

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

FORM 10-Q

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2021
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File No. 001-34220



3D SYSTEMS CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

95-4431352
(I.R.S. Employer
Identification No.)

333 Three D Systems Circle
Rock Hill, South Carolina 29730
(Address of Principal Executive Offices and Zip Code)

(Registrant's Telephone Number, Including Area Code): **(803) 326-3900**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	DDD	New York Stock Exchange

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Shares of Common Stock, par value \$0.001 per share, outstanding as of August 5, 2021: 125,235,532

3D SYSTEMS CORPORATION
Form 10-Q
For the Quarter Ended June 30, 2021

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

**3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS**

<i>(In thousands, except par value)</i>	June 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 131,844	\$ 75,010
Accounts receivable, net of reserves — \$4,183 and \$4,392	88,618	114,254
Inventories	102,961	116,667
Prepaid expenses and other current assets	33,251	33,145
Current assets held for sale	14,240	18,439
Total current assets	<u>370,914</u>	<u>357,515</u>
Property and equipment, net	59,183	75,356
Intangible assets, net	33,306	28,083
Goodwill	146,267	161,765
Right of use assets	47,490	48,620
Deferred income tax asset	5,146	6,247
Assets held for sale	28,916	31,684
Other assets	21,071	23,785
Total assets	<u>\$ 712,293</u>	<u>\$ 733,055</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ —	\$ 2,051
Current right of use liabilities	8,256	9,534
Accounts payable	47,979	45,174
Accrued and other liabilities	62,568	69,812
Customer deposits	7,547	7,750
Deferred revenue	28,727	30,302
Current liabilities held for sale	3,813	11,107
Total current liabilities	<u>158,890</u>	<u>175,730</u>
Long-term debt, net of deferred financing costs	—	19,218
Long-term right of use liabilities	47,793	48,469
Deferred income tax liability	3,487	4,716
Liabilities held for sale	2,926	2,952
Other liabilities	32,658	51,247
Total liabilities	<u>245,754</u>	<u>302,332</u>
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock, \$0.001 par value, authorized 220,000 shares; issued 126,796 and 127,626	127	128
Additional paid-in capital	1,407,900	1,404,964
Treasury stock, at cost — 1,623 shares and 3,494 shares	(10,492)	(22,590)
Accumulated deficit	(907,707)	(943,303)
Accumulated other comprehensive loss	(23,289)	(8,476)
Total stockholders' equity	<u>466,539</u>	<u>430,723</u>
Total liabilities and stockholders' equity	<u>\$ 712,293</u>	<u>\$ 733,055</u>

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<i>(in thousands, except per share amounts)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue:				
Products	\$ 108,638	\$ 62,213	\$ 202,286	\$ 141,952
Services	53,919	50,564	106,387	106,460
Total revenue	162,557	112,777	308,673	248,412
Cost of sales:				
Products	62,635	51,284	115,999	99,738
Services	30,917	26,326	59,429	56,375
Total cost of sales	93,552	77,610	175,428	156,113
Gross profit	69,005	35,167	133,245	92,299
Operating expenses:				
Selling, general and administrative	61,463	52,042	111,063	108,148
Research and development	17,602	16,997	34,201	36,241
Total operating expenses	79,065	69,039	145,264	144,389
Loss from operations	(10,060)	(33,872)	(12,019)	(52,090)
Interest and other income (expense), net	(316)	(2,615)	38,537	(5,179)
Income (loss) before income taxes	(10,376)	(36,487)	26,518	(57,269)
Benefit (provision) for income taxes	744	(1,464)	9,078	394
Net income (loss)	<u>\$ (9,632)</u>	<u>\$ (37,951)</u>	<u>\$ 35,596</u>	<u>\$ (56,875)</u>
Net income (loss) per common share:				
Basic	\$ (0.08)	\$ (0.33)	\$ 0.29	\$ (0.49)
Diluted	\$ (0.08)	\$ (0.33)	\$ 0.28	\$ (0.49)
Weighted average shares outstanding:				
Basic	122,147	115,503	121,931	115,047
Diluted	122,147	115,503	125,069	115,047

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

<i>(in thousands)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (9,632)	\$ (37,951)	\$ 35,596	\$ (56,875)
Other comprehensive income (loss), net of taxes:				
Pension adjustments	28	13	209	177
Derivative financial instruments	—	1,235	721	(424)
Foreign currency translation	3,385	7,037	(22,224)	(3,135)
Foreign currency translation reclassification - sale of Cimatron	—	—	6,481	—
Total other comprehensive income (loss), net of taxes	3,413	8,285	(14,813)	(3,382)
Total comprehensive income (loss), net of taxes	<u>\$ (6,219)</u>	<u>\$ (29,666)</u>	<u>\$ 20,783</u>	<u>\$ (60,257)</u>

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(in thousands)</i>	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ 35,596	\$ (56,875)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	17,890	23,059
Stock-based compensation	30,576	13,606
Unrealized gain on exchange rate	(2,100)	—
Provision for inventory obsolescence and revaluation	1,100	10,894
Loss on hedge accounting de-designation and termination	721	1,235
Provision for bad debts	800	1,198
Gain on the disposition of businesses, property, equipment and other assets	(37,240)	(134)
Provision for deferred income taxes and reserve adjustments	(9,014)	(671)
Impairment of goodwill and assets	—	1,100
Changes in operating accounts:		
Accounts receivable	12,476	12,639
Inventories	9,132	(24,544)
Prepaid expenses and other current assets	(1,065)	(19,976)
Accounts payable	3,424	2,470
Deferred revenue and customer deposits	(531)	6,678
Accrued and other liabilities	(23,020)	3,637
All other operating activities	3,231	4,666
Net cash provided by (used in) operating activities	41,976	(21,018)
Cash flows from investing activities:		
Purchases of property and equipment	(8,204)	(7,162)
Proceeds from sale of assets and businesses, net of cash	54,747	552
Business acquisitions, net of cash acquired	(10,912)	—
Purchase of noncontrolling interest	(4,000)	(12,500)
Other investing activities	(306)	(474)
Net cash provided by (used in) investing activities	31,325	(19,584)
Cash flows from financing activities:		
Repayment of borrowings/long-term debt	(21,392)	(26,254)
Proceeds from inventory financing agreements	—	2,509
Payments related to net-share settlement of stock-based compensation	(6,629)	(3,821)
Other financing activities	(423)	296
Net cash used in financing activities	(28,444)	(27,270)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2,902	(1,856)
Net increase (decrease) in cash, cash equivalents and restricted cash	47,759	(69,728)
Cash, cash equivalents and restricted cash at the beginning of the period ^(a)	84,711	134,617
Cash, cash equivalents and restricted cash at the end of the period ^(a)	\$ 132,470	\$ 64,889
Supplemental cash flow information		
Lease assets obtained in exchange for new lease liabilities (excludes adoption)	\$ 6,026	\$ 16,238
Cash interest payments	\$ 1,058	\$ 1,519
Cash income tax payments, net	\$ 3,303	\$ 2,617
Transfer of equipment from inventory to property and equipment, net ^(b)	\$ (76)	\$ 575
Stock issued for acquisition	\$ 3,500	\$ —

a. The amounts for cash and cash equivalents shown above include restricted cash of \$626 and \$967 as of June 30, 2021 and 2020, respectively, and \$540 and \$952 as of December 31, 2020, and 2019, respectively, which were included in Other assets, net, and \$9,161 as of December 31, 2020, which was included in Current assets held for sale in the condensed consolidated balance sheets.

b. Inventory is transferred from inventory to property and equipment at cost when we require additional machines for training or demonstration or for placement into on-demand manufacturing services locations.

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Quarters Ended June 30, 2021 and 2020					
	Common Stock					
<i>(in thousands, except par value)</i>	Par Value \$0.001	Additional Paid In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
March 31, 2021	\$ 126	\$ 1,397,276	\$ (10,492)	\$ (898,075)	\$ (26,702)	\$ 462,133
Payments related to net-share settlement of stock-based compensation	1	(3,881)	—	—	—	(3,880)
Shares issued to acquire assets and businesses	—	3,500	—	—	—	3,500
Stock-based compensation expense	—	11,005	—	—	—	11,005
Net loss	—	—	—	(9,632)	—	(9,632)
Gain on pension plan - unrealized	—	—	—	—	28	28
Foreign currency translation adjustment	—	—	—	—	3,385	3,385
June 30, 2021	<u>\$ 127</u>	<u>\$ 1,407,900</u>	<u>\$ (10,492)</u>	<u>\$ (907,707)</u>	<u>\$ (23,289)</u>	<u>\$ 466,539</u>
March 31, 2020	\$ 121	\$ 1,370,174	\$ (19,718)	\$ (812,633)	\$ (49,275)	\$ 488,669
Repurchase of stock	3	—	(2,872)	—	—	(2,869)
Stock-based compensation expense	—	7,294	—	—	—	7,294
Net loss	—	—	—	(37,951)	—	(37,951)
Pension adjustment	—	—	—	—	13	13
Derivative financial instrument gain	—	—	—	—	1,235	1,235
Foreign currency translation adjustment	—	—	—	—	7,037	7,037
June 30, 2020	<u>\$ 124</u>	<u>\$ 1,377,468</u>	<u>\$ (22,590)</u>	<u>\$ (850,584)</u>	<u>\$ (40,990)</u>	<u>\$ 463,428</u>

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(Unaudited)

Six Months Ended June 30, 2021 and 2020								
<i>(in thousands, except par value)</i>	Common Stock				Accumulated Other Comprehensive Income (Loss)	Total 3D Systems Corporation Stockholders' Equity	Equity Attributable to Noncontrolling Interests	Total Stockholders' Equity
	Par Value \$0.001	Additional Paid In Capital	Treasury Stock	Accumulated Deficit				
December 31, 2020	\$ 128	\$1,404,964	\$(22,590)	\$ (943,303)	\$ (8,476)	\$ 430,723	\$ —	\$ 430,723
Repurchase of stock	1	(6,630)	—	—	—	(6,629)	—	(6,629)
Shares issued to acquire assets and businesses	—	3,500	—	—	—	3,500	—	3,500
Stock-based compensation expense	—	18,162	—	—	—	18,162	—	18,162
Net income	—	—	—	35,596	—	35,596	—	35,596
Pension Adjustment	—	—	—	—	181	181	—	181
Gain on pension plan - unrealized	—	—	—	—	28	28	—	28
Termination of derivative instrument	—	—	—	—	721	721	—	721
Retirement of treasury shares	(2)	(12,096)	12,098	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	(15,743)	(15,743)	—	(15,743)
June 30, 2021	<u>\$ 127</u>	<u>\$1,407,900</u>	<u>\$(10,492)</u>	<u>\$ (907,707)</u>	<u>\$ (23,289)</u>	<u>\$ 466,539</u>	<u>\$ —</u>	<u>\$ 466,539</u>
December 31, 2019	\$ 120	\$1,371,564	\$(18,769)	\$ (793,709)	\$ (37,047)	\$ 522,159	\$ (8,263)	\$ 513,896
Repurchase of stock	4	—	(3,821)	—	—	(3,817)	—	(3,817)
Acquisition of non-controlling interest	—	(7,702)	—	—	(561)	(8,263)	8,263	—
Stock-based compensation expense	—	13,606	—	—	—	13,606	—	13,606
Net loss	—	—	—	(56,875)	—	(56,875)	—	(56,875)
Pension adjustment	—	—	—	—	177	177	—	177
Derivative financial instrument loss	—	—	—	—	(1,659)	(1,659)	—	(1,659)
De-designation of derivative instrument	—	—	—	—	1,235	1,235	—	1,235
Foreign currency translation adjustment	—	—	—	—	(3,135)	(3,135)	—	(3,135)
June 30, 2020	<u>\$ 124</u>	<u>\$1,377,468</u>	<u>\$(22,590)</u>	<u>\$ (850,584)</u>	<u>\$ (40,990)</u>	<u>\$ 463,428</u>	<u>\$ —</u>	<u>\$ 463,428</u>

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of 3D Systems Corporation and all majority-owned subsidiaries and entities in which a controlling interest is maintained ("3D Systems" or the "Company" or "we" or "us"). All significant intercompany transactions and balances have been eliminated in consolidation.

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim reports. Accordingly, they do not include all the information and notes required by GAAP for complete financial statements and should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020 ("2020 Form 10-K"). Our annual reporting period is the calendar year.

In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments, consisting of adjustments of a normal recurring nature, necessary to present fairly the financial position, results of operations and cash flows for the periods presented. The results of operations for the quarter and six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the full year. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from those estimates and assumptions.

As we continue to closely monitor the COVID-19 pandemic, our top priority remains the health and safety of our employees and their families and communities. Our Crisis Response Steering Committee regularly reviews and adapts our protocols based on evolving research and guidance related to the virus. While essential operations continue, we continue to restrict travel and meetings, publish pertinent information, and adapt to a world where many in our workforce are remote and those coming on-site are following new safety measures. In certain of our locations, where local conditions and regulation allow, our employees have begun to return to working on-site. We continue to watch conditions and regulations and remain committed to protecting our employees, delivering for our customers and supporting our communities.

Our operations in North America and South America (collectively referred to as "Americas"), Europe and the Middle East (collectively referred to as "EMEA") and the Asia Pacific region ("APAC") expose us to risks associated with public health crises and epidemics/pandemics, such as the COVID-19 pandemic. While the COVID-19 pandemic continued to impact our reported results for the quarter ended June 30, 2021, we are unable to predict the longer-term impact that the pandemic may have on our business, results of operations, financial position or cash flows. The extent to which our operations may be impacted by the dynamic nature of the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including the severity or resurgence of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of uncertain global economic conditions, further supply chain disruptions, including the shortages of critical components, and the continued disruptions to, and volatility in, the financial markets remain unknown.

As of January 1, 2021, we determined the Company has two reportable segments, Healthcare and Industrial; whereas, the Company previously only reported its consolidated results in one segment. This change in segment reporting as of January 1, 2021 was the result of changes to how the chief operating decision maker ("CODM") assesses the financial performance of the Company and in the decision-making process driving future operating performance. As a result of this re-segmentation, the Company performed a quantitative analysis for potential impairment of our goodwill immediately following the re-segmentation. Based on available information and analysis as of January 1, 2021, we determined the fair value of the Healthcare and Industrial reporting units exceeded their carrying values.

Fair value was determined using a combination of an income approach, which estimates fair value based upon projections of future revenues, expenses, and cash flows discounted to its present value, and a market approach. The valuation methodology and underlying financial information included in the Company's determination of fair value required significant judgments by management. The principal assumptions used in the Company's discounted cash flow analysis consisted of (a) the long-term projections of future financial performance and (b) the weighted-average cost of capital of market participants, adjusted for the risk attributable to the Company and the industry in which it operates. Under the market approach, the principal assumption included an estimate for a control premium.

All dollar amounts presented in the accompanying footnotes are presented in thousands, except for per share information.

During the first quarter ended March 31, 2021 we became aware that certain amounts previously presented within our statements of operations as products cost of sales related to services cost of sales. We note that the total cost of sales line item was not affected. We further note that this error did not affect our gross profit, loss from operations, net income (loss), consolidated balance sheets or statements of cash flow. We evaluated the materiality of this presentation-only error and concluded it was not material to any previously reported quarter or year-end financial statement. The following schedule depicts the effect on our previously reported statements of operations.

(in thousands)	Quarter Ended June 30, 2020			Six Months Ended June 30, 2020		
	As reported	Change	Revised	As reported	Change	Revised
Cost of sales:						
Products	\$ 53,204	\$ (1,920)	\$ 51,284	\$ 103,030	\$ (3,292)	\$ 99,738
Services	24,406	1,920	26,326	53,083	3,292	56,375
Total cost of sales	<u>\$ 77,610</u>	<u>\$ —</u>	<u>\$ 77,610</u>	<u>\$ 156,113</u>	<u>\$ —</u>	<u>\$ 156,113</u>

Recently Adopted Accounting Standards

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, "Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes," which simplifies the accounting for income taxes by eliminating some exceptions to the general approach in Accounting Standards Codification 740, Income Taxes. It also clarifies certain aspects of the existing guidance to promote more consistent application. This standard is effective for calendar-year public business entities in 2021 and interim periods within that year, and early adoption is permitted. The Company adopted this guidance during the first quarter of 2021. The implementation did not have a material effect on our financial position or results of operations.

No other new accounting pronouncements, issued or effective during 2021, have had or are expected to have a significant impact on our consolidated financial statements.

(2) Dispositions and Acquisitions

Dispositions

On January 1, 2021, the Company completed the sale of 100% of the issued and outstanding equity interests of Cimatron Ltd. ("Cimatron"), the subsidiary that operated the Company's Cimatron integrated CAD/CAM software for tooling business and its GibbsCAM CNC programming software business, for approximately \$64,173, after certain adjustments and excluding \$9,476 of cash amounts transferred to the purchaser. We recorded a gain on the sale of \$32,928 included within Interest and other income (expense), net on the accompanying condensed consolidated statements of operations for the six months ended June 30, 2021. Additionally, at the time of the sale, we recognized a gain of \$6,481 for accumulated foreign currency translation gain previously included in Accumulated other comprehensive loss ("AOCL"), which is included within Interest and other income (expense), net. We are finalizing closing adjustments with the purchaser. This disposed of business would have been included within the Industrial segment.

On June 1, 2021, the Company entered into an Asset Purchase Agreement with QP 3D Acquisition, Inc., an affiliate of Trilantic North America (the "Purchaser"), pursuant to which the Purchaser agreed to purchase from the Company (the "Transaction"), the Company's On Demand Manufacturing business ("ODM"), for a purchase price of \$82,000 subject to certain closing adjustments. Completion of the Transaction is expected to occur during the third quarter of 2021. At closing, the Company and the Purchaser will enter into a transition services agreement pursuant to which the Company and certain of its affiliates will provide certain information technology, corporate finance, tax, treasury, accounting, human resources and payroll, sales and marketing, operations, facilities and other customary services to support the Purchaser in the ongoing operation of ODM. The assets and liabilities of ODM were reclassified to held for sale on the consolidated balance sheet as of June 30, 2021.

The components of ODM's assets and liabilities recorded as held for sale on the consolidated balance sheet at June 30, 2021 were as follows:

<i>(in thousands)</i>		June 30, 2021
Assets		
Accounts receivable, net of reserves of \$463	\$	11,529
Inventories		2,017
Prepaid expenses and other current assets		694
Total current assets held for sale		14,240
Property and equipment, net		10,740
Intangible assets, net		2,491
Goodwill		13,306
Right of use assets		2,234
Other assets		145
Total assets held for sale	\$	43,156
Liabilities		
Current right of use liabilities	\$	1,023
Accounts payable		496
Accrued and other liabilities		1,549
Customer deposits		745
Total current liabilities held for sale		3,813
Long-term right of use liabilities		1,629
Other liabilities		1,297
Total liabilities held for sale	\$	6,739

Acquisitions

On May 6, 2021, we purchased Allevi, Inc. to expand regenerative medicine initiatives into medical and pharmaceutical research and development laboratories. Additionally, on June 15, 2021, we closed the acquisition of a German software firm, Additive Works GmbH. Additive Works expands the simulation capabilities for rapid optimization of industrial-scale 3D printing processes. The purchase price for both acquisitions, individually and combined, and the expected impacts on the Company's financial position, results of operations and cash flows are not material. We are in the process of finalizing the purchase accounting for both acquisitions and expect to finalize the purchase accounting in 2021.

Acquisitions of Noncontrolling Interests

As of June 30, 2020, we owned 100% of the capital and voting rights of Robtec, a service bureau and distributor of 3D printing and scanning products in Brazil. Approximately 70% of the capital and voting rights of Robtec were acquired on November 25, 2014. On January 7, 2020, we made a payment equal to the redemption price of \$10,000 and acquired the remaining 30% of the capital and voting rights.

As of December 31, 2018, the Company owned approximately 70% of the capital and voting rights of Easyway, a service bureau and distributor of 3D printing and scanning products in China. Approximately 65% of the capital and voting rights of Easyway were acquired on April 2, 2015, and an additional 5% of the capital and voting rights of Easyway were acquired on July 19, 2017 for \$2,300. The remaining 30% of the capital and voting rights of Easyway were acquired on January 21, 2019 for \$13,500 to be paid in installments over four years for which \$4,000 and \$2,500 were paid in the first half of 2021 and 2020, respectively.

(3) Revenue

We account for revenue in accordance with ASC Topic 606, “*Revenue from Contracts with Customers*.”

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC Topic 606. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

At June 30, 2021, we had \$137,615 of outstanding performance obligations, comprised of deferred revenue, customer order backlog and customer deposits. We expect to recognize approximately 87% of our remaining performance obligations as revenue within the next twelve months, an additional 8% by the end of 2022 and the remaining balance thereafter.

Revenue Recognition

Revenue is recognized when control of the promised products or services is transferred to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Many of our contracts with customers include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative stand-alone selling price (“SSP”). Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities. The amount of consideration received and revenue recognized may vary based on changes in marketing incentive programs offered to our customers. Our marketing incentive programs take many forms, including volume discounts, trade-in allowances, rebates and other discounts.

A majority of our revenue is recognized at the point in time when products are shipped or services are delivered to customers. Please see below for further discussion.

Hardware and Materials

Revenue from hardware and material sales is recognized when control has transferred to the customer, which typically occurs when the goods have been shipped to the customer, risk of loss has transferred to the customer and we have a present right to payment. In limited circumstances, when printer or other hardware sales include substantive customer acceptance provisions, revenue is recognized either when customer acceptance has been obtained, customer acceptance provisions have lapsed, or we have objective evidence that the criteria specified in the customer acceptance provisions have been satisfied.

Printers and certain other products include a warranty under which we provide maintenance for periods up to one year. For these initial product warranties, estimated costs are accrued at the time of the sale of the product. These cost estimates are established using historical information on the nature, frequency and average cost of claims for each type of printer or other product as well as assumptions about future activity and events. Revisions to expense accruals are made as necessary based on changes in these historical and future factors.

Software

We also market and sell software tools that enable our customers to capture and customize content using our printers, design optimization and simulation software, and reverse engineering and inspection software. Software does not require significant modification or customization and the license provides the customer with a right to use the software as it exists when made available. Revenue from these software licenses is recognized either upon delivery of the product or of a key code which allows the customer to download the software. Customers may purchase post-sale support. Generally, the first year of post-sales support is included as part of the initial software sale but subsequent years are optional. This optional support is considered a separate obligation from the software and is deferred at the time of sale and subsequently recognized ratably over future periods.

Collaboration and Licensing Agreements

We enter into collaboration and licensing agreements with third parties. The nature of the activities to be performed and the consideration exchanged under the agreements varies on a contract-by-contract basis. We evaluate these agreements to determine whether they meet the definition of a customer relationship for which revenue is recorded. These contracts may contain multiple performance obligations and may contain fees for licensing, research and development services, contingent milestone payments upon the achievement of developmental contractual criteria and/or royalty fees based on the licensees' product revenue. We determine the revenue to be recognized for these agreements based on an evaluation of the distinct performance obligations, the identification and evaluation of material rights, the estimation of variable consideration and the determination of the pattern on transfer of control for each distinct performance obligation. The Company recognized \$2,040 and \$717 in revenue related to collaboration arrangements with customers for the quarters ended June 30, 2021 and 2020, respectively. The Company recognized \$3,847 and \$1,647 in revenue related to collaboration arrangements with customers for the six months ended June 30, 2021 and 2020, respectively.

Services

We offer training, installation and non-contract maintenance services for our products. Additionally, we offer maintenance contracts customers can purchase at their option. For maintenance contracts, revenue is deferred at the time of sale based on the stand-alone selling prices of these services and costs are expensed as incurred. Deferred revenue is recognized ratably over the term of the maintenance period on a straight-line basis. Revenue from training, installation and non-contract maintenance services is recognized at the time of performance of the service.

On-demand manufacturing and healthcare service sales are included within services revenue and revenue is recognized upon shipment or delivery of the parts or performance of the service, based on the terms of the arrangement.

Terms of Sale

Shipping and handling activities are treated as fulfillment costs rather than as an additional promised service. We accrue the costs of shipping and handling when the related revenue is recognized. Our incurred costs associated with shipping and handling are included in product cost of sales.

Credit is extended, and creditworthiness is determined, based on an evaluation of each customer's financial condition. New customers are generally required to complete a credit application and provide references and bank information to facilitate an analysis of creditworthiness. Customers with a favorable profile may receive credit terms that differ from our general credit terms. Creditworthiness is considered, among other things, in evaluating our relationship with customers with past due balances.

Our terms of sale generally provide payment terms that are customary in the countries where we transact business. To reduce credit risk in connection with certain sales, we may, depending upon the circumstances, require significant deposits, letters of credit or payment in full prior to shipment. For maintenance services, we either bill customers on a time-and-materials basis or sell maintenance contracts that provide for payment in advance on either an annual or other periodic basis.

Significant Judgments

Our contracts with customers often include promises to transfer multiple products and services to a customer. For such arrangements, we allocate revenues to each performance obligation based on its relative SSP.

Judgment is required to determine the SSP for each distinct performance obligation in a contract. For the majority of items, we estimate SSP using historical transaction data. We use a range of amounts to estimate SSP when we sell each of the products and services separately and need to determine whether there is a discount to be allocated based on the relative SSP of the various products and services. In instances where SSP is not directly observable, such as when the product or service is not sold separately, we determine the SSP using information that may include market conditions and other observable inputs.

In some circumstances, we have more than one SSP for individual products and services due to the stratification of those products and services by customers, geographic region or other factors. In these instances, we may use information such as the size of the customer and geographic region in determining the SSP.

The determination of SSP is an ongoing process and information is reviewed regularly in order to ensure SSP reflects the most current information or trends.

The nature of our marketing incentives may lead to consideration that is variable. Judgment is exercised at contract inception to determine the most likely outcome of the contract and resulting transaction price. Ongoing assessments are performed to determine if updates are needed to the original estimates.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer deposits and deferred revenues (contract liabilities) on the condensed consolidated balance sheets. Timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when revenue is recognized at the time of invoicing, or unbilled receivables when revenue is recognized prior to invoicing. For most of our contracts, customers are invoiced when products are shipped or when services are performed resulting in billed accounts receivables for the remainder of the owed contract price. Unbilled receivables generally result from items being shipped where the customer has not been charged, but for which revenue had been recognized. In our on-demand manufacturing business, customers may be required to pay in full before work begins on their orders, resulting in customer deposits. We typically bill in advance for installation, training and maintenance contracts as well as extended warranties, resulting in deferred revenue. Changes in contract asset and liability balances were not materially impacted by any other factors for the six months ended June 30, 2021.

For the six months ended June 30, 2021, we recognized revenue of \$24,740 related to our contract liabilities at December 31, 2020. For the six months ended June 30, 2020, we recognized revenue of \$21,103 related to our contract liabilities at December 31, 2019.

Practical Expedients and Exemptions

We generally expense sales commissions when incurred because the amortization period would be one year or less. These costs are recorded within selling, general and administrative expenses.

(4) Segment Information

Effective January 1, 2021, we changed our segment reporting under ASC 280 Segment Reporting. For periods prior to January 1, 2021, we operated under one operating segment, consistent with the information that was presented to our Chief Operating Decision Maker (CODM). Effective January 1, 2021, we have identified two operating segments, Healthcare and Industrial.

This change in reportable segments was necessitated as a result of changes to our enterprise wide financial reporting to reflect the re-organization of the business into the Healthcare and Industrial verticals that were launched January 1, 2021 at the request of our CODM. These changes resulted in revisions to the financial information provided to the CODM on a recurring basis in his evaluation of financial performance of the Company and in the decision-making process driving future operating performance. The CODM does not review disaggregated assets on a segment basis; therefore, such information is not presented. In addition, the changes made to our enterprise wide financial reporting system were prospective and prevent historical financial information for the Healthcare and Industrial segments to be available other than for revenue which has been disclosed below. We have evaluated potential alternatives to generate comparative prior period financial information for the Healthcare and Industrial segments, and believe that the practicality exception as proscribed in ASC 280 Segment Reporting is applicable due to the high degree of difficulty involved and the significant expense associated with overhauling the structure of legacy financial systems.

The following tables set forth our net sales and operating results by segment:

(in thousands)	Quarter Ended June 30,		
	2021	2020	2021
	Net Sales (a)		Operating Profit
Operations by segment:			
Healthcare	\$ 82,826	\$ 49,134	\$ 22,253
Industrial	79,731	63,643	9,858
Total	<u>\$ 162,557</u>	<u>\$ 112,777</u>	32,111
General corporate expense, net ^(b)			(42,171)
Operating loss, as reported			(10,060)
Interest and other expense, net			(316)
Loss before income taxes			<u>\$ (10,376)</u>

(in thousands)	Six Months Ended June 30,		
	2021	2020	2021
	Net Sales (a)		Operating Profit
Operations by segment:			
Healthcare	\$ 155,347	\$ 101,426	\$ 42,046
Industrial	153,326	146,986	22,480
Total	<u>\$ 308,673</u>	<u>\$ 248,412</u>	64,526
General corporate expense, net ^(b)			(76,545)
Operating loss, as reported			(12,019)
Interest and other income, net			38,537
Income before income taxes			<u>\$ 26,518</u>

- a. Approximately 43.9% and 50.7% for the quarters ended June 30, 2021 and 2020, respectively, and 43.8% and 52.3% of sales for the six months ended June 30, 2021 and 2020, respectively, were located outside of the U.S.
- b. General corporate expense, net includes expenses not specifically attributable to our segments for functions such as corporate human resources, finance, and legal, including salaries, benefits, and other related costs.

(5) Leases

We have various lease agreements for our facilities, equipment and vehicles with remaining lease terms ranging from one to fifteen years. We determine if an arrangement contains a lease at inception. Some leases include the options to purchase, terminate or extend for one or more years; these options are included in the right-of-use (“ROU”) asset and liability lease term when it is reasonably certain an option will be exercised. Our leases do not contain any material residual value guarantees or material restrictive covenants.

Most of our leases do not provide an implicit rate; therefore, we use our incremental borrowing rate based on the information available at the commencement date to determine the present value of the future lease payments.

Certain of our leases include variable costs. Variable costs include non-lease components that were incurred based upon actual terms rather than contractually fixed amounts. In addition, incremental lease payments that are indexed to a change in rate or index are considered variable costs. Because the ROU asset and lease liability recorded on the balance sheet was determined based upon factors considered at the commencement date, subsequent changes in the rate or index that were not contemplated, result in variable expenses being incurred when actual payments differ from estimated payments.

On February 25, 2021, the Company entered into an agreement to amend its lease for its corporate office and extended the term. As part of this agreement, the Company sold land owned adjacent to our corporate office for \$400 and entered into a lease with the buyer of the land for a new building, containing approximately 80,000 to 100,000 rentable square feet, to be constructed by the lessor. The initial lease terms for both the existing building and the expansion site extend through August 2037. The lease for the new building will not commence until construction is substantially complete.

Components of lease cost (income) were as follows:

(in thousands)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating lease cost	\$ 2,669	\$ 2,999	\$ 5,182	\$ 6,007
Finance lease cost - amortization expense	156	220	306	435
Finance lease cost - interest expense	62	164	125	327
Short-term lease cost	37	26	91	53
Variable lease cost	704	195	984	245
Sublease income	(156)	(152)	(313)	(304)
Total	<u>\$ 3,472</u>	<u>\$ 3,452</u>	<u>\$ 6,375</u>	<u>\$ 6,763</u>

Balance sheet classifications at June 30, 2021 and December 31, 2020 are summarized below:

(in thousands)	June 30, 2021			December 31, 2020		
	Right of use assets	Current right of use liabilities	Long-term right of use liabilities	Right of use assets	Current right of use liabilities	Long-term right of use liabilities
Operating Leases	\$ 43,037	\$ 7,576	\$ 43,217	\$ 40,586	\$ 8,562	\$ 38,296
Finance Leases	4,453	680	4,576	8,034	972	10,173
Total	<u>\$ 47,490</u>	<u>\$ 8,256</u>	<u>\$ 47,793</u>	<u>\$ 48,620</u>	<u>\$ 9,534</u>	<u>\$ 48,469</u>

Our future minimum lease payments as of June 30, 2021 under operating lease and finance leases, with initial or remaining lease terms in excess of one year, were as follows:

(in thousands)	June 30, 2021	
	Operating Leases	Finance Leases
Years ending June 30:		
2021	\$ 5,655	\$ 457
2022	9,215	906
2023	7,694	903
2024	6,690	828
2025	5,513	735
Thereafter	30,148	2,414
Total lease payments	64,915	6,243
Less: imputed interest	(14,122)	(987)
Present value of lease liabilities	<u>\$ 50,793</u>	<u>\$ 5,256</u>

Supplemental cash flow information related to our leases for the periods ending June 30, 2021 and June 30, 2020 were as follows:

(in thousands)	June 30, 2021	June 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflow from operating leases	\$ 5,521	\$ 6,533
Operating cash outflow from finance leases	\$ 125	\$ 280
Financing cash outflow (inflow) from finance leases	\$ 329	\$ (76)

Weighted-average remaining lease terms and discount rate for our leases for the period ending June 30, 2021, were as follows:

	June 30, 2021	
	Operating	Financing
Weighted-average remaining lease term (in years)	8.9	7.7
Weighted-average discount rate	5.63%	4.63%

(6) Inventories

Components of inventories at June 30, 2021 and December 31, 2020 are summarized as follows:

<i>(in thousands)</i>	June 30, 2021	December 31, 2020
Raw materials	\$ 29,124	\$ 23,762
Work in process	8,018	5,912
Finished goods and parts	65,819	86,993
Inventories	<u>\$ 102,961</u>	<u>\$ 116,667</u>

We record a reserve to the carrying value of our inventory to reflect the rapid technological change in our industry that impacts the market for our products. The inventory reserve was \$20,113 and \$20,125 as of June 30, 2021 and December 31, 2020, respectively.

At June 30, 2021, our obligation to repurchase inventory, included in accrued and other liabilities on our condensed consolidated balance sheets, was \$308, relating to the sale of inventory to an assembly manufacturer and we had a commitment of \$4,118 with the assembling manufacturer to purchase certain materials and supplies they acquired from third parties. At June 30, 2021, inventory held at assemblers was \$3,115.

(7) Intangible Assets

Intangible assets, net, other than goodwill, at June 30, 2021 and December 31, 2020 are summarized as follows:

	June 30, 2021			December 31, 2020			Weighted Average Useful Life Remaining (in years)
<i>(in thousands)</i>	Gross ^(a)	Accumulated Amortization	Net	Gross ^(a)	Accumulated Amortization	Net	
Intangible assets with finite lives:							
Customer relationships	\$ 65,539	\$ (54,771)	\$ 10,768	\$ 71,123	\$ (56,682)	\$ 14,441	2.7
Acquired technology	42,018	(40,853)	1,165	42,472	(41,201)	1,271	5.8
Trade names	20,684	(16,599)	4,085	17,477	(16,506)	971	1.3
Patent costs	19,954	(11,415)	8,539	19,828	(10,999)	8,829	4.5
Trade secrets	19,838	(18,425)	1,413	20,188	(18,216)	1,972	1.7
Acquired patents	18,181	(15,848)	2,333	16,317	(15,723)	594	7.4
Other	18,609	(13,606)	5,003	19,793	(19,788)	5	6.0
Total intangible assets	<u>\$ 204,823</u>	<u>\$ (171,517)</u>	<u>\$ 33,306</u>	<u>\$ 207,198</u>	<u>\$ (179,115)</u>	<u>\$ 28,083</u>	4.6

a. Change in gross carrying amounts consists primarily of charges for license and patent costs, foreign currency translation, acquisitions and divestitures.

Amortization expense related to intangible assets was \$2,502 and \$4,929 for the quarter and six months ended June 30, 2021, respectively, compared to \$4,144 and \$8,546 for the quarter and six months ended June 30, 2020, respectively.

(8) Accrued and Other Liabilities

Accrued liabilities at June 30, 2021 and December 31, 2020 are summarized as follows:

<i>(in thousands)</i>	June 30, 2021	December 31, 2020
Compensation and benefits	\$ 30,796	\$ 24,629
Vendor accruals	12,841	18,762
Accrued taxes	10,455	14,952
Accrued other	1,889	6,138
Product warranty liability	3,160	2,348
Accrued professional fees	2,169	1,773
Royalties payable	1,258	1,210
Total	<u>\$ 62,568</u>	<u>\$ 69,812</u>

Other liabilities at June 30, 2021 and December 31, 2020 are summarized as follows:

<i>(in thousands)</i>	June 30, 2021	December 31, 2020
Long-term employee indemnity	\$ 10,478	\$ 12,228
Long-term tax liability	5,492	15,532
Defined benefit pension obligation	9,427	10,228
Long-term deferred revenue	5,576	6,163
Other long-term liabilities	1,685	7,096
Total	<u>\$ 32,658</u>	<u>\$ 51,247</u>

(9) Borrowings

Credit Facility

We have a 5-year \$100,000 senior secured revolving credit facility (the “Senior Credit Facility”) to support working capital and general corporate purposes. The Senior Credit Facility also had a 5-year \$100,000 senior secured term loan facility (the “Term Facility”) that, as discussed below, has been fully repaid and terminated. The Senior Credit Facility is guaranteed by certain of our subsidiaries. The guarantors guarantee, among other things, all our obligations and each other guarantor's obligations under the Senior Credit Facility. From time to time, we may be required to cause additional domestic subsidiaries to become guarantors under the Senior Credit Facility. The Senior Credit Facility is scheduled to mature on February 26, 2024, at which time all amounts outstanding thereunder will be due and payable. However, the maturity date of the Senior Credit Facility may be extended at our election with the consent of the lenders subject to the terms set forth in the Senior Credit Facility. The Senior Credit Facility contains customary covenants, some of which require us to maintain certain financial ratios that determine the amounts available and terms of borrowings and events of default. We were in compliance with all covenants at June 30, 2021.

The payment of dividends on our common stock is restricted under provisions of the Senior Credit Facility, which limits the amount of cash dividends that we may pay in any one fiscal year to \$30,000. We currently do not pay, and have not paid, any dividends on our common stock, and we currently intend to retain any future earnings for use in our business.

Borrowings under the Senior Credit Facility are subject to interest at varying spreads above quoted market rates and a commitment fee is paid on the total unused commitment. Subject to certain terms and conditions contained in the Senior Credit Facility, we have the right to request up to four increases to the amount of the revolving facility in an aggregate amount not to exceed an additional \$100,000.

We had a balance of \$21,392 outstanding on the Term Facility at December 31, 2020. On January 1, 2021, the Company completed the sale of Cimatron, the subsidiary that operated the Company's Cimatron integrated CAD/CAM software for tooling business and its GibbsCAM CNC programming software business. A portion of the proceeds from the sale were used to repay the outstanding balance on the Term Facility. The Term Facility is now fully repaid and terminated. Concurrent with the repayment of the Term Facility, we terminated the interest rate swap, resulting in a marked-to-market payment of \$712. See Note 10 for additional information.

(10) Hedging Activities and Financial Instruments

Interest Rate Swap Contract

On July 8, 2019, we entered into a \$50,000 interest rate swap contract, designated as a cash flow hedge, to minimize the risk associated with the variability of cash flows in interest payments from variable-rate debt due to fluctuations in the one-month USD-LIBOR, subject to a 0% floor, through February 26, 2024. Changes in the interest rate swap were expected to offset the changes in cash flows attributable to fluctuations of the one-month USD-LIBOR for the interest payments associated with our variable-rate debt.

On January 4, 2021, in connection with the repayment of the Term Facility, we terminated the interest rate swap agreement, which required a marked-to-market termination payment of \$712 paid in January 2021. Amounts previously recognized in AOCL of \$721 were released and reclassified into Interest and other income (expense), net on the accompanying condensed consolidated statements of operations and comprehensive income (loss) for the six months ended June 30, 2021.

The notional amount and fair value of the derivative on our balance sheet at December 31, 2020 was as follows:

<i>(in thousands)</i>	Balance Sheet location	Notional amount	Fair value
December 31, 2020			
Interest rate swap contract	Other liabilities	\$ 15,000	\$ (700)

Except as noted above, amounts released from AOCL and reclassified into Interest and other income (expense), net did not have a material impact on our condensed consolidated statements of operations and comprehensive income (loss) for the six months and quarters ended June 30, 2021 and 2020.

Foreign Currency Contracts

We conduct business in various countries using both the functional currencies of those countries and other currencies to effect cross border transactions. As a result, we are subject to the risk that fluctuations in foreign exchange rates between the dates that those transactions are entered into and their respective settlement dates will result in a foreign exchange gain or loss. When practicable, we endeavor to match assets and liabilities in the same currency on our balance sheet and those of our subsidiaries in order to reduce these risks. When appropriate, we enter into foreign currency contracts to hedge exposures arising from those transactions. We have elected not to prepare and maintain the documentation to qualify for hedge accounting treatment under ASC 815, “*Derivatives and Hedging*,” and therefore, all gains and losses (realized or unrealized) are recognized in Interest and other expense, net in the condensed consolidated statements of operations and comprehensive income (loss). Depending on their fair value at the end of the reporting period, derivatives are recorded either in prepaid expenses and other current assets or in accrued liabilities on the condensed consolidated balance sheets.

We had \$78,826 and \$101,781 in notional foreign exchange contracts outstanding as of June 30, 2021 and December 31, 2020, respectively. The fair values of these contracts were not material.

We translate foreign currency balance sheets from each international businesses’ functional currency (generally the respective local currency) to U.S. dollars at end-of-period exchange rates, and statements of earnings at average exchange rates for each period. The resulting foreign currency translation adjustments are a component of other comprehensive income (loss). We do not hedge the fluctuation in reported revenue and earnings resulting from the translation of these international operations’ results into U.S. dollars.

(11) Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the applicable period. Diluted net income (loss) per share incorporates the additional shares issuable upon assumed exercise of stock options and the release of restricted stock and restricted stock units, except in such case when their inclusion would be anti-dilutive.

(in thousands, except per share amounts)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net income (loss)	\$ (9,632)	\$ (37,951)	\$ 35,596	\$ (56,875)
Denominator:				
Weighted average shares - basic	122,147	115,503	121,931	115,047
Dilutive securities	—	—	3,138	—
Weighted average shares - diluted	122,147	115,503	125,069	115,047
Net income (loss) per share - basic	\$ (0.08)	\$ (0.33)	\$ 0.29	\$ (0.49)
Net income (loss) per share - diluted	\$ (0.08)	\$ (0.33)	\$ 0.28	\$ (0.49)

For the quarters ended June 30, 2021 and 2020, and six months ended June 30, 2020, the effect of dilutive securities, including non-vested stock options and restricted stock awards/units, was excluded from the denominator for the calculation of diluted net loss per share because we recognized a net loss for the periods and their inclusion would be anti-dilutive. Dilutive securities excluded for the quarters ended June 30, 2021 and 2020 were 4.3 million and 6.6 million, respectively, and for the six months ended June 30, 2020 were 6.6 million. For the six months ended June 30, 2021 dilutive securities excluded were 0.4 million.

On August 5, 2020, we entered into an Equity Distribution Agreement for an At-The-Market equity offering program (“ATM Program”) under which we could have issued and sold, from time to time, shares of our common stock. On January 6, 2021, following the closing of the sale of Cimatron and the receipt of the related purchase price proceeds, the Company terminated the ATM Program. No shares of our stock were issued under the ATM Program in 2021.

(12) Fair Value Measurements

Fair value is the exchange price to sell an asset or transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data, or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs.

Cash equivalents, Israeli severance funds and derivatives are valued utilizing the market approach to measure fair value for financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

(in thousands)	Fair Value Measurements as of June 30, 2021		
	Level 1	Level 2	Total
Description			
Cash equivalents ^(a)	\$ 42,470	\$ —	\$ 42,470
Israeli severance funds ^(b)	\$ —	\$ 6,606	\$ 6,606

(in thousands)	Fair Value Measurements as of December 31, 2020		
	Level 1	Level 2	Total
Description			
Cash equivalents ^(a)	\$ 199	\$ —	\$ 199
Israeli severance funds ^(b)	\$ —	\$ 6,422	\$ 6,422
Derivative financial instruments ^(c)	\$ —	\$ (700)	\$ (700)

- Cash equivalents include funds held in money market instruments and are reported at their current carrying value, which approximates fair value due to the short-term nature of these instruments and are included in cash and cash equivalents in the condensed consolidated balance sheet.
- We partially fund a liability for our Israeli severance requirement through monthly deposits into fund accounts, the value of these contributions is recorded to non-current assets on the condensed consolidated balance sheet.
- Derivative instruments are reported based on published market prices for similar assets or are estimated based on published market prices for similar assets or are estimated based on observable inputs such as interest rates, yield curves, credit risks, spot and future commodity prices and spot and future exchange rates. See Note 10 for additional information on our derivative financial instruments.

We did not have any transfers of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value measurement hierarchy during the six months ended June 30, 2021.

(13) Income Taxes

We maintain the exception under ASC 740-270-30-36(b), "Accounting for Income Taxes", for jurisdictions that do not have reliable estimates of ordinary income due to the volatility in the industry. Based on the continued global financial uncertainty due to the COVID-19 pandemic and volatility in the industry, we have continued to use a year-to-date methodology in determining the effective tax rate for the quarter and six months ended June 30, 2021.

For the quarter and six months ended June 30, 2021, the Company's effective tax rate was 7.2% and (34.2)%, respectively. For the quarter and six months ended June 30, 2020, the Company's effective tax rate was (4.0)% and 0.7%, respectively. The difference between the statutory tax rate and the effective tax rate for the quarter and six months ended June 30, 2021 is primarily driven by the reduction of a liability for uncertain tax positions, which includes the release noted in the paragraph below, and the presence of valuation allowances in various jurisdictions. The difference between the statutory tax rate and the effective tax rate for the quarter and six months ended June 30, 2020 is primarily driven by valuation allowances in various jurisdictions, the foreign rate differential between the U.S. tax rate and the foreign tax rates, and the change in U.S. tax law allowing for the carryback of certain U.S. net operating losses ("NOLs") as explained in the paragraph below.

In response to the global pandemic resulting from COVID-19, the U.S. government enacted tax legislation on March 27, 2020 under the Coronavirus Aid Relief, and Economic Security Act ("CARES Act"). This legislation allowed us to carryback NOLs generated in the 2018 and 2019 tax years up to five years. A tax receivable was recorded during the first quarter of 2020 for the anticipated carryback in the amount of \$8,900, along with associated uncertain tax positions of \$5,700. During the fourth quarter of 2020, additional uncertain tax positions of \$3,200 were recorded to fully reserve the \$8,900 related to the carryback. During the first quarter of 2021, the Company received two favorable private letter rulings triggering release of the uncertain tax positions for \$8,900. As of the close of the quarter ended June 30, 2021, approximately \$2,500 of the \$8,900 refund has been received by the Company thus far. The remaining refund of \$6,400 was received by the Company on July 29, 2021.

(14) Commitments and Contingencies

We have an inventory purchase commitment with an assembling manufacturer. See Note 6 for additional information regarding this inventory purchase commitment.

Litigation

Export Controls and Government Contracts Compliance Matter

In October 2017, we received an administrative subpoena from the Bureau of Industry and Security of the Department of Commerce (“BIS”) requesting the production of records in connection with possible violations of U.S. export control laws, including with regard to our Quickparts.com, Inc. subsidiary. In addition, while collecting information responsive to the above-referenced subpoena, our internal investigation identified potential violations of the International Traffic in Arms Regulations administered by the Directorate of Defense Trade Controls of the Department of State (“DDTC”) and potential violations of the Export Administration Regulations administered by the BIS. On June 8, 2018 and thereafter, we submitted voluntary disclosures to BIS and DDTC identifying numerous potentially unauthorized exports of technical data.

As part of our ongoing review of trade compliance risks and our cooperation with the government, on November 20, 2019, we submitted to the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) an initial notice of voluntary disclosure regarding potential violations of economic sanctions related to Iran. We continued to investigate this issue and filed a final disclosure with OFAC on May 20, 2020. We have and will continue to implement compliance enhancements to our export controls, trade sanctions, and government contracting compliance program to address the issues identified through our ongoing internal investigation and will cooperate with DDTC and BIS, as well as the U.S. Departments of Justice, Defense, Homeland Security and Treasury in their ongoing reviews of these matters. In connection with these ongoing reviews, in August 2020, the Company received two federal grand jury subpoenas issued by the U.S. District Court for the Northern District of Texas. The Company responded to these two subpoenas and will continue to fully cooperate with the U.S. Department of Justice in the related investigation.

In addition, on July 19, 2019, we received a notice of immediate suspension of federal contracting from the United States Air Force, pending the outcome of an ongoing investigation. The suspension applied to 3D Systems, its subsidiaries and affiliates, and was related to the potential export controls violations involving our On-Demand manufacturing business described above. Under the suspension, we were generally prohibited from receiving new federal government contracts or subcontracts from any executive branch agency as described in the provisions of 48 C.F.R Subpart 9.4 of the Federal Acquisition Regulation. The suspension allowed us to continue to perform current federal contracts, and also to receive awards of new subcontracts for items under \$35 and for items considered commercially available off-the-shelf items. The Air Force lifted the suspension on September 6, 2019 following the execution of a two-year Administrative Agreement with us. We are now eligible to obtain and perform U.S. government contracts and subcontracts without restrictions. Under the Administrative Agreement, we will be monitored and evaluated by independent monitors who will report to the Air Force on our compliance with the terms of the Company’s Ethics & Compliance Program, including its overall culture, government contracting compliance program, and export controls compliance program.

Although we cannot predict the ultimate resolution of these matters, we have incurred and expect to continue to incur significant legal costs and other expenses in connection with responding to the U.S. government agencies.

Shareholder Suits

The Company and certain of its current and former executive officers have been named as defendants in a consolidated putative stockholder class action lawsuit pending in the United States District Court for the Eastern District of New York. The action is styled In re 3D Systems Securities Litigation, No. 1:21-cv-01920-NGG-TAM (E.D.N.Y.). The original Complaint, which was filed on April 9, 2021, alleges that defendants violated the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and SEC Rule 10b-5 promulgated thereunder by making false and misleading statements and omissions, and that the current and former executive officers named as defendants are control persons under Section 20(a) of the Exchange Act. The original Complaint was filed on behalf of stockholders who purchased shares of the Company’s common stock between May 6, 2020 and March 1, 2021, and seeks monetary damages on behalf of the purported class. On July 14, 2021, the Court appointed a Lead Plaintiff for the putative class and approved his choice of Lead Counsel. The deadline for Lead Plaintiff to file his Consolidated Amended Complaint is September 13, 2021, and the deadline for defendants to move, answer, or otherwise respond is November 12, 2021.

The Company has been named as a nominal defendant and certain of its current and former executive officers have been named as defendants in derivative lawsuits pending in the United States District Court for the Eastern District of New York and the South Carolina Court of Common Pleas for the 16th Circuit, York County. The actions are styled Nguyen v. Joshi, et al., No. 21-cv-03389-DG-CLP (E.D.N.Y.) (the “New York Derivative Action”), Lesar v. Graves, et al., No. 2021CP4602308 (S.C., Ct. of Common Pleas for the 16th Judicial Cir., Cty. of York) (the “Lesar Action”), and Scanlon v. Graves, et al., No. 2021CP4602312 (S.C., Ct. of Common Pleas for the 16th Judicial Cir., Cty. of York) (together with the Lesar Action, the “South Carolina Derivative Actions”). The Complaint in the New York Derivative Action, which was filed on June 15, 2021, asserts breach of fiduciary duty claims against all defendants and claims for contribution under the federal securities laws against certain of the defendants. The Complaints in the South Carolina Derivative Actions, which were filed on July 26, 2021, assert breach of fiduciary duty and unjust enrichment claims against defendants.

The Company believes the claims alleged in the putative securities class action and derivative lawsuits are without merit and the Company intends to defend itself and its current and former officers vigorously.

Other

We are involved in various other legal matters incidental to our business. Although we cannot predict the results of the litigation with certainty, we believe that the disposition of all these various other legal matters will not have a material adverse effect, individually or in the aggregate, on our consolidated results of operations, consolidated cash flows or consolidated financial position.

(15) Restructuring and Exit Activity Costs

On August 5, 2020, we announced, in connection with the new strategic focus new and organizational realignment, a restructuring plan intended to align our operating costs with current revenue levels and better position the Company for future sustainable and profitable growth. The restructuring plan included a reduction of nearly 20% of our workforce, with the majority of the workforce reduction completed by December 31, 2020. We completed the restructuring efforts in the second quarter of 2021. Cost reduction efforts included reducing the number of facilities and examining every aspect of our manufacturing and operating costs. We incurred cash charges for severance, facility closing and other costs, primarily in the second half of 2020, and continued to incur additional charges through the second quarter of 2021, when we finalized all the actions to be taken. Non-cash charges related to these actions were \$6,400 and are included in facility closing costs. We also divested parts of the business that do not align with this strategic focus. See Note 2.

In connection with the restructuring plan, we recorded pre-tax costs during the six months ended June 30, 2021, included within Selling, general and administrative in the condensed consolidated income statement, and incurred total costs as follows:

<i>(in thousands)</i>	Costs Incurred during 2020	Costs Incurred during the six months ended June 30, 2021	Total Costs Incurred
Severance, termination benefits and other employee costs	\$ 12,914	\$ 660	\$ 13,574
Facility closing costs	6,470	640	7,110
Other costs	668	(179)	489
Total	<u>\$ 20,052</u>	<u>\$ 1,121</u>	<u>\$ 21,173</u>

The liabilities at June 30, 2021 related to these costs were principally recorded in accrued expenses in the condensed consolidated balance sheets and were as follows:

<i>(in thousands)</i>	Liability at December 31, 2020	Costs Incurred during 2021	Costs Paid During 2021	Non-cash adjustments	Liability at June 30, 2021
Severance, termination benefits and other employee costs	\$ 7,173	\$ 660	\$ (7,768)	\$ —	\$ 65
Facility closing costs	—	640	(640)	—	—
Other costs	—	(179)	—	611	432
Total	<u>\$ 7,173</u>	<u>\$ 1,121</u>	<u>\$ (8,408)</u>	<u>\$ 611</u>	<u>\$ 497</u>

(16) Subsequent Events

We have evaluated subsequent events through the date these financial statements were issued and determined the items below:

On July 28, 2021, the Company entered into a definitive agreement to sell its medical simulation business, Simbionix, to Surgical Science Sweden AB, for a purchase price of \$305,000, subject to customary closing conditions and adjustments. The transaction is expected to be completed in August 2021.

As discussed in Note 13, on July 29, 2021 we received the remaining \$6,400 refund from the IRS related to our CARES Act NOL carryback claim.

On July 9, 2021 we signed a ten year build to suit lease in Littleton, CO for approximately 50,000 rentable square feet. Total rent over the ten year lease is approximately \$14,500. The lease will commence when construction is substantially complete.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read together with the unaudited condensed consolidated financial statements and the notes thereto included in Item 1 (the “Financial Statements”) of this Quarterly Report on Form 10-Q (“Form 10-Q”). Also, we are subject to a number of risks and uncertainties that may affect our future performance that are discussed in greater detail in the sections entitled “Forward-Looking Statements” at the end of this Item 2 and that are discussed or referred to in Item 1A of Part II of this Form 10-Q.

Business Overview

3D Systems Corporation (“3D Systems” or the “Company” or “we” or “us”) markets our products and services through subsidiaries in North America and South America (collectively referred to as “Americas”), Europe and the Middle East (collectively referred to as “EMEA”) and the Asia Pacific region (“APAC”). We provide comprehensive 3D printing and digital manufacturing solutions, including 3D printers for plastics and metals, materials, software, on-demand manufacturing services and digital design tools. Our solutions support advanced applications in two key industry verticals: Healthcare (which includes dental, medical devices and personalized health services) and Industrial (which includes aerospace, defense, transportation and general manufacturing). We have over 30 years of experience and expertise which have proven vital to our development of an ecosystem and end-to-end digital workflow solutions which enable customers to optimize product designs, transform workflows, bring innovative products to market and drive new business models.

As of January 1, 2021, we determined the Company has two reportable segments, Healthcare and Industrial, whereas the Company previously only reported its consolidated results in one reportable segment. Prior year Healthcare and Industrial revenue amounts discussed herein have been recast to conform with current year presentation.

New Strategic Focus and Restructuring

Our business portfolio is well-balanced across end markets and geographies and includes a high degree of businesses serving critical sectors such as healthcare, aerospace and durable goods. In May 2020, a new Chief Executive Officer and President, Dr. Jeffrey Graves, was hired. Dr. Graves undertook an initial assessment of the Company and on August 5, 2020, we announced a strategic focus and reorganization and, to align our cost structure to the level of revenues, a restructuring plan was also announced. We completed the restructuring efforts in the second quarter of 2021. Cost reduction efforts include reducing the number of facilities and examining every aspect of our manufacturing and operating costs. We incurred cash charges for severance, facility closing and other costs, primarily in the second half of 2020, and continued to incur additional charges through the second quarter of 2021, when we finalized all the actions to be taken. We incurred total charges of \$21.1 million for severance, facility closings and other costs in accomplishing these efforts, including non-cash charges of \$6.4 million which are included in facility closing costs. We also divested and are divesting parts of the business that do not align with this strategic focus. See Note 15 for additional discussion.

COVID-19 Pandemic Response

As we continue to closely monitor the global impact of the COVID-19 pandemic, our top priority remains the health and safety of our employees and their families and communities. Our Crisis Response Steering Committee regularly reviews and adapts our protocols based on evolving research and guidance related to the virus. While operations continue, we continue to restrict travel and meetings, publish pertinent information, and adapt to a world where many in our workforce are remote and those coming on-site are following new safety measures. In certain of our locations, where local conditions and regulations allow, our employees have begun to return to working on-site. We continue to watch conditions and regulations and remain committed to protecting our employees, delivering for our customers and supporting our communities.

Looking Forward

Our operations in Americas, EMEA and APAC expose us to risks associated with public health crises and epidemics/pandemics, such as the COVID-19 pandemic. While the COVID-19 pandemic continued to impact our reported results for the quarter ended June 30, 2021, we are unable to predict the longer-term impact that the pandemic may have on our business, results of operations, financial position or cash flows. The extent to which our operations may be impacted by the dynamic nature of the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including the severity or resurgence of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions, further supply chain disruptions, including shortages of critical components, and the continued disruptions to, and volatility in, the financial markets remain unknown.

Summary of Second Quarter 2021 Financial Results

Total consolidated revenue for the second quarter of 2021 increased 44.1% compared to the same period last year, driven by a strong performance in both our Healthcare and Industrial segments. Revenue from Healthcare increased 68.6% to \$82.8 million, compared to the same period last year, as sales in both medical and dental applications recovered from the lows of the pandemic. Industrial sales increased 25.3% to \$79.7 million, compared to the same period last year, primarily due to the continued recovery from the economic slowdown due to the pandemic.

Gross profit for the quarter ended June 30, 2021 increased by 96.2%, or \$33.8 million, to \$69.0 million, compared to \$35.2 million for the quarter ended June 30, 2020. Gross profit margin for the quarters ended June 30, 2021 and June 30, 2020 was 42.4% and 31.2%, respectively. The increase in gross profit was primarily due to higher revenue in the quarter ended June 30, 2021 and the negative impact of an end-of-life inventory charge recorded in the quarter ended June 30, 2020.

Operating expenses for the quarter ended June 30, 2021 increased by 14.5%, or \$10.0 million, to \$79.1 million, compared to \$69.0 million for the quarter ended June 30, 2020. Selling, general and administrative expenses for the quarter ended June 30, 2021 increased by 18.1%, or \$9.4 million, to \$61.5 million, compared to \$52.0 million for the quarter ended June 30, 2020. Research and development expenses for the quarter ended June 30, 2021 increased by 3.6%, or \$0.6 million, to \$17.6 million, compared to \$17.0 million for the quarter ended June 30, 2020. Our higher operating expenses reflect increased spending as business activity increased as compared to the same period last year, as well as higher stock-based and bonus compensation expenses reflecting better than expected operating performance, partially offset by benefits from cost restructuring.

Our operating loss for the quarter ended June 30, 2021 was \$10.1 million, compared to \$33.9 million for the quarter ended June 30, 2020. The lower loss was driven by higher revenue, benefits from cost restructuring, and improved gross margins as discussed above.

For the six months ended June 30, 2021, we generated \$42.0 million of cash from operations, primarily driven by the increase in operating income and better working capital management. For the six months ended June 30, 2020, we used \$21.0 million of cash from operations. Our unrestricted cash balance at June 30, 2021 and December 31, 2020, was \$131.8 million and \$75.0 million, respectively. The higher cash balance resulted from \$54.7 million in net proceeds from the Cimatron sale and \$42.0 million from operations, partially offset by \$21.4 million for repayments of debt, \$4.0 million for payments related to a prior acquisition, \$10.9 million for current acquisitions, \$6.6 million related to share settlement of stock-based compensation, and \$8.2 million for capital expenditures.

Results of Operations

Revenue

Current year revenue has improved as the prior year was negatively impacted by the effects of the COVID-19 pandemic, most severely toward the end of the first quarter 2020 and into the second quarter 2020, as many of our customers were shut down or on a significantly reduced level of activity. Additionally, given the relatively high price of certain 3D printers and a corresponding lengthy selling cycle as well as relatively low unit volume of the higher priced printers in any particular period, a shift in the timing and concentration of orders and shipments from one period to another can materially affect reported revenue in any given period.

In addition to changes in sales volumes, there are two other primary drivers of changes in revenue from one period to another: (1) the combined effect of changes in product mix and average selling prices and (2) the impact of fluctuations in foreign currencies. As used in this Management's Discussion and Analysis, the price and mix effects relate to changes in revenue that are not able to be specifically related to changes in unit volume.

We earn revenue from the sale of products and services through our Healthcare and Industrial segments. The products category includes 3D printers and corresponding materials, healthcare simulators and digitizers, software licenses, 3D scanners and haptic devices. The majority of materials used in our 3D printers are proprietary. The services category includes maintenance contracts and services on 3D printers and simulators, software maintenance, on-demand solutions and healthcare services.

The following tables set forth the change in revenue for the quarters and six months ended June 30, 2021 and 2020.

Table 1

(Dollars in thousands)

	Products			Services		Total	
Revenue — second quarter 2020	\$	62,213		\$	50,564	\$	112,777
Change in revenue:							
Volume		20,281	32.6 %		1,564	3.1 %	21,845 19.4 %
Price/Mix		20,696	33.3 %		33	0.1 %	20,729 18.4 %
Foreign currency translation		5,448	8.8 %		1,758	3.5 %	7,206 6.4 %
Net change		46,425	74.6 %		3,355	6.6 %	49,780 44.1 %
Revenue — second quarter 2021	\$	108,638		\$	53,919	\$	162,557

Total consolidated revenue for the second quarter of 2021 compared to the same period last year increased 44.1%, primarily due to higher volume from the continued rebound from adverse impacts of COVID-19 in the prior year, and favorable price/mix and foreign currency impact partially offset by divestitures. Recurring revenue, which includes service and materials, was \$106.2 million and \$79.2 million for the quarters ended June 30, 2021 and 2020, respectively.

For the quarters ended June 30, 2021 and 2020, products revenue from Healthcare contributed \$57.8 million and \$29.9 million, respectively, and products revenue from Industrial contributed \$50.8 million and \$32.3 million, respectively. The higher products revenue in Healthcare was due to continued strength in the dental market and higher products revenue in Industrial was primarily due to higher volumes, favorable price/mix and foreign currency impact partially offset by divestitures.

For the quarters ended June 30, 2021 and 2020, services revenue from Healthcare contributed \$25.0 million and \$19.3 million, respectively, and services revenue from Industrial contributed \$28.9 million and \$31.3 million, respectively. The higher services revenue in Healthcare was due to strong sales in both dental and medical applications; whereas, lower services revenue in Industrial was due to divestitures.

For the quarters ended June 30, 2021 and 2020, revenue from operations outside the U.S. was 43.9% and 51.0% of total revenue, respectively.

Table 2

(Dollars in thousands)

	Products			Services		Total	
Revenue — six months 2020	\$	141,952		\$	106,460	\$	248,412
Change in revenue:							
Volume		31,064	21.9 %		(3,691)	(3.5)%	27,373 11.0 %
Price/Mix		22,845	16.1 %		33	— %	22,878 9.2 %
Foreign currency translation		6,425	4.5 %		3,585	3.4 %	10,010 4.0 %
Net change		60,334	42.5 %		(73)	(0.1)%	60,261 24.3 %
Revenue — six months 2021	\$	202,286		\$	106,387	\$	308,673

Total consolidated revenue increased 24.3% for the six months ended June 30, 2021 compared to the same period last year, primarily due to increased volume from the continued rebound from the adverse impacts of COVID-19 in the prior year and favorable price/mix and foreign currency impact. Recurring revenue, which includes service and materials, was \$202.9 million and \$176.5 million for the six months ended June 30, 2021 and 2020, respectively.

For the six months ended June 30, 2021 and 2020, products revenue from Healthcare contributed \$107.4 million and \$62.0 million, respectively, and products revenue from Industrial contributed \$94.9 million and \$79.9 million, respectively. The higher products revenue in Healthcare was due to continued strength in the dental market and higher products revenue in Industrial was primarily due to higher volumes, favorable price/mix and foreign currency impact partially offset by divestitures.

Services revenue was flat primarily due to decrease in volumes, which were offset by favorable impact of foreign currency translation. For the six months ended June 30, 2021 and 2020, services revenue from Healthcare contributed \$47.9 million and \$39.4 million, respectively, and services revenue from Industrial contributed \$58.5 million and \$67.1 million, respectively. The higher services revenue in Healthcare was due to strong sales in both dental and medical applications; whereas, the lower services revenue in Industrial was due to lower on-demand volume and divestitures.

Gross profit and gross profit margins

The following tables set forth gross profit and gross profit margins for the quarters and six months ended June 30, 2021 and 2020.

Table 3

(Dollars in thousands)	Quarter Ended June 30,				Change in Gross Profit		Change in Gross Profit Margin	
	2021		2020					
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	\$	%	Percentage Points	%
Products	\$ 46,003	42.3 %	\$ 10,929	17.6 %	\$ 35,074	320.9 %	24.7	140.3 %
Services	23,002	42.7 %	24,238	47.9 %	(1,236)	(5.1)%	(5.2)	(10.9)%
Total	<u>\$ 69,005</u>	<u>42.4 %</u>	<u>\$ 35,167</u>	<u>31.2 %</u>	<u>\$ 33,838</u>	<u>96.2 %</u>	<u>11.2</u>	<u>35.9 %</u>

For the quarter ended June 30, 2021, as compared to the same period last year, the increase in total consolidated gross profit was predominantly due to the higher sales volume as previously discussed, and the end of life inventory charge recorded in the quarter ended June 30, 2020, partially offset by divestitures. Products gross profit increased primarily due to higher sales volume as well as an improved gross profit margin due to the significantly improved capacity utilization and the end of life inventory charge recorded in the quarter ended June 30, 2020. Services gross profit decreased primarily due to lower on-demand volume and divestitures.

Table 4

(Dollars in thousands)	Six Months Ended June 30,				Change in Gross Profit		Change in Gross Profit Margin	
	2021		2020					
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	\$	%	Percentage Points	%
Products	\$ 86,287	42.7 %	\$ 42,214	29.7 %	\$ 44,073	104.4 %	13.0	43.8 %
Services	46,958	44.1 %	50,085	47.0 %	(3,127)	(6.2)%	(2.9)	(6.2)%
Total	<u>\$ 133,245</u>	<u>43.2 %</u>	<u>\$ 92,299</u>	<u>37.2 %</u>	<u>\$ 40,946</u>	<u>44.4 %</u>	<u>6.0</u>	<u>16.1 %</u>

For the six months ended June 30, 2021, compared to the same period last year, the increase in total consolidated gross profit was predominantly due to the higher sales volume as previously discussed, partially offset by divestitures and the end of life inventory charge recorded in the quarter ended June 30, 2020. Products gross profit increased primarily due to higher sales volume as well as an improved gross profit margin due to significantly improved capacity utilization and the end of life inventory charge recorded in the six months ended June 30, 2020. Services gross profit decreased primarily due to lower on-demand volume and divestitures.

Operating expenses

The following tables set forth the components of operating expenses for the quarters and six months ended June 30, 2021 and 2020.

Table 5

(Dollars in thousands)	Quarter Ended June 30,					
	2021		2020		Change	
	Amount	% Revenue	Amount	% Revenue	\$	%
Selling, general and administrative expenses	\$ 61,463	37.8 %	\$ 52,042	46.1 %	\$ 9,421	18.1 %
Research and development expenses	17,602	10.8 %	16,997	15.1 %	605	3.6 %
Total operating expenses	<u>\$ 79,065</u>	<u>48.6 %</u>	<u>\$ 69,039</u>	<u>61.2 %</u>	<u>\$ 10,026</u>	<u>14.5 %</u>

For the quarter ended June 30, 2021, as compared to the same period last year, selling, general and administrative expenses increased predominantly due to higher stock-based compensation and bonus expense reflecting better than expected operating performance as well as increased marketing expense, partially offset by the realization of cost savings from the prior year restructuring program and divestitures. See Note 15 for additional discussion regarding restructuring.

For the quarter ended June 30, 2021, as compared to the same period last year, research and development expenses increased due to an increase in collaboration expenses partially offset by the cost savings from the prior year restructuring program and divestitures.

Table 6

(Dollars in thousands)	Six Months Ended June 30,					
	2021		2020		Change	
	Amount	% Revenue	Amount	% Revenue	\$	%
Selling, general and administrative expenses	\$ 111,063	36.0 %	\$ 108,148	43.5 %	\$ 2,915	2.7 %
Research and development expenses	34,201	11.1 %	36,241	14.6 %	(2,040)	(5.6)%
Total operating expenses	<u>\$ 145,264</u>	<u>47.1 %</u>	<u>\$ 144,389</u>	<u>58.1 %</u>	<u>\$ 875</u>	<u>0.6 %</u>

For the six months ended June 30, 2021, compared to the same period last year, selling, general and administrative expenses increased primarily due to higher stock-based compensation and bonus expense reflecting better than expected operating performance as well as increased marketing expense, partially offset by the realization of cost savings from the prior year restructuring program and divestitures. See Note 15 for additional discussion regarding restructuring.

For the six months ended June 30, 2021, compared to the same period last year, research and development expenses decreased due to the realization of cost savings from the prior year restructuring program and divestitures.

Loss from operations

The following table sets forth loss from operations for the quarters and six months ended June 30, 2021 and 2020.

Table 7

(Dollars in thousands)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Loss from operations:	<u>\$ (10,060)</u>	<u>\$ (33,872)</u>	<u>\$ (12,019)</u>	<u>\$ (52,090)</u>

The decrease in loss from operations for the quarter and six months ended June 30, 2021, as compared to the prior year periods, was primarily driven by an increase in revenue and improved gross profit margin, partial offset by an increase in operating expenses, as previously discussed.

See “Revenue,” “Gross profit and gross profit margins” and “Operating expenses” above.

Interest and other income (expense), net

The following table sets forth the components of interest and other income (expense), net, for the quarters and six months ended June 30, 2021 and 2020.

Table 8

(Dollars in thousands)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Interest and other income (expense), net				
Foreign exchange gain (loss)	\$ (72)	\$ (871)	\$ 2,057	\$ (983)
Interest expense, net	(211)	(2,050)	(1,249)	(3,088)
Other income (expense), net	(33)	306	37,729	(1,108)
Total interest and other income (expense), net	<u>\$ (316)</u>	<u>\$ (2,615)</u>	<u>\$ 38,537</u>	<u>\$ (5,179)</u>

Interest expense, net, decreased for the six months and quarter ended June 30, 2021, as compared to the prior year periods primarily due to lower interest expense related to the repayment of the 5-year \$100 million senior secured term loan facility (the "Term Facility") in the first quarter of 2021 and interest income related to cash proceeds from the Cimatron sale. The year over year benefits for the six months ended June 30, 2021 were partially offset by the realization of losses previously recognized in Accumulated other comprehensive resulting from the termination of the interest rate swap in first quarter of 2021.

Foreign exchange gain (loss), net, for the six months and quarter ended June 30, 2021, as compared to the prior year periods, improved due to the favorable movements in the EUR/USD and GBP/USD exchanges rates.

Other income (expense), net, for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020, increased primarily due to the \$32.9 million gain on sale of Cimatron and a \$6.5 million favorable foreign exchange gain related to the Cimatron sale.

Net income (loss)

The following tables set forth the primary components of net income (loss) for the quarters and six months ended June 30, 2021 and 2020.

Table 9

(Dollars in thousands, except per share amounts)	Quarter Ended June 30,		Change
	2021	2020	
Loss from operations	\$ (10,060)	\$ (33,872)	\$ 23,812
Other non-operating items:			
Interest and other income (expense), net	(316)	(2,615)	2,299
Benefit (provision) for income taxes	744	(1,464)	2,208
Net loss	<u>\$ (9,632)</u>	<u>\$ (37,951)</u>	<u>\$ 28,319</u>
Weighted average shares - basic	122,147	115,503	
Weighted average shares - diluted	122,147	115,503	
Net loss per share - basic	<u>\$ (0.08)</u>	<u>\$ (0.33)</u>	
Net income loss per share - diluted	<u>\$ (0.08)</u>	<u>\$ (0.33)</u>	

The decrease in net loss for the quarter ended June 30, 2021, as compared to the prior year period, was primarily driven by a decrease in loss from operations, as previously discussed.

Table 10

<i>(Dollars in thousands)</i>	Six Months Ended June 30,		Change
	2021	2020	
Loss from operations	\$ (12,019)	\$ (52,090)	\$ 40,071
Other non-operating items:			
Interest and other income (expense), net	38,537	(5,179)	43,716
Benefit for income taxes	9,078	394	8,684
Net income (loss)	<u>\$ 35,596</u>	<u>\$ (56,875)</u>	<u>\$ 92,471</u>
Weighted average shares - basic	121,931	115,047	
Weighted average shares - diluted	125,069	115,047	
Net income (loss) per share - basic	<u>\$ 0.29</u>	<u>\$ (0.49)</u>	
Net income (loss) per share - diluted	<u>\$ 0.28</u>	<u>\$ (0.49)</u>	

The net income for the six months ended June 30, 2021, as compared to the net loss from the prior year period, is primarily due to the decrease in the loss from operations and the gain on the sale of Cimatron both as previously discussed.

Liquidity and Capital Resources

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. In doing so, we review and analyze our current cash on hand, the number of days our sales are outstanding, inventory turns, capital expenditure commitments and accounts payable turns. Our cash requirements primarily consist of funding working capital and capital expenditures.

At June 30, 2021, we had cash on hand of \$132.5 million, including restricted cash, and no outstanding debt. We also had a \$100 million unused revolving credit facility with full availability, based on the terms of the agreement. Cash on hand, including restricted cash and cash classified as held for sale, increased \$47.8 million since December 31, 2020. The higher cash balance resulted from proceeds of \$54.7 million from the Cimatron sale and \$42.0 million from operations, partially off by \$21.4 million for repayments of debt, \$4.0 million payments related to a prior acquisition, \$10.9 million for current acquisitions, \$6.6 million related to net settlement of stock-based compensation, and \$8.2 million for capital expenditures. Cash from operations was impacted by withholding taxes of \$6.6 million related to the Cimatron divestiture.

On January 1, 2021, the Company completed the sale of 100% of the issued and outstanding equity interests of Cimatron, the subsidiary that operated the Company's Cimatron integrated CAD/CAM software for tooling business and its GibbsCAM CNC programming software business, for approximately \$64.2 million, after certain adjustments and excluding \$9.5 million of cash amounts transferred to the purchaser.

We expect that cash flow from operations, cash and cash equivalents, and other sources of liquidity such as cash proceeds from announced but not closed divestitures, bank credit facilities and issuing equity or debt securities, will be available and sufficient to meet all foreseeable cash requirements.

Cash held outside the U.S. at June 30, 2021 was \$57.3 million, or 43.4% of total cash and cash equivalents, compared to \$49.7 million, or 66.2% of total cash and cash equivalents, at December 31, 2020. As our previously unremitted earnings have been subjected to U.S. federal income tax, we expect any repatriation of these earnings to the U.S. would not incur significant federal and state taxes. However, these dividends are subject to foreign withholding taxes that are estimated to result in the Company incurring tax costs in excess of the cost to obtain cash through other means. Cash equivalents are comprised of funds held in money market instruments and are reported at their current carrying value, which approximates fair value due to the short term nature of these instruments. We strive to minimize our credit risk by investing primarily in investment grade, liquid instruments and limit exposure to any one issuer depending upon credit quality. See "Cash flow" discussion below.

Cash flow

Cash flow from operations

Cash provided by operating activities for the six months ended June 30, 2021 was \$42.0 million, while cash used in operating activities for the six months ended June 30, 2020 was \$21.0 million.

Working capital provided cash of \$0.4 million for the six months ended June 30, 2021 and used cash of \$19.1 million for the six months ended June 30, 2020. For the six months ended June 30, 2021, drivers of working capital related to cash inflows were a decrease in accounts receivable and inventory and an increase in accounts payable, partially offset by an increase in prepaid expenses and other current assets and a decrease in deferred revenue, and accrued and other liabilities, driven by withholding tax payments related to the Cimatron sale. For the six months ended June 30, 2020, drivers of working capital related to cash outflows were an increase in inventory and prepaid expenses, partially offset by an decrease in accounts receivable and an increase in accounts payable, deferred revenue and other accrued liabilities.

Cash flow from investing activities

For the six months ended June 30, 2021, the primary inflows of cash related to proceeds from the sale of Cimatron, partially offset by capital expenditures and payments related to current acquisitions and a prior acquisition. For the six months ended June 30, 2020, the primary outflows of cash related to the purchases of noncontrolling interest and capital expenditures. Capital expenditures were \$8.2 million and \$7.2 million for the six months ended June 30, 2021 and 2020, respectively.

Cash flow from financing activities

Cash used in financing activities was \$28.4 million for the six months ended June 30, 2021, and \$27.3 million for the six months ended June 30, 2020. The primary outflow of cash for the six months ended June 30, 2021 related to repayment of the Term Facility and settlements of stock-based compensation. The primary outflow of cash for the six months ended June 30, 2020 related to partial repayment of the Term Facility and settlements of stock-based compensation.

Recent Accounting Pronouncements

Refer to Note 1 - Basis of Presentation of the Notes to Financial Statements (Part I, Item 1 of this Form 10-Q) for further discussion.

Critical Accounting Policies and Significant Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

As of the date of this report, there have been no changes to our critical accounting policies and estimates described in the Annual Report on Form 10-K for the year ended December 31, 2020 ("2020 Form 10-K"), filed with the Securities and Exchange Commission ("SEC") on March 5, 2021 that have had a material impact on our condensed consolidated financial statements and related notes.

Forward-Looking Statements

Certain statements made in this Form 10-Q that are not statements of historical or current facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. In many cases, you can identify forward-looking statements by terms such as "believes," "belief," "expects," "may," "will," "estimates," "intends," "anticipates," or "plans" or the negative of these terms or other comparable terminology.

Forward-looking statements are based upon management's beliefs, assumptions and current expectations concerning future events and trends, using information currently available, and are necessarily subject to uncertainties, many of which are outside our control. Although we believe that the expectations reflected in the forward-looking statements are reasonable, forward-looking statements are not, and should not be relied upon as a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. A number of important factors could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. These factors include without limitation:

- impact of production, supply, contractual and other disruptions, including facility closures and furloughs, due to the spread of the COVID-19 pandemic;
- our ability to deliver products that meet changing technology and customer needs;
- our ability to successfully execute the strategic reorganization without significant disruption to our business;
- our ability to identify strategic acquisitions, to integrate such acquisitions into our business without disruption and to realize the anticipated benefits of such acquisitions;
- impact of future write-off or write-downs of goodwill and intangible assets;
- our ability to acquire and enforce intellectual property rights and defend such rights against third party claims;
- our ability to protect our intellectual property rights and confidential information, including our digital content, from third-party infringers or unauthorized copying, use or disclosure;
- failure of our information technology infrastructure or inability to protect against cyber-attack;
- our ability to generate net cash flow from operations;
- our ability to comply with the covenants in our borrowing agreements and maintain adequate borrowing capacity;
- impact of natural disasters, public health issues (including the COVID-19 pandemic), and other catastrophic events;
- impact of global economic, political and social conditions and financial markets on our business;
- fluctuations in our gross profit margins, operating income or loss and/or net income or loss;
- our ability to efficiently conduct business outside the U.S.;
- our dependence on our supply chain for components and sub-assemblies used in our 3D printers and other products and for raw materials used in our print materials;
- our ability to manage the costs and effects of litigation, investigations or similar matters involving us or our subsidiaries;
- product quality problems that result in decreased sales and operating margin, product returns, product liability, warranty or other claims;
- our ability to retain our key employees and to attract and retain new qualified employees, while controlling our labor costs;
- our exposure to product liability claims and other claims and legal proceedings;
- disruption in our management information systems for inventory management, distribution, and other key functions;
- compliance with U.S. and other anti-corruption laws, data privacy laws, trade controls, economic sanctions, and similar laws and regulations;
- our ability to comply with the terms of the Administrative Agreement with the U.S. Air Force and to maintain our status as a responsible contractor under federal rules and regulations;
- changes in, or interpretation of, tax rules and regulations;
- compliance with, and related expenses and challenges concerning, conflict-free minerals regulations; and
- the other factors discussed in the reports we file with or furnish to the SEC from time to time, including the risks and important factors set forth in additional detail in Item 1A. "Risk Factors" in the 2020 Form 10-K.

Readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included herein are made only as of the date of this Form 10-Q and we undertake no obligation to publicly update or revise any forward-looking statement made by us or on our behalf, whether as a result of new information, future developments, subsequent events or circumstances or otherwise, except as required by law. All subsequent written or oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by the cautionary statements referenced above.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For a discussion of market risks at December 31, 2020, refer to Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" in the 2020 Form 10-K. During the first six months of 2021, there were no material changes or developments that would materially alter the market risk assessment performed as of December 31, 2020.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

As of June 30, 2021, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) pursuant to Rules 13a-15 and 15d-15 under the Exchange Act. These controls and procedures were designed to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner to allow timely decisions regarding required disclosures. Based on this evaluation, management has concluded that our disclosure controls and procedures were not effective as of June 30, 2021 because of the material weaknesses in internal control over financial reporting discussed below.

Our Chief Executive Officer and Chief Financial Officer have concluded that the following material weaknesses in internal control over financial reporting existed as of December 31, 2020 and are in the process of being remediated as of June 30, 2021:

- Lack of certain controls, or improper execution of designed control procedures, for certain non-standard contracts and non-standard contract terms, and
- Lack of certain controls, or improper execution of designed control procedures, over the review of internally prepared reports and analyses utilized in the financial closing process.

Remediation Plan

We are working to remediate the material weaknesses through the development and implementation of more formal policies, processes and documentation procedures relating to our financial reporting as well as the hiring of a Chief Accounting Officer (CAO), hiring additional accounting personnel and the training of new personnel and existing personnel in new roles on proper execution of designed control procedures. In addition, we engaged outside consultants to advise on changes in the design of our controls and procedures, implementation of our remediation activities and to advise on technical accounting matters. We believe that our remediation plan is sufficient to remediate the identified material weaknesses and strengthen our internal control over financial reporting. However, as we continue to evaluate, and work to improve, our internal control over financial reporting, management may determine that additional measures to address control deficiencies or modifications to the remediation plan are necessary. Therefore, we cannot provide assurance as to when the Company will remediate such weaknesses, nor can we be certain that additional actions will not be required or the costs of any such additional actions. Moreover, we cannot provide assurance that additional material weaknesses will not arise in the future.

Changes in Internal Control over Financial Reporting

As a result of the implementation of the material aspects of this remediation plan in the first half of 2021, including hiring a CAO, engaging outside consultants to advise on technical matters, implementing certain processes related to completeness and accuracy and beginning to train existing personnel on the execution of designed control procedures, there were changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in “Export Controls and Government Contracts Compliance Matter,” “Shareholder Suits,” and “Other” in Note 14 – Commitments and Contingencies to the Financial Statements in Part I, Item 1 of this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors.

There are no material changes to the risk factors previously disclosed in our 2020 Form 10-K in response to Item 1A to Part I of Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Issuances of Unregistered Securities

On May 5, 2021, the Company issued 157,045 shares of common stock to Illevax, Inc. (f/k/a Allevi, Inc.) (“Illevax”), pursuant to the terms of an Asset Purchase Agreement, for \$3.5 million of consideration towards the purchase of all of the assets, properties and business of Illevax. The issuance of restricted stock was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder. Illevax is an “accredited investor” within the meaning of that term under to Rule 501 of Regulation D, who provided the Company with representations, warranties and information concerning their qualifications as an “accredited investor.” The Company provided and made available to Illevax full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Illevax acquired the restricted common stock for their own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act, the existence of any such exemption subject to legal review and approval by the Company.

Issuer Purchases of Equity Securities

The following table provides information about purchases of equity securities that are registered pursuant to Section 12 of the Exchange Act for the quarter ended June 30, 2021:

	<u>Total number of shares (or units) purchased</u>	<u>Average price paid per share (or unit)</u>
<i>Shares delivered or withheld pursuant to restricted stock awards</i>		
April 1, 2021 - April 30, 2021	1,073	\$ 28.44
May 1, 2021 - May 31, 2021	159,680	\$ 22.73
June 1, 2021 - June 30, 2021	985	\$ 29.35
	<u>161,738 (a)</u>	<u>\$ 22.81 (b)</u>

a. Reflects shares of common stock surrendered to the Company for payment of tax withholding obligations in connection with the vesting of restricted stock.

b. The average price paid reflects the average market value of shares withheld for tax purposes.

Item 6. Exhibits.

2.1	Asset Purchase Agreement, dated June 1, 2021, by and among 3D Systems, Inc., Quickparts.com, Inc., 3D Systems Italia Srl, 3D Systems France Sarl, 3D Systems Europe Limited, 3D Systems GmbH, QP 3D Acquisition, Inc., and 3D Systems Corporation. (Incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K files on June 2, 2021.)
2.2	Stock Purchase Agreement, dated July 28, 2021, by and between 3D Systems, Inc. and Surgical Science Sweden AB. (Incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K files on July 30, 2021.)
10.1*†	Employment Agreement, dated June 28, 2021, between 3D Systems Corporation and David K. Leigh.
3.1	Certificate of Incorporation of Registrant. (Incorporated by reference to Exhibit 3.1 to Form 8-B filed on August 16, 1993, and the amendment thereto, filed on Form 8-B/A on February 4, 1994.)
3.2	Amendment to Certificate of Incorporation filed on May 23, 1995. (Incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement on Form S-2/A, filed on May 25, 1995.)
3.3	Certificate of Amendment of Certificate of Incorporation filed with Secretary of State of Delaware on May 19, 2004. (Incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, filed on August 5, 2004.)
3.4	Certificate of Amendment of Certificate of Incorporation filed with Secretary of State of Delaware on May 17, 2005. (Incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, filed on August 1, 2005.)
3.5	Certificate of Amendment of Certificate of Incorporation filed with the Secretary of State of Delaware on October 7, 2011. (Incorporated by reference to Exhibit 3.1 to Form 8-K filed on October 7, 2011.)
3.6	Certificate of Amendment of Certificate of Incorporation filed with the Secretary of State of Delaware on May 21, 2013. (Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed on May 22, 2013.)
3.7	Amended and Restated By-Laws of 3D Systems Corporation. (Incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed on March 15, 2018.)
31.1†	Certification of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated August 9, 2021.
31.2†	Certification of Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated August 9, 2021.
32.1†	Certification of Principal Executive Officer filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated August 9, 2021.
32.2†	Certification of Principal Financial Officer filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated August 9, 2021.
101.INS†	XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH†	XBRL Taxonomy Extension Schema Document.
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - this data file does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.

* Management contract or compensatory plan or arrangement

† Exhibits filed herein. All exhibits not so designated are incorporated by reference to a prior filing, as indicated.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

3D Systems Corporation

By /s/ Jagtar Narula
Jagtar Narula
Chief Financial Officer
(principal financial officer)

By /s/ Michael Crimmins
Michael Crimmins
Senior Vice President and Chief Accounting Officer
(principal accounting officer)

Date: August 9, 2021

3D SYSTEMS CORPORATION

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “**Agreement**”) is made on this 28th day of June, 2021 (the “**Effective Date**”), by and between 3D Systems Corporation, a corporation organized and existing under the laws of the State of Delaware (“**Company**”), and Mr. David K. Leigh (“**Executive**”).

RECITALS

WHEREAS, commencing on the Effective Date, Company desires to employ Executive as Executive Vice President and Chief Technology Officer, Additive Manufacturing, subject to the terms and conditions of this Agreement; and

WHEREAS, Executive desires to be employed by Company in the aforesaid capacity subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing premises, of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows, effective as of the Effective Date:

AGREEMENT

1. Employment.

Company hereby agrees to employ Executive, and Executive hereby accepts employment, as Executive Vice President and Chief Technology Officer, Additive Manufacturing. Executive shall have the duties and responsibilities and perform such administrative and managerial services of that position as are set forth in the bylaws of Company (the “**Bylaws**”) or as shall be reasonably delegated or assigned to Executive by the Board of Directors of Company (the “**Board**”) or the Chief Executive Officer from time to time. Executive shall carry out Executive’s responsibilities hereunder on a full-time basis for and on behalf of Company; provided that Executive shall be entitled to devote time to outside boards of directors, personal investments, civic and charitable activities, and personal education and development, so long as such activities do not interfere with or conflict with Executive’s duties hereunder in any material respect, and provided that Executive notifies the Corporate Governance and Nominating Committee of the Board (the “**Governance Committee**”) of any outside boards of directors on which Executive intends to serve, and the Governance Committee consents to such service, which consent may be granted or withheld in the sole discretion of the Governance Committee. Notwithstanding the foregoing, Executive agrees that, during the term of this Agreement, Executive shall not act as an officer or employee of any for profit business other than Company without the prior written consent of Company.

2. Term.

The term of Executive's employment by Company under this Agreement (the "**Employment Period**") shall commence on the Effective Date and shall continue in effect through the second (2nd) anniversary of that date, unless earlier terminated as provided herein. Thereafter, unless Company or Executive shall elect not to renew the Employment Period upon the expiration of the initial term or any renewal term, which election shall be made by providing written notice of nonrenewal to the other party at least thirty (30) days prior to the expiration of the then current term, the Employment Period shall be extended for an additional twelve (12) months. If Company elects not to renew the Employment Period at the end of the initial term or any renewal term, such nonrenewal shall be treated as a termination of the Employment Period and Executive's employment without Cause by Company for the limited purpose of determining the payments and benefits available to Executive under this Agreement (e.g., Executive shall be entitled to the severance benefits set forth in Section 4.5.1). If Executive elects not to renew the Employment Period, such nonrenewal shall constitute a termination of Executive's employment and the Employment Period by Executive without Constructive Discharge, and Executive shall only be entitled to the payments and benefits set forth in Section 4.5.4.

3. Compensation and Benefits.

In consideration for the services Executive shall render under this Agreement, Company shall provide or cause to be provided to Executive the following compensation and benefits:

3.1 Base Salary. During the Employment Period Company shall pay to Executive an annual base salary, which at the Effective Date is \$375,000.00 per annum, subject to all appropriate federal and state withholding taxes and which shall be payable in accordance with Company's normal payroll practices and procedures. Executive's base salary shall be reviewed annually by the Board, or a committee of the Board, and may be increased in the sole discretion of the Board, or such committee of the Board. Executive's base salary, as such base salary may be increased hereunder, is hereinafter referred to as the "**Base Salary**."

3.2 Performance Bonuses. Executive shall be eligible to receive cash bonuses in accordance with this Section 3.2 (each a "**Performance Bonus**"). Payment of any Performance Bonus will be subject to the sole discretion of the Compensation Committee of the Board (the "**Compensation Committee**"), and such Performance Bonus shall be determined in the sole discretion of the Compensation Committee. Subject to the foregoing exercise of discretion, Executive's annual target Performance Bonus shall be not less than 60% of Executive's Base Salary (the "**Target Performance Bonus**"), provided that the actual Performance Bonus shall be based on performance, which may be less than or exceed the Target Performance Bonus. Performance Bonuses, if any, shall be paid according to the terms of the bonus plan or program in which Executive participates from time to time. Subject to Section 4.5.2 below, Executive must be employed to be entitled to any portion of any Performance Bonus, and the Performance Bonus shall not be considered earned under this Agreement until such Bonus is paid. The payout of Executive's 2021 Performance Bonus shall be prorated based on the Effective Date.

3.3 Benefits. During the Employment Period and as otherwise provided hereunder, Executive shall be entitled to the following:

3.3.1 Vacation. Executive shall be entitled to participate in the Company's vacation or flex time policy, as applicable pursuant to Company policy, for similarly-situated executives of the Company.

3.3.2 Participation in Benefit Plans. Executive shall be entitled to health and/or dental benefits, including immediate coverage for Executive and Executive's eligible dependents, which are generally available to Company's executive employees and as provided by Company, subject to the terms of its group health insurance plan. In addition, Executive shall be entitled to participate in any profit sharing plan, retirement plan, group life insurance plan or other insurance plan or medical expense plan maintained by Company for its executives generally, in accordance with the general eligibility criteria therein and subject to the terms of any applicable plan. Nothing in this Agreement shall be construed as a promise to provide any particular benefit, should the Company decide to discontinue or amend any particular benefit plan for other executives.

3.3.3 Perquisites. Executive shall be entitled to such other benefits and perquisites that are generally available to Company's executive employees and as provided in accordance with Company's plans, practices, policies and programs for executive employees of Company.

3.4 Expenses. Company shall reimburse Executive for proper and necessary expenses incurred by Executive in the performance of Executive's duties under this Agreement from time to time upon Executive's submission to Company of invoices of such expenses in reasonable detail and subject to all standard policies and procedures of Company with respect to such expenses.

3.5 Stock Awards. Executive shall be eligible to participate in any applicable stock bonus, restricted stock award, performance share award, restricted stock unit, stock option, or similar plan, if any, implemented by Company and generally available to its executive employees. The amount of the awards, if any, made thereunder shall be in the sole discretion of the Board or Compensation Committee. Any such award that may be granted shall be subject to the terms of any applicable plan or agreement, and Executive shall not be entitled to any award if Executive does not sign, or comply with, the terms of any plan or agreement required for the award.

3.6 New Hire Grant. Executive shall receive the a time-based Restricted Stock Award (the “**Initial Time-Based RSA**”) granted under the terms of the 2015 Incentive Plan of 3D Systems Corporation, the terms of which shall be reflected in an award agreement to be issued contemporaneously with the commencement of the Executive’s employment hereunder with respect to a number of shares of Common Stock calculated with a numerator equal to \$650,000 and a denominator equal to the 20 trading day trailing average closing price of DDD ended on the Effective Date, which shall vest and become exercisable in three equal annual installments during the continuation of Executive’s employment hereunder.

The award described above shall be subject to such additional terms and conditions and documentation as may be determined by the Board or the Compensation Committee in its sole discretion.

4. Termination of Services Prior To Expiration of Agreement.

Executive’s employment and the Employment Period may be terminated at any time as follows (the effective date of such termination hereinafter referred to as the “**Termination Date**”):

4.1 Termination upon Death or Disability of Executive.

4.1.1 Executive’s employment and the Employment Period shall terminate immediately upon the death of Executive. In such event, all rights of Executive and/or Executive’s estate (or named beneficiary) shall cease except for the right to receive payment of the amounts set forth in Section 4.5.5 of the Agreement.

4.1.2 Company may terminate Executive’s employment and the Employment Period upon the disability of Executive. For purposes of this Agreement, Executive shall be deemed to be “**disabled**” if Executive, as a result of illness or incapacity, shall be unable to perform substantially Executive’s required duties for a period of three (3) consecutive months or for any aggregate period of three (3) months in any six (6) month period. In the event of a dispute as to whether Executive is disabled, Company may refer Executive to a licensed practicing physician who is mutually acceptable to Executive and Company, and Executive agrees to submit to such tests and examination as such physician shall deem appropriate to determine Executive’s capacity to perform the services required to be performed by Executive hereunder. In such event, the parties hereby agree that the decision of such physician as to the disability of Executive shall be final and binding on the parties. Any termination of the Employment Period under this Section 4.1.2 shall be effected without any adverse effect on Executive’s rights to receive benefits under any disability policy of Company, but shall not be treated as a termination without Cause and Executive shall be entitled to no further benefits or compensation under this Agreement.

4.2 Termination by Company for Cause. Company may terminate Executive’s employment and the Employment Period for Cause (as defined herein) upon written notice to Executive, which termination shall be effective on the date specified by Company in such notice;

provided, however, that in respect of Sections 4.2.1 and 4.2.4 only, Executive shall have a period of ten (10) days after the receipt of the written notice from Company to cure the particular action or inaction, to the extent a cure is possible. For purposes of this Agreement, the term “Cause” shall mean:

4.2.1 The willful failure by Executive to perform Executive’s duties and obligations hereunder in any material respect, as determined by the Chief Executive Officer in its reasonable judgment, other than any such failure resulting from the disability of Executive;

4.2.2 Executive’s commission of a crime or offense involving the property of Company, or any crime or offense constituting a felony or involving fraud or moral turpitude;

4.2.3 Executive’s violation of any law, which violation is materially injurious or could reasonably be expected to be materially injurious to the operations, prospects or reputation of Company;

4.2.4 Executive’s material violation of this Agreement or any generally recognized policy of Company or Executive’s refusal to follow the Board’s reasonable and lawful instructions;

4.2.5 Executive’s commission, by act or omission, of any material act of dishonesty in performing employment duties;

4.2.6 Executive’s use of alcohol or illegal drugs that interferes with performing employment duties, as determined by the Board; or

4.2.7 Executive’s failure to pass the requisite new hire background check and chemical screening pursuant to the Company’s applicable policies and practices.

Any notice of termination for Cause provided to Executive pursuant to Sections 4.2.1 or 4.2.4 shall specify in reasonable detail specific facts regarding any such assertion. Any resolution or other Board action held with respect to any deliberation regarding or decision to terminate the Executive for Cause shall be duly adopted by a vote of no less than a majority of the members of the entire Board.

4.3 Termination by Company without Cause; Termination by Executive without Constructive Discharge. Executive may terminate Executive’s employment and the Employment Period at any time for any reason upon thirty (30) days’ prior written notice to Company. Company may terminate Executive’s employment and the Employment Period without Cause effective immediately upon written notice to Executive. Upon termination of Executive’s employment with Company for any reason, Executive shall be deemed to have resigned from all positions with the Company and each of its subsidiaries and shall take all appropriate steps and cooperate with Company to effect such terminations (provided, that any such deemed resignations shall not affect Executive’s entitlement (if any) to severance pay and benefits hereunder).

4.4 Termination by Executive for Constructive Discharge.

4.4.1 Executive may terminate Executive's employment and the Employment Period, in accordance with the process set forth below, as a result of a Constructive Discharge. For purposes of this Agreement "**Constructive Discharge**" shall mean the occurrence of any of the following:

(i) a failure of Company to meet its obligations in any material respect under this Agreement, including, without limitation, any failure to pay the Base Salary (other than the inadvertent failure to pay a de minimis amount of the Base Salary, which payment is immediately made by Company upon notice from Executive); or

(ii) a material diminution in or other substantial adverse alteration in the nature or scope of Executive's responsibilities, authority, or duties with Company from those in effect on the Effective Date.

In the event of the occurrence of a Constructive Discharge, Executive shall have the right to terminate Executive's employment hereunder and receive the benefits set forth in Section 4.5.1 below, upon delivery of written notice to Company no later than the close of business on the sixtieth (60th) day following the effective date of the Constructive Discharge; provided, however, that such termination shall not be effective until the expiration of thirty (30) days after receipt by Company of such written notice if Company has not cured such Constructive Discharge within the 30-day period. If Company so effects a cure, the Constructive Discharge notice shall be deemed rescinded and of no force or effect. Notwithstanding the foregoing, such notice and lapse of time shall not be required with respect to any event or circumstance which is the same or substantially the same as an event or circumstance with respect to which notice and an opportunity to cure has been given within the previous six (6) months. The Termination Date due to Constructive Discharge shall be the date of Executive's "separation from service" (within the meaning of Treas. Reg. Section 1.409A1(h)).

4.5 Rights upon Termination. Upon termination of Executive's employment and the Employment Period, the following shall apply:

4.5.1 Termination by Company Without Cause or for Constructive Discharge. If Company terminates Executive's employment and the Employment Period without Cause, or if Executive terminates Executive's employment and the Employment Period as a result of a Constructive Discharge, in each case either (x) prior to a Change of Control (other than a termination described in Section 4.5.2), or (y) after the second anniversary of a Change of Control, Executive shall be entitled to receive payment of any Base Salary amounts that have accrued but have not been paid as of the Termination Date, and the unpaid Performance Bonus, if any, with respect to the calendar year preceding the calendar year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner that it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period). In addition, subject to Section 4.7, below,

Company shall, subject to Sections 8.13, 8.14 and 8.15, be obligated to pay Executive (or provide Executive with) the following benefits as severance:

(i) an amount equal to 100% of the Base Salary, payable in twelve (12) equal monthly installments commencing on the Termination Date, such amount to be payable regardless of whether Executive obtains other employment and is compensated therefor (but only so long as Executive is not in violation of any provision of Section 5) (with the first two (2) installments to be paid on the sixtieth (60th) day following the Termination Date and the remaining ten (10) installments being paid on the ten (10) following monthly anniversaries of such date);

(ii) any unused vacation time accrued in the calendar year in which the Termination Date occurs, but only to extent Company policy mandates the accrual of vacation time;

(iii) any Initial Time-Based RSA shares issued pursuant to Section 3.6.1, but not yet vested shall become immediately vested on the Termination Date; and

(iv) if Executive elects to continue Executive's then current enrollment (including family enrollment, if applicable) in the health and/or dental insurance benefits set forth in Section 3.3.2 in accordance with COBRA, then for a period of up to twelve (12) months following the Termination Date, the Company will continue to pay a portion of the premiums such that Executive's contribution to such plans will remain the same as if Executive were employed by Company, such contributions to be paid by Executive in the same period (e.g., monthly, bi-weekly, etc.) as all other employees of Company (but deductions from Executive's monthly severance payments may be deemed acceptable for this purpose in the discretion of Company); provided, however that Company may terminate such coverage if payment from Executive is not made within ten (10) days of the date on which Executive receives written notice from Company that such payment is due; and provided, further, that such benefits shall be discontinued earlier to the extent that Executive is no longer eligible for COBRA continuation coverage. In addition, this benefit is contingent upon timely election of COBRA continuation coverage and will run concurrent with the COBRA period. Executive acknowledges and agrees that the amount of any such premiums paid by the Company will constitute taxable wages for income and employment tax purposes.

For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive the foregoing payments shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment.

4.5.2 Severance Upon Termination following a Change of Control. If, within the period beginning on the date of a Change of Control through the second anniversary of the Change of Control, Executive terminates Executive's employment and the Employment Period pursuant to Section 4.4 or Company terminates Executive's employment pursuant to Section 4.3, then Executive shall, subject to Sections 4.7, 8.13, 8.14 and 8.15, receive the

payment and benefits provided in Section 4.5.1; provided, however, that in place of the twelve (12) monthly payments provided for in Section 4.5.1(i), Executive shall receive a lump sum amount of cash equal to the sum of (x) 150% of (i) Executive's Base Salary plus (ii) Executive's Target Performance Bonus, and (y) a pro-rata portion of the Executive's Target Performance Bonus for the year in which Executive's employment is terminated calculated as of the Termination Date, with such lump sum paid on the sixtieth (60th) day following the Termination Date. In addition, Executive shall receive (i) the health and/or dental insurance benefits as described in Section 4.5.1.(iv) and as set forth in Section 3.3.2 in accordance with COBRA, then for a period of up to eighteen (18) months following the Termination Date, and (ii) all outstanding performance-based restricted stock unit awards shall convert to time-based equity and all awarded, but unvested time-based equity shall vest immediately on the Termination Date.

Anything in this Agreement to the contrary notwithstanding, if (A) a Change of Control occurs, (B) Executive's employment with Company is terminated by Company without Cause or if Executive terminates his employment as a result of a Constructive Discharge, in either case within one hundred eighty (180) days prior to the date on which the Change of Control occurs, and (C) it is reasonably demonstrated by Executive that such termination of employment or events constituting Constructive Discharge was (x) at the request of a third party who had taken steps reasonably calculated to effect a Change of Control or (y) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement such Change of Control shall be deemed to have occurred during the Employment Period and the Termination Date shall be deemed to have occurred after the Change of Control, so that Executive is entitled to the vesting and other benefits provided by this Section 4.5.2. Any additional amounts due Executive as a result of the application of this paragraph to a termination prior to a Change of Control shall be paid to Executive under this Section 4.5.2 in a lump sum on the sixtieth (60th) day following the Change of Control.

4.5.3 Definition of Change of Control. For purposes of this Agreement, a "Change of Control" shall mean any one of the following events following the Effective Date:

- (i) the date of acquisition by any person or group other than Company or any subsidiary of Company (and other than any employee benefit plans (or related trust) of Company or any of its subsidiaries) of beneficial ownership of securities possessing more than thirty percent (30%) of the total combined voting power of Company's then outstanding voting securities which generally entitle the holder thereof to vote for the election of directors ("**Voting Power**"), provided, however, that no Change of Control shall be deemed to have occurred solely by reason of any such acquisition by a corporation with respect to which, after such acquisition, more than sixty percent (60%) of the then outstanding shares of common stock of such corporation and the Voting Power of such corporation are then beneficially owned, directly or indirectly, by the persons who were the beneficial owners of the stock and Voting Power of Company

immediately before such acquisition, in substantially the same proportions as their ownership immediately before such acquisition; or

- (ii) the date the individuals who constitute the Board as of immediately following the Effective Date (the “**Incumbent Board**”) cease for any reason other than their deaths to constitute at least a majority of the Board; provided that any individual who becomes a director after the Effective Date whose election or nomination for election by Company’s stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered, for purposes of this Section, as though such individual were a member of the Incumbent Board; or
- (iii) Company effects (a) a merger or consolidation of Company with one or more corporations or entities, as a result of which the holders of the outstanding Voting Power of Company immediately prior to such merger, reorganization or consolidation hold less than 50% of the Voting Power of the surviving or resulting corporation or entity immediately after such merger or consolidation; (b) a liquidation or dissolution of Company; or (c) a sale or other disposition of all or substantially all of the assets of Company other than to an entity of which Company owns at least 50% of the Voting Power.

For purposes of the foregoing definition, the terms “**beneficially owned**” and “**beneficial ownership**” and “**person**” shall have the meanings ascribed to them in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), and “**group**” means two or more persons acting together in such a way to be deemed a person for purposes of Section 13(d) of the 1934 Act. Further, notwithstanding anything herein to the contrary, the definition of Change of Control set forth herein shall not be broader than the definition of “change in control event” as set forth under Section 409A of the Code, and the guidance promulgated thereunder, and if a transaction or event does not otherwise fall within such definition of change in control event, it shall not be deemed a Change of Control for purposes of this Agreement.

4.5.4 Termination With Cause by Company or Without Constructive Discharge by Executive. If Company terminates Executive’s employment and the Employment Period with Cause, or if Executive terminates Executive’s employment and the Employment Period other than as a result of a Constructive Discharge, (i) Company shall be obligated to pay Executive any Base Salary amounts that have accrued but have not been paid as of the Termination Date; (ii) any unpaid Performance Bonus to which Executive otherwise would be entitled shall be forfeited; and (iii) any unused vacation time accrued in the calendar year in which the Termination Date occurs, but only to extent that Company policy mandates the accrual of vacation time.

4.5.5 Termination Upon Death or Disability. If Executive’s employment and the Employment Period are terminated because of the death of Executive or because Executive is

disabled, Company shall, subject to Sections 8.13 and 8.14, be obligated to pay or immediately vest to Executive or, if applicable, Executive's estate, the following amounts and equity: (i) earned but unpaid Base Salary; (ii) the unpaid Performance Bonus, if any, with respect to the calendar year preceding the calendar year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period); and (iii) any unused vacation time accrued in the calendar year in which the Termination Date occurs, but only to extent that Company policy mandates the accrual of vacation time.

4.6 Effect of Notice of Termination. Any notice of termination by Company, in the discretion of the Company, whether for Cause or without Cause, may specify that, during the notice period, Executive need not attend to any business on behalf of Company.

4.7 Requirement of a Release; Exclusivity of Severance Payments under this Agreement. As a condition to the receipt of the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment without Cause or with Constructive Discharge, Executive shall execute and deliver to Company (without revoking during any applicable revocation period specified in the release) a general release of claims against Company and its affiliates in a customary form reasonably satisfactory to Company within forty-five (45) days following the Termination Date, which shall be in form and substance satisfactory to the Company (provided, that Executive shall not be required to release any rights under this Agreement or any other agreement with the Company or any of its affiliates with respect to any payments or obligations of the Company or such affiliates that under the terms of the applicable agreement are to be made or satisfied after the Termination Date, any rights to insurance coverage or any rights under benefit plans that by their terms survive the termination of Executive's employment, or any indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive or any rights under any director and officer liability insurance policy maintained by Company for the benefit of Executive). In addition, the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment shall constitute the exclusive payments in the nature of severance or termination pay or salary continuation which shall be due to Executive upon a termination of employment and shall be in lieu of any other such payments under any severance plan, program, policy or other arrangement which has heretofore been or shall hereafter be established by Company or any of its affiliates, other than payments to Executive under any indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive or under any director and officer liability insurance policy maintained by Company for the benefit of Executive. Without limiting Executive's obligations under Section 5.10, Executive shall furthermore agree, as a condition to Company's obligation to pay severance payments and termination benefits, to return any and all Company property and to abide by any existing restrictive covenant obligations set forth in this Agreement that survive the termination of this Agreement.

5. Restrictive Covenants.

The growth and development of Company and its affiliates and subsidiaries (collectively, “**3D Systems**”) depends to a significant degree on the possession and protection of its customer list, customer information and other confidential and proprietary information relating to 3D Systems’ products, services, methods, pricing, costs, research and development and marketing. All 3D Systems employees and others engaged to perform services for 3D Systems have a common interest and responsibility in seeing that such customer information and other Confidential Information, as that term is defined in Section 5.6 below, is not disclosed to any unauthorized persons or used other than for 3D Systems’ benefit. This Section 5 expresses a common understanding concerning Company’s and Executive’s mutual responsibilities. Therefore, in consideration for Company’s agreement to employ or continue to employ Executive and grant Executive access to its Confidential Information, trade secrets, customer relationships and business goodwill, and for other good and valuable consideration from Company, including, without limitation, compensation, benefits, raises, bonus payments or promotions, the receipt and sufficiency of which are hereby acknowledged, and the severance benefits payable pursuant to Section 4.5, Executive covenants and agrees as follows, which covenant and agreement is essential to this Agreement and Executive’s employment with Company:

5.1 Solicitation. Executive acknowledges that the identity and particular needs of 3D Systems’ customers are not generally known and were not known to Executive prior to Executive’s employment with 3D Systems; that 3D Systems has relationships with, and a proprietary interest in the identity of, its customers and their particular needs and requirements; and that documents and information regarding 3D Systems’ pricing, sales, costs and specialized requirements of 3D Systems’ customers are highly confidential and constitute trade secrets. Accordingly, Executive covenants and agrees that during the Employment Period and for a period of twelve (12) months after the Termination Date, regardless of the reason for such termination, Executive will not, except on behalf of 3D Systems during and within the authorized scope of Executive’s employment with 3D Systems, directly or indirectly, use any Confidential Information to: (i) call on, sell to, solicit or otherwise deal with any accounts, or customers of 3D Systems which Executive called upon, contacted, solicited, sold to, or about which Executive learned Confidential Information while employed by 3D Systems, for the purpose of soliciting, selling and/or providing, to any such account or customer, any products or services similar to or in competition with any products or services then being sold by 3D Systems; or (ii) solicit the services of any person who is an employee of 3D Systems; or (iii) solicit, induce or entice any employee of 3D Systems to terminate employment with 3D Systems or to work for anyone in competition with 3D Systems or its subsidiaries.

5.2 Non-Interference with Business Relationships. Executive covenants and agrees that during the Employment Period, Executive will not interfere with the relationship or prospective relationship between 3D Systems and any person or entity with which 3D Systems has a business relationship, or with which 3D Systems is preparing to have a business relationship

5.3 Non-Competition. Executive agrees that during the Employment Period and for a period of twelve (12) months after the Termination Date, regardless of the reason for such termination, Executive shall not, directly or indirectly, for Executive's own benefit or for the benefit of others, render services for a Competing Organization in connection with Competing Products or Services anywhere within the Restricted Territory. These prohibitions shall apply regardless of where such services physically are rendered.

For purposes of this Agreement, "**Competing Products or Services**" means products, processes, or services of any person or organization other than 3D Systems, in existence or under development, which are substantially the same, may be substituted for, or applied to substantially the same end use as any product, process, or service of 3D Systems with which Executive works or worked during the time of Executive's employment with 3D Systems or about which Executive acquires or acquired Confidential Information through Executive's work with 3D Systems and in any event includes, but is not limited to, providing 3D or additive manufacturing application solutions including 3D printers, print materials, software, and custom parts services.

For purposes of this Agreement, "**Competing Organization**" means persons or organizations, including Executive, engaged in, or about to become engaged in research or development, production, distribution, marketing, providing or selling of a Competing Product or Service.

Executive agrees that, because 3D Systems' business is commonly conducted via the Internet and telephone, and because 3D Systems' customers are located across the United States and the world, an effort to narrowly limit the geographic scope of the noncompetition provision would render it ineffective. Accordingly, for purposes of this Agreement, "**Restricted Territory**" shall mean:

5.3.1 All markets in the United States and the world in which 3D Systems has conducted business or directed material resources in soliciting business in the prior twenty-four (24) month period.

5.3.2 In the event the preceding subsection 5.3.1 shall be determined by judicial action to be unenforceable, the "Restricted Territory" shall be within the United States (including its territories) and within any other country that at any time was within the scope of Executive's employment and duties with 3D Systems.

5.3.3 In the event the preceding subsection 5.3.2 shall be determined by judicial action to be unenforceable, the "Restricted Territory" shall be within the United States (including its territories) and within any other country that at any time during the last two (2) years of Executive's employment with 3D Systems was within the scope of Executive's employment and duties for 3D Systems.

5.3.4 In the event the preceding subsection 5.3.3 shall be determined by judicial action to be unenforceable, the "Restricted Territory" shall be within any geographic region(s)

that at any time during the last two (2) years of Executive's employment with 3D Systems was within the scope of Executive's employment and duties for 3D Systems.

5.3.5 In the event the preceding subsection 5.3.4 shall be determined by judicial action to be unenforceable, the "Restricted Territory" shall be within any state in the United States that at any time during the last two (2) years of Executive's employment with 3D Systems was within the scope of Executive's employment and duties for 3D Systems.

Executive agrees that in the event a court determines the length of time or the geographic area or the activities prohibited under this Section 5 are too restrictive to be enforceable, the court may reduce the scope of the restriction or may sever the unenforceable provision in accordance with Section 8.4 below to the extent necessary to make the restriction enforceable.

5.4 Reasonableness of Restriction. Executive acknowledges that the foregoing nonsolicitation, non-competition and non-interference restrictions placed upon Executive are necessary and reasonable to avoid the improper disclosure or use of Confidential Information, and that it has been made clear to Executive that Executive's compliance with Section 5 of this Agreement is a material condition to Executive's employment by Company. Executive further acknowledges and agrees that, if Executive breaches any of the requirements of Section 5.1 or 5.3, the restricted period set forth therein shall be tolled during the time of such breach, but not for longer than twelve (12) months.

Executive further acknowledges and agrees that 3D Systems has attempted to impose the restrictions contained hereunder only to the extent necessary to protect 3D Systems from unfair competition and the unauthorized use or disclosure of Confidential Information. However, should the scope or enforceability of any restrictive covenant be disputed at any time, Executive specifically agrees that a court may modify or enforce the covenant to the full extent it believes to be reasonable under the circumstances existing at the time.

5.5 Non-Disclosure. Executive further agrees that, other than as needed to fulfill the authorized scope of Executive's duties with 3D Systems, Executive will not during the Employment Period or thereafter use for Executive's benefit or for others or divulge or convey to any other person (except those persons designated by 3D Systems) any Confidential Information obtained by Executive during the period of Executive's employment with 3D Systems. Executive agrees to observe all Company policies and procedures concerning such Confidential Information. Executive agrees that, except as may be permitted by written Company policies, Executive will not remove from Company's premises any of such Confidential Information without the written authorization of Company. Executive's obligations under this Agreement will continue with respect to Confidential Information until such information becomes generally available from public sources through no fault of Executive's. During the Employment Period and thereafter Executive shall not disclose to any person the terms and conditions of Executive's employment by 3D Systems, except: (i) to close family members, (ii) to legal and accounting professionals who require the information to provide a service to Executive, (iii) as required by law or (iv) to the extent necessary to inform a prospective or actual subsequent employer of Executive's duties and obligations under this Agreement. If Executive is requested, becomes

legally compelled by subpoena or otherwise, or is required by a regulatory body to make any disclosure that is prohibited by this Section 5.5, Executive will, except to the extent prohibited by law, promptly notify Company so that 3D Systems may seek a protective order or other appropriate remedy if 3D Systems deems such protection or remedy necessary under the circumstances. Subject to the foregoing, Executive may furnish only that portion of Confidential Information that Executive is legally compelled or required to disclose. The restrictions set forth herein are in addition to and not in lieu of any obligations Executive may have by law with respect to Confidential Information, including any obligations Executive may have under the Uniform Trade Secrets Act and/or similar statutes as applicable in the state of Executive's residence and/or the state of Executive's primary work location. Despite the foregoing, nothing in this Agreement shall be deemed to restrict Executive from communicating with any member of the United States Congress, from giving truthful testimony in any legal proceeding instituted or maintained, or from fully and candidly cooperating in connection with any investigation, inquiry or proceeding undertaken by, any agency or representative of the United States government, any State, or any of their respective political subdivisions having authority over any aspect of Company's business operations, nor shall any such provision be deemed to require any party to seek the authority of the other in connection therewith.

5.6 Definition of Confidential Information. As used herein, "Confidential Information" shall include, but is not limited to, the following categories of information, knowledge, or data currently known or later developed or acquired relating to 3D Systems' business or received by 3D Systems in confidence from or about third parties, in each case when the same is not in the public domain or otherwise publicly available (other than as result of a wrongful act of an agent or employee of 3D Systems):

5.6.1 Any information concerning 3D Systems' products, business, business relationships, business plans or strategies, marketing plans, contract provisions, actual or prospective suppliers or vendors, services, actual or anticipated research or development, new product development, inventions, prototypes, models, solutions, discussion guides, documentation, techniques, actual or planned patent applications, technological or engineering data, formulae, processes, designs, production plans or methods, or any related technical or manufacturing know-how or other information;

5.6.2 Any information concerning 3D Systems' financial or profit data, pricing or cost formulas, margins, marketing information, sales representative or distributor lists, or any information relating to corporate developments (including possible acquisitions or divestitures);

5.6.3 Any information concerning 3D Systems' current or prospective customer lists or arrangements, equipment or methods used or preferred by 3D Systems' customers, or the customers or patients of customers;

5.6.4 Any information concerning 3D Systems' use of computer software, source code, object code, or algorithms or architecture retained in or related to 3D Systems' computer or computer systems;

5.6.5 Any personal or performance information about any 3D Systems' employee;

5.6.6 Any information supplied to or acquired by 3D Systems under an obligation to keep such information confidential, including without limitation Protected Health Information (PHI) as that term is defined by the Health Insurance Portability and Accountability Act (HIPAA);

5.6.7 Any information, whether or not designated as confidential, obtained or observed by Executive or other 3D Systems employees during training sessions related to Executive's work for 3D Systems;

5.6.8 Any other information treated as trade secrets or otherwise confidential by 3D Systems.

Executive hereby acknowledges that some of this information may not be a "trade secret" under applicable law. Nevertheless, Executive agrees not to disclose it.

5.7 Inventions, Discoveries, and Work for Hire. Executive recognizes and agrees that all ideas, works of authorship, inventions, patents, copyrights, designs, processes (e.g., development processes), methodologies (e.g., development methodologies), machines, manufactures, compositions of matter, enhancements, and other developments or improvements and any derivative works based thereon, including, without limitation, potential marketing and sales relationships, research, plans for products or services, marketing plans, computer software (including source code and object code), computer programs, original works of authorship, characters, know-how, trade secrets, information, data, developments, discoveries, improvements, modifications, technology and algorithms, whether or not subject to patent or copyright protection (the "**Inventions**") that (i) were made, conceived, developed, authored or created by Executive, alone or with others, during the time of Executive's employment, whether or not during working hours, that relate to the business of 3D Systems or to the actual or demonstrably anticipated research or development of 3D Systems, (ii) were used by Executive or other personnel of 3D Systems during the time of Executive's employment, even if such Inventions were made, conceived, developed, authored or created by Executive prior to the start of Executive's employment, (iii) are made, conceived, developed, authored or created by Executive, alone or with others, within one (1) year from the Termination Date and that relate to the business of 3D Systems or to the actual or demonstrably anticipated research or development of 3D Systems, or (iv) result from any work performed by Executive for 3D Systems (collectively with (i)-(iii), the "**Company Inventions**") are the sole and exclusive property of Company.

Notwithstanding the foregoing, Company Inventions do not include any Inventions made, conceived, developed, authored or created by Executive, alone or with others, for which no equipment, supplies, facility or trade secret information of 3D Systems was used and which were developed entirely on Executive's own time, unless (1) the Invention relates (A) to the business of 3D Systems, or (B) to the actual or demonstrably anticipated research or development of 3D

Systems, or (2) the Company Invention results from any work performed by Executive for 3D Systems.

For the avoidance of doubt, Executive expressly disclaims any and all right title and interest in and to all Company Inventions. Executive acknowledges that Executive has and shall forever have no right, title or interest in or to any patents, copyrights, trademarks, industrial designs or other rights in connection with any Company Inventions.

Executive hereby assigns to Company all present and future right, title and interest Executive has or may have in and to the Company Inventions. Executive further agrees that (i) Executive will promptly disclose all Company Inventions to 3D Systems; and (ii) all of the Company Inventions, to the extent protectable under copyright laws, are “works made for hire” as that term is defined by the Copyright Act, 17 U.S.C. § 101, *et seq.*

At the request of and without charge to Company, Executive will do all things deemed by Company to be reasonably necessary to perfect title to the Company Inventions in Company and to assist in obtaining for Company such patents, copyrights or other protection in connection therewith as may be provided under law and desired by Company, including but not limited to executing and signing any and all relevant applications, assignments, or other instruments. Executive further agrees to provide, at Company’ request, declarations or affidavits and to give testimony, in depositions, hearings or trials, in support of inventorship. These obligations continue even after the Termination Date. Company agrees that Executive will be reimbursed for reasonable expenses incurred in providing such assistance to Company. In the event Company is unable, after reasonable effort, to secure Executive’s signature on any document or documents needed to apply for or prosecute any patent, copyright or other right or protection relating to any Company Invention, for any reason whatsoever, Executive hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Executive’s agent and attorney-in-fact to act for and on Executive’s behalf to execute and file any such application or other document and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, or similar protections thereon with the same legal force and effect as if executed by Executive.

For purposes of this Agreement, a Company Invention shall be deemed to have been made during Executive’s employment if, during such period, the Company Invention was conceived, in part or in whole, or first actually reduced to practice or fixed in a tangible medium during Executive’s employment with Company. Executive further agrees and acknowledges that any patent or copyright application filed within one (1) year after the Termination Date shall be presumed to relate to a Company Invention made during the term of Executive’s employment unless Executive can provide evidence to the contrary.

5.8 Covenants Are Independent Elements. The parties acknowledge that the restrictive covenants contained in this Section 5 are essential independent elements of this Agreement and that, but for Executive agreeing to comply with them, Company would not continue to employ Executive and would not provide the compensation herein. Accordingly, the existence or assertion of any claim by Executive against Company, whether based on this

Agreement or otherwise, shall not operate as a defense to Company's enforcement of the covenants this Section 5. An alleged or actual breach of the Agreement by the Company will not be a defense to enforcement of the provisions of Section 5 or other obligations of Executive to the Company.

5.9 Prior Employment. Executive hereby agrees that during the course and scope of the employment relationship with Company, Executive shall neither disclose nor use any confidential information, invention, or work of authorship derived from, developed or obtained in any prior employment relationship, and understands that any such disclosure or use would be injurious to the economic and legal interests of Company. Executive represents that Executive has informed Company of any non-competition, non-solicitation, confidentiality, work-for-hire or similar agreements to which Executive is subject or may be bound, and has provided Company with copies of any such non-competition and non-solicitation agreements.

5.10 Return of Data. In the event of the termination of Executive's employment with Company for any reason whatsoever, Executive agrees to deliver promptly to Company all formulas, correspondence, reports, computer programs and similar items, customer lists, marketing and sales data and all other materials pertaining to Confidential Information, and all copies thereof, obtained by Executive during the period of Executive's employment with Company which are in Executive's possession or under his control. Executive further agrees that Executive will not make or retain any copies of any of the foregoing and will so represent to Company upon termination of his employment.

5.11 Non-Disparagement. Executive agrees that during the Employment Period and at all times thereafter, Executive will not make any statement, nor imply any meaning through Executive's action or inaction, if such statement or implication would be adverse to the interests of 3D Systems, its customers or its vendors or may reasonably cause any of the foregoing embarrassment or humiliation; nor will Executive otherwise cause or contribute to any of the foregoing being held in disrepute by the public or any other 3D Systems customer(s), vendor(s) or employee(s). Company agrees to instruct its officers, directors and agents speaking regarding Executive with the prior knowledge and the express approval of an executive officer or director of the Company not to disparage Executive to future employers of the Executive or others; provided, however, that nothing contained in this Section 5.11 will restrict or impede Company from (i) complying with any applicable law, legal process, regulation or stock exchange requirement, including disclosure obligations under securities laws and regulations, or a valid order of a court of competent jurisdiction or an authorized government agency or entity; (ii) making any statement required or reasonably desirable in connection with the enforcement or defense of any claim, legal proceeding or investigation involving Executive or the Company or any of their respective Affiliates; or (iii) providing information to any future employer or prospective employer of Executive regarding Executive's obligations under this Agreement or any other agreement to which Executive is a party. Nothing herein prevents disclosure, in the sole discretion of the Company and its employees, of this Agreement, or discussion of Executive's employment with, and separation of employment from, the Company, by and among employees and other agents of Company with a business need to know such information. The

restrictions of this Section 5.11 shall apply to, but are not limited to, communication via the Internet, any intranet, or other electronic means, such as social media web sites, electronic bulletin boards, blogs, email messages, text messages or any other electronic message. The restrictions of this Section 5.11 shall not be construed to prohibit or limit Executive, Company or any other Person from testifying truthfully in any proceeding, arbitration or governmental investigation.

5.12 Injunctive Relief and Additional Remedies for Breach. Executive further expressly acknowledges and agrees that any breach or threatened breach of the provisions of this Section 5 shall entitle 3D Systems, in addition to any other legal remedies available to it, to obtain injunctive relief, to prevent any violation of this Section 5 without the necessity of 3D Systems posting bond or furnishing other security and without proving special damages or irreparable injury. Executive recognizes, acknowledges and agrees that such injunctive relief is necessary to protect 3D Systems' interest. Executive understands that in addition to any other remedies available to 3D Systems at law or in equity or under this Agreement for violation of this Agreement, other agreements or compensatory or benefit arrangements Executive has with 3D Systems may include provisions that specify certain consequences thereunder that will result from Executive's violation of this Agreement, which consequences may include repaying 3D Systems or foregoing certain equity awards or monies, and any such consequences shall not be considered by Executive or any trier of fact as a forfeiture, penalty, duplicative remedy or exclusive remedy. Notwithstanding Section 8.9, the exclusive venue for any action for injunctive or declaratory relief with respect to this Section 5 shall be the state or federal courts located in York County, South Carolina. Company and Executive hereby irrevocably consent to any such courts' exercise of jurisdiction over them for such purpose.

5.13 Notification to Third Parties. Company may, at any time during or after the termination of Executive's employment with Company, notify any person, corporation, partnership or other business entity employing or engaging Executive or evidencing an intention to employ or engage Executive as to the existence and provisions of this Agreement.

5.14 Cooperation. The parties agree that certain matters in which the Executive will be involved during the Employment Period may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

6. No Mitigation.

In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of

this Agreement and, except as otherwise provided herein, such amounts shall not be reduced whether or not Executive obtains other employment.

7. Clawback.

All incentive compensation paid to Executive pursuant to this Agreement or otherwise in connection with Executive's employment with Company shall be subject to forfeiture, recovery by Company or other action pursuant to any clawback or recoupment policy which Company may adopt from time to time.

8. Miscellaneous.

8.1 Valid Obligation. This Agreement has been duly authorized, executed and delivered by Company and has been duly executed and delivered by Executive and is a legal, valid and binding obligation of Company and of Executive, enforceable in accordance with its terms.

8.2 No Conflicts. Executive represents and warrants that the performance by Executive of the duties that are reasonably expected to be performed hereunder will not result in a material breach of any agreement to which Executive is a party.

8.3 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of South Carolina (the "**Applicable State Law**"), without reference to South Carolina's choice of law statutes or decisions.

8.4 Severability. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof shall not affect the validity or enforceability of any other provision. If any provision of this Agreement shall be prohibited by or invalid under the Applicable State Law, the prohibited or invalid provision(s) shall be deemed severed herefrom and shall be unenforceable to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement. In the event any clause of this Agreement is deemed to be invalid, the parties shall endeavor to modify that clause in a manner which carries out the intent of the parties in executing this Agreement.

8.5 No Waiver. The waiver of a breach of any provision of this Agreement by any party shall not be deemed or held to be a continuing waiver of such breach or a waiver of any subsequent breach of any provision of this Agreement or as nullifying the effectiveness of such provision, unless agreed to in writing by the parties.

8.6 Notices. All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), or by commercial overnight delivery service, to the parties at the addresses set forth below:

To Company: 3D Systems Corporation
333 Three D Systems Circle
Rock Hill, South Carolina 29730
Attention: Chief Legal Officer

To Executive: At the address and/or fax number most recently contained in Company's records

Notices shall be deemed given upon the earliest to occur of (i) receipt by the party to whom such notice is directed, if hand delivered; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Central Time and, if sent after 5:00 p.m. Central Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; or (iii) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial carrier if sent by commercial overnight delivery service. Each party, by notice duly given in accordance therewith may specify a different address for the giving of any notice hereunder.

8.7 Assignment of Agreement. This Agreement shall be binding upon and inure to the benefit of Executive and Company, their respective successors and permitted assigns and Executive's heirs and personal representatives. Executive may not assign any rights or obligations hereunder to any person or entity without the prior written consent of Company. This Agreement shall be personal to Executive for all purposes.

8.8 Entire Agreement; Amendments. Except as otherwise provided herein, this Agreement contains the entire understanding between the parties, and there are no other agreements or understandings between the parties with respect to Executive's employment by Company and Executive's obligations thereto other than Executive's indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive and Executive's rights under any equity incentive plans or bonus plans of Company. Subject to applicable law, Executive will be provided indemnification to the maximum extent permitted by the Company's bylaws and certificate of incorporation, including, if applicable, any directors and officers insurance policies, with such indemnification to be on terms determined by the Board or any of its committees, but on terms no less favorable than provided to any other Company executive officer or director and subject to the terms of any separate written indemnification agreement. Executive acknowledges that Executive is not relying upon any representations or warranties concerning Executive's employment by Company except as expressly set forth herein. No amendment or modification to the Agreement shall be valid except by a subsequent written instrument executed by the parties hereto.

8.9 Dispute Resolution and Arbitration. The following procedures shall be used in the resolution of disputes:

8.9.1 Dispute. In the event of any dispute or disagreement between the parties under this Agreement (excluding an action for injunctive or declaratory relief as provided in Section 5.12), the disputing party shall provide written notice to the other party that such dispute exists. The parties will then make a good faith effort to resolve the dispute or disagreement. If the dispute is not resolved upon the expiration of fifteen (15) days from the date a party receives such notice of dispute, the entire matter shall then be submitted to arbitration as set forth in Section 8.9.2.

8.9.2 Arbitration. Should any legal claim (other than those excepted below) arising out of or in any way relating to this Agreement or Executive's employment or the termination of Executive's employment not be resolved by negotiation or mediation, it shall be subject to binding and final arbitration in Rock Hill, South Carolina, which is in York County. The fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law shall be paid by Company. However, Executive shall be required to pay the amount of those fees equal to that which Executive would have been required to pay to file a lawsuit in court. Any demand for arbitration shall be in writing and must be communicated to the other party prior to the expiration of the applicable statute of limitations. Unless otherwise provided herein, the arbitration shall be conducted by a single arbitrator in accordance with the Employment Arbitration Rules and Mediation Procedures published by the American Arbitration Association. If the arbitrator selected as set forth herein determines that this location constitutes a significant hardship on the Executive and constitutes an impermissible barrier to Executive's efforts to enforce Executive's statutory or contractual rights, such arbitration may be conducted in some other place determined to be reasonable by the arbitrator. The arbitrator shall be selected by mutual agreement of the parties. If the parties cannot agree on an arbitrator within thirty (30) days after written request for arbitration is made by one party to the controversy, a neutral arbitrator shall be appointed according to the procedures set forth in the American Arbitration Association Employment Arbitration Rules and Mediation Procedures. In rendering the award, the arbitrator shall have the authority to resolve only the legal dispute between the parties, shall not have the authority to abridge or enlarge substantive rights or remedies available under existing law, and shall determine the rights and obligations of the parties according to the substantive laws of the Applicable State Law and any applicable federal law. In addition, the arbitrator's decision and award shall be in writing and signed by the arbitrator, and accompanied by a concise written explanation of the basis of the award. The award rendered by the arbitrator shall be final and binding, and judgment on the award may be entered in any court having jurisdiction thereof. The arbitrator is authorized to award any party a sum deemed proper for the time, expense, and trouble of arbitration, including arbitration fees and attorneys' fees.

8.9.3 Types of Claims. All legal claims brought by Executive or Company related to this Agreement, the employment relationship, terms and conditions of Executive's employment, and/or termination from employment are subject to this dispute resolution procedure. These include, by way of example and without limitation, any legal claims based on alleged discrimination or retaliation on the basis of race, sex (including sexual harassment), religion, national origin, age, disability or other protected classification, whether based on state

or federal law; payment of wages, bonuses, or commissions; workers' compensation retaliation; defamation; invasion of privacy; infliction of emotional distress and/or breach of an express or implied contract. Disputes and actions excluded from Section 8.9 are: (1) claims for workers' compensation or unemployment benefits; (2) claims for benefits under a Company plan or program that provides its own process for dispute resolution; (3) claims for declaratory or injunctive relief (any such proceedings will be without prejudice to the parties' rights under Section 8.9 to obtain additional relief in arbitration with respect to such matters); (4) claims for unfair labor practices filed with the National Labor Relations Board; and (5) actions to compel arbitration or to enforce or vacate an arbitrator's award under Section 8.9, such action to be governed by the Federal Arbitration Act ("FAA") and the provisions of Section 8.9. Nothing in this Agreement shall be interpreted to mean that Executive is precluded from filing complaints with the Equal Employment Opportunity Commission, the National Labor Relations Board or any similar state or federal agency. Any controversy over whether a dispute is arbitrable or as to the interpretation of Section 8.9 with respect to such arbitration will be determined by the arbitrator.

8.10 Survival. For avoidance of doubt, the provisions of Sections 4.5, 5, 7 and 8 of this Agreement shall survive the expiration or earlier termination of the Employment Period.

8.11 Headings. Section headings used in this Agreement are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

8.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument. Signatures delivered via facsimile or electronic file shall be the same as original signatures.

8.13 Taxes. Executive shall be solely responsible for taxes imposed on Executive by reason of any compensation and benefits provided under this Agreement and all such compensation and benefits shall be subject to applicable withholding.

8.14 Section 409A of the Code. It is intended that this Agreement will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder) to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the parties hereto will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by Company in good faith to act, pursuant to this Section 8.14, shall subject Company to any claim, liability, or expense, and Company shall not have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to Section 409A of the Code.

In addition, notwithstanding any provision to the contrary in this Agreement, if Executive is deemed on the date of Executive's "**separation from service**" (within the meaning of Treas. Reg. Section 1.409A1(h)) to be a "**specified employee**" (within the meaning of Treas. Reg.

Section 1.409A1(i)), then with regard to any payment that is required to be delayed pursuant to Section 409A(a)(2)(B) of the Code (the “**Delayed Payments**”), such payment shall not be made prior to the earlier of (i) the expiration of the six (6) month period measured from the date of Executive’s “separation from service” and (ii) the date of Executive’s death. Any payments due under this Agreement other than the Delayed Payments shall be paid in accordance with the normal payment dates specified herein. In no case will the delay of any of the Delayed Payments by Company constitute a breach of Company’s obligations under this Agreement. For the provision of payments and benefits under this Agreement upon termination of employment, reference to Executive’s “termination of employment” (and corollary terms) with Company shall be construed to refer to Executive’s “separation from service” from Company (as determined under Treas. Reg. Section 1.409A1(h), as uniformly applied by Company) in tandem with Executive’s termination of employment with Company.

In addition, to the extent that any reimbursement or in-kind benefit under this Agreement or under any other reimbursement or in-kind benefit plan or arrangement in which Executive participates during the term of Executive’s employment under this Agreement or thereafter provides for a “deferral of compensation” within the meaning of Section 409A of the Code, (i) the amount eligible for reimbursement or in-kind benefit in one calendar year may not affect the amount eligible for reimbursement or in-kind benefit in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), (ii) the right to reimbursement or an in-kind benefit is not subject to liquidation or exchange for another benefit, and (iii) subject to any shorter time periods provided herein, any such reimbursement of an expense or in-kind benefit must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

If the sixty (60)-day period following a “separation from service” begins in one calendar year and ends in a second calendar year (a “**Crossover 60-Day Period**”), then any severance payments that would otherwise occur during the portion of the Crossover 60-Day Period that falls within the first year will be delayed and paid in a lump sum during the portion of the Crossover 60-Day Period that falls within the second year.

8.15 Limitation on Payments.

8.15.1 Parachute Payments. In the event that the payments and benefits provided for in this Agreement or other payments and benefits payable or provided to Executive (i) constitute “parachute payments” within the meaning of Section 280G of the Code and (ii) but for this Section 8.15, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive’s payments and benefits under this Agreement and other payments or benefits (the “**280G Amounts**”) will be either:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such payments or benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of 280G Amounts, notwithstanding that all or some portion of the 280G Amounts may be taxable under Section 4999 of the Code.

8.15.2 Reduction Order. In the event that a reduction of 280G Amounts is being made in accordance with Section 8.15.1, the reduction will occur, with respect to the 280G Amounts considered parachute payments within the meaning of Section 280G of the Code, in the following order:

(i) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the excise tax will be the first cash payment to be reduced);

(ii) cancellation of equity awards that were granted “contingent on a change in ownership or control” within the meaning of Code Section 280G in the reverse order of date of grant of the awards (that is, the most recently granted equity awards will be cancelled first);

(iii) reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and

(iv) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first benefit to be reduced).

In no event will Executive have any discretion with respect to the ordering of payments.

8.15.3 Accounting or Valuation Firm. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8.15 will be made in writing by a nationally recognized accounting or valuation firm (the “**Firm**”) selected by the Company, whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8.15, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 8.15. The Company will bear all costs and make all payments for the Firm’s services relating to any calculations contemplated by this Section 8.15.

8.16 Payment by Subsidiaries. Executive acknowledges and agrees that Company may satisfy its obligations to make payments to Executive under this Agreement by causing one or more of its subsidiaries to make such payments to Executive. Executive agrees that any such

payment made by any such subsidiary shall fully satisfy and discharge Company's obligation to make such payment to Executive hereunder (but only to the extent of such payment).

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written, to be effective at the Effective Date.

EXECUTIVE

/s/ Davide K. Leigh

David K. Leigh

3D SYSTEMS CORPORATION

/s/ Jeffrey A. Graves

By: Jeffrey A. Graves

Title: President and Chief Executive Officer

Exhibit 31.1

**Certification of
Principal Executive Officer of
3D Systems Corporation**

I, Dr. Jeffrey A. Graves, certify that:

1. I have reviewed this report on Form 10-Q of 3D Systems Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Dr. Jeffrey A. Graves

Dr. Jeffrey A. Graves

Title: President, Chief Executive Officer and Director
(principal executive officer)

Date: August 9, 2021

Exhibit 31.2

**Certification of
Principal Executive Officer of
3D Systems Corporation**

I, Jagtar Narula, certify that:

1. I have reviewed this report on Form 10-Q of 3D Systems Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Jagtar Narula

Jagtar Narula

Title: Chief Financial Officer

(principal financial officer)

Date: August 9, 2021

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Annual Report on Form 10-Q (the “Form 10-Q”) for the quarter ended June 30, 2021 of 3D Systems Corporation (the “Issuer”).

I, Dr. Jeffrey A. Graves, President, Chief Executive Officer and Director (principal executive officer) of the Issuer, certify that, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: August 9, 2021

/s/ Dr. Jeffrey A. Graves

Name: Dr. Jeffrey A. Graves

(principal executive officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Annual Report on Form 10-Q (the “Form 10-Q”) for the quarter ended June 30, 2021 of 3D Systems Corporation (the “Issuer”).

I, Jagtar Narula, the Chief Financial Officer (principal financial officer) of the Issuer, certify that, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: August 9, 2021

/s/ Jagtar Narula

Name: Jagtar Narula

(principal financial officer)