



Q4 and FY2022 Results

Speakers

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March 2, 2023



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://event.choruscall.com/mediaframe/webcast.html?webcastid=K6UFH5he>



Forward-Looking Statements

Cautionary Statement Regarding Forward-Looking Statements

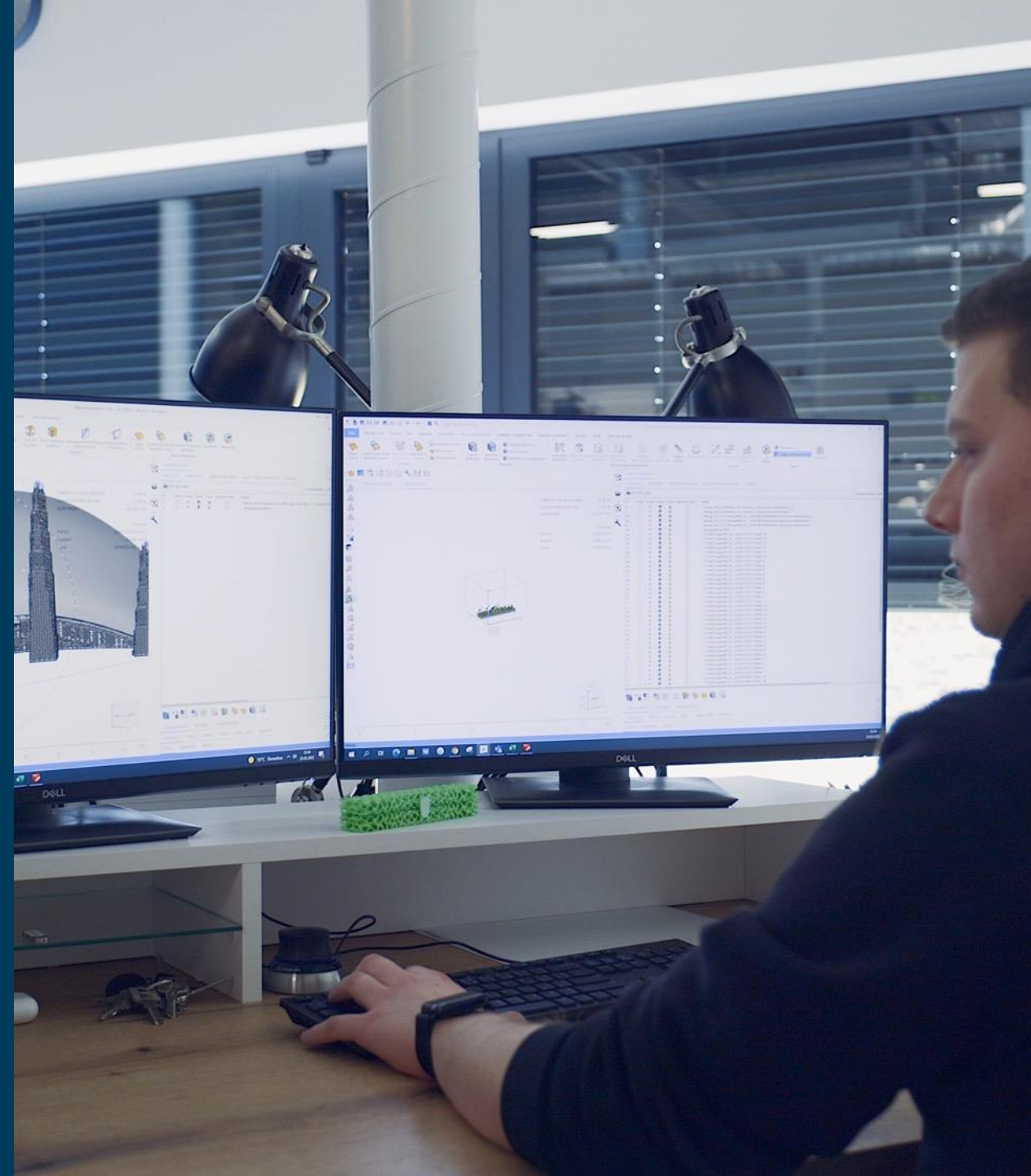
The statements in this slide presentation regarding Stratasys' strategy, and the statements regarding its projected future financial performance, including the financial guidance concerning its expected results for 2023, are forward-looking statements reflecting management's current expectations and 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 severity of headwinds caused by current macro-economic trends that have been adversely affecting, and may continue to adversely affect, our results, including unfavorable currency exchange rates, supply-chain delays, inflationary pressures and rising interest rates; 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 stemming from Russia's invasion of Ukraine); 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, 2022, to be filed with the SEC on or about March 2, 2023 (the "2022 Annual Report"). Readers are urged to carefully review and consider the various disclosures made throughout our 2022 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 2023, which Stratasys will be furnishing to the SEC over the course of 2023, 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. The items eliminated via 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

- Performed well against a challenging environment
- Delivered sixth consecutive quarter of positive earnings
- Executing on our strategy to be the leading innovator and provider of polymer additive manufacturing solutions
 - Broad, global, diverse offerings
 - Unique go-to-market capabilities
 - Growing partnerships and ecosystem

A wide-angle photograph of a large industrial manufacturing facility. The space is filled with various pieces of machinery, including large metal frames, conveyor systems, and specialized equipment. The floor is concrete with yellow safety lines. The ceiling is high with exposed structural elements and lighting fixtures. The overall atmosphere is one of a busy, large-scale industrial environment.

Full Year Summary

- Revenue growth of 7.3% y/y, or 11.4% adjusted for MakerBot and constant currency
- Gross margin slightly higher than 2021 and poised to grow
- Manufacturing contributed 32.5% of total revenues
- Adjusted EPS of \$0.15
- Strong balance sheet with no debt

Helping Customers Succeed in a Challenging Environment



- Uncertain economy still affecting purchase behavior - Sales cycles are longer with some order deferrals
- Business benefits of 3D printing – production efficiency, better products, reduced logistics costs, faster time to market – becomes more apparent in times like these
- 2022 recurring revenue growth reflects the value of our systems
 - Consumables up 7.7%, adjusted for MakerBot and constant currency
 - Customer support up 11.0%, adjusted for constant currency

We Executed On Our Growth Strategy in 2022

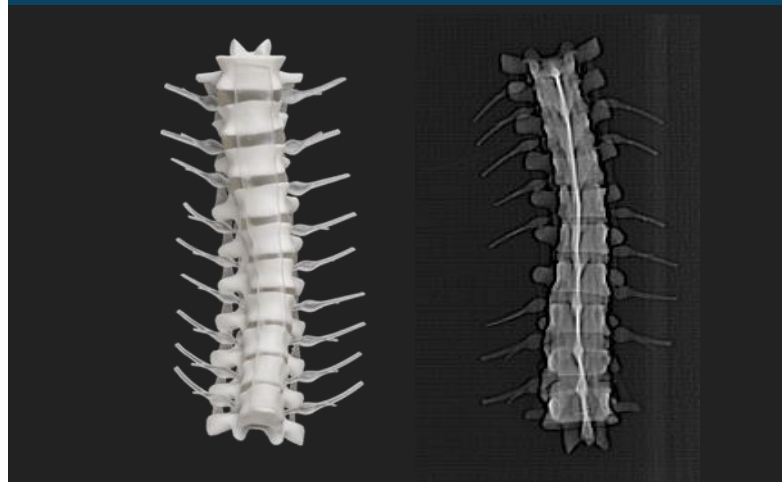
Investments for Growth

- Riven acquisition – AI software
- Axial3D investment – AI medical cloud software
- Covestro AM acquisition (closure expected in Q2'23)
- MakerBot-Ultimaker – immediately accretive



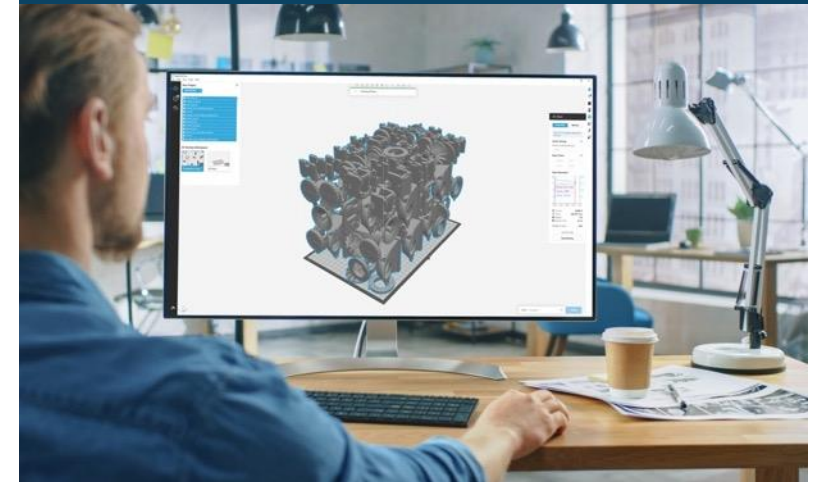
Materials Innovations

- First Validated 3rd party materials for FDM printers
- Open Materials License for FDM and Origin P3 printers
- Advanced Antero material for space applications
- Anatomic modeling material for CT scans and other images



GrabCAD Software Expansion

- Customers with multiple technologies across a single software platform
- New SDK partners
- GrabCAD Print expansion to H350, Origin One, and Origin One Dental printers



Creating New Growth Opportunities in \$50B Dental Parts Industry

First Monolithic, Multi-Color 3D Printed Dentures Solution

- TrueDent FDA-cleared resin works exclusively with J5 DentaJet printer
- Dentures represent \$5B+ opportunity and only 5% are created digitally today
- Digital workflow integration with 3Shape



New Entry-Level Printer for Smaller Dental Labs

- J3 DentaJet 3D printer gives Stratasys strong entry into SMB labs representing two-thirds of dental labs
- Move labs off low-accuracy, single-material desktop printers



Patient Specific Solution Delivered as Cloud Service



Upload scan

Axial3D slicer

Ricoh printing on
Stratasys systems

Shipped to customer



Coming in 2023: Clinical Trial

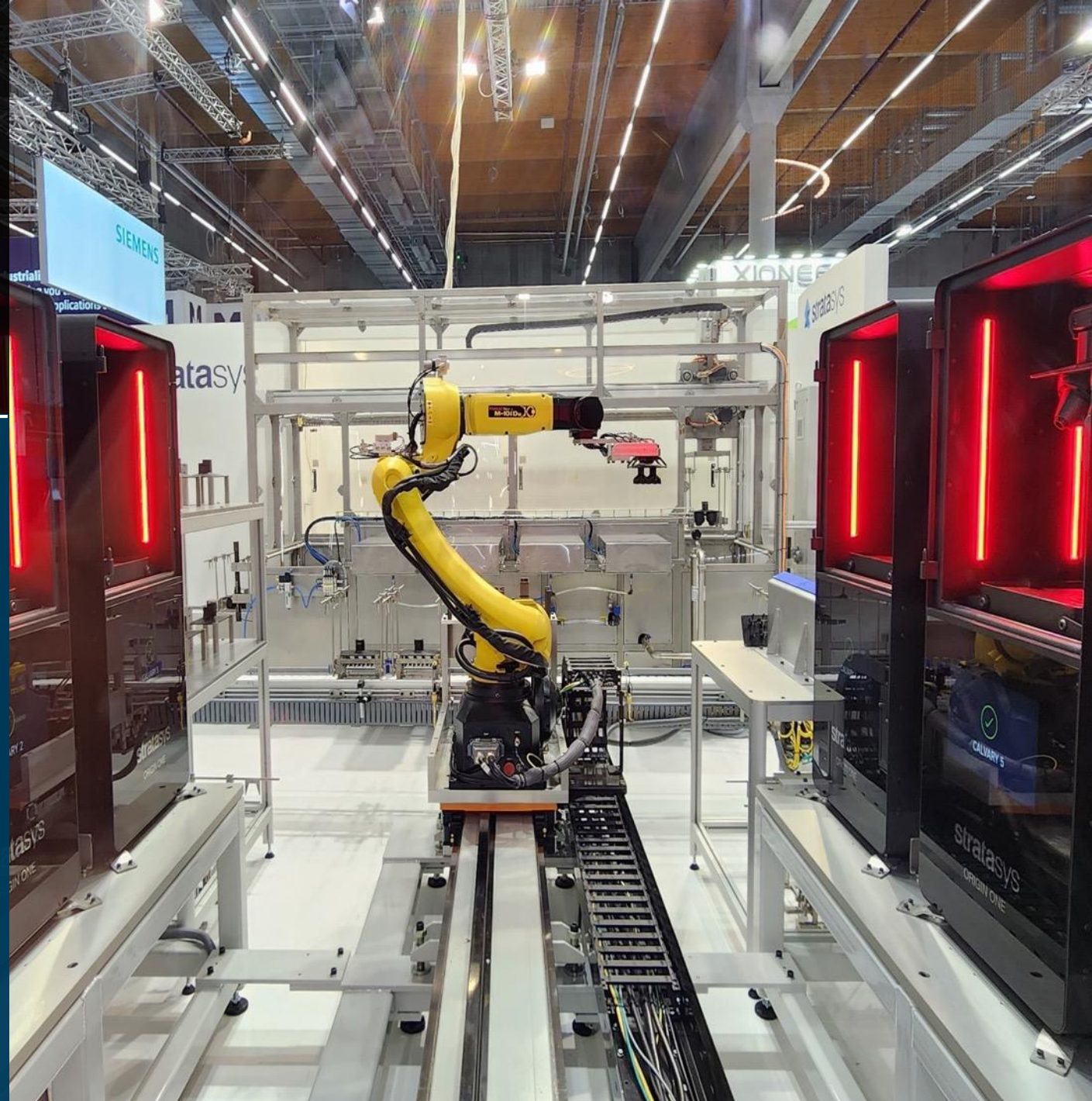
- Designed to determine the clinical and economical value of patient-specific anatomic models as pre-operative surgical tools
- Stratasys will be the first 3D printing manufacturer to run such a trial

CFO Remarks



Eitan Zamir
CFO

- Solid results in a challenging environment
- Q4 OEM business growth of 3.2% year/year (constant currency)
- Efficiency helping improve OpEx as percentage of revenue to lowest level in eight quarters
- Achieved 2022 operating income guidance above 2.0%



Financial Results

Q4 2022

	GAAP			Non-GAAP		
	Q4-21	Q4-22	Change Y/Y	Q4-21	Q4-22	Change Y/Y
Total Revenue	167.0	159.3	-4.6%	167.0	159.3	-4.6%
Gross Profit	73.0	68.6	(4.4)	81.3	77.1	(4.2)
▪ % Margin	43.7%	43.1%	-0.6%	48.7%	48.4%	-0.3%
Operating Income (Loss)	(16.2)	1.6	(17.8)	1.7	5.1	3.4
▪ % Margin	-9.7%	1.0%	10.7%	1.0%	3.2%	2.2%
Gain from step acquisition	14.4	-	(14.4)	-	-	-
Net Income (Loss) attributed to SSYS Ltd.	(4.8)	(2.4)	2.4	0.5	4.6	4.0
▪ % Margin	-2.9%	-1.5%	1.4%	0.3%	2.9%	2.6%
Diluted EPS	(0.07)	(0.04)	(0.04)	0.01	0.07	0.06
Diluted Shares	65.2	66.9	2.6%	66.8	67.2	0.6%

FY 2022

	GAAP			Non-GAAP		
	FY-21	FY-22	Change Y/Y	FY-21	FY-22	Change Y/Y
Total Revenue	607.2	651.5	7.3%	607.2	651.5	7.3%
Gross Profit	260.1	276.5	16.4	290.5	312.5	7.6%
▪ % Margin	42.8%	42.4%	-0.4%	47.8%	48.0%	0.3%
Operating Income (Loss)	(79.2)	(57.2)	22.0	(1.7)	13.5	15.2
▪ % Margin	-13.0%	-8.8%	4.3%	-0.3%	2.1%	2.4%
Gain from deconsolidation of subsidiary	-	39.1	39.1	-	-	-
Gain from step acquisition	14.4	-	(14.4)	-	-	-
Net Income (Loss) attributed to SSYS Ltd.	(62.0)	(29.0)	33.0	(4.3)	10.3	14.6
▪ % Margin	-10.2%	-4.4%	5.9%	-0.7%	1.6%	-2.3%
Diluted EPS	(0.98)	(0.44)	0.54	(0.07)	0.15	(0.23)
Diluted Shares	63.4	66.5	3.07	63.5	67.1	(3.60)

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

Revenues – Q4 2022



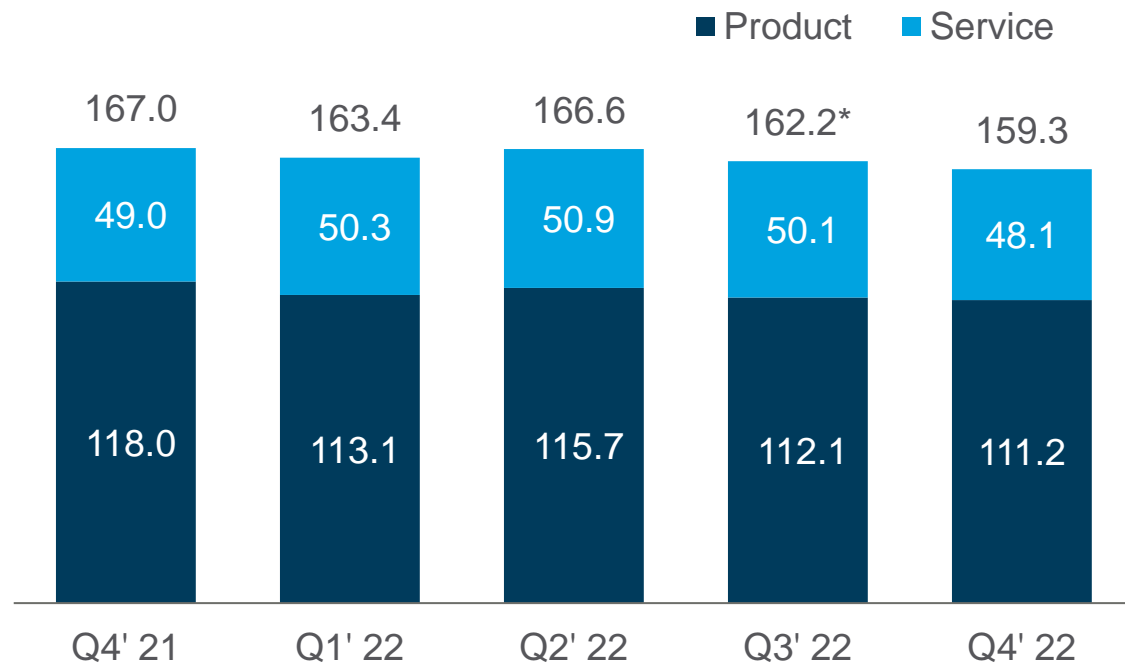
Revenue of \$159.3 million down 4.6% YoY, up 1.7% adjusted for MakerBot and constant currency



Product revenue of \$111.2 million, down 5.8% vs. Q4 2021, up 1.6% adjusted for MakerBot and constant currency

Services revenue of \$48.1 million down 1.9%, up 1.4% adjusted for MakerBot and constant currency

Quarterly Trend



* Reflects only 2 months of MakerBot revenue.

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

Revenues - Q4'22

Revenue	Y/Y	Y/Y (exc. FX and divestitures)
Product	-5.8%	1.6%
▪ System	-11.1%	-1.1%
▪ Consumables	0.04%	4.4%
Service	-1.9%	1.4%
▪ Customer Support	1.9%	9.9%

Revenues – FY 2022



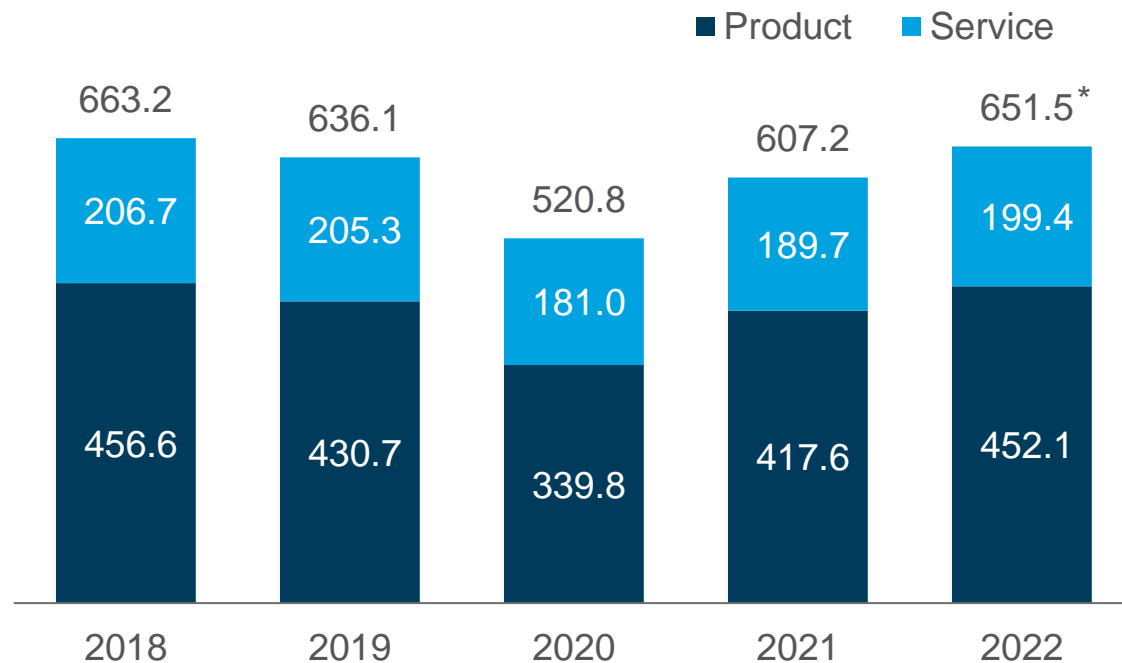
Revenue of \$651.5 million up 7.3% YoY, up 11.4% adjusted for MakerBot and constant currency



Product revenue of \$452.1 million, up 8.3% vs. 2021, up 13.7% adjusted for MakerBot and constant currency

Services revenue of \$199.4 million, up 5.1% vs. 2021, up 7.1% adjusted for MakerBot and constant currency

Annual Trend



* Reflects only 8 months of MakerBot revenue.

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

Revenues - FY'22

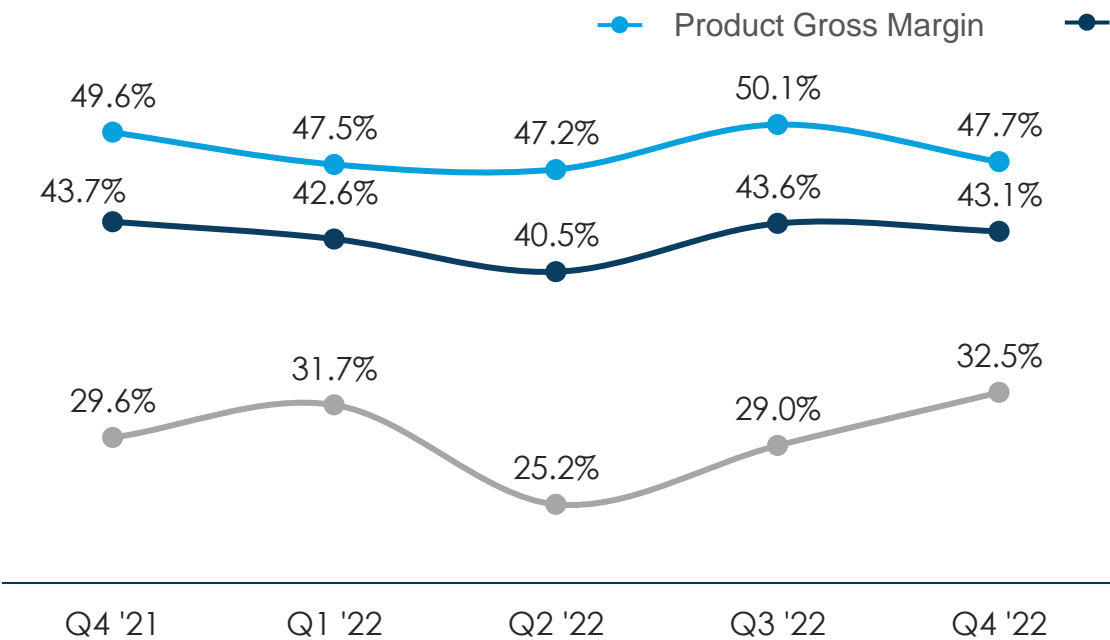
Revenue	Y/Y	Y/Y (exc. FX and divestitures)
Product	8.3%	13.7%
■ System	12.6%	20.9%
■ Consumables	4.3%	7.7%
Service	5.1%	7.1%
■ Customer Support	6.3%	11.0%

Gross Margins

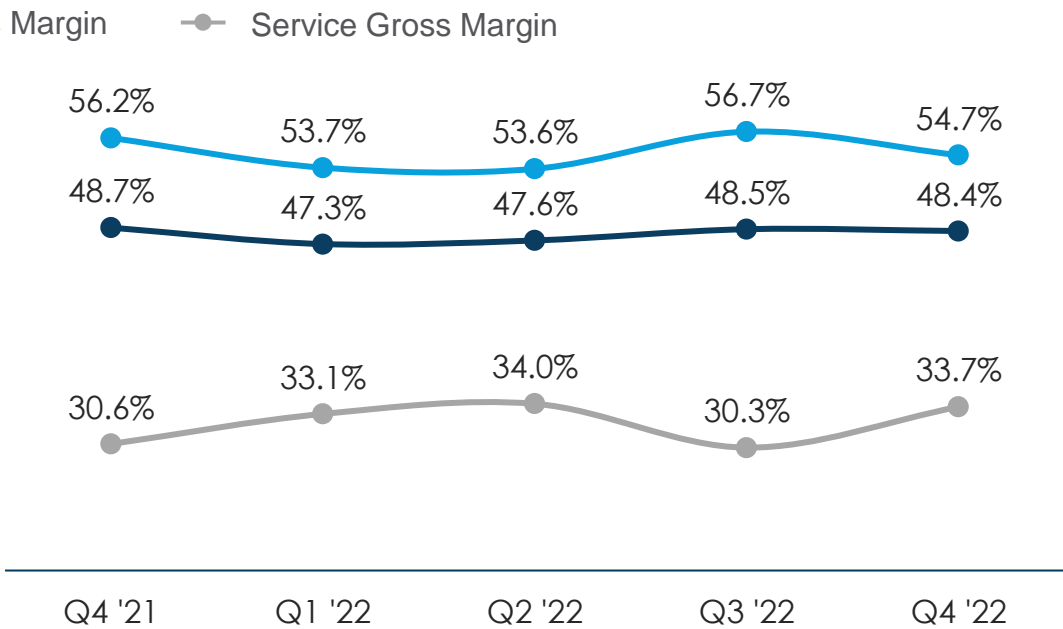


GAAP and Non-GAAP margins negatively impacted by FX, positively impacted by MakerBot carve-out

GAAP



Non-GAAP



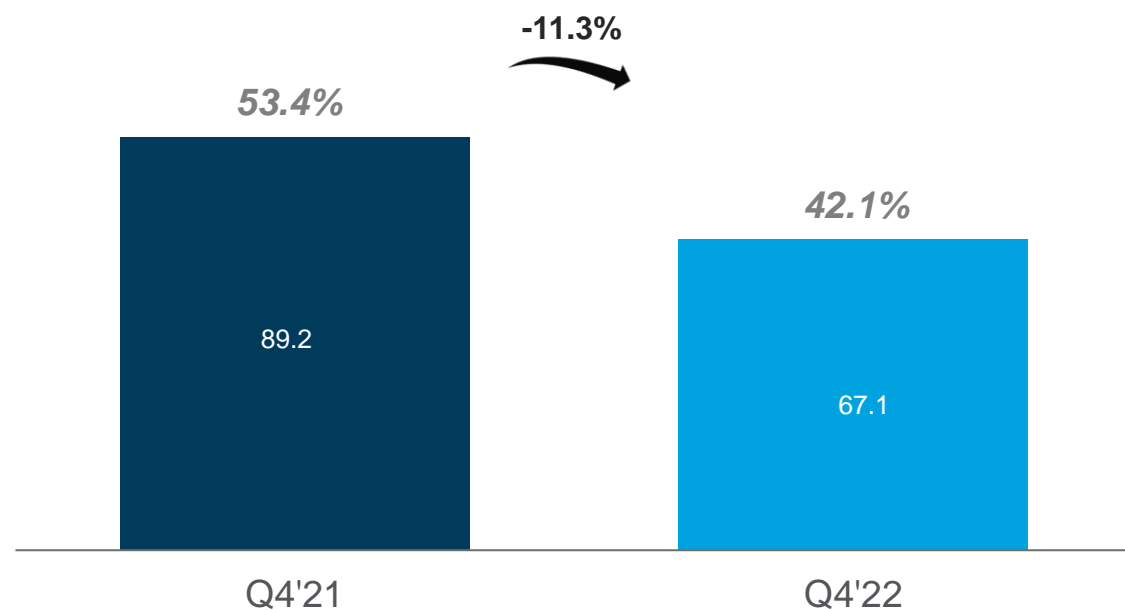
All percentages rounded

Operating Expenses Reduction Reflecting Scalability

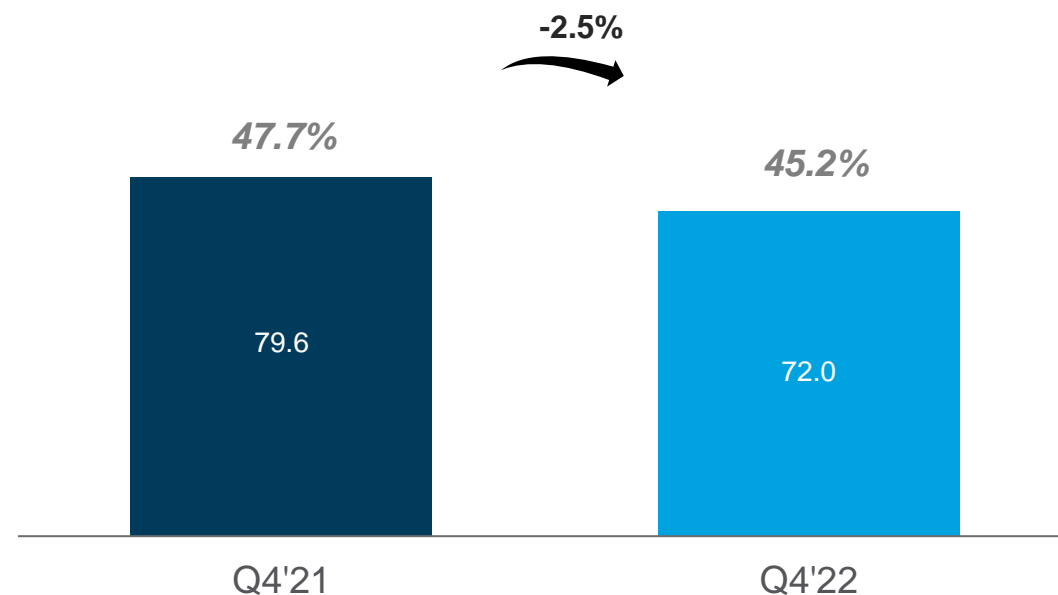


Operational efficiency improvements paying off; OpEx as percentage of revenue lowest in 8 quarters

GAAP operating expenses (absolute and as a percentage of revenues)



Non-GAAP operating expenses (absolute and as a percentage of revenues)



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

Profitable Results

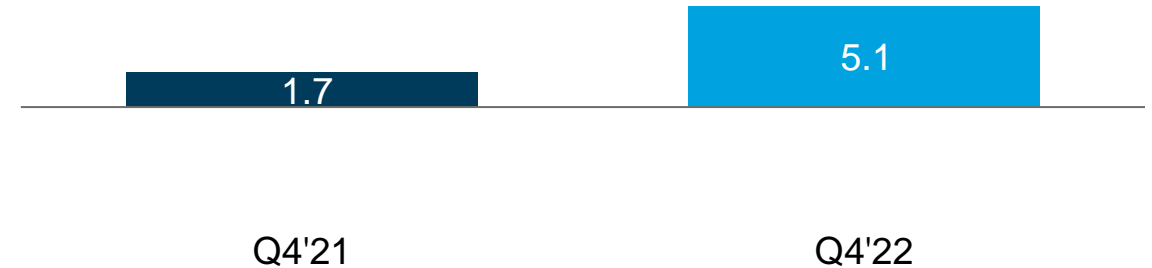


Improving operating income and net income reflect business scalability and operational efficiencies, resulting in lower operating expenses

GAAP operating income (loss)



Non-GAAP operating income



GAAP net loss



Non-GAAP net income



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

Fortified Balance Sheet and Responsible Cash Use



Strong balance sheet at \$328M cash and equivalents after recent strategic investments

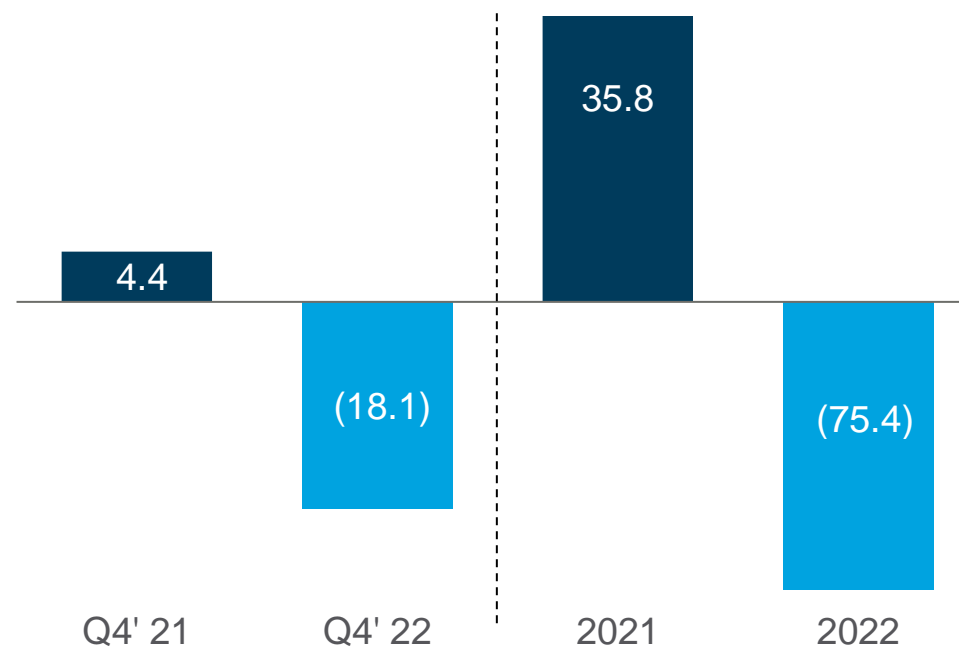


Cash use tied to deliberately increased inventory purchases

Balance sheet items

	Q4-21	Q3-22	Q4-22
Cash and Cash Equivalents and Short-term deposits	502.2	348.7	327.8
Accounts Receivable	129.4	140.3	144.7
Inventories	129.2	170.4	194.1
Net Working Capital	590.2	480.7	489.6

Cash flow from operating activities



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

2023 Outlook

Revenue

Sequential growth through the year

- 2023 range: \$620M-\$670M
- 2H notably stronger than 1H
- 2022 revenue without MakerBot: \$625M

Operating Expenses

Improving as a percent of revenue

- 2023 range: \$290M-\$300M

Earnings

Improvement momentum continues

- GAAP net loss of (\$1.12)-(\$0.83) per diluted share
- Non-GAAP net income \$0.12-\$0.24 per diluted share
- Adjusted EBITDA of \$35M-\$50M, improving to 13%-15% of revenues longer term

Gross Margins

Improving, with stronger 2H

- 2023 range: 48.0%-49.0%
- Targeting 50%+ in next few years

Operating Margins

Improving through the year

- Non-GAAP operating margins 2.5%-3.5%

Capital Expenses

- 2023 range: \$20M-\$25M

Positive Operating Cash Flow



CEO Summary



Dr. Yoav Zeif
CEO

- Profitable growth with a sharpened focus on core OEM offerings
- Today's business challenges reinforce additive manufacturing's benefits
- Balance sheet strength to continue to invest in hardware, materials and software to broaden our market presence
- Relentless focus on execution and investment for growth, profitability and shareholder value



Thank
You



Appendix

	Three months ended December 31, 2022			Three months ended December 31, 2021		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$68,648	\$8,423	\$77,071	\$73,043	\$8,255	\$81,298
Operating income (Loss) (1,2)	1,596	3,456	5,052	(16,161)	17,822	1,661
Net income (Loss) (1,2,3)	(2,390)	6,940	4,550	(4,836)	5,355	519
Net income (Loss) per diluted share (4)	\$(0.04)	\$0.11	\$0.07	\$0.07	\$0.08	\$0.01
1) Acquired intangible assets amortization expense		7,297			6,024	
Non-cash stock-based compensation expense		1,041			866	
Restructuring and other related costs		85			1,185	
Impairment charges		-			180	
		8,423			8,255	
2) Acquired intangible assets amortization expense		2,370			2,280	
Non-cash stock-based compensation expense		7,664			6,971	
Restructuring and over related costs		874			373	
Revaluation of investment		560			(1,861)	
Contingent consideration		(19,490)			(20)	
Other expenses		3,056			1,824	
		(4,967)			9,567	
		3,456			17,822	
3) Gain from deconsolidation of subsidiary		-			(14,400)	
Corresponding tax effect and other expenses		1,770			1,906	
Equity method related amortization, divestments and impairments		1,714			27	
		\$6,940			\$5,355	
4) Weighted average number of ordinary shares outstanding – Diluted	66,908		67,262	65,196		66,820

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