

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2022**

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 Number: **001-39994**

Fathom Digital Manufacturing Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**1050 Walnut Ridge Drive
Hartland, WI**

(Address of principal executive offices)

98-1571400

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

53029

(Zip Code)

Registrant's telephone number, including area code: **(262) 367-8254**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	FATH	New York Stock Exchange
Warrants to purchase Class A common stock	FATH.WS	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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of May 11, 2022, there were 51,306,971 shares of the registrant's Class A common stock outstanding and 84,294,971 shares of the registrant's vote-only, non-economic Class B common stock outstanding.

Table of Contents

	Page
EXPLANATORY NOTE	3
PART I. FINANCIAL INFORMATION	4
Item 1. Financial Statements (Unaudited)	4
Consolidated Balance Sheets	4
Consolidated Statements of Comprehensive Income (Loss)	5
Consolidated Statement of Shareholders' Equity and Redeemable Non-Controlling Interest	6
Consolidated Statement of Class A Contingently Redeemable Preferred Units and Members' Equity	7
Consolidated Statements of Cash Flows	8
Notes to Unaudited Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3. Quantitative and Qualitative Disclosures About Market Risk	31
Item 4. Controls and Procedures	31
PART II. OTHER INFORMATION	32
Item 1. Legal Proceedings	32
Item 1A. Risk Factors	32
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	32
Item 3. Defaults Upon Senior Securities	32
Item 4. Mine Safety Disclosures	32
Item 5. Other Information	32
Item 6. Exhibits	33
Signatures	34

EXPLANATORY NOTE

This Quarterly Report on Form 10-Q includes information pertaining to periods prior to the closing of the Business Combination (as defined in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report). Refer to Note 1 "Nature of Business" and Note 2 "Basis of Presentation" of the notes to our consolidated financial statements contained in this Quarterly Report for further information regarding the basis of presentation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this Quarterly Report on Form 10-Q are "forward looking statements." Statements regarding our expectations regarding the business are "forward looking statements." In addition, words such as "estimates," "projected," "expects," "estimated," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "would," "future," "propose," "target," "goal," "objective," "outlook" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. The forward-looking statements contained in this Quarterly Report on Form 10-Q and in our other periodic filings are not guarantees of future performance, conditions or results and are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under "Risk Factor Summary", "Item 1A. Risk Factors", and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Form 10-K"). Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We may face additional risks and uncertainties that are not presently known to us, or that we deem to be immaterial, which may also impair our business, financial condition or prospects. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Fathom Digital Manufacturing Corporation
Consolidated Balance Sheets
(In thousands, except share and unit amounts)

	Period Ended	
	March 31, 2022 (unaudited)	December 31, 2021
Assets		
Current assets		
Cash	\$ 11,993	\$ 20,357
Accounts receivable, net	28,157	25,367
Inventory	12,541	13,165
Prepaid expenses and other current assets	4,873	1,836
Total current assets	57,564	60,725
Property and equipment, net	46,248	44,527
Right-of-use operating lease assets, net	8,808	-
Right-of-use financing lease assets, net	2,417	-
Intangible assets, net	265,017	269,622
Goodwill	1,189,762	1,189,464
Other non-current assets	252	2,036
Total assets	<u>\$ 1,570,068</u>	<u>\$ 1,566,374</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable ⁽¹⁾	\$ 13,860	\$ 9,409
Accrued expenses	6,806	5,957
Other current liabilities	5,014	2,058
Current operating lease liability	2,937	-
Current financing lease liability	185	-
Contingent consideration	2,748	2,748
Current portion of debt	25,423	29,697
Total current liabilities	56,973	49,869
Long-term debt, net	119,083	120,491
Fathom earnout shares liability	47,690	64,300
Sponsor earnout shares liability	7,020	9,380
Noncurrent contingent consideration	850	850
Noncurrent operating lease liability	5,917	-
Noncurrent financing lease liability	2,278	-
Deferred tax liability	17,546	17,570
Other noncurrent liabilities	1,608	4,655
Warrant liability	25,800	33,900
Payable to related parties pursuant to the tax receivable agreement	4,600	4,600
Total liabilities	289,365	305,615
Commitments and Contingencies:		
Redeemable non-controlling interest in Fathom OpCo	836,723	841,982
Shareholders' Equity:		
Class A common stock, \$0.0001 par value; 300,000,000 shares authorized; 50,785,656 issued and outstanding as of March 31, 2022 and December 31, 2021	5	5
Class B common stock, \$0.0001 par value; 180,000,000 shares authorized; 84,294,971 shares issued and outstanding as of March 31, 2022 and December 31, 2021	8	8
Class C common stock, \$0.0001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding as of March 31, 2022 and December 31, 2021	-	-
Preferred Stock, \$.0001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding as of March 31, 2022 and December 31, 2021	-	-
Additional paid-in-capital	468,475	466,345
Accumulated other comprehensive loss		
Accumulated deficit	(24,508)	(47,581)
Shareholders' equity attributable to Fathom Digital Manufacturing Corporation	443,980	418,777
Total Liabilities, Shareholders' Equity, and Redeemable Non-Controlling Interest	<u>\$ 1,570,068</u>	<u>\$ 1,566,374</u>

(1) Inclusive of allowance for doubtful accounts of \$1,322 and \$1,150 as of March 31, 2022 and December 31, 2021, respectively

(2) Inclusive of accounts payable to related parties of \$1,180 and \$1,246 as of March 31, 2022 and December 31, 2021, respectively

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

Fathom Digital Manufacturing Corporation
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(In thousands, except units, shares, per unit, and per share amounts)

	Three Months ended	
	March 31, 2022 (Successor)	March 31, 2021 (Predecessor)
Revenue	\$ 40,541	\$ 30,534
Cost of revenue ^{(1) (2) (3)}	28,544	17,123
Gross profit	11,997	13,411
Operating expenses		
Selling, general, and administrative ⁽⁴⁾	14,763	7,670
Depreciation and amortization	4,517	2,672
Total operating expenses	19,280	10,342
Operating (loss) income	(7,283)	3,069
Interest expense and other (income) expense		
Interest expense	1,473	2,114
Other expense	116	1,540
Other income	(27,165)	(94)
Total interest expense and other (income) expense, net	(25,576)	3,560
Net income (loss) before income tax	\$ 18,293	\$ (491)
Income tax expense	454	9
Net income (loss)	\$ 17,839	\$ (500)
Net loss attributable to Fathom OpCo non-controlling interest (Note 14)	(5,259)	-
Net income attributable to controlling interest	23,098	(500)
Comprehensive income (loss):		
Loss from foreign currency translation adjustments	(107)	(107)
Comprehensive income (loss), net of tax	<u>\$ 22,991</u>	<u>\$ (607)</u>
Earnings per Share:		
Net income (loss) per unit attributable to Class A and Class B common unit holders ⁽⁵⁾		
Basic and Diluted		\$ (0.36)
Weighted average Class A and Class B units outstanding		
Basic and Diluted		7,723,592
Net income per share attributable to shares of Class A common stock		
Basic	\$ 0.45	
Diluted	\$ 0.13	
Weighted average Class A common shares outstanding		
Basic	50,785,656	
Diluted	135,839,973	

(1) Inclusive of \$1,695 and \$854 of depreciation and amortization for the three months ended March 31, 2022 and March 31, 2021, respectively;

(2) Inclusive of \$1,108 and \$580 of cost of revenue related to inventory purchases from a related party for the three months ended March 31, 2022 and March 31, 2021, respectively;

(3) Inclusive of \$3,241 and \$277 of inventory step-up amortization for the three months ended March 31, 2022 and March 31, 2021, respectively;

(4) Inclusive of \$71 and \$353 of management fees incurred to a related party for the three months ended March 31, 2022 and March 31, 2021, respectively;

(5) Basic and diluted net loss per unit amounts are the same for both Class A common units and Class B common units. See Note 13.

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

Fathom Digital Manufacturing Corporation
Consolidated Statement of Shareholders' Equity and Redeemable Non-Controlling Interest (Successor)
(Unaudited)
(In thousands, except share amounts)

	Class A Common Shares		Class B Common Shares		Additional Paid-in Capital	Accumulated Deficit	Total Equity Attributable to Fathom	Redeemable Non- controlling Interest
	Number of Shares	Amount	Number of Shares	Amount				
Successor:								
Balance at December 31, 2021	50,785,656	\$ 5	84,284,971	\$ 8	\$ 466,345	\$ (47,581)	\$ 418,777	\$ 841,982
Equity based compensation	-	-	-	-	2,130		2,130	
Cumulative effect from adoption of ASC 842	-	-	-	-	-	82	82	-
Net income	-	-	-	-	-	22,991	22,991	(5,259)
Balance at March 31, 2022	<u>50,785,656</u>	<u>\$ 5</u>	<u>84,284,971</u>	<u>\$ 8</u>	<u>\$ 468,475</u>	<u>\$ (24,508)</u>	<u>\$ 443,980</u>	<u>\$ 836,723</u>

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

Fathom Digital Manufacturing Corporation
Consolidated Statement of Class A Contingently Redeemable Preferred Units and Members' Equity (Predecessor) (Unaudited)
(In thousands, except unit amounts)

	Class A Contingently Redeemable Preferred Equity		Class A Common Units		Class B Common Units		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount			
Balance at December 31, 2020	1,167,418	\$ 54,105	5,480,611	\$ 35,869	2,242,981	\$ 14,450	\$ (14,232)	\$ (68)	\$ 36,019
Net loss	-	-	-	-	-	-	(500)	-	(500)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(107)	(107)
Balance at March 31, 2021	<u>1,167,418</u>	<u>\$ 54,105</u>	<u>5,480,611</u>	<u>\$ 35,869</u>	<u>2,242,981</u>	<u>\$ 14,450</u>	<u>\$ (14,732)</u>	<u>\$ (175)</u>	<u>\$ 35,412</u>

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

Fathom Digital Manufacturing Corporation
Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Three Months ended	
	March 31, 2022 (Successor)	March 31, 2021 (Predecessor)
Cash Flows from Operating Activities		
Net income (loss)	\$ 23,098	\$ (500)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	136	116
Depreciation and amortization included in cost of revenue	1,695	854
Amortization of intangible assets	4,374	2,301
Amortization of inventory step-up	3,241	277
Loss on disposal of property, plant and equipment	24	-
Foreign currency translation adjustment	(107)	(107)
Share-based compensation	2,130	-
Non cash lease expense, net	169	-
Deferred taxes	(24)	-
Non-controlling interest share of Fathom OpCo net loss	(5,259)	-
Change in fair value of Fathom earnout shares liability	(16,610)	-
Change in fair value of Sponsor earnout shares liability	(2,360)	-
Change in fair value of Warrant liability	(8,100)	-
Amortization of debt financing costs	100	96
Changes in operating assets and liabilities that provided cash:		
Accounts receivable	(2,790)	890
Inventory	(2,617)	202
Prepaid expenses and other assets	(1,170)	(2,006)
Accounts payable	4,062	594
Accrued liabilities and other	848	(587)
Net cash provided by operating activities	840	2,130
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,346)	(1,348)
Cash used for acquisitions, net of cash acquired	-	(10,835)
Net cash used in investing activities	(3,346)	(12,183)
Cash Flows from Financing Activities		
Proceeds from debt	-	11,500
Payments on finance leases	(77)	-
Payments on debt	(5,781)	(227)
Net cash provided by (used in) financing activities	(5,858)	11,273
Net (decrease) increase in cash	(8,364)	1,220
Cash, beginning of period	20,357	8,188
Cash, end of period	\$ 11,993	\$ 9,408
Supplemental cash flows information:		
Cash paid for interest	\$ 173	\$ 1,945
Cash paid to related parties	1,810	2,502
Significant non-cash investing activities:		
Right-of-use assets acquired through lease liabilities	\$ 11,986	\$ -

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

FATHOM DIGITAL MANUFACTURING CORPORATION

Notes to Unaudited Consolidated Financial Statements

(In thousands, except share amounts)

Note 1. Nature of Business

Fathom Digital Manufacturing Corporation ("Fathom", "Successor", or the "Company") was incorporated as a Delaware corporation on December 23, 2021 as part of the business combination as defined below. Fathom was previously named Altimar Acquisition Corp. II ("Altimar II") before deregistering as an exempted company in the Cayman Islands. Fathom, through its consolidated subsidiary, Fathom Holdco, LLC ("Fathom OpCo"), is a leading on-demand digital manufacturing platform in North America, providing comprehensive product development and manufacturing services to many of the largest and most innovative companies in the world.

Fathom OpCo was formed on April 16, 2021 as a limited liability company in accordance with the provisions of the Delaware Limited Liability Company Act, for the purpose of holding a 100 percent equity interest in MCT Group Holdings, LLC and its subsidiaries ("MCT Holdings") and holding a 100 percent equity interest in Incodema Holdings, LLC and its subsidiaries ("Incodema Holdings"). Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Company's 2021 Form 10-K.

Note 2. Basis of Presentation

The accompanying unaudited consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("United States" or "U.S.") and, of necessity, include some amounts that are based upon management estimates and judgments. The accompanying unaudited consolidated financial statements include assets, liabilities, revenues and expenses of all majority-owned subsidiaries. Intercompany transactions and balances are eliminated in consolidation.

In the Company's opinion, the accompanying unaudited consolidated financial statements contain all adjustments, consisting solely 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 accompanying unaudited consolidated financial statements have been prepared by the Company and do not include all disclosures as required by accounting principles generally accepted in the U.S. and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Annual Report on Form 10-K").

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842) Section A - Leases: Amendments to the FASB Accounting Standards Codification. The standard requires lessees to recognize the assets and liabilities arising from leases on the balance sheet and retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The Company adopted this standard and related amendments in the first quarter of 2022, using the modified retrospective approach. Using the modified retrospective approach the Company determined an incremental borrowing rate at the date of adoption based on the total lease term and total minimum rental payments.

The modified retrospective approach provides a method for recording existing leases at adoption with a cumulative adjustment to retained earnings. The Company elected the package of practical expedients which permits the Company to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any expired or existing leases as of the effective date. The Company also elected the practical expedient to use hindsight when determining the lease term, and the practical expedient lease considerations to not allocate lease considerations between lease and non-lease components for real estate leases. As such, real estate lease considerations are treated as a single lease-component and accounted for accordingly. The Company excludes leases with an initial term of 12 months or less from the application of Topic 842.

Adoption of the new standard resulted in the recording of \$3,122 and \$8,195 of current lease liabilities and long-term lease liabilities, respectively, and \$11,986 in corresponding right-of-use lease assets. The difference between the approximate value of the right-of-use lease assets and lease liabilities is attributable to future rent escalations. The cumulative change in the beginning accumulated deficit was \$82 due to the adoption of Topic 842. There was no material impact on the Company's consolidated statement of operations or consolidated statement of cash flows. The Company's comparative periods continue to be presented and disclosed in accordance with legacy guidance in Topic 840.

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

Note 3. Business Combination with Fathom OpCo

On December 23, 2021, Altimar II and Fathom OpCo closed a series of transactions (collectively, the "Business Combination") pursuant to the Business Combination Agreement dated as of July 15, 2021, as amended (the "Agreement"), that resulted in the combined Company becoming a publicly-traded company on the New York Stock Exchange ("NYSE") with the Company controlling Fathom OpCo in an "UP-C" structure. At the closing on December 23, 2021 ("Closing Date"), Altimar II domesticated into a Delaware corporation, and the Company, Fathom Digital Manufacturing Corporation ("Fathom", the "Company", "we", or "our"), was formed. Following the closing, the public investors, the investors that purchased Class A common stock in the private placement offering ("PIPE Investors") and the Founders collectively held Class A common stock representing approximately 10.4% economic interest in Fathom OpCo, and the CORE Investors and the other Legacy Fathom Owners collectively held 89.6% of economic interest in Fathom OpCo in the form of Class A common stock. Additionally, the Company issued to the legacy Fathom owners shares of Class B common stock, which have no economic rights but entitle each holder to voting power (one vote per share). Subsequently to the closing, the Company controls Fathom OpCo and is a holding company with no assets or operations other than its equity interest in Fathom OpCo.

The Business Combination was accounted for using the acquisition method with the Company as the accounting acquirer. Under the acquisition method of accounting, the Company's assets and liabilities were recorded at carrying value, and the assets and liabilities associated with Fathom OpCo were recorded at estimated fair value as of the closing date. The excess of the purchase price over the estimated fair values of the net assets acquired was recognized as goodwill. For accounting purposes, the acquirer is the entity that has obtained control of another entity and, thus, consummated a business combination. The determination of whether control has been obtained begins with the evaluation of whether control should be evaluated based on the variable interest or the voting interest model. If the acquiree is a variable interest entity, the primary beneficiary would be the accounting acquirer. Fathom OpCo met the definition of a variable interest entity, and the Company was determined to be the primary beneficiary and is therefore also the accounting acquirer in the Business Combination.

As a result of the Business Combination, the Company's financial statement presentation distinguishes Fathom OpCo as the "Predecessor" ("2021 Predecessor Period" or "Predecessor Period") through the Closing Date. The Company is the "Successor" ("2022 Successor Period" or "Successor Period") for periods after the Closing Date. As a result of the application of the acquisition method of accounting in the Successor Period, the unaudited consolidated financial statements for the Successor Period are presented on a full step-up basis, and are therefore not comparable to the unaudited consolidated financial statements of the Predecessor Period that are not presented on the same full step-up basis.

In connection with the Business Combination, the Company incurred \$19,010 of transaction expenses. These costs were recorded on the income statement of Altimar II prior to the Business Combination. Since the Predecessor period for purposes of these financial statements was deemed to be the historical results of Fathom OpCo, these transaction costs are not presented in either the Company's consolidated statement of comprehensive income (loss) for the 2021 Predecessor Period. However, these transaction costs are reflected in the accumulated deficit balance of the Company in the consolidated balance sheet as of December 31, 2021 (Successor).

The seller earnout contingent consideration below represents the estimated fair market value of the 9,000,000 Fathom Earnout Shares issued in conjunction with the Business Combination. The Fathom Earnout Shares will be settled with shares of Class A common stock or New Fathom Units and are accounted for as liability classified contingent consideration. The Fathom Earnout Shares vest in three equal tranches of 3,000,000 shares each at the volume-weighted average share price thresholds of \$12.50, \$15.00 and \$20.00, respectively. The earnout period related to the Fathom Earnout Shares is five years from the date of the closing date. These estimated fair values are preliminary and subject to adjustment in subsequent periods.

In conjunction with the Business Combination, the Company recognized a deferred tax liability \$17,573. The deferred tax liability was recorded on the standalone books of the Company with an offset to goodwill. The deferred tax liability is included in the other noncurrent liabilities caption in the table below.

The Business Combination was accounted for using the acquisition method of accounting and the fair value of the total purchase consideration transferred was \$1,364,220. See below for a summary of the total consideration transferred.

	Total
Consideration Transferred:	
Total cash consideration	\$ 53,332
Fathom earnout shares	88,160
Class A common stock transferred	375,478
Tax Receivable Agreement obligations to the sellers	4,300
Total consideration transferred to sellers	521,270
Non-controlling interest	842,950
Fair value of total consideration transferred	\$ 1,364,220

FATHOM DIGITAL MANUFACTURING CORPORATION

Notes to Unaudited Consolidated Financial Statements

(In thousands, except share amounts)

The following table sets forth the fair value of the assets and liabilities assumed in connection with the acquisition

	Total	
Assets acquired:		
Cash	\$	9,577
Accounts receivable, net		24,712
Inventory		12,825
Prepaid expenses and other current assets		3,172
Property and equipment, net		44,397
Goodwill		1,189,762
Intangible assets		270,000
Other non-current assets		2,200
Total assets acquired		1,556,645
Liabilities assumed:		
Accounts payable		9,808
Accrued expenses		4,860
Other current liabilities		5,226
Current portion of debt		152,000
Other noncurrent liabilities		20,531
Total liabilities assumed		192,425
Net identifiable assets acquired	\$	1,364,220

The purchase price allocation is preliminary and subject to change during the measurement period, which is not to exceed one year from the acquisition date. At this time, the Company does not expect material changes to the assets acquired or liabilities assumed. Goodwill represents future economic benefits arising from acquiring Fathom OpCo's equity, primarily due to its strong market position and its assembled workforce that are not individually and separately recognized as intangible assets. A portion of the Goodwill is deductible for tax purposes. Goodwill is allocated to the Company's sole reportable segment and reporting unit.

Identifiable Intangible Assets	Provisional fair value	Provisional useful life (in years)
Trade name	\$ 70,000	15
Customer relationships	180,000	19
Developed software	4,300	5
Developed technology	15,700	5
	\$ <u>270,000</u>	

The weighted average amortization period for the amortizable intangibles assets is 16.9 years.

Note 4 - Fathom OpCo Predecessor Period Acquisitions

Fathom OpCo completed an acquisition of Summit Tooling Inc. ("Summit Tooling") and Summit Plastics LLC ("Summit Plastics"), together with Summit Tooling, ("Summit") on February 1, 2021 in which it acquired 100 percent of the equity interests of Summit. In conjunction with the equity purchase, Fathom OpCo acquired the real estate in which Summit performs their operations. Summit Tooling designs and manufactures plastic injection molds and Summit Plastics provides molding of precision plastic components for a variety of industries. The primary reason for the acquisition was to expand Fathom OpCo's capabilities in manufacturing and expand its customer base of high-quality manufacturing and industrial technology companies in North America.

The transaction was accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805 - *Business Combinations* and the fair value of the total purchase consideration transferred consisted of the following:

Consideration	Total	
Cash	\$	10,875
Fair value of total consideration transferred	\$	<u>10,875</u>

The consideration excluded \$892 of buyer transaction expenses that are included in other expenses within the Predecessor Period consolidated statement of comprehensive loss. In addition, Fathom OpCo paid a transaction fee of \$225 to an affiliate of the majority member of Fathom OpCo.

The goodwill recognized as part of the acquisition primarily reflects the value of the assembled workforce acquired and the value of future growth prospects and expected business synergies realized as a result of combining and integrating the acquired business into Fathom OpCo's existing platform. The goodwill recognized is partially deductible for tax purposes.

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

The following table sets forth the fair values of the assets acquired and liabilities assumed in connection with the acquisition of Summit:

Recognized amounts of identifiable assets acquired and liabilities assumed	Total
Cash	\$ 40
Accounts receivable, net	627
Inventory	339
Property and equipment, net	4,371
Intangible assets	5,000
Total assets acquired	10,377
Accounts payable	40
Deferred revenue	776
Other current liabilities	1,418
Total liabilities assumed	2,234
Total identifiable net assets	8,143
Goodwill	<u>\$ 2,732</u>

Below is a summary of the intangible assets acquired in the acquisition:

	Acquisition Date Fair Value	Estimated Life (Years)
Trade name	\$ 400	5
Customer relationships	4,600	11
	<u>\$ 5,000</u>	

The amounts of revenue and net loss of Summit since the acquisition date included in the consolidated statements of comprehensive loss for the 2021 Predecessor Period are as follows:

	Period From January 1 - March 31, 2021 (Predecessor)	
Revenue	\$	1,175
Net (loss)	\$	<u>(1,271)</u>

Note 5. Revenue

The Company accounts for revenue in accordance with ASC 606. Revenue is recognized in five steps. The Company identifies the contract with the customer, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to the performance obligations, and recognizes revenue when (or as) each performance obligation is satisfied. Collectability is a required component of a valid contract. The Company assesses collectability based on a number of factors, including the customer's past payment history and current creditworthiness. If collectability is not considered probable at inception, the Company will not have a valid contract.

Most of the Company's revenue has one performance obligation and is recognized on a point-in-time basis upon shipment. The majority of the Company's injection molding contracts have multiple performance obligations including one obligation to produce the mold and sample part and a second obligation to produce production parts. For injection molding contracts with multiple performance obligations, the Company allocates revenue to each performance obligation based on its relative standalone selling price and recognizes revenue for each performance obligation on a point-in-time basis upon shipment. We generally determine stand-alone selling price based on the price charged to customers. The Company's payments terms are consistent with industry standards and never exceed 12 months.

Revenue by product line for the three months ended March 31, 2022 and March 31, 2021 are as follows:

	Three Months Ended	
	March 31, 2022 (Successor)	March 31, 2021 (Predecessor)
Revenue:		
Additive Manufacturing	\$ 4,149	\$ 4,540
Injection Molding	6,815	6,637
CNC Machining	13,326	4,831
Precision Sheet Metal	14,683	13,117
Ancillary Product Lines	1,568	1,409
Total revenue	<u>\$ 40,541</u>	<u>\$ 30,534</u>

FATHOM DIGITAL MANUFACTURING CORPORATION

Notes to Unaudited Consolidated Financial Statements

(In thousands, except share amounts)

Note 6. Inventories

Inventories are estimated at the lower of cost or net realizable value (“NRV”), with NRV based on selling prices in the ordinary course of business, less costs of completion, disposal, and transportation. Costs are determined on the first-in, first-out (“FIFO”) method.

Inventories consisted of the following:

	Period Ended	
	March 31, 2022	December 31, 2021
Raw materials	\$ 3,388	\$ 4,967
Work in process	7,839	5,368
Finished goods	1,689	3,506
Tooling	604	605
	13,520	14,446
Allowance for obsolescence	(979)	(1,281)
Total	\$ 12,541	\$ 13,165

Note 7. Property and Equipment

Property and equipment, net, consisted of the following:

	Period Ended	
	March 31, 2022	December 31, 2021
Machinery and equipment	\$ 34,570	\$ 33,182
Furniture and fixtures	322	180
Computer equipment	671	804
Property and leasehold improvements	5,910	7,180
Construction in progress	6,058	2,859
Transportation equipment	450	454
Total	47,981	44,659
Accumulated depreciation and amortization	(1,733)	(132)
Total	\$ 46,248	\$ 44,527

Depreciation expense included in operating expenses for the three months ended March 31, 2022 and March 31, 2021 was \$136 and \$116, respectively. Depreciation expense included in cost of revenues for the three months ended March 31, 2022 and March 31, 2021 was \$1,465, and \$854, respectively.

Note 8. Goodwill and Intangible Assets, net

A rollforward of goodwill is as follows:

(in thousands)

Balance at December 31, 2021	\$	1,189,464
Measurement period adjustments		298
Balance at March 31, 2022	\$	1,189,762

Intangible assets, net consisted of the following:

	March 31, 2022			December 31, 2021		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trade name	\$ 70,000	\$ 1,283	\$ 68,717	\$ 70,000	\$ 98	\$ 69,902
Customer relationships	180,000	2,601	177,399	180,000	252	179,748
Developed software	15,700	863	14,837	4,300	6	4,294
Developed technology	4,300	236	4,064	15,700	22	15,678
Total intangible assets	\$ 270,000	\$ 4,983	\$ 265,017	\$ 270,000	\$ 378	\$ 269,622

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

Aggregate amortization expense related to intangible assets, excluding goodwill which is not amortized, for the three months ended March 31, 2022 and March 31, 2021 was \$4,604 and \$2,301, respectively. There are no intangible assets, other than goodwill, with indefinite useful lives.

The following table represents the estimated aggregate amortization expense for each of the five succeeding fiscal calendar years.

Year	Aggregate Amortization
2022	\$ 18,140
2023	18,140
2024	18,140
2025	18,140
2026	18,041

Note 9. Warrant Liability

As of March 31, 2022, the Company had 8,625,000 Public Warrants outstanding with a fair value price of \$0.76 per Public Warrant, and 9,900,000 Private Placement Warrants outstanding with a fair value price of \$1.94 per Private Placement Warrant.

The below table summarizes the number of outstanding warrants and the fair value as of March 31, 2022. See Note 13 for further information.

	Fair Value	# of Warrants
Public Warrants	\$ 6,600	8,625,000
Private Placement Warrants	\$ 19,200	9,900,000

The below table summarizes the number of outstanding warrants and the fair value as of December 31, 2021. See Note 13 for further information.

	Fair Value	# of Warrants
Public Warrants	\$ 7,600	8,625,000
Private Placement Warrants	\$ 26,300	9,900,000

Note 10. Debt

On December 23, 2021, Fathom OpCo entered into the New Credit Agreement, which included a \$50,000 revolving credit facility and \$125,000 term loan. The Company's borrowings under the revolving credit agreement were \$22,000 at March 31, 2022. The loans made under the New Credit Agreement will mature in December 2026.

The Company recorded deferred financing costs of \$1,828 in conjunction with the New Credit Agreement and the balance is presented net within Long-term debt, net on the Company's consolidated balance sheet. The Company amortizes the deferred financing costs using the effective interest method.

The revolving credit facility under the New Credit Agreement is available for working capital and other general corporate purposes and includes a letter of credit sub-facility of up to \$5,000. The New Credit Agreement also includes an uncommitted incremental facility, which, subject to certain conditions, provides for additional term loan facilities, an increase in commitments under the New Credit Agreement and/or an increase in commitments under the revolving credit facility, in an aggregate amount of up to \$100,000. The Company is subject to various financial covenants, including quarterly net leverage and interest coverage covenants. The Company is in compliance with all debt covenants related to the New Credit Agreement as of March 31, 2022.

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

The Company's debt as of March 31, 2022 and December 31, 2021 is as follows:

Debt Description	As of March 31, 2022		As of December 31, 2021	
	Interest Rate	Amount	Interest Rate	Amount
New Credit Agreement Revolver	3.99 %	22,000	3.60 %	27,000
New Credit Agreement Term Loan	4.51 %	124,219	3.72 %	125,000
Total principal long-term debt		146,219		152,000
Debt issuance costs		(1,713)		(1,812)
Total debt, net		144,506		150,188
Less: current portion of debt		25,423		29,697
Long-term debt, net of current portion		<u>\$ 119,083</u>		<u>\$ 120,491</u>

Interest on all debt is payable in 90 days increments, with the unpaid amount due upon maturity. Interest expense associated with long-term debt for the three months ended March 31, 2022 and March 31, 2021 was \$1,473, and \$2,114, respectively. Included in interest expense, net on the accompanying unaudited consolidated statements of comprehensive loss is amortization of debt issuance costs for the three months ended March 31, 2022 and March 31, 2021 was \$100, and \$96, respectively.

In December 2021, Fathom OpCo entered into a financing agreement through its insurance broker to spread the payment of its annual director's and officer's insurance premium over a ten-month period. Total financed payments of \$3,001, including a \$35 financing fee at a 2.57% annual rate, are to be made between January 2022 and October 2022. As of March 31, 2022 the Company recognized \$2,176 of prepaid assets and \$2,090 of other current liabilities in the unaudited consolidated financial statements. For the three months ended March 31, 2022 the Company recognized \$842 of insurance expense in selling, general and administrative ("SG&A") expenses.

Note 11. Other (Income) Expense

Other income and expense, net is comprised of the following for the periods ended March 31, 2022, and March 31, 2021:

	Three Months Ended	
	March 31, 2022 Successor	March 31, 2022 Predecessor
Acquisition expenses	\$ -	\$ 1,339
Loss on sale of assets	24	83
Other	92	118
Other expense	116	1,540
Change in fair value of Fathom and Sponsor Earnout Shares	(18,970)	-
Change in fair value of Warrants	(8,100)	-
Other	(95)	(94)
Other income	(27,165)	(94)
Other (income) expense, net	<u>\$ (27,049)</u>	<u>\$ 1,446</u>

Note 12. Shared Based Compensation

On December 23, 2021, the Company executed the Fathom Digital Manufacturing 2021 Omnibus Incentive Plan (the "2021 Omnibus Plan") to encourage the profitability and growth of the Company through short-term and long-term incentives that are consistent with the Company's objectives. The 2021 Omnibus Plan provides that the Company may grant options, stock appreciation rights, restricted shares, restricted stock units, performance-based awards (including performance-based restricted shares and restricted stock units), other share-based awards, other cash-based awards, and any combination of the foregoing.

Stock Options

The stock option valuation assumptions for the three months ended March 31, 2022 are provided in the table below.

	March 31, 2022
Expected term (years)	4.5
Expected volatility	58.7 %
Expected dividend yield	0.0 %
Risk-free interest rate	1.91 %
Fair value of share	\$ 4.26

In February 2022, the Company granted stock options to purchase up to 317,091 shares of Class A common stock at a weighted average exercise price of \$8.71 per share which generally vest over a requisite service period of three years. The total intrinsic value of options exercised during the three months ended March 31, 2022 was \$0.

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

At March 31, 2022, there was approximately \$1,312 of total unrecognized compensation cost related to unvested stock options granted under the 2021 Omnibus Plan. That cost is expected to be recognized over a weighted average period of 2.92 years as of March 31, 2022.

The Company currently uses authorized and unissued shares to satisfy share award exercises.

Restricted Stock Units

A summary of the status of the Company's restricted stock unit activity and the changes during the three months ended March 31, 2022 are as follows:

	Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested at December 31, 2021	6,472,617	\$ 8.21	\$ -
Granted	727,601	9.01	-
Vested	-	-	-
Forfeited	-	-	-
Non-vested at March 31, 2022	<u>7,200,218</u>	<u>\$ 9.01</u>	<u>\$ -</u>

At March 31, 2022, there was approximately \$10,259 of total unrecognized compensation cost related to unvested restricted stock units granted under the 2021 Omnibus Plan. That cost is expected to be recognized over a weighted average period of 2.85 years as of March 31, 2022.

Total stock based compensation expenses was \$2,130 and \$139 for the three months ended March 31, 2022 and 2021, respectively.

Note 13. Earnings Per Share and Earnings Per Unit

2022 Successor

Basic net income per share is computed based on the weighted average number of common shares outstanding. Diluted net loss per share is computed based on the weighted average number of common shares outstanding, increased by the number of any additional shares that would have been outstanding had any potentially dilutive common shares been issued and reduced by the number of shares the Company could have repurchased from the proceeds from issuance of the potentially dilutive shares.

Only the Company's Class A common stock participates in the Company's undistributed earnings. As such, the Company's undistributed earnings are allocated entirely to shares of Class A common stock based on the weighted Class A common stock outstanding the three months ending March 31, 2022.

The Company's basic earnings per share calculation is as follows:

	March 31, 2022
	Class A
Basic Earnings Per Share:	
Numerator	
Net income	\$ 17,839
Less: Net loss attributable to non-controlling interests	(5,259)
Net income attributable to Class A common stock	<u>\$ 23,098</u>
Denominator	
Weighted average shares of Class A common stock outstanding-basic	50,785,656
Basic Earnings Per Share	<u>\$ 0.45</u>

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

The Company's diluted earnings per share calculation is as follows:

	March 31, 2022
	Class A
Diluted Earnings Per Share:	
Numerator	
Net income attributable to holders of Class A common stock	\$ 17,839
Denominator	
Weighted average shares of Class A common stock outstanding-basic	50,785,656
Effect of Dilutive Securities	
Assumed exchange for shares of Class A common stock	85,054,317
Weighted average shares of Class A common stock outstanding-diluted	135,839,973
Diluted Earnings Per Share	\$ 0.13

2021 Predecessor

Basic net loss per unit is computed based on the weighted average number of common units outstanding. Diluted net loss per unit is computed based on the weighted average number of common units outstanding, increased by the number of any additional units that would have been outstanding had any potentially dilutive common units been issued and reduced by the number of units Fathom OpCo could have repurchased from the proceeds from issuance of the potentially dilutive units. Fathom OpCo had no dilutive instruments outstanding as of March 31, 2021. As a result, basic and diluted earnings per units are the same as of March 31, 2021.

Fathom OpCo's Class A common units and Class B common units participate equally in Fathom OpCo's undistributed earnings. As such, Fathom OpCo's undistributed earnings are allocated pro-rata to the Class A common units and Class B common units based on the weighted Class A common units and Class B common units outstanding as of March 31, 2021 such that earnings per unit for Class A common units and Class B common units are the same in each period.

	Period From	
	January 1 - March 31,	January 1 - March 31,
	2021	2021
	(Predecessor)	(Predecessor)
	Class A	Class B
Basic and Diluted Loss Per Unit:		
Numerator		
Net loss	\$ (355)	\$ (145)
Less: annual dividends on redeemable preferred units	(1,614)	(660)
Net loss attributable to common unitholders	<u>(1,969)</u>	<u>(805)</u>
Denominator		
Weighted-average units used to compute basic earnings per unit	5,480,611	2,242,981
Basic and Diluted Loss Per Unit	<u>\$ (0.36)</u>	<u>\$ (0.36)</u>

Note 14. Shareholders' Equity, Noncontrolling interest, and Members' Equity

The Company's equity consists of a total of 500,000,000 authorized shares across all classes of capital stock, which the Company has the authority to issue. The 500,000,000 authorized shares consist of 10,000,000 authorized shares of preferred stock with a par value of \$0.0001 per share, 300,000,000 authorized shares of Class A common stock with a par value of \$0.0001 per share, 180,000,000 shares of Class B common stock with a par value of \$0.0001 par value per share, and 10,000,000 shares of Class C common stock with a par value of \$0.0001 per share.

As of March 31, 2022, the Company had no outstanding shares of Preferred Stock, 50,785,656 outstanding shares of Class A common stock, 84,294,971 outstanding shares of Class B common stock, and no outstanding shares of Class C common stock.

The table below demonstrates the calculation of the comprehensive loss attributable to the non-controlling interest holders for the 2022 Successor Period.

	Period From January 1, 2022 - March 31,
	2022
	(Successor)
Fathom OpCo comprehensive loss	(8,429)
Non-controlling interest percentage	62.4 %
Comprehensive loss attributable to non-controlling interest	<u>(5,259)</u>

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

Predecessor

Fathom OpCo's equity in the 2021 Predecessor Period consists of Class A common units and Class B common units.

The following table represents a summary of the Company's Members' Equity as of March 31, 2021 (Predecessor):

	March 31, 2021 (Predecessor)
Class A common units	5,480,611
Class B common units	2,242,981

Note 15. Leases

The Company leases certain manufacturing facilities, office space, and equipment and determines if an arrangement is a lease at inception. Amounts associated with operating leases and financing leases are included in right-of-use lease assets ("ROU assets"), current lease liabilities and long-term lease liabilities in the Company's unaudited consolidated balance sheet.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

If the leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. The incremental borrowing rate is determined using a portfolio approach based on the rate of interest that we would pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The Company uses quoted interest rates obtained from financial institutions as an input to derive its incremental borrowing rate as the discount rate for the lease.

Leases with an initial term of 12 months or less are not recorded on the balance sheet, and we recognize lease expense for these leases on a straight-line basis over the lease term. For lease agreements entered into or reassessed after the adoption of Topic 842, we combine lease and nonlease components.

Certain leases include one or more options to renew, with renewal terms that can extend the lease term from one to 10 years or more, and the exercise of lease renewal options under these leases is at our sole discretion. Lease terms include the non-cancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods. Certain of the Company's operating leases include variable rental payments based on a percentage change of certain CPI indices. Variable rental payments are recognized in the consolidated statement of comprehensive income (loss) in the period in which the obligation for those payments is incurred. The depreciable life of assets and leasehold improvements are limited by the expected lease term. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

	Balance Sheet Location		March 31, 2022
Assets			
Operating	Right-of-use operating lease assets, net	\$	8,808
Financing	Right-of-use financing lease assets, net		2,417
Total lease assets		\$	<u>11,225</u>
Liabilities			
Current			
Operating	Current operating lease liability	\$	2,937
Financing	Current financing lease liability		185
Non-Current			
Operating	Long-term operating lease liability		5,917
Financing	Long-term financing lease liability		2,278
Total lease liability		\$	<u>11,317</u>

The following table sets forth our lease costs included in our unaudited consolidated statement of comprehensive income (loss):

		March 31, 2022
Operating lease cost	\$	803
Short-term lease cost		4
Financing lease cost:		
Amortization of ROU assets		54
Interest on lease liabilities		35
Sublease income		(34)
Total lease costs	\$	<u>862</u>

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

March 31, 2022

Weighted-average remaining lease term (years)	
Operating	3.7
Financing	8.9
Weighted-average discount rate	
Operating	4.2 %
Financing	5.6 %

Maturities of Leases

	Operating Leases	Financing Leases	Total
2022	\$ 2,438	\$ 239	\$ 2,677
2023	2,951	325	3,276
2024	1,780	335	2,115
2025	1,126	345	1,471
2026	638	356	994
Thereafter	693	1,566	2,259
Total future lease payments	9,627	3,167	12,794
Less: Discount	773	704	1,477
Present value of lease liability	<u>\$ 8,854</u>	<u>\$ 2,463</u>	<u>\$ 11,317</u>

Disclosures related to period prior to adoption of the Topic 842

Operating lease rent expense was \$767 for the three months ended March 31, 2021.

As of December 31, 2021, future minimum lease payment obligations were as follows:

Year	Total
2022	\$ 3,212
2023	3,027
2024	1,959
2025	1,253
2026	443
Thereafter	328
Total future lease payments	<u>\$ 10,222</u>

Note 16. Fair Value Measurement

The fair value of the Company's financial assets and liabilities reflects the Company's management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1 — Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3 — Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis as of March 31, 2022.

Description	Fair Value Measurements as of March 31, 2022			Total
	Level 1	Level 2	Level 3	
Liabilities:				
Tax Receivable Agreement	\$ -	\$ -	\$ 4,600	\$ 4,600
Fathom OpCo acquisitions contingent consideration	-	-	3,598	3,598
Sponsor Earnout Shares Liability	-	-	7,020	7,020
Fathom Earnout Shares Liability	-	-	47,690	47,690
Warrant liability – Public Warrants	6,600	-	-	6,600
Warrant liability – Private Placement Warrants	-	-	19,200	19,200
	<u>\$ 6,600</u>	<u>\$ -</u>	<u>\$ 82,108</u>	<u>\$ 88,708</u>

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis as of December 31, 2021.

Description	Fair Value Measurements as of December 31, 2021			Total
	Level 1	Level 2	Level 3	
Liabilities:				
Tax Receivable Agreement	\$ -	\$ -	\$ 4,600	\$ 4,600
Fathom OpCo acquisitions contingent consideration	-	-	3,598	3,598
Sponsor Earnout Shares Liability	-	-	9,380	9,380
Fathom Earnout Shares Liability	-	-	64,300	64,300
Warrant liability – Public Warrants	7,600	-	-	7,600
Warrant liability – Private Placement Warrants	-	-	26,300	26,300
	<u>\$ 7,600</u>	<u>\$ -</u>	<u>\$ 108,178</u>	<u>\$ 115,778</u>

The following table presents a reconciliation of the beginning and ending balances of recurring level 3 fair value measurements.

	Level 3 Liabilities					Total
	Tax Receivable Agreement liability	Fathom OpCo acquisitions contingent consideration	Sponsor Earnout shares liability	Fathom Earnout shares liability	Warrant liability – Private Placement Warrants	
Balance at December 31, 2021	\$ 4,600	\$ 3,598	\$ 9,380	\$ 64,300	\$ 26,300	\$ 108,178
Net gain ⁽¹⁾	-	-	(2,360)	(16,610)	(7,100)	(26,070)
Ending balance at March 31, 2022	<u>\$ 4,600</u>	<u>\$ 3,598</u>	<u>\$ 7,020</u>	<u>\$ 47,690</u>	<u>\$ 19,200</u>	<u>\$ 82,108</u>

(1) Net gains on changes in recurring level 3 fair value measurements are recognized in Other income in our unaudited consolidated statement of comprehensive loss.

Valuation Methodologies for Fair Value Measurements Categorized within Levels 2 and 3

Tax Receivable Agreement ("TRA")

The fair value of the TRA is based on multiple inputs and assumptions input into a Monte Carlo simulation model. The significant inputs into this model are the following: a corporate tax rate of 26.9%, an annual TRA payment date of February 16, existing non-controlling interest percentage of 37.6%, initial amortization deductions of \$52,400, \$126,000 of taxable income forecast by 2030, a sell-down schedule which reflects the expected sale of our Class A common units in Fathom OpCo ("New Fathom Units") by legacy Fathom OpCo shareholders, a Class A common stock price as of March 31, 2022 (Successor) of \$6.18, volatility of 85.9%, correlation between taxable income and the Class A common stock price of 25%, and a cost of debt range from 5.6% to 9.4%

Legacy Fathom OpCo Acquisitions Contingent Consideration

The fair values for contingent consideration payable are determined by using a discounted cash flow approach with unobservable inputs and is classified as a Level 3 liability in the fair value hierarchy. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each entity to which the contingent consideration relates to, for example EBITDA targets for a given period.

FATHOM DIGITAL MANUFACTURING CORPORATION
Notes to Unaudited Consolidated Financial Statements
(In thousands, except share amounts)

Earnout Shares Liability

The fair values for the Earnout Shares are estimated using a Monte Carlo simulation assuming Geometric Brownian Motion in a risk-neutral framework. The Monte Carlo simulation considers daily simulated stock prices as a proxy for the Company's daily volume-weighted average price ("VWAP"). The key inputs into the valuation of the Earnout Shares are an expected term of five years, a risk-free rate of 1.25%, operating asset volatility of 87.6%, and equity volatility of 91.7%. The operating asset volatility and the equity volatility assumptions are based on a blended average of operating and equity volatility, respectively, of publicly traded companies within the Company's peer group.

Private Placement Warrants

The Warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of Warrant liabilities in the statement of operations.

The Private Placement warrants are valued using a Monte Carlo simulation model, which is considered to be a Level 3 fair value measurement. The volatility for the Private Placement warrants, a key input into the valuation, was estimated to be 25% based on a calibration to the publicly traded per share price of the Company's Class A common stock as of December 31, 2021 (Successor). Other key inputs into the valuation include a term of 5.0 years, a strike price of \$11.50 per share, and an assumption that the Private Placement warrants will remain outstanding until maturity since the Private Placement warrants are not redeemable.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 17. Income Taxes

The Company calculates the provision for income taxes during interim periods by applying an estimate of the forecasted annual effective tax rate for the full fiscal year to "ordinary" income or loss (pretax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period. The provision for income taxes was \$454 for the three months ending March 31, 2022 compared to \$9 for the three months ended March 31, 2021. The effective tax rate, including discrete items, was 2.48% for the period ended March 31, 2022 compared to (1.91%) for the three months ended March 31, 2021. The change in the effective tax rate relates primarily to the change in organizational structure stemming from the Business Combination in December 2021. In addition, the tax provision for the period ended March 31, 2022 is impacted by permanent differences with respect to gains and losses recorded on the Fathom Earnout Shares liability, Sponsor Earnout Shares liability, and Warrant liability, none of which were outstanding liabilities as of March 31, 2021.

The Company evaluates the realizability of the deferred tax assets on a quarterly basis and establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset may not be realized. For the three months ended March 31, 2022, the Company made no material adjustments to its assertion that deferred tax assets are not more-likely than not to be realized.

As of March 31, 2022, the Company did not recognize income tax expense or benefits associated with uncertain tax positions.

Note 18. Commitments and Contingencies

The Company is subject to various claims and lawsuits that arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material effect on the Company's financial condition, comprehensive gain (loss) or cash flows.

FATHOM DIGITAL MANUFACTURING CORPORATION

Notes to Unaudited Consolidated Financial Statements

(In thousands, except share amounts)

Note 19. Variable Interest Entities

Based upon the criteria set forth in ASC 810, the Company consolidates variable interest entities (“VIEs”) in which it has a controlling financial interest and is therefore deemed the primary beneficiary. A controlling financial interest will have both of the following characteristics: (a) the power to direct the VIE activities that most significantly impact economic performance; and (b) the obligation to absorb the VIE losses and the right to receive benefits that are significant to the VIE. The Company has determined that Fathom OpCo meets the definition of a VIE and that the Company is the primary beneficiary of Fathom OpCo beginning on the date of the Business Combination, and therefore the Company must consolidate Fathom OpCo from the date of the Business Combination.

The following table presents a summary of the total assets, liabilities, and shareholders' equity of the Company's consolidated VIE, which is comprised solely of Fathom OpCo.

	Period Ended March 31, 2022 Fathom OpCo Standalone	
Total assets	\$	1,569,797
Total liabilities		204,255
Total shareholders' equity		1,365,542

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited interim consolidated financial statements as of and for the three months ended March 31, 2022 (Successor), together with our audited consolidated financial statements for our most recently completed fiscal year set forth under Item 8 of our 2021 Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in Item 1A "Risk Factors" of our 2021 Form 10-K and other filings under the Exchange Act.

Overview

Fathom Digital Manufacturing Corporation was incorporated in Delaware in December 2021 as part of the completion of the business combination of Altimar Acquisition Corp II and Fathom Opco ("the Business Combination"). However, our roots stretch back over 35 years with the founding of several of our subsidiaries. The terms "Fathom" the "Company," "we," "us," and "our" as used herein refer to the business and operations of Fathom Digital Manufacturing Corporation and its consolidated subsidiaries.

We are a leading national on-demand digital manufacturing platform at the forefront of the Industry 4.0 revolution. Industry 4.0 utilizes e-commerce, automation, and data sharing in a cyber-physical system to communicate and cooperate in the manufacturing process over the Internet of Things ("IoT"). Using our expansive manufacturing footprint and extensive expertise in both additive and traditional manufacturing, we provide comprehensive product development and on-demand manufacturing services to many of the largest and most innovative companies in the world. Our unified suite of manufacturing technologies, processes, and proprietary software enables us to deliver hybridized solutions that meet the specific needs of our customers, empowering them to tackle complex manufacturing problems and accelerate product development cycles.

Our differentiated strategy focuses on speed, problem solving, adaptive technical responsiveness, and a technology agnostic approach across our 25 plus manufacturing processes to meet customers' design intent. This allows our customers to iterate faster, often shortening their product development and production cycles from months to days.

We seamlessly blend in-house capabilities consisting of plastic and metal additive technologies, injection molding and tooling, computer numerical control ("CNC") machining, and precision sheet metal fabrication. We operate over 530 advanced manufacturing systems across 25 unique manufacturing processes and a 450,000 sq. ft. manufacturing footprint, spanning 12 facilities located primarily within the U.S. We believe we are positioned to serve the largest geographic markets in which our customers are located and enable cost effective and rapid turnaround times for our customers. Our scale and the breadth of offerings allow our customers to consolidate their supply chain and product development needs through the ability to source through a single manufacturing supplier. Fathom's manufacturing technologies and capacity are further extended through the utilization of a selected group of highly qualified suppliers that specialize in injection molding and tooling and CNC machining.

We have experienced significant growth since inception both organically and through our successful and proven acquisition playbook, which is enabled by our proprietary software platform that allows for a streamlined integration of acquired companies. Over the past three years, we have successfully completed 13 acquisitions to bolster our operations and offerings. Fathom started as Midwest Composite Technologies, LLC ("MCT"), a leader in prototyping and low-volume services. Founded in 1984, MCT specialized in model making, industrial design, and rapid prototyping. Today, MCT serves companies through a variety of in-house additive manufacturing technologies, including 3D printing and processing, CNC machining, injection molding, and industrial design capabilities.

In September 2019, we acquired Kemeera, LLC to expand our additive, CNC machining, injection molding, and development and engineering services, as well as bring urethane casting capabilities. In December 2019, we acquired ICOMold, LLC ("ICOMold") to expand our injection molding capabilities and significantly enhance our customer experience by bringing in-house an interactive, automated quotation system capable of providing feedback in 30 seconds with an intuitive, customer-facing project management portal, which we have continued to develop and enhance. Our acquisition of ICOMold also expanded our capabilities into China.

In July 2020, we acquired Incodema, LLC and Newchem, LLC to expand our in-house manufacturing processes to include precision sheet metal engineering solutions, including a broad array of sheet metal cutting and forming solutions such as laser cutting, micro waterjet, specialty stamping, and photochemical etching, among others, for quick and complex, tight tolerance parts. In August 2020, we acquired GPI Prototype & Manufacturing Services, LLC ("GPI") to expand our additive manufacturing capabilities. GPI was one of the first metal additive manufacturing service providers in the U.S., bringing metallurgical expertise in-house and enabling the Company to produce metal parts with complex geometries for on-demand manufacturing applications. In December 2020, we acquired Dahlquist Machine, LLC to expand our precision machining capabilities with state-of-the-art CNC mills and lathes for high-speed precision machining of light metals, aluminum, and plastics. In December 2020, we also acquired Majestic Metals, LLC, further expanding our precision sheet metal fabrication capabilities. Further, in December 2020, we acquired Mark Two Engineering, LLC expanding our precision machining services and footprint in the medical device industry.

In February 2021, we acquired Summit Tooling, Inc. and Summit Plastics LLC, further expanding our plastic injection mold manufacturing capabilities. In April 2021, we acquired Centex Machine and Welding Inc. and Laser Manufacturing, Inc. to expand our high-precision manufacturing services specializing in CNC machining and medical device manufacturing. In April 2021, we also acquired Sureshot Precision, LLC d/b/a Micropulse West expanding our Electrical Discharge Machine ("EDM") services, and CNC and manual machining capabilities. Further, in April 2021, we acquired Precision Process, LLC specializing in CNC machining, engineering support, and EDM services.

Factors Affecting the Comparability of our Results of Operations

As a result of a number of factors, our historical results of operations are not comparable from period to period and may not be comparable to our financial results of operations in future periods. Set forth below is a brief discussion of the key factors that may impact the comparability of our results of operations in future periods.

Impact of the Business Combination

Fathom is subject to corporate level tax rates at the federal, state and local levels. Fathom OpCo was and is treated as a flow-through entity for U.S. federal income tax purposes, and as such, has generally not been subject to U.S. federal income tax at the entity level. Accordingly, other than for certain consolidated subsidiaries of the Predecessor that are structured as corporations and unless otherwise specified, the historical results of operations and other financial information presented does not include any provision for U.S. federal income tax.

Fathom pays U.S. federal and state income taxes as a corporation on its share of our taxable income. The Business Combination was accounted for as a business combination using the acquisition method of accounting. Accordingly, the assets and liabilities, including any identified intangible assets, were recorded at their preliminary fair values at the date of completion of the Business Combination, with any excess of the purchase price over the preliminary fair value recorded as goodwill. The application of business combination accounting required the use of significant estimates and assumptions.

As a result of the application of accounting for the Business Combination, the historical consolidated financial statements of Fathom OpCo are not necessarily indicative of the Fathom's future results of operations, financial position and cash flows. For example, increased tangible and intangible assets resulting from adjusting the basis of tangible and intangible assets to their fair value would result in increased depreciation and amortization expense in the periods following the consummation of the Business Combination.

In connection with the Business Combination, we entered into a Tax Receivable Agreement (“TRA”) with certain of our pre-Business Combination owners that provides for the payment by Fathom to such owners of 85% of the benefits that Fathom is deemed to realize as a result of the Company’s share of existing tax basis acquired in the Business Combination and other tax benefits related to entering into the TRA.

Additionally, in connection with the Business Combination, we have accounted for the issuance of warrants and earnout shares as liabilities which require re-measurement to fair value at the end of each reporting period, as applicable, and adopted the Fathom 2021 Omnibus Incentive Plan which will result in higher share-based compensation expenses.

Impact of Becoming a Public Company

We expect to incur additional costs associated with operating as a public company, including human resources, legal, consulting, regulatory, insurance, accounting, investor relations and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act and rules adopted by the SEC require public companies to implement specified corporate governance practices that are not applicable to a private company. These additional rules and regulations increased our legal, regulatory and financial compliance costs and will make some activities more time-consuming and costly.

Key Factors Affecting Our Results

Our financial position and results of operations depend to a significant extent on the following factors:

Industry Opportunity and Competitive Landscape

The market in which we operate is projected to grow from \$25 billion in 2021 to \$33 billion in 2025, fueled by growth in demand for additive manufacturing and continuing trends in customer outsourcing of production needs. We operate in a large, fragmented, and competitive industry, competing for customers with a range of digital manufacturers, digital manufacturing brokers, and regional design bureaus. We believe we are uniquely positioned as the only full-service outsourced solution built specifically to cater to the manufacturing needs of enterprise-level corporate customers. In particular, we believe we compare favorably to other industry participants on the basis of the following competitive factors:

- Fathom offers a wide breadth of advanced manufacturing processes, including additive 2.0 and emerging technologies;
- We have a proven track record of serving blue-chip, enterprise-level corporate customers;
- We offer our clients turnaround times in as little as 24-hours, nationwide;
- Our unified digital customer experience supplemented by with embedded support teams;
- Fathom provides the industry’s only team of dedicated customer-facing engineers, unlocking the broadest parts envelope and providing customers with high-value customized parts;
- Our list of certifications validates our capabilities and precision (tight tolerances, handling of sensitive client data, etc.);
- We possess a wealth of material expertise, technical design capabilities, and engineering resources which we leverage to deliver superior customer results regardless of manufacturing process and production material; and

- Our successful and proven acquisition integration playbook for strategic growth opportunities.

Customer Product Life Cycle and Connectivity

We believe that a number of trends affecting our industry have affected our results of operations and may continue to do so. For example, we believe that many of our target customers are facing three mega trends which are disrupting long-term product growth models including (i) increased pressure to shorten product life-cycles, (ii) the demand for manufactured parts on-demand, and (iii) expectation to deliver products that are personalized and customized to unique customer specifications. We believe we continue to be well positioned to benefit from these trends given our proprietary technology alignment with Industry 4.0 trends that enables us to automate and integrate processes involved in manufacturing custom parts. The COVID-19 pandemic has also impacted the manufacturing environment. For example, the pandemic accelerated the digitization of manufacturing as companies pivoted to a work-from-home and socially-distanced manufacturing plant environment. As a result, the adoption of e-commerce was accelerated, which allows opportunity for us to provide valuable solutions to manufacturers looking to build resiliency in their supply chains through fast, on-demand manufacturers. While our business may be positively affected by these trends, our results may also be favorably or unfavorably impacted by other trends that affect product developer and engineer orders for custom parts in low volumes, including, among others, economic conditions, changes in product developer and engineer preferences or needs, developments in our industry and among our competitors, and developments in our customers' industries. For a more complete discussion of the risks facing our business, see Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021.

Manufacturing Facilities and Capacity

We believe our combined facilities are adequate for our development and production needs in the near future. Should we need to add space or transition into new facilities, we believe we have the ability to expand our footprint on commercially reasonable terms.

Impacts of the COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic." First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. As of the date of issuance of the consolidated financial statements contained in this report, our operations have not been significantly impacted, but we continue to monitor the situation. No impairments were recorded as of the consolidated balance sheet date, as no triggering events or changes in circumstances had occurred during 2021 or during the fiscal quarter ended March 31, 2022; however, due to uncertainty surrounding the situation, and specifically as it pertains to the current global supply chain disruptions, and management's judgment could change in the future. In addition, while our results of operations, cash flows and financial condition were not significantly impacted, the extent of any future impact of COVID-19 cannot be reasonably estimated at this time. The health and well-being of our employees is critical to our ongoing ability to operate and serve our customers. We are committed to ensuring the safety and well-being of our employees across each location and job function, which includes providing broad benefits to support their health and wellness needs. In order to address the challenges posed by COVID-19, we implemented a number of measures across our locations to ensure maximum protection for our employees and their families, including allowing remote work arrangements where possible. We continue to place the utmost importance on complying with governmental regulations and health authority guidance to ensure that the appropriate steps are taken to protect the well-being of all people engaged with our business.

Comparison of the three months ended March 31, 2022 and 2021

	Three Months Ended	
	March 31, 2022 (Successor)	March 31, 2021 (Predecessor)
Revenue	\$ 40,541	\$ 30,534
Cost of revenue	28,544	17,123
Gross profit	11,997	13,411
Operating expenses		
Selling, general, and administrative	14,763	7,670
Depreciation and amortization	4,517	2,672
Total operating expenses	19,280	10,342
Operating (loss) income	(7,283)	3,069
Interest expense and other (income) expense		
Interest expense	1,473	2,114
Other expense	116	1,480
Other income	(27,165)	(34)
Total interest expense and other (income) expense, net	(25,576)	3,560
Net income (loss) before income tax	\$ 18,293	\$ (491)
Income tax benefit	454	9
Net income (loss)	\$ 17,839	\$ (500)
Net loss attributable to Fathom OpCo non-controlling interest (Note 13)	(5,259)	-
Net income attributable to controlling interest	23,098	(500)
Comprehensive income (loss):		
Loss from foreign currency translation adjustments	(107)	(107)
Comprehensive income (loss), net of tax	<u>\$ 22,991</u>	<u>\$ (607)</u>

Revenue

Revenue for the three months ended March 31, 2022 was \$40.5 million compared to \$30.5 million in the three months ended March 31, 2021, an increase of 32.8%. The year-over-year growth was driven by an increase in the volume of customers served, primarily through acquisition-related activity, and growth within Fathom's strategic accounts.

Gross Profit

Gross profit for the three months ended March 31, 2022 totaled \$12.0 million, or 29.6% of revenue, compared to \$13.4 million, or 43.9% of revenue, for the three months ended March 31, 2021. The decrease in gross profit is primarily driven by a \$3.2 million amortization expense related to inventory step-up adjustments from purchase accounting following the completion of the Business Combination on December 23, 2021.

Operating Expenses

Selling, general and administrative (SG&A) expenses were \$14.8 million and \$7.7 million for the three months ended March 31, 2022 and March 31, 2021, respectively. The \$7.1 million, or 92.5%, increase in SG&A expenses were primarily driven by additional costs related to the Business Combination and going public.

Depreciation and amortization expenses were \$4.5 million and \$2.7 million for the three months ended March 31, 2022 and March 31, 2021, respectively. The increase of \$1.9 million, or 59.7%, was primarily driven by an increase in intangible assets related to the Business Combination resulting in amortization expenses associated with those assets.

Operating Income (Loss)

Operating loss was \$7.3 million for the three months ended March 31, 2022 and operating income was \$3.1 million for the three months ended March 31, 2021. The operating loss was primarily driven by additional costs related to the Business Combination and going public, including non-cash amortization of inventory step-up from purchase accounting, professional fees and additional employees.

Interest Expense and Other Expense (Income)

Interest expense was \$1.5 million and \$2.1 million for the three months ended March 31, 2022 and March 31, 2021, respectively. The decrease in interest expense is primarily due to lower debt at March 31, 2022 as compared to March 31, 2021 and lower interest rates during the three months ended March 31, 2022 as compared to the same period in 2021.

Other expenses were \$0.1 million and \$1.4 million for the three months ended March 31, 2022 and March 31, 2021, respectively. The decrease in other expenses of \$1.3 million is due to non-recurring expenses related to the Summit acquisition that took place in the period ending March 31, 2021.

Other income was \$27.2 million and \$0.0 million for the three months ended March 31, 2022 and March 31, 2021, respectively. The increase in other income of \$27.2 million represents the changes in fair value in the Earnout Share liabilities and the Warrant liability during the three months ended March 31, 2022 of \$19.0 million and \$8.1 million, respectively.

Income Taxes

We recorded a tax expense of \$0.5 million and \$0.0 million for the three months ended March 31, 2022 and March 31, 2021, respectively. For the three months ended March 31, 2022 the tax expenses were impacted by permanent difference with respect to gains and losses recorded on the earn-out share liability, sponsor share liability and warrant liabilities. During the 2021 predecessor period, certain subsidiaries of Fathom OpCo which were previously held as corporations for U.S. federal tax purposes, were reorganized into flow-through entities in non-taxable transactions. As a result, deferred tax liabilities pertaining to the corporate subsidiaries were reversed as income tax benefits during the 2021 predecessor period.

Non-GAAP Information

This Quarterly Report on Form 10-Q includes Adjusted Net Income (Loss) and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), which are non-GAAP financial measures that we use to supplement our results presented in accordance with U.S. GAAP. We believe Adjusted Net Income (Loss) and Adjusted EBITDA are useful in evaluating our operating performance, as they are similar to measures reported by our public competitors and regularly used by securities analysts, institutional investors and other interested parties in analyzing operating performance and prospects. Adjusted Net Income (Loss) and Adjusted EBITDA are not intended to be a substitute for any U.S. GAAP financial measure and, as calculated by us, may not be comparable to other similarly titled measures of performance of other companies within our industry or in other industries. These non-GAAP financial measures supplement and should be considered in addition to and not in lieu of our, U.S. GAAP results.

We include these non-GAAP financial measures because they are used by management to evaluate Fathom's core operating performance and trends and to make strategic decisions regarding the allocation of capital and new investments. Adjusted EBITDA excludes certain expenses that are required in accordance with U.S. GAAP because they are non-recurring (for example, in the case of transaction-related costs), non-cash (for example, in the case of depreciation and amortization) or are not related to our underlying business performance (for example, in the case of interest income and expense).

Adjusted Net Income (Loss)

We define and calculate Adjusted Net Income (Loss) as net loss before the impact of any increase or decrease in the estimated fair value of the Company's warrants and earnout shares as well as transaction-related costs and certain other non-cash and non-core items.

The table below presents our Adjusted Net Income (Loss) reconciled to our net income (loss), the most directly comparable U.S. GAAP measure, for the periods indicated:

	March 31, 2022 (Successor)	March 31, 2021 (Predecessor)
Net income (loss)	\$ 17,839	\$ (500)
Acquisition expenses ⁽¹⁾	-	1,169
Stock compensation	2,128	-
Inventory step-up amortization	3,241	277
Change in fair value of warrant liability ⁽²⁾	(8,100)	-
Change in fair value of Earnout Share liabilities ⁽²⁾	(18,970)	-
Integration, non-recurring, non-operating, cash, and non-cash costs ⁽³⁾	1,878	1,114
Adjusted Net Income (Loss)	<u>\$ (1,984)</u>	<u>\$ 2,060</u>

(1) Represents expenses incurred related to business acquisitions;

(2) Represents the income statement impacts from the change in fair value related to both the Sponsor Earnout Share liability, the Fathom Earnout Share liability, and the Warrant liability associated with the Business Combination;

(3) Represents adjustments for other integration, non-recurring, non-operating, cash, and non-cash costs related primarily to integration costs for new acquisitions, severance, and management fees paid to our principal owner.

Adjusted EBITDA

We define and calculate Adjusted EBITDA as net income (loss) before the impact of interest income or expense, income tax expense and depreciation and amortization, and further adjusted for the following items: transaction-related costs, the impact of any increase or decrease in the estimated fair value of the Company's warrants and earnout shares, and certain other non-cash and non-core items, as described in the reconciliation included below.

The table below presents our Adjusted EBITDA reconciled to net income (loss), the most directly comparable U.S. GAAP measure, for the periods indicated.

	3/31/2022 (Successor)	3/31/2021 (Predecessor)
Net income (loss)	\$ 17,839	\$ (500)
Depreciation and amortization	6,208	3,526
Interest expense, net	1,500	2,114
Income tax expense	454	9
Acquisition expenses ⁽¹⁾	-	1,169
Inventory step-up amortization	3,241	277
Stock compensation	2,128	-
Change in fair value of warrant liability ⁽²⁾	(8,100)	-
Change in fair value of Earnout Share liabilities ⁽²⁾	(18,970)	-
Integration, non-recurring, non-operating, cash, and non-cash costs ⁽³⁾	1,878	1,114
Adjusted EBITDA	<u>\$ 6,178</u>	<u>\$ 7,709</u>

(1) Represents expenses incurred related to business acquisitions;

(2) Represents the impacts from the change in fair value related to both the earnout share liabilities and the warrant liabilities associated with the Business Combination;

(3) Represents adjustments for other integration, non-recurring, non-operating, cash, and non-cash costs related primarily to integration costs for new acquisitions, severance, and management fees paid to our principal owner.

Liquidity and Capital Resources

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including working capital and capital expenditure needs, contractual obligations and other commitments, with cash flows from operations and other sources of funding. Our current working capital needs relate mainly to our growth strategies, including business combination activity, capital equipment investments, and business development efforts, as well as compensation and benefits of our employees. In addition, under our New Credit Agreement, the Company is subject to various financial covenants, including quarterly net leverage and interest coverage covenants. As of March 31, 2022, the Company was in compliance with all covenant requirements. Our ability to expand and grow our business will depend on many factors, including our working capital needs and the evolution of our operating cash flows.

We had \$12.0 million in cash as of March 31, 2022. We believe our operating cash flows, together with amounts available under the New Credit Agreement and our cash on hand will be sufficient to meet our anticipated working capital and capital expenditure requirements during the next 12 months.

We may, however, need additional cash resources due to changed business conditions or other developments, including unanticipated regulatory developments, significant acquisitions and competitive pressures. We expect our capital expenditures and working capital requirements to continue to increase in the immediate future, as we seek to expand our product offerings across more of the U.S. Our capital expenditures in 2021 of \$9.0 million equaled approximately 6.0% of annual revenue. We believe that our annual future growth capital expenditures, excluding any expenditures for buildings and maintenance capital we might purchase for our operations, are likely to be approximately 6.0% of annual revenue. To the extent that our current resources are insufficient to satisfy our cash requirements, we may need to seek additional equity or debt financing. If the needed financing is not available, or if the terms of financing are less desirable than we expect, we may be forced to decrease our level of investment in new product launches and related marketing initiatives or to scale back our existing operations, which could have an adverse impact on our business and financial prospects. See Note 3—*Business Combination with Fathom OpCo* in the accompanying notes to our unaudited consolidated financial statements for further information.

Borrowings and Lines of Credit

On December 23, 2021, the Company entered into the New Credit Agreement, which included a \$50.0 million revolving credit facility and a \$125.0 million term loan. The Company's borrowings under the revolving credit facility were \$22.0 million at March 31, 2022. The loans obtained under the New Credit Agreement will mature in December 2026.

The Company recorded deferred financing costs of \$1.8 million in conjunction with the New Credit Agreement and the balance is presented within Long-Term debt, net on the Company's Consolidated Balance Sheet. The Company amortizes the deferred financing costs using the effective interest method.

The revolving credit facility under the New Credit Agreement is available for working capital and other general corporate purposes and includes a letter of credit sub-facility of up to \$5.0 million. The New Credit Agreement also includes an uncommitted incremental facility, which, subject to certain conditions, provides for additional term loan facilities, an increase in commitments under the New Credit Agreement and/or an increase in commitments under the revolving credit facility, in an aggregate amount of up to \$100 million.

Tax Receivable Agreement

In connection with the Business Combination, we entered into the TRA with certain of our pre-Business Combination owners that provides for the payment by Fathom to such owners of 85% of the benefits that Fathom is deemed to realize as a result of the Company's share of existing tax basis acquired in the Business Combination and other tax benefits related to entering into the TRA.

Actual tax benefits realized by Fathom may differ from tax benefits calculated under the TRA as a result of the use of certain assumptions in the TRA, including the use of an assumed weighted-average state and local income tax rate to calculate tax benefits. While the amount of existing tax basis, the anticipated tax basis adjustments and the actual amount and utilization of tax attributes, as well as the amount and timing of any payments under the TRA, will vary depending upon a number of factors, we expect that the payments that Fathom may make under the TRA will be substantial. As of March 31, 2022, we do not expect to make any material payments within the next two years, and anticipate payments to become more material beginning in 2024.

Cash Flow Analysis

(dollars in thousands)	Period ended	
	March 31, 2022 (Successor)	March 31, 2021 (Predecessor)
<i>Net cash provided by (used in) :</i>		
Operating Activities	\$ 840	\$ 2,130
Investing Activities	(3,346)	(12,183)
Financing Activities	(5,858)	11,273
Net Change in Cash and Cash Equivalents	\$ (8,364)	\$ 1,220

Operating Activities

Net cash provided from operating activities was \$0.8 million and \$2.1 million for the three months ended March 31, 2022 and March 31, 2021, respectively. The decrease of \$1.3 million is primarily driven by additional depreciation and amortization resulting from the increase in property and equipment and intangible assets from the Business Combination.

Investing Activities

Cash used in investing activities of \$3.3 million for the three months ended March 31, 2022 represents capital expenditures. Cash used in investing activities of \$12.2 million for the three months ended March 31, 2021 represents the cash used in the acquisition of Summit of \$10.8 million and capital expenditures of \$1.3 million.

Financing Activities

Cash used in financing activities of \$5.8 million for the three months ended March 31, 2022 was due to payments made on the term loan and the revolving credit facility. Cash provided by financing activities of \$11.3 million for the three months ended March 31, 2021 was primarily due to debt proceeds of \$11.5 million for the Summit acquisition.

Critical Accounting Policies and Use of Estimates

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. See Note 2 — *Significant Accounting Policies* in the notes to our audited consolidated financial statements in the Company's 2021 Form 10-K describes the significant accounting policies used in preparation of the unaudited consolidated financial statements. We believe that the most complex and sensitive judgments, because of their potential significance to the unaudited consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain and are described subsequently. Actual results could differ from management's estimates.

Business Combinations

We account for business acquisitions in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations* ("ASC 805"). We measure the cost of an acquisition as the aggregate of the acquisition date fair values of the assets transferred and liabilities assumed and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. We record goodwill for the excess of (i) the total costs of acquisition, fair value of any non-controlling interests and acquisition date fair value of any previously held equity interest in the acquired business over (ii) the fair value of the identifiable net assets of the acquired business.

The acquisition method of accounting requires us to exercise judgment and make estimates and assumptions based on available information regarding the fair values of the elements of a business combination as of the date of acquisition, including the fair values of identifiable intangible assets, deferred tax asset valuation allowances, liabilities related to uncertain tax positions and contingencies. We must also refine these estimates over a one-year measurement period, to reflect any new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. If we are required to retroactively adjust provisional amounts that we have recorded for the fair value of assets and liabilities in connection with an acquisition, these adjustments could materially impact our results of operations and financial position. Estimates and assumptions that we must make in estimating the fair value of future acquired technology, user lists and other identifiable intangible assets include future cash flows that we expect to generate from the acquired assets. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these values, we could record impairment charges. In addition, we have estimated the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expense. If our estimates of the economic lives change, depreciation or amortization expenses could be accelerated or slowed, which could materially impact our results of operations.

Goodwill and Intangible Assets

We recognize goodwill in accordance with ASC 350, *Intangibles—Goodwill and Other* ("ASC 350"). Goodwill is the excess of cost of an acquired entity over the fair value amounts assigned to assets acquired and liabilities assumed in a business combination. Goodwill is not amortized. Goodwill is tested for impairment annually in the fourth quarter of each year, and is tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. An impairment charge for goodwill is recognized only when the estimated fair value of a reporting unit, including goodwill, is less than its carrying amount. As of March 31, 2022 and March 31, 2021, no impairment charges for goodwill have been recognized.

We recognize intangibles assets in accordance with ASC 350. Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. As of March 31, 2022 and March 31, 2021, no impairment charges for intangible assets have been recognized.

The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows. Although these assets are not currently impaired, there can be no assurance that future impairments will not occur. See Note 2—*Business Combination with Fathom OpCo*, and Note 5—*Goodwill and Intangible Assets* in the accompanying notes to the unaudited consolidated financial statements for more information.

Revenue Recognition from Contracts with Customers

Most of the Company's revenue has one performance obligation and is recognized on a point-in-time basis upon shipment. The majority of the Company's injection molding contracts have multiple performance obligations including one obligation to produce the mold and sample part and a second obligation to produce production parts. For injection molding contracts with multiple performance obligations, the Company allocates revenue to each performance obligation based on its relative standalone selling price and recognizes revenue for each performance obligation on a point-in-time basis upon shipment. We generally determine standalone selling price based on the price charged to customers. The Company's payments terms are consistent with industry standards and never exceed 12 months.

Contingent Liabilities

Our contingent liabilities, which are included within the "Other non-current liabilities" caption on our consolidated balance sheets, are uncertain by nature and their estimation requires significant management judgment as to the probability and estimation of the amount of liability. These contingencies include, but may not be limited to, warrants, TRA liabilities, earnout shares, litigation, and management's evaluation of complex laws and regulations, including those relating to indirect taxes, and the extent to which they may apply to our business and industry. See Note 13—*Fair Value Measurement* and Note 14—*Commitments and Contingencies* in the accompanying notes to our unaudited consolidated financial statements for more information.

We regularly review our contingencies to determine whether the likelihood of a liability is probable and to assess whether a reasonable estimate of the liability can be made. Determination of whether a liability estimate can be made is a complex undertaking that considers the judgement of management, third-party research, the prospect of negotiation and interpretations by regulators and courts, among other information. When liabilities can be reasonably estimated, an estimated contingent liability is recorded. We continually reevaluate our indirect tax and other positions for appropriateness.

Earnout Shares Liabilities and Warrant Liability

The fair values of the Sponsor earnout shares liability, Fathom earnout shares liability, and Warrants liability were determined using Monte Carlo simulations that have various significant unobservable inputs. The assumptions used could have a material impact on the valuation of these liabilities, and include our best estimate of expected volatility, expected holding periods and appropriate discounts for lack of marketability. Changes in the estimated fair values of these liabilities may have material impacts on our results of operations in any given period, as any increases in these liabilities have a corresponding negative impact on our U.S. GAAP results of operations in the period in which the changes occur. See Note 2 - *Business Combination with Fathom OpCo* and Note 6 - *Warrant Liability* in the accompanying notes to our unaudited consolidated financial statements for more information.

Impact of Changes in Accounting on Recent and Future Trends

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (Topic 842) Section A - Leases: Amendments to the FASB Accounting Standards Codification. The standard requires lessees to recognize the assets and liabilities arising from leases on the balance sheet and retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The Company adopted this standard and related amendments in the first quarter of 2022, using the modified retrospective approach.

The modified retrospective approach provides a method for recording existing leases at adoption with a cumulative adjustment to retained earnings. The Company elected the package of practical expedients which permits the Company to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any expired or existing leases as of the effective date. The Company also elected the practical expedient lease considerations to not allocate lease considerations between lease and non-lease components for real estate leases. As such, real estate lease considerations are treated as a single lease-component and accounted for accordingly.

The Company applied a portfolio approach to effectively account for the lease liabilities and right-of-use lease assets. The Company excludes leases with an initial term of 12 months or less from the application of Topic 842.

Adoption of the new standard resulted in the recording of \$3,122 and \$8,195 of current lease liabilities and long-term lease liabilities, respectively, and \$11,986 in corresponding right-of-use lease assets. The difference between the approximate value of the right-of-use lease assets and lease liabilities is attributable to future rent escalations. The cumulative change in the beginning accumulated deficit was \$82 due to the adoption of Topic 842. There was no material impact on the Company’s consolidated statement of operations or consolidated statements cash flows. The Company’s comparative periods continue to be presented and disclosed in accordance with legacy guidance in Topic 840.

Emerging Growth Company Accounting Election

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”) exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. Altimar II was an emerging growth company as defined in Section 2(a) of the Securities Act of 1933, as amended, and has elected to take advantage of the benefits of this extended transition period. Fathom is expected to remain an emerging growth company at least through the end of the 2022 and is expected to continue to take advantage of the benefits of the extended transition period. This may make it difficult or impossible to compare Fathom financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions for emerging growth companies because of the potential differences in accounting standards used.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For quantitative and qualitative disclosures about market risk, see Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" of our 2021 Form 10-K. Our exposures to market risk have not changed materially since December 31, 2021.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Exchange Act is properly and timely reported and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We have evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2022 with the participation, and under the supervision, of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2022, our disclosure controls and procedures were ineffective to the extent of the material weaknesses described below:

- Our Information Technology General Controls (“ITGC”) intended to restrict access to data and applications were not adequate resulting in inappropriate access and improper segregation of duties at both the system (pervasive) and end user levels across multiple applications. The Company did not maintain a fully integrated financial consolidation and reporting system, and as a result, extensive manual analyses, reconciliations, and adjustments were required in order to produce materially correct financial statements for external reporting purposes;
- A comprehensive system of formal policies, procedures and controls has not been fully designed or implemented to ensure appropriate document retention and achieve complete, accurate and timely financial accounting, reporting and disclosures. Additionally, we did not design and maintain controls over the determination of appropriate cut-off, classification and presentation of accounts and disclosures in the financial statements; and

•We did not design or maintain an effective control environment commensurate with our financial reporting requirements. We lacked a sufficient number of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim consolidated financial statements may not be prevented or detected on a timely basis.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2022 covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Management has identified the material weaknesses in our internal controls as noted above under "*Evaluation of Disclosure Controls and Procedures*."

Management is working to remediate the material weaknesses by hiring additional qualified accounting and financial reporting personnel, implementing an advanced Enterprise Resource Planning ("ERP") system, improving contract terms and support for revenue recognition, and further evolving our accounting processes. We may not be able to fully remediate these material weaknesses until these steps have been completed and have been operating effectively for a sufficient period of time. We cannot assure you that the measures we have taken to date and plan to take will be sufficient to remediate the material weaknesses we identified or avoid the identification of additional material weaknesses in the future. If we are not able to maintain effective internal control over financial reporting, our financial statements and related disclosures may be inaccurate, which could have a material adverse effect on our business and our stock price.

In light of the material weakness described above, we performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with U.S. GAAP. Accordingly, we believe that the consolidated financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We may from time to time be involved in litigation and claims incidental to the conduct of our business. We are not currently subject to any pending legal (including judicial, regulatory, administrative or arbitration) proceedings that we expect to have a material impact on our consolidated financial statements. However, given the inherent unpredictability of these types of proceedings and the potentially large and/or indeterminate amounts that could be sought, an adverse outcome in certain matters could have a material effect on Fathom's financial results in any particular period. See Note 18 "Commitments and Contingencies" to our unaudited consolidated financial statements for additional information.

Item 1A. Risk Factors.

Some factors that could cause our actual results to differ materially from those results in this report are described as risks in our 2021 Form 10-K. Any of these factors could materially and adversely affect our business, financial condition, results of operations and cash flows. As of the date of this report, there have been no material changes to the risk factors previously disclosed in our 2021 Form 10-K. We may, however, disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
4.1*	<u>Description of Securities.</u>
31.1*	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

SIGNATURES

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.

FATHOM DIGITAL MANUFACTURING CORPORATION

Date: May 16, 2022

By:

/s/ Ryan Martin
Ryan Martin
Chief Executive Officer

Date: May 16, 2022

By:

/s/ Mark Frost
Mark Frost
Chief Financial Officer

DESCRIPTION OF SECURITIES

The following description of securities of Fathom Digital Manufacturing Corporation is intended as a summary only, does not purport to be complete and is subject to our certificate of incorporation (our "Charter"), our amended and restated bylaws (our "Bylaws"), the Investor Rights Agreement and the Warrant Agreement, copies of which have been filed by us with the Securities and Exchange Commission (the "SEC") and are incorporated herein by reference, and the provisions of applicable law. As used in this "Description of Securities," the terms "Fathom," "Company," "we," "us" and "our" refer to Fathom Digital Manufacturing Corporation, a Delaware corporation, and its successors, but not any of its subsidiaries. Capitalized terms used but not otherwise defined in this exhibit shall have the respective meanings given to such terms in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the SEC on April 8, 2022 (our "2021 Form 10-K").

As of March 31, 2022, Fathom Digital Manufacturing Corporation had the following classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): its (i) Class A common stock, par value \$0.0001 per share ("Class A common stock"), and (ii) warrants to purchase Class A common stock (the "Warrants").

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

Our authorized capital stock consists of 300,000,000 shares of Class A common stock, par value \$0.0001 per share, of which 50,785,656 shares were issued and outstanding as of March 31, 2022; 180,000,000 shares of Class B common stock, par value \$0.0001 per share, of which 84,294,971 shares were issued and outstanding as of March 31, 2022; 10,000,000 shares of Class C common stock, par value \$0.0001 per share, of which no shares were issued and outstanding as of March 31, 2022; and 10,000,000 shares of preferred stock, par value \$0.0001 per share, of which no shares were issued and outstanding as of March 31, 2022.

Class A common stock

Voting rights. Each holder of Class A common stock is entitled to one vote for each share of Class A common stock held of record by such holder on all matters on which stockholders generally are entitled to vote. Holders of Class A common stock will vote together with the holder of Class B common stock and Class C common stock as a single class on all matters presented to the Company's stockholders for their vote or approval. Generally, subject to the Investor Rights Agreement and except for certain matters requiring supermajority approval by our Charter as described below under "*Supermajority Approval Requirements*," all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class. Stockholders do not have the ability to cumulate votes for the election of directors. Our Charter provides for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

Notwithstanding the foregoing, to the fullest extent permitted by law, holders of our common stock, as such, will have no voting power with respect to, and will not be entitled to vote on, any amendment to our Charter (including any certificate of designations relating to any series of preferred stock) that relates solely to the terms of one or more outstanding series of preferred stock, if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Proposed Charter (including any certificate of designations relating to any series of preferred stock) or pursuant to the DGCL.

Dividend Rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of Class A common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time on our common stock having dividend rights by our board of directors out of funds legally available therefor.

Rights upon liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs, the holders of Class A common stock are entitled to share ratably in all assets remaining after payment of Fathom's debts and other liabilities, subject to *pari passu* and prior distribution rights of preferred stock or any class or series of stock having a preference over the Class A common stock, then outstanding, if any.

Other rights. Except as provided in the Investor Rights Agreement (as applicable), the holders of Class A common stock will have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Class A common stock. The rights, preferences and privileges of holders of the Class A common stock are subject to those of the holders of any shares of the preferred stock the Company may issue in the future and to the Investor Rights Agreement, as applicable.

Subject to the transfer and exchange restrictions set forth in the Fathom Operating Agreement, holders of New Fathom Units may exchange these units for shares of our Class A common stock, on a one-for-one basis or, at the election of an exchange committee of Fathom OpCo, for cash. When a New Fathom Unit is exchanged, a corresponding share of our Class B common stock, depending on the holder, will automatically be transferred to us and retired for no consideration.

Class B common stock

Voting Rights. Holders of our Class B common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of Class B common stock will vote together with holders of Class A common stock and Class C common stock as a single class on all matters presented to Fathom's stockholders for their vote or approval, except as otherwise required by our Charter and applicable law.

Dividend Rights. Holders of the Class B common stock will not be entitled to dividends in respect of their shares of Class B common stock.

Rights upon liquidation. The holders of shares of Class B common stock, as such, shall not be entitled to receive any assets of Fathom in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs. We refer to the Class B common stock as "vote-only" shares.

Redemption of Class B common stock for Class A common stock. Shares of Class B common stock are redeemable for shares of Class A common stock on the terms and subject to the conditions set forth in the Fathom Operating Agreement. The Company may satisfy its or its affiliates' obligations in respect of any redemption of shares of Class B common stock under the Fathom Operating Agreement by delivering (either directly or indirectly through an affiliate) to the holder of shares of Class B common stock upon such redemption, in lieu of newly issued shares of Class A common stock, cash in the amount permitted by and provided in the Fathom Operating Agreement or shares of Class A common stock which are held in the treasury of Fathom. All shares of Class A common stock that may be issued upon any such redemption will, upon issuance in accordance with the Fathom Operating Agreement, be validly issued, fully paid and non-assessable. All shares of Class B common stock so redeemed for Class A common stock shall be cancelled.

Other rights. Except as provided in the Investor Rights Agreement (as applicable), the holders of Class B common stock will have no preemptive or other subscription rights. The rights, preferences and privileges of holders of the Class B common stock are subject to those of the holders of any shares of the preferred stock Fathom may issue in the future and to the Investor Rights Agreement, as applicable.

Issuance and Transfer. There will be no further issuances of Class B common stock except in connection with (i) a stock split, stock dividend, reclassification or similar transaction, (ii) an issuance of New Fathom Units or (iii) a Triggering Event occurring with respect to an Earnout Unit (as defined in the Fathom Operating Agreement). When a New Fathom Unit is exchanged pursuant to the Fathom Operating Agreement, a corresponding share of our Class B common stock will automatically be transferred to us and retired for no consideration. Class B common stock is not transferable unless a corresponding number of New Fathom Units are simultaneously transferred to the same person.

Preferred Stock

Our Charter authorizes the board of directors to establish one or more series of preferred stock in one or more classes or series and to fix the rights, preferences, privileges and related restrictions, including dividend rights, dividend rates, conversion rights, voting rights, the right to elect directors, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any class or series, or the designation of the class or series, without the approval of our stockholders.

The authority of our board of directors to issue preferred stock without approval of our stockholders may have the effect of delaying, deferring or preventing a change in control of Fathom and may adversely affect the voting and other rights of the holders of our common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of our common stock, including the loss of voting control to others. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of the Class A common stock. At present, we have no plans to issue any preferred stock.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of The New York Stock Exchange, which would apply so long as the Class A common stock remains listed on the New York Stock Exchange, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of Class A common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Anti-Takeover Effects of Provisions of Delaware Law and our Charter and Bylaws

Certain provisions of our Charter and Bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by our board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal or proxy fight. Such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our Class A common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management or delaying or preventing a transaction that might benefit you or other minority stockholders.

These provisions include:

No Action by Written Consent; Special Meetings of Stockholders. The Delaware General Corporation Law (the “DGCL”) permits stockholder action by written consent unless otherwise provided by our Charter. Our Charter precludes holders of common stock from taking action by written consent. If permitted by the applicable certificate of designation, future series of preferred stock may take action by written consent. Our Charter and Bylaws provide that special meetings of stockholders may be called (i) only by the board of directors or the chairman of the board of directors pursuant to a written resolution adopted by the affirmative vote of the number of directors equal to a majority of the board assuming no vacancies or (ii) prior to the date on which the CORE Investors and their affiliates cease to beneficially own in the aggregate (directly or indirectly) at least 25% of the then outstanding common stock, by the chairman of the board of directors at the written request of holders of at least a majority of the then outstanding common stock. Further, any business transacted at any special meeting of stockholders is limited to the purpose or purposes included in the notice may be considered at such special meeting.

Election and Removal of Directors. The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless the corporation’s certificate of incorporation provides otherwise. Our Charter does not expressly provide for cumulative voting. Directors may be removed, but only for cause (and subject to the Investor Rights Agreement), upon the affirmative vote of holders of 66-2/3% of the voting power of the outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class. In addition, the certificate of designation pursuant to which a particular series of preferred stock is issued may provide holders of that series of preferred stock with the right to elect additional directors. In addition, under our Charter, our board of directors is divided into three classes of directors, each of which will hold office for a three-year term. The existence of a classified board could delay a successful tender offeror from obtaining majority control of our board of directors, and the prospect of that delay might deter a potential offeror.

Supermajority Approval Requirements. Our Charter and Bylaws provide that our board of directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, the Bylaws without a stockholder vote in any matter not inconsistent with the laws of the State of Delaware and our Charter. In addition, any amendment, alteration, change, addition, rescission or repeal of the Bylaws by our stockholders will require the affirmative vote of holders of 66-2/3% in voting power of the outstanding shares of our stock entitled to vote on such amendment, alteration, change, addition, rescission or repeal.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a Delaware corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage. Our Charter provides that the following provisions in the Charter may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least 66-2/3% (or, 80%, for the provision indicated below) in voting power of all the then- outstanding shares of stock of Fathom entitled to vote thereon, voting together as a single class:

- the provision requiring a 66-2/3% supermajority vote for stockholders to amend the Bylaws;
- the provisions providing for the manner of establishing the size of the board and for a classified board (the election and term of our directors);
- the provisions regarding resignation and removal of directors;
- the provisions regarding entering into business combinations with interested stockholders (requiring at least an 80% supermajority vote);
- the provisions precluding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;
- the provisions regarding filling vacancies on our board and newly created directorships;
- the provisions regarding the establishment of Delaware as the exclusive forum for certain types of legal proceedings against Fathom, its directors, officers and employees;
- the provisions eliminating monetary damages for breaches of fiduciary duty by a director; and
- the amendment provision requiring that the above provisions be amended only with a 66-2/3% supermajority vote.

The combination of the classification of our board, the lack of cumulative voting and the supermajority voting requirements will make it more difficult for our existing stockholders to replace our board as well as for another party to obtain control of us by replacing our board. Because our board has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

Authorized but Unissued Shares. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing rules of The New York Stock Exchange. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise. See “Description of Capital Stock—Preferred Stock” and “Description of Capital Stock—Authorized but Unissued Capital Stock” above.

Business Combinations with Interested Stockholders. In general, Section 203 of the DGCL, an anti- takeover law, prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation’s voting stock, which person or group is considered an interested stockholder under the DGCL, for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner.

We have opted out of Section 203 of the DGCL.

Other Limitations on Stockholder Actions. Our Bylaws also impose some procedural requirements on stockholders who wish to:

- make nominations in the election of directors;
- propose that a director be removed; or
- propose any other business to be brought before an annual or special meeting of stockholders.

Under these procedural requirements, in order to bring a proposal before a meeting of stockholders, a stockholder must deliver timely notice of a proposal pertaining to a proper subject for presentation at the meeting to our corporate secretary containing, among other things, the following:

- the stockholder’s name and address;
- the number of shares beneficially owned by the stockholder and evidence of such ownership;
- the names of all persons with whom the stockholder is acting in concert and a description of all arrangements and understandings with those persons;
- a description of any agreement, arrangement or understanding reached with respect to shares of our stock, such as borrowed or loaned shares, short positions, hedging or similar transactions;
- a description of the business or nomination to be brought before the meeting and the reasons for conducting such business at the meeting; and
- any material interest of the stockholder in such business.

The Bylaws set out the timeliness requirements for delivery of notice.

In order to submit a nomination for our board of directors, a stockholder must also submit any information with respect to the nominee that we would be required to include in a proxy statement, as well as some other information. If a stockholder fails to follow the required procedures, the stockholder's proposal or nominee will be ineligible and will not be voted on by our stockholders.

Limitations on Liability and Indemnification of Officers and Directors

Our Charter and Bylaws provide indemnification for our directors and officers to the fullest extent permitted by the DGCL. We plan to enter into indemnification agreements with each of our directors and executive officers that may, in some cases, be broader than the specific indemnification provisions contained under Delaware law. In addition, as permitted by Delaware law, our Charter includes provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director, except that a director will be personally liable for:

- any breach of his duty of loyalty to us or our stockholders;
- acts or omissions not in good faith, or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; or
- any transaction from which the director derived an improper personal benefit.

These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

Forum Selection

Our Charter provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;
- any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our Charter or our Bylaws; or
- any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

Our Charter also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and to have consented to, this forum selection provision. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in our Charter is inapplicable or unenforceable.

Stockholder Registration Rights

Under the terms of the Registration Rights Agreement, Fathom granted to the Legacy Fathom Owners, Sponsor and certain other former Altimar II equityholders customary demand, shelf and piggyback registration rights. Fathom was required to file within thirty days of the Closing a shelf registration statement registering the public resale of the shares of common stock of Fathom ("Shelf Registration Statement"), and cause the Shelf Registration Statement to be declared effective as promptly as practicable after the filing thereof and no later than the earlier of (A) 60 calendar days after the filing thereof (or, in the event the SEC reviews and has written comments to the Shelf Registration Statement, the 90th calendar day following the filing thereof) and (B) the 10th business day after the date Fathom is notified (orally or in writing, whichever is earlier) by the SEC that it will not review the Shelf Registration Statement. See Item 13. "*Certain Relationships and Related Party Transactions, and Director Independence—Registration Rights Agreement*" in our 2021 Form 10-K. The PIPE Investors also have been granted certain, customary registration rights pursuant to the Subscription Agreements.

DESCRIPTION OF THE WARRANTS

Public Warrants. Each whole Warrant entitles the registered holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing on the later of one year from the closing of the Altimar II IPO and 30 days after the completion of the Business Combination, which occurred on December 23, 2021, except as discussed in the immediately succeeding paragraph. Pursuant to the Warrant Agreement, a Warrant holder may exercise its Warrants only for a whole number of Class A common stock. This means only a whole Warrant may be exercised at a given time by a Warrant holder. No fractional Warrants will be issued upon separation of the units and only whole Warrants will trade. The Warrants will expire five years after the completion of the Business Combination, at 5:00 p.m., New York City time, which occurred on December 23, 2021, or earlier upon redemption or liquidation.

We will not be obligated to deliver any Class A common stock pursuant to the exercise of a Warrant and will have no obligation to settle such Warrant exercise unless a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Class A common stock underlying the Warrants is then effective and a prospectus relating thereto is current, subject to our satisfying our obligations described below with respect to registration, or a valid exemption from registration is available. No Warrant will be exercisable and we will not be obligated to issue a share of Class A common stock upon exercise of a Warrant unless the Class A common stock issuable upon such Warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the Warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Warrant, the holder of such Warrant will not be entitled to exercise such Warrant and such Warrant may have no value and expire worthless. In no event will we be required to net cash settle any Warrant. In the event that a registration statement is not effective for the exercised Warrants, the purchaser of a unit containing such Warrant will have paid the full purchase price for the unit solely for the share of Class A common stock underlying such unit.

We have filed with the SEC registration statements for the registration, under the Securities Act, of the Warrants and the common stock issuable upon exercise of the Warrants, and we will use our commercially reasonable efforts to maintain the effectiveness of such registration statements and a current prospectus relating to those shares of Class A common stock until the Warrants expire or are redeemed, as specified in the Warrant Agreement; provided that if our Class A common stock is at the time of any exercise of a Public Warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of Public Warrants who exercise their Warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement for the registration, under the Securities Act, of the Class A common stock issuable upon exercise of the Warrants, but we will use our commercially reasonable efforts to register or qualify for sale the shares under applicable blue sky laws to the extent an exemption is not available. If a registration statement covering the Class A common stock issuable upon exercise of the Warrants was not effective by the 60th day after the closing of the Business Combination, Warrant holders were permitted to, until such time as there was an effective registration statement, and may, during any period when we will have failed to maintain an effective registration statement, exercise Warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption, but we will use our commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each Warrant holder would pay the exercise price by surrendering the Warrants for that number of shares of Class A common stock equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the Warrants, multiplied by the excess of the “fair market value” (defined below) over the exercise price of the Warrants by (y) the fair market value and (B) 0.361 per Warrant. The “fair market value” as used in this paragraph shall mean the volume weighted average per share price of the Class A common stock for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the Warrant Agent.

Redemption of Warrants when the price per share of Class A common stock equals or exceeds \$18.00

Once the Warrants become exercisable, we may redeem the outstanding Warrants (except as described herein with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per Warrant;
- upon a minimum of 30 days’ prior written notice of redemption to each Warrant holder; and
- if, and only if, the closing price of the Class A common stock equals or exceeds \$18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a Warrant as described under the heading “—Warrants—Public Shareholders’ Warrants—Anti-Dilution Adjustments”) for any twenty (20) trading days within a thirty (30)-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the Warrant holders.

We will not redeem the Warrants as described above unless a registration statement under the Securities Act covering the issuance of the Class A common stock issuable upon exercise of the Warrants is then effective and a current prospectus relating to those shares of Class A common stock is available throughout the 30-day redemption period. If and when the Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale

under all applicable state securities laws.

If we call the Warrants for redemption as described above, our management will have the option to require all holders that wish to exercise Warrants to do so on a “cashless basis.” In determining whether to require all holders to exercise their Warrants on a “cashless basis,” our management will consider, among other factors, our cash position, the number of Warrants that are outstanding and the dilutive effect on our shareholders of issuing the maximum number of shares of Class A common stock issuable upon the exercise of our Warrants. In such event, each holder would pay the exercise price by surrendering the Warrants for that number of shares of Class A common stock equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the Warrants, multiplied by the excess of the “fair market value” of our Class A common stock over the exercise price of the Warrants by (y) the fair market value and (B) 0.361 per Warrant.

We have established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the Warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the Warrants, each Warrant holder will be entitled to exercise his, her or its Warrant prior to the scheduled redemption date. Any such exercise would not be done on a “cashless” basis and would require the exercising Warrant holder to pay the exercise price for each Warrant being exercised. However, the price of the Class A common stock may fall below the \$18.00 redemption trigger price (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a Warrant as described under the heading “—Warrants—Public Warrants—Anti-Dilution Adjustments”) as well as the \$11.50 (for whole shares) Warrant exercise price after the redemption notice is issued.

Redemption of Warrants when the price per share of Class A common stock equals or exceeds \$10.00

Once the Warrants become exercisable, we may redeem the outstanding Warrants (except as described herein with respect to the Private Placement Warrants):

- in whole and not in part;
- at \$0.10 per Warrant upon a minimum of 30 days’ prior written notice of redemption provided that holders will be able to exercise their Warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table below, based on the redemption date and the “fair market value” of our Class A common stock (as defined below) except as otherwise described below; and
- if, and only if, the closing price of our Class A common stock equals or exceeds \$10.00 per public share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a Warrant as described under the heading “—Warrants—Public Warrants—Anti-Dilution Adjustments”) on the trading day prior to the date on which we send the notice of redemption to the Warrant holders.

Beginning on the date the notice of redemption is given until the Warrants are redeemed or exercised, holders may elect to exercise their Warrants on a cashless basis. The numbers in the table below represent the number of shares of Class A common stock that a Warrant holder will receive upon such cashless exercise in connection with a redemption by us pursuant to this redemption feature, based on the “fair market value” of our Class A common stock on the corresponding redemption date (assuming holders elect to exercise their Warrants and such Warrants are not redeemed for \$0.10 per Warrant), determined for these purposes and in “—Redemption of Warrants when the price per share of Class A common stock equals or exceeds \$18.00” above based on volume weighted average price of our Class A common stock for the

10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Warrants, and the number of months that the corresponding redemption date precedes the expiration date of the Warrants, each as set forth in the table below. We will provide our Warrant holders with the final fair market value no later than one business day after the 10-trading day period described above ends.

The share prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares issuable upon exercise of a Warrant or the exercise price of a Warrant is adjusted as set forth under the heading “—*Anti-Dilution Adjustments*” below. If the number of shares issuable upon exercise of a Warrant is adjusted, the adjusted share prices in the column headings will equal the share prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the exercise price of the Warrant after such adjustment and the denominator of which is the exercise price of the Warrant immediately prior to such adjustment. In such an event, the number of shares in the table below shall be adjusted by multiplying such share amounts by a fraction, the numerator of which is the number of shares deliverable upon exercise of a Warrant immediately prior to such adjustment and the denominator of which is the number of shares deliverable upon exercise of a Warrant as so adjusted. If the exercise price of a Warrant is adjusted, (a) in the case of an adjustment pursuant to the fifth paragraph under the heading “—*Anti-Dilution Adjustments*” below, the adjusted share prices in the column headings will equal the unadjusted share price multiplied by a fraction, the numerator of which is the higher of the Market Value and the Newly Issued Price as set forth under the heading “—*Anti-Dilution Adjustments*” and the denominator of which is \$10.00 and (b) in the case of an adjustment pursuant to the second paragraph under the heading “—*Anti-Dilution Adjustments*” below, the adjusted share prices in the column headings will equal the unadjusted share price less the decrease in the exercise price of a Warrant pursuant to such exercise price adjustment.

Redemption Date Fair Market Value of Class A common stock

(period to expiration of Warrants)	≤\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00	\$16.00	\$17.00	≥\$18.00
60 months	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of shares of Class A common stock to be issued for each Warrant exercised will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable. For example, if the volume weighted average price of our Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the Warrants is \$11.00 per share, and at such time there are 57 months until the expiration of the Warrants, holders may choose to, in connection with this redemption feature, exercise their Warrants for 0.277 of a share of Class A common stock for each whole Warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume weighted average price of our Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the Warrants is \$13.50 per share, and at such time there are 38 months until the expiration of the Warrants, holders may choose to, in connection with this redemption feature, exercise their Warrants for 0.298 of a share of Class A common stock for each whole Warrant. In no event will the Warrants be exercisable on a cashless basis in connection with this redemption feature for more than 0.361 of a share of Class A common stock per Warrant (subject to adjustment). Finally, as reflected in the table above, if the Warrants are out of the money and about to expire, they cannot be exercised on a cashless basis in connection with a redemption by us pursuant to this redemption feature, since they will not be exercisable for any Class A common stock.

This redemption feature differs from the typical Warrant redemption features used in many other blank check offerings, which typically only provide for a redemption of Warrants for cash (other than the Private Placement Warrants) when the trading price for the Class A common stock exceeds \$18.00 per share for a specified period of time. This redemption feature is structured to allow for all of the outstanding Warrants to be redeemed when the Class A common stock is trading at or above \$10.00 per public share, which may be at a time when the trading price of our Class A common stock is below the exercise price of the Warrants. We have established this redemption feature to provide us with the flexibility to redeem the Warrants without the Warrants having to reach the \$18.00 per share threshold set forth above under “—*Redemption of Warrants when the price per share of Class A common stock equals or exceeds \$18.00.*” Holders choosing to exercise their Warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of shares for their warrants based on an option pricing model with a fixed volatility input. This redemption right provides us with an additional mechanism by which to redeem all of the outstanding Warrants, and therefore have certainty as to our capital structure as the Warrants would no longer be outstanding and would have been exercised or redeemed. We will be required to pay the applicable redemption price to Warrant holders if we choose to exercise this redemption right and it will allow us to quickly proceed with a redemption of the Warrants if we determine it is in our best interest to do so. As such, we would redeem the Warrants in this manner when we believe it is in our best interest to update our capital structure to remove the Warrants and pay the redemption price to the Warrant holders.

As stated above, we can redeem the Warrants when the Class A common stock is trading at a price starting at \$10.00, which is below the exercise price of \$11.50, because it will provide certainty with respect to our capital structure and cash position while providing Warrant holders with the opportunity to exercise their Warrants on a cashless basis for the applicable number of shares. If we choose to redeem the Warrants when the Class A common stock is trading at a price below the exercise price of the Warrants, this could result in the Warrant holders receiving fewer shares of Class A common stock than they would have received if they had chosen to wait to exercise their Warrants for Class A common stock if and when such Class A common stock was trading at a price higher than the exercise price of \$11.50.

No fractional shares of Class A common stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of shares of Class A common stock to be issued to the holder. If, at the time of redemption, the Warrants are exercisable for a security other than the Class A common stock pursuant to the Warrant Agreement, the Warrants may be exercised for such security. At such time as the Warrants become exercisable for a security other than the Class A common stock, the Company will use its commercially reasonable efforts to register under the Securities Act the security issuable upon the exercise of the Warrants.

Redemption Procedures

A holder of a Warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such Warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the Warrant Agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the Class A common stock issued and outstanding immediately after giving effect to such exercise.

Anti-Dilution Adjustments

If the number of outstanding shares of Class A common stock is increased by a capitalization or share dividend payable in Class A common stock, or by a split-up of shares or other similar event, then, on the effective date of such capitalization or share dividend, split-up or similar event, the number of shares of Class A common stock issuable on exercise of each Warrant will be increased in proportion to such increase in the outstanding Class A common stock. A rights offering made to all or substantially all holders of Class A common stock entitling holders to purchase Class A common stock at a price less than the "historical fair market value" (as defined below) will be deemed a share dividend of a number of shares of Class A common stock equal to the product of (i) the number of shares of Class A common stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of Class A common stock) and (ii) one minus the quotient of (x) the price per share of Class A common stock paid in such rights offering and (y) the historical fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for shares of Class A common stock, in determining the price payable for Class A common stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) "historical fair market value" means the volume weighted average price of Class A common stock as reported during the 10 trading day period ending on the trading day prior to the first date on which the Class A common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the Warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to all or substantially all of the holders of the Class A common stock on account of such Class A common stock (or other securities into which the Warrants are convertible), other than (a) as described above, (b) any cash dividends or cash distributions which, when combined on a per share basis with all other cash dividends and cash distributions paid on the Class A common stock during the 365-day period ending on the date of declaration of such dividend or distribution does not exceed \$0.50 (as adjusted to appropriately reflect any other adjustments and excluding cash dividends or cash distributions that resulted in an adjustment to the exercise price or to the number of shares of Class A common stock issuable on exercise of each Warrant) but only with respect to the amount of the aggregate cash dividends or cash distributions equal to or less than \$0.50 per share, or (c) to satisfy the redemption rights of the holders of Class A common stock in connection with a shareholder vote to amend our Charter with respect to any provision relating to the rights of holders of our Class A common stock, then the Warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A common stock in respect of such event.

If the number of outstanding shares of Class A common stock is decreased by a consolidation, combination, reverse share sub-division or reclassification of Class A common stock or other similar event, then, on the effective date of such consolidation, combination, reverse share subdivision, reclassification or similar event, the number of shares of Class A common stock issuable on exercise of each Warrant will be decreased in proportion to such decrease in outstanding shares of Class A common stock.

Whenever the number of shares of Class A common stock purchasable upon the exercise of the Warrants is adjusted, as described above, the Warrant exercise price will be adjusted by multiplying the Warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of Class A common stock purchasable upon the exercise of the Warrants immediately prior to such adjustment and (y) the denominator of which will be the number of shares of Class A common stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding Class A common stock (other than those described above or that solely affects the par value of such Class A common stock), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of our outstanding Class A common stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the Warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of the Class A common stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of Class A common stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the Warrants would have received if such holder had exercised their Warrants immediately prior to such event. However, if such holders were entitled to exercise a right of election as to the kind or amount of securities, cash or other assets receivable upon such consolidation or merger, then the kind and amount of securities, cash or other assets for which each Warrant will become exercisable will be deemed to be the weighted average of the kind and amount received per share by such holders in such consolidation or merger that affirmatively make such election, and if a tender, exchange or redemption offer has been made to and accepted by such holders (other than a tender, exchange or redemption offer made by the Company in connection with redemption rights held by shareholders of the company as provided for in our Charter) under circumstances in which, upon completion of such tender or exchange offer, the maker thereof, together with members of any group (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) of which such maker is a part, and together with any affiliate or associate of such maker (the meaning of Rule 12b-2 under the Exchange Act) and any members of any such group of which any such affiliate or associate is a part, own beneficially (within the meaning of Rule 13d-3 under the Exchange Act) more than 50% of the issued and outstanding Class A common stock, the holder of a Warrant will be entitled to receive the highest amount of cash, securities or other property to which such holder would actually have been entitled as a shareholder if such Warrant holder had exercised the Warrant prior to the expiration of such tender or exchange offer, accepted such offer and all of the Class A common stock held by such holder had been purchased pursuant to such tender or exchange offer, subject to adjustment (from and after the consummation of such tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in the Warrant Agreement. If less than 70% of the consideration receivable by the holders of Class A common stock in such a transaction is payable in the form of Class A common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the Warrant properly exercises the Warrant within thirty days following public disclosure of such transaction, the Warrant exercise price will be reduced as specified in the Warrant Agreement based on the Black-Scholes value (as defined in the Warrant Agreement) of the Warrant. The purpose of such exercise price reduction is to provide additional value to holders of the Warrants when an extraordinary transaction occurs during the exercise period of the Warrants pursuant to which the holders of the Warrants otherwise do not receive the full potential value of the Warrants.

The Warrants were issued in registered form under a Warrant Agreement between Continental Stock Transfer & Trust Company, as Warrant Agent, and us. The Warrant Agreement provides that the terms of the Warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or correcting any mistake, including to conform to the provisions of the Warrant Agreement to the description of the terms of the Warrants and the Warrant Agreement set forth in Altimer II's IPO prospects, or defective provision (ii) amending the provisions relating to cash dividends on shares as contemplated by and in accordance with the Warrant Agreement or (iii) adding or changing any provisions with respect to matters or questions arising under the Warrant Agreement as the parties to the Warrant Agreement may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the Warrants, provided that the approval by the holders of at least 50% of the then-outstanding Public Warrants is required to make any change that adversely affects the interests of the registered holders. A copy of the Warrant Agreement, which was filed as an exhibit to our 2021 Form 10-K, contains a complete description of the terms and conditions applicable to the Warrants.

The Warrant holders do not have the rights or privileges of holders of shares and any voting rights until they exercise their Warrants and receive Class A common stock. After the issuance of Class A common stock upon exercise of the Warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

No fractional Warrants were issuable upon separation of the units and only whole Warrants will trade. If, upon exercise of the Warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number the number of shares of Class A common stock to be issued to the Warrant holder.

We have agreed that, subject to applicable law, any action, proceeding or claim against us arising out of or relating in any way to the Warrant Agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This provision applies to claims under the Securities Act but does not apply to claims under the Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum.

Private Placement Warrants. Except as described below, the Private Placement Warrants have terms and provisions that are identical to those of the Warrants sold as part of the units in the Altimar II IPO. The Private Placement Warrants (including the Class A common stock issuable upon exercise of the Private Placement Warrants) were not be transferable, assignable or salable until 30 days after the completion of the Business Combination (except pursuant to limited exceptions to our officers and directors and other persons or entities affiliated with the initial purchasers of the Private Placement Warrants) and they will not be redeemable by us so long as they are held by the Sponsor or its permitted transferees. Sponsor, or its permitted transferees, has the option to exercise the Private Placement Warrants on a cashless basis. If the Private Placement Warrants are held by holders other than the Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by us in all redemption scenarios and exercisable by the holders on the same basis as the Warrants included in the units being sold in the Altimar II IPO. Any amendment to the terms of the Private Placement Warrants or any provision of the Warrant Agreement with respect to the Private Placement Warrants will require a vote of holders of at least 50% of the number of the then outstanding Private Placement Warrants.

If holders of the Private Placement Warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its Warrants for that number of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of Class A common stock underlying the Warrants, multiplied by the excess of the “Sponsor fair market value” (defined below) over the exercise price of the Warrants by (y) the Sponsor fair market value. For these purposes, the “Sponsor fair market value” means the average reported closing price of the Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of Warrant exercise is sent to the Warrant Agent.

Transfer Agent, Warrant Agent and Registrar

The transfer agent and registrar for the Fathom common stock and the Warrant Agent for the Warrants is Continental Stock Transfer & Trust Company.

Listing

Our Class A common stock and our Warrants to purchase Class A common stock are listed on The New York Stock Exchange under the symbols “FATH” and “FATH.WS,” respectively

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ryan Martin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fathom Digital Manufacturing 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 officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2022

By:

/s/ Ryan Martin
Ryan Martin
Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Frost, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fathom Digital Manufacturing 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 officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2022

By:

/s/ Mark Frost
Mark Frost
Chief Financial Officer

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

In connection with the Quarterly Report of Fathom Digital Manufacturing Corporation (the "Company") on Form 10-Q for the period ending March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 16, 2022

By:

/s/ Ryan Martin
Ryan Martin
Chief Executive Officer

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

In connection with the Quarterly Report of Fathom Digital Manufacturing Corporation (the "Company") on Form 10-Q for the period ending [Date] as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 16, 2022

By:

/s/ Mark Frost
Mark Frost
Chief Financial Officer
