



# Stratasys Releases Fourth Quarter and Full Year 2020 Financial Results

- ***Fourth quarter revenue of \$142.4 million and \$520.8 million for full year 2020***
- ***Fourth quarter GAAP net income of \$11.0 million, or \$0.20 per diluted share, and non-GAAP net income of \$7.0 million, or \$0.13 per diluted share***
- ***Produced 11% quarterly sequential revenue growth, improved gross margin and operating income***
- ***Generated \$23.7 million of cash from operations in the fourth quarter resulting in \$299.1 million net cash with no debt***
- ***Manufacturing revenue contribution in excess of 25% in 2020, expected to accelerate with growth initiatives***

MINNEAPOLIS & REHOVOT, Israel--(BUSINESS WIRE)-- Stratasys Ltd. (NASDAQ: SSYS) announced financial results for the fourth quarter and full year 2020.

## **Fourth Quarter 2020 Financial Results Summary Compared to Fourth Quarter 2019:**

- Revenue was \$142.4 million, compared to \$160.2 million.
- GAAP gross margin was 46.4%, compared to 49.1%.
- Non-GAAP gross margin was 49.5%, compared to 52.4%.
- GAAP operating loss was \$2.5 million, compared to an operating loss of \$3.3 million.
- Non-GAAP operating income was \$8.3 million, compared to \$10.2 million.
- GAAP net income was \$11.0 million, or \$0.20 per diluted share, compared to a net loss of \$2.8 million, or \$(0.05) per diluted share.
- Non-GAAP net income was \$7.0 million, or \$0.13 per diluted share, compared to \$10.0 million, or \$0.18 per diluted share.
- Adjusted EBITDA was \$14.6 million, compared to \$16.6 million.
- Generated \$23.7 million of cash from operations.

Dr. Yoav Zeif, Chief Executive Officer of Stratasys, commenting on the results, stated, “Our results reflect the resilience and diversification of our business model. We delivered sequential revenue growth in the back half of the year and this quarter produced the highest operating cash flow in almost three years. We believe both our industry and company are starting to enter a meaningful, sustained trajectory of unprecedented growth and are excited to capitalize on the opportunities ahead.”

Dr. Zeif continued, “In 2020, we implemented a new strategy to be the first choice for polymer 3D printing, with a specific focus on expanding into fast-growing manufacturing applications. We rightsized the company and enhanced our operating model to be application-centric, allowing our team to better leverage synergies. Stratasys is well-positioned to grow, armed with a strong balance sheet with no debt. This year we will add three new technology platforms and will continue to prudently execute on our capital allocation strategy to meaningfully accelerate revenue, earnings and cash flow as our

investments begin to contribute in the years ahead and, in turn, drive value for our shareholders.”

### **2020 Financial Results Summary Compared to 2019:**

- Revenue for 2020 was \$520.8 million compared to \$636.1 million.
- GAAP gross margin in 2020 was 42.1%, compared to 49.3%.
- Non-GAAP gross margin in 2020 was 47.6%, compared to 52.3%.
- GAAP operating loss for 2020 was \$456.0 million, primarily due to \$386.2 million goodwill impairment in the third quarter, compared to \$11.7 million operating loss.
- Non-GAAP operating loss for 2020 was \$9.1 million, compared to \$34.1 million operating income.
- Adjusted EBITDA in 2020 was \$16.0 million, compared to \$60.0 million.
- GAAP net loss for 2020 was \$443.7 million, or (\$8.08) per diluted share, primarily due to a \$386.2 million goodwill impairment in the third quarter, compared to a loss of \$10.8 million, or (\$0.20) per diluted share.
- Non-GAAP net loss for 2020 was \$13.9 million, or \$(0.25) per diluted share, compared to non-GAAP net income of \$30.5 million, or \$0.56 per diluted share.
- Generated \$27.8 million in cash from operations in 2020 compared to \$11.2 million used.

### **Financial Outlook:**

Given the dynamic and evolving impact of the pandemic on the Company's operations, and uncertainty around the timing and extent of an anticipated recovery, the Company is providing the following information based on its pipeline, current market and industry conditions, and previously communicated information:

- First quarter 2021 revenue is anticipated to track relatively similar to the first quarter of 2020.
- Second quarter 2021 revenue should approximate mid-teens percentage growth year-over-year, assuming current consumption trends and the impact of the pandemic persist.
- Full year operating expense is expected to increase over 2020 by approximately \$25 million primarily due to the return from a four-day to a five-day work week as of January 1<sup>st</sup>, 2021, as well as the impact of recent acquisitions. Longer term, the Company expects to realize significant leverage benefits from its investments as revenue growth accelerates in 2022 and beyond.
- Capital expenditures are anticipated to range from \$24 million to \$30 million.

### **Stratasys Ltd. Fourth Quarter 2020 Webcast and Conference Call Details**

The Company plans to webcast its conference call to discuss its fourth quarter and full year 2020 financial results on Monday, March 1, 2021 at 8:30 a.m. (ET).

The investor conference call will be available via live webcast on the Stratasys web site at [investors.stratasys.com](https://investors.stratasys.com); or directly at the following web address:

<https://78449.themediaframe.com/dataconf/productusers/ssys/mediaframe/43687/index1.html>.

To participate by telephone, the U.S. toll-free number is 877-407-0619 and the international dial-in is +1-412-902-1012. Investors are advised to dial into the call at least ten minutes prior to the call to register. The webcast will be available for 6 months at [investors.stratasys.com](http://investors.stratasys.com), or by accessing the above-provided web address.

**Stratasys** is leading the global shift to additive manufacturing with innovative 3D printing solutions for industries such as aerospace, automotive, consumer products and healthcare. Through smart and connected 3D printers, polymer materials, a software ecosystem, and parts on demand, Stratasys solutions deliver competitive advantages at every stage in the product value chain. The world's leading organizations turn to Stratasys to transform product design, bring agility to manufacturing and supply chains, and improve patient care.

To learn more about Stratasys, visit [www.stratasys.com](http://www.stratasys.com), the [Stratasys blog](#), [Twitter](#), [LinkedIn](#), or [Facebook](#). Stratasys reserves the right to utilize any of the foregoing social media platforms, including the company's websites, to share material, non-public information pursuant to the SEC's Regulation FD. To the extent necessary and mandated by applicable law, Stratasys will also include such information in its public disclosure filings.

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### **Cautionary Statement Regarding Forward-Looking Statements**

The statements in this press release regarding Stratasys' strategy, and the statements regarding its projected future financial performance, including the financial guidance concerning its expected results for 2021, are forward-looking statements reflecting management's current expectations and beliefs. These forward-looking statements are based on current information that is, by its nature, subject to rapid and even abrupt change. Due to risks and uncertainties associated with Stratasys' business, actual results could differ materially from those projected or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to: the degree of our success at introducing new or improved products and solutions that gain market share; the degree of growth of the 3D printing market generally; the duration and degree of severity of, and strength of recovery from, the global COVID-19 pandemic; the impact of potential shifts in the prices or margins of the products that we sell or services that we provide, including due to a shift towards lower margin products or services; the impact of competition and new technologies; the extent of our success at successfully integrating into our existing business, or making additional, acquisitions or investments in new businesses, technologies, products or services; potential changes in our management and board of directors; global market, political and economic conditions, and in the countries in which we operate in particular (including risks related to the impact of coronavirus on our supply chain and business); potential further charges against earnings that we could be required to take due to impairment of additional goodwill or other intangible assets that we have recently acquired or may acquire in the future; costs and potential liability relating to litigation and regulatory proceedings; risks related to infringement of our intellectual property rights by others or infringement of others' intellectual property rights by us; the extent of our success at maintaining our liquidity and financing our operations and capital needs; the impact of tax regulations on our results of operations and financial condition; and those additional factors referred to in Item 3.D "Key Information - Risk Factors", Item 4, "Information on the Company", Item 5, "Operating and Financial

Review and Prospects,” and all other parts of our Annual Report on Form 20-F for the year ended December 31, 2020 (the “**2020 Annual Report**”), which we expect to file with the Securities and Exchange Commission (the “**SEC**”) on March 1, 2021. Readers are urged to carefully review and consider the various disclosures made throughout our 2020 Annual Report and the Reports of Foreign Private Issuer on Form 6-K that will attach Stratasys’ unaudited, condensed consolidated financial statements and its review of its results of operations and financial condition, for the quarterly periods throughout 2021, which will be furnished to the SEC over the course of 2021, and our other reports filed with or furnished to the SEC, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects. Any guidance provided, and other forward-looking statements made, in this press release are made as of the date hereof, and Stratasys undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### **Use of non-GAAP financial measures**

The non-GAAP data included herein, which excludes certain items as described below, are non-GAAP financial measures. Our management believes that these non-GAAP financial measures are useful information for investors and shareholders of our Company in gauging our results of operations (x) on an ongoing basis after excluding mergers, acquisitions and divestments related expense or gains and reorganization-related charges or gains, and (y) excluding non-cash items such as stock-based compensation expenses, acquired intangible assets amortization, including intangible assets amortization related to equity method investments, impairment of long-lived assets, and the corresponding tax effect of those items. These non-GAAP adjustments either do not reflect actual cash outlays that impact our liquidity and our financial condition or have a non-recurring impact on the statement of operations, as assessed by management. These non-GAAP financial measures are presented to permit investors to more fully understand how management assesses our performance for internal planning and forecasting purposes. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of our results of operations without including all items indicated above during a period, which may not provide a comparable view of our performance to other companies in our industry. Investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with GAAP. Reconciliation between results on a GAAP and non-GAAP basis is provided in a table below.

### **Stratasys Ltd.**

#### **Consolidated Balance Sheets**

**(Unaudited)**

*(in thousands, except share data)*

|  | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--|------------------------------|------------------------------|
|--|------------------------------|------------------------------|

#### **ASSETS**

**Current assets**

|                           |            |            |
|---------------------------|------------|------------|
| Cash and cash equivalents | \$ 272,092 | \$ 293,484 |
| Short-term deposits       | 27,000     | 28,300     |
| Accounts receivable, net  | 106,068    | 132,558    |
| Inventories               | 131,672    | 168,504    |
| Prepaid expenses          | 6,717      | 6,567      |
| Other current assets      | 16,943     | 29,659     |
|                           | <hr/>      | <hr/>      |
| Total current assets      | 560,492    | 659,072    |

**Non-current assets**

|                                     |         |         |
|-------------------------------------|---------|---------|
| Property, plant and equipment, net  | 201,232 | 189,706 |
| Goodwill                            | 35,694  | 385,658 |
| Other intangible assets, net        | 131,569 | 87,328  |
| Operating lease right-of-use assets | 21,298  | 20,936  |
| Other non-current assets            | 39,717  | 38,819  |
|                                     | <hr/>   | <hr/>   |
| Total non-current assets            | 429,510 | 722,447 |

**Total assets**

|            |              |
|------------|--------------|
| \$ 990,002 | \$ 1,381,519 |
| <hr/>      | <hr/>        |

**LIABILITIES AND EQUITY****Current liabilities**

|  |           |           |
|--|-----------|-----------|
| Accounts payable                               | \$ 16,987 | \$ 35,818 |
| Accrued expenses and other current liabilities | 31,061    | 28,528    |
| Accrued compensation and related benefits      | 25,659    | 34,013    |
| Deferred revenues - short-term                 | 49,165    | 52,268    |
| Operating lease liabilities - short-term       | 9,282     | 9,292     |
|  | <hr/>     | <hr/>     |
| Total current liabilities                      | 132,154   | 159,919   |

**Non-current liabilities**

|   |        |        |
|---|--------|--------|
| Deferred revenues - long-term           | 14,227 | 16,039 |
| Operating lease liabilities - long term | 12,567 | 12,445 |
| Other non-current liabilities           | 71,459 | 35,343 |
|   | <hr/>  | <hr/>  |
| Total non-current liabilities           | 98,253 | 63,827 |

**Total liabilities**

|         |         |
|---------|---------|
| 230,407 | 223,746 |
| <hr/>   | <hr/>   |

**Redeemable non-controlling interests**

|     |     |
|-----|-----|
| 227 | 622 |
|-----|-----|

## Equity

Ordinary shares, NIS 0.01 nominal value, authorized  
180,000 thousands

shares; 56,617 thousands shares and 54,441  
thousands shares issued

and outstanding at December 31, 2020 and 2019,  
respectively

|                                      |                |                  |
|--------------------------------------|----------------|------------------|
|                                      | 155            | 148              |
| Additional paid-in capital           | 2,753,955      | 2,706,894        |
| Accumulated other comprehensive loss | (8,846)        | (7,716)          |
| Accumulated deficit                  | (1,985,896)    | (1,542,175)      |
| Total equity                         | <u>759,368</u> | <u>1,157,151</u> |

## Total liabilities and equity

\$ 990,002    \$ 1,381,519

## Stratasys Ltd.

## Consolidated Statements of Operations

*(in thousands, except per share  
data)*

|  | Three Months Ended<br>December 31, |                | Twelve Months Ended<br>December 31, |                |
|--|------------------------------------|----------------|-------------------------------------|----------------|
|  | 2020                               | 2019           | 2020                                | 2019           |
|  | (unaudited)                        | (unaudited)    | (unaudited)                         | (unaudited)    |
| <b>Net sales</b>                       |                                    |                |                                     |                |
| Products                               | \$ 99,185                          | \$ 108,968     | \$ 339,782                          | \$ 430,746     |
| Services                               | 43,210                             | 51,189         | 181,035                             | 205,334        |
|  | <u>142,395</u>                     | <u>160,157</u> | <u>520,817</u>                      | <u>636,080</u> |
| <b>Cost of sales</b>                   |                                    |                |                                     |                |
| Products                               | 44,679                             | 46,825         | 171,235                             | 182,430        |
| Services                               | 31,697                             | 34,673         | 130,188                             | 139,958        |
|  | <u>76,376</u>                      | <u>81,498</u>  | <u>301,423</u>                      | <u>322,388</u> |
| <b>Gross profit</b>                    | <u>66,019</u>                      | <u>78,659</u>  | <u>219,394</u>                      | <u>313,692</u> |
| <b>Operating expenses</b>              |                                    |                |                                     |                |
| Research and development, net          | 18,953                             | 24,019         | 84,012                              | 94,253         |
| Selling, general and<br>administrative | 49,595                             | 57,921         | 205,224                             | 231,138        |
| Goodwill impairment                    | -                                  | -              | 386,154                             | -              |
|  | <u>-</u>                           | <u>-</u>       | <u>386,154</u>                      | <u>-</u>       |

|  |                  |                   |                     |                    |
|--|------------------|-------------------|---------------------|--------------------|
|  | 68,548           | 81,940            | 675,390             | 325,391            |
| <b>Operating loss</b>                              | <u>(2,529)</u>   | <u>(3,281)</u>    | <u>(455,996)</u>    | <u>(11,699)</u>    |
| <b>Financial income (expense), net</b>             | 273              | 1,760             | (575)               | 4,555              |
| <b>Loss before income taxes</b>                    | <u>(2,256)</u>   | <u>(1,521)</u>    | <u>(456,571)</u>    | <u>(7,144)</u>     |
| Income tax expenses (benefit)                      | (14,144)         | 439               | (16,394)            | 3,523              |
| Share in profits (losses) of associated companies  | <u>(1,200)</u>   | <u>(907)</u>      | <u>(3,939)</u>      | <u>(412)</u>       |
| <b>Net income (loss)</b>                           | 10,688           | (2,867)           | (444,116)           | (11,079)           |
| Net loss attributable to non-controlling interests | (341)            | (78)              | (395)               | (230)              |
| Net income (loss) attributable to Stratasys Ltd.   | <u>\$ 11,029</u> | <u>\$ (2,789)</u> | <u>\$ (443,721)</u> | <u>\$ (10,849)</u> |

**Net income (loss) per ordinary share attributable to Stratasys Ltd.**

|         |         |           |           |           |
|---------|---------|-----------|-----------|-----------|
| Basic   | \$ 0.20 | \$ (0.05) | \$ (8.08) | \$ (0.20) |
| Diluted | \$ 0.20 | \$ (0.05) | \$ (8.08) | \$ (0.20) |

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 55,118 | 54,435 | 54,918 | 54,260 |
| Diluted | 55,318 | 54,435 | 54,918 | 54,260 |

**Three Months Ended December 31,**

|  | <u>2020</u> | <u>Non-GAAP</u>    | <u>2020</u>     | <u>2019</u> | <u>Non-GAAP</u>    | <u>2019</u>     |
|--|-------------|--------------------|-----------------|-------------|--------------------|-----------------|
|  | <u>GAAP</u> | <u>Adjustments</u> | <u>Non-GAAP</u> | <u>GAAP</u> | <u>Adjustments</u> | <u>Non-GAAP</u> |

**U.S. dollars and shares in thousands (except per share amounts)**

|                                |          |          |          |          |          |          |
|--------------------------------|----------|----------|----------|----------|----------|----------|
| Gross profit (1)               | \$66,019 | \$ 4,520 | \$70,539 | \$78,659 | \$ 5,294 | \$83,953 |
| Operating income (loss) (1,2)  | (2,529)  | 10,861   | 8,332    | (3,281)  | 13,436   | 10,155   |
| Net income (loss) attributable |          |          |          |          |          |          |

|   |         |           |         |           |         |         |
|---|---------|-----------|---------|-----------|---------|---------|
| to Stratasys Ltd.<br>(1,2,3)  | 11,029  | (4,001)   | 7,028   | (2,789)   | 12,741  | 9,952   |
| Net income (loss)<br>per diluted share<br>attributable<br>to Stratasys Ltd. (4) | \$ 0.20 | \$ (0.07) | \$ 0.13 | \$ (0.05) | \$ 0.23 | \$ 0.18 |

|   |              |              |
|---|--------------|--------------|
| (1) Acquired intangible<br>assets amortization<br>expense | 3,411        | 4,770        |
| Non-cash stock-<br>based<br>compensation<br>expense       | 347          | 478          |
| Restructuring and<br>other related costs                  | 762          | 46           |
|   | <u>4,520</u> | <u>5,294</u> |

|   |               |               |
|---|---------------|---------------|
| (2) Acquired intangible<br>assets amortization<br>expense | 2,290         | 2,985         |
| Non-cash stock-<br>based<br>compensation<br>expense       | 3,962         | 4,325         |
| Restructuring and<br>other related costs                  | 449           | 556           |
| Other expenses<br>(income)                                | (360)         | 276           |
|   | <u>6,341</u>  | <u>8,142</u>  |
|   | <u>10,861</u> | <u>13,436</u> |

|  |                   |                  |
|--|-------------------|------------------|
| (3) Corresponding tax<br>effect  | (1,002)           | (721)            |
| Release of valuation<br>allowance  | (14,007)          | -                |
| Equity method<br>related amortization,<br>divestments and<br>impairments | 483               | 26               |
| Adjustments<br>attributable to non-<br>controlling interest              | (336)             | -                |
|  | <u>\$ (4,001)</u> | <u>\$ 12,741</u> |



|                        |        |  |        |        |        |
|------------------------|--------|--|--------|--------|--------|
| Weighted average       |        |  |        |        |        |
| (4) number of ordinary |        |  |        |        |        |
| shares                 |        |  |        |        |        |
| outstanding-           |        |  |        |        |        |
| Diluted                | 55,318 |  | 55,318 | 54,435 | 54,738 |

**Twelve Months Ended December 31,**

|  | <b>2020</b> | <b>Non-GAAP</b>    | <b>2020</b>          | <b>2019</b> | <b>Non-GAAP</b>    | <b>201</b>          |
|--|-------------|--------------------|----------------------|-------------|--------------------|---------------------|
|  | <b>GAAP</b> | <b>Adjustments</b> | <b>Non-<br/>GAAP</b> | <b>GAAP</b> | <b>Adjustments</b> | <b>Non<br/>GAAP</b> |
| <b>U.S. dollars and shares in thousands (except per share amounts)</b> |             |                    |                      |             |                    |                     |

|                 |            |           |           |           |           |          |
|-----------------|------------|-----------|-----------|-----------|-----------|----------|
| Gross profit    |            |           |           |           |           |          |
| (1)             | \$ 219,394 | \$ 28,582 | \$247,976 | \$313,692 | \$ 19,074 | \$ 332,7 |
| Operating       |            |           |           |           |           |          |
| income (loss)   |            |           |           |           |           |          |
| (1,2)           | (455,996)  | 446,848   | (9,148)   | (11,699)  | 45,812    | 34,1     |
| Net income      |            |           |           |           |           |          |
| (loss)          |            |           |           |           |           |          |
| attributable to |            |           |           |           |           |          |
| Stratasys       |            |           |           |           |           |          |
| Ltd. (1,2,3)    | (443,721)  | 429,820   | (13,901)  | (10,849)  | 41,315    | 30,4     |
| Net income      |            |           |           |           |           |          |
| (loss) per      |            |           |           |           |           |          |
| diluted share   |            |           |           |           |           |          |
| attributable    |            |           |           |           |           |          |
| to Stratasys    |            |           |           |           |           |          |
| Ltd. (4)        | \$ (8.08)  | \$ 7.83   | \$ (0.25) | \$ (0.20) | \$ 0.76   | \$ 0     |

|               |  |        |  |        |
|---------------|--|--------|--|--------|
| Acquired      |  |        |  |        |
| intangible    |  |        |  |        |
| assets        |  |        |  |        |
| amortization  |  |        |  |        |
| (1) expense   |  | 15,607 |  | 16,484 |
| Non-cash      |  |        |  |        |
| stock-based   |  |        |  |        |
| compensation  |  |        |  |        |
| expense       |  | 1,771  |  | 1,848  |
| Restructuring |  |        |  |        |
| and other     |  |        |  |        |
| related costs |  | 5,948  |  | 742    |
| Impairment    |  |        |  |        |
| charges of    |  |        |  |        |
| intangible    |  |        |  |        |
| assets        |  | 5,256  |  | -      |

|   |                   |                  |
|---|-------------------|------------------|
|   | 28,582            | 19,074           |
| Acquired intangible assets amortization expense                 | 8,720             | 8,673            |
| (2) Non-cash stock-based compensation expense                   | 18,433            | 18,716           |
| Goodwill impairment   | 386,154           | -                |
| Gain from divestiture, net of transaction costs                 | -                 | (3,578)          |
| Restructuring and other related costs                           | 4,312             | 2,655            |
| Other expenses  | 647               | 272              |
|   | <u>418,266</u>    | <u>26,738</u>    |
|   | <u>446,848</u>    | <u>45,812</u>    |
| (3) Corresponding tax effect                                    | (3,398)           | (2,919)          |
| Release of valuation allowance                                  | (14,007)          | -                |
| Equity method related amortization, divestments and impairments | 713               | (1,578)          |
| Adjustments attributable to non-controlling interest            | (336)             | -                |
|   | <u>\$ 429,820</u> | <u>\$ 41,315</u> |

(4) Weighted average number of ordinary

shares  
outstanding-  
Diluted

54,918

54,918

54,260

54,7

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