determined that it is in the best interests of the Company and its stockholders to adopt this Compensation Recovery Policy enabling the Company to recover from specified current and former Company executives certain incentive-based compensation in the event of an accounting restatement resulting from material noncompliance with any financial reporting requirements under the federal securities laws. Section 14 provides definitions for capitalized terms.

This Policy is designed to comply with Rule 10D-1 of the Exchange Act and shall become effective on the Effective Date and shall apply to Incentive-Based Compensation Received by Covered Persons on or after the Listing Rule Effective Date.

#### 1. Administration

The Administrator shall administer this Policy. The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. The Administrator may retain, at the Company's expense, outside legal counsel and such compensation, tax, or other consultants as it may determine advisable to administer this Policy.

#### 2. Covered Persons and Applicable Compensation

This Policy applies to any Incentive-Based Compensation Received by a person (a) after beginning service as a Covered Person; (b) who served as a Covered Person at any time during the performance period for that Incentive-Based Compensation; and (c) was a Covered Person during the Clawback Period.

However, recovery is not required with respect to:

- i. Incentive-Based Compensation Received prior to an individual becoming a Covered Person, even if the individual served as a Covered Person during the Clawback Period.
- ii. Incentive-Based Compensation Received prior to the Listing Rule Effective Date.
- iii. Incentive-Based Compensation Received prior to the Clawback Period.
- iv. Incentive-Based Compensation Received while the Company did not have a class of listed securities on a national securities exchange or a national securities association, including the Exchange.

The Administrator will not consider the Covered Person's responsibility or fault or lack thereof in enforcing this Policy with respect to recoupment under the Final Rules.

#### 3. Triggering Event

Subject to and in accordance with the provisions of this Policy, if there is a Triggering Event, the Administrator shall require a Covered Person to reimburse or forfeit to the Company the Recoupment Amount applicable to such Covered Person. A Company's obligation to recover

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the Recoupment Amount is not dependent on if or when the restated financial statements are filed.

#### **4. Calculation of Recoupment Amount**

The Recoupment Amount will be calculated in accordance with the Final Rules, as provided in the Calculation Guidelines attached hereto as Exhibit B.

#### **5. Method of Recoupment**

Subject to compliance with the Final Rules and applicable law, the Administrator will determine, in its sole discretion, the method for recouping the Recoupment Amount hereunder which may include, without limitation:

- i. Requiring reimbursement or forfeiture of the pre-tax amount cash Incentive-Based Compensation previously paid;
- ii. Offsetting the Recoupment Amount from any compensation otherwise owed by the Company to the Covered Person, including without limitation, any prior cash incentive payments, executive retirement benefits, wages, equity grants or other amounts payable by the Company to Covered Person in the future;
- iii. Seeking recovery of any gain realized on the vesting, exercise, settlement, cash sale, transfer, or other disposition of any equity-based awards; and/or
- iv. Taking any other remedial and recovery action permitted by law, as determined by the Administrator.

#### **6. Arbitration**

To the fullest extent permitted by law, any disputes under this Policy shall be submitted to mandatory binding arbitration (the "**Arbitrable Claims**"), governed by the Federal Arbitration Act (the "**FAA**"). Further, to the fullest extent permitted by law, no class or collective actions can be asserted in arbitration or otherwise. All claims, whether in arbitration or otherwise, must be brought solely in Covered Person's individual capacity, and not as a plaintiff or class member in any purported class or collective proceeding.

**SUBJECT TO THE ABOVE PROVISO, ANY RIGHTS THAT COVERED PERSON MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS ARE WAIVED. ANY RIGHTS THAT COVERED PERSON MAY HAVE TO PURSUE OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION PERTAINING TO ANY CLAIMS BETWEEN COVERED PERSON AND THE COMPANY ARE WAIVED.**

Covered Person is not restricted from filing administrative claims that may be brought before any government agency where, as a matter of law, Covered Person's ability to file such claims may not be restricted. However, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted in Campbell, California through JAMS before a single neutral arbitrator, in accordance with the JAMS Comprehensive Arbitration Rules and Procedures then in effect, provided however, that the FAA, including its procedural provisions for compelling arbitration, shall govern and apply to this Arbitration provision. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. If, for any

reason, any term of this Arbitration provision is held to be invalid or unenforceable, all other valid terms and conditions herein shall be severable in nature and remain fully enforceable.

## **7. Recovery Process; Impracticability**

Actions by the Administrator to recover the Recoupment Amount will be reasonably prompt.

The Administrator must cause the Company to recover the Recoupment Amount unless the Administrator shall have previously determined that recovery is impracticable and one of the following conditions is met:

- i. The direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered; before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;
- ii. Whether recovery would violate home country law where that law was adopted prior to November 28, 2022; before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or
- iii. Whether recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

## **8. Non-Exclusivity**

The Administrator intends that this Policy will be applied to the fullest extent of the law. Without limitation to any broader or alternate clawback authorized in any written document with a Covered Person, (i) the Administrator may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Person to agree to abide by the terms of this Policy, and (ii) this Policy will nonetheless apply to Incentive-Based Compensation as required by the Final Rules, whether or not specifically referenced in those arrangements. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies or regulations available or applicable to the Company (including SOX 304). If recovery is required under both SOX 304 and this Policy, any amounts recovered pursuant to SOX 304 may be credited toward the amount recovered under this Policy, or vice versa.

## **9. No Advancement and/or Indemnification**

The Company shall not advance and/or indemnify any Covered Persons against the loss of erroneously awarded Incentive-Based Compensation or any adverse tax consequences associated with any incorrectly awarded Incentive-Based Compensation or any recoupment hereunder. For the avoidance of doubt, this prohibition on advancement and/or indemnification will also prohibit the Company from reimbursing or paying any premium or payment of any third-party insurance.

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policy to fund potential recovery obligations obtained by the Covered Person directly. No Covered Person will seek or retain any such prohibited advancement, indemnification or reimbursement.

## **10. Covered Person Acknowledgement and Agreement**

All Covered Persons subject to this Policy must acknowledge their understanding of, and agreement to comply with, the Policy by executing the certification attached hereto as Exhibit A.

## 11. Successors

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators or other legal representatives and shall inure to the benefit of any successor to the Company.

## 12. Interpretation of Policy

To the extent there is any ambiguity between this Policy and the Final Rules, this Policy shall be interpreted so that it complies with the Final Rules. If any provision of this Policy, or the application of such provision to any Covered Person or circumstance, shall be held invalid, the remainder of this Policy, or the application of such provision to Covered Persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

In the event any provision of this Policy is inconsistent with any requirement of any Final Rules, the Administrator, in its sole discretion, shall amend and administer this Policy and bring it into compliance with such rules.

Any determination under this Policy by the Administrator shall be conclusive and binding on the applicable Covered Person. Determinations of the Administrator need not be uniform with respect to Covered Persons or from one payment or grant to another.

## 13. Amendments; Termination

The Administrator may make any amendments to this Policy as required under applicable law, rules and regulations, or as otherwise determined by the Administrator in its sole discretion.

The Administrator may terminate this Policy at any time.

## 14. Definitions

**"Administrator"** means the Compensation Committee of the Board, or in the absence of a committee of independent directors responsible for executive compensation decisions, a majority of the independent directors serving on the Board.

**"Board"** means the Board of Directors of the Company.

**"Clawback Measurement Date"** is the earlier to occur of:

- i. The date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in this Policy; or

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- ii. The date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described in this Policy.

**"Clawback Period"** means the three (3) completed fiscal years immediately prior to the Clawback Measurement Date and any transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year (that results from a change in the Company's fiscal year) within or immediately following such three (3)-year period; provided that any transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of 9 to 12 months will be deemed a completed fiscal year.

**"Company"** means Velo3D, Inc., a Delaware corporation, or any successor corporation.

**"Covered Person"** means any Executive Officer (as defined in the Final Rules), including, but not limited to, those persons who are or have been determined to be "officers" of the Company within the meaning of Section 16 of Rule 16a-1(f) of the rules promulgated under the Exchange Act, and "executive officers" of the Company within the meaning of Item 401(b) of Regulation S-K, Rule 3b-7 promulgated under the Exchange Act, and Rule

405 promulgated under the Securities Act of 1933, as amended; provided that the Administrator may identify additional employees who shall be treated as Covered Persons for the purposes of this Policy with prospective effect, in accordance with the Final Rules.

**"Effective Date"** means October 18, 2023, the date the Policy was adopted by the Board.

**"Exchange"** means the New York Stock Exchange or any other national securities exchange or national securities association in the United States on which the Company has listed its securities for trading.

**"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

**"Final Rules"** means the final rules promulgated by the SEC under Section 954 of the Dodd-Frank Act, Rule 10D-1 and Exchange listing standards, as may be amended from time to time.

**"Financial Reporting Measure"** are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and TSR are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the SEC.

**"Incentive-Based Compensation"** means compensation that is granted, earned or vested based wholly or in part on the attainment of any Financial Reporting Measure. Examples of "Incentive-Based Compensation" include, but are not limited to: non-equity incentive plan awards that are earned based wholly or in part on satisfying a Financial Reporting Measure performance goal; bonuses paid from a "bonus pool," the size of which is determined based wholly or in part on satisfying a Financial Reporting Measure performance goal; other cash awards based on satisfaction of a Financial Reporting Measure performance goal; restricted stock, restricted stock units, performance share units, stock options, and SARs that are granted or become vested based wholly or in part on satisfying a Financial Reporting Measure goal; and proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested based wholly or in part on satisfying a Financial Reporting Measure goal. "Incentive-Based Compensation" excludes, for example, time-based awards such as stock options or restricted stock units that are granted or vest *solely* upon completion of a service period; awards based on non-financial strategic or operating metrics such as the consummation of a merger or achievement of non-

financial business goals; service-based retention bonuses; discretionary compensation; and salary.

**"Listing Rule Effective Date"** means the effective date of the listing standards of the Exchange on which the Company's securities are listed.

**"Policy"** means this Compensation Recovery Policy.

Incentive-Based Compensation is deemed "**Received**" in the Company's fiscal period during which the relevant Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, irrespective of whether the payment or grant occurs on a later date or if there are additional vesting or payment requirements, such as time-based vesting or certification or approval by the Compensation Committee or Board, that have not yet been satisfied.

**"Recoupment Amount"** means the amount of Incentive-Based Compensation received by the Covered Person based on the financial statements prior to the restatement that exceeds the amount such Covered Person would have received had the Incentive-Based Compensation been determined based on the financial restatement, computed without regard to any taxes paid (i.e., gross of taxes withheld).

**"SARs"** means stock appreciation rights.

**"SEC"** means the U.S. Securities and Exchange Commission.

**"SOX 304"** means Section 304 of the Sarbanes-Oxley Act of 2002.

**"Triggering Event"** means any event in which the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in

previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"**TSR**" means total stockholder return

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