



# Q2 2022 Results

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## Speakers

Dr. Yoav Zeif, CEO

Eitan Zamir, CFO

Yonah Lloyd, CCO & VP IR

Aug. 3, 2022



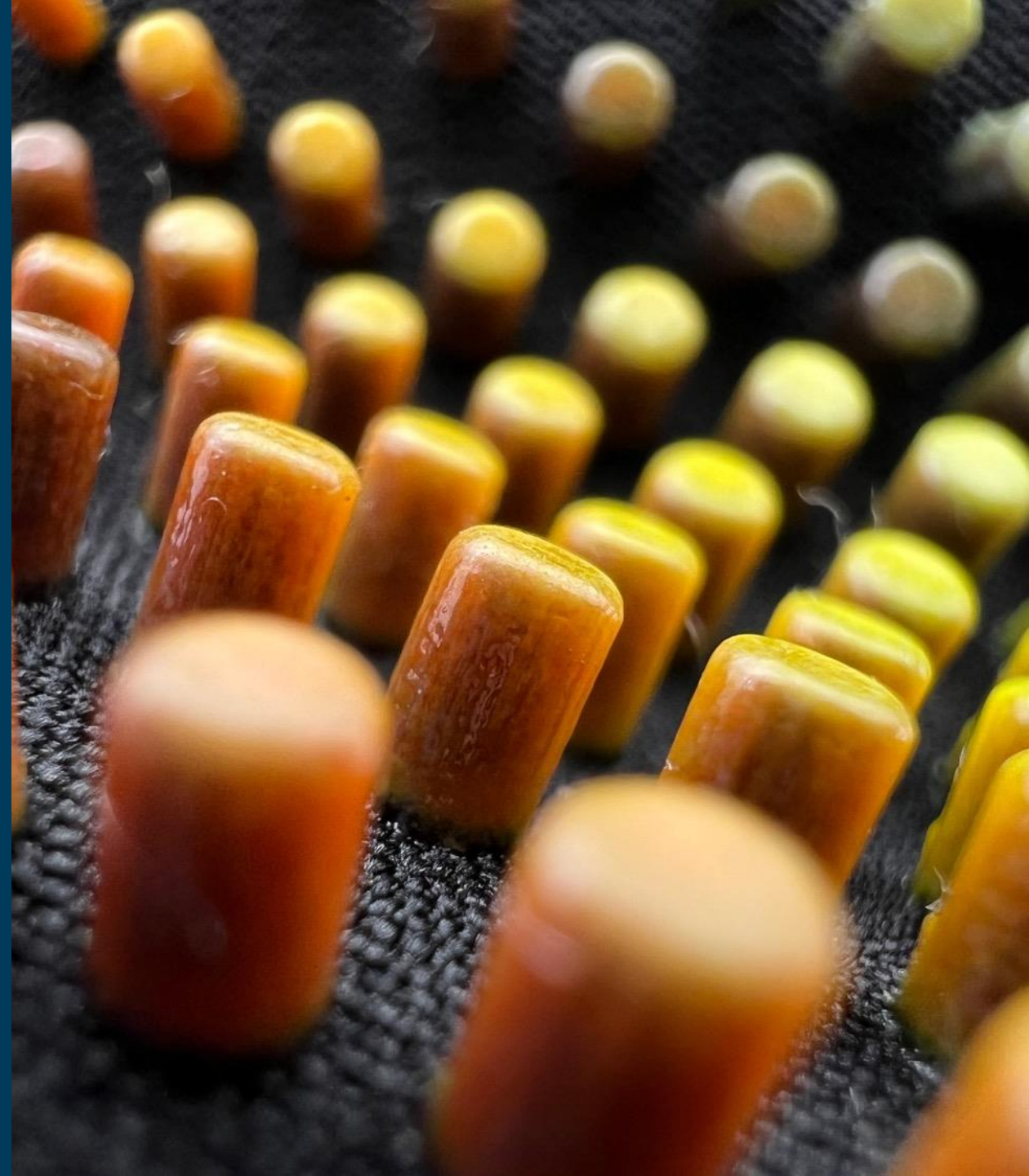
# Conference Call and Webcast Details

US Toll-Free Dial-In  
1-877-407-0629

International Dial-In  
1-412-902-1012

Live Webcast and Replay

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=mUfZ38Qo>





# 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 severity of the macro-economic trends triggered by the global COVID-19 pandemic, such as 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, 2021, filed with the SEC on February 24, 2022 (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

- Q2 revenue of \$166.6 million up 13.3% vs. Q2 2021 (16.4% after currency exchange impact)
- Systems revenue grew 29% vs. Q2 2021; All printer technologies grew YoY
- Balance sheet remains strong at \$441.5M in cash and equivalents, with no debt
- Laser focus on business execution continues to help us deliver positive results as we grow our leadership position in polymer additive manufacturing

# Production Racing Parts Signal Automotive Opportunity



First 3D printed production parts for  
NASCAR Next Gen Racecars using SAF and  
FDM technologies



TRD partnership includes  
production parts using SAF and FDM  
technologies



# 3D Printing Well-Positioned to Contribute Parts Throughout the Vehicle at Production Volume



Ducts | Final part inside / Under hood application prototype

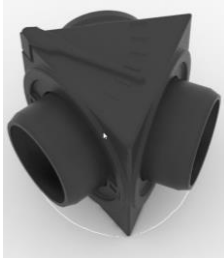


Windscreen washing liquid container | Under hood applications prototype

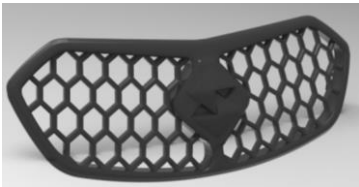
All using Stratasys H350 3D printing and SAF™ technology



Electrical wire connectors | Prototype to final part



Y air flow split | Prototype to final part



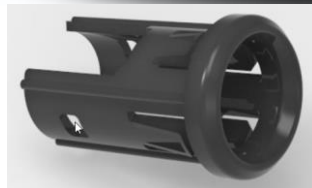
Front grill | Prototype to final part



Electrical cable clips | Prototype to final part



Side mirror | Prototype to final part



Front bumper sensor brackets | Prototype to final part

# J5 DentaJet Momentum

*Aided by upgraded version*

- Doubled throughput while maintaining quality
- Optimized resin consumption
- Reduced support usage and waste
- More parts on each print tray
- Significant dental lab sales particularly in EMEA



*I was absolutely blown away by the precision, detail, and smooth finish of the printed parts.*

**- Dental Lab, Germany**





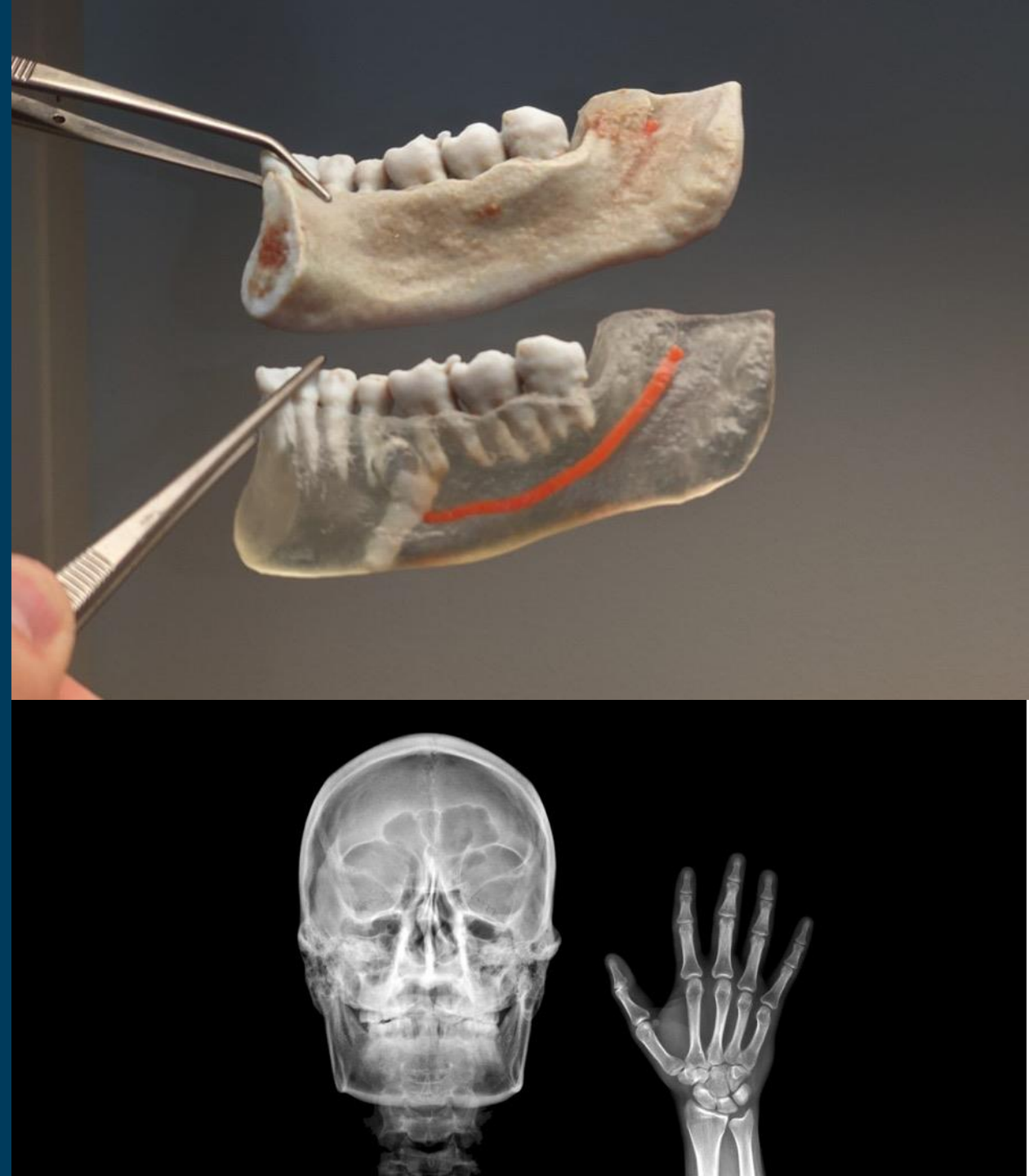
# Healthcare Industry Responds to Tailored Stratasys Solutions

- New unique RadioMatrix material with radiopaque enables 3D printed models to display on X-rays and CT scans
- Healthcare providers like the University Hospital of Southern Denmark are moving up from single-material to multi-material, multicolor J5 MediJet systems



***Surgeons are already saying things like ‘We don’t want to do this surgery without a 3D printed guide.’***

**- Prof. Michael Boelstoft Holte,  
3D Lab Denmark**



# CFO Remarks



Eitan Zamir

CFO

- Building on strong start to 2022
- Systems revenue growth of 29.2% vs. Q2 2021 is expected to drive future recurring consumables and services revenues
- Ongoing operating leverage that reflects the strength of our business model



# Improving Financial Results – Q2 2022

	GAAP			Non-GAAP		
	Q2-21	Q2-22	Change Y/Y	Q2-21	Q2-22	Change Y/Y
Total Revenue	147.0	166.6	13.3%	147.0	166.6	13.3%
Gross Profit	63.3	67.4	4.1	69.9	79.3	9.4
▪ % Margin	43.0%	40.5%	-2.5%	47.5%	47.6%	0.1%
Operating Income (Loss)	(22.7)	(23.5)	(0.8)	(2.6)	1.9	4.5
▪ % Margin	-15.5%	-14.1%	1.4%	-1.8%	1.2%	3.0%
Net Income (Loss)	(20.2)	(24.4)	(4.2)	(1.6)	1.2	2.8
▪ % Margin	-13.7%	-14.6%	-0.9%	-1.1%	0.7%	1.8%
Diluted EPS	(0.31)	(0.37)	(0.06)	(0.02)	0.02	0.04
Diluted Shares	64.9	66.6	2.6%	64.9	67.1	3.3%

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

# Revenue Growth Continues – Q2 2022

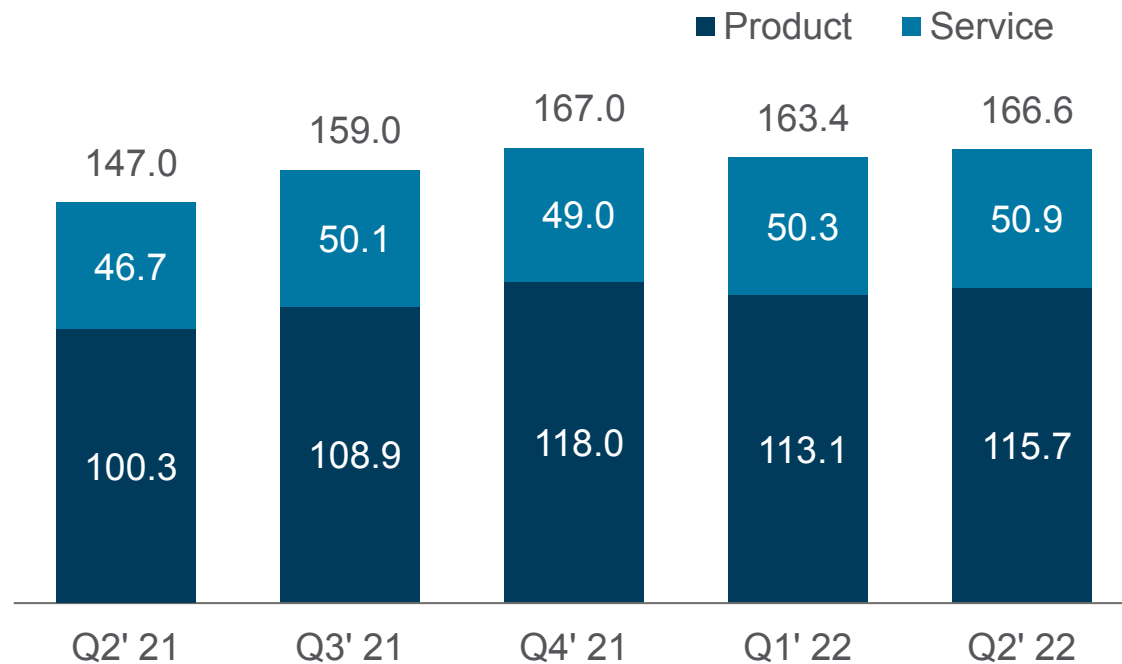


**\$166.6M revenue up 13.3% YoY (16.4% with FX) on strong systems, consumables and services growth**



**Revenue up 2.1% vs. pre-COVID Q2 2019**

## Quarterly Trend



## Revenue Growth – Q2'22

Revenue	Y/Y	Vs. Q2 2019
<b>Product</b>	15.4%	4.9%
▪ System	29.2%	9.7%
▪ Consumables	3.9%	0.3%
<b>Service</b>	9.0%	-3.7%
▪ Customer Support	9.1%	10.4%

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

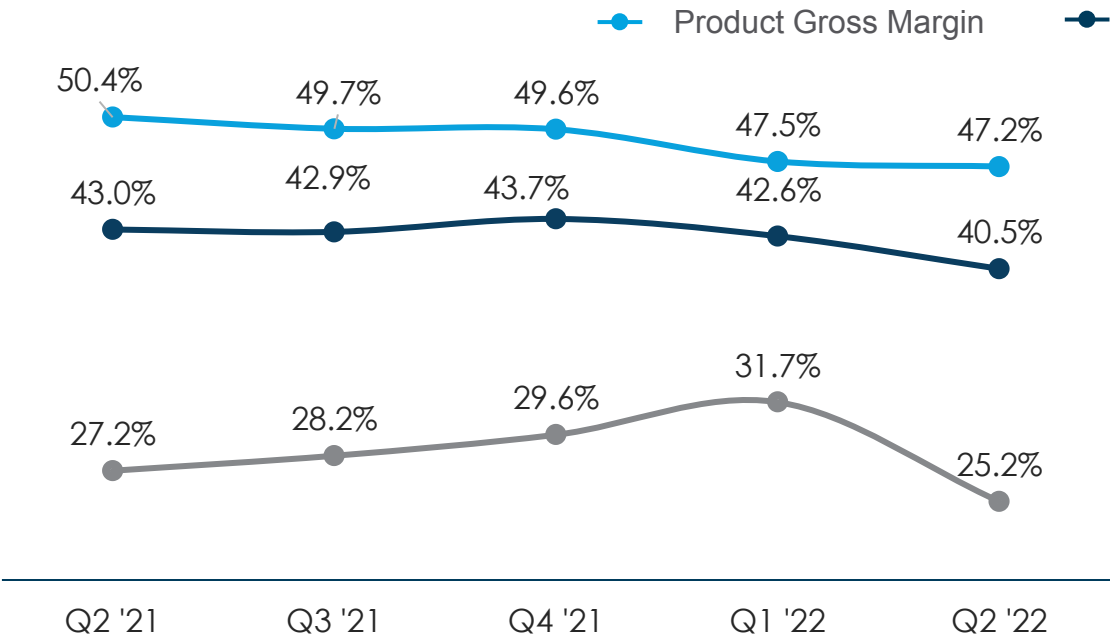


# Increasing Gross Margins – Q2 2022

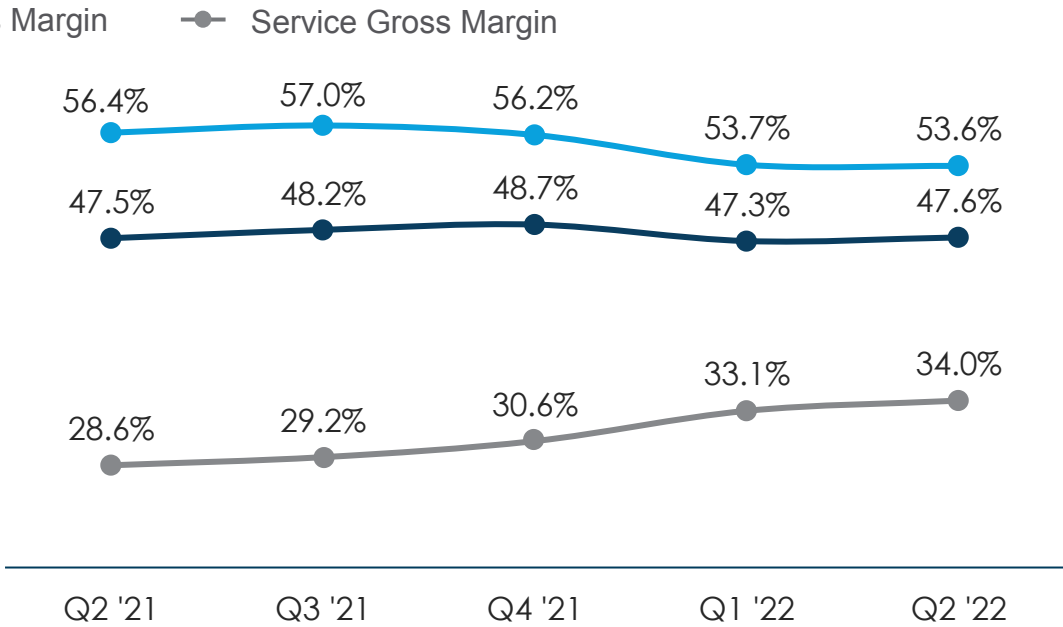


Non-GAAP margin improvements driven by higher revenues and raised pricing, partially offset by macro issues

## GAAP



## Non-GAAP



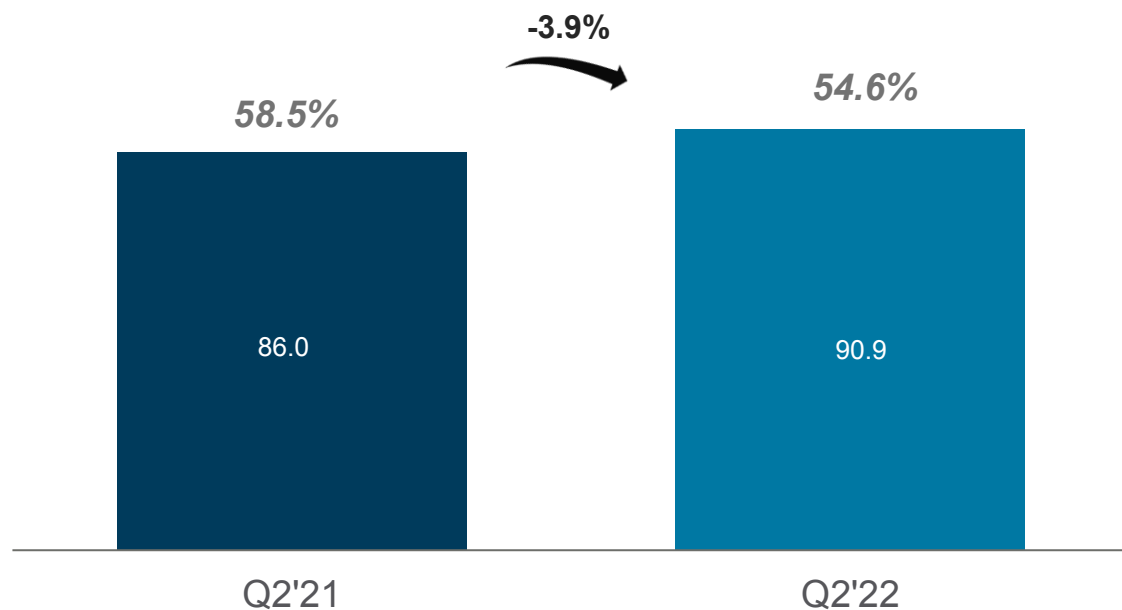
All percentages rounded

# Controlling Operating Expenses – Q2 2022

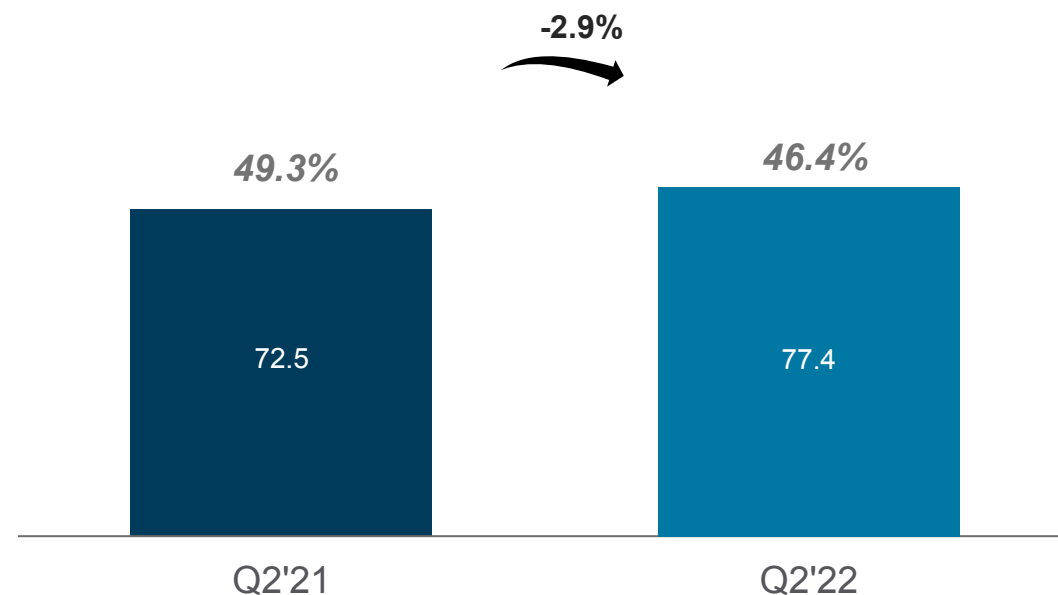


Operating Expenses improvement trend ongoing

## 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 – Q2 2022



Operating income and net income reflect business scalability and operational efficiencies

## GAAP operating loss



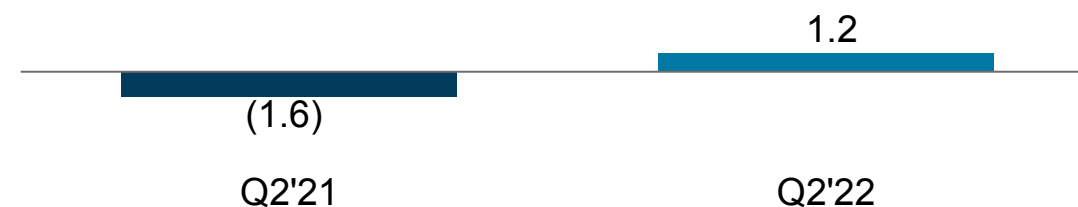
## Non-GAAP operating (loss) income



## GAAP net loss



## Non-GAAP net (loss) income



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

# Fortified Balance Sheet and Responsible Cash Use – Q2 2022



**Strong balance sheet at \$441.5M cash and equivalents**



**Cash use tied to deliberately increased inventory purchases of over \$20M**

## Balance sheet items

	Q2-21	Q1-22	Q2-22
Cash and Cash Equivalents and Short-term deposits	522.7	475.6	441.5
Accounts Receivable	110.0	136.4	132.3
Inventories	124.2	143.1	153.7
Net Working Capital	626.8	584.4	582.7

## Cash flow from operating activities



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

# 2022 Outlook Updated to Reflect FX Impact

## Revenue – Annual Double-Digit Percentage Growth

- Full Year 2022 - \$675M-\$685M
  - FX impact of ~\$10M relatively equal across Q3 & Q4
  - H2 2022 appx. 6%-7% higher than H2 2021
  - Q4 growth percentage higher than Q3
  - Sequential quarterly revenue growth

## Gross Margins Improving Through the Year

- 2022 - Flat to slightly higher than 2021
- Q3 relatively flat vs. Q3 2021
- Targeting over 50% long-term when logistics and inflation issues pass and we execute growth plan

## OpEx – Improving as % of Revenue

- 2022 \$18M-\$23M OpEx expansion in growth drivers
- OpEx as a percent of revenue expected to remain flat or even improve slightly throughout the year

## Operating Margins Improvement

- Non-GAAP slightly above 2%
- Targeting double-digit margins long-term

## Earnings Improvement

- GAAP net loss of \$78M-\$69M, or (\$1.17)-(\$1.04) 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

- Capital expenditures ranging between \$20M-\$25M







# CEO Summary



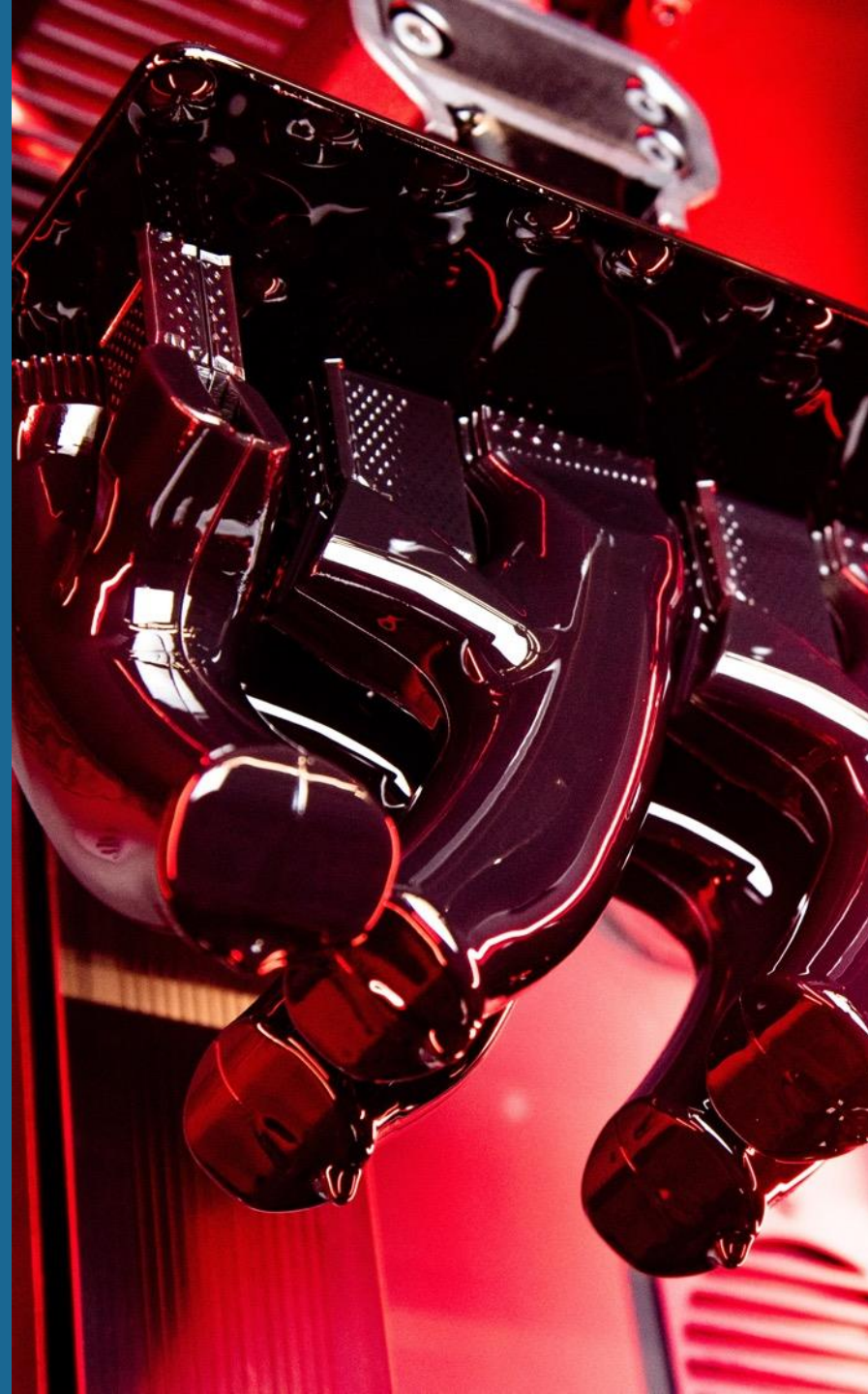
**Dr. Yoav Zeif**

CEO

- Business expectations aligned with global macroeconomic conditions
- 3D printing is ready to help global manufacturing customers improve their performance
- We are positioned to win share at Fortune 500 factory floors and outperform the market



# Thank You



# Appendix

	Three months ended June 30, 2022			Three months ended June 30, 2021		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$67,393	\$11,914	\$79,307	\$63,270	\$6,616	\$69,886
Operating income (Loss) (1,2)	(23,545)	25,479	1,934	(22,724)	20,133	(2,591)
Net income (Loss) (1,2,3)	(24,385)	25,560	1,175	(20,159)	18,581	(1,578)
Net income (Loss) per diluted share (4)	(\$0.37)	\$0.39	\$0.02	(\$0.31)	\$0.29	(\$0.02)
1) Acquired intangible assets amortization expense		6,954			5,518	
Non-cash stock-based compensation expense		1,080			788	
Restructuring and other related costs		15			310	
Impairment charges		3,865			-	
		<b>11,914</b>			<b>6,616</b>	
2) Acquired intangible assets amortization expense		2,218			2,200	
Non-cash stock-based compensation expense		7,751			7,189	
Restructuring and other related costs		-			350	
Revaluation of investments		1,255			2,201	
Contingent consideration		596			202	
Other expenses		1,745			1,375	
		<b>13,565</b>			<b>13,517</b>	
		<b>25,479</b>			<b>20,133</b>	
3) Corresponding tax effect and other expenses		81			(1,552)	
		<b>\$25,560</b>			<b>\$18,581</b>	
4) Weighted average number or ordinary shares outstanding – Diluted	66,568		67,070	64,908		64,908

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