



Q4 and FY2021 Results

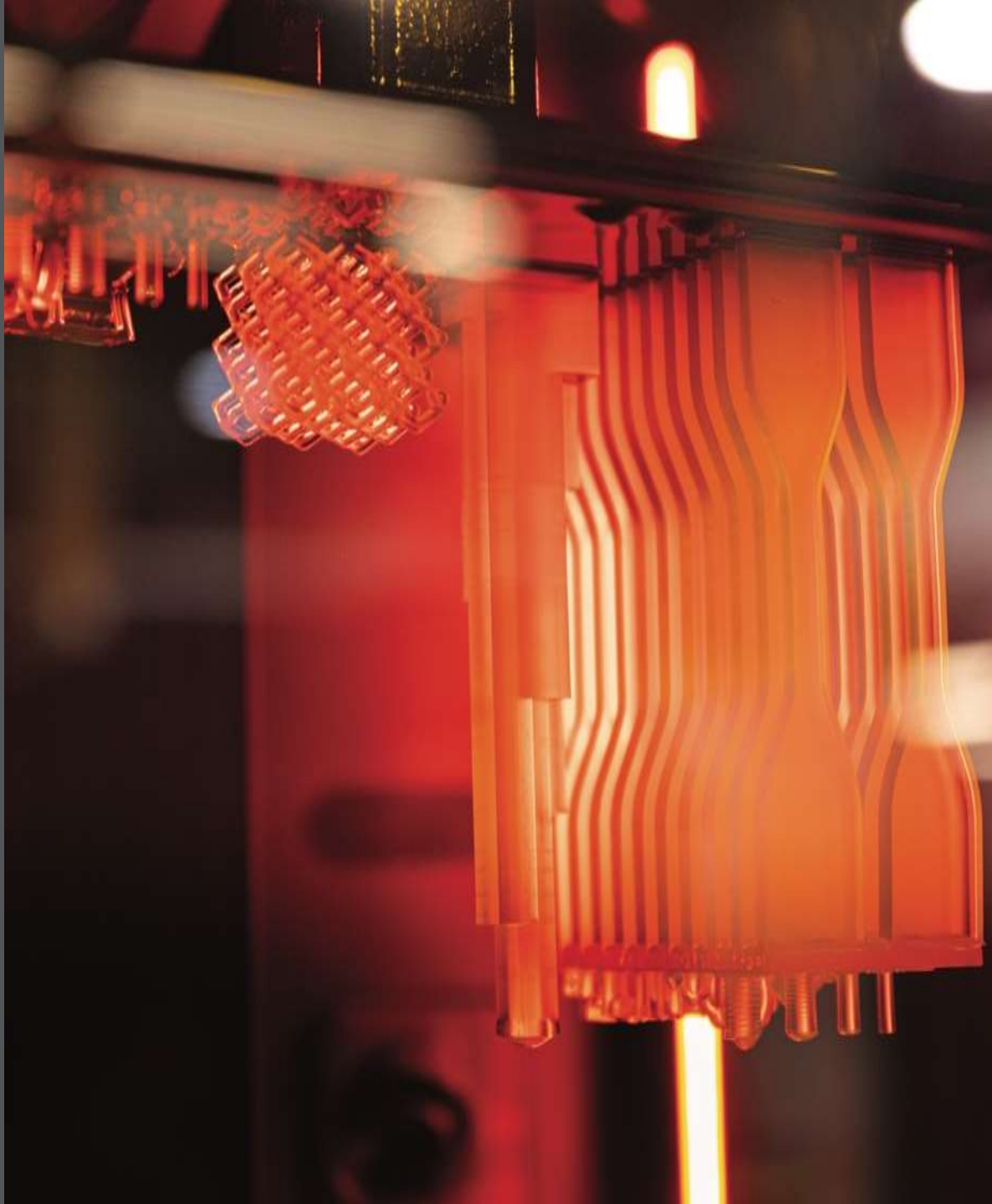
Speakers

Dr. Yoav Zeif, CEO

Eitan Zamir, CFO

Yonah Lloyd, CCO & VP IR

February 23, 2022



Conference call and webcast details

US Toll-Free dial-in

1-877-407-0619

International dial-in

+1-412-902-1012

Live webcast and replay

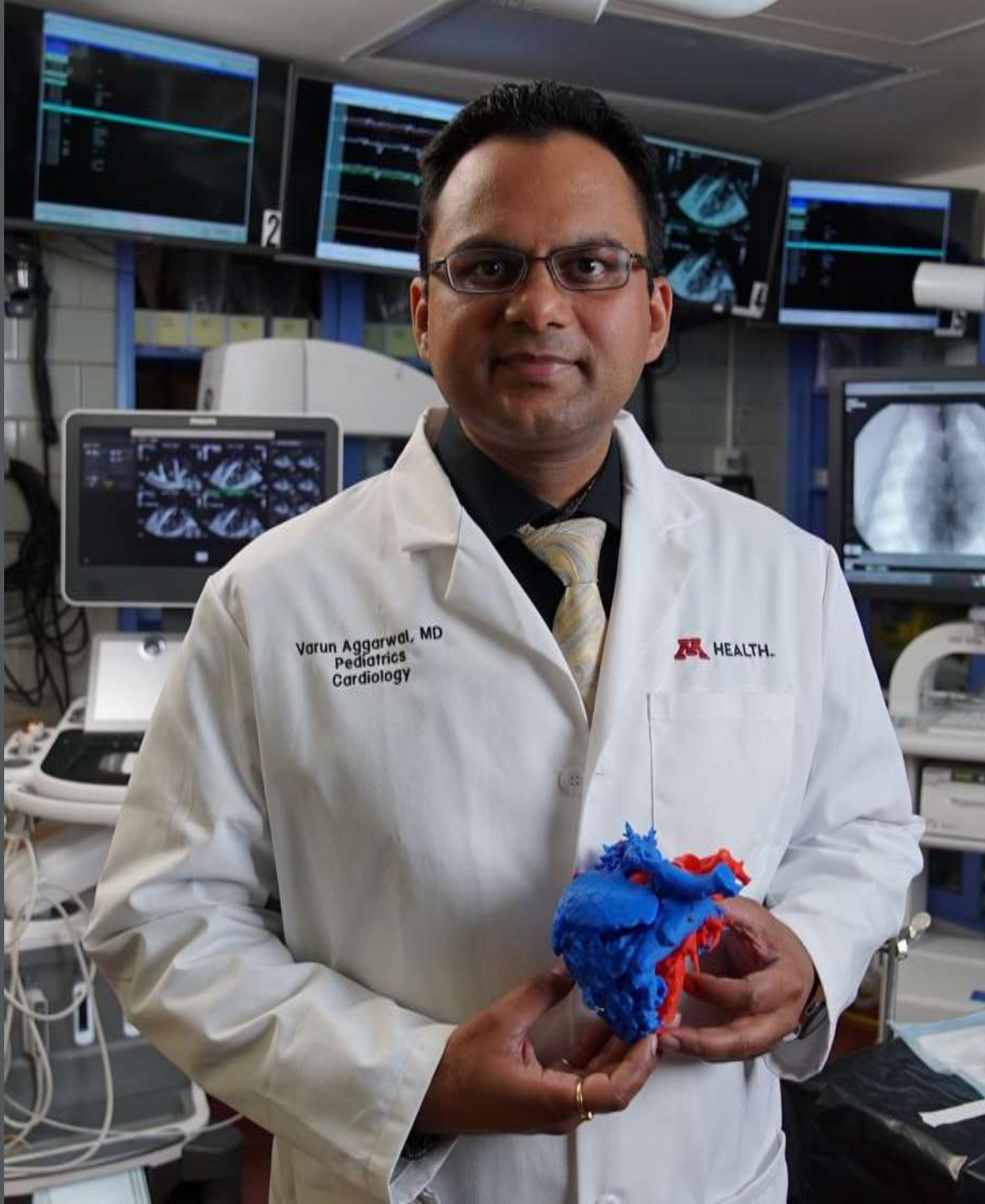
<https://themediiframe.com/mediaframe/webcast.html?webcastid=UEHU5sS7>



Forward-looking statements

Cautionary Statement Regarding Forward Looking Statements

The statements in this slide presentation regarding Stratasys' strategy, and the statements regarding its projected future financial performance, including the financial guidance concerning its expected results for 2022, 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 extent 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, 2021 (the "2021 Annual Report"). Readers are urged to carefully review and consider the various disclosures made throughout our **2021 Annual Report** and the Reports of Foreign Private Issuer on Form 6-K that attach Stratasys' unaudited, condensed consolidated financial statements and its review of its results of operations and financial condition, for the quarterly periods throughout 2022, which will be furnished to the SEC over the course of 2022, 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 slide presentation 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 information

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 (i) on an ongoing basis after excluding mergers, acquisitions and divestments related expense or gains and reorganization-related charges or gains, legal provisions, and (ii) 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 goodwill, revaluation of our investments 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 later in this slide presentation.

Welcome



Dr. Yoav Zeif

CEO

- Q4: 17% revenue growth driven by highest Systems sales since Q4 2018
- Successfully advancing “First Choice in Polymer Printing” strategy with complete solutions across the product lifecycle
- Manufacturing share of revenues grew from over 25% in 2020 to 29% in 2021
- Our software and materials partner ecosystem is growing
- Our balance sheet is strong – over \$500 million in cash and equivalents



2021 Highlights



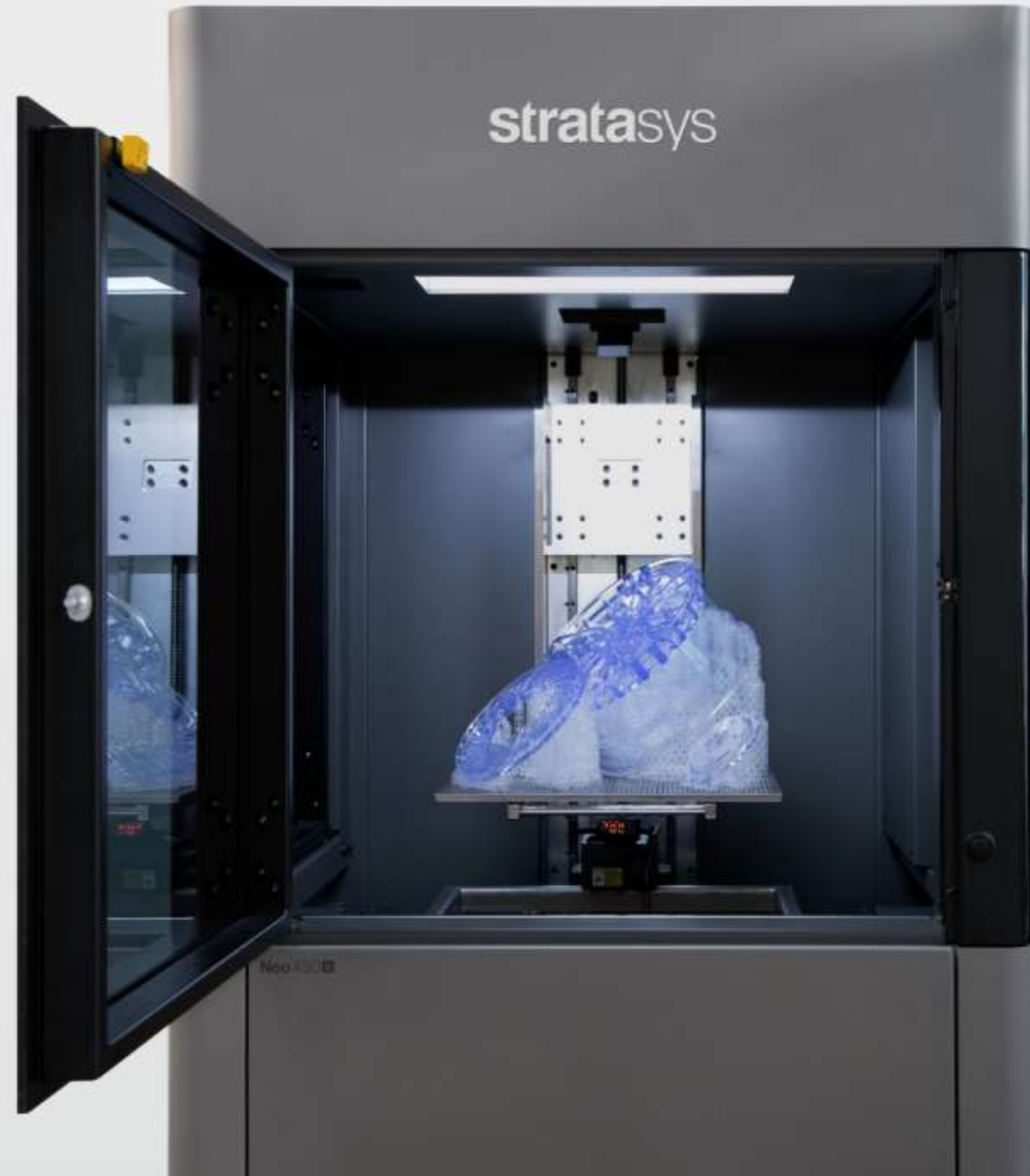
Completed 3 acquisitions: Origin (end of 2020), RPS, Xaar 3D



Expanded software capabilities – including licensing for open materials

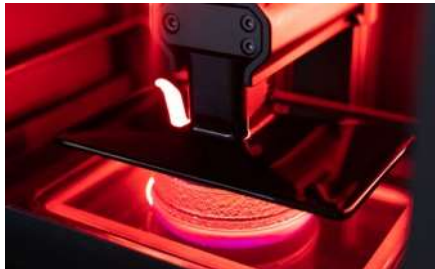


Long-term technology investment arm deploying capital in technologies such as material jetting, post processing, continuous carbon fiber



New 3D printers from 5 industry-leading technologies

P3 Technology



- Origin One
- Origin One Dental

SAF Technology



- H350

FDM Technology



- F770

PolyJet Technology



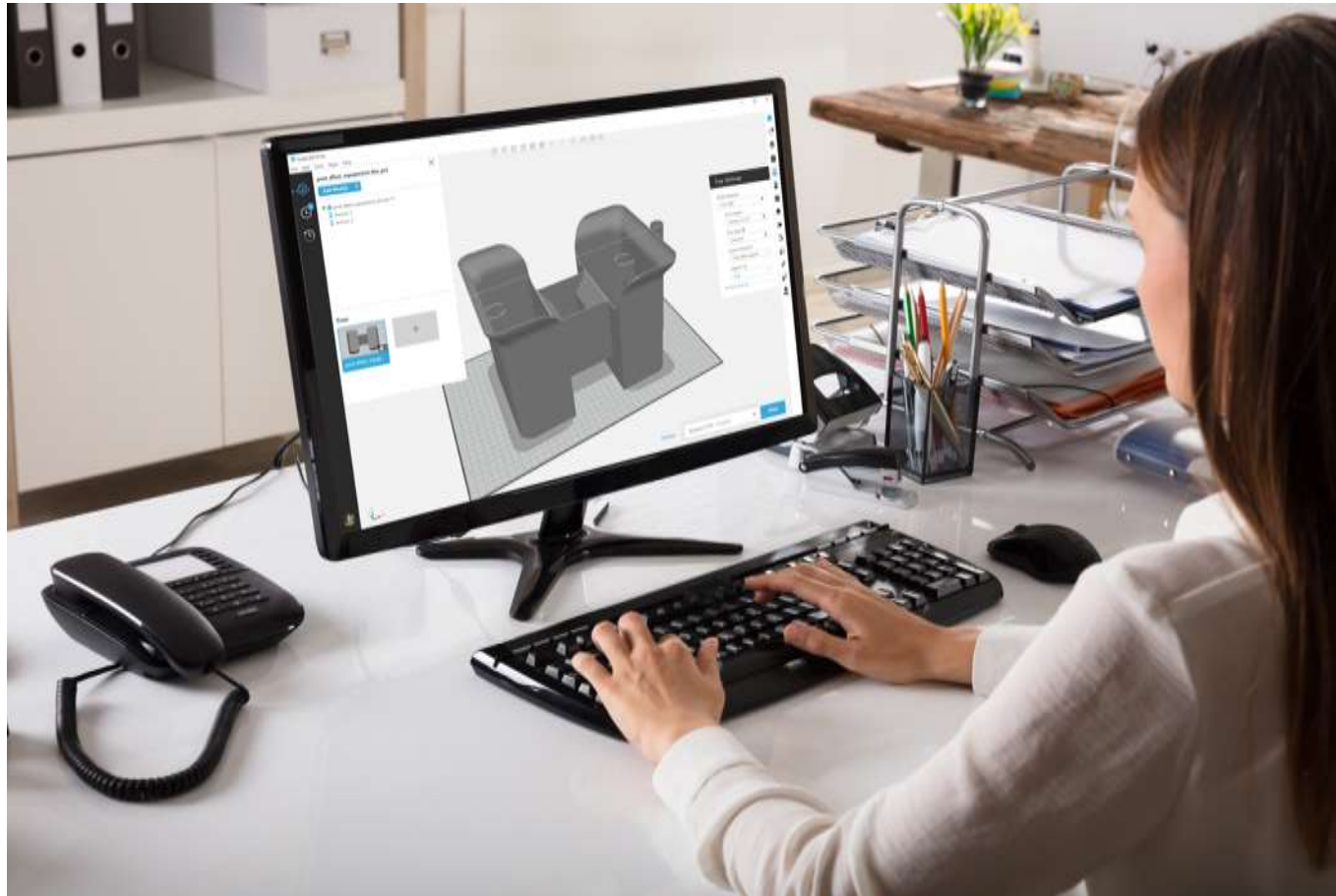
- J5 MediJet
- J5 DentaJet
- J35 Pro
- J55 Prime

Stereolithography Technology



- NEO line

GrabCAD Additive Manufacturing Platform



Open and enterprise-ready for world's leading manufacturers



Enables us to continually add value to customers' 3D printing investments



GrabCAD Print for production extended to H Series with license fee

Growing Partner Ecosystem

Materials Ecosystem



New carbon fiber material catalyzing F370 sales



Open materials for FDM systems



New Partnerships



Customer Success

ECCO



Origin One helps lower costs and shorten mold fabrication time for footwear manufacturing

Radford Motors



Coach-built supercars with hundreds of 3D-printed parts using all 5 Stratasys technologies



First AM GRI sustainability report to be published in Q2



Our sustainability leadership position

Strategic focus on the shift to Mindful Manufacturing

Where traditional processes, parts and supply chains are redesigned with great thought and a clear intention to secure manufacturing, utilizing 3D printing, to maximize sustainability while also supporting business growth.

Our commitment to responsible production

We will deliver industry-specific innovation that ensures a positive impact on the environment so future generations can thrive.

Our ESG strategic building blocks

Environment	Social	Governance
Environmental management	Value chain	Reporting and monitoring
Climate change	Marketing and promotions	Business ethics
Circular economy	Work environment	Regulatory compliance
Cradle to cradle design for environment (reduce/recycle/reuse)	Human rights	Risk management
Design for additive manufacturing	Social impact (CSR)	

Q4 Financial Results



Eitan Zamir

CFO

- Highest quarterly revenue total in 3 years
- Highest quarterly systems revenue in 3 years
- Positive cash from operating activities for the sixth consecutive quarter

Results demonstrate continued strength in growth strategy execution



Financial Results – Q4 2021

Q4 2021	GAAP			Non-GAAP		
	Q4-20	Q4-21	Change Y/Y	Q4-20	Q4-21	Change Y/Y
Total Revenue	142.4	167.0	17.3%	142.2	167.0	17.3%
Gross Profit	66.0	73.0	7.0	70.5	81.3	10.8
• % Margin	46.4%	43.7%	-2.7%	49.5%	48.7%	-0.8%
Operating Income (Loss)	(2.5)	(16.2)	(13.7)	8.3	1.7	(6.6)
• % Margin	-1.8%	-9.7%	-7.9%	5.9%	1.0%	-4.9%
Net Income (Loss) attributed to SSYS Ltd.	11.0	(4.8)	(15.8)	7.0	0.5	(6.5)
• % Margin	7.7%	-11.4%	-19.1%	4.9%	0.3%	-4.6%
Diluted EPS	0.2	(0.07)	(0.27)	0.13	0.01	-0.12
Diluted Shares	55.3	65.2	17.9%	55.3	66.8	20.8%

FY 2021	GAAP			Non-GAAP		
	FY-20	FY-21	Change Y/Y	FY-20	FY-21	Change Y/Y
Total Revenue	520.8	607.2	16.6%	520.8	607.2	16.6%
Gross Profit	219.4	260.1	40.7	248.0	290.5	42.5
• % Margin	42.1%	42.8%	0.7%	47.6%	47.8%	0.2%
Operating Income (Loss)	(456.0)	(79.2)	376.8	(9.1)	(1.7)	7.4
• % Margin	-87.6%	-13.0%	74.6%	-1.8%	-0.3%	1.5%
Net Income (Loss) attributed to SSYS Ltd.	(443.7)	(62.0)	381.7	(13.9)	(4.3)	9.6
• % Margin	-85.2%	-10.2%	-75.0%	-2.7%	-0.7%	2.0%
Diluted EPS	(8.08)	(0.98)	7.1	(0.25)	(0.07)	0.18
Diluted Shares	54.9	63.5	15.7%	54.9	64.5	15.7%

Note: \$ in millions unless noted otherwise. All numbers and percentages rounded

Revenue – Q4 2021

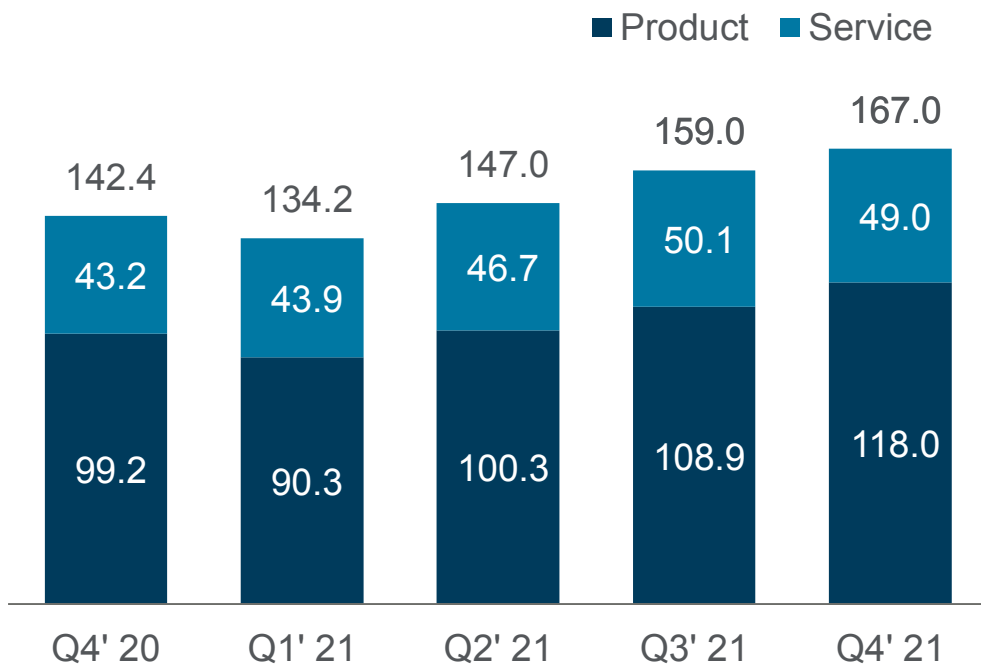


17.3% YoY revenue growth led by 25.9% systems growth



Systems, consumables and customer support revenues above 2019 levels

Quarterly Trend



Revenue Growth – Q4'21

Revenue	Y/Y	Vs. Q4 2019
Product	19.0%	8.3%
System	25.9%	15.4%
Consumables	12.3%	1.5%
Service	13.3%	-4.3%
Customer Support	7.0%	3.5%

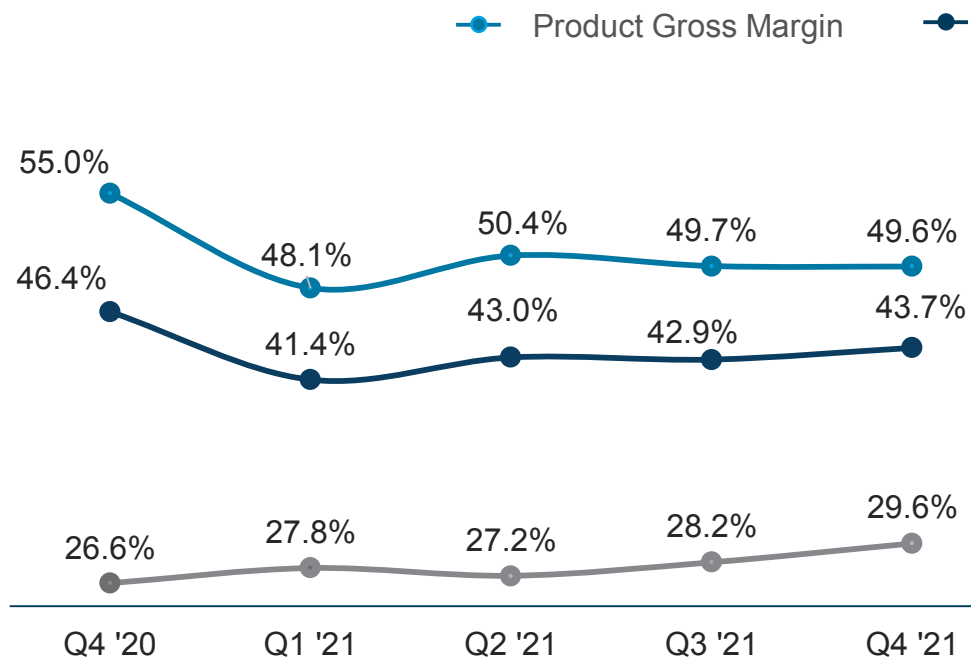
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Gross Margins – Q4 2021

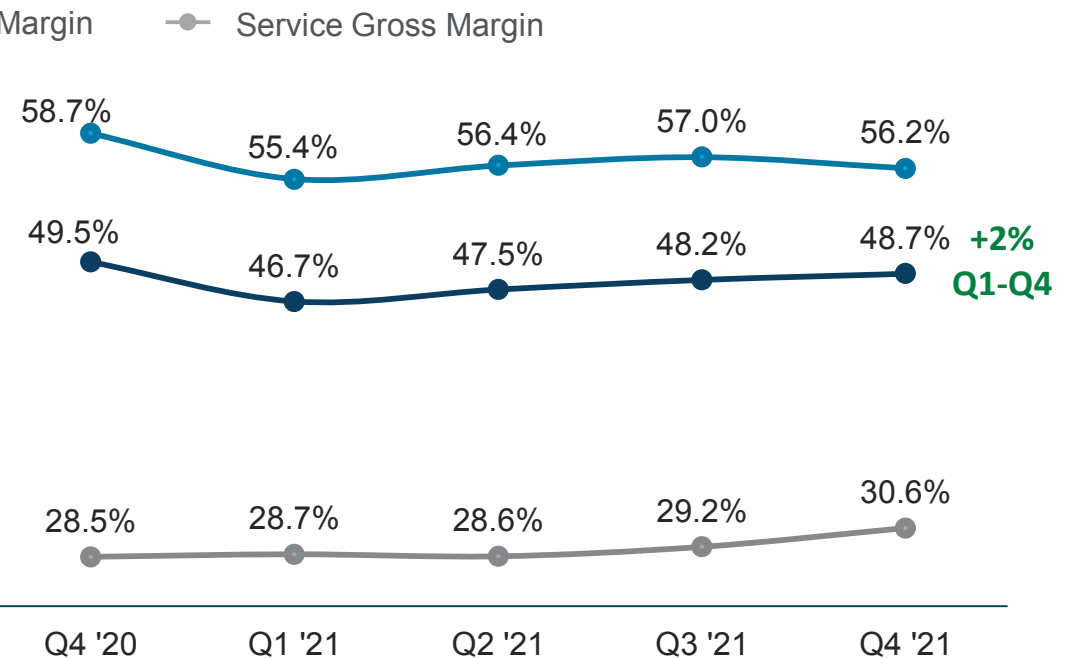


Non-GAAP margins improved sequentially throughout the year – challenged by materials inflation, logistics

GAAP



Non-GAAP



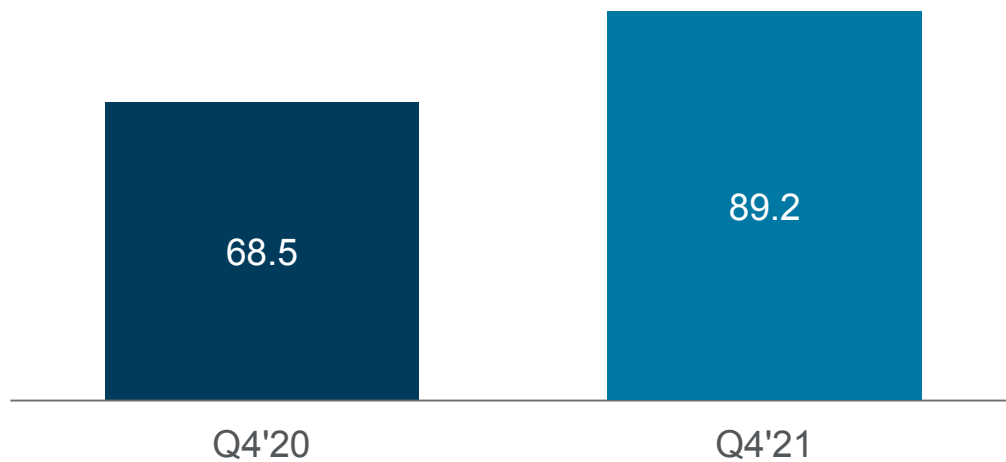
All percentages rounded

Operating Expenses – Q4 2021

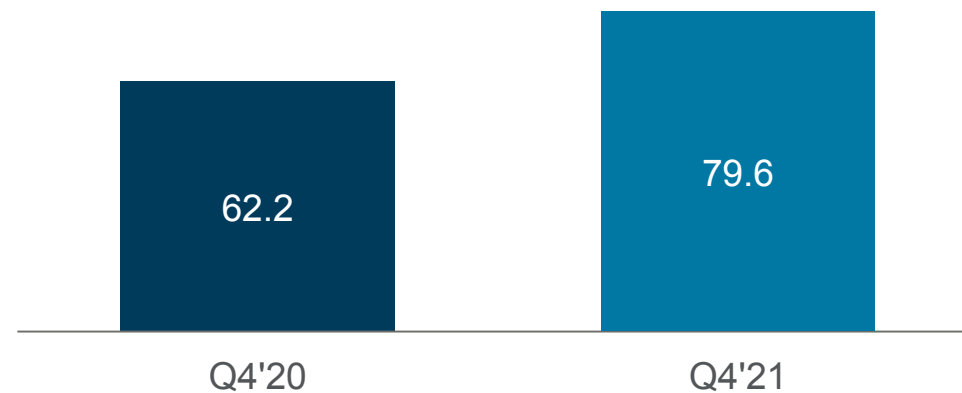


Strategic investment in growth drivers

GAAP operating expenses



Non-GAAP operating expenses



Note: \$ in millions unless noted otherwise. All numbers and percentages rounded

Operating, Net and EBITDA Earnings – Q4 2021



Operating income and net income reflect planned investment in growth drivers

GAAP operating loss



GAAP net loss



Note: \$ in millions unless noted otherwise. All numbers and percentages rounded

Balance Sheet and Cash Flow – Q4 2021



Strong balance sheet at \$502.2M cash and equivalents

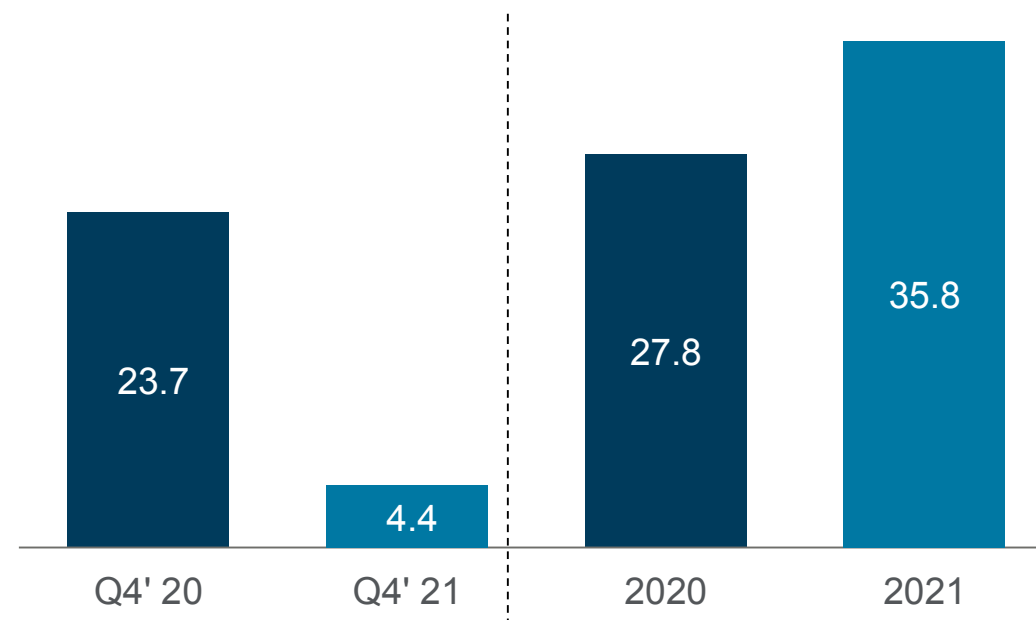


Six consecutive quarters generating positive operating cash flow

Balance sheet items

	Q4-20	Q3-21	Q4-21
Cash and Cash Equivalents and Short-term deposits	299.1	519.9	502.2
Accounts Receivable	106.1	121.8	129.4
Inventories	131.7	119.9	129.2
Net Working Capital	428.3	624.8	590.2

Cash flow from operating activities



Note: \$ in millions unless noted otherwise. All numbers and percentages rounded

2022 Outlook – Growing Top and Bottom Lines

Revenue – Double-Digit Growth

- 2022 - \$680M-\$695M
 - Sequential quarterly growth cadence
- Q1 growth percentage of high teens vs Q1 2021

Gross Margins Improving Through the Year

- 2022 - Flat to slightly higher than 2021
 - H2 stronger than H1
- Q1 relatively flat vs. Q1 2021
- Targeting over 50% long-term as logistics and inflation issues pass and we execute growth plan

OpEx – Improving as % of Revenue

- \$20M-\$25M OpEx expansion in growth drivers

Operating Margins Improvement

- Non-GAAP slightly above 2%
 - Small operating losses in H1 and profitability in H2
- Targeting double-digit margins long-term

Earnings Improvement

- GAAP net loss of \$74M-\$67M, or (\$1.11)-(\$1.00) per diluted share
- Non-GAAP net income of \$10M-\$13M or \$0.14-\$0.19 per diluted share
- Adjusted EBITDA of \$38M-\$41M

Capital Expenditures

- \$20M-\$25M



Summary



Dr. Yoav Zeif

CEO

- We have vastly improved our offerings while strengthening our financials
- Customers are signing long-term, multimillion-dollar deals that illustrate the shift from prototyping to true manufacturing
- Focused on ramping sales of future growth engines like Origin One and H350 that can more than double our addressable market
- Best-in-Class offerings, top GTM, strong balance sheet and relentless focus on execution position us for sustained growth and stakeholder returns





Thank You



Q&A



Appendix

Results of operations Stratasys LTD

	Three months ended December 31, 2021			Three months ended December 31, 2020		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$73,043	8,255	\$81,298	\$66,019	\$4,520	\$70,539
Operating income (Loss) (1,2)	(16,161)	17,822	1,661	(2,529)	10,861	8,332
Net income (Loss) attributable to Stratasys Ltd (1,2,3)	(4,836)	5,355	519	11,029	(4,001)	7,028
Net income (Loss) per diluted share attributable to Stratasys Ltd (4)	(\$0.07)	\$0.08	\$0.01	\$0.20	(\$0.07)	\$0.13
1) Acquired intangible assets amortization expense		6,024			3,411	
Non-cash stock-based compensation expense		866			347	
Restructuring and other related costs		1,185			762	
Impairment charges		180			-	
		8,255			4,520	
2) Acquired intangible assets amortization expense		2,280			2,290	
Non-cash stock-based compensation expense		6,971			3,962	
Restructuring and other related costs		373			449	
Revaluation of investments		(1,859)			-	
Contingent consideration		20			-	
Legal and other expenses (income)		1,823			(360)	
		9,568			6,341	
		17,822			10,861	
3) Corresponding tax effect		1,906			(15,009)	
Equity method related amortization, divestments and impairments		27			483	
Adjustment attributable to non-controlling interest		-			(336)	
Gain from obtaining control		(14,400)			-	
		\$5,355			(\$4,001)	
4) Weighted average number or ordinary shares outstanding – Diluted	65,196		66,820	55,318		55,318