

Filed by 3D Systems Corporation
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Subject Company: Stratasys Ltd.
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The following presentation was delivered by 3D Systems to Institutional Shareholder Services Inc. and Glass, Lewis & Co. on September 13, 2023:



Building a Global Leader in Additive Manufacturing

SEPTEMBER 13, 2023

Forward-Looking Statements

Certain statements made in this document that are not statements of historical or current facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the company to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. In many cases, forward-looking statements can be identified by terms such as "believes," "belief," "expects," "may," "will," "estimates," "intends," "anticipates" or "plans" or the negative of these terms or other comparable terminology. Forward-looking statements are based upon management's beliefs, assumptions and current expectations and may include comments as to the company's beliefs and expectations as to future events and trends affecting its business and are necessarily subject to uncertainties, many of which are outside the control of the company. The factors described under the headings "Forward-Looking Statements" and "Risk Factors" in the company's periodic filings with the Securities and Exchange Commission, as well as other factors, could cause actual results to differ materially from those reflected or predicted in forward-looking statements. In particular, we note that there is no assurance that a definitive agreement for the transaction referenced in this document will be entered into or consummated or that

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All references to the binding nature of the offer and merger agreement being proposed by 3D Systems, whether in a press release, presentation, other document or public statement, are subject to the contents of the escrow letter that has been delivered to Stratasys and will be on file publicly with the SEC.

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Executive Summary

Proposed Transaction Summary

Consideration

- Consideration of **\$7.00 in cash and 1.6387 shares** of 3D Systems common stock per Stratasys ordinary share
- 3D Systems believes this offer is **worth more than \$27 per share**, inclusive of synergies¹
- **Election mechanism** offers Stratasys shareholders the right to elect form of consideration, subject to proration mechanics

Implied Ownership

- Approximately **46% implied pro forma ownership** for Stratasys shareholders on a fully-diluted basis, which **increased from 44% pro forma ownership and 41% pro forma ownership**, as per 3D Systems' most recent prior proposals

Transaction Terms

- **Signed agreement in escrow available to be countersigned** by Stratasys
- **Terms at least as favorable** to Stratasys as Desktop Metal transaction
- Right of Stratasys to **terminate to accept a superior proposal**
- **Advantageous tax and capital markets structure** permits Stratasys shareholders to receive, **generally on a tax-free basis**, shares of a Delaware-incorporated, domestic SEC registrant
- **3D Systems to pay the termination fee** of the Stratasys – Desktop Metal deal

Deal Certainty

- **No financing contingency** – financed entirely by cash on combined balance sheet
- No CFIUS or ITAR closing conditions
- 3D Systems to **pay a \$50M termination fee** if the transaction fails to close due to a failure to obtain antitrust approvals.

Synergies

- Significant near-term cost synergies of **at least \$110M²**

5

Source: Factset, Company Filings, Press Releases; market data as of 12-Sept-2023. ¹ Calculated as market value of latest 3D Systems proposal as of September 6th, 2023 adding capitalized value of synergies per Stratasys share. Capitalized value of synergies per Stratasys share equals: \$110 million in cost synergies, as estimated by 3D Systems (noting that Stratasys has now publicly confirmed \$74-\$88 million of cost synergies for a combination with 3D Systems), multiplied by 15x, multiplied by 46% Stratasys ownership in pro forma entity, divided by 72.8mm Stratasys fully diluted shares outstanding. ²Stratasys' own view of synergies in a 3D Systems transaction of \$74M to \$88M is materially in excess of synergies with Desktop Metal

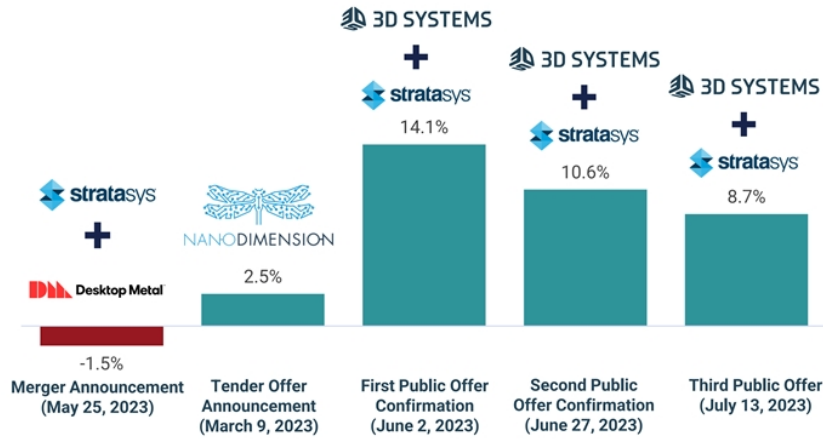


Attractive and Credible, Combined Financial Profile, Jointly Agreed with Stratasys

| Combined Company Near-Term Financial Profile | |
|---|--------------|
| Organic Revenue Growth | Double-Digit |
| Gross Profit Margin | ~50% |
| R&D Spend | ~12% |
| SG&A Spend | ~25% |
| EBITDA Margin | 15%+ |

The Market Continues to Speak

Stratasys Three-Day Share Price Reaction Post-Announcement



7 Source: Factset, press releases

"We do not believe that the Board can reject the obvious any longer: a 3D Systems transaction is **significantly more compelling** than the current alternatives and **warrants immediate engagement.**"

- The Donerail Group

"As the largest shareholder of Stratasys, Nano Dimension intends to support a review of strategic alternatives to **further enhance shareholder value, including through industry consolidation, possibly through a negotiated combination with 3D Systems...**"



Stratasys' Process Seemed Designed For One Outcome

Since 2021 began, 3D Systems has continually reached out to Stratasys about a potential combination
Almost every time, Stratasys refused to hold discussions with 3D Systems

Stratasys only engaged with 3D Systems when facing a proxy contest from Nano Dimension

In its July 17 presentation regarding the proxy contest, Stratasys claimed a key reason to vote for its directors was that "Nano could block SSYS' ability to engage in discussions with 3D Systems or any other value maximizing transactions for the SSYS shareholders"

Stratasys engaged almost immediately with Desktop Metal, on two separate occasions

Why are Stratasys' board and management so focused on one possible outcome?

It smells of entrenchment

All of our offers, at the time, have been superior to the alternative DM deal

Was Stratasys' board truly open to a merger with 3D Systems?

Or was its engagement with us insincere, so that they could tell shareholders, "We tried"?

Enhanced Our Offer Per Stratasys' Feedback

Stratasys listed more stock consideration, closing certainty, and management as their key concerns. 3D Systems addressed those concerns in our latest proposal.



Cumulative 6% increase in combined ownership since May offer, resulting in incremental exposure to \$110M of synergies¹



We have agreed to discuss a key leadership role for Stratasys' CEO to help ensure a smooth integration of the two companies and maximize value creation



Allocating \$10 million specifically to retain key management and employees



3D Systems will pay a \$50 million reverse termination fee to Stratasys if our deal cannot obtain anti-trust clearance, demonstrating our confidence

Well-Positioned to Obtain Regulatory Clearances

3D Systems is confident that all applicable regulatory clearances for the proposed combination will be obtained

1

Combined R&D Capability Will Bring Better Solutions to Consumers

- Combines R&D teams, enhancing innovation and bringing new solutions to customers
- Leverages complementary skill sets across hardware, software, consumables, and services to bring new products to market more quickly
- Creates scale to support greater number of customers, increasing incentive to invest

2

Additive Manufacturing is a Dynamic Space with Intense Competition

- Commoditization of desktop segment
- Intensification of competition across printing process and materials by both smaller players and larger firms such as EOS, HP, Carbon, and GE
- Multitude of competitors and new entrants, including emerging Chinese players, creates a highly fragmented industry

3

Industry is Experiencing Accelerated Innovation

- Additive manufacturing continues to gain acceptance in new, groundbreaking use cases and manufacturers move to support them
- \$2.8bn of global venture capital investment into Additive Manufacturing startups in 2022, up 14% YoY

Closing of Stratasys + DM Highly Uncertain



×

There is NO assurance the Stratasys + DM deal will close

×

The Stratasys + DM merger contains unusual rights to terminate including if an undisclosed list of Desktop Metal's highly problematic commercial contracts are not terminated or modified, along with an obligation by Stratasys to pay a \$19 million termination fee to exercise this termination right

×

The Stratasys + DM deal requires CFIUS approval; 3D + Stratasys would not

Our Proposed Transaction is Unparalleled

 3D SYSTEMS +  stratasys



Delivers Significant Value Creation Combined with Exceptional Cost Synergies



Creates Unmatched Global Player in a Rapidly Scaling Industry



Highly Complementary Portfolio with a Comprehensive Offering Including Proven Metals Applications

 stratasys +  Desktop Metal



Concerning Impact on Stratasys' Financial Profile and Cash Generation



Questionable Synergies and Highly Speculative Multiple Re-Rating



Puzzling Thesis Around 28-Year-Old Binder Jet Metals Technology



Overview of Additive Manufacturing Industry and 3D Systems

Shareholders to Benefit from Supportive Industry Trends

Global 3D Printing Market

\$80B+

2029¹

~\$15B

2021¹

~21%

**CAGR Over
Next 5-7 Years²**

Compelling Growth Drivers



Additive Manufacturing experiencing an inflection point as it transitions from the lab to the factory floor driven by improved economics and supply chain risk reduction



Continuous expansion of Additive Manufacturing use cases into new industries



Increasing software integration that incorporates AI and machine learning will drive 3D printing workflow optimization



3D printing with advanced materials rapidly expanding use in human applications (dental, orthopedic, biologic)



Post-COVID reevaluation of supply chain is driving increased adoption of Additive Manufacturing

Industry & Business Update

1

Scale is essential for the next era in Additive Manufacturing

2

Standalone 3D System's long-term growth strategy is clear

3

Fully committed to our high-potential Regenerative Medicine business

Our standalone plan expects high single-digit to low double-digit growth for non-dental markets in 2023 & a clear path for scale attainment by 2028

Combining with Stratasys allows for the immediate attainment of scale and value creation

An Attractive Core Business Poised for Further Growth

Dental Solutions

- Industry working through high-levels of inventory
- Seeing stabilization of case volumes, not declines
- Exclusive supplier of #1 player in clear aligners space provides confidence in a segment rebound
- Business continues to perform in-line with expectations set in early FY'23; expecting more favorable comp for 2H'23



Dental & Orthodontic

Healthcare Solutions (excl. Dental)

- 7% year-over-year growth in 1H'23
- Driven by emergence of Virtual Surgical Planning and Orthopedic applications



Craniomaxillofacial



Virtual Surgical Planning



Orthopedic

Industrial Solutions

- 2% year-over-year growth in 1H'23
- Driven by growth and adoption in Aerospace & Defense and other key verticals



Transportation & Motor Sports



Aerospace & Defense



Semiconductor

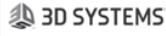


Oil & Gas and Energy

Delivering year-to-date organic revenue growth in our non-dental markets

An Incredibly Differentiated Position in Regenerative Medicine

3D Systems Bioprinting Leadership



35+ Years of developing advanced 3D printing applications

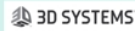


Organ development partnership since 2017



Acquired in 2021 to expand bioprinting capabilities

Human Organs (Lung, Kidney, and Liver)

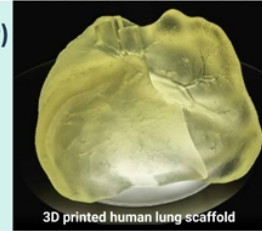


Most Complex Object Ever 3D Printed:

- 2 Lobes
- 5,000 kilometers of vasculature
- 213 Million Alveoli
- 44 Trillion Voxels

2026

Targeting First in Human Trials (Lungs)



3D printed human lung scaffold

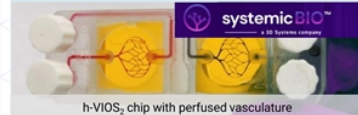
Non-Organ Tissues



Vascularized Breast Tissue Scaffold for Implantation & Cellularization

Drug Development

Bioprinted "Organ-on-a-chip" can accurately replicate organ-specific drug response in pre-clinical drug trials



h-VIOS₂ chip with perfused vasculature

The Opportunity in Regenerative Medicine is Vast

Organs:

- 2,569 lung transplants completed worldwide in 2021
- 3,111 patients were added to the waiting list in the United States alone
- The number of patients formally added to the lung transplant waiting list has grown almost 28% compared to the last decade that began in 2010

Drug Development:

- Per the FDA, animal testing of new therapeutics is no longer a requirement in order to move into human trials, providing an additive incentive to introduce new, more effective testing methods for new drug therapies
- Bringing a new drug to market is estimated at \$2.3 billion per drug, with average return on investment of just 1.2%

Non-Organ Tissues:

- New partnership with Theradaptive for orthopedic regeneration
- Theradaptive has already earned three breakthrough medical device designations from the FDA, with human trials targeted for later this year
- Their OsteoAdapt product could address a roughly \$4 billion annual market



3D Systems' Offer is Far Better for Stratasys Shareholders

Scale Drives Greater Profitability

"The problem of this industry (...) **no one has scale. So we want to scale. We want an inflection point.** We want to be in manufacturing, but at the same time, we don't have the scale to do it. It's all about scale. And we can, as an industry, wait for this scale, but we need the power around in order to be able really to scale."

- Yoav Zeif, Stratasys, CEO

"**Scale is the most important thing** in reaching a high level of profitability."

- Ric Fulop, Desktop Metal, CEO

Best-in-Class Combined Financial Profile



~\$1.2bn

Combined 2023E Revenue¹
(More than \$1bn in Revenue TODAY, NOT by 2026)

~\$885mm

Combined 2023E Revenue¹

~\$150mm

Combined 2023E EBITDA²
Assuming run rate cost synergies

~\$55mm

Combined 2023E EBITDA³
Assuming run rate cost synergies

~13%

Combined 2023E EBITDA Margin²
Assuming run rate cost synergies

~6%

Combined 2023E EBITDA Margin³
Assuming run rate cost synergies

3D Systems is the Best Entry into Metals for Stratasys

3D SYSTEMS
DMP Metals – Laser Bed
Fusion Metals

Desktop Metal
Binder Jet Metals

| | | |
|---|---|---|
| Dental | ✓ | ✗ |
| Healthcare – Guides and Instrumentation | ✓ | ✗ |
| Healthcare – Medical Devices | ✓ | ✗ |
| Aerospace | ✓ | ✗ |
| Automotive | ✓ | ✓ |
| Durable Goods | ✓ | ✓ |
| Desktop | ✗ | ✓ |

✗ Binder Jet Metals not ready for mass production

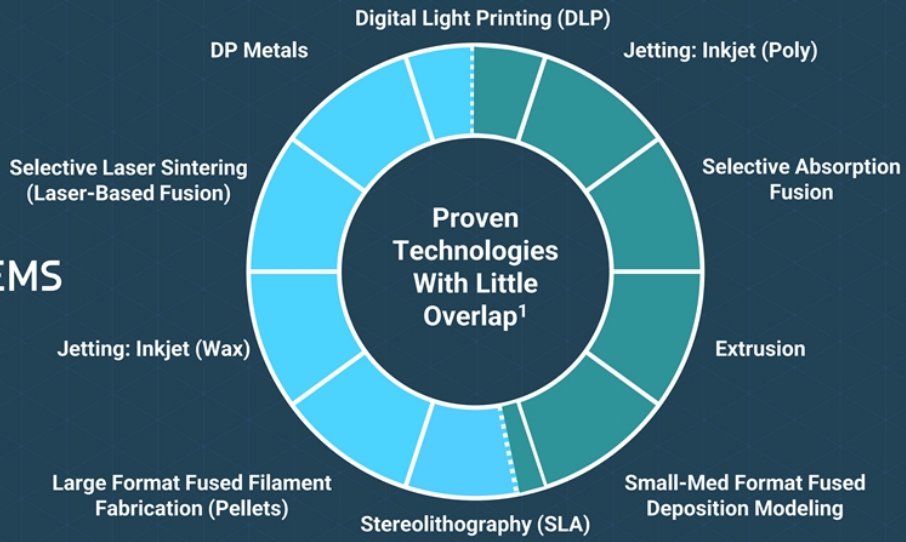
✗ None of the players in Binder Jet Metals have achieved consistent profitability

✗ Binder Jet Metals output quality is inconsistent

✓ 3D Systems' DMP Metals sintering is a proven path into end-use, highly functional, metal part manufacturing

✓ 3D Systems' DMP has secured regulatory and certification success in Healthcare and Aerospace

Highly Complementary Portfolio



Combination will Create Best-in-Class Offering of Proven and Complementary Technologies

¹ Processes with 5% or less share of total revenue have been excluded.

Significant Near-Term Cost Synergies Jointly Identified and Agreed Upon by 3D Systems and Stratasys Teams

Breakdown of Expected Synergies



SG&A Savings

- Supply chain efficiencies
- Eliminate overlapping functions
- Effective global services support

R&D Integration

- Optimizing development opportunities without loss of technological expertise
- Design-for-cost initiatives and complementary development opportunities
- Ability to leverage combined portfolio of R&D investments
- Harmonizing parallel investments in software platforms

COGS Optimization

- Optimized supply chain
- Footprint rationalization

+ Potentially Meaningful Revenue Upside

²⁴ ¹Stratasys' own view of synergies in a 3D Systems transaction of \$74M to \$88M is materially in excess of synergies with Desktop Metal

Higher, More Certain Near-Term Synergies



~\$110M+¹

Cost Synergies

VS

~\$50M

Cost Synergies

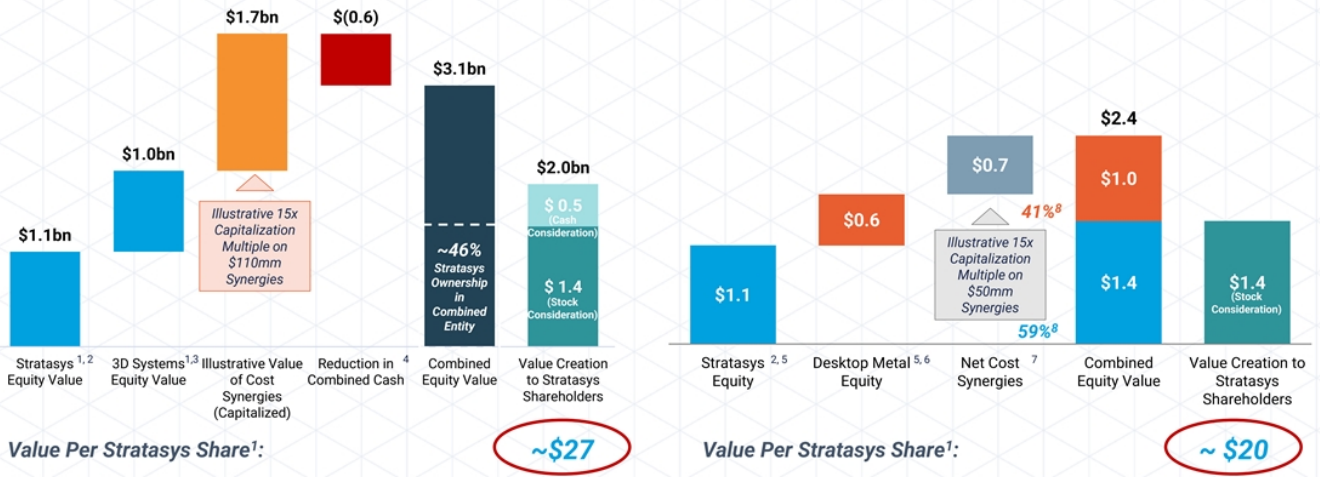
Achieved in 2+ years?

- ✓ Synergies Expected to be Fully Realized in 18 Months Post Close, with 60% Realized in Year One
- ✓ Complementary technologies drive R&D optimization
- ✓ ERP compatibility

? \$50 million is incremental to the \$100 million of standalone cost reductions previously announced by Desktop Metal, which equates to ~60% of Desktop Metal's 2022 Operating Expenses

? Stratasys cites \$50 million of revenue synergies as a large driver of value creation; should be treated with skepticism

Clearly Superior Offer



26 Source: Stratasys proxy and investor presentation as of 20-Jun-2023, equity research, 3D Systems Management, Bloomberg, market data as of 06-Sep-2023. Note: Excludes potential value of NOLs of the combined company. | ¹ Equity values calculated based on 30-day VWAPs for Stratasys and 3D Systems as of 06-Sep-2023. | ² Assumes Stratasys fully diluted shares outstanding of 72.8mm, per latest public company filings. | ³ Assumes 3D Systems fully diluted shares outstanding of 140.8mm. | ⁴ Including cash consideration paid to Stratasys shareholders, Desktop Metal termination fee, and illustrative transaction costs. | ⁵ Equity values for Desktop Metal and Stratasys are calculated based on 30-day VWAPs for Stratasys and 3D Systems as of 06-Sep-2023. | ⁶ Assumes Desktop Metal fully diluted shares outstanding of 349.2mm, per latest public company filings. | ⁷ Based on \$50mm cost synergies capitalized at 15.0x, net of integration costs and transaction fees of \$20mm and \$50mm, respectively. | ⁸ Based on pro forma ownership in Stratasys proxy as of 20-Jun-2023.





Desktop Metal is a Failing Asset

Skepticism Around the Merits of a Stratasys + Desktop Metal Combination

"It feels like I want to be more excited about the acquisition, but those numbers aren't – they're not that promising on the surface. (...) it feels like **Stratasys is acquiring a company that needed a lifeline.**"

William Blair

"We believe **this combination (SSYS and DM) would never have transpired without the outside pressure from Nano** and now the clean, profitable growth story behind SSYS gets diluted down with the unprofitable business of DM."

 LAKE STREET
CAPITAL MARKETS

"Stratasys to Acquire Desktop Metal; Our Initial Take: Could Be a Mistake"

William Blair

"As a significant individual shareholder of Stratasys, I find myself perplexed by the decision to accept what appears to be a **significant dilution of shares due to the deal with Desktop Metal.**

While I acknowledge that M&A transactions are often complex, and their potential benefits may not be immediately apparent, I find myself **questioning the rationale behind this move given the track record of Desktop Metal and the potential impacts on Stratasys shareholders.**

Communication is a key principle in effective corporate governance. I feel it would be **beneficial for Stratasys's management to engage with its shareholders**, particularly those of us who have a substantial investment in the company."

- Chris Prucha, Co-Founder of Origin (acq. by Stratasys) and Stratasys Shareholder

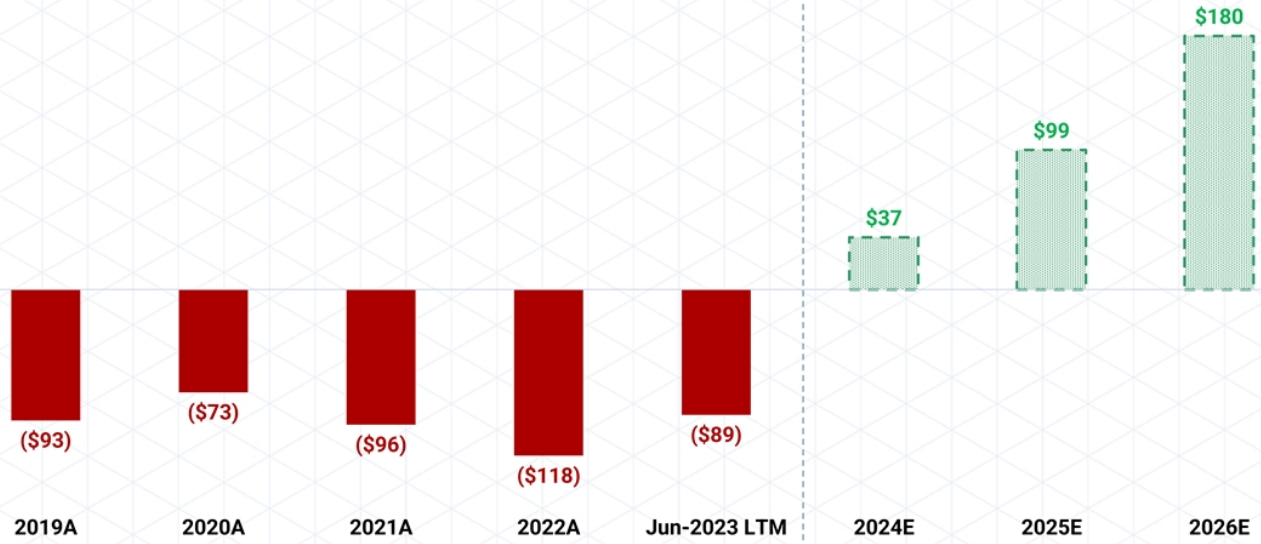
"The proposed stock-for-stock transaction structure contradicts Stratasys' claim that Stratasys' stock is undervalued. By using its ordinary shares as consideration, cash-generating Stratasys would be paying a premium price to acquire underperforming Desktop Metal..."

 NANO
DIMENSION

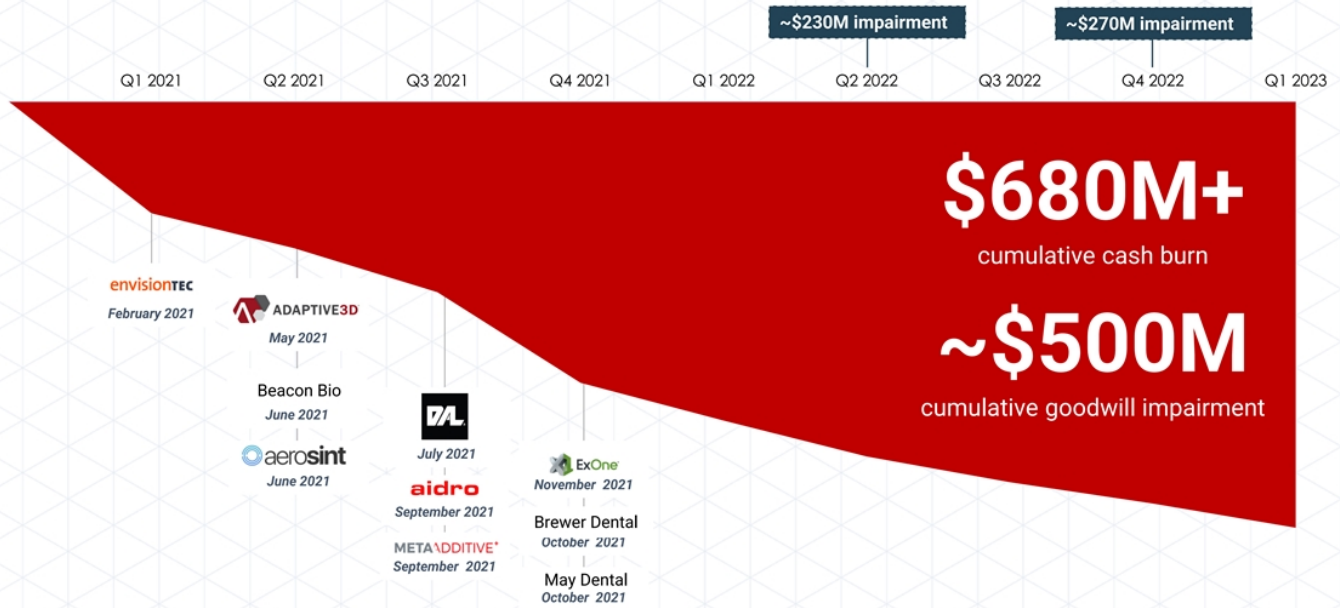
Unrealistic EBITDA Growth Expectations Given No Basis in Historical Performance

ACTUAL DESKTOP METAL EBITDA RESULTS

STRATASYS MANAGEMENT DESKTOP METAL EBITDA PROJECTIONS¹



Desktop Metal Has a History of Questionable Capital Deployment Leading to Meaningful Impairments

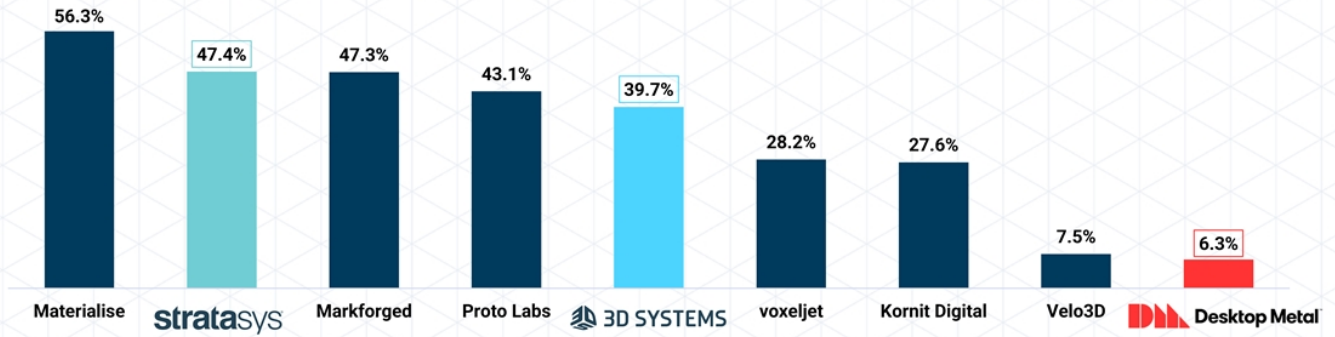


30 Source: Factset, Company Filings as of June 2023. Note: Cash burn calculated as Cash Flows from Operations Less CapEx and Payments for Acquisitions.

Desktop Metal's Gross Margin is Well Below Peers'

DM's gross margins are the lowest among peers¹

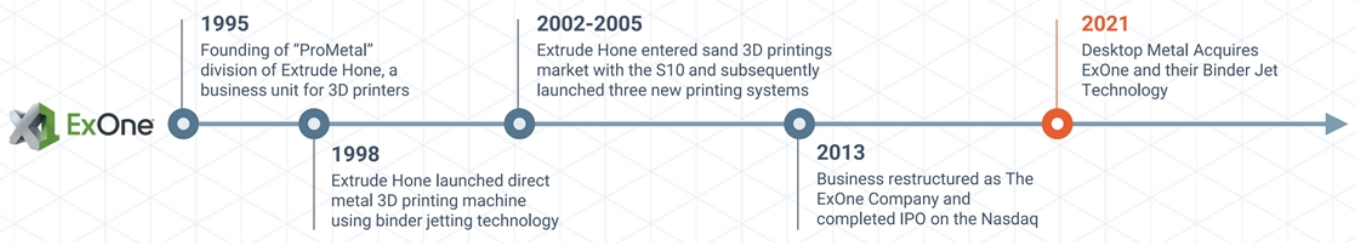
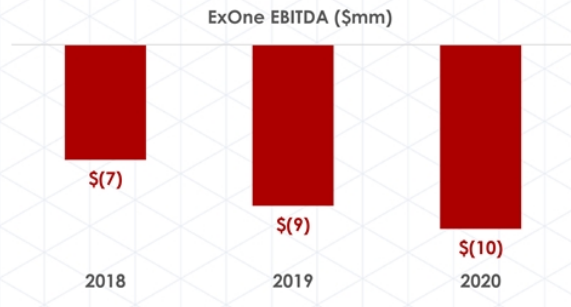
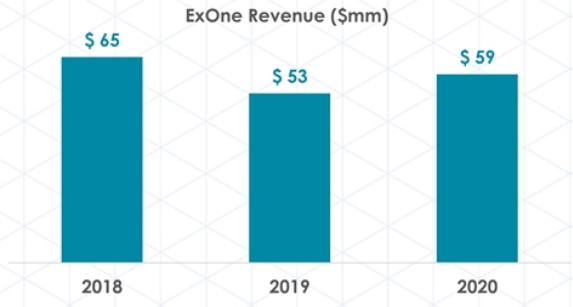
Suggests DM is a low-quality business, with weak pricing power



Stratasys' "Next Big Thing" in Metals is a 28-Year-Old Technology

In 28 years, ExOne Binder Jet never approached mass production

In 8 years as a public company, ExOne never made a profit




















Conclusion

3D Systems Welcomes Constructive Engagement

History of Proposals Received by Stratasys Board of Directors

| Date | Buyer | Proposal Implied Value Per Stratasys Share at Market | Implied Premium to Stratasys Stock Price | Stratasys Board Decision |
|-------------|---|--|--|---|
| Jan-16-2021 |  3D SYSTEMS | \$43.48 | 37% | No engagement |
| Feb-9-2021 |  Desktop Metal | \$ 60.00 | 13 % | Engagement ?! |
| Mar-10-2021 |  3D SYSTEMS | \$ 40.24 | 65% | No engagement |
| Nov-24-2021 |  3D SYSTEMS | \$ 36.46 | 30 % | No engagement |
| Sep-2022 |  3D SYSTEMS | NA | NA | Limited Engagement |
| Mar-9-2023 |  NAN DIMENSION | \$ 18.00 | 28 % | No engagement |
| Mar-5-2023 |  Desktop Metal | \$16.04 | 12% | Engagement ?! |
| Mar-22-2023 |  3D SYSTEMS | \$ 18.44 | 27% | No engagement |
| Mar 29-2023 |  NAN DIMENSION | \$ 19.55 | 22 % | No engagement |
| Apr-3-2023 |  NAN DIMENSION | \$ 20.05 | 22 % | No engagement |
| May-25-2023 |  NAN DIMENSION | \$18.00 | 26 % | No engagement |
| May-30-2023 |  3D SYSTEMS | \$ 18.91 ¹ | 27% ⁵ | No engagement |
| Jun-27-2023 |  3D SYSTEMS | \$19.80 ² | 33% ⁵ | No engagement |
| Jul-13-2023 |  3D SYSTEMS | \$24.07 ³ | 62% ⁵ | Limited Engagement Facing Proxy Contest |
| Sep-6-2023 |  3D SYSTEMS | \$16.39 ⁴ | 13% ⁶ | No engagement |

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Source: Company Filings, Press Releases. Note: ¹ Implied value per Stratasys share based on 3D Systems 60-Day VWAP as of 24-May-2023. ² Implied value per Stratasys share based on 3D Systems 10-Day VWAP as of 26-Jun-2023. ³ Implied Value per Stratasys share based on 3D Systems July 12th Closing Price. ⁴ Implied value per Stratasys share based on 3D Systems September 6th Closing Price. ⁵ Implied premium to closing stock price as of 24-May-2023. ⁶ Implied premium to closing stock price as of September 6th

An Unparalleled Transaction for Stratasys Shareholders

1

Creates Player with Differentiated Scale and Broadest Capabilities in Rapidly Growing Industry

2

Delivers Exceptional Cost Synergies that Drive Significant Value Creation

3

Secures Higher Value Through Stronger Financial Profile

Higher Value. Equal Certainty. The Best Path Forward.



A Vote Against Desktop Metal is a Vote for 3D Systems

