

Nano's False Claims vs. Reality

Prepared by Murchinson

November 2024

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How We Got Here

Murchinson – one of Nano’s largest shareholders – notified Nano on October 9, 2024, of its intent to nominate directors to the Board of Directors (the “Board”) and propose annual elections for all directors (currently, they have three-year terms) at the 2024 Annual Meeting of Shareholders following years of value destruction, bad M&A decisions, capital misallocation, nepotism and egregious governance

Two weeks later, on October 22, Murchinson announced that it had nominated former Nano Chairman Ofir Baharav, who authored Nano’s original product roadmap, and turnaround expert Robert (Bob) Pons, who has served on the boards of 16 public companies

The following pages set the record straight on the Nano Board’s recent misleading communications to investors, which we find deeply concerning

Please visit www.SaveNanoDimension.com for additional materials, the latest information, voting instructions or to share feedback



Click [here](#)



Click [here](#)

We urge shareholders to vote FOR Murchinson’s nominees and each of our proposals on the GOLD Proxy Card TODAY to finally end the status quo of value destruction

Executive Summary

- x Nano's claims regarding its performance are **highly misleading**
- x Nano's dilutive M&A strategy has **failed** shareholders
- x Nano is **wasting** shareholders' capital on an ineffective buyback
- x The proposed CEO compensation is **excessive, problematic and not aligned** with shareholder value
- x Nano has **worst-in-class** governance practices
- x Nano pushes that this fight is about control – it is **NOT**
- x Nano's nominees do **NOT** have shareholders' trust
- x Nano misrepresents the qualifications of Murchinson's independent nominees, who bring expertise in product development, R&D, sales strategies and distribution, M&A and turnarounds

Vote FOR Murchinson's nominees on the GOLD Proxy Card TODAY to Save Nano!

Nano Misrepresents the Qualifications of Our Nominees

NANO'S CLAIM

Murchinson's Unqualified Nominees *

Despite Shareholders' Clear Rebuke Last Year, Murchinson is Once Again Attempting to Derail Nano's Strategy by Nominating Unqualified Candidates

Nominees have NO additive skills, NO strategic plan, and NO independence from Murchinson:



Ofir Baharav

- **Prior Chairman of Nano's Board** - his oversight of Nano's strategy led the Company to one of its **most dire periods, including being on the verge of chapter 11 bankruptcy in 2020**
- **Disconnected from the 3D printing industry for the past 4 years**
- Career **riddled with concerns about questionable ethics** and failed businesses and disputes with partners and shareholders
- Currently **serves as CEO of PowerBreezer, a fledgling ventilators manufacturer**
- Under his leadership, **PowerBreezer has failed to meet any of its goals since 2016** - including to IPO
- **Dusted from XJet, a company he founded, due to conflicts with at least two prominent investors and the co-founder**



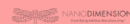
Robert Pons

- **ZERO** experience in industries relevant to Nano Dimension's business
- Track record of ineffective stewardship, overseeing value destruction or underperformance at companies while on their boards
 - During his tenure as Chairman of the Board of SeaChange International, **Pons oversaw an 85% decline in share price!**
- Prominent activist and then-largest SeaChange shareholder repeatedly called for Pons' replacement, citing substantial **value destruction** under his leadership
- **Poor judgment** in his associations, including **servicing as a board designee for the family of a convicted felon** who was barred by the SEC from acting as an officer of a public company
- **Questionable ethics** as a board member - oversaw related party transactions that have **benefited his activist sponsor at the expense of other shareholders**

* Represents SeaChange's total share price returns from Pons' appointment as chairman of the board in December of 2019 to his resignation in July of 2020.

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REALITY

- ✓ Murchinson's independent nominees bring experience that is directly relevant to Nano and the problems it faces
- ✓ Mr. Baharav was Chairman of Nano from 2019 to 2021 and the author of the product roadmap that the Company used to raise \$1.5 billion
 - Contrary to Nano's claim, Mr. Baharav *resigned* from XJet after a proposed merger, that projected a solid return for all shareholders, was not pursued. Similar to Nano after Mr. Baharav's departure, **XJet's value has materially declined since Mr. Baharav left**
 - Under Mr. Baharav's leadership, Power Breezer has developed the industry's most comprehensive and technologically advanced product portfolio. In 2022, Mr. Baharav spearheaded the Company's merger with Maxify Solutions, culminating in **record revenues and profitability**
- ✓ Mr. Pons has in-depth operational experience in highly technical products and services, with a strong focus on sales strategies and distribution, and relevant experience from managing multiple instances of M&A and turnarounds
 - Mr. Pons's track record has delivered an average TSR of **220%**
 - Mr. Pons was the **only** SeaChange director to vote against a proposed related party transaction and the **only** director to purchase stock on the open market - he became one of SeaChange's largest shareholders
 - SeaChange's market cap rose **250%** from \$52 million when Mr. Pons joined the Board to \$181.95 million after he led the company's restructuring in early 2020.
 - Mr. Pons is a committed fiduciary who aligns his interests with the shareholders he represents - often purchasing stock of the companies on boards he has served

The Murchinson nominees represent shareholders' best path to addressing Nano Dimension's significant valuation discount and improving accountability and governance

Nano Pushes That This Fight is About Control – It is NOT

NANO'S CLAIM

- x “Murchinson is a bad actor that follows a simple playbook: Find promising companies such as Nano; Furtively acquire a large position; and then Seek to dismantle the company and distribute its cash for Murchinson’s own benefit.”¹
- x “... Murchinson Ltd. (“Murchinson”) has been continuing its years-long attempt to derail our progress, gain control of Nano’s cash, and profit at the expense of other shareholders.”¹
- x “Murchinson attempting to remove two critical directors in favor of two unqualified nominees as well as destagger the Board with the ultimate goal of taking control of Nano.”²

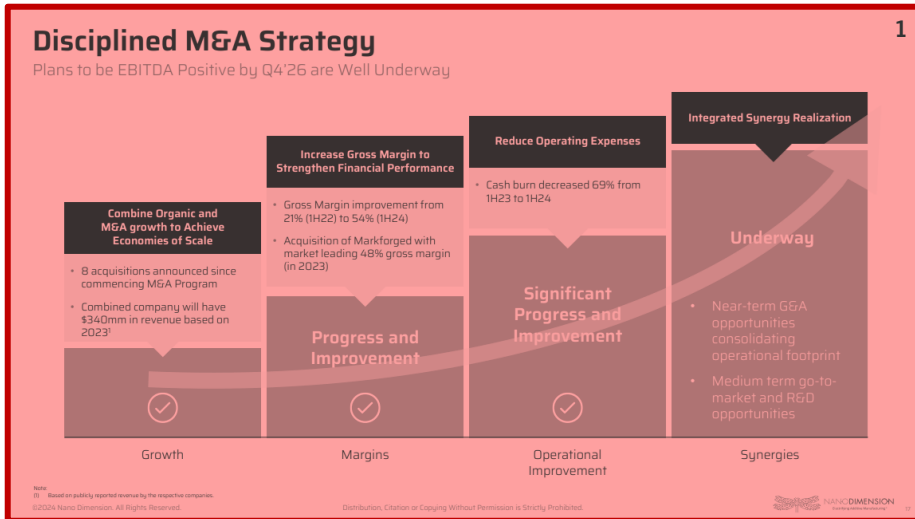
REALITY

- ✓ **Murchinson is not on the ballot** – Murchinson has nominated two **completely independent** nominees who are committed to acting in accordance with their fiduciary duties at all times
- ✓ Even if Murchinson’s objective was control of the Company (it is not), there is no connection between electing the **superior candidates** we have proposed and the Company’s argument that Murchinson is trying to take control
- ✓ This is a matter of simple math: the Nano Dimension Board has **eight** members, and only **two** seats are on the ballot this year
 - Control of Nano requires a **majority** of the Board
 - Under Israeli law, corporate liquidation requires approval from **75%** of shareholders
- ✓ Unlike CEO Yoav Stern’s self-proclaimed turnaround experience, Murchinson’s “simple playbook” **actually involves turning companies around**. In two situations that required a bankruptcy process, we invested in an operational turnaround and saw the companies return from distress
- ✓ Murchinson had the option of attempting to remove the entire Board or pushing for CEO change – **we intentionally did not**

This campaign is not a fight to take control of the Company; this is an effort to improve the Board by electing two new directors who are independent of management and better qualified than the two incumbents on the ballot

Nano's Dilutive M&A Strategy Has Failed Shareholders

NANO'S CLAIM



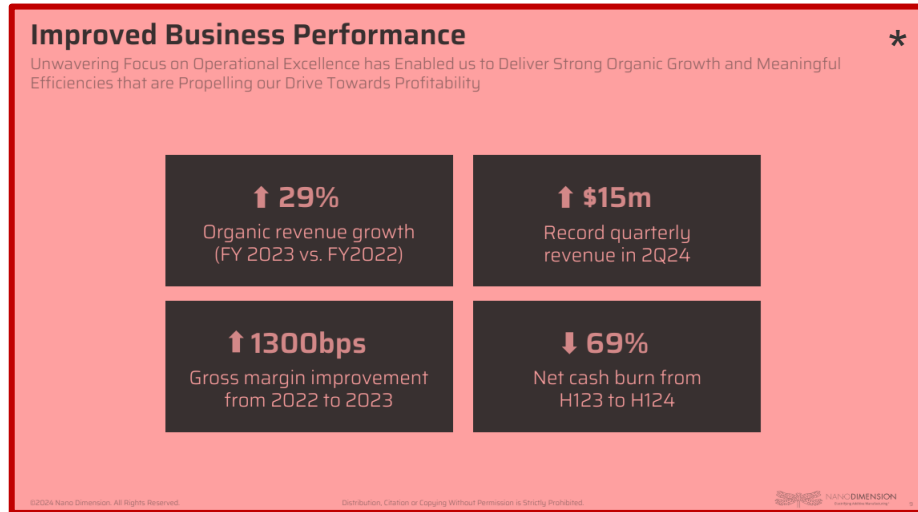
REALITY

- ✓ Nano's "disciplined strategy" cost shareholders over \$100 million in investment losses (so far) and advisor fees for a failed attempt to acquire Stratasys
- ✓ Under the Board's leadership, Nano has spent ~\$200 million to buy businesses that generate **less revenue**, with a **smaller gross margin**, than they did **before** Nano acquired them
 - In 2021, Nano's Board approved a \$78 million purchase of DeepCube, a company that had **no revenue** and for which Nano still has not reported any revenue
 - If Nano had at least maintained the pre-acquisition growth rates and margins of NanoFabrica, Essemtec, Global Inkjet Systems and Formatec, the Company would have 2024 revenues over \$100 million and 56% gross margin, instead of \$57 million and 45% — **Nano's M&A strategy destroys value**
- ✓ The Board has approved another \$400 million² of deals to acquire Markforged and Desktop Metal, both of which are cash-burning businesses with decelerating revenue growth that have destroyed hundreds of millions of dollars of shareholder value and were on the verge of bankruptcy, yet Nano is acquiring them at unjustifiable premiums
- ✓ The Board's failure to properly oversee the integration of past acquisitions should alarm shareholders about the potential harm of the pending deals

Meaningful change to the Board is needed to prevent further value-destructive M&A

Nano's Claims Regarding its Performance Are Highly Misleading

NANO'S CLAIM



REALITY

- ✓ Nano is valued at less than its cash and securities because the market does not trust the Company's leadership. **The path to positive returns for shareholders requires a restoration of market confidence**
- ✓ Nano's stock has **underperformed peers for 80% of the trading days since the Company's May 2020** breakthrough in printed circuit board manufacturing. It has consistently underperformed the S&P 1500 Technology Index
- ✓ At the start of 2024, Nano had \$1 billion of cash and securities. **By the end of Q1 '25, Nano will have \$315 million in cash and a burn rate of at least \$120 million per year**
- ✓ In fact, in order to claim that its financial performance was improving, Nano apparently invented a non-IFRS metric called "net cash burn" that is **not used by any of its peers**
- ✓ Cash burn is just another term for negative free cash flow – in contrast to Nano's misleading claim that it has reduced cash burn 69%, when Nano's free cash flow is calculated based on the [standard formula](#) used by Nano's peers (and everyone else), it reveals that **cash burn has only declined 19%** ... which is positive until you remember that the Company reduced its headcount by 25% earlier this year
- ✓ All of this to hide the reality that, if shareholders are unable to add new independent directors to the Board, the Company will continue its present course and **exhaust its cash by Q1 '27**, if not sooner

We believe that until independent directors are added, and the Board is no longer beholden to an aggressive, money-losing M&A strategy, Nano's financial performance will not get better

Proposed Compensation is Not Aligned with Shareholder Value

NANO'S CLAIM

CEO Compensation Is Aligned with Performance *

Our Compensation Plan Is to Ensure Compensation Aligns Executive Interests with Shareholders

Compensation Plan is Based on Peer Company Practice and Advice of Leading Independent Compensation Consultant Aon

Clear Alignment with Shareholder Interests

- ~90% of CEO's annual target compensation¹ is tied to stock price and financial performance
- >50% of CEO's compensation is tied to critical financial metrics, including revenue growth and gross margin
- >70% of CEO's compensation is tied to equity awards under the 2025-2027 Annual Equity Grant
- Stock-price targets must be hit to achieve a one-time special option grant

Pay for Performance

- Special one-time bonus of \$1M for achieving milestones related to strategic acquisitions, a critical part of our growth strategy²
- CEO has not received equity grants since commencing service
- Cash compensation, which was received until September 2023, was below market
- RSUs vest ratably through 2027, encouraging a long-term perspective and enhancing retentive benefits
- Unvested PSUs will be forfeited if minimum 75% of targets are not met

1. Annual target compensation includes annual services fee, annual cash target bonus, PSUs and RSUs. Note, it does not include special one-time bonus.
2. 50% of special one-time \$1,000,000 bonus is contingent on signing of two merger deals; 10% contingent on the successful deal close of Dealup Merit; 10% contingent on the successful deal close of MarketGate; 10% contingent on successful integration of Dealup Merit.

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Distribution: Charter on Engaging Without Resigning a Stocky Platform

NANO DIMENSION

REALITY

- ✓ Mr. Stern's proposed compensation is 2.8x the median of his peer CEOs on a business that is **70% smaller with 5x the losses** (measured in adjusted EBITDA)
- ✓ Despite Nano having the **lowest enterprise value**, Mr. Stern would receive the **highest compensation** among the set of peer CEOs
- ✓ Mr. Stern's maximum cash payout of **~\$6 million** in the event of termination and/or change of control **far exceeds** every comparable CEO
- ✓ Although severance pay is intended to compensate management if they are terminated from their job, if approved **the proposed compensation package would award Mr. Stern ~\$6 million of severance if shareholders vote to remove him** from the Board
- ✓ The proposed compensation package **contradicts best practices** laid out by proxy advisory firms and institutional investors alike
 - ✗ Abnormally large bonus without justifiable performance linkage
 - ✗ Short-term incentive is not demonstrably tied to performance
 - ✗ Performance metrics can be easily manipulated by management
 - ✗ Single-trigger change-in-control arrangement
 - ✗ Complex, poorly disclosed plan cannot be reasonably interpreted by investors

Mr. Stern's problematic compensation package is symptomatic of the Board's inability to hold management accountable

Nano Has Worst-In-Class Governance Practices

NANO'S CLAIM

Enhanced Corporate Governance in Response to Shareholder Feedback *

Enhancements	Independent, Focused and Accomplished Board						
<ul style="list-style-type: none">Reduced the size of the BoardSeparated the Chairman and CEO rolesContinued efforts to refresh the Board	<p>Directors are receptive and responsive to shareholder feedback</p> <table><tbody><tr><td>8 highly qualified directors</td><td>7 out of 8 directors are independent</td><td>3 directors added within the last year</td></tr><tr><td>3.6 years average tenure</td><td>>93% average attendance of meetings</td><td>Diverse Skills That align with and support our strategy</td></tr></tbody></table>	8 highly qualified directors	7 out of 8 directors are independent	3 directors added within the last year	3.6 years average tenure	>93% average attendance of meetings	Diverse Skills That align with and support our strategy
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REALITY

- ✓ **Nano's claims are FALSE.** The September 2023 “[enhancements](#)” included the resignation of the only woman on the Board, who was just elected a week before, and replacement of Mr. Stern as Chairman by his hand-picked selection, Yoav Nissan-Cohen¹
 - Mr. Stern's decision to step down from the Chairman's role was required by [Israeli law](#), not an altruistic step to acknowledge shareholder concerns
- ✓ A month later, Nano bragged again that it had “[enhanced](#)” corporate governance by appointing Michael Garrett
 - Violating Israeli legal requirements for gender diversity on public company boards is **not** a corporate governance enhancement
- ✓ In [April 2024](#) and [June 2024](#), Nano again crowed about improved governance when it added two more directors to the classified Board without putting them in front of shareholders
 - Appointing directors without allowing shareholders to vote on them within their first year of service is **not** a corporate governance enhancement
- ✓ Nano has litigated, with shareholders' money, in opposition to every governance improvement that shareholders have requested
- ✓ **After suing in Israeli Court and introducing a desperate legal maneuver, a claim that ADS holders do not have shareholder rights, Nano added three new directors in a superficial refresh that did not change the chairmanship of any of the Board's committees**

The Board continues to take anti-shareholder actions that perpetuate industry-worst governance at the expense of Nano's investors

Nano is NOT Returning Capital to Shareholders at Compelling Valuations

NANO'S CLAIM

- x “Returning capital to shareholders. Nano is executing a balanced capital allocation approach that enables shareholder returns, investment in R&D, and further growth through M&A. The Company has completed over \$160 million in share repurchases since its first repurchase program was approved in August 2022.”¹

REALITY

- ✓ **Fact:** Nano has completed over \$160 million in share repurchases since the initial repurchase program was announced in May 2022 (first accurate statement in Nano’s presentation)
- ✓ **Fact:** Nano has weaponized its buyback capital, selectively attempting to boost share prices when a shareholder vote is coming up (or CEO Mr. Stern is planning to sell his shares)
- ✓ **Fact:** It took **nine months** for Nano to begin deploying its initial \$100 million buyback plan, which had to be extended because it only used ~75% of its capital before it was due to expire
- ✓ **Fact:** Nano is using the buyback plan inefficiently, spending the most money at times when the share price is highest (or CEO Mr. Stern is selling)
 - Company filings reveal that Nano repurchased 15.3 million shares between July 19 and July 27, 2023²
 - Nano’s buyback accounted for 67% of trading volume between July 19 and July 27
 - The volume-weighted average price during this period was \$3.20, higher than at any prior point, a questionable time to deploy buyback capital
 - CEO Mr. Stern sold 2.1 million shares on July 27, 28, and 31, booking an estimated \$1.6 million profit from prices inflated with shareholders’ capital

Nano’s share repurchase plan has not created long-term value for shareholders and Nano’s negative enterprise valuation remains

Nano's Nominees Do NOT Have Shareholders' Trust

NANO'S CLAIM

Our Current Position Is a Result of Strong Leadership *

Two Nano Directors Being Targeted by Murchinson Are Critical to the Board's Oversight of Nano's Strategy and Continued Success



Yoav Stern

Chief Executive Officer, Nano Dimension
Former CEO of DVTel, Chairman of Bogen Corp
Executive Chairman at Heliosport Aerospace, President of Worldstar Int'l, CEO of ITAC, EGAC
Year Appointed to Board: 2021

- Seasoned executive with a **proven track record spanning decades in operating roles as CEO and Chairman.**
- Active hands-on investor in hi-tech companies.
- Has **led execution of Nano's strategy** as CEO for the past four plus years.
- Instrumental in the Company's transformation into a broad digital manufacturing leader.
- Invests personally in all companies where he serves.



General (Ret.) Michael X. Garrett

Current Director at Textron Inc.
Former Commanding General, U.S. Army Forces Command
Year Appointed to Board: 2023

- Distinguished high-level military career.
- Brings experience in defense, strategy and planning - important skills in **advising service of defense customers and in the design and execution of our growth strategy.**
- Important voice on governance, integrity, and developing leading talent.

During both their tenures, Nano has made significant progress against its strategy.

Executed eight MGA transactions, including two proposed transformational acquisitions.



Driven meaningful operational efficiencies while delivering strong organic revenue growth.

Implemented significant governance enhancements.

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MARKFORGED FORMLABS NANO DIMENSION

REALITY

- ✓ **Nano's nominees have failed shareholders.** Although they have had sufficient time to develop, communicate and implement a plan to fix the Company's negative enterprise value, the problem persists
- ✓ When a publicly traded company is valued at a discount to its cash, shareholders are signaling that they **do not believe the company's leadership can create value.** Nano's **persistent** negative enterprise value reveals that Mr. Stern and Gen. Garrett either do not care, or are not able, to convince shareholders otherwise
- ✓ **Mr. Stern is not critical to the Board's oversight of strategy** – he is not actively involved in the Company's operations and is a hindrance to advocacy of shareholders' interests
- ✓ **Gen. Garrett is not critical to the Board's oversight of strategy** – his background in national defense is redundant with the insights provided by Chris Moran, a Lockheed Martin executive, and Eitan Ben-Eliahu, a Major General (Ret.) of the Israeli Air Force
- ✓ Nano's value to shareholders has declined while both Mr. Stern and Gen. Garrett have been on the Board. **If they are unable to address the Company's issues, shareholders must elect directors who can**

We urge shareholders to vote FOR Murchinson's nominees and each of our proposals on the GOLD Proxy Card TODAY to finally end the status quo of value destruction and improve accountability and governance at Nano

Vote the **GOLD** Proxy Card to Save Nano

PROTECT YOUR INVESTMENT IN NANO



There is a compelling need for change to the Nano Dimension Board. Ofir Baharav and Robert (Bob) Pons offer a path that is independent from management – they will put shareholders first

*Please support the Murchinson nominees at the
2024 Annual Meeting of Shareholders*

Please visit www.SaveNanoDimension.com for additional materials, information and voting instructions, or to communicate with Murchinson



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