Risk Factors Comparison 2024-03-28 to 2023-03-30 Form: 10-K

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An investment in our securities involves a high degree of risk. You should consider carefully all of the risks described below, together with the other information contained in this Report, including our financial statements and related notes, before making a decision to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. Risk Factor Summary • We have a history of losses and may not achieve or maintain profitability in the future **. • There is substantial doubt as to our ability to continue as a going concern. We will require substantial additional capital to finance our operations, and this capital might not be available on acceptable terms, if at all. • We may not be successful in identifying and implementing one or more strategic alternatives for our business, and any strategic alternative that we may consummate could have material adverse consequences for us. • If we are unable to achieve our cost- reduction goals, we may need to perform additional cost- reduction measures such as a further reduction in force** . • We face significant competition and expect to face increasing competition in many aspects of our business, which could cause our operating results to suffer. • The digital manufacturing industry is a relatively new and emerging market and it is uncertain whether it will gain widespread acceptance. • **Our attempts to continue to expand our business into existing and new markets and geographies may not be successful. •** We derive a significant portion of our revenue from business conducted outside the United States and are subject to the risks of doing business outside the United States. • ~~If we fail to grow our business as anticipated, our revenues, gross margin, and operating margin will be adversely affected. • If our new and existing solutions and software do not achieve sufficient market acceptance, our financial results and competitive position will decline. • Our attempts to continue to expand our business into existing and new markets and geographies may not be successful. •~~ An active, liquid trading market for our common stock may not be sustained ~~, which may limit your ability to sell your shares~~ . • Our issuance of additional shares of common stock or convertible securities may dilute your ownership of us and could adversely affect our stock price. • Future sales, or the perception of future sales, of our common stock by us or our existing stockholders in the public market could cause the market price for our common stock to decline. • Our operating results and financial condition may fluctuate on a quarterly and annual basis. • Our stock price **has been and** may **continue to** be volatile or may decline regardless of our operating performance. You may lose some or all of your investment. • If securities or industry analysts publish inaccurate or unfavorable research or reports about our business, our stock price and trading volume could decline. • Failure to attract, integrate and retain additional personnel in the future ~~,~~ could harm our business ~~and negatively~~ **. • Interruptions, delays in service or inability to increase capacity, including internationally, at third- party data center facilities could adversely** affect our ~~ability to successfully grow our~~ business **and reputation** . • Interruptions to or other problems with our website user interface, information technology systems, manufacturing processes, or other operations could damage our reputation and brand and substantially harm our business and results of operations. • As part of our growth strategy, we may continue to acquire or make investments in other businesses, patents, technologies, products, or services. We may not realize the anticipated benefits of such investments and integration of these investments may disrupt our business and divert management attention. • The loss of one or more key members of our management team or personnel could harm our business. • ~~We may not timely and effectively scale and adapt our platform, processes, and infrastructure across materials, technologies, markets and software to expand our business. •~~ Our actual results may be significantly different from our projections, estimates, targets or forecasts. Risks Related to Our Business We experienced **a** net loss of $ **43. 9 million and $** 20. 2 ~~million and net income of $ 1. 8~~ million for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. As of December 31, ~~2022~~ **2023** , we had an accumulated deficit of $ ~~133~~ **176** . ~~0~~ **9** million. We believe we may continue to incur operating losses and negative cash flow in the near- term ~~as we continue to invest significantly in our business, in particular in new printing hardware and materials, sales and marketing programs and software services. These investments may not result in increased revenue or growth in our business~~ . We may incur significant losses in the future for a number of reasons, including due to the other risks described in this Part I, Item 1A: " Risk Factors, " 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~~ **never** achieve or maintain profitability ~~when expected, or at all~~ . Revenue growth and growth in our customer base may not be sustainable, and we may not achieve sufficient revenue to achieve or maintain profitability. If our future growth and operating performance fail to meet investor or analyst expectations, or if we **continue to** have future negative cash flow or losses resulting from our investment in acquiring customers or expanding our operations, this could have a material adverse effect on our business, financial condition and results of operations **. There is substantial doubt as to our ability to continue as a going concern. We will require substantial additional capital to finance our operations, and this capital might not be available on acceptable terms, if at all. If we are unable to raise substantial additional capital, our financial condition could be adversely affected and we may be forced to curtail our operations or pursue strategic alternatives. The report of our independent registered public accounting firm on our consolidated financial statements for the fiscal year ended December 31, 2023 included within this Report includes an explanatory paragraph indicating that there is substantial doubt as to our ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. As of December 31, 2023, we had $ 12. 2 million in cash and cash equivalents and a decrease in net change in cash and cash equivalents during the year ended December 31, 2023 of $ 18. 6 million. We have enacted cost savings measures to preserve capital, but to maintain an**

adequate amount of available liquidity and execute our current operating plan, we will need to raise substantial additional funds from external sources. We have not secured such funding at the time of this filing. We are exploring strategic alternatives for our business, any of which would be based upon various factors, including market conditions and our operating plans. See " — We may not be successful in identifying and implementing one or more strategic alternatives for our business, and any strategic alternative that we may consummate could have material adverse consequences for us. " We may in the future elect to finance operations by selling equity or debt securities or borrowing money. If we raise funds through future issuances of equity, including through our existing at- the- market facility (the" ATM Facility"), or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities or debt 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. There can be no assurance that any future capital- raising opportunities will be available to us on acceptable terms on a timely basis, if at all. Due to the uncertainty in our ability to raise capital, we believe that there is substantial doubt as to our ability to continue as a going concern. If we are unable to obtain substantial additional funding, we may need to curtail our operations and planned activities in order to reduce costs, which could include a further reduction in workforce, portfolio optimization, and further reductions in other operating expenses. Doing so will likely have an unfavorable effect on our ability to execute on our business plan and have an adverse effect on our business, results of operations and future prospects. See " — If we are unable to achieve our cost- reduction goals, we may need to perform additional cost- reduction measures such as a further reduction in force. " Our ability to access any future capital is also dependent on the condition of the banking system and financial markets. Given our current financial condition, we are exploring strategic alternatives and potential options for our business (a " Strategic Transaction "), including, without limitation, a sale of a material portion of our assets, a merger, business combination, or other strategic transaction, and obtaining additional financing on a secured or unsecured basis. There can be no assurances that any particular Strategic Transaction, or series of Strategic Transactions, will be pursued, successfully consummated, lead to increased shareholder value, or achieve the anticipated results. We are continuing to evaluate strategic alternatives with regard to our manufacturing and software businesses, including, ongoing discussions with potential acquirors. We have not signed a definitive agreement with respect to either our software or manufacturing assets, and there can be no assurance that this process will result in any transaction. In the event we successfully pursue a Strategic Transaction, the value that will be available to our various stakeholders, including our creditors and stockholders, is uncertain and our operations, our ability to develop and execute our business plan, our continuation as a going concern, and our ability to generate value for shareholders, if any, will be subject to the risks and uncertainties associated with any such transaction. Because of the risks and uncertainties associated with any Strategic Transaction, we cannot accurately predict or quantify the ultimate timing or impact of events that could occur. Any such Strategic Transaction may not be consistent with our stockholders' expectations or may not ultimately be favorable for our stockholders, either in the shorter or longer term. Any failure in our efforts to consummate one or more Strategic Transactions could force us to delay, limit or terminate our operations, make additional reductions in our workforce or other restructuring intended to improve operational efficiencies and operating costs, liquidate all or a portion of our assets or pursue other strategic alternatives. In December 2023, we completed a reduction in force as part of our cost- reduction initiatives that were initiated in the third quarter of 2023 to reduce operating expenses. These initiatives included a previous reduction in force completed in October 2023, a reduction in new hires, and a reduction in non- critical capital and discretionary operating expenditures. We believe these actions were necessary to streamline our organization and preserve cash; however, these expense reduction measures may yield unintended consequences and costs, such as the loss of institutional knowledge and expertise, attrition beyond our intended reduction- in- force, a reduction in morale among our remaining employees and the risk that we may not achieve the anticipated benefits, all of which may have an adverse effect on our results of operations or financial condition. In addition, although positions have been eliminated, the duties performed in these positions remain, and we may be unsuccessful in distributing the duties and obligations of departed employees among our remaining employees or to external service providers. We may also discover that the reductions in workforce and cost- cutting measures will make it difficult for us to pursue new opportunities and initiatives and require us to hire qualified replacement personnel, which may require us to incur additional and unanticipated costs and expenses. Our failure to successfully accomplish any of the above activities and goals may have a material adverse impact on our business, financial condition and results of operations. In addition, we may need to undertake additional workforce reductions or restructuring activities in the future. If we are required to perform a further reduction in headcount, this could adversely impact employee retention and morale, including through a loss of continuity, a loss of accumulated knowledge and / or inefficiency during transitional periods. Laid- off employees could also make claims against us for additional compensation, causing us to incur additional expense. A reduction could also adversely impact our reputation as an employer and could make it difficult for us to hire new employees in the future . The digital manufacturing industry in which we operate is fragmented and competitive. We compete for customers with a wide variety of manufacturers, including those that use digital manufacturing and / or 3D printing equipment. Exclusivity arrangements in the digital manufacturing industry are uncommon; we have few exclusivity arrangements with our customers. Some of our existing and potential competitors are researching, designing, developing, and marketing other types of offerings that may render our existing or future services 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 intellectual property 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 digital manufacturing initiatives, which will further enhance the competition we face. We cannot assure you 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, demand for our offerings may decline, and our operating results may suffer. The emergence of the digital manufacturing industry is a relatively recent development, and the industry is characterized by rapid technological change. 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 digital 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. If the digital manufacturing industry does not gain widespread acceptance, our business will be adversely affected. ~~Over the next several years we will attempt 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. This may include additional investments beyond our acquisitions of Linear Mold & Engineering, LLC, also referred to as Linear AMS (" Linear"), MFG and MakerOS in the second quarter of 2022, as well as dedicated facilities expansion and increased staffing, both domestic and international. If our business does not generate the level of revenue required to support our investments, our revenues and profitability will be adversely affected. Our ability to effectively manage our growth will also require us to enhance our operational, financial, and management controls and infrastructure, human resources policies, and reporting systems. These will require significant investments in additional headcount and other operating expenditures and allocation of valuable management and employee resources. Our future financial performance and our ability to execute on our business plan will depend, in part, on our ability to effectively manage any future growth and expansion. There are no guarantees we will be able to do so in an efficient or timely manner, or at all. We launched the first phase of our software offering under the brand" OTTO" in the fourth quarter of 2021. We expanded our software offering' s customer base and feature set with the acquisitions of MFG and MakerOS in the second quarter of 2022, and plan to roll out further phases of our software offering in the next several years. We have not derived significant revenue from sales of our software to date, and we may never be successful in doing so. If our software offerings do not achieve widespread acceptance, if our rollouts experience significant delays, or if there is lower than anticipated demand for our software caused by a lack of customer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending, or otherwise, our business could be adversely affected.~~ We seek to grow our business through, among other things, expanding our digital manufacturing capabilities into existing and new markets and expanding our offerings into new geographies ~~, including through acquisitions~~ . Our efforts to expand our offerings into existing and new markets, including industrial, medical, automotive, and aerospace markets, and new geographies may not succeed. These attempts to expand our business increase the complexity of our business, require significant levels of investment, and can strain our management, personnel, operations, and systems. There can be no assurance that these business expansion efforts will develop as anticipated or that we will succeed, and if we do not, we may be unable to recover our investment, which could adversely impact our business, financial condition, and results of operations. We may be unable to consistently manufacture our customers' designs to the necessary specifications or in quantities necessary to meet demand at an acceptable cost or at an acceptable performance level and this could adversely affect our service availability, delivery, reliability, and cost. As we ~~continue to grow and~~ introduce new materials and as our customers' designs become increasingly sophisticated, it will become more difficult to provide products in the necessary quantities to meet customer expectations. We cannot assure you that we or our third- party manufacturers will be able to continue to consistently achieve the product specifications and quality that our customers expect. Any future unforeseen manufacturing problems, such as equipment malfunctions, aging components, component obsolescence, business continuity issues, quality issues with components and materials sourced from third party suppliers, or failures to strictly follow procedures or meet specifications, may have a material adverse effect on our brand, business, financial condition, and operating results. Furthermore, we or our third- party manufacturers may not be able to increase manufacturing to meet anticipated demand or may experience downtime or fail to timely deliver manufactured products to customers. If we fail to meet contractual terms with our customers, including terms related to time of delivery and performance specifications, we may be required to replace defective products and may become liable for damages, even if manufacturing or delivery was outsourced. Our commercial contracts generally contain product warranties and limitations on liability and we carry liability insurance. However, commercial terms and our insurance coverage may not be adequate or available to protect our company in all circumstances, and we might not be able to maintain adequate insurance coverage for our business in the future at an acceptable cost. Any liability claim against us that is not covered by adequate insurance could adversely affect our consolidated results of operations and financial condition. Our success depends on our ability to deliver services that meet the needs of customers and to effectively respond to changes in our industry. Our business may be affected by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions by our competitors, and the emergence of new technologies, any of which could render our existing and proposed offerings and proprietary technology obsolete. Accordingly, our ongoing research and development programs are intended to enable us to maintain technological leadership. Furthermore, in order to enable continuous deep integrations with our customers, we must continually update our platform so that it can interoperate with other software and systems used by our customers. We believe that to remain competitive we must continually enhance and improve the functionality and features of our services and technologies. However, there is a risk that we may not be able to: • Develop or obtain leading technologies useful in our business; • ~~Enhance our existing software offerings; •~~ Develop new services and technologies that address the increasingly sophisticated and varied needs of prospective customers, particularly in the area of materials diversity; • Respond to technological advances and emerging industry standards and practices on a cost- effective and timely basis; • Successfully manage frequent introductions and transitions of technology and software; or • Recruit or retain key technology employees. If we are unable to meet changing technology and customer needs, or if we fail to successfully integrate new and upgraded software, our competitive position, revenue, results of operations, and financial condition could be adversely affected. ~~Failure to attract, integrate and retain additional personnel in the future could harm our business and negatively affect our ability to successfully grow our business.~~ To support ~~the continued growth of~~ our business, we must effectively recruit, hire, integrate, develop, motivate, and retain additional new employees. High demand exists for senior management and other key personnel (including technical, engineering, product, finance, and sales personnel) in the digital manufacturing industry, and there can be no assurance that we will be able to retain our current key personnel. We experience intense competition for qualified personnel and some of our competitors for these employees have greater resources and more experience, making it difficult for us to compete successfully for key personnel. Moreover, new employees may not become as productive as we expect since we may face challenges in adequately integrating them into our workforce and culture. If we cannot attract and retain sufficiently qualified technical employees for our research and development activities, as well as experienced sales and marketing personnel, we may be unable to develop and commercialize new offerings or new applications for existing offerings. Furthermore, possible shortages of key personnel, including engineers, in the regions surrounding our facilities could require us to pay more to hire and retain key personnel, thereby increasing our costs **. In addition, our reductions in force in 2023, and any future reductions in force or other restructuring intended to improve operational efficiencies and operating costs, may adversely affect our ability to attract and retain employees** . All of our U. S. employees are at- will employees, meaning that they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. Where permissible by law, we generally enter into non- competition agreements with our employees. These agreements prohibit our employees from competing directly with us or working for our competitors or clients while they work for us, and in some cases, for a limited period after they cease working for us. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work, in certain circumstances we may choose not to enforce these agreements and it may be difficult for us to restrict our competitors from benefiting from the expertise that our former employees or consultants developed while working for us. In addition, **in January 2023,** the Federal Trade Commission (the" FTC") ~~recently~~ proposed a rule that would prevent employers from entering into non- competition agreements with employees and require employers to rescind existing non- competition agreements. **State legislatures have also shown a growing interest in proposals to ban or limit non- competition agreements.** If we cannot demonstrate that our legally protectable interests will be harmed, or if the FTC rule **or any applicable state law** goes into effect, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished. Changes in the mix of the offerings we provide may impact our gross margins and financial performance. Our financial performance has been and may continue to be affected by the mix of offerings we sell during a given period, and we may experience significant quarterly fluctuations in revenues, gross margins, or operating income or loss due to the impact of the mix of offerings, channels, or geographic areas in which we sell our offerings. Our offerings are sold, and will continue to be sold, at different price points. Sales of certain of our offerings have, or are expected to have, higher gross margins than others. If our offerings mix shifts into lower gross margin offerings, and we are not able to sufficiently reduce the engineering, production, and other costs associated with those offerings or substantially increase the sales of our higher gross margin offerings, our profitability could be reduced. In addition, the introduction of new products or services, including as a result of acquisitions, has and may continue to heighten quarterly fluctuations in gross profit and gross margins due to manufacturing ramp- up and start- up costs. We may experience significant delays in the roll out of our digital manufacturing solutions, and we may be unable to successfully commercialize manufacturing solutions on our planned timelines. Some of our digital manufacturing solutions have not been widely released, including our software **platform** offering. There are often delays in the testing, manufacture, and commercial release of new solutions, and any delay in the process could materially damage our brand, business, growth prospects, financial condition, and operating results. Even if we successfully complete the testing of new solutions, they may not achieve widespread commercial success for a number of reasons, including: • misalignment between the solutions and customer needs; • lack of innovation of the solutions; • failure of the solutions 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 may not timely and effectively scale and adapt our platform, processes, and infrastructure across materials, technologies, markets, and software, to expand our business. A key element to our growth strategy is the ability to scale our existing platform quickly and efficiently across different materials, technologies, and other applications. This will require us to timely and effectively scale and adapt our existing platform, technology, processes, and infrastructure to expand our business. **However** ~~We recently began offering software as a service (" SaaS") under the brand" OTTO", and plan to roll out further phases of this software over the next several years, but may not succeed in doing so. Similarly~~ , our manufacturing technology may not enable us to process the large numbers of unique designs and efficiently manufacture the related parts in a timely fashion to meet the needs of customers as our business continues to grow. We may not succeed in scaling our business, and any failure in our ability to timely and effectively scale our platform, technology, processes, and infrastructure could damage our reputation and brand, result in lost revenue, and otherwise substantially harm our business and results of operations. We rely on our collaborations and commercial agreements with third- party additive manufacturing hardware and material providers for many of our manufacturing solutions. Our ability to deliver manufacturing solutions to our customers and expand our manufacturing capabilities that include new hardware technologies and materials such as industrial metals, is dependent on obtaining digital manufacturing hardware and materials from third- party manufacturers. Delays in readiness, capabilities and availability of technologies, hardware and materials may limit our ability to provide manufacturing capabilities to our customers according to our plan. We have historically focused on manufacturing for customers needing products based in polymers, launching new technologies and materials will require new skills, time, and inherent risks. The success of our business may also depend, in part, on the performance and operations of third- party digital manufacturing hardware and material providers and their suppliers, over which we do not have control. We cannot assure you that our efforts in securing collaboration and commercial relationships will be successful or that we will achieve the anticipated benefits of our collaboration. Our failure to meet our customers' speed and quality expectations would adversely affect our business and results of operations. We believe many of our customers are facing increased pressure from global competitors to be first to market with their finished products, often resulting in a need for quick turnaround of custom parts. We believe our ability to quickly quote, manufacture, and ship high- quality custom parts has been an important factor in our results to date. There are no guarantees we will be able to meet customers' increasing expectations regarding quick turnaround time and quality, especially as we increase the scope of our operations. If we fail to meet our customers' expectations in any given period, our business and results of operations will likely be adversely affected. Our customers are often price sensitive and if our pricing algorithm produces pricing that fails to meet our customers' price expectations or insufficiently accounts for our costs to deliver our offerings, our business and results of operations may be adversely affected. Demand for our services 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 production and personnel costs and our competitors' pricing and marketing strategies, can significantly impact our pricing strategies. We use algorithms to determine how to price customer orders. We may encounter technical obstacles and it is possible that we may discover additional problems that prevent our proprietary algorithms from operating properly. If we fail to meet our customers' price expectations in any given period, demand for our offerings could decline. If our pricing algorithms do not function reliably, we may incorrectly price offerings for our customers, which could result in loss and cancellation of orders and customer dissatisfaction or cause projects to lose money. Any of these events could result in a material and adverse effect on our business, results of operations, and financial condition. Sales efforts to large customers involve risks that may not be present or that are present to a lesser extent with respect to sales to smaller organizations. We have invested, and plan to continue to invest, in increasing our customer focus towards middle market and enterprise opportunities. Sales to large customers involve risks that may not be present or that are present to a lesser extent with sales to smaller organizations, such as longer sales cycles, more complex customer requirements, substantial upfront sales costs, less predictability in completing some of our sales, and extended payment terms. A number of factors influence the length and variability of our sales cycle, including the need to educate potential customers about the uses and benefits of our platform, the lengthier amount of time for large customers to evaluate and test our platform prior to making a purchase decision and placing an order, the discretionary nature of purchasing and budget cycles, and the competitive nature of evaluation and purchasing approval processes. As a result, the length of our sales cycle, from identification of the opportunity to deal closure, may vary significantly from customer to customer, with sales to large enterprises typically taking longer to complete. Moreover, larger organizations may demand more customization, which would increase our upfront investment in the sales effort with no guarantee that these customers will deploy our products widely enough across their organization to justify our substantial upfront investment. A portion of these customers may purchase our services on payment terms, requiring us to assume a credit risk for non- payment in the ordinary course of business. If we fail to effectively manage these risks associated with sales to large customers, our business, financial condition, and results of operations may be affected. We derive a significant portion of our revenue from business conducted outside the U. S. and are subject to the risk of doing business outside the United States. We manufacture offerings for customers in more than 180 countries around the world, and we derive a substantial percentage of our sales from these international markets. We also operate manufacturing facilities in the United States and the Netherlands, have supply chain partners that extend internationally, and deliver to customers in over 180 countries. During the year ended December 31, ~~2022~~ **2023** , we derived approximately ~~29~~ **27** % of our revenue from outside the United States. Accordingly, we face significant operational risks from doing business internationally. Risks and uncertainties we face from our global operations include: • difficulties in staffing and managing foreign operations; • limited protection for the enforcement of contract and intellectual property rights in certain countries where we may sell our offerings or work with suppliers or other third parties; • potentially longer sales and payment cycles and potentially greater difficulties in collecting accounts receivable; • foreign currency exchange risk; • increasing inflation and interest rates; • costs and difficulties of customizing offerings 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; • specific and significant regulations, including the European Union' s General Data Protection Regulation, or GDPR, which imposes compliance obligations on companies who possess and use data of EU residents; • uncertainty and resultant political, financial and market instability arising from market disruptions in the United Kingdom and Europe; • compliance with U. S. laws affecting activities of U. S. companies abroad, including the U. S. Foreign Corrupt Practices Act; • tariffs, trade barriers, sanctions, and other regulatory or contractual limitations on our ability to sell or develop our offerings 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; • supply chain disruptions, which may be exacerbated by the conflict between Russia and Ukraine ~~and~~ **,** the **Israel** ~~effects of the COVID - 19 pandemic~~ **Hamas conflict, and other geo- political tensions** ; • potential adverse tax consequences ~~arising~~ from global operations **including value added tax concerns** ; • seasonal reductions in business activity in certain parts of the world, particularly during the summer months in Europe; • rapid changes in government, economic, and political policies and conditions; and • political or civil unrest or instability, regional or larger scale conflicts or geo- political actions, including war or other military conflicts (such as the ~~conflict~~ **conflicts** between Russia and Ukraine **and between Israel and Hamas**), terrorism or epidemics, and other similar outbreaks or events. In addition, digital 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 digital manufacturing technologies and related materials and software. These changes, if implemented, may result in our being required to obtain additional approvals to deliver our services 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. ~~Our growth~~ **As part of our business** strategy ~~includes exploring strategic partnerships~~ , ~~and~~ we may ~~not be able to establish or maintain such strategic partnerships on terms favorable to us or at all. Our growth strategy includes exploring strategic partnerships in order to maximize our potential. On March 26, 2021, we entered into a non- binding Memorandum of Understanding (" MOU ") with Desktop Metal, to establish a multi- year strategic commercial partnership. Pursuant to our MOU, Desktop Metal agreed to invest $ 20. 0 million in the PIPE Investment (as defined in Note 1 to our consolidated financial statements included elsewhere in this Report). In connection with this investment, we were obligated to purchase $ 20. 0 million of equipment, materials and services from Desktop Metal. As of December 31, 2022, we paid $ 16. 3 million to Desktop Metal for equipment, materials and services received and placed purchase orders for another $ 3. 7 million of equipment, materials and services to be purchased under the MOU. The timing of payments for these purchase orders may depend on a number of factors, including Desktop Metal' s inventory management and logistics systems and our ability to take delivery of any such equipment, materials and services. While we have no further obligations under the MOU, we have entered into a strategic partnership with Desktop Metal to gain access to Desktop Metal' s additive manufacturing hardware technology, solutions and resources to accelerate our manufacturing capabilities to include an industrial metal offering. We expect this strategic partnership to benefit our customers and our business, however we cannot be certain if such strategic partnership will be commercially successful. In addition, we may decide to postpone the rollout of the equipment purchased which could result in future impairment charges that would adversely affect our financial position. We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all. If we are unable to raise additional capital, our financial condition could be adversely affected and we may not be able to execute our growth strategy. We intend to~~ continue to **acquire or** make investments ~~to support~~ **in other businesses, patents, technologies, products, or services. We may not realize the anticipated benefits of such investments and integration of these investments may disrupt** our business ~~growth~~ and **divert management attention** ~~may require additional funds to respond to business challenges and opportunities, including the need to develop new features or enhance our offerings, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may 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. If we raise funds through future issuances of equity or convertible debt securities, including through our existing at- the- market facility (the" ATM Facility"), 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 financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges and opportunities could be significantly impaired, and our business may be adversely affected. Our ability to access any existing or future capital is also dependent on the condition of the banking system and financial markets. For example, in March 2023, the Federal Deposit Insurance Corporation (" FDIC ") took control and was appointed receiver of Silicon Valley Bank (" SVB ") and Signature Bank (" Signature "). As of the date of this report, we do not have direct exposure to SVB or Signature, but we cannot predict the broader impact or follow- on effects of these insolvencies. 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 may be threatened and could have a material adverse effect on our business and financial condition~~ . Our business strategy includes growing 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. To date, we have consummated a limited number of acquisitions, and our relative lack of experience may adversely affect the success of future acquisitions. 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. If we do complete future acquisitions, we cannot assure you that they will ultimately strengthen our competitive position or that they will be viewed positively by customers, financial markets, or investors. Furthermore, 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; • incurrence of acquisition- related costs, which would be recognized as a current period expense; • acquisition of a significant amount of goodwill, which could result in future impairment charges that would adversely affect our financial position; • 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 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 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 are also 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 acquisitions will depend, in part, upon our ability to integrate the products and services, technology, administrative functions, and personnel of these businesses into our offering lines in an efficient and effective manner, and to retain the customers of acquired companies. We cannot assure you that we will be able to do so, that any acquired businesses will perform at the levels and on the timelines anticipated by our management, or that we will be able to obtain these synergies. In addition, acquired technologies and intellectual property 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 gross margins may also be lower, or diluted, following the acquisition of companies whose gross margins are lower than those of our existing business. Global economic conditions may harm our ability to do business, increase our costs and negatively affect our stock price. Our performance depends on the financial health and strength of our customers, which in turn is dependent on the economic conditions of the markets in which we and our customers operate. The recent ~~declines~~ **volatility** in the global economy ~~,~~ ~~volatility in the financial services sector~~ and credit markets, continuing geopolitical uncertainties, ~~increasing~~ **persistent** inflation, ~~increasing~~ **persistently high** interest rates, and other macroeconomic factors all affect the spending behavior of potential customers. We also face risks from financial difficulties or other uncertainties experienced by our suppliers, distributors, or other third parties on which we rely. If third parties are unable to supply us with required materials or otherwise assist us in operating our business, our business could be harmed. For example, the ~~conflict~~ **conflicts** between Russia and Ukraine **and between Israel and Hamas** , the possibility of a trade war or other conflict between the United States and China, **potential U. S. government shutdown,** ~~the ongoing impact of the COVID- 19 pandemic~~ and other supply and labor disruptions may directly or indirectly impact our operations by increasing the cost of raw materials, finished products, or other materials used in our offerings and impeding our ability to sell our offerings in Europe **, the Middle East** and China. Other changes in U. S. social, political, regulatory, and economic conditions or in laws and policies governing foreign trade, manufacturing, environmental matters, development, and investment could also adversely affect our business. We could experience interruptions in production due to the processing of customs formalities or reduced customer spending in the wake of weaker economic performance. If global economic conditions remain volatile for a prolonged period, our results of operations could be adversely affected. Errors or defects in our software or products we manufacture could cause us to incur additional costs, lose revenue and business opportunities, damage our reputation and expose us to potential liability. Sophisticated software and complex manufactured products may contain errors, defects, or other performance problems at any point in the life of the product. If errors or defects are discovered in our current or future software or in the products we manufacture for customers, we may not be able to correct them in a timely manner, or provide an adequate response to our customers. We may therefore need to expend significant financial, technical, and management resources, or divert some of our development resources, in order to resolve or work around those defects. We may also experience an increase in our service and warranty costs. Particularly in the medical sector, errors or defects in our software or products could lead to claims by patients against us and our customers and expose us to lawsuits that may damage our and our customers' reputations. Claims may be made by individuals or by classes of users. Our product liability and related insurance policies may not apply or sufficiently cover any product liability lawsuit that arises from defective software or products. Customers such as our collaboration partners may also seek indemnification for third party claims allegedly arising from breaches of warranties under our collaboration agreements. Errors, defects or other performance problems in our software or products we manufacture may also result in the loss of, or delay in, the market acceptance of our platform and digital manufacturing services. Such difficulties could also cause us to lose customers and, particularly in the case of our largest customers, the potentially substantial associated revenue which would have been generated by our sales to companies participating in our customer' s supply chain. Technical problems, or the loss of a customer with a particularly important global reputation, could also damage our own business reputation and cause us to lose new business opportunities. Workplace accidents or environmental damage could result in substantial remedial obligations and damage to our reputation. Accidents or other incidents that occur at our manufacturing service centers and other facilities or involve our personnel or operations could result in claims for damages against us. In addition, 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. 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. We have significant customer concentration, with our largest customer accounting for a substantial portion of our revenue. Our largest customer accounted for approximately ~~20~~ **17** % of our revenue for the year ended December 31, ~~2022~~ **2023** . Our future operating results will be affected by both the success of our largest customer and our success in diversifying our products and customer base. If demand for our largest customer' s products increases, our results are favorably impacted, while if demand for their products decreases, they may reduce their purchases of, or stop purchasing, our services and our operating results would suffer. While we currently have exclusivity arrangements for a limited time period with our largest customer with respect to such customer' s use of third parties for 3D printing, such exclusivity does not preclude the customer insourcing 3D printing capabilities or leveraging other technologies to manufacture their products, which may cause us to lose such customer' s business. The loss of our largest customer and failure to add new customers to replace lost revenue would have a material adverse effect on our business, financial condition and results of operations. In addition, should this large customer default in their obligation to pay, our results of operations and cash flows could be adversely affected. If our manufacturing facilities are disrupted, we may be unable to fulfill customer orders, which could have an adverse effect on our results of operations. We have ~~historically had~~ manufacturing service centers in Eindhoven, the Netherlands ~~and Long Island City~~ , ~~New York. In connection with the acquisition of Linear in May 2022, we assumed the leases for two additional manufacturing facilities in~~ Livonia, Michigan and Charlotte, Michigan. If the operations of these facilities are materially disrupted, whether by fires or other industrial accidents, extreme weather, natural disasters, labor stoppages, acts of terror, war or other military conflict (such as the ~~conflict~~ **conflicts** between Russia and Ukraine **and between Israel and Hamas**) **a potential U. S. government shutdown** ~~, consequences owing to the COVID- 19 pandemic~~ , or otherwise, we may be unable to fulfill customer orders for the period of the disruption or need to shift orders to another facility, we would not be able to recognize revenue on unfulfilled orders, we could suffer damage to our reputation, and we might need to modify our standard sales terms to secure the commitment of new customers during the period of the disruption and perhaps longer. Depending on the cause of the disruption, we could incur significant costs to remedy the disruption and resume operations. These delays could be lengthy and costly. If any of our third-party contract manufacturers', suppliers' or customers' facilities are negatively impacted by such a disaster, production, shipment of products could also be delayed. Even if we are able to respond quickly to a disruption at our or any third- party facilities, the continued effects of the disaster could create uncertainty in our business operations. ~~Our lease of our manufacturing facility in New York expired on January 31, 2023. We began to move equipment from the facility in New York into our recently acquired facility in Livonia, Michigan in September 2022, started parallel production in October 2022 and largely completed the transition to the Livonia facility at the end of December 2022. We have incurred and will continue to incur costs in connection with departures of certain employees that currently work in our existing facility in New York, including costs in connection with bonuses to be paid to certain employees who have agreed to stay employed by us for a period of time before they depart. Due to risks attendant with the new production facility, there is no assurance that the cost savings and efficiencies and improved production capacity we anticipate will be achieved, particularly if we are unable to successfully integrate the relocated manufacturing operations, or we experience unforeseen or contingent liabilities of the relocated manufacturing operations. In addition, at the new facilities, we must hire and train our workforce to manage and use new production techniques and equipment layouts, and operate the equipment in the new setting, creating the potential for delays, additional costs and potential quality control issues. As a result, we may face difficulties in implementing and maintaining consistent production standards, volumes, controls, procedures, policies and information systems. As the facilities ramp up production, we may be unable to obtain certain necessary or desirable customer or other certifications if we experience significant quality control issues. Such delays, costs and challenges attendant with new production facilities and techniques could result in the distraction of management and general business disruption, product quality issues or even supply shortages, any of which could adversely affect our operational and financial results and our reputation with our customers.~~ We could experience unforeseen difficulties in building and operating key portions of our manufacturing infrastructure. We have designed and built our own manufacturing operations and other key portions of our technical infrastructure through which we manufacture products for customers, and we plan to continue to expand the size of our infrastructure through expanding our digital manufacturing facilities ~~, including through our transition to our newly acquired facilities in Michigan~~ . The infrastructure expansion we may undertake may be complex, and unanticipated delays in the completion of these projects or availability of materials may lead to increased project costs, operational inefficiencies, or interruptions in the delivery or degradation of the quality of our products. Our business depends in part on our ability to process a large volume of new part designs from a diverse group of customers and successfully identifying significant opportunities for our business based on those submissions. We believe the volume of new part designs we process and the size and diversity of our customer base give us valuable insight into the needs of our prospective customers. We utilize this industry knowledge to determine where we should focus our development resources. If the number of new part designs we process or the size and diversity of our customer base decrease, our ability to successfully identify significant opportunities for our business and meet the needs of current and prospective customers could be negatively impacted. In addition, even if we do continue to process a large number of new part designs and work with a significant and diverse customer base, there are no guarantees that any industry knowledge we extract from those interactions will be successfully utilized to help us identify significant business opportunities or better understand the needs of current and prospective customers. ~~Interruptions, delays in service or inability to increase capacity, including internationally, at third- party data center facilities could adversely affect our business and reputation.~~ Our business, brand, reputation, and ability to attract and retain customers depend upon the satisfactory performance, reliability, and availability of our platform, which in turn, ~~with respect to our SaaS offering, OTTO, depend~~ **depends** upon the availability of the internet and our third- party service providers. ~~We rely on third party~~ **To meet the growing market demands for our platform, we migrated our key applications and** data ~~center facilities operated by Digital Realty in the United States and EcoRacks in Eindhoven~~ to ~~host our main~~ **the cloud- based infrastructure** ~~servers~~ - **services provided** ~~. In addition to Digital Realty and EcoRacks, some of our servers are housed by data centers operated~~ by Amazon Web Services (" AWS") **and have fully shut down both of our data centers** . ~~Our main~~ **Consequently, our primary** servers are **hosted** ~~nearing maximum capacity under our existing contracts with Digital Realty and EcoRacks. To increase server capacity to meet the market demand for our platform, we are~~ in **AWS-operated** ~~the process of migrating all of our applications and~~ data **centers. As we continue** to ~~AWS-provided~~ **validate the migration of third- party data centers to** cloud- based infrastructure services, ~~which~~ we ~~expect to complete in the first half of~~

~~2023. As we continue to migrate our existing third- party data centers to cloud- based infrastructure services, we~~ may ~~experience difficulties~~ **discover new information** such as loss or corruption of data, service interruptions ~~and downtime~~ , increased cyber threats and activity, and unanticipated expenses, including increased costs of implementation **which may affect** ~~. Difficulties in implementing or an inability to effectively implement our migration plans could disrupt our operations and harm~~ our business. As we increase our reliance on cloud- based infrastructure services, our products and services will become increasingly reliant on continued access to, and the continued stability, reliability, and flexibility of, AWS' cloud- based infrastructure. We may in the future be unable to secure additional cloud hosting capacity on commercially reasonable terms or at all. If AWS increases its pricing terms, terminates or seeks to terminate our contractual relationship or changes or interprets their terms of service or policies in a manner that is unfavorable, we may be required to transfer to another provider and may incur significant costs and experience service interruptions. We do not control the operation of **AWS or** any third- party data center hosting facilities, and they may be subject to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, terrorist attacks, war or other military conflict, and similar events. They may also be subject to interruptions due to system failures, computer viruses, software errors, or subject to breaches of computer hardware and software security, break- ins, sabotage, intentional acts of vandalism, and similar misconduct. And while we rely on service level agreements with our hosting providers, if they do not properly maintain their infrastructure or if they incur unplanned outages, our customers may experience performance issues or unexpected interruptions and we may not meet our service level agreement terms with our customers. We have experienced, and expect that in the future we may experience interruptions, delays, and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions, and capacity constraints. These and other similar events beyond our control could negatively affect the use, functionality, or availability of our services. Any damage to, or failure of, our systems, or those of our third- party providers, could interrupt or hinder the use or functionality of our services. Impairment of or interruptions in our services may reduce revenue, subject us to claims and litigation, cause customers to terminate their contracts, and adversely affect our ability to attract new customers. Our business will also be harmed if customers and potential customers believe our services are unreliable. The satisfactory performance, reliability, consistency, security, and availability of our websites and interactive user interface, information technology systems, manufacturing processes, and other operations are critical to our reputation and brand, and our ability to effectively service customers. Any interruptions or other problems that cause any of our websites, interactive user interface, or information technology systems to malfunction or be unavailable, or negatively impact our manufacturing processes or other operations, may damage our reputation and brand, result in lost revenue, cause us to incur significant costs seeking to remedy the problem, and otherwise substantially harm our business and results of operations. A number of factors or events could cause such interruptions or problems, including among others: human and software errors, design faults, challenges associated with upgrades, changes or new facets of our business, power loss, telecommunication failures, fire, flood, extreme weather, political instability, acts of terrorism, war or other military conflict, break- ins and security breaches, contract disputes, labor strikes and other workforce related issues, capacity constraints due to an unusually large number of customers accessing our websites or ordering parts at the same time, and other similar events. In addition, due to geopolitical conflicts, there is an increased likelihood that escalation of tensions could result in cyberattacks that could either directly or indirectly impact our operations. **Bad actors may also leverage artificial intelligence to launch more frequent, targeted and coordinated attacks.** These risks are augmented by the fact that our customers come to us largely for our quick-turn manufacturing capabilities and that accessibility and turnaround speed are often of critical importance to these customers. We are dependent upon our facilities through which we satisfy all of our production demands and in which we house all of the computer hardware necessary to operate our websites and systems as well as managerial, customer service, sales, marketing, and other similar functions, and we have not identified alternatives to these facilities or established fully redundant systems in multiple locations. In addition, we are dependent in part on third parties for the implementation and maintenance of certain aspects of our communications and production systems, and therefore preventing, identifying, and rectifying problems with these aspects of our systems is to a large extent outside of our control. Moreover, the business interruption insurance that we carry may not be sufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business that may result from interruptions in our service as a result of system failures. If we are unable to retain existing customers, sell additional services to our existing customers, or attract new customers, our revenue growth will be adversely affected. To increase our revenue, we must retain existing customers, convince them to expand their use of our solutions across their organizations and for a variety of use cases, and expand their purchasing on terms favorable to us. We may not meet our customers' expectations. We **have recently** experienced a **continuous** decline in our customer count ~~during the year ended December 31, 2022,~~ and it is uncertain whether such decline is temporary. If we are not able to renew our agreements with existing customers or attract new business from existing customers on favorable terms, this could have an adverse effect on our business, revenue, gross margins, and other operating results. The rate at which our customers purchase new or enhanced solutions from us, as well as the expansion of use of our solutions across organizations, depend on a number of factors, including general economic conditions, customer specific conditions, competitive pricing, integration with existing technologies, and satisfaction and market acceptance of our platform generally. If our efforts to sell additional solutions to our customers are not successful, our business and growth prospects may suffer. Additionally, our future revenue depends in part on our ability to turn our pipeline customers into actual customers. Pipeline customers may fail to accept our offerings, choose our competitors' offerings, or otherwise not turn into customers. If we are not able to turn pipeline or other prospective customers into customers, or customers that provide significant revenues, our business and growth prospects could be adversely affected. We believe our success has depended, and continues to depend, on the efforts and talents of our senior management and other key personnel, including, in particular, our executive officers. Our executive team is critical to the management of our business and operations, as well as to the development of our strategy. Members of our senior management team may resign at any time.

The loss of the services of any members of our senior management team could delay or prevent the successful implementation of our strategy or our commercialization of new applications for our systems or other offerings, or could otherwise adversely affect our ability to manage our company effectively and carry out our business plan. Two of our senior executives left the ~~company~~ **Company** in 2022, and there is no assurance that if any senior executive leaves in the future, we will be able to rapidly replace him or her and transition smoothly towards his or her successor, without any adverse impact on our operations. In particular, the loss of the services of Greg Kress, our Chief Executive Officer, could severely damage our business and prospects for growth. Mr. Kress is subject to a non- competition agreement and a proprietary information and inventions agreement which include restrictive covenants. We cannot assure you that if Mr. Kress were to breach these restrictive covenants a court would enforce them and enjoin him from engaging in activities in violation thereof. Moreover, we would have to rescind Mr. Kress' non- competition agreement if the proposed FTC rule goes into effect. The loss of Mr. Kress' services could delay or prevent the successful implementation of our strategy or our commercialization of new applications for our systems or other offerings, or could otherwise adversely affect our ability to manage our company effectively and carry out our business plan, and consequently could have a materially adverse effect on our business, results of operations and financial condition. 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. Any projections, estimates, targets, and forecasts we may provide from time to time are forward- looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. While all projections, estimates, targets and forecasts are necessarily speculative, we believe that the preparation of prospective financial information involves increasingly higher levels of uncertainty the further out the projection, estimate, target, or forecast extends from the date of preparation. The assumptions and estimates underlying the projected, expected, or target results are inherently uncertain and are subject to a wide variety of significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those contained in such projections, estimates, targets and forecasts. Our projections, estimates, targets and forecast should not be regarded as an indication that Shapeways or its representatives, considered or consider the financial projections, estimates, targets to be a reliable prediction of future events. Risks Related to Our Industry If demand for our services does not grow as expected, or if market adoption of digital manufacturing 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 digital manufacturing technology, is undergoing a shift towards digital manufacturing. We may not be able to develop effective strategies to raise awareness among potential customers of the benefits of digital manufacturing technologies or our offerings may not address the specific needs or provide the level of functionality required by potential customers to encourage the continuation of this shift towards digital manufacturing. If digital manufacturing technology does not continue to gain broader market acceptance as an alternative to conventional manufacturing processes, or if the marketplace adopts digital manufacturing technologies developed by our competitors, we may not be able to increase or sustain ~~the level of sales of~~ our ~~services~~ **revenues** , and our operating results would be adversely affected as a result. We could face liability if our digital manufacturing solutions are used by our customers to print dangerous objects. Customers may use our digital manufacturing systems to print parts that could be used in a harmful way or could otherwise be dangerous. For example, there have been news reports that 3D printers were used to print guns or other weapons. We have little, if any, control over what objects our customers print using our offerings, and it may be difficult, if not impossible, for us to monitor and prevent customers from printing weapons with our services. There can be no assurance that we will not be held liable if someone were injured or killed by a weapon or other dangerous object containing a component part or parts manufactured for a customer using one of our offerings. Risks Related to Intellectual Property and Infrastructure We may incur substantial costs enforcing or acquiring intellectual property rights and defending against third- party claims as a result of litigation or other proceedings. Our failure to expand our intellectual property portfolio could adversely affect the growth of our business and results of operations. We may incur substantial expense and costs in protecting, enforcing, and defending our intellectual property rights against third parties. Intellectual property disputes may be costly and can be 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 intellectual property 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 providing our services to our customers, subject us to injunctions prohibiting or restricting our sale of our services, or require us to redesign our services, causing 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 intellectual property rights for use in our offerings. Any of these could have an adverse effect on our business and financial condition. Patent applications in the United States and most other countries are confidential for a period of time until they are published, and the publication of discoveries in scientific or patent literature typically lags actual discoveries by several months or more. As a result, the nature of claims contained in unpublished patent filings around the world is unknown to us, and we cannot be certain that we were the first to conceive inventions covered by our patents or patent applications or that we were the first to file patent applications covering such inventions. Furthermore, it is not possible to know in which countries patent holders may choose to extend their filings under the Patent Cooperation Treaty or other mechanisms. In addition, we may be subject to intellectual property infringement claims from individuals, vendors and other companies, including those that are in the business of asserting patents, but are not commercializing products or services in the field of digital manufacturing, or our customers may seek to invoke indemnification obligations to involve us in such intellectual property infringement claims. Furthermore, although we maintain certain procedures to screen items we manufacture on behalf of customers for infringement on the intellectual property rights of others, we cannot be certain that our procedures will be effective in preventing any such infringement. Any third- party lawsuits or other assertion to which we are subject, alleging infringement of trademarks, patents, trade secrets or other intellectual property rights either by us or by our customers may have a significant adverse effect on our financial condition. We may not be able to adequately protect or enforce our intellectual property rights, which could impair our competitive position. Our success and future revenue growth will depend, in part, on our ability to protect our intellectual property. We rely primarily on patents, licenses, trademarks, and trade secrets, as well as non- disclosure agreements and other methods, to protect our proprietary technologies and processes globally. Despite our efforts to protect our proprietary technologies and processes, it is possible that competitors or other unauthorized third parties may obtain, copy, use, or disclose our technologies and processes or invent around our patents. We cannot assure you that any of our existing or future patents will not be challenged or invalidated in court or patent office proceedings that could be time- consuming, expensive, and distract us from the operating our business. In addition, competitors could circumvent our patents by inventing around them. As such, any rights granted under these patents may not provide us with meaningful protection. We may not be able to obtain foreign patents corresponding to our United States patents. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If our patents and other intellectual property do not adequately protect our technology, our competitors may be able to offer services similar to ours. Our competitors may also be able to develop similar technology independently or design around our patents. Any of the foregoing events would lead to increased competition and lower revenue or gross margin, which would adversely affect our business and results of operation. Our digital manufacturing software contains third- party open- source software components. Our use of such open- source software may expose us to additional risks and harm our intellectual property and failure to comply with the terms of the underlying open- source software licenses could restrict our ability to sell our offerings. Our digital 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 the source code of our proprietary software 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. In line with what we believe is standard practice among technology companies, we leverage open source software in the development of our internal software. Open source software is commonly used as a foundation which we develop upon, allowing us to customize the software based on our specific needs. This enables faster development of software, with higher quality, supported by a larger community of developers. 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. We store confidential customer information in our systems that, if breached or otherwise subjected to unauthorized access, may harm our reputation or brand or expose us to liability. Our system stores, processes, and transmits our customers' confidential information, including the intellectual property in their part designs, credit card information, and other sensitive data. We rely on encryption, authentication, and other technologies licensed from third parties, as well as administrative and physical safeguards, to secure such confidential information. Any compromise of our information security could damage our reputation and brand and expose us to a risk of loss, costly litigation, and liability that would substantially harm our business and operating results. We may not have adequately assessed the internal and external risks posed to the security of our company' s systems and information and may not have implemented adequate preventative safeguards or take adequate reactionary measures in the event of a security incident. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these incidents, including cyber- attacks, which could materially disrupt our systems and operations, supply chain, and ability to produce and sell our products and services. We utilize third- party service providers to host, transmit, or otherwise process electronic data in connection with our business. We or our third- party service providers may experience social- engineering attacks, malicious code, malware, denial- of- service attacks, unavailable systems, unauthorized access or disclosure due to employee or other theft, misconduct or misuse, sophisticated attacks by nation- state and nation- state supported actors, advanced persistent threat intrusions, ransomware attacks, supply- chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, and other similar threats. Future or past business transactions (such as acquisitions) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired entities' systems and technologies. While we and our third-party service providers have implemented a number of security measures designed to protect against security breaches, these measures could fail or may be insufficient, resulting in the unauthorized disclosure, modification, misuse, unavailability, destruction, or loss of our or our customers' or employees' data or other sensitive information. A security incident or other interruption could disrupt the ability to provide our platform. We may be unable to detect vulnerabilities in our information technology systems because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after a security incident has occurred. Any security breach, or the perception that one has occurred, could result in litigation, indemnity obligations, regulatory enforcement actions, investigations, fines, penalties, mitigation and remediation costs, disputes, reputational harm, diversion of management' s attention, and other liabilities and damage to our business. Even though we do not control the security measures of third parties, we may be perceived or asserted to be responsible for any breach of such measures or suffer reputational harm. In addition, most states have enacted laws requiring companies to notify individuals and often state authorities of data security breaches involving their personal data. These mandatory disclosures regarding a security breach often lead to widespread negative publicity, which may cause our existing and prospective customers to lose confidence in the effectiveness of our data security measures. Any security breach, whether successful or not, would harm our reputation and brand and could cause the loss of customers. A real or perceived defect, security vulnerability, error, or performance failure in our software or technical problems or disruptions caused by our third- party service providers could cause us to lose revenue, damage our reputation, and expose us to liability. Our business relies on software products which are inherently complex and, despite extensive testing and quality control, have in the past and may in the future contain defects or errors, especially when first introduced, or otherwise not perform as contemplated. As the use of our platform expands, we may be subject to increased scrutiny, potential reputational risk, or potential liability should our software fail to perform as contemplated in such deployments. We have in the past and may in the future need to issue corrective releases of our software to fix these defects, errors, or performance failures and we may encounter technical problems when we attempt to perform routine maintenance or enhance our software, internal applications, and systems, which could require us to allocate significant research and development and customer support resources to address these problems and divert the focus of our management and research and development teams. See " Risks Related to Our Business — Interruptions, delays in service or inability to increase capacity, including internationally, at third- party data center facilities could adversely affect our business and reputation. " Any inefficiencies, security vulnerabilities, errors, defects, technical problems, or performance failures with our software, internal applications, and systems could reduce the quality of our services or interfere with our customers' (and their users') products, which could negatively impact our brand and reputation, reduce demand, lead to a loss of customers or revenue, adversely affect our results of operations and financial condition, increase our costs to resolve such issues, and subject us to financial penalties and liabilities under our service level agreements. Any limitation of liability provisions that may be contained in our customer agreements may not be effective as a result of existing or future applicable law or unfavorable judicial decisions. The sale and support of our software offering entails the risk of liability claims, which could be substantial in light of the use of our software offering in enterprise- wide environments. In addition, our insurance against this liability may not be adequate to cover a potential claim. Risks Related to Our Legal and Regulatory Environment We are subject to environmental, health, and safety laws and regulations related to our operations and the use of our digital 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 domestic and foreign environmental laws and regulations governing our manufacturing 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 could also 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. 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 extensive 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 offerings 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 offerings 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. Our business involves the use of hazardous materials, and we must comply with environmental, health, and safety laws and regulations, which can be expensive and restrict how we do business. Our business involves the controlled storage, use, and disposal of hazardous materials. We and our suppliers are subject to federal, state, and local as well as foreign laws and regulations governing the use, manufacture, storage, handling, and disposal of these hazardous materials. Although we believe that the safety procedures utilized by us and our suppliers for handling and disposing of these materials comply with the standards prescribed by these laws and regulations, we cannot eliminate the risk of accidental contamination or injury from these materials. In the event of an accident, state, federal, or foreign authorities may curtail the use of these materials and interrupt our business operations. We do not currently maintain hazardous materials insurance coverage. If we are subject to any liability as a result of activities involving hazardous materials, our business and financial condition may be adversely affected and our reputation and brand may be harmed. Regulation in the areas of privacy, data protection, and information security could increase our costs and affect or limit our business opportunities and how we collect and / or use personal information. We collect personal 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 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, or GDPR in the European Union, ~~which became effective May 25, 2018, and~~ the California Consumer Privacy Act of 2018 ~~, or~~ **("** CCPA **")** , **and** ~~which became effective on January 1, 2020. California' s latest amendment to the law,~~ the California Privacy Rights Act of 2020 ~~, or~~ **("** CPRA **")** , which substantially expands the CCPA ~~, became effective as of January 1, 2023~~ . ~~Virginia~~ **Similar legislation** has ~~similarly~~ **been proposed or** adopted **in** ~~a comprehensive privacy law, the~~ **other states** ~~Consumer Data Protection Act, or VCDPA which also took effect January 1, 2023~~ . ~~Colorado, Connecticut,~~ **Aspects of these new** and **emerging state** ~~Utah have also passed comprehensive~~ privacy laws **and regulations** , **as** ~~each which will~~ **well** ~~take effect either in July or December of 2023~~ **as their interpretation and enforcement, are dynamic and evolving** . While these new state privacy laws emulate the CCPA / CPRA and GDPR in many respects, each has requirements that will require particular assessment. Additionally, ongoing interpretations and enforcement of international privacy laws continue to amend or add to existing compliance obligations, such as under the GDPR with respect to international data transfers. **In July** ~~On October 7, 2022~~ **2023** , ~~President Biden executed~~ **the European Commission adopted** an ~~Executive Order~~ **adequacy decision concluding that the United States ensures an adequate level of protection for personal data transferred from the EEA** to ~~implement a new European Union~~ **the United States under the EU** - U. S. Data Privacy Framework ~~to address European concerns over international data transfers~~ . **However** ~~If adopted~~ , ~~such framework~~ **the adequacy decision does not foreclose, and** is ~~set~~ **likely** to ~~take effect in 2023~~ **face, future legal challenges** . ~~A~~ **This** patchwork of differing and evolving international and domestic privacy and data security requirements may increase the cost and complexity of operating our business and increase our exposure to liability. These privacy laws create new individual privacy rights and impose increased obligations, including disclosure obligations, on companies handling personal information. Each jurisdiction in the U. S. and European Union have its own obligations surrounding notice of personal data breaches to consumers, 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 personal information and require us to adopt certain cybersecurity and data handling practices that may affect our ability to process certain personal information including with respect to marketing 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, operations, and reputation. As privacy, data use, and cyber 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 as we continue to expand. In recent years, there has been increasing regulatory enforcement and litigation activity internationally in this area, including in the United States and the Netherlands in which we operate. ~~Lastly, privacy laws applicable to the Asian Pacific region (" APAC ") will come with a new set of privacy laws, each which may differ greatly from one another as well as from the GDPR or CPRA. To the extent we expand into Asian markets, we may need to significantly increase our investment in resources to comply with such laws, which will require localized advice and strategy. Any failure to expand into APAC in a compliant manner could have an adverse effect on our business, results of operations, and reputation.~~ We are subject to U. S. and foreign 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 have partners in a number of countries throughout the world, including countries known to have a reputation for corruption. Doing business on a global basis requires us to comply with **applicable** anti- corruption laws and regulations **, as well as various trade restrictions, including trade and economic sanctions and export controls,** imposed by governments around the world with jurisdiction over our operations, including the U. S. Foreign Corrupt Practices Act ~~and~~ **.** the U. K. Bribery Act 2010, **and ITAR administered by the Directorate of Defense Trade Controls,** as well as the laws of the countries where we do business. **Any failures** ~~We are also subject~~ to ~~various trade~~ **comply with these laws and regulations could result in fines, adverse publicity and** restrictions **on our ability to** ~~, including trade and economic sanctions and~~ export ~~controls, imposed by governments around the world with jurisdiction over~~ our ~~operations~~ **parts, and repeat failures could carry more significant penalties** . For example, in accordance with trade sanctions administered by the Office of Foreign Assets Control and the U. S. Department of Commerce, we are prohibited from engaging in transactions involving certain persons and certain designated countries or territories, including Cuba, Iran, Syria, North Korea, and the Crimea Region of Ukraine. In addition, our offerings are subject to export regulations that can involve significant compliance time and may add additional overhead cost to our offerings. In recent years, the U. S. government has had a renewed focus on export matters. For example, the Export Control Reform Act of 2018 and regulatory guidance have imposed additional controls, and may result in the imposition of further additional controls, on the export of certain " emerging and foundational technologies. " Our current and future offerings may be subject to these heightened regulations, which could increase our compliance costs. The requirements of being a public company may strain our resources, divert management' s attention, and affect our ability to attract and retain qualified board members. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the" Exchange Act"), the Sarbanes- Oxley Act of 2002 (the" Sarbanes- Oxley Act") and any rules promulgated thereunder, as well as the rules of **The Nasdaq** ~~the New York~~ Stock ~~Exchange~~ **Market** (~~the~~" ~~NYSE~~ **Nasdaq** "). The requirements of these rules and regulations have increased our legal and financial compliance costs, made some activities more difficult, time- consuming, or costly, and increased demand on our systems and resources. We intend to continue investing substantial resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management' s time and attention from business operations to compliance activities. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls for financial reporting. In order to maintain disclosure controls and procedures and internal control over financial reporting that meet these standards, significant resources and management oversight are required, and, as a result, management' s attention may be diverted from other business concerns. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses. Changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time- consuming. These factors may also make it difficult for us to attract and retain qualified independent members of our Board of Directors. As a result of disclosure of information in filings required of a public company, our business and financial condition have become more visible than they were in the past, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, results of operations, and financial condition. If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may be unable to accurately report our financial results, prevent fraud, or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price. We are required to comply with certain requirements of the Sarbanes- Oxley Act, and will be required to comply with additional such requirements following the date we are deemed to be an " accelerated filer " or a " large accelerated filer, " each as defined in the Exchange Act ~~, which could be as early as our next fiscal year~~ . The standards required for a public company under Section 404 (a) of the Sarbanes- Oxley Act are significantly more stringent than those previously required of us as a privately- held company, and requires that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we are required to perform system and process evaluation, document our controls, and perform testing of our key controls over financial reporting to allow management **to** certify ~~on~~ the effectiveness of our internal control over financial reporting, as required by Section 404 (a) of the Sarbanes- Oxley Act. When we cease to be an " emerging growth company, " we will also be subject to auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act and the relevant increased disclosure obligations. Deficiencies in our internal control over financial reporting may be found that may be deemed to be material weaknesses. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our common stock would likely decline and we could be subject to lawsuits, sanctions, or investigations by regulatory authorities, which would require additional financial and management resources and could harm investor confidence in our business. We are an " emerging growth company " and a " smaller reporting company " and the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies may make our common stock less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act. As an emerging growth company, we may follow reduced disclosure requirements and do not have to make all of the disclosures that public companies that are not emerging growth companies do. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year in which we have total annual gross revenues of $ 1. 235 billion or more; (b) the last day of the fiscal year following the fifth anniversary of the date of the completion of the initial public offering of our predecessor, Galileo Acquisition Corp. (" Galileo"); (c) the date on which we have issued more than $ 1 billion in nonconvertible debt during the previous three years; or (d) the date on which we are deemed to be a" large accelerated filer" under the rules of the SEC, which means the market value of our common stock that is held by non- affiliates exceeds $ 700 million as of the prior June 30th. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period for complying with new or revised accounting standards; as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We have chosen and may continue to choose to take advantage of certain of the available exemptions for emerging growth companies. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile. **Risks Relating** ~~There can be no assurance that we will be able~~ to **Ownership** ~~remain in compliance with the continued listing standards~~ of ~~the NYSE.~~ **Our Common Stock** Our common stock is listed on the **Nasdaq** ~~NYSE, which imposes, among other requirements, a minimum share price requirement. On August 17, 2022, as previously disclosed, we received a written notice from the NYSE that we were not in compliance with the continued listing standard set forth in Section 802. 01C of the NYSE' s Listed Company Manual, as the average closing price of our common stock was less than $ 1. 00 per share over a consecutive 30 trading- day period. There was no immediate impact on the listing of our common stock on the NYSE, subject to our compliance with the NYSE' s other continued listing requirements. We timely responded to the NYSE with respect to our intent to cure the deficiency, and intend to undertake a reverse stock split, subject to stockholder approval, at our 2023 annual meeting of stockholders to regain compliance. If we are unable to regain compliance with the $ 1. 00 share price rule, the NYSE may initiate procedures to suspend and delist our common stock. There can be no assurance that we will be able to regain compliance with the minimum share price or other continued listing requirements. Our common stock could also be delisted if (i) our average market capitalization over a consecutive 30 trading- day period is less than $ 15 million, or (ii) our common stock trades at an " abnormally low " price. In either case, our common stock would be suspended from trading on the NYSE immediately, and the NYSE would begin the process to delist our common stock, subject to our right to appeal under NYSE rules. Additionally, the NYSE considers a listed company to be out of compliance with its continued listing standards if the company' s average global market capitalization over a 30 consecutive trading- day period is less than $ 50. 0 million and, at the same time, the company' s stockholders' equity is less than $ 50. 0 million. If the company does not regain compliance within a cure period up to a maximum of 18 months, it will be subject to delisting. If any of these were to occur, there is no assurance that any appeal we undertake in these or other circumstances would be successful, nor is there any assurance that we will remain in compliance with the other NYSE continued listing standards. If we fail to satisfy the NYSE' s continued listing standards, our common stock will be subject to delisting. Delisting from the NYSE would likely have a negative effect on the liquidity and market price of our common stock, reduce the number of investors willing to hold or acquire our common stock, limit or reduce the amount of analyst coverage we receive, and impair your ability to sell or purchase our common stock when you wish to do so. In addition, a delisting from the NYSE might negatively impact our reputation and, as a consequence, our business. Additionally, if we were delisted from the NYSE and we are not able to list our common stock on another national exchange we will not be eligible to use Form S- 3 registration statements, which would delay our ability to raise funds in the future, limit the type of offerings of common stock we could undertake, and increase the expenses of any offering. In the event of a delisting of our common stock, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the NYSE minimum share price requirement or prevent future non- compliance with the NYSE' s listing standards. Additionally, if our common stock is not listed on, or becomes delisted from, the NYSE for any reason, and is quoted on the OTC Bulletin Board, an inter- dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our common stock may be more limited than if we were quoted or listed on the NYSE or another national securities exchange. You may be unable to sell your common stock unless a market can be established or sustained. Risks Relating to Ownership of Our Common Stock An active, liquid trading market for our common stock may not be sustained. Our common stock is listed on the NYSE~~ under the symbol " SHPW. " However, we cannot assure you that an active trading market for our common stock will be sustained. Our securities are very thinly traded. Accordingly, it may be difficult to sell shares of our common stock without significantly depressing the value of the stock. A public trading market having the desirable characteristics of depth, liquidity and orderliness depends upon the existence of willing buyers and sellers at any given time, such existence being dependent upon the individual decisions of buyers and sellers over which neither we nor any market maker has control. Unless we are successful in developing continued investor interest in our stock, sales of our stock could result in major fluctuations in the price of the stock. The inactive market for our stock may also impair our ability to raise capital to continue to fund operations by issuing equity and may impair our ability to acquire other companies or technologies by using common stock as consideration. From time to time in the future, we may issue additional shares of our common stock or securities convertible into or exercisable for our common stock pursuant to a variety of transactions, including acquisitions. Additional shares of our common stock may also be issued upon exercise of outstanding stock options and warrants to purchase our common stock. The issuance by us of additional shares of our common stock or securities convertible into or exercisable for our common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our common stock. Subject to the satisfaction of vesting conditions and the expiration of lockup agreements, shares issuable upon exercise of options will be available for resale immediately in the public market without restriction. Issuing additional shares of our capital stock, other equity securities, or securities convertible into equity may dilute the economic and voting rights of our existing stockholders, reduce the market price of our common stock, or both. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing, or nature of our future offerings. As a result, holders of our common stock bear the risk that our future offerings may reduce the market price of our common stock and dilute their percentage ownership. On October 6, 2022, we filed ~~a~~ **an universal** shelf registration statement, which permits us to offer up to $ 50. 0 million in the aggregate of **certain** ~~shares of our common stock, preferred stock, debt~~ securities ~~, warrants and rights~~ in one or more offerings and in any combination, including in units from time to time, subject to certain limitations. Further, as part of the shelf registration statement, we may also sell up to $ 13. 25 million in the aggregate of shares of common stock pursuant to our ATM Facility, subject to certain limitations. The sale of a substantial number of shares pursuant to our ATM Facility, any securities pursuant to the shelf registration statement or otherwise, or anticipation of any such sales, could cause the trading price of our common stock to decline or make it more difficult for us to sell equity or equity- related securities in the future at a time and at a price that we might otherwise desire. In addition, issuances of any shares of our common stock sold pursuant to the ATM Facility or any securities sold pursuant to the shelf registration statement may have a dilutive effect on our existing stockholders. **To date** ~~As of December 31~~ , ~~2022, no~~ sales **conducted under the** ~~of shares pursuant to our~~ ATM Facility ~~had~~ **have** been ~~effected~~ **immaterial** . The sale of substantial amounts of shares of our common stock in the public market, including in connection with ~~the expiration of lock- up restrictions or~~ the ATM Facility, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. Furthermore, shares of our common stock reserved for future issuance under our equity plans may become available for sale in the future. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Additionally, to the extent our warrants are exercised, additional shares of common stock will be issued, which will result in dilution to the holders of common stock and increase the number of shares eligible for resale in the public market. However, there is no guarantee that the warrants will ever be in the money prior to their expiration, and as such, the warrants may expire worthless. Our operating results and financial condition fluctuate from quarter- to- quarter and year- to- year and are likely to continue to vary due to a number of factors, many of which are not within our control. Both our business and the digital manufacturing industry are changing and evolving rapidly, and our historical operating results may not be useful in predicting our future operating results. If our operating results do not meet the guidance that we provide to the marketplace or the expectations of securities analysts or investors, the market price of our common stock will likely decline. Fluctuations in our operating results and financial condition may be due to a number of factors, including: • the degree of market acceptance of digital manufacturing and, specifically, our services; • our ability to compete with competitors and new entrants into our markets; • the mix of offerings that we sell during any period; • the timing of our sales and deliveries of our offerings to customers; • the geographic distribution of our sales; • seasonality of our manufacturing business and timing of certain new product offerings; • changes in our pricing policies or those of our competitors, including our response to price competition; • changes in the amount that we spend to develop and manufacture new technologies; • changes in the amounts that we spend to promote our services; • expenses and / or liabilities resulting from litigation; • delays between our expenditures to develop and market new or enhanced solutions and the generation of revenue from those solutions; • unforeseen liabilities or difficulties in integrating our acquisitions or newly acquired businesses; • disruptions to our information technology systems; • general economic and industry conditions that affect customer demand, including increasing inflation and interest rates; ~~• the impact of the COVID- 19 pandemic on our customers, suppliers, manufacturers, and operations;~~ and • changes in accounting rules and tax laws. In addition, our revenues and operating results may fluctuate from quarter- to- quarter and year- to- year due to our sales cycle and seasonality among our customers. Generally, our digital manufacturing solutions are subject to the adoption and capital expenditure cycles of our customers. Additionally, for our more complex solutions, which may require additional facilities investment, potential customers may spend a substantial amount of time performing internal assessments prior to making a purchase decision. This may cause us to devote significant effort in advance of a potential sale without any guarantee of receiving any related revenues. As a result, revenues and operating results for future periods are difficult to predict with any significant degree of certainty, which could lead to adverse effects on our inventory levels and overall financial condition. Due to the foregoing factors, and the other risks discussed in this Part I, Item 1A: “ Risk Factors, ” you should not rely on **quarter- to- quarter or** year- over- year comparisons of our operating results as an indicator of our future performance ~~. Our stock price has been and may continue to be volatile or may decline regardless of our operating performance. You may lose some or all of your investment~~ . The trading price of our common stock has been and may continue to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares at an attractive price due to a number of factors such as those listed in this section and the following: • our operating and financial performance and prospects; • our quarterly or annual earnings or those of other companies in our industry compared to market expectations; • conditions that impact demand for our services; • future announcements concerning our business, our customers’ businesses, or our competitors’ businesses; • the public’ s reaction to our press releases, other public announcements, and filings with the SEC; • the market’ s reaction to our reduced disclosure and other requirements as a result of being an “ emerging growth company ” under the JOBS Act or a “ smaller reporting company ”; • the size of our public float; • coverage by or changes in financial estimates by securities analysts or failure to meet their expectations; • market and industry perception of our success, or lack thereof, in pursuing our growth strategy; • strategic actions by us or our competitors, such as acquisitions or restructurings; • changes in laws or regulations which adversely affect the manufacturing industry generally or Shapeways specifically; • changes in accounting standards, policies, guidance, interpretations, or principles; • changes in senior management or key personnel; • issuances, exchanges or sales, or expected issuances, exchanges, or sales of our capital stock; • changes in our dividend policy; • adverse resolution of new or pending litigation against us; and • changes in general market, economic, and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war or other military conflicts, and responses to such events. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock continues to be low. As a result, you may suffer a loss on your investment. The trading market for our common stock depends, in part, on the research and reports that third- party securities analysts publish about us and the industry in which we operate. We may be unable or slow to attract research coverage and if one or more analysts cease coverage of us, the price and trading volume of our securities would likely be negatively impacted. If any of the analysts that may cover us change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about our competitors, the price of our common stock would likely decline. If any analyst that may cover us ceases covering us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our common stock to decline. Moreover, if one or more of the analysts who cover us downgrades our common stock, or if our reporting results do not meet their expectations, the market price of our common stock could decline. We do not expect to pay any cash dividends for the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our business prospects, results of operations, financial condition, cash requirements and availability, certain restrictions related to our indebtedness, industry trends, and other factors that our Board of Directors may deem relevant. In addition, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on our common stock. As a result, you may have to sell some or all of your common stock after price appreciation in order to generate cash flow from your investment, which you may not be able to do. Our inability or decision not to pay dividends, particularly when others in our industry have elected to do so, could also adversely affect the market price of our common stock. We may be subject to securities litigation, which is expensive and could divert management attention. The market price of our common stock has been and may continue to be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities litigation, including class action litigation. Litigation of this type could result in substantial costs and diversion of management' s attention and resources, which could have a material adverse effect on our business, financial condition, and results of operations. Any adverse determination in litigation could also subject us to significant liabilities. Delaware law and provisions in our charter and bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock. Our charter, bylaws, and Delaware law contain provisions that could depress the trading price of our common stock by acting to discourage, delay, or prevent a change of control of Shapeways or changes in Shapeways that our management or stockholders may deem advantageous. Among other things, our charter and bylaws include the following provisions which: • provide for a classified board of directors so that not all members of our Board of Directors are elected at one time; • permit the Board of Directors to establish the number of directors and fill any vacancies and newly created directorships; • provide that directors may only be removed for cause and only by a super majority vote; • require super-majority voting to amend certain provisions of our charter and any provision of our bylaws; • authorize the issuance of " blank check " preferred stock that our Board of Directors could use to implement a stockholder rights plan; • eliminate the ability of our stockholders to call special meetings of stockholders; • prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; • provide that the Board of Directors is expressly authorized to make, alter, or repeal our bylaws; and • establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (" DGCL") which prevents interested stockholders, such as certain stockholders holding more than 15 % of our outstanding common stock, from engaging in certain business combinations unless (i) prior to the time such stockholder became an interested stockholder, our Board of Directors approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned at least 85 % of our common stock, or (iii) following board approval, such business combination receives the approval of the holders of at least two- thirds of our outstanding common stock not held by such interested stockholder at an annual or special meeting of stockholders. Any provision of our charter, bylaws, or Delaware law that has the effect of delaying, preventing, or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock. Our charter provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States will be the 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, or employees. Our charter provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the DGCL, our charter or bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. In addition, if an action is brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder' s counsel. Our charter provides that any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the foregoing choice of forum provision. This provision would not apply to claims brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our charter provides further that, unless **we** ~~the Company consents~~ **consent** in writing to the selection of an alternative forum, the federal district courts of the United States shall, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. These choices of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees and may discourage these types of lawsuits. Furthermore, the enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive- forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. If a court were to find the exclusive- forum provision contained in our charter 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.