UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2022

Commission File Number 001-35751

STRATASYS LTD.

(Translation of registrant's name into English)

c/o Stratasys, Inc. **9600 West 76th Street** **Eden Prairie, Minnesota 55344**	**1 Holtzman Street, Science Park** **P.O. Box 2496** **Rehovot, Israel 76124**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

The contents of this Report of Foreign Private Issuer on Form 6-K (this "Form 6-K"), including Exhibits 99.1, 99.2 and 101 annexed hereto, are incorporated by reference into the Registrant's registration statements on Form S-8, SEC file numbers 333-190963, 333-236880, 333-253694, 333-262951 and 333-262952, filed by the Registrant with the SEC on September 3, 2013, March 4, 2020, March 1, 2021, and February 24, 2022, respectively, and Form F-3, SEC file numbers 333-251938 and 333-253780, filed by the Registrant with the SEC on January 7, 2021 and March 2, 2021, respectively, as amended, and shall be a part thereof from the date on which this Form 6-K is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.

CONTENTS

Quarterly Financial Statements and Review of Results and Prospects

On August 3, 2022, Stratasys Ltd., or Stratasys, released its financial results for the three and six months ended June 30, 2022.

Attached hereto as Exhibit 99.1 are the unaudited, condensed consolidated financial statements of Stratasys for the three and six months ended June 30, 2022 (including the notes thereto), or the Q2 2022 Financial Statements

Attached hereto as Exhibit 99.2 is Stratasys' review of its results of operations and financial condition for the three and six months ended June 30, 2022, including the following:

(i) Operating and Financial Review and Prospects
(ii) Quantitative and Qualitative Disclosures About Market Risk
(iii) Legal Proceedings
(iv) Risk Factors

Attached hereto as Exhibit 101 are the Q2 2022 Financial Statements, formatted in IXBRL (eXtensible Business Reporting Language), consisting of the following sub-exhibits:

Exhibit Number	Document Description
99.1	Unaudited, condensed consolidated financial statements of Stratasys for the three and six months ended June 30, 2022
99.2	Stratasys' review of its results of operations and financial condition for the three and six months ended June 30, 2022
EX-101.INS	IXBRL Taxonomy Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
EX-101.SCH	IXBRL Taxonomy Extension Schema Document
EX-101.CAL	IXBRL Taxonomy Calculation Linkbase Document
EX-101.DEF	IXBRL Taxonomy Extension Definition Linkbase Document
EX-101.LAB	IXBRL Taxonomy Label Linkbase Document
EX-101.PRE	IXBRL Taxonomy Presentation Linkbase Document
EX-104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	STRATASYS LTD.	
Dated: August 3, 2022	By:	/s/ Eitan Zamir
	Name:	Eitan Zamir
	Title:	Chief Financial Officer

STRATASYS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2022

(UNAUDITED)

INDEX TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022
(UNAUDITED)

STRATASYS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
Consolidated Balance Sheets
(in thousands, except share data)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 255,886	$ 243,179
Short-term deposits	182,429	259,000
Accounts receivable, net of allowance for credit losses of $1.0 million and $0.5 million as of June 30, 2022 and December 31, 2021	132,343	129,382
Inventories	153,702	129,147
Prepaid expenses	8,225	6,871
Other current assets	49,615	33,123
Total current assets	782,200	800,702
Non-current assets		
Property, plant and equipment, net	192,630	203,295
Goodwill	64,959	65,144
Other intangible assets, net	133,657	152,244
Operating lease right-of-use assets	12,319	14,651
Long-term investments	31,191	28,667
Other non-current assets	12,886	12,519
Total non-current assets	447,642	476,520
Total assets	$ 1,229,842	$ 1,277,222
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 61,316	$ 51,976
Accrued expenses and other current liabilities	52,049	55,358
Accrued compensation and related benefits	30,513	44,684
Deferred revenues - short term	49,511	51,174
Operating lease liabilities - short term	6,111	7,276
Total current liabilities	199,500	210,468
Non-current liabilities		
Deferred revenues - long term	22,727	21,133
Deferred income taxes - long term	4,511	7,341
Operating lease liabilities - long term	6,165	7,693
Contingent consideration - long term	50,299	53,478
Other non-current liabilities	22,931	21,095
Total non-current liabilities	106,633	110,740
Total liabilities	$ 306,133	$ 321,208
Contingencies (see note 12)		
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 thousand shares; 66,744 thousand shares and 65,677 thousand shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	186	182
Additional paid-in capital	3,030,088	3,012,481
Accumulated other comprehensive loss	(13,354)	(8,771)
Accumulated deficit	(2,093,211)	(2,047,878)

Total equity	923,709	956,014
Total liabilities and equity	$ 1,229,842	$ 1,277,222

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

STRATASYS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share data)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenues				
Products	$ 115,721	$ 100,305	$ 228,794	$ 190,629
Services	50,882	46,700	101,238	90,565
	166,603	147,005	330,032	281,194
Cost of revenues				
Products	61,132	49,731	120,505	96,651
Services	38,078	34,004	72,457	65,696
	99,210	83,735	192,962	162,347
Gross profit	67,393	63,270	137,070	118,847
Operating expenses				
Research and development, net	24,346	22,437	48,344	43,038
Selling, general and administrative	66,592	63,557	131,855	116,891
	90,938	85,994	180,199	159,929
Operating loss	(23,545)	(22,724)	(43,129)	(41,082)
Financial expenses, net	(1,170)	(372)	(2,532)	(749)
Loss before income taxes	(24,715)	(23,096)	(45,661)	(41,831)
Income tax benefit	429	4,368	502	5,310
Share in losses of associated companies	(99)	(1,431)	(174)	(2,549)
Net loss	$ (24,385)	$ (20,159)	$ (45,333)	$ (39,070)
Net loss per share - basic and diluted	$ (0.37)	$ (0.31)	$ (0.69)	$ (0.63)
Weighted average ordinary shares outstanding. - basic and diluted	66,568	64,908	66,151	61,796
Comprehensive loss				
Net loss	(24,385)	(20,159)	(45,333)	(39,070)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(2,789)	1,103	(3,491)	142
Unrealized gains (losses) on derivatives designated as cash flow hedges	(741)	(172)	(1,092)	2,001
Other comprehensive income (loss), net of tax	(3,530)	931	(4,583)	2,143
Comprehensive loss	$ (27,915)	$ (19,228)	$ (49,916)	$ (36,927)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

STRATASYS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Consolidated Statements of Changes in Equity
(in thousands)
Three and Six Months Ended June 30, 2022

	Ordinary Shares		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Total
	Number of shares	Par Value	Capital	deficit	Loss	Equity
Balance as of December 31, 2021	65,677	$ 182	$ 3,012,481	$ (2,047,878)	$ (8,771)	$ 956,014
Issuance of shares in connection with stock-based compensation plans	731	3	152	-	-	155
Stock-based compensation	-	-	8,533	-	-	8,533
Comprehensive loss	-	-	-	(20,948)	(1,053)	(22,001)
Balance as of March 31, 2022	66,408	$ 185	$ 3,021,166	$ (2,068,826)	$ (9,824)	$ 942,701
Issuance of shares in connection with stock-based compensation plans	336	1	91	-	-	92
Stock-based compensation	-	-	8,831	-	-	8,831

Comprehensive loss	-	-	-	(24,385)	(3,530)	(27,915)
Balance as of June 30, 2022	66,744	186	3,030,088	(2,093,211)	(13,354)	923,709

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

STRATASYS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
Consolidated Statements of Changes in Equity
(in thousands)
Three and Six Months Ended June 30, 2021

	Ordinary Shares		Additional Paid-In Capital	Accumulated deficit	Accumulated Other Comprehensive Loss	Total Equity
	Number of shares	Par Value				
Balance as of December 31, 2020	56,617	$ 155	$ 2,753,955	$ (1,985,896)	$ (8,846)	$ 759,368
Issuance of shares in connection with stock-based compensation plans	670	2	2,881	-	-	2,883
Stock-based compensation	-	-	7,205	-	-	7,205
Public offering of ordinary shares, net	7,931	24	218,851	-	-	218,875
Deferred tax assets in connection with public offering expenses	-	-	1,156	-	-	1,156
Comprehensive income (loss)	-	-	-	(18,911)	1,212	(17,699)
Balance as of March 31, 2021	65,218	$ 181	$ 2,984,048	$ (2,004,807)	$ (7,634)	$ 971,788
Issuance of shares in connection with stock-based compensation plans	178	-	633	-	-	633
Stock-based compensation	-	-	7,977	-	-	7,977
Deferred tax assets in connection with public offering expenses	-	-	175	-	-	175
Comprehensive income (loss)	-	-	-	(20,159)	931	(19,228)
Balance as of June 30, 2021	65,396	$ 181	$ 2,992,833	$ (2,024,966)	$ (6,703)	$ 961,345

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

STRATASYS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
Consolidated Statements of Cash Flows

in thousands	Six Months Ended June 30, 2022	2021
Cash flows from operating activities		
Net loss	$ (45,333)	$ (39,070)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Impairment of other long-lived assets	3,865	-
Depreciation and amortization	29,924	27,695
Stock-based compensation	17,364	15,182
Foreign currency transaction loss	10,318	3,311
Share in loss of associated companies	174	2,549
Revaluation of investments	2,316	(1,469)
Other non-cash items, net	168	1,152
Change in cash attributable to changes in operating assets and liabilities:		
Accounts receivable, net	(11,058)	(4,272)
Inventories	(39,162)	5,772
Other current assets and prepaid expenses	5,320	(5,066)
Other non-current assets	382	2,561
Accounts payable	10,217	24,019
Other current liabilities	(20,650)	4,804
Deferred revenues	4,540	514
Deferred income taxes, net and uncertain tax positions	(1,674)	(5,574)
Other non-current liabilities	(5,620)	(3,722)
Net cash provided by (used in) operating activities	(38,909)	28,386
Cash flows from investing activities		
Cash paid for acquisitions, net of cash acquired	-	(6,669)
Purchase of property and equipment	(7,526)	(11,358)
Investments in short-term bank deposits	(195,429)	(179,000)
Proceeds from short-term bank deposits	272,000	27,000

Purchase of intangible assets	(965)	(564)
Other investing activities	122	(85)
Investments in unconsolidated entities	(5,030)	(7,000)
Net cash provided by (used in) investing activities	63,172	(177,676)
Cash flows from financing activities		
Proceeds from public offering, net of issuance costs	-	218,875
Proceeds from exercise of stock options	247	3,516
Payment of contingent consideration	(1,386)	-
Other financing activities	275	405
Net cash provided by (used in) financing activities	(864)	222,796
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7,413)	(1,869)
Net change in cash, cash equivalents and restricted cash	15,986	71,637
Cash, cash equivalents and restricted cash, beginning of period	243,293	272,216
Cash, cash equivalents and restricted cash, end of period	$ 259,279	$ 343,853
Supplemental disclosures of cash flow information:		
Transfer of inventory to fixed assets	1,150	2,024
Transfer of fixed assets to inventory	123	252
Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheets:		
Cash and cash equivalents	255,886	343,733
Restricted cash included in other current assets	160	120
Cash balances classified as Held for sale	3,233	-
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	$ 259,279	$ 343,853

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

STRATASYS LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Business Description and Basis of Presentation

Stratasys Ltd. (collectively with its subsidiaries, the "Company" or "Stratasys") is a global leader in connected, polymer-based 3D printing solutions, across the entire manufacturing value chain. The Company leverages its competitive advantages, which include a broad set of best-in-class 3D printing platforms, software, a materials and technology partner ecosystem, innovative leadership, and global GTM infrastructure, in order to position itself to capture share in a significant and growing global marketplace, with a focus on manufacturing. The Company's approximately 1,700 granted and pending additive technology patents to date have been used to create models, prototypes, manufacturing tools, and production parts for a multitude of industries including aerospace, automotive, transportation, healthcare, consumer products, dental, medical, and education. Stratasys' products and comprehensive solutions improve product quality, development time, cost, and time-to-market. The Company's 3D ecosystem of solutions and expertise includes 3D printers, materials, software, expert services, and on-demand parts production.

The condensed consolidated interim financial information herein is unaudited; however, such information reflects all adjustments (consisting of normal, recurring adjustments), which are, in the opinion of management, necessary for a fair statement of results for the interim period. The condensed consolidated interim financial statements include the accounts of Stratasys Ltd. and its subsidiaries. All intercompany accounts and transactions, including profits from intercompany sales not yet realized outside the Company, have been eliminated in consolidation.

The Company's financial statements are prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), which require the Company to make estimates based on assumptions about current and, for some estimates, future economic and market conditions which affect reported amounts and related disclosures in its financial statements. Although the Company's current estimates contemplate current and expected future conditions, as applicable, it is reasonably possible that actual conditions could differ from the Company's expectations, which could materially affect its results of operations and financial position.

In particular, a number of estimates have been and will continue to be affected by the COVID-19 pandemic and/or by macroeconomic conditions that have been triggered as a result of the pandemic or steps taken to counter it. The global economic environment that has set in after the most severe period of the COVID-19 pandemic has passed - assuming that it has passed - remains uncertain, rapidly changing and difficult to predict. The magnitude and duration of, as well as the consequences of, global macroeconomic trends triggered, in large part, by the recovery from the pandemic, such as inflationary pressures and supply chain problems, are currently difficult to predict. As a result, the accounting estimates and assumptions underlying the Company's financial statements may change over time. Such changes could have an additional impact on the Company's long-lived asset and intangible asset valuation; inventory valuation; assessment of the annual effective tax rate; and the allowance for expected credit losses and bad debt.

The results of operations for the three and six months ended June 30, 2022 are not indicative of results that could be expected for the entire fiscal year. Certain financial information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. The reader is referred to the audited consolidated financial statements and notes thereto for the year ended December 31, 2021, filed with the U.S. Securities and Exchange Commission (the "SEC") on February 24, 2022 as part of the Company's Annual Report on Form 20-F for such year.

Note 2. New Accounting Pronouncements

Accounting Pronouncements Adopted in 2022

In August 2020, the FASB issued ASU 2020-06 "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815 – 40)." This guidance simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The amendments to this guidance are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The Company adopted this guidance effective January 1, 2022, with no material impact on its consolidated financial statements.

Recently issued accounting pronouncements not yet adopted

In October 2021, the FASB issued ASU 2021-08 "Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers", which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, Revenue from Contracts with Customers. The guidance will result in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree. The guidance should be applied prospectively to acquisitions occurring on or after the effective date. The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

STRATASYS LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Note 3. Certain Transactions

Investment in Xaar 3D Ltd. ("Xaar 3D")

During the fourth quarter of 2019, the Company entered into an agreement with Xaar plc ("Xaar") to purchase additional shares of Xaar 3D that would increase its stake from 15 to 45 percent, with Xaar retaining the remaining 55 percent. Xaar and Stratasys had announced the formation of Xaar 3D Ltd in July 2018 for the purpose of developing Powder Bed Fusion ("PBF") additive manufacturing solutions that Stratasys can bring to the market. In addition, the agreement included an option for Stratasys to acquire the remaining shares of Xaar 3D.

Following the additional investment, the Company considered the FASB guidance in accordance with ASC Topic 810 "Consolidation" regarding the propriety of implementing consolidation, for both the variable interest entity and voting model, or equity method accounting. The Company concluded that it should continue accounting for the investment according to the equity method, as it had retained the ability to exercise significant influence but did not control Xaar 3D. For its additional interest in Xaar 3D, the Company paid approximately $15.7 million.

The investment was presented under other non-current assets in the Company's consolidated balance sheets.

On November 1, 2021 (the "Xaar 3D transaction date") , the Company acquired the remaining 55% share of Xaar 3D, for an aggregate purchase price of $29.3 million. The Company paid cash upon closing and it is obligated to make additional earn-out payments and payments of royalties on products and services sales for up to 15 years.

The Xaar 3D transaction is reflected in accordance with ASC Topic 805, "Business Combinations", using the acquisition method of accounting, with the Company as the acquirer. The Company accounted for the acquisition of the remaining equity of Xaar 3D as a step acquisition, which required re-measurement of the Company's previous ownership interest to fair value prior to completing purchase accounting. Using step acquisition accounting, the Company increased the value of its previously-held equity investment to its fair value of $23.8 million, which resulted in a gain of approximately $14.4 million, recorded in the consolidated statements of operations in the fourth quarter of 2021. The acquisition of the remaining equity interest also resulted in the recognition of a previously unrealized foreign currency gain of $0.6 million, which was reclassified from accumulated other comprehensive income (OCI). The fair value of the previously held equity method investment was determined based upon a valuation of the acquired business, as of the date of acquisition, as detailed below.

The following table summarizes the fair value of the consideration transferred to Xaar 3D's stockholders for the Xaar 3D transaction:

		U.S. $ in thousands
Cash payments	$	13,967
Contingent consideration at estimated fair value		15,314
Total consideration for 55% holding		29,281
Fair value of 45% holding		23,775
Total consideration	$	53,056

In accordance with ASC Topic 805, the estimated contingent consideration as of the Xaar 3D transaction date was included in the purchase price. The total contingent payments could reach a maximum aggregate amount of up to $21 million. The estimated fair value of the contingent consideration is based on management's assessment of whether, and at what level, the financial metrics will be achieved, and the present value factors associated with the timing of the payments. This fair value measurement is based on significant unobservable inputs in the market and thus represents a Level 3 measurement within the fair value hierarchy. Changes in the fair value of contingent consideration will be recorded in operating expenses.

STRATASYS LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the Xaar 3D transaction date. The estimated fair values are preliminary and based on the information that was available as of November 1, 2021. Thus, the measurements of fair value that are reflected are subject to changes, and such changes could be significant. The preliminary allocation of the purchase price to assets acquired and liabilities assumed is as follows:

		Allocation of Purchase Price (U.S. $ in thousands)
Cash and cash equivalents	$	82
Goodwill		25,375
Intangible assets		45,000
Other assets		5,280
Total assets acquired		75,737
Net deferred tax liabilities		1,736
Other labilities		20,945
Total liabilities assumed		22,681
Net assets acquired	$	53,056

RPS acquisition

On February 16, 2021 the Company acquired RP Support Limited (“RPS”), a provider of industrial stereolithography 3D printers and solutions. In exchange for 100% of the outstanding shares of RPS, the Company paid cash upon closing and is obligated to make additional payments (in cash), subject to performance-based criteria, via earn-out payments over two years.

Marketable equity investment

The Company recognized losses for the revaluation of an equity investment, in amounts of $1.3 million and $2.9 million in the three-month periods ended June 30, 2022 and 2021, respectively. A loss of $2.3 million and a gain of $0.7 million were recognized in the six-month periods ended June 30, 2022 and 2021, respectively.

The entity in which the Company invested became public during the first quarter of 2021 and accordingly the investment is treated as a marketable equity investment. Prior to the first quarter of 2021, the investment was treated as a non-marketable equity investment without readily determinable fair value.

MakerBot and Ultimaker transaction

On May 12, 2022, the Company announced the creation of a new company (“the combined company”) comprised of MakerBot and Ultimaker. Under the terms of the agreement, Stratasys will contribute MakerBot assets, invest $47 million and own 45.6% of the combined company, while NPM Capital will contribute Ultimaker assets, invest $15.4 million, and own 54.4% of the combined company. The transaction is expected to close within few months.

The Company will account for its investment, in the combined company according to the equity method in accordance with ASC Topic 323, as it has retained the ability to exercise significant influence but does not control the new entity.

In connection with this transaction, the Company expects to record a gain from deconsolidation of MakerBot representing the difference between the book value of MakerBot's net assets and the fair value allocated to such net assets in the transaction.

In accordance with ASC Topic 360, MakerBot’s assets and liabilities are classified as held for sale. The held for sale assets and liabilities are presented under Other current assets ($23.5 million) and Accrued expenses and other current liabilities ($10.1 million), respectively, in the Company's consolidated balance sheets as of June 30, 2022.

Note 4. Revenues

Disaggregation of Revenues

The following table presents the Company’s revenues disaggregated by geographical region (based on the Company's customers' locations) and revenue type for the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(U.S. $ in thousands)		(U.S. $ in thousands)	
Americas				
Systems	$ 32,868	$ 27,053	$ 61,850	$ 48,410
Consumables	34,662	30,730	66,016	58,941
Service	39,695	35,166	77,926	67,711
Total Americas	107,225	92,949	205,792	175,062
EMEA				
Systems	14,760	10,481	29,837	20,179
Consumables	14,268	15,345	32,093	28,148
Service	6,184	6,697	13,337	13,114
Total EMEA	35,212	32,523	75,267	61,441
Asia Pacific				
Systems	11,235	8,031	21,693	16,856
Consumables	7,928	8,665	17,305	18,095
Service	5,003	4,837	9,975	9,740
Total Asia Pacific	24,166	21,533	48,973	44,691
Total Revenues	**$** 166,603	**$** 147,005	$ 330,032	$ 281,194

The following table presents the Company’s revenues disaggregated based on the timing of revenue recognition (at a specific point in time or over the course of time) for the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(U.S. $ in thousands)		(U.S. $ in thousands)	
Revenues recognized in point in time from:				
Products	$ 115,721	$ 100,305	$ 228,794	$ 190,629
Services	13,147	11,124	25,639	21,725
Total revenues recognized in point in time	128,868	111,429	254,433	212,354

Revenues recognized over time from:				
Services	37,735	35,576	75,599	68,840
Total revenues recognized over time	37,735	35,576	75,599	68,840
Total Revenues	$ 166,603	$ 147,005	$ 330,032	$ 281,194

Contract Assets and Contract Liabilities

Contract assets are recorded when the Company's right to consideration is conditioned on constraints other than the passage of time. The Company had no material contract assets as of June 30, 2022 and December 31, 2021.

Contract liabilities include advance payments and billings in excess of revenue recognized, which are primarily related to advanced billings for service type warranty. Contract liabilities are presented under deferred revenues. The Company's deferred revenues as of June 30, 2022 and December 31, 2021 were as follows:

	June 30, 2022	**December 31, 2021**
	U.S. $ in thousands	
Deferred revenue*	$ 72,238	$ 72,307

*Includes $22.7 million and $21.1 million under long-term deferred revenue in the Company's consolidated balance sheets as of June 30, 2022 and December 31, 2021, respectively.

Revenue recognized in 2022 that was included in deferred revenue balance as of December 31, 2021 was $12.9 million and $30.5 million for the three and six months ended June 30, 2022.

Remaining Performance Obligations

Remaining Performance Obligations (“RPO“) represent contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. As of June 30, 2022, the total RPO amounted to $112.7 million. The Company expects to recognize $89.5 million of this RPO during the next 12 months, $16.2 million over the subsequent 12 months and the remaining $6.9 million thereafter.

Incremental Costs of Obtaining a Contract

Sales commissions earned mainly by the Company’s sales agents are considered incremental costs of obtaining a contract with a customer, as the Company expects the benefit of those commissions to be longer than one year. The majority of the sales commissions are not subject to capitalization, as the commission expense is recognized as the related revenue is recognized. Sales commissions for initial contracts related to the service type warranty are deferred and then amortized on a straight-line basis over the expected customer relationship period if the Company expects to recover those costs. Amortization expense is included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss. As of June 30, 2022 and December 31, 2021, the deferred commissions amounted to $8.4 million and $7.4 million, respectively.

Note 5. Inventories

Inventories consisted of the following as of the below balance sheet dates:

	June 30, 2022	**December 31, 2021**
	U.S. $ in thousands	
Finished goods	$ 64,897	$ 58,784
Work-in-process	6,218	4,360
Raw materials	82,587	66,003
	$ 153,702	$ 129,147

Note 6. Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of the Company’s goodwill during the six months ended June 30, 2022 were as follows:

	U.S. $ in thousands
Goodwill as of January 1, 2022	$ 65,144
Foreign currency translation adjustments	(185)
Goodwill as of June 30, 2022	**$** 64,959

Other Intangible Assets

Other intangible assets consisted of the following:

	June 30, 2022			December 31, 2021		
	Carrying Amount, Net of Impairment	Accumulated Amortization	Net Book Value	Carrying Amount, Net of Impairment	Accumulated Amortization	Net Book Value
	U.S. $ in thousands					
Developed technology	$ 382,436	$ (269,440)	$ 112,996	$ 406,578	$ (279,037)	$ 127,541
Patents	15,567	(8,079)	7,488	16,220	(8,503)	7,717
Trademarks and trade names	16,732	(13,467)	3,265	26,055	(22,241)	3,814
Customer relationships	93,475	(83,567)	9,908	100,731	(87,559)	13,172
Capitalized software development costs	7,066	(7,066)	-	7,410	(7,410)	-
	$ 515,276	$ (381,619)	$ 133,657	$ 556,994	$ (404,750)	$ 152,244

Amortization expenses relating to intangible assets for the three-month periods ended June 30, 2022 and 2021 were approximately $9.2 million and $7.7 million, respectively. Amortization expenses relating to intangible assets for the six month periods ended June 30, 2022 and 2021 were approximately $18.4 million and $15.2 million, respectively.

As of June 30, 2022, the estimated amortization expenses relating to intangible assets for each of the following future periods were as follows:

	Estimated amortization expense
	(U.S. $ in thousands)
Remaining 6 months of 2022	$ 18,705
2023	22,058
2024	18,048
2025	15,577
2026	15,501
2027 and thereafter	43,768
Total	$ 133,657

Note 7. Net Loss Per Share

The following table presents the numerator and denominator of the basic and diluted net loss per share computations for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	In thousands, except per share amounts		In thousands, except per share amounts	
Numerator:				
Net loss for basic and diluted net loss per share	$ (24,385)	$ (20,159)	$ (45,333)	$ (39,070)
Denominator:				
Weighted average shares - for basic and diluted net loss per share	66,568	64,908	66,151	61,796
Net loss per share				
Basic and diluted	$ (0.37)	$ (0.31)	$ (0.69)	$ (0.63)

The computation of diluted net loss per share excluded share awards of5.2 million shares and 5.1 million shares for the three and six months ended June 30, 2022 and 2021, respectively, because their inclusion would have had an anti-dilutive effect on the diluted net loss per share.

Note 8. Income Taxes

The Company had income tax benefit of $0.4 million for the three-month period ended June 30, 2022, compared to income tax benefit of $4.4 million for the three-month period ended June 30, 2021. The Company had income tax benefit of $0.5 million for the six-month period ended June 30, 2022, compared to income tax benefit of $5.3 million for the six-month period ended June 30, 2021 The Company's effective tax rate as of June 30, 2022, was primarily impacted by the geographic mix of its earnings and losses, as well as its valuation allowance.

Note 9. Fair Value Measurements

Financial instruments measured at fair value

The following table summarizes the Company's financial assets and liabilities that are carried at fair value on a recurring basis, in its consolidated balance sheets:

	June 30, 2022		December 31, 2021	
	Level 2	Level 3	Level 2	Level 3
	(U.S. $ in thousands)			
Assets:				

Foreign exchange forward contracts not designated as hedging instruments	$ 244	$ -	$ 82	$ -
Foreign exchange forward contracts designated as hedging instruments	2,295	-	910	-
Liabilities:				
Foreign exchange forward contracts not designated as hedging instruments	(82)	-	(89)	-
Foreign exchange forward contracts designated as hedging instruments	(2,715)	-	(60)	-
Total contingent consideration*	-	55,108	-	55,919
	$ (258)	$ 55,108	$ 843	$ 55,919

*Includes $4.8 million and $2.4 million under Accrued expenses and other current liabilities in the Company's consolidated balance sheets as of June 30, 2022 and December 31, 2021, respectively.

The Company’s foreign exchange forward contracts are classified as Level 2, as they are not actively traded and are valued using pricing models that use observable market inputs, including interest rate curves and both forward and spot prices for currencies (Level 2 inputs).

Contingent consideration represents liabilities recorded at fair value in connection with acquisitions, and thus represents a Level 3 measurement within the fair value hierarchy (refer to Note 3).

Other financial instruments consist mainly of cash and cash equivalents, short-term deposits, current and non-current assets, accounts payable and other current liabilities. The fair value of these financial instruments approximates their carrying values.

Note 10. Derivative instruments and hedging activities

Since the Company conducts its operations globally, it is exposed to global market risks and to the risk that its earnings, cash flows and equity could be adversely impacted by fluctuations in foreign currency exchange rates. The Company enters into transactions involving foreign currency exchange derivative financial instruments. The Company manages its foreign currency exposures on a consolidated basis, which allows the Company to net exposures and take advantage of any natural hedging. The transactions are designed to manage the Company’s net exposure to foreign currency exchange rates and to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. The Company does not enter into derivative transactions for trading purposes.

The Company is primarily exposed to foreign exchange risk with respect to recognized assets and liabilities and forecasted transactions denominated in the New Israeli Shekel (“NIS”), Euro, GBP, Korean Won, Chinese Yuan and the Japanese Yen. The gains and losses on the hedging instruments partially offset losses and gains on the hedged items. Financial markets and currency volatility may limit the Company’s ability to hedge these exposures. These contracts mature through June 2023.

The following table summarizes the consolidated balance sheets classification and fair values of the Company’s derivative instruments:

		Fair Value		Notional Amount	
	Balance sheet location	**June 30, 2022**	**December 31, 2021**	**June 30, 2022**	**December 31, 2021**
		U.S. $ in thousands			
Assets derivatives -Foreign exchange contracts, not designated as hedging instruments	Other current assets	$ 244	$ 82	$ 39,197	$ 12,380
Assets derivatives -Foreign exchange contracts, designated as cash flow hedge	Other current assets	2,295	910	27,434	60,408
Liability derivatives -Foreign exchange contracts, not designated as hedging instruments	Accrued expenses and other current liabilities	(82)	(89)	2,421	33,047
Liability derivatives -Foreign exchange contracts, designated as hedging instruments	Accrued expenses and other current liabilities	(2,715)	(60)	35,121	26,320
		$ (258)	$ 843	$ 104,173	$ 132,155

Foreign exchange contracts not designated as hedging instruments

As of June 30, 2022, the notional amounts of the Company’s outstanding exchange forward contracts, not designated as hedging instruments, were $41.6 million, and were used to reduce foreign currency exposures. With respect to such derivatives, gain of $2.4 million and loss of $0.5 million were recognized under financial expenses, net for the three-month periods ended June 30, 2022 and 2021, respectively and gain of $3.1 million and gain of $1.7 million were recognized under financial expenses, net for the six-month periods ended June 30, 2022 and 2021, respectively. Such gains or losses partially offset the foreign currency revaluation changes of the balance sheet items. These foreign currencies revaluation changes are also recognized under financial expenses, net.

Cash Flow Hedging - Hedges of forecasted foreign currency payroll and other operating expenses

As of June 30, 2022, the Company had in effect foreign exchange forward contracts, designated as cash flow hedges for accounting purposes, for the conversion of $35.1 million into NIS. The Company uses short-term cash flow hedge contracts to reduce its exposure to variability in expected future cash flows resulting mainly from payroll costs and other operating expenses denominated in NIS. The changes in fair value of those contracts are included in the Company’s accumulated other comprehensive loss.

Cash Flow Hedging - Hedges of forecasted foreign currency revenue

As of June 30, 2022, the Company had in effect foreign exchange forward contracts, designated as cash flow hedges for accounting purposes, for the conversion of 27.4 million Euro into U.S. dollars. The Company transacts business in U.S. dollars and in various other currencies. The Company may use foreign exchange or forward contracts to hedge certain cash flow exposures resulting from changes in these foreign currency exchange rates. These foreign exchange contracts, carried at fair value, have maturities of up to twelve months. The Company enters into these foreign exchange contracts to hedge a portion of its forecasted foreign currency denominated revenue in the normal course of business and accordingly, they are not speculative in nature.

Note 11. Equity

a. Stock-based compensation plans

Stock-based compensation expenses for equity-classified stock options, restricted share units ("RSUs"), performance-based restricted share units ("PSUs") and Employee Share Purchase Plan ("ESPP") were allocated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	U.S $ in thousands		U.S $ in thousands	
Cost of revenues	$ 1,080	$ 788	$ 1,980	$ 1,422
Research and development, net	1,606	1,870	3,392	3,294
Selling, general and administrative	6,145	5,319	11,992	10,466
Total stock-based compensation expenses	$ 8,831	$ 7,977	$ 17,364	$ 15,182

A summary of the Company's stock option activity for the six months ended June 30, 2022 is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding as of January 1, 2021	1,732,368	28.85
Granted	-	-
Exercised	(21,240)	11.58
Forfeited	(22,793)	23.06
Options outstanding as of June 30, 2022	1,688,335	29.15
Options exercisable as of June 30, 2022	1,374,113	32.04

As of June 30, 2022, the unrecognized compensation cost of $1.6 million related to all unvested, equity-classified stock options is expected to be recognized as an expense over a weighted-average period of 2.55 years.

A summary of the Company's RSUs and PSUs activity for the six months ended June 30, 2022 is as follows:

	Number of RSUs and PSUs	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2022	3,082,798	26.36
Granted	1,741,710	22.43
Vested	(1,030,907)	25.04
Forfeited	(248,657)	24.56
Unvested as of June 30, 2022	3,544,944	24.94

The fair value of RSUs and PSUs is determined based on the quoted price of the Company's ordinary shares on the date of the grant.

As of June 30, 2022, the unrecognized compensation cost of $72 million related to all unvested, equity-classified RSUs and PSUs is expected to be recognized as expense over a weighted-average period of 2.66 years.

Employee Stock Purchase Plan

On October 2021, the Company adopted the 2021 Employee Stock Purchase Plan (the "ESPP"). According to the ESPP, eligible employees may use up to15% of their salaries to purchase ordinary shares. The price of an ordinary share purchased under the ESPP is equal to 85% of the lower of the fair market value of the ordinary share on the beginning of each offering period or on the purchase date. The first offering period commenced on June 1, 2022 and will end on November 30, 2022.

In accordance with ASC Topic 718, the ESPP is considered compensatory and, as such, results in recognition of stock-based compensation expenses.

b. Accumulated other comprehensive loss

The following tables present the changes in the components of accumulated other comprehensive income (loss), net of taxes, for the six months ended June 30, 2022 and 2021, respectively:

	Six Months Ended June 30, 2022		
	Net Unrealized Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Total
	U.S. $ in thousands		
Balance as of January 1, 2022	$ 1,572	$ (10,343)	$ (8,771)
Other comprehensive income (loss) before reclassifications	(1,049)	(3,491)	(4,540)
Amounts reclassified from accumulated other comprehensive loss	(43)	-	(43)
Other comprehensive loss	(1,092)	(3,491)	(4,583)

Balance as of June 30, 2022	$ 480	$ (13,834)	$ (13,354)

	Six Months Ended June 30, 2021		
	Net Unrealized Gain (Loss) on Cash Flow Hedges	**Foreign Currency Translation Adjustments**	**Total**
		U.S. $ in thousands	
Balance as of January 1, 2021	$ (1,673)	$ (7,173)	$ (8,846)
Other comprehensive income before reclassifications	1,710	142	1,852
Amounts reclassified from accumulated other comprehensive loss	291	-	291
Other comprehensive income	2,001	142	2,143
Balance as of June 30, 2021	$ 328	$ (7,031)	$ (6,703)

c. Rights plan

On July 24, 2022, the Company's Board of Directors adopted a rights plan (the "Rights Plan") to protect the interests of the Company's shareholders. Each Right entitles the registered holder thereof to purchase from the Company one Ordinary Share at a price of $0.01 per share, subject to adjustment, once the Rights become exercisable, and subject to the exercise terms and conditions thereof described in the Rights Agreement. The rights would become exercisable only if an entity, person, or group acquires beneficial ownership of 15% or more of the Company's outstanding ordinary shares in a transaction not approved by the Company's Board.The Rights Plan has a 364-day term, expiring on July 24, 2023.

The adoption of the Rights Plan is intended to protect the long-term interests of Stratasys and all Stratasys shareholders. The Rights Plan is designed to reduce the likelihood that any entity, person, or group would gain control of, or significant influence over, Stratasys through the open-market accumulation of the Company's shares without appropriately compensating all Stratasys shareholders for control. The Rights Plan will encourage anyone seeking to gain a significant interest in Stratasys to negotiate directly with the Board prior to attempting to control or significantly influence the Company. Further to those goals, the Rights may cause substantial dilution to a person or group that acquires 15% or more of the ordinary shares, par value NIS 0.01, of the Company ("Ordinary Shares") or any existing holder of 15% or more of the Ordinary Shares who shall acquire any additional Ordinary Shares.

d. Public offering of ordinary shares

During March 2021, the Company completed a public offering of its ordinary shares that raised $218.9 million, net of underwriting discounts and offering expenses. The total number of shares sold by the Company in the public offering was 7,931,034.

A deferred tax asset in an amount of $1.3 million was recorded in respect of a tax benefit, arising from the underwriting discounts and offering expenses, as an increase to Additional Paid-In Capital.

Note 12. Contingencies

Legal proceedings

During the fourth quarter of 2021, the Company reached preliminary settlement on an employee-related litigation matter in the US. The financial statements for the period ended June 30, 2022 and the year ended December 31, 2021 include a provision in respect of this settlement.

The Company is a party to various legal proceedings from time to time, the outcome of which, in the opinion of management, will not have a significant effect on the financial position, profitability or cash flows of the Company.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and the related notes included as Exhibit 99.1 to the Report of Foreign Private Issuer on Form 6-K to which this Operating and Financial Review and Prospects is attached, or the Form 6-K. The discussion below contains forward-looking statements (within the meaning of the United States federal securities laws) that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties, including those identified in "Forward-Looking Statements and Factors that May Affect Future Results of Operations", below, as well in the "Risk Factors" in Item 3.D of our Annual Report on Form 20-F for the year ended December 31, 2021, filed with the Securities and Exchange Commission, or SEC, on February 24, 2022, or our 2021 Annual Report, as updated by the "Risk Factors" section below.

Overview of Business and Trend Information

We are a global leader in connected, polymer-based 3D printing solutions, across the entire manufacturing value chain. Leveraging distinct competitive advantages that include a broad set of best-in-class 3D printing platforms, software, a materials and technology partner ecosystem, innovative leadership, and global GTM infrastructure, we are positioned to capture share in a significant and growing global marketplace, with a focus on manufacturing, which we view as having the largest and fastest growing total addressable market.

Our approximately 1,700 granted and pending additive technology patents to date have been used to create models, prototypes, manufacturing tools, and production parts for a multitude of industries including aerospace, automotive, transportation, healthcare, consumer products, dental, medical, and education. Our products and comprehensive solutions improve product quality, development time, cost, and time-to-market. Our 3D ecosystem of solutions and expertise includes 3D printers, materials, software, expert services, and on-demand parts production.

A series of recent acquisitions and other transactions has strengthened our leadership in various facets of our business. Our acquisition, in December 2020, of Origin Laboratories, Inc., or Origin, significantly strengthened our leadership in mass production forpolymer 3D printing. Origin's pioneering approach to additive manufacturing of end-use parts has enabled us to serve a large market with manufacturing-grade 3D printers, utilizing P^3 Programmable PhotoPolymerization. Our acquisition, in the first quarter of 2021, of UK-based RP Support Ltd., or RPS, a provider of industrial stereolithography 3D printers and solutions, provided us with a complementary technology that further expanded our polymer suite of solutions across the product life cycle. Similarly, our acquisition, in November 2021, of all remaining shares of Xaar 3D Ltd. or Xaar, has begun to accelerate our growth in production-scale 3D printing. The prospective transaction between our subsidiary, MakerBot, a leader in desktop 3D printing, and Ultimaker, gives us a significant (approximately 45.6%) stake in a new entity that has a broad technology offering, a larger scale, and that is well-capitalized and is therefore better equipped to compete in the attractive desktop 3D printing segment.

Business Performance in Macro-Economic Environment

Our current outlook, as well as our results of operations for the three and six month periods ended June 30, 2022, should be evaluated in light of current global macroeconomic conditions, including challenging trends that have arisen in the post-COVID-19 period. Our revenues in the initial six months of 2022 evidenced a strong recovery from the periods most impacted by the COVID-19 pandemic, which recovery began already (to a more modest degree) in the first quarter of 2021 and continued throughout 2021. Our revenues during the six-month period ended June 30, 2022 grew by 17.4% on a year-over-year basis, compared to the six months ended June 30, 2021, when the COVID-19 pandemic adversely impacted our revenues more significantly. Our improved performance in the six months ended June 30, 2022, was primarily driven by a 32.7% increase in systems revenues, a 9.7% increase in consumables revenues, and a 11.8% increase in services revenues (in each case, compared to the corresponding period of 2021). Our revenues in the first six months of 2022 surpassed pre-COVID-19 levels (an improvement of 3.6% compared to the first six months of 2019), signaling that we have achieved full recovery from the pandemic with respect to our top-line results.

In the first half of 2022, we worked at full-capacity on a global basis, with a high percentage of our employees throughout the world having received vaccines against COVID-19 over the course of the previous year.

We continue to closely monitor macro-economic conditions, including supply chain problems, inflation and other trends that have been impacting economic activity on a global scale in the aftermath of the COVID-19 pandemic, and which may also adversely affect us. We have been assessing, on an ongoing basis, the implications of those global conditions for our operations, supply chain, liquidity, cash flow and customer orders, and have been acting in an effort to mitigate adverse consequences as needed. We estimate that those conditions have impacted us most notably by limiting our ability to increase our gross margins and our operating margins more significantly in the short-term, given the increased cost of goods and operating expenses associated with global supply chain problems and inflation. Assuming that those logistical issues and inflationary pressures ease, and the global economy remains relatively stable, we expect that those margins will improve, as we execute on our growth plans. That improvement is also contingent on the global economy remaining open generally, as it was during the first half of 2022, during which the COVID-19 pandemic itself did not have a material adverse impact on our results of operations.

Specific developments that may potentially impact our operating performance in an adverse manner include:

- further actions taken by central banks in Europe and the U.S. to increase interest rates as a means to slow down inflation, which may worsen credit/financing conditions for our customers who purchase our products;
- potential contraction of economic activities and recessionary conditions that could arise as a result of interest rate increases and a decrease in consumer demand;
- any further government-mandated shutdowns in China due to COVID-19 outbreaks, which could slow down our supply chain; and
- the continued depreciated value of the Euro relative to the U.S. dollar, which has been having and may continue to have an adverse impact on the U.S.- denominated value of our European-derived revenues for purposes of our financial statements.

We cannot provide any assurances as to the extent of our resilience to the adverse impact of these specific developments in future periods.

We ended the second quarter of 2022 with $441.5 million in cash, cash equivalents and short-term deposits. We believe that we are well suited to continue to manage the current global macro-economic climate with a strong balance sheet and no debt, while focusing on cost controls and cash generation. We have continued to selectively apply certain research and development cost controls, which we began doing at the start of the COVID-19 pandemic, while ensuring that our NPI programs are well-funded, and we plan to continue investing as needed in order to support our new product development programs.

Summary of Financial Results

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. In the opinion of our management, all adjustments considered necessary for a fair statement of the unaudited condensed consolidated financial statements have been included herein and are of a normal recurring nature. The following discussion compares the actual results, on a GAAP basis, for the three and six months ended June 30, 2022 with the corresponding periods of 2021.

Results of Operations

Comparison of Three Months Ended June 30, 2022 to Three Months Ended June 30, 2021

The following table sets forth certain statement of operations data for the periods indicated:

	Three Months Ended June 30,			
	2022		2021	
	U.S. $ in thousands	% of Revenues	U.S. $ in thousands	% of Revenues
Revenues	$ 166,603	100.0%	$ 147,005	100.0%
Cost of revenues	99,210	59.5%	83,735	57.0%
Gross profit	67,393	40.5%	63,270	43.0%
Research and development, net	24,346	14.6%	22,437	15.3%
Selling, general and administrative	66,592	40.0%	63,557	43.2%
Operating loss	(23,545)	(14.1)%	(22,724)	(15.5)%
Financial expenses, net	(1,170)	(0.7)%	(372)	(0.3)%
Loss before income taxes	(24,715)	(14.8)%	(23,096)	(15.7)%
Income tax benefit	429	0.3%	4,368	3.0%
Share in losses of associated companies	(99)	(0.1)%	(1,431)	(1.0)%
Net loss	(24,385)	(14.6)%	(20,159)	(13.7)%

Discussion of Results of Operations

Revenues

Our products and services revenues in the three months ended June 30, 2022 and 2021, as well as the percentage change reflected thereby, were as follows:

	Three Months Ended June 30,		
	2022	2021	% Change
	U.S. $ in thousands		
Products	$ 115,721	$ 100,305	15.4%
Services	50,882	46,700	9.0%
Total Revenues	$ 166,603	$ 147,005	13.3%

Products Revenues

Revenues derived from products (including systems and consumable materials) increased by $15.4 million, or 15.4%, for the three months ended June 30, 2022, as compared to the three months ended June 30, 2021.

Revenues derived from systems increased by $13.3 million, or 29.2%, for the three months ended June 30, 2022, as compared to the three months ended June 30, 2221. Systems revenues reflected the highest second quarter total in four years, strengthened by the continued ramp-up of sales of the Origin One and H350 mass production systems.

Revenues derived from consumables increased by $2.1 million, or 3.9%, for the three months ended June 30, 2022, as compared to the three months ended June 30, 2021.

Services Revenues

Services revenues (including SDM, maintenance contracts, time and materials and other services) increased by $4.2 million for the three months ended June 30, 2022, or 9%, as compared to the three months ended June 30, 2021. Within services revenues, customer support revenue, which includes revenue generated mainly by maintenance contracts on our systems, increased by 9.1%.

Revenues by Region

Revenues and the percentage of revenues by region for the three months ended June 30, 2022 and 2021, as well as the percentage change in revenues in each such region reflected thereby, were as follows:

	Three Months Ended June 30,				
	2022		2021		% Change
	U.S.$ in thousands	% of Revenues	U.S.$ in thousands	% of Revenues	
Americas*	$ 107,225	64.4%	$ 92,949	63.2%	15.4%
EMEA	35,212	21.1%	32,523	22.1%	8.3%
Asia Pacific	24,166	14.5%	21,533	14.7%	12.2%
	$ 166,603	100.0%	$ 147,005	100.0%	13.3%

* Represent the United States, Canada and Latin America

Revenues in the Americas region increased by $14.3 million, or 15.4%, to $107.2 million for the three months ended June 30, 2022, compared to $92.9 million for the three months ended June 30, 2021. The increase was in all revenue streams.

Revenues in the EMEA region increased by $2.7 million, or 8.3%, to $35.2 million for the three months ended June 30, 2022, compared to $32.5 million for the three months ended June 30, 2021. The increase was primarily driven by higher systems revenues. On a constant currency basis, when using the prior year period's exchange rates, revenues increased by $6.6 million, or 20.4%.

Revenues in the Asia Pacific region increased by $2.6 million, or 12.2%, to $24.2 million for the three months ended June 30, 2022, compared to $21.5 million for the three months ended June 30, 2021. The increase was primarily driven byhigher systems revenues.

Gross Profit

Gross profit from our products and services, as well as the percentage change reflected thereby, was as follows:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change in %
	U.S. $ in thousands		
Gross profit attributable to:			
Products	$ 54,589	$ 50,574	7.9%
Services	12,804	12,696	0.9%
	$ 67,393	$ 63,270	6.5%

Gross profit as a percentage of revenues from our products and services was as follows:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Gross profit as a percentage of revenues from:		
Products	47.2%	50.4%
Services	25.2%	27.2%
Total gross profit	40.5%	43.0%

Gross profit attributable to products revenues increased by $4 million, or 7.9%, to $54.6 million for the three months ended June 30, 2022, compared to gross profit of $50.6 million for the three months ended June 30, 2021. Gross profit attributable to products revenues as a percentage of products revenues dcreased to 47.2% for the three months ended June 30, 2022, compared to 50.4% for the three months ended June 30, 2021.

Gross profit attributable to services revenues increased by $0.1 million, or 0.9%, to $12.8 million for the three months ended June 30, 2022, compared to $12.7 million for the three months ended June 30, 2021. Gross profit attributable to services revenues as a percentage of services revenues in the three months ended June 30, 2022 decreased to 25.2%, as compared to 27.2% for the three months ended June 30, 2021.

The above gross profit results were impacted by growth in logistics and materials costs, reflecting global inflationary trends, offset by our increased revenues from systems and consumables and raised pricing, along with operational efficiencies, during the second quarter of 2022 compared to the second quarter of 2021.

Operating Expenses

The amount of each type of operating expense for the three months ended June 30, 2022 and 2021, as well as the percentage change reflected thereby, and total operating expenses as a percentage of our total revenues in each such quarter, were as follows:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	% Change
	U.S. $ in thousands		
Research and development, net	$ 24,346	$ 22,437	8.5%
Selling, general and administrative	66,592	63,557	4.8%
	90,938	85,994	5.7%
Percentage of revenues	54.6%	58.5%	

Operating expenses were $90.9 million in the second quarter of 2022, compared to operating expenses of $86.0 million in the second quarter of 2021. The increase in operating expenses was driven primarily by the impact of the recent acquisition of Xaar, as well as higher commissions based on the higher revenue.The decrease in operating expenses as a percentage of our revenues—from 58.5% to 54.6%- reflected our improved operating efficiencies.

Research and development expenses, net increased by $1.9 million, or 8.5%, to $24.3 million for the three months ended June 30, 2022, compared to $22.4 million for the three months ended June 30, 2021. The amount of research and development expenses constituted 14.6% of our revenues for the three months ended June 30, 2022, as compared to 15.3% for the three months ended June 30, 2021.

Our research and development expenses were impacted by the timing of project spending and product launches, based on our portfolio management.We continue to invest in strategic long-term initiatives that include advancements in our core FDM and PolyJet technologies and in our new powder-based and photopolymer-based, SAF and P3 technologies, advanced composite materials, software and development of new applications which will enhance our current solutions offerings.

Selling, general and administrative expenses increased by $3.0 million, or 4.8%, to $66.6 million for the three months ended June 30, 2022, compared to $63.6 million for the three months ended June 30, 2021. The increase in these expenses reflected the trend of increased operating activity that began in 2021 and has intensified during the first and second quarters of 2022. The amount of selling, general and administrative expenses constituted 40.0% of our revenues for the three months ended June 30, 2022, as compared to 43.2% for the three months ended June 30, 2021.

Operating Loss

Operating loss and operating loss as a percentage of our total revenues were as follows:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
	U.S. $ in thousands	
Operating loss	$ (23,545)	$ (22,724)

Percentage of revenues	(14.1)%	(15.5)%

Operating loss amounted to $23.5 million for the three months ended June 30, 2022, compared to an operating loss of $22.7 million for the three months ended June 30, 2021. While increasing on an absolute basis, our operating loss decreased as a percentage of our revenues in the second quarter of 2022 compared to the second quarter of 2021, reflecting our improved operating efficiencies.

Financial Expenses, net

Financial expenses, net, which was primarily comprised of foreign currencies effects, interest income and interest expenses, was $1.2 million for the three months ended June 30, 2022, compared to financial expenses, net of $0.4 million for the three months ended June 30, 2021.

Income Taxes

Income tax benefit and income tax benefit as a percentage of net loss before taxes, as well as the percentage change in each, year over year, reflected thereby, were as follows:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change in %
	U.S. $ in thousands		
Income tax benefit	$ 429	$ 4,368	(90.2)%
As a percent of loss before income taxes	1.7%	18.9%	(90.8)%

We had an effective tax rate of 1.7% for the three-month period ended June 30, 2022, compared to an effective tax rate of 18.9% for the three-month period ended June 30, 2021. Our effective tax rate in the second quarter of 2022 was primarily impacted bythe geographic mix of foreign taxable earnings and losses, as well as our valuation allowance.

Share in Losses of Associated Companies

Share in losses of associated companies reflects our proportionate share of the profits of unconsolidated entities accounted for by using the equity method of accounting. During the three months ended June 30, 2022, the loss from our proportionate share of the losses of our equity method investments was $0.1 million, compared to a loss of $1.4 million in the three months ended June 30, 2021. The foregoing decrease in losses was attributable to our acquisition, in the fourth quarter of 2021, of Xaar which was previously held as an equity investment.

Net Loss and Net Loss Per Share

Net loss, and net loss per share were as follows:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
	U.S. $ in thousands	
Net loss	$ (24,385)	$ (20,159)
Percentage of revenues	(14.6)%	(13.7)%
Basic and diluted loss per share	$ (0.37)	$ (0.31)

Net loss was $24.4 million for the three months ended June 30, 2022 compared to net loss of $20.2 million for the three months ended June 30, 2021.

Net loss per share was $0.37 for the three months ended June 30, 2022 as compared to ne loss per share of $0.31 for the three months ended June 30, 2021. The weighted average fully diluted share count was 66.6 million during the three months ended June 30, 2022, compared to 64.9 million during the three months ended June 30, 2021.

The absolute increase in net loss and basic and diluted net loss per share, as well as that increase as a percentage of our revenues, resulted from the aggregate impact of the foregoing line items in our results of operations in the second quarter of 2022 as compared to the second quarter of 2021.

Results of Operations

Comparison of Six Months Ended June 30, 2022 to Six Months Ended June 30, 2021

The following table sets forth certain statement of operations data for the periods indicated:

	Six Months Ended June 30, 2022		2021	
	U.S. $ in thousands	% of Revenues	U.S. $ in thousands	% of Revenues
Revenues	$ 330,032	100.0%	$ 281,194	100.0%
Cost of revenues	192,962	58.5%	162,347	57.7%
Gross profit	137,070	41.5%	118,847	42.3%
Research and development, net	48,344	14.6%	43,038	15.3%
Selling, general and administrative	131,855	40.0%	116,891	41.6%
Operating loss	(43,129)	(13.1)%	(41,082)	(14.6)%
Financial expenses, net	(2,532)	(0.8)%	(749)	(0.3)%
Loss before income taxes	(45,661)	(13.8)%	(41,831)	(14.9)%
Income tax benefit	502	0.2%	5,310	1.9%
Share in losses of associated companies	(174)	(0.1)%	(2,549)	(0.9)%
Net loss	(45,333)	(13.7)%	(39,070)	(13.9)%

Discussion of Results of Operations

Revenues

Our products and services revenues in the six months ended June 30, 2022 and 2021, as well as the percentage change reflected thereby, were as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	% Change
	U.S. $ in thousands		
Products	$ 228,794	$ 190,629	20.0%
Services	101,238	90,565	11.8%
Total Revenues	$ 330,032	$ 281,194	17.4%

Products Revenues

Revenues derived from products (including AM systems and consumable materials) increased by $38.2 million, or 20.0%, for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021.

Revenues derived from systems for the six months ended June 30, 2022 increased by $27.9 million, or 32.7% as compared to the six months ended June 30, 2021. The increase in systems revenues reflected a strong six-month period ended June 30, 2022, which was strengthened by the launch of the Origin One 3D printer in mid-February 2022 and the first full quarter of H350 sales in the second quarter of 2022.

Revenues derived from consumables increased by $10.2 million, or 9.7%, for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021.The increase in consumables reflects the impact of strong systems sales throughout 2021 and their initial flow-through to consumables as initial materials began to be replenished in the first half of 2022.

Services Revenues

Services revenues (including SDM, maintenance contracts, time and materials and other servces) increased by $10.7 million for the six months ended June 30, 2022, or 11.8%, as compared to the six months ended June 30, 2021. Within services revenues, customer support revenue, which includes revenue generated mainly by maintenance contracts on our systems, increased by 9.6%.

Revenues by Region

Revenues and the percentage of revenues by region for the six months ended June 30, 2022 and 2021, as well as the percentage change in revenues in each such region reflected thereby, were as follows:

	2022 U.S.$ in thousands	2022 % of Revenues	2021 U.S.$ in thousands	2021 % of Revenues	% Change
Americas*	$ 205,792	62.4%	$ 175,062	62.3%	17.6%
EMEA	75,267	22.8%	61,441	21.8%	22.5%
Asia Pacific	48,973	14.8%	44,691	15.9%	9.6%
	$ 330,032	100.0%	$ 281,194	100.0%	17.4%

* Consists of United States, Canada and Latin America

Revenues in the Americas region increased by $30.7 million, or 17.6%, to $205.8 million for the six months ended June 30, 2022, compared to $175.1 million for the six months ended June 30, 2021. The increase was in all revenue streams.

Revenues in the EMEA region increased by $13.8 million, or 22.5%, to $75.3 million for the six months ended June 30, 2022, compared to $61.4 million for the six months ended June 30, 2021. The increase was primarily driven by higher products revenues.

Revenues in the Asia Pacific region increased by $4.3 million, or 9.6%, to $49.0 million for the six months ended June 30, 2022, compared to $44.7 million for the six months ended June 30, 2021. The increase was primarily driven by higher systems revenues.

Gross Profit

Gross profit from our products and services, as well as the percentage change reflected thereby, were as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change in %
	U.S. $ in thousands		
Gross profit attributable to:			
Products	$ 108,289	$ 93,978	15.2 %
Services	28,781	24,869	15.7 %
	$ 137,070	$ 118,847	15.3 %

Gross profit as a percentage of revenues from our products and services was as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Gross profit as a percentage of revenues from:		

Products	47.3%	49.3%
Services	28.4%	27.5%
Total gross profit	41.5%	42.3%

Gross profit attributable to products revenues increased by $14.3 million, or 15.2%, to $108.3 million for the six months ended June 30, 2022, compared to gross profit of $94.0 million for the six months ended June 30, 2021. Gross profit attributable to products revenues as a percentage of products revenuesdecreased to 47.3% for the six months ended June 30, 2022, compared to 49.3% for the six months ended June 30, 2021.

Gross profit attributable to services revenues increased by $3.9 million, or 15.7%, to $28.8 million for the six months ended June 30, 2022, compared to $24.9 million for the six months ended June 30, 2021. Gross profit attributable to services revenues as a percentage of services revenues in the sixmonths ended June 30, 2022 increased to 28.4%, as compared to 27.5% for the six months ended June 30, 2021.

The above gross profit results were impacted by growth in logistics and materials costs, reflecting global inflationary trends, offset by our increased revenues from systems and consumables, along with operational efficiencies, during the second quarter of 2022 compared to the second quarter of 2021.

Operating Expenses

The amount of each type of operating expense for the six months ended June 30, 2022 and 2021, as well as the percentage change reflected thereby, and total operating expenses as a percentage of our total revenues in each such quarter, were as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	% Change
	U.S. $ in thousands		
Research and development, net	$ 48,344	$ 43,038	12.3%
Selling, general and administrative	131,855	116,891	12.8%
	$ 180,199	$ 159,929	12.7%
Percentage of revenues	54.6%	56.9%	

Operating expenses were $180.2 million in the six months ended June 30, 2022, compared to operating expenses of $159.9 million in the six months ended June 30, 2021. The increase in operating expenses was driven primarily by the impact of the addition of the operating expenses of threerecently-acquired companies— Xaar, Origin, and RPS — to our consolidated results of operations, as well as higher commissions based on our increased revenues.

Research and development expenses, net increased by $5.3 million, or 12.3%, to $48.3 million for the six months ended June 30, 2022, compared to $43.0 million for the six months ended June 30, 2021. The amount of research and development experses constituted 14.6% of our revenues for the sixmonths ended June 30, 2022, as compared to 15.3% for the six months ended June 30, 2021.

Our research and development expenses were impacted by the timing of project spending and product launches, based on ourmanagement of our product portfolio. We continue to invest in strategic long-term initiatives that include advancements in our core FDM and PolyJet technologies and in our new powder-based and photopolymer-based, SAF and P3 technologies, advanced composite materials, software and development of new applications which will enhance our current solutions offerings.

Selling, general and administrative expenses increased by $15.0 million, or 12.8%, to $131.9 million for the six months ended June 30, 2022, compared to $116.9 million for the six months ended June 30, 2021. The increase in these expenses reflected the trend of increased operatingactivity which began in 2021 and carried over with even greater strength into the first half of 2022. The amount of selling, general and administrative expenses constituted 40.0% of our revenues for the six months ended June 30, 2022, as compared to 41.6% for the six months ended June 30, 2021.

The decrease in each category of operating expenses as a percentage of our revenues in the first half of 2022 compared to the first half of 2021 reflects our improved operational efficiencies.

Operating Loss

Operating loss and operating loss as a percentage of our total revenues were as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	U.S. $ in thousands	
Operating loss	$ (43,129)	$ (41,082)
Percentage of revenues	(13.1)%	(14.6)%

Operating loss amounted to $43.1 million for the six months ended June 30, 2022, compared to an operating loss of $41.1 million for the sixmonths ended June 30, 2021. While increasing on an absolute basis, our operating loss decreased as a percentage of our revenues in the first half of 2022 compared to the first half of 2021.

Financial Expenses, net

Financial expenses, net, which were primarily comprised of foreign currencies effects, interest income and interest expeses, were $2.5 million for the six months ended June 30, 2022 and $0.7 million for the six months ended June 30, 2021.

Income Taxes

Income tax benefit and income tax benefit as a percentage of net loss before taxes, as well as the percentage change in each, year over year, reflected thereby, were as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change in %
	U.S. $ in thousands		
Income tax benefit	$ 502	$ 5,310	(90.5)%

As a percent of loss before income taxes	1.1%	12.7%	(91.3)%

We had an effective tax rate of 1.1% for the six-month period ended June 30, 2022, compared to an effective tax rate of 12.7% for the six-month period ended June30, 2021.Our effective tax rate in the six months ended June 30, 2022 was primarily impacted bythe geographic mix of foreign taxable earnings and losses, as well as our valuation allowance.

Share in Losses of Associated Companies

Share in losses of associated companies reflects our proportionate share of the losses of unconsolidated entities accounted for by using the equity method of accounting. During the six months ended June 30, 2022, the loss from our proportionate share of the earnings of our equity method investments was $0.2 million, compared to a loss of $2.5 million in the six months ended June 30, 2021. The foregoing decrease in losses was attributable to our acquisition, in the fourth quarter of 2021, of Xaar which was previously held as an equity investment.

Net Loss and Net Loss Per Share

Net loss, and net loss per share were as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	U.S. $ in thousands	
Net loss	$ (45,333)	$ (39,070)
Percentage of revenues	(13.7)%	(13.9)%
Basic and diluted net loss per share	$ (0.69)	$ (0.63)

Net loss was $45.3 million for the six months ended June 30, 2022 compared to a net loss of $39.1 million for the six months ended June 30, 2021. While increasing on an absolute basis, our net loss decreased as a percentage of our revenues in the six months ended June 30, 2022 compared to the six months ended June 30, 2021.

Net loss per share was $0.69 and $0.63 for the six months ended June 30, 2022 and 2021, respectively. The weighted average fully diluted share count was 66.2 million for the six months ended June 30, 2022, compared to 61.8 million for the sixmonths ended June 30, 2021.

The absolute increase in net loss and basic and diluted net loss per share, as well as the decrease in net loss as a percentage of our revenues, resulted from the aggregate impact of the foregoing line items in our results of operations in the first six months of 2022 as compared to the corresponding period in 2021.

Supplemental Operating Results on a Non-GAAP Basis

The following non-GAAP data, 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 restructuring-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 adjusted in our non-GAAP results 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 allow investors to better 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 the table below.

Reconciliation of GAAP to Non-GAAP Results of Operations

The following tables present the GAAP measures, the corresponding non-GAAP amounts and the related non-GAAP adjustments for the applicable periods:

		Three Months Ended June 30, 2022 GAAP	Non-GAAP Adjustments	2022 Non-GAAP	2021 GAAP	Non-GAAP Adjustments	2021 Non-GAAP
		U.S. dollars and shares in thousands (except per share amounts)					
	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			-	
			11,914			6,616	
(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	
		13,565			13,517	
		25,479			20,133	
(3) Corresponding tax effect and other expenses		81			(1,552)	
		$25,560			$18,581	
(4) Weighted average number of ordinary shares outstanding- Diluted	66,568		67,070	64,908		64,908

	Six Months Ended June 30,					
	2022 GAAP	Non-GAAP Adjustments	2022 Non-GAAP	2021 GAAP	Non-GAAP Adjustments	2021 Non-GAAP
	U.S. dollars and shares in thousands (except per share amounts)					
Gross profit (1)	$ 137,070	$ 19,603	$ 156,673	$ 118,847	$ 13,685	$ 132,532
Operating income (loss) (1,2)	(43,129)	47,086	3,957	(41,082)	35,918	(5,164)
Net income (loss) (1,2,3)	(45,333)	47,718	2,385	(39,070)	33,692	(5,378)
Net income (loss) per diluted share (4)	$ (0.69)	$ 0.73	$ 0.04	$ (0.63)	$ 0.54	$ (0.09)
(1) Acquired intangible assets amortization expense		13,920			10,873	
Non-cash stock-based compensation expense		1,980			1,422	
Restructuring and other related costs		(162)			1,390	
Impairment charges		3,865			-	
		19,603			13,685	
(2) Acquired intangible assets amortization expense		4,443			4,393	
Non-cash stock-based compensation expense		15,384			13,760	
Restructuring and other related costs		555			2,159	
Revaluation of investments		2,316			(1,469)	
Contingent consideration		803			393	
Other expenses		3,982			2,997	
		27,483			22,233	
		47,086			35,918	
(3) Corresponding tax effect and other expenses		632			(2,226)	
		$ 47,718			$ 33,692	
(4) Weighted average number of ordinary shares outstanding- Diluted	66,151		67,071	61,796		61,796

Liquidity and Capital Resources

A summary of our statements of cash flows is as follows:

	Six Months Ended June 30,	
	2022	2021
	U.S $ in thousands	
Net loss	$ (45,333)	$ (39,070)
Depreciation and amortization	29,924	27,695
Impairment of other long-lived assets	3,865	-
Stock-based compensation	17,364	15,182
Foreign currency transactions loss	10,318	3,311
Other non-cash items, net	2,658	2,232
Change in working capital and other items	(57,705)	19,036
Net cash provided by (used in) operating activities	(38,909)	28,386
Net cash provided by (used in) investing activities	63,172	(177,676)
Net cash provided by (used in) by financing activities	(864)	222,796
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7,413)	(1,869)
Net change in cash, cash equivalents and restricted cash	15,986	71,637
Cash, cash equivalents and restricted cash, beginning of period	243,293	272,216
Cash, cash equivalents and restricted cash, end of period	259,279	343,853

Our cash, cash equivalents and restricted cash balarce increased to $259.3 million as of June 30, 2022 from $243.3 million as of December 31, 2021. Tle increase in cash, cash equivalents and restricted cash in the six months ended June 30, 2022 was primarily due to $63.2 million of cash generated by investing activities, partially offset by $38.9 million of cash used in operating activities.

Cash used in operating activities

We used $38.9 million of cash in operating activities during the six months ended June 30, 2022. That cash use reflects our $45.3 million net loss, as adjusted downwards to eliminate non-cash charges included in net loss, such as $29.9 million of depreciation and amortization, $17.4 million of share-based compensation expenses and a $10.3 million loss from foreign currency transactions, as offset in part, by elimination of changes in our working capital balances, which adjustments had an unfavorable net impact of $57.7 million on our cash flows, which changes were mainly driven by increased inventory purchases.

Cash flows from investing activities

We generated $63.2 million of cash from our investing activities during the six months ended June 30, 2022. The increase was mostly attributable to $76.6 million of net proceeds that we withdrew from short-term bank deposits, partly offset by cash that we invested for the purchase of property and equipment, and for investments in unconsolidated entities.

Cash used in financing activities

We used $0.9 million of cash in financing activities during the six months ended June 30, 2022. These financing activities were mostly relatedto contingent consideration that we paid for acquisitions, in an aggregate amount of $1.4 million.

Capital resources and capital expenditures

Our total current assets amounted to $782.2 million as of June 30, 2022, of which $441.5 million consisted of cash, cash equivalents, short-term deposits and restricted cash. Total current liabilities amounted to $199.5 million. Most of our cash and cash equivalents and short-term deposits are held in banks in Israel and in the U.S.

The credit risk related to our accounts receivable is limited due to the relatively large number of customers and their wide geographic distribution. In addition, we seek to reduce the credit exposure related to our accounts receivable by imposing credit limits, conducting ongoing credit evaluation, and by implementing account monitoring procedures, as well as credit insurance for many of our customers.

We believe that we will have adequate cash and cash equivalents to fund our ongoing operations and that these sources of liquidity will be sufficient to satisfy our capital expenditure and working capital needs for the next twelve months.

Critical Accounting Policies

We have prepared our consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America. This has required us to make estimates, judgments and assumptions that affected the amounts we reported. Actual results may differ from those estimates. To better understand our business activities and those accounting policies that are important to the presentation of our financial condition and results of operations and that require management's subjective judgements, please see our 2021 Annual Report. We base our judgements on our experience and various assumptions that we believe to be reasonable under the circumstances.

Forward-Looking Statements and Factors That May Affect Future Results of Operations

Certain information included in or incorporated by reference into the Report of Foreign Private Issuer on Form 6-K to which this Operating and Financial Review is appended, or the Form 6-K, may be deemed to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. You can generally identify forward-looking statements as statements containing the words “may,” “will,” “could,” “should,” “expect,” “anticipate,” “intend,” “estimate,” “believe,” “project,” “plan,” “assume” or other similar expressions, or negatives of those expressions, although not all forward-looking statements contain these identifying words.

These forward-looking statements may include, but are not limited to, statements regarding our future strategy, future operations, projected financial position, proposed products, estimated future revenues, projected costs, future prospects, the future of our industry and results that might be obtained by pursuing management’s current plans and objectives.

You should not place undue reliance on our forward-looking statements because the matters they describe are subject to certain risks, uncertainties and assumptions that are difficult to predict. Our forward-looking statements are based on the information currently available to us and speak only as of the date of the Form 6-K. Over time, our actual results, performance or achievements may differ from those expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our shareholders. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things:

- the extent 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;
- changes in our overall strategy, including as related to any restructuring activities and our capital expenditures;
- the impact of shifts in prices or margins of the products that we sell or services we provide;
- the impact of competition and new technologies;
- impairments of goodwill or other intangible assets in respect of companies that we acquire;
- the extent of our success at efficiently and successfully integrating the operations of various companies that we have acquired or may acquire;
- the degree of our success at locating and acquiring additional value-enhancing, inorganic technology that furthers our business plan to lead in the realm of polymers;
- the adverse impact that recent global interruptions and delays involving freight carriers and other third parties have been and may continue to have on our supply chain and distribution network, and, consequently, our ability to successfully sell both our existing and newly-launched 3D printing products;
- the adverse effects that inflation, and actions taken to reduce inflation, such as increased interest rates, are having or may have on the macro-economic environment, and the degree of our resilience (and that of our customers and suppliers) to those effects, which may have significant consequences for our operations, financial position and cash flows;
- global market, political and economic conditions, and in the countries in which we operate in particular;
- government regulations and approvals;
- litigation and regulatory proceedings;

- infringement of our intellectual property rights by others (including for replication and sale of consumables for use in our systems), or infringement of others’ intellectual property rights by us;
- potential cyber attacks against, or other breaches to, our information technologies systems;
- the extent of our success at maintaining our liquidity and financing our operations and capital needs;
- impact of tax regulations on our results of operations and financial conditions;
- the remaining duration and severity of the global COVID-19 pandemic; and

- those factors referred to in Item 3.D, “Key Information - Risk Factors”, Item 4, “Information on the Company”, and Item 5, “Operating and Financial Review and Prospects” in our 2021 Annual Report, as supplemented herein, as well as in other portions of the 2021 Annual Report Readers are urged to carefully review and consider the various disclosures made throughout the Form 6-K, our 2021 Annual Report, and in 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.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Reference is made to Item 11, “Quantitative and Qualitative Disclosures About Market Risk” in our 2021 Annual Report.

LEGAL PROCEEDINGS

We are subject to various litigation and other legal proceedings from time to time. For a discussion of our litigation status, see Note 12-“Contingencies” in the notes to our unaudited condensed consolidated interim financial statements attached as Exhibit 99.1 to the Form 6-K.

RISK FACTORS

Adverse macro-economic trends such as inflation and supply chain problems have been adversely affecting, and may continue to adversely affect, potentially in a more material manner (including due to measures taken to reduce their impact), our business, results of operations and financial condition.

Certain global macro-economic trends that were triggered, in large part, by the COVID-19 pandemic and the world’s reaction to it, have been adversely impacting the global economic environment in the post-pandemic period. Supply chain delays, initially caused by closures during the pandemic, and rising shipping costs, which have been exacerbated by the ongoing Russian invasion of the Ukraine, have contributed towards inflationary pressures on many goods and commodities globally. The infusion of money into circulation as part of a “loose” monetary policy to encourage consumer spending, along with historically low interest rates for an extended period of time, which were designed to ease economic conditions during the pandemic, further triggered upwards pressure on prices of goods and services. The high rates of inflation globally have caused governments and central banks to act to curb inflation, including by raising interest rates, which may potentially stifle economic activity and cause a recession, whether in individual countries or regions, or globally.

We cannot predict what impact these current or prospective macro-economic trends may have on our target markets and our expected results of operations. For example, rising interest rates which are meant to slow down inflation may worsen credit/financing conditions for our customers and adversely impact their ability to purchase our products.

In light of these uncertainties, we continue to monitor the cost-control measures that we first implemented in February 2020, when the COVID-19 pandemic began, some of which we have maintained in place since that time.

While we believe that are well-positioned to withstand the current adverse macro-economic trends, given our balance sheet (primarily due to our cash reserves and lack of debt) and our emphasis on operational efficiencies and execution, we continue to monitor the situation, assessing further implications for our operations, supply chain, liquidity, cash flow and customer orders, in an effort to mitigate potential new adverse consequences should they arise. However, there is no assurance that we will succeed at doing so.

A potential downturn could also have a material adverse impact on our business partners’ stability and financial strength. Given the uncertainties associated with these trends in the aftermath of the COVID-19 pandemic, it is difficult to fully predict the magnitude of their effects on our, and our business partners’, business, financial condition and results of operations.

The guidance that we provide for 2022 may lack the degree of certainty that we once had in providing guidance, due to the number of variables surrounding the current macro-economic environment.

The trends associated with the current economic environment may also have the effect of amplifying many of the other risks described under the caption “Item 3. Key Information— D. Risk Factors” in our 2021 Annual Report.