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 2024

Commission File Number 001-35751

STRATASYS LTD.

(Translation of registrant's name into English)

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

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, 333-262952, 333-27049 and 333-277836, filed by the Registrant with the SEC on September 3, 2013, March 4, 2020, March 1, 2021, February 24, 2022, February 24, 2022, March 3, 2023 and March 12, 2024, respectively, and Form F-3, SEC file number 333-251938, filed by the Registrant with the SEC on January 7, 2021, and shall be a part thereof from the date on which this Form 6-K is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.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 of Operations, Financial Condition and Prospects

On August 29, 2024, Stratasys Ltd., or Stratasys, released its financial results for the three and six months ended June 30, 2024.

Attached hereto as Exhibit 99.1 are the unaudited, condensed consolidated financial statements of Stratasys as of, and for the three and six months ended June 30, 2024 (including the notes thereto), or the Q2 2024 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, 2024, 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 2024 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 as of, and for the three and six months ended June 30, 2024
99.2	Stratasys' review of its results of operations and financial condition for the three and six months ended June 30, 2024
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

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 29, 2024	By:	/s/ Eitan Zamir
	Name:	Eitan Zamir
	Title:	Chief Financial Officer

Exhibit 99.1

STRATASYS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2024

(UNAUDITED)

INDEX TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

(UNAUDITED)

STRATASYS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Consolidated Balance Sheets

(in thousands, except share data)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 70,858	$ 82,585
Short-term bank deposits	80,000	80,000
Accounts receivable, net of allowance for credit losses of $1,424 and $1,449 as of June 30, 2024 and December 31, 2023, respectively	150,483	172,009
Inventories	196,505	192,976
Prepaid expenses	8,570	7,929
Other current assets	17,575	24,596
Total current assets	523,991	560,095
Non-current assets		
Property, plant and equipment, net	187,189	197,552
Goodwill	99,174	100,051
Other intangible assets, net	116,461	127,781
Operating lease right-of-use assets	17,928	18,895
Long-term investments	121,755	115,083
Other non-current assets	15,409	14,448
Total non-current assets	557,916	573,810
Total assets	$ 1,081,907	$ 1,133,905
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 49,495	$ 46,785
Accrued expenses and other current liabilities	31,627	36,656
Accrued compensation and related benefits	26,666	33,877
Deferred revenues - short term	50,914	52,610
Operating lease liabilities - short term	5,966	6,498
Total current liabilities	164,668	176,426
Non-current liabilities		
Deferred revenues - long-term	18,880	23,655
Deferred income taxes - long term	558	723
Operating lease liabilities - long term	11,780	12,162
Contingent consideration - long term	11,851	11,900
Other non-current liabilities	23,699	24,200
Total non-current liabilities	66,768	72,640
Total liabilities	$ 231,436	$ 249,066
Contingencies (see note 12)		
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 shares; 71,132 shares and 69,656 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	$ 199	$ 195
Additional paid-in capital	3,111,057	3,091,649
Accumulated other comprehensive loss	(9,133)	(7,079)
Accumulated deficit	(2,251,652)	(2,199,926)
Total equity	850,471	884,839
Total liabilities and equity	$ 1,081,907	$ 1,133,905

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

Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except per share data)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenues				
Products	$ 93,594	$ 109,112	$ 192,790	$ 210,083
Services	44,447	50,639	89,301	99,045
	138,041	159,751	282,091	309,128
Cost of revenues				
Products	46,756	57,576	96,513	108,689
Services	30,785	35,953	61,181	68,822
	77,541	93,529	157,694	177,511
Gross profit	60,500	66,222	124,397	131,617
Operating expenses				
Research and development, net	25,680	24,305	49,657	45,780
Selling, general and administrative	60,863	75,576	125,236	136,293
	86,543	99,881	174,893	182,073
Operating loss	(26,043)	(33,659)	(50,496)	(50,456)
Financial income (expense), net	(726)	687	491	1,460
Loss before income taxes	(26,769)	(32,972)	(50,005)	(48,996)
Income tax expenses	762	725	1,478	4,500
Share in profits (losses) of associated companies	1,788	(4,918)	(243)	(7,343)
Net loss	$ (25,743)	$ (38,615)	$ (51,726)	$ (60,839)
Net loss per share - basic and diluted	$ (0.36)	$ (0.56)	$ (0.74)	$ (0.89)
Weighted average ordinary shares outstanding. - basic and diluted	70,746	68,648	70,367	68,107
Comprehensive loss				
Net loss	(25,743)	(38,615)	(51,726)	(60,839)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(24)	579	(2,210)	1,834
Unrealized gains (losses) on derivatives designated as cash flow hedges	(526)	558	156	(1,687)
Other comprehensive income (loss), net of tax	(550)	1,137	(2,054)	147
Comprehensive loss	$ (26,293)	$ (37,478)	$ (53,780)	$ (60,692)

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

Consolidated Statements of Changes in Equity

(in thousands)

Three and Six Months Ended June 30, 2024

	Ordinary Shares					
	Number of shares	**Par Value**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Total Equity**
Balance as of December 31, 2023	69,656	$ 195	$ 3,091,649	$ (2,199,926)	$ (7,079)	$ 884,839
Issuance of shares in connection with stock-based compensation plans	784	2	147	—	—	149
Stock-based compensation	—	—	8,649	—	—	8,649
Comprehensive loss	—	—	—	(25,983)	(1,504)	(27,487)
Balance as of March 31, 2024	70,440	$ 197	$ 3,100,445	$ (2,225,909)	$ (8,583)	$ 866,150
Issuance of shares in connection with stock-based compensation plans	249	1	3	—	—	4
Stock-based compensation	—	—	7,346	—	—	7,346
Comprehensive loss	—	—	—	(25,743)	(550)	(26,293)
Issuance of Common stock under employee stock purchase plan	443	1	3,263			3,264
Balance as of June 30, 2024	71,132	199	3,111,057	(2,251,652)	(9,133)	850,471

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

Consolidated Statements of Changes in Equity

(in thousands)

Three and Six Months Ended June 30, 2023

	Ordinary Shares					
	Number of shares	**Par Value**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Total Equity**
Balance as of December 31, 2022	67,086	$ 187	$ 3,048,915	$ (2,076,852)	$ (12,818)	$ 959,432
Issuance of shares in connection with stock-based compensation plans	1,017	3	1	—	—	4
Stock-based compensation	—	—	8,241	—	—	8,241
Comprehensive loss	—	—	—	(22,224)	(990)	(23,214)
Balance as of March 31, 2023	68,103	$ 190	$ 3,057,157	$ (2,099,076)	$ (13,808)	$ 944,463
Issuance of shares in connection with stock-based compensation plans	268	1	4	—	—	5
Stock-based compensation	—	—	8,022	—	—	8,022
Comprehensive income (loss)	—	—	—	(38,615)	1,137	(37,478)
Issuance of Common stock under employee stock purchase plan	253	1	3,013			3,014
Issuance of shares as part of the Covestro acquisition	318	1	5,200			5,201
Balance as of June 30, 2023	68,942	$ 193	$ 3,073,396	$ (2,137,691)	$ (12,671)	$ 923,227

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

Consolidated Statements of Cash Flows

in thousands	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities		
Net loss	$ (51,726)	$ (60,839)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Impairment of other long-lived assets	—	919
Depreciation and amortization	23,781	24,343
Stock-based compensation	15,995	16,263
Foreign currency transaction loss	2,934	1,967
Share in losses of associated companies	243	7,343
Revaluation of investments	3,065	1,217
Revaluation of contingent consideration	1,034	—
Deferred income taxes, net and uncertain tax positions	369	2,810
Other non-cash items, net	761	2,073
Change in cash attributable to changes in operating assets and liabilities:		
Accounts receivable, net	18,829	(11,156)
Inventories	(2,783)	(11,161)
Other current assets and prepaid expenses	5,900	(3,777)
Other non-current assets	3,049	4,642
Accounts payable	2,839	(4,360)
Other current liabilities	(7,323)	(8,972)
Deferred revenues	(5,805)	3,715
Other non-current liabilities	(6,261)	(6,194)
Net cash provided by (used in) operating activities	4,901	(41,167)
Cash flows from investing activities		
Cash paid for business combinations, net of cash acquired	—	(66,472)
Purchase of property and equipment	(4,807)	(6,546)
Investments in short-term bank deposits	(50,000)	(12,448)
Proceeds from short-term bank deposits	50,000	128,815
Purchase of intangible assets	(1,142)	(464)
Other investing activities	(147)	(58)
Investments in unconsolidated entities	(8,845)	(6,199)
Net cash provided by (used in) investing activities	(14,941)	36,628
Cash flows from financing activities		
Proceeds from exercise of stock options	153	9
Payment of contingent consideration	(1,037)	(691)
Other financing activities	183	—
Net cash used in financing activities	(701)	(682)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(987)	(824)
Net change in cash, cash equivalents and restricted cash	(11,728)	(6,045)
Cash, cash equivalents and restricted cash, beginning of period	82,864	150,686
Cash, cash equivalents and restricted cash, end of period	$ 71,136	$ 144,641
Supplemental disclosures of cash flow information:		
Transfer of inventories to fixed assets	1,658	5,612
Transfer of fixed assets to inventories	4,841	118
Issuance of Common stock under employee stock purchase plan	3,264	3,014
Issuance of shares as part of Covestro acquisition (Refer to Note 3)	—	5,201
Contingent consideration	—	3,009
Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheets:		
Cash and cash equivalents	70,858	144,366
Restricted cash included in other current assets	278	275
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	$ 71,136	$ 144,641

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

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, which the Company views as having the largest and fastest growing total addressable market. The Company’s approximately 2,600 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, fashion and education. Stratasys’ products and comprehensive solutions improve product quality, development time, cost, time-to-market and patient care. 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 global events and other longer-term macroeconomic conditions, most prominently, the extent and speed at which inflation subsides, whether and when interest rates are reduced by central banks, whether and when tight credit conditions are loosened, whether capital markets continue to rise and whether global supply chains remain open. As a result, the accounting estimates and assumptions may change over time. Such changes could have an additional impact on the Company’s long-lived asset, goodwill and intangible asset valuations; and the allowance for expected credit losses. These consolidated financial statements reflect the financial statement effects based upon management’s estimates and assumptions utilizing the most currently available information.

In October 2023, Israel was attacked by a terrorist organization and entered a state of war. As of the date of these financial statements, the war in Israel is ongoing and continues to evolve. One of the Company’s global headquarters and one of its manufacturing facilities are located in Israel. As of the publication date of these financial statements, the Company's activities in Israel remain largely unaffected by the war. During the six months ended June 30, 2024, the impact of the war on the Company’s results of operations and financial condition was limited, but such impact may change, and could be significant, as a result of the continuation, escalation or expansion of the war. The Company continues to maintain business continuity plans backed by its inventory levels located outside of Israel.

The results of operations for the three and six months ended June 30, 2024 are not necessarily 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 Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 11, 2024 as part of the Company’s Annual Report on Form 20-F for such year.

Note 2. New Accounting Pronouncements

Recently issued accounting pronouncements, not yet adopted

In November 2023, the FASB issued ASU 2023-07 “Segment Reporting: Improvements to Reportable Segment Disclosures”. This guidance expands public entities’ segment disclosures primarily by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment’s profit or loss and assets. Public entities with a single reportable segment are required to provide the new disclosures and all the disclosures required under ASC 280. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments are required to be applied retrospectively to all prior periods presented in an entity’s financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements related disclosures.

In December 2023, the FASB issued ASU 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”. This guidance is intended to enhance the transparency and decision-usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to disclosure regarding rate reconciliation and income taxes paid both in the U.S. and in foreign jurisdictions. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 on a prospective basis, with the option to apply the standard retrospectively. Early adoption is permitted. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements disclosures.

Note 3. Certain Transactions

Covestro acquisition

On April 3, 2023 (the "Covestro transaction date"), the Company completed the acquisition of the additive manufacturing materials business of Covestro AG. Covestro's additive manufacturing business is expected to give the Company the ability to accelerate innovative developments in 3D printing materials and to thereby further grow adoption of its newest technologies. Also, the Company acquired an IP portfolio comprised of hundreds of patents and pending patents, including all of the SOMOS™ portfolio.

The Covestro transaction is reflected in accordance with ASC Topic 805, "Business Combinations". The assets acquisition transaction meets the definition of a business and was accounted for as a "Business Combinations" transaction, using the acquisition method of accounting with the Company as the acquirer. The following table summarizes the fair value of the consideration transferred to Covestro AG for the Covestro transaction:

	U.S. $ in thousands	
Cash payments	$	53,815
Issuance of ordinary shares to Covestro stockholders		5,202
Contingent consideration at estimated fair value		659
Other liability		868
Total consideration	$	60,544

The fair value of the ordinary shares issued was determined based on the closing market price of the Company's ordinary shares on the Covestro transaction date.

In accordance with ASC Topic 805, the estimated contingent consideration as of the Covestro transaction date was included in the purchase price. The total contingent payments could amount to a maximum aggregate amount of up to €37 million. The payment will be settled through the issuance of ordinary shares. 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. Refer to Note 9.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the Covestro transaction date. The estimated fair values are based on the information that was available as of April 3, 2023. The allocation of the purchase price to assets acquired and liabilities assumed is as follows:

	Allocation of Purchase Price U.S. $ in thousands	
Inventory	$	10,342
Fixed assets		7,064
Intangible assets		21,929
Other liabilities		(605)
Total identifiable net assets		38,730
Goodwill		21,814
Total consideration	$	60,544

The allocation of the PPA to net assets acquired and liabilities assumed resulted in the recognition of intangible assets related to developed technology, customer relationship, and trade name. These intangible assets have a useful life of 7 to 10 years. The fair value estimate of the customer relationship was determined using a variation of the income approach known as the "Multi-Period Excess Earnings Approach". This valuation technique estimates the fair value of an asset based on market participants' expectations of the cash flows the asset would generate over its remaining useful life. The net cash flows were discounted to present value. The fair value estimate of the developed technology and trade name, were estimated using the "Relief from royalty" method. This valuation technique estimates the fair value of the asset based on the hypothetical royalty payment that a licensee would be required to pay in exchange for use of the asset. Goodwill was recorded as the residual amount by which the purchase price exceeded the provisional fair value of the net assets acquired and is expected to be fully deductible for tax purposes. Goodwill consists primarily of expected synergies of combining operations, the acquired workforce, and growth opportunities, none of which qualify as separately identifiable intangible assets.

Pro forma information giving effect to the acquisition has not been provided, as the results would not be material.

During 2023, the Company completed several transactions, including acquisitions of an entity and additional assets, for a total consideration of $22 million.

MakerBot and Ultimaker transaction ("Ultimaker")

On August 31, 2022, Stratasys completed the merger of MakerBot (previously, a wholly-owned subsidiary) with Ultimaker, which together formed a new entity under the name Ultimaker.

The Company accounts for its investment in the combined company Ultimaker 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. The Company recognized an equity method investment in a total amount of $105.6 million comprised of the assumed fair value of the MakerBot shares and additional amount invested in cash by the Company, representing a share of 46.5% in the new entity.

During 2023, Ultimaker encountered difficulties in its business partially as a result of tighter competition and global market conditions. As a result, senior management at Ultimaker was replaced and the new management implemented a restructuring plan and additional steps to reduce cost and improve profitability. The Company considered such events as indicators of potential impairment and accordingly performed an impairment analysis for the investment in Ultimaker. Based on such valuation, the fair value of the investment was estimated below its carrying amount and such reduction in fair value was determined to be other than temporary. Accordingly the Company recorded an impairment charge in an amount of $13.9 million, which was recorded in share in losses of associated companies in the consolidated statements of operations and comprehensive loss. Management’s cash flow projections for the fair value of the investment in Ultimaker include significant judgments and assumptions relating to the cash flow projections, future growth and future profitability. Actual results could differ from those estimates, and such differences could be material and may result in other than temporary reduction in fair value, which could lead to additional impairments in the carrying value of the Ultimaker investment.

On March 22, 2024, Ultimaker's shareholders agreed to provide it with additional funding of $8.0 million in cash, out of which $4.5 million was funded by the Company during the six months ended June 30, 2024.

As of June 30, 2024 and December 31, 2023 the Company's equity investment in Ultimaker amounted to $72.2 million and $67.8 million, respectively, which represents the Company's investment in Ultimaker, net of the Company's share in Ultimaker's net losses for the respective periods in amounts of $0.1 million and $32.4 million, respectively.

Other long-term investments

In addition to the investment in Ultimaker, other investments included under Long-term investments represent investments in non-marketable equity securities and convertible notes of several companies without readily determinable fair value in which the Company does not have a controlling interest or significant influence. During the six months ended June 30, 2024 and during 2023, the Company invested a total of $5.4 million and $11.5 million, respectively, in non-marketable equity securities and convertible notes of several companies.

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, 2024

and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(U.S. $ in thousands)		(U.S. $ in thousands)	
Americas				
Systems	$ 14,054	$ 28,975	$ 32,047	$ 50,161
Consumables	36,182	33,757	71,724	66,329
Service	33,252	39,463	66,525	75,785
Total Americas	83,488	102,195	170,296	192,275
EMEA				
Systems	9,800	12,054	19,523	23,456
Consumables	19,945	17,910	41,115	36,821
Service	7,308	6,920	14,888	14,487
Total EMEA	37,053	36,884	75,526	74,764
Asia Pacific				
Systems	5,125	7,284	10,294	15,148
Consumables	8,488	9,132	18,087	18,168
Service	3,887	4,256	7,888	8,773
Total Asia Pacific	17,500	20,672	36,269	42,089
Total Revenues	$ 138,041	$ 159,751	$ 282,091	$ 309,128

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, 2024 and 2023:

	Three Months Ended June 30,		six months ended June 30, 2024	
	2024	2023	2024	2023
	(U.S. $ in thousands)		(U.S. $ in thousands)	
Revenues recognized in point in time from:				
Products	$ 93,594	$ 109,112	$ 192,790	$ 210,083
Services	12,847	14,156	26,619	27,847
Total revenues recognized in point in time	106,441	123,268	219,409	237,930
Revenues recognized over time from:				
Services	31,600	36,483	62,682	71,198
Total revenues recognized over time	31,600	36,483	62,682	71,198
Total Revenues	$ 138,041	$ 159,751	$ 282,091	$ 309,128

<u>*Contract Assets and Contract Liabilities*</u>

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, 2024 and December 31, 2023.

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 revenue. The Company's deferred revenue as of June 30, 2024 and December 31, 2023 was as follows:

	June 30, 2024	December 31, 2023
	U.S. $ in thousands	
Deferred revenue *	$ 69,794	$ 76,265

*Includes $18.9 million and $23.7 million under long-term deferred revenue in the Company's consolidated balance sheets as of June 30, 2024 and December 31, 2023, respectively.

Revenue recognized in 2024 that was included in deferred revenue balance as of December 31, 2023 was $ 14.5 million and $33.1 million for the three and six months ended June 30, 2024, respectively.

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, 2024, the total RPO amounted to $98.3 million. The Company expects to recognize $68.0 million of this RPO during the next 12 months, $ 14.7 million over the subsequent 12 months and the remaining $ 15.6 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. As of June 30, 2024 and December 31, 2023, the deferred commissions amounted to $10.3 million and $10.3 million, respectively.

Note 5. Inventories

Inventories consisted of the following:

	June 30, 2024	December 31, 2023
	U.S. $ in thousands	
Finished goods	$ 95,670	$ 86,908
Work-in-process	9,870	9,871
Raw materials	90,965	96,197
	$ 196,505	**$ 192,976**

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, 2024 were as follows:

	U.S. $ in thousands
Goodwill as of January 1, 2024	$ 100,051
Foreign currency translation adjustments	(877)
Goodwill as of June 30, 2024	$ 99,174

During the fourth quarter of 2023, the Company performed its annual impairment test for goodwill impairment. The Company performed a quantitative assessment for goodwill impairment for its Stratasys-Core reporting unit and concluded that the fair value of Stratasys-Core reporting unit exceeded its carrying amount by approximately 34%, with a carrying amount of goodwill assigned to this reporting unit in an amount of $100.0 million. When evaluating the fair value of Stratasys-Core reporting unit under the income approach, the Company used a discounted cash flow model which utilized Level 3 measures that represent unobservable inputs. Key assumptions used to determine the estimated fair value include: (a) internal cash flows forecasts for 4 years following the assessment date, including expected revenue growth, costs to produce, operating profit margins and estimated capital needs; (b) an estimated terminal value using a terminal year long- term future growth determined based on the growth prospects of the reporting unit; and (c) a discount rate which reflects the weighted average cost of capital adjusted for the relevant risk associated with the Stratasys-Core reporting unit operations and the uncertainty inherent in the Company's internally developed forecasts.

In order to assess the reasonableness of its cash flow projections used for its goodwill impairment analysis, the Company compared the aggregate fair value of its reporting units to its market capitalization and calculated the implied control premium. The Company believes that its fair value assessment is reasonably supported by its calculated market capitalization.

Actual results may differ from those assumed in the Company's valuation method. It is reasonably possible that the Company's assumptions described above could change in future periods. If any of these were to vary materially from the Company's plans, it may record impairment of goodwill allocated to this reporting unit in the future.

Based on the Company's assessment as of December 31, 2023, no goodwill was determined to be impaired.

During the second quarter of 2024, the Company performed an analysis of the impact of recent events, including business and industry specific considerations, on the fair value of Stratasys-Core reporting unit. As part of this analysis the Company considered the changes in market capitalization and the sensitivity of estimates and assumptions used in the last annual impairment test as well as potential impacts of macro-economic pressure. The Company also analyzed the aggregate fair value of its reporting units compared to its market capitalization as part of its goodwill impairment test, in order to assess the reasonableness of the results of its cash flow projections used for its goodwill impairment analysis. The Company noted its market capitalization was below management's assessment of the aggregate fair value of its reporting units. However, as of June 30, 2024, the Company's market capitalization plus a reasonable control premium exceeded its book value.

While management believes the goodwill of the reporting unit is currently not impaired, there can be no assurances that goodwill will not be impaired in future periods. The Company will continue to monitor the fair value of its Stratasys-Core reporting unit to determine whether events and changes in circumstances such as further deterioration in the business climate or operating results, significant decline in the Company's share price, changes in management's business strategy or downward changes of the Company's cash flows projections, warrant further interim impairment testing.

Other Intangible Assets

Other intangible assets consisted of the following:

	June 30, 2024			December 31, 2023		
	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	$ 403,035	$ (309,542)	$ 93,493	$ 403,180	$ (300,780)	$ 102,400
Patents	20,975	(11,041)	9,934	19,396	(10,246)	9,150
Trademarks and trade names	22,161	(16,940)	5,221	22,286	(15,936)	6,350
Customer relationships	102,634	(94,821)	7,813	102,520	(92,639)	9,881
Capitalized software development costs	3,236	(3,236)	—	4,367	(4,367)	—
	$ 552,041	$ (435,580)	$ 116,461	$ 551,749	$ (423,968)	$ 127,781

Amortization expenses relating to intangible assets for the three-month periods ended June 30, 2024 and 2023 were approximately $ 5.7 million and $7.1 million, respectively. Amortization expenses relating to intangible assets for the six-month periods ended June 30, 2024 and 2023 were approximately $12.6 million and $13.3 million, respectively.

As of June 30, 2024, the estimated amortization expenses relating to intangible assets for each of the following future periods were as follows:

	Estimated amortization expenses	
	(U.S. $ in thousands)	
Remaining 6 months of 2024	$	11,245
2025		21,336
2026		21,247
2027		20,320
2028		16,290
2029 and thereafter		26,023
Total	$	116,461

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, 2024 and 2023:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
	In thousands, except per share amounts				In thousands, except per share amounts			
Numerator:								
Net loss for basic and diluted net loss per share	$	(25,743)	$	(38,615)	$	(51,726)	$	(60,839)
Denominator:								
Weighted average shares - for basic and diluted net loss per share		70,746		68,648		70,367		68,107
Net loss per share								
Basic and diluted	$	(0.36)	$	(0.56)	$	(0.74)	$	(0.89)

The computation of diluted net loss per share excluded share awards of 5.5 million shares and 3.0 million million shares for the three months ended June 30, 2024 and 2023 respectively, because the inclusion of those shares would have had an anti-dilutive effect on the diluted net loss per share.

The computation of diluted net loss per share excluded share awards of 3.9 million shares and 3.3 million shares for the six months ended June 30, 2024 and 2023 respectively, because the inclusion of those shares would have had an anti-dilutive effect on the diluted net loss per share.

Note 8. Income Taxes

The Company had income tax expenses of $0.8 million for the three-month period ended June 30, 2024, compared to income tax expenses of $0.7 million for the three-month period ended June 30, 2023. The Company had income tax expenses of $1.5 million for the six-month period ended June 30, 2024, compared to income tax expenses of $4.5 million for the six-month period ended June 30, 2023. The Company's effective tax rate as of June 30, 2024, was primarily impacted by the geographic mix of its earnings and losses, movements in its valuation allowance and changes in its uncertain tax positions.

Note 9. Fair Value Measurements

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, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(U.S. $ in thousands)					
Assets:						
Foreign exchange forward contracts not designated as hedging instruments	$ —	$ 82	$ —	$ —	$ 164	$ —
Foreign exchange forward contracts designated as hedging instruments	—	1,485	—	—	2,087	—
Convertible notes	—	—	8,786	—	—	7,018
Marketable securities	828			1,994	—	—
Liabilities:						
Foreign exchange forward contracts not designated as hedging instruments	—	(31)	—	—	(51)	—
Foreign exchange forward contracts designated as hedging instruments	—	(47)	—	—	(657)	—
Contingent consideration*	—	—	(18,371)	—	—	(18,603)
	$ 828	$ 1,489	$ (9,585)	$ 1,994	$ 1,543	$ (11,585)

*Includes $6.5 million and $6.7 million under accrued expenses and other current liabilities in the Company's consolidated balance sheets as of June 30, 2024 and December 31, 2023, 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 receivables, 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, British Pound, 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 December 2024.

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, 2024	December 31, 2023	June 30, 2024	December 31, 2023
		U.S. $ in thousands			
Assets derivatives -Foreign exchange contracts, not designated as hedging instruments	Other current assets	$ 82	$ 164	$ 35,581	$ 82,873
Assets derivatives -Foreign exchange contracts, designated as cash flow hedge	Other current assets	1,485	2,087	54,152	51,830
Liability derivatives -Foreign exchange contracts, not designated as hedging instruments	Accrued expenses and other current liabilities	(31)	(51)	47,237	21,168
Liability derivatives -Foreign exchange contracts, designated as cash flow hedge	Accrued expenses and other current liabilities	(47)	(657)	13,066	74,054
		$ 1,489	$ 1,543	$ 150,036	$ 229,925

Foreign exchange contracts not designated as hedging instruments

As of June 30, 2024, the notional amounts of the Company's outstanding exchange forward contracts, not designated as hedging instruments, were $82.8 million, and were used to reduce foreign currency exposures of the Euro, New Israeli Shekel (the "NIS"), British Pound, Japanese Yen, Korean Won and Chinese Yuan. With respect to such derivatives, a gain of $0.5 million and a gain of $ 1.6 million were recognized under financial expenses, net for the three-month periods ended June 30, 2024 and 2023, respectively and a gain of $1.8 million and a gain of $ 1.2 million million were recognized under financial expenses, net for the six-month periods ended June 30, 2024 and 2023, respectively. Such gains partially offset the revaluation losses of the balance sheet items which are also recognized under financial income (expenses), net.

Cash Flow Hedging - Hedges of Forecasted Foreign Currency Payroll and other operating expenses

As of June 30, 2024, the Company had in effect foreign exchange forward contracts, designated as cash flow hedges for accounting purposes, for the conversion of $27.3 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 denominated in New Israeli Shekels. 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

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.

As of June 30, 2024, the Company had in effect foreign exchange forward contracts, designated as cash flow hedges for accounting purposes, for the conversion of €36.0 million into dollars.

Note 11. Equity

a. Stock-based compensation plans

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	U.S $ in thousands		U.S $ in thousands	
Cost of revenues	$ 1,010	$ 999	$ 1,962	$ 1,931
Research and development, net	2,120	1,867	4,251	3,956
Selling, general and administrative	4,216	5,156	9,782	10,376
Total stock-based compensation expenses	$ 7,346	$ 8,022	$ 15,995	$ 16,263

A summary of the Company's stock option activity for the six months ended June 30, 2024 is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding as of January 1, 2024	1,360,652	20.67
Granted	—	—
Exercised	(12,413)	12.30
Forfeited	(54,569)	24.30
Options outstanding as of June 30, 2024	1,293,670	20.60
Options exercisable as of June 30, 2024	1,014,148	21.80

As of June 30, 2024, the unrecognized compensation cost of $0.3 million related to all unvested, equity-classified stock options is expected to be recognized as an expense over a weighted-average period of 1.56 years.

A summary of the Company's RSUs and PSUs activity for the six months ended June 30, 2024 is as follows:

	Number of RSUs and PSUs	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2024	3,842,232	17.95
Granted	1,867,931	11.77
Vested	(1,020,493)	19.12
Forfeited	(213,697)	19.14
Unvested as of June 30, 2024	4,475,973	18.83

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, 2024, the unrecognized compensation cost of $55.7 million related to all unvested, equity-classified RSUs and PSUs is expected to be recognized as expense over a weighted-average period of 2.79 years.

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, 2024 and 2023, respectively:

	Six Months Ended June 30, 2024		
	Net Unrealized Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Total
	U.S. $ in thousands		
Balance as of January 1, 2024	$ 1,790	$ (8,869)	$ (7,079)
Other comprehensive income (loss) before reclassifications	1,459	(2,210)	(751)
Amounts reclassified from accumulated other comprehensive loss	(1,303)	—	(1,303)
Other comprehensive loss	156	(2,210)	(2,054)
Balance as of June 30, 2024	$ 1,946	$ (11,079)	$ (9,133)

	Six Months Ended June 30, 2023		
	Net Unrealized Gain (Loss) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Total
	U.S. $ in thousands		
Balance as of January 1, 2023	$ (299)	$ (12,519)	$ (12,818)
Other comprehensive income before reclassifications	(2,708)	1,834	(874)
Amounts reclassified from accumulated other comprehensive loss	1,021	—	1,021
Other comprehensive income	(1,687)	1,834	147
Balance as of June 30, 2023	$ (1,986)	$ (10,685)	$ (12,671)

Note 12. Contingencies

Legal proceedings

Litigation with Nano Dimension regarding Stratasys' Rights Plan and Nano Dimension's tender offer

On April 25, 2023, the Company was named as a defendant in an action filed by Nano in the Tel-Aviv District Court in which Nano sought declaratory relief declaring that Stratasys' shareholder rights plan is both illegal and void, and also requested a court order enjoining the Company and its directors from intervening with, or hindering in any way, a tender offer that Nano at the time intended to launch to acquire Stratasys ordinary shares.

On June 8, 2023, in its statement of defense, the Company rejected all of Nano's claims, stating, among other things, that there was a substantial change of circumstance since Nano's action was filed due to Stratasys' entry into the Desktop Metal Merger Agreement on May 25, 2023 and the launch of Nano's tender offer on May 25, 2023. The Company argued that its rights plan is legal under Israeli law, and that due to the many flaws and unlawful conditions of Nano's tender offer and Nano's conduct and circumstances, The Company's board was obligated to get involved and protect the Company and its shareholders. The Company also submitted a counterclaim to the court, seeking an order restraining Nano from completing its tender offer until certain conditions were to be fulfilled.

On July 18, 2023, in the context of an interim procedural decision, the Israeli court took the opportunity to express its preliminary view on the legality of shareholder rights plans for Israeli companies. The court indicated that it is inclined to view rights plans as permissible under Israeli law; that the adoption of a rights plan by a board should be viewed "with suspicion"; and that the board would bear the burden of proving certain matters related to the adoption of such a plan.

After Nano's tender offer expired on July 31, 2023, the Tel-Aviv District Court decided that the litigation should be put on hold. On October 10, 2023, the court issued an order instructing the parties to inform it whether they consent to the dismissal of the claim and counter-claim, with no order for costs. On November 15, 2023, Nano informed the court that it requests to resume the proceedings. On December 19, 2023, the court issued an order noting that, from the parties' written submissions, it is appropriate to rule upon one critical question: whether, under Israeli law, a Company can adopt a 'poison pill' (i.e., a shareholder rights plan). The court further noted that Nano should consider either amending its claim or withdrawing it and filing a new one. The court emphasized that no new evidence will be allowed and that should Nano choose to proceed with the then-current action, the only question to be considered by the court is the validity of the poison pill under Israeli law. On July 1, 2024, following a request submitted by Nano, which was unopposed by the Company, the court dismissed Nano's claim without prejudice.

Ordinary course litigation

In addition to the foregoing litigations, the Company is also 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.

Note 13. Subsequent Events

In August 2024, the Company announced cost savings initiatives that includes a global workforce reduction. As a result of this restructuring plan, the Company expects $40 million of aggregate annualized cost savings. The Company anticipates that the 2024 this initiatives will be substantially complete by the end of 2024.

Exhibit 99.2

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, 2023, filed with the Securities and Exchange Commission, or SEC, on March 11, 2024, or our 2023 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 2,600 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, fashion and education. Our products and comprehensive solutions improve product quality, development time, cost, time-to-market and patient care. Our 3D ecosystem of solutions and expertise includes 3D printers, materials, software, expert services, and on-demand parts production. By the end of 2023, we estimate that we derived over 34% of our revenues from manufacturing solutions.

A series of acquisitions and other transactions in the last few years has strengthened our leadership in various facets of our business, and has added incremental growth engines to our platform. Our acquisition, in December 2020, of Origin Laboratories, Inc., or Origin, significantly strengthened our leadership in mass production for polymer 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 P3 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 completed transaction between our former subsidiary, MakerBot, a leader in desktop 3D printing, and Ultimaker, gave us an approximately 46.5% 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 desktop 3D printing segment. Our October 2022 asset acquisition from the quality assurance software company Riven, a Berkeley, California-based start-up, enables us to fully integrate its cloud-based software solution into our GrabCAD® Additive Manufacturing Platform, thereby enabling more manufacturing customers to adopt Stratasys solutions for end-use parts production. Our acquisition, in April 2023, of Covestro's additive manufacturing business gives us the ability to accelerate innovative developments in 3D printing materials and to thereby further grow adoption of our newest technologies, including our Origin P3™, Neo® stereolithography, and H350™ printers, with which Covestro's resins can be used. Also, as part of this acquisition we acquired an IP portfolio comprised of hundreds of patents and pending patents.

Recent Developments- Strategic Alternatives

Completion of Strategic Alternatives Process

During the second quarter of 2024, we completed the comprehensive process to explore strategic alternatives for our company, in order to maximize value for all Stratasys shareholders, which we had initiated on September 28, 2023 (as described in our Report of Foreign Private Issuer on Form 6-K that we furnished to the SEC on that day, available at the following link: https://www.sec.gov/Archives/edgar/data/1517396/000121390023080136/ea185964-6k_stratasys.htm). The goals of that process were to further solidify our leadership in additive manufacturing, while focusing our business model to deliver a significantly improved and consistently profitable, cash-flow positive additive manufacturing company, throughout cycles. At the conclusion of that process, our board of directors identified restructuring initiatives in two important areas to further those goals and to best position Stratasys to maximize value:

(i) Our first initiative is to adjust our cost structure to better match current market conditions, primarily through an approximately 15% headcount reduction that will drive the majority of an expected $40 million in annual run rate savings. This initiative is expected to generate an annualized EBITDA margin of 8% at current revenue levels. The first full-quarter's benefit of these cost savings is expected in the first quarter of 2025.

(ii) Our second initiative is to enhance our efforts to remove barriers and help customers increase their pace of adoption of additive manufacturing. This involves addressing the total cost of ownership, which is largely influenced by materials consumption. We plan to increase our investment of resources to better educate and support our customers' engineers, who are still learning to fully utilize additive manufacturing design and workflow benefits. We will also increase efforts to standardize additive manufacturing to better align with traditional manufacturing processes, making it easier for broader adoption. As part of this initiative, we plan to leverage our scale and breadth of technology to focus our go to market efforts on areas we view as the main growth drivers of our business –applications where additive manufacturing presents the most compelling benefits relative to conventional methods.

Shareholder Rights Plan

In order to enhance our ability to conduct a strategic alternatives process while it was ongoing and to preserve for all shareholders the long-term value of our company in the event of a takeover or acquisition of a controlling stake without the payment of a control premium for all Stratasys ordinary shares, on December 21, 2023, our board of directors had unanimously adopted a limited-duration shareholder rights plan, or the New Rights Plan. The New Rights Plan, if triggered, would significantly dilute the ownership of any Acquiring Person (as defined in the New Rights Plan). The New Rights Plan, which expires on December 19, 2024, contains enhanced shareholder protections that are intended to limit the scope of the New Rights Plan. The New Rights Plan is designed to give all of our shareholders (other than an offeror) a way to voice their position directly to the board on certain types of offers— via an advisory shareholder vote as to whether the plan should apply to those offers— and, in other circumstances, exempts a qualifying offer from the rights under the plan altogether.

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, 2024, should be evaluated in light of current global macroeconomic conditions, including certain challenging trends that have also impacted the additive manufacturing industry. Our revenues in the six-month period ended June 30, 2024 decreased by 8.7% relative to the corresponding six months ended June 30, 2023 This decrease in revenues was mostly due to macro-economic pressure on the capital expenditure budgets of our customers, which has been causing longer sales cycles for our systems and occasional deferral of orders of our systems. Our results also reflected the divestment of certain Stratasys Direct Manufacturing, or SDM businesses. On the other hand, the second quarter results also evidence stronger utilization of our installed systems by our customers, which drove higher revenues in consumables.

We continue to closely monitor macroeconomic conditions, including the headwinds caused by inflation, relatively high interest rates and other trends that have been adversely impacting economic activity on a global scale, and which have also adversely affected the additive manufacturing industry generally and our company, in particular. 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 to the extent possible. We estimate that in the last two quarters, those conditions have impacted us most notably by extending the length of our sales cycles and thereby reducing our products revenues.Assuming that those inflationary pressures ease, and the global economy remains relatively stable, we expect that products revenues will once again improve, as and when we execute on our growth plans and as a result of shorter sales cycles.

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

- Israel's retaliatory war against Hamas, Hezbollah and other nearby terrorist organizations, which up to the present time has had a limited impact on our Israeli and global operations. However, given the fact that one of our global headquarters and one of our manufacturing facilities are located in Israel, in case the war widens into a regional conflict and/or worsens Israeli or global economic conditions, that could have an adverse impact on our operations;
- the slow pace at which central banks in Europe and the U.S. may reduce interest rates in order to avoid triggering upwards inflationary pressure, which would leave interest rates at relatively high levels for a longer period of time, thereby leaving in place unfavorable credit/financing conditions for our customers; and
- potential contraction of economic activities and recessionary conditions that could arise as a result of a weaker labor market and a decrease in consumer demand;

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 2024 with $150.9 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 cost controls, while ensuring that our new product introduction, or 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, 2024 with the corresponding period in 2023.

Results of Operations

Comparison of Three Months Ended June 30, 2024 to Three Months Ended June 30, 2023

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

	Three Months Ended June 30,			
	2024		2023	
	U.S. $ in thousands	% of Revenues	U.S. $ in thousands	% of Revenues
Revenues	$ 138,041	100.0 %	$ 159,751	100.0 %
Cost of revenues	77,541	56.2 %	93,529	58.5 %
Gross profit	60,500	43.8 %	66,222	41.5 %
Research and development, net	25,680	18.6 %	24,305	15.2 %
Selling, general and administrative	60,863	44.1 %	75,576	47.3 %
Operating loss	(26,043)	-18.9 %	(33,659)	(21.1) %
Financial income (expenses), net	(726)	-0.5 %	687	0.4 %
Loss before income taxes	(26,769)	-19.4 %	(32,972)	(20.6) %
Income tax expenses	762	0.6 %	725	0.5 %
Share in profits (losses) of associated companies	1,788	1.3 %	(4,918)	(3.1) %
Net loss	$ (25,743)	(18.6) %	$ (38,615)	(24.2) %

Discussion of Results of Operations

Revenues

Our products and services revenues in the three months ended June 30, 2024 and 2023, as well as the percentage change reflected thereby, were as follows:

	Three Months Ended June 30,		
	2024	2023	% Change
	U.S.$ in thousands		
Products	$ 93,594	$ 109,112	(14.2) %
Services	44,447	50,639	(12.2) %
Total Revenues	$ 138,041	$ 159,751	(13.6) %

Products Revenues

Revenues derived from products (including systems and consumable materials) decreased by $15.5 million, or 14.2%, for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, mainly as a result of a decrease in systems revenues attributable to longer sales cycle in an amount of $19.3 million, partially offset by higher consumables revenues of $3.8 million, as a result of higher usage of our systems.

Revenues derived from systems decreased by $19.3 million, or 40.0%, for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The decrease was mainly attributable to longer sales cycle.

Revenues derived from consumables increased by $3.8 million, or 6.3%, for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The increase in consumables revenues was mainly attributable to higher utilization rates of our systems.

Services revenues (including SDM, maintenance contracts, time and materials and other services) decreased by $6.2 million for the three months ended June 30, 2024, or 12.2%, as compared to the three months ended June 30, 2023. The decrease was primarily attributable to lower SDM revenues as a result of our divestiture of several businesses in SDM. Within services revenues, customer support revenue, which includes revenues generated mainly by maintenance contracts on our systems, decreased by 3.8%.

Revenues by Region

Revenues and the percentage of revenues by region for the three months ended June 30, 2024 and 2023, as well as the percentage change in revenues in each such region reflected thereby, were as follows:

	Three Months Ended June 30,				
	2024		2023		
	U.S.$ in thousands	% of Revenues	U.S.$ in thousands	% of Revenues	% Change
Americas*	$ 83,488	60.5 %	$ 102,195	64.0 %	(18.3) %
EMEA	37,053	26.8 %	36,884	23.1 %	0.5 %
Asia Pacific	17,500	12.7 %	20,672	12.9 %	(15.3) %
	$ 138,041	100 %	$ 159,751	100 %	(13.6) %

* Represent the United States, Canada and Latin America

Revenues in the Americas region decreased by $18.7 million, or 18.3%, to $83.5 million for the three months ended June 30, 2024, compared to $102.2 million for the three months ended June 30, 2023. The decrease was primarily attributable to longer sales cycle and our divestment of certain SDM businesses, partially offset by higher consumables revenues driven by higher utilization rates of systems, in an amount of $2.4 million.

Revenues in the EMEA region increased by $0.2 million, or 0.5%, to $37.1 million for the three months ended June 30, 2024, compared to $36.9 million for the three months ended June 30, 2023. The increase was primarily attributable to higher consumables revenues driven by higher utilization rates, in an aggregate amount of $2.0 million, partially offset by a decrease in systems revenues.

Revenues in the Asia Pacific region decreased by $3.2 million, or 15.3%, to $17.5 million for the three months ended June 30, 2024, compared to $20.7 million for the three months ended June 30, 2023. The decrease was primarily attributable to a slowdown in systems revenues. On a constant currency basis, when using the prior year quarterly period's exchange rates, revenues decreased by $2.7 million, or 13.2%.

Gross Profit

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

	Three Months Ended June 30,		
	2024	2023	Change in %
Gross profit attributable to:	U.S. $ in thousands		
Products	$ 46,838	$ 51,536	(9.1) %
Services	13,662	14,686	(7.0) %
	$ 60,500	$ 66,222	(8.6) %

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

	Three Months Ended June 30,	
Gross profit as a percentage of revenues from:	2024	2023
Products	50.0 %	47.2 %
Services	30.7 %	29.0 %
Total gross margin	43.8 %	41.5 %

Gross profit attributable to products revenues decreased by $4.7 million, or 9.1%, to $46.8 million for the three months ended June 30, 2024, compared to gross profit of $51.5 million for the three months ended June 30, 2023. Gross margin attributable to products revenues for the three months ended June 30, 2024 increased to 50.0%, as compared to 47.2% for the three months ended June 30, 2023. The decrease in gross profit was mainly attributable to the impact of the decrease in products revenues. The increase in gross margin was attributable to a more favorable mix of consumable revenues with higher gross margins.

Gross profit attributable to services revenues decreased by $1.0 million, or 7.0%, to $13.7 million for the three months ended June 30, 2024, compared to $14.7 million for the three months ended June 30, 2023. Gross margin attributable to services revenues increased to 30.7% in the three months ended June 30, 2024, as compared to 29.0% for the three months ended June 30, 2023. The decrease in gross profit was mainly as a result of SDM divestiture, attributable to lower SDM revenues, partially offset by lower restructuring charges of $3.7 million. Our gross margin from services revenues increased mainly as a result of our divestiture of several businesses in SDM with lower gross margins.

Operating Expenses

The amount of each type of operating expense for the three months ended June 30, 2024 and 2023, 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,		
	2024	2023	% Change
	U.S.$ in thousands		
Research and development, net	$ 25,680	$ 24,305	5.7 %
Selling, general and administrative	60,863	75,576	(19.5)%
	$ 86,543	$ 99,881	(13.4)%
Percentage of revenues	62.7 %	62.5 %	

Operating expenses were $86.5 million in the second quarter of 2024, compared to operating expenses of $99.9 million in the second quarter of 2023. The decrease in operating expenses was primarily driven by lower costs related to prospective and potential mergers and acquisitions, defense against hostile tender offer, proxy contest and related professional fees in an amount of $10.9 million, lower amortization expense in amount of $1.6 million in the second quarter of 2024, and lower employee and employee related expenses.

Research and development expenses increased by $1.4 million, or 5.7% to $25.7 million for the three months ended June 30, 2024, compared to $24.3 million for the three months ended June 30, 2023. The amount of research and development expenses constituted 18.6% of our revenues for the three months ended June 30, 2024, as compared to 15.2% for the three months ended June 30, 2023. The research and development expenses increased mainly due to higher employee and employee related expenses.

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 that will enhance our current solutions offerings.

Selling, general and administrative expenses decreased by $14.7 million, or 19.5%, to $60.9 million for the three months ended June 30, 2024, compared to $75.6 million for the three months ended June 30, 2023. The absolute decrease in selling, general and administrative expenses, was mainly attributable to the significant reduction in costs related to prospective and potential mergers and acquisitions, defense against hostile tender offer, proxy contest and related professional fees of $10.9 million in the three months ended June 30, 2023, lower employee and employee related expenses, and lower amortization expense in amount of $1.6 million. The amount of selling, general and administrative expenses constituted 44.1% of our revenues for the three months ended June 30, 2024, as compared to 47.3% for the three months ended June 30, 2023.

Operating Loss

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

	Three Months Ended June 30,			
	2024		2023	
	U.S.$ in thousands			
Operating loss	$	(26,043)	$	(33,659)
Percentage of revenues		(18.9) %		(21.1) %

Operating loss amounted to $26.0 million for the three months ended June 30, 2024, compared to an operating loss of $33.7 million for the three months ended June 30, 2023. The absolute decrease in the operating loss of $7.6 million was primarily due to the $13.3 million decrease in operating expenses, partially offset by our decrease in gross profit. The decrease of operating loss as a percentage of revenues by 2.2%, was attributable to the increase of our gross margin, partially offset by an increase in operating expenses as a percentage of revenues, for the reasons described in the discussion of the above line items.

Financial Income (Expenses), net

Financial expenses, net, which was primarily comprised of foreign currencies effects, interest income and interest expenses, was $0.7 million for the three months ended June 30, 2024, compared to financial income, net of $0.7 million for the three months ended June 30, 2023.

Income Taxes

Income tax expenses and income tax expenses as a percentage of net loss before taxes were as follows for the three months ended June 30, 2024 and 2023:

	Three Months Ended June 30,			
	2024		2023	
	U.S.$ in thousands			
Income tax expenses	$	762	$	725
As a percentage of loss before income taxes		(2.8) %		(2.2) %

We had an effective tax rate of 2.8% for the three months ended June 30, 2024, compared to an effective tax rate of 2.2% for the three months ended June 30, 2023. Our effective tax rate in the second quarter of 2024 was primarily impacted by the geographic mix of our earnings and losses, movements in our valuation allowance and changes in our uncertain tax positions.

Share in Profits (Losses) of Associated Companies

Share in profits (losses) of associated companies reflects our proportionate share of the profit (losses) of unconsolidated entities accounted for by using the equity method of accounting. During the three months ended June 30, 2024, the profit from our proportionate share of the profits of our equity method investments was $1.8 million, compared to a loss of $4.9 million in the three months ended June 30, 2023.

Net Loss and Net Loss Per Share

Net loss and net loss per share were as follows:

	Three Months Ended June 30,	
	2024	2023
	U.S.$ in thousands	
Net loss	$ (25,743)	$ (38,615)
Percentage of revenues	(18.6) %	(24.2) %
Basic and diluted net loss per share	$ (0.36)	$ (0.56)

Net loss was $25.7 million for the three months ended June 30, 2024 compared to net loss of $38.6 million for the three months ended June 30, 2023. The decrease in net loss was mainly attributable to the decrease in our operating loss of $7.7 million, and the change in our share in profit of associated companies in an aggregate amount of $6.7 million.

Net loss per share was $0.36 for the three months ended June 30, 2024 as compared to net loss per share of $0.56 for the three months ended June 30, 2023. The weighted average fully diluted share count was 70.7 million during the three months ended June 30, 2024, compared to 68.6 million during the three months ended June 30, 2023.

Results of Operations

Comparison of Six months ended June 30, 2024 to Six months ended June 30, 2023

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

	Six months ended June 30,			
	2024		2023	
	U.S. $ in thousands	% of Revenues	U.S. $ in thousands	% of Revenues
Revenues	$ 282,091	100.0 %	$ 309,128	100.0 %
Cost of revenues	157,694	55.9 %	177,511	57.4 %
Gross profit	124,397	44.1 %	131,617	42.6 %
Research and development, net	49,657	17.6 %	45,780	14.8 %
Selling, general and administrative	125,236	44.4 %	136,293	44.1 %
Operating loss	(50,496)	(17.9) %	(50,456)	(16.3) %
Financial income, net	491	0.2 %	1,460	0.5 %
Loss before income taxes	(50,005)	(17.7) %	(48,996)	(15.8) %
Income tax expenses	1,478	0.5 %	4,500	1.5 %
Share in losses of associated companies	(243)	(0.1) %	(7,343)	(2.4) %
Net loss	$ (51,726)	(18.3) %	$ (60,839)	(19.7) %

Discussion of Results of Operations

Revenues

Our products and services revenues in the six months ended June 30, 2024 and 2023, as well as the percentage change reflected thereby, were as follows:

	Six months ended June 30,		
	2024	2023	% Change
	U.S.$ in thousands		
Products	$ 192,790	$ 210,083	(8.2) %
Services	89,301	99,045	(9.8) %
Total Revenues	$ 282,091	$ 309,128	(8.7) %

Products Revenues

Revenues derived from products (including systems and consumable materials) decreased by $17.3 million, or 8.2%, for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, as a result of a decrease in systems revenues attributable to longer sales cycle, partially offset by an increase of $9.6 million in consumables revenues driven by our recent acquisitions and higher usage of our systems.

Revenues derived from systems for the six months ended June 30, 2024 decreased by $26.9 million, or 30.3% as compared to the six months ended June 30, 2023. The decrease was mainly attributable to longer sales cycles.

Revenues derived from consumables increased by $9.6 million, or 7.9%, for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The increase in consumables revenues was mainly attributable to revenues driven by our recent acquisitions as well as higher utilization rates of our systems.

Services Revenues

Services revenues (including SDM, maintenance contracts, time and materials and other servces) decreased by $9.7 million for the six months ended June 30, 2024, or 9.8%, as compared to the six months ended June 30, 2023. The decrease was primarily attributable to lower SDM revenues as a result of our divestiture of several businesses in SDM. Within services revenues, customer support revenue, which includes revenue generated mainly from maintenance contracts on our systems, increased by1.9%.

Revenues by Region

Revenues and the percentage of revenues by region for the six months ended June 30, 2024 and 2023, as well as the percentage change in revenues in each such region reflected thereby, were as follows:

	Six months ended June 30,			
	2024		2023		% Change
	U.S.$ in thousands	% of Revenues	U.S.$ in thousands	% of Revenues	
Americas*	$ 170,296	60.4 %	$ 192,275	62.2 %	(11.4) %
EMEA	75,526	26.8 %	74,764	24.2 %	1.0 %
Asia Pacific	36,269	12.9 %	42,089	13.6 %	(13.8) %
	$ 282,091	100 %	$ 309,128	100.0 %	(8.7) %

* Consists of the United States, Canada and Latin America

Revenues in the Americas region decreased by $22.0 million, or 11.4%, to $170.3 million for the six months ended June 30, 2024, compared to $192.3 million for the six months ended June 30, 2023. The decrease was mainly attributable to longer sales cycle and the divestment of SDM, partially offset by higher consumables revenues.

Revenues in the EMEA region increased by $0.8 million, or 1.0%, to $75.5 million for the six months ended June 30, 2024, compared to $74.8 million for the six months ended June 30, 2023. The increase was primarily driven by higher consumables revenues, mainlydriven by our recent acquisitions and higher usage of our systems, partially offset by a decrease in systems revenues primarily attributable to longer sales cycle.

Revenues in the Asia Pacific region decreased by $5.8 million, or 13.8%, to $36.3 million for the six months ended June 30, 2024, compared to $42.1 million for the six months ended June 30, 2023. The decrease was primarily wasmainly attributable to longer sales cycle of product revenues. On a constant currency basis when using the prior period's exchange rates, revenues decreased by $4.8 million, or 11.5%.

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,		
	2024	2023	Change in %
Gross profit attributable to:	U.S. $ in thousands		
Products	$ 96,277	$ 101,394	(5.0) %
Services	28,120	30,223	(7.0) %
	$ 124,397	$ 131,617	(5.5) %

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

	Six months ended June 30,	
Gross profit as a percentage of revenues from:	2024	2023
Products	49.9 %	48.3 %
Services	31.5 %	30.5 %
Total gross margin	44.1 %	42.6 %

Gross profit attributable to products revenues decreased by $5.1 million, or 5.0%, to $96.3 million for the six months ended June 30, 2024, compared to gross profit of $101.4 million for the six months ended June 30, 2023. Gross margin attributable to products revenues increased to 49.9% for the six months ended June 30, 2024, compared to 48.3% for the six months ended June 30, 2023. Our gross profit from products revenues decreased mainly as a result of lower system revenues, partially offset by higher consumables revenues. The increase in gross margin was attributable to a more favorable mix of consumable revenues with higher gross margins.

Gross profit attributable to services revenues decreased by $2.1 million, or 7.0%, to $28.1 million for the six months ended June 30, 2024, compared to $30.2 million for the six months ended June 30, 2023. Gross margin attributable to services revenues in the six months ended June 30, 2024 increased to 31.5%, as compared to 30.5% for the six months ended June 30, 2023. Our gross profit attributable to services revenues decreased mainly as a result of SDM divestiture, attributable to lower SDM revenues, partially offset by restructuring charges incurred in the six months ended June 30, 2023. Our gross margin from services revenuesincreased mainly as a result of our divestiture of several businesses in SDM with lower gross margins.

Operating Expenses

The amount of each type of operating expense for the six months ended June 30, 2024 and 2023, as well as the percentage change from period to period reflected thereby, and total operating expenses as a percentage of our total revenues in each such six month period, were as follows:

	Six months ended June 30,		
	2024	2023	% Change
	U.S.$ in thousands		
Research and development, net	$ 49,657	$ 45,780	8.5 %
Selling, general and administrative	125,236	136,293	(8.1) %
	$ 174,893	$ 182,073	(3.9) %
Percentage of revenues	62.0 %	58.9 %	3.1 %

Operating expenses were $174.9 million in the six months ended June 30, 2024, compared to operating expenses of $182.1 million in the six months ended June 30, 2023. The decrease in operating expenses was primarily driven by a significant reduction in costs related to prospective and potential mergers and acquisitions, defense against hostile tender offer, proxy contest and related professional fees of $8.2 million, as well as higher employee and employee related expenses, partially offset by higher costs driven by our recent acquisitions.

Research and development expenses, net increased by $3.9 million, or 8.5%, to $49.7 million for the six months ended June 30, 2024, compared to $45.8 million for the six months ended June 30, 2023. The increase was mainly attributable to higher costs driven by our recent acquisitions and higher employee and employee related costs. The amount of research and development expenses as a percentage of revenues increased, constituting 17.6% of our revenues for the six months ended June 30, 2024, as compared to 14.8% for the six months ended June 30, 2023.

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 decreased by $11.1 million, or 8.1%, to $125.2 million for the six months ended June 30, 2024, compared to $136.3 million for the six months ended June 30, 2023. The amount of selling, general and administrative expenses constituted 44.4% of our revenues for the six months ended June 30, 2024, as compared to 44.1% for the six months ended June 30, 2023. The decrease was mainly attributable to a significant reduction in costs related to prospective and potential mergers and acquisitions, defense against hostile tender offer, proxy contest and related professional fees of $8.2 million, as well as $2,1 million of amortization expenses and employee related expenses.

Operating Loss

Operating loss and operating loss as a percentage of our total revenues were as follows for the six months ended June 30, 2024 and 2023:

	Six months ended June 30,	
	2024	2023
	U.S.$ in thousands	
Operating loss	$ (50,496)	$ (50,456)
Percentage of revenues	(17.9) %	(16.3) %

Operating loss amounted to $50.5 million for each of the six months ended June 30, 2024 and the six months ended June 30, 2023. Our operating loss as a percentage of our revenues increased in the first half of 2024 compared to the first half of 2023, for the reasons described in the discussion of the above line items.

Financial Expenses (Income), net

Financial income, net, which was primarily comprised of foreign currencies effects, interest income and interest expenses, was $0.5 million for the six months ended June 30, 2024, compared to $1.5 million of financial income, net for the six months ended June 30, 2023.

Income Taxes

Income tax expenses and income tax expenses as a percentage of net loss before taxes were as follows for the six months ended June 30, 2024 and the six months ended June 30, 2023:

	Six months ended June 30,	
	2024	2023
	U.S.$ in thousands	
Income tax expenses	$ 1,478	$ 4,500
As a percentage of loss before income taxes	(3.0) %	(9.2) %

We had an effective tax rate of 3.0% for the six months ended June 30, 2024, compared to an effective tax rate of 9.2% for the six months ended June 30, 2023. Our effective tax rate in the six months ended June 30, 2024 was primarily impacted by the geographic mix of our earnings and losses, movements in our valuation allowances and changes in our uncertain tax positions.

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, 2024, the loss from our proportionate share of the losses of our equity method investments was $0.2 million, compared to a loss of $7.3 million in the six months ended June 30, 2023.

Net Loss and Net Loss Per Share

Net loss (on an absolute basis and as a percentage of revenues), and diluted net loss per share were as follows:

	Six months ended June 30,	
	2024	2023
Net loss	$ (51,726)	$ (60,839)
As a percentage of revenues	(18.3) %	(19.7) %
Diluted net loss per share	$ (0.74)	$ (0.89)

Net loss was $51.7 million for the six months ended June 30, 2024 compared to a net loss of $60.8 million for the six months ended June 30, 2023. The absolute decrease in our net loss was mainly attributable to the change in our share in profit of associated companies in an aggregate amount of $7.1 million, as well as lower income tax expenses (benefit) of $3.0 million. Our net loss as a percentage of our revenues decreased in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, for the reasons described in the discussion of the above line items .

Net loss per share was $0.74 and $0.89 for the six months ended June 30, 2024 and 2023, respectively. The weighted average fully diluted share count was 70.4 million for the six months ended June 30, 2024, compared to 68.1 million for the six months ended June 30, 2023.

The absolute decrease 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 2024 as compared to the corresponding period in 2023.

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 eliminated in our non-GAAP adjustments either do not reflect actual cash outlays that impact our liquidity and our financial condition or have a non-recurring impact on our statement of operations, as assessed by management. These non-GAAP financial measures are presented to permit investors to more fully understand how management assesses our performance for internal planning and forecasting purposes. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of our results of operations without including all items indicated above during a period, which may not provide a comparable view of our performance to other companies in our industry. Investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with GAAP. Reconciliation between results on a GAAP and non-GAAP basis is provided in the tables 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,				
	2024 GAAP	Non-GAAP Adjustments	2024 Non-GAAP	2023 GAAP	Non-GAAP Adjustments	2023 Non-GAAP
	U.S. dollars and shares in thousands (except per share amounts)					
Gross profit (1)	$ 60,500	$ 7,175	$ 67,675	$ 66,222	$ 11,283	$ 77,505
Operating income (loss) (1,2)	(26,043)	22,845	(3,198)	(33,659)	38,666	5,007
Net income (loss) (1,2,3)	(25,743)	22,774	(2,969)	(38,615)	41,148	2,533
Net income (loss) per diluted share to Stratasys Ltd. (4)	$ (0.36)	$ 0.32	$ (0.04)	$ (0.56)	$ 0.60	$ 0.04
(1) Acquired intangible assets amortization expense		4,489			5,014	
Non-cash stock-based compensation expense		1,010			999	
Restructuring and other related costs		1,676			3,378	
Impairment charges and write off		—			1,892	
		7,175			11,283	
(2) Acquired intangible assets amortization expense		1,111			2,686	
Non-cash stock-based compensation expense		6,335			7,024	
Restructuring and other related costs		3,639			2,468	
Contingent consideration		523			347	
Legal and other expenses		4,062			14,858	
		15,670			27,383	
		22,845			38,666	
(3) Corresponding tax effect and other expenses		204			213	
Equity method related expenses		(1,593)			2,094	
Finance expenses		1,318			175	
		$ 22,774			$ 41,148	
(4) Weighted average number of ordinary shares outstanding- Diluted	70,746		70,746	68,648		69,272

		Six months ended June 30,					
		2024 GAAP	Non-GAAP Adjustments	2024 Non-GAAP	2023 GAAP	Non-GAAP Adjustments	2023 Non-GAAP
		U.S. dollars and shares in thousands (except per share amounts)					
	Gross profit (1)	$ 124,397	$ 13,314	$ 137,711	$ 131,617	$ 16,582	$ 148,199
	Operating income (loss) (1,2)	(50,496)	46,099	(4,397)	(50,456)	56,981	6,525
	Net income (loss) attributable to Stratasys Ltd. (1,2,3)	(51,726)	47,073	(4,653)	(60,839)	64,454	3,615
	Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	$ (0.74)	$ 0.67	$ (0.07)	$ (0.89)	$ 0.95	$ 0.05
(1)	Acquired intangible assets amortization expense		9,573			9,015	
	Non-cash stock-based compensation expense		1,962			1,931	
	Restructuring and other related costs		1,779			3,744	
	Impairment charges and write off		—			1,892	
			13,314			16,582	
(2)	Acquired intangible assets amortization expense		3,570			4,880	
	Non-cash stock-based compensation expense		14,032			14,332	
	Restructuring and other related costs		4,559			4,266	
	Revaluation of investments		1,900			580	
	Contingent consideration		1,034			612	
	Legal and other expenses		7,690			15,729	
			32,785			40,399	
			46,099			56,981	
(3)	Corresponding tax effect and other expenses		438			3,251	
	Equity method related expenses		(629)			3,584	
	Finance expenses		1,165			638	
			$ 47,073			$ 64,454	
	Weighted average number of ordinary shares outstanding- Diluted	70,367		70,367	68,107		68,683

Liquidity and Capital Resources

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

	Six months ended June 30,	
	2024	2023
	U.S $ in thousands	
Net loss	$ (51,726)	$ (60,839)
Depreciation and amortization	23,781	24,343
Impairment of other long-lived assets	—	919
Stock-based compensation	15,995	16,263
Foreign currency transactions loss	2,934	1,967
Other non-cash items, net	5,472	10,633
Change in working capital and other items	8,445	(34,453)
Net cash provided by (used in) operating activities	4,901	(41,167)
Net cash provided by (used in) investing activities	(14,941)	36,628
Net cash used in financing activities	(701)	(682)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(987)	(824)
Net change in cash, cash equivalents and restricted cash	(11,728)	(6,045)
Cash, cash equivalents and restricted cash, beginning of period	82,864	150,686
Cash, cash equivalents and restricted cash, end of period	$ 71,136	$ 144,641

Our cash, cash equivalents and restricted cash balarce decreased to $71.1 million as of June 30, 2024 from $82.9 million as of December 31, 2023. Tle decrease in cash, cash equivalents and restricted cash in the six months ended June 30, 2024 was primarily due to $14.9 million of cash used in investing activities partially offset by $4.9 million of cash generated by operating activities.

Cash provided by operating activities

We generated $4.9 million of cash from operating activities during thesix months ended June 30, 2024. Cash provided by operating activities reflects the elimination of non-cash line items included in net loss, including depreciation and amortization in an aggregate amount of $23.8 million, stock-based compensation of $16.0 million, positive adjustments related to our working capital in an aggregate amount of $8.4 million, and foreign currency transactions losses of $2.9 million, partially offset by our $51.7 million net loss. The $8.4 million of positive adjustments to net cash provided by our operating activities due to working capital was mainly driven bya decrease of $18.8 million in accounts receivable, partially offset by a decrease of $13.6 million in other current and non-current liabilities.

Cash flows used in investing activities

We used $14.9 million of cash in our investing activities during the six months ended June 30, 2024. The decrease in cash due to investing activities was mainly attributable to the cash used for investments in unconsolidated entities of $8.8 million, as well as purchases of property and equipment in an amount of $4.8 million.

Cash used in financing activities

We used $0.7 million of cash in financing activities during the six months ended June 30, 2024. These financing costs were mostly related to contingent consideration that we paid for acquisitions.

Capital resources and capital expenditures

Our total current assets amounted to $524.0 million as of June 30, 2024, of which $151.1 million consisted of cash, cash equivalents, short-term deposits and restricted cash. Total current liabilities amounted to $164.7 million. Most of our cash and cash equivalents and short-term deposits are held in banks in Israel, the U.S. and the U.K.

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 Estimates

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 affect the amounts we report. 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 2023 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 and Prospects 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 relating to our objectives, plans and strategies, statements that contain projections of results of operations or of financial condition and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future.

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.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. We have based these forward-looking statements on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

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;
- the global macro-economic environment, including headwinds caused by relatively high interest rates, potentially unfavorable currency exchange rates and uncertain economic conditions;
- 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, including due to a shift towards lower margin products or services;
- the impact of competition and new technologies;
- the outcome of our board of directors’ comprehensive process to explore strategic alternatives for our company;
- 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 potential adverse impact that recent global interruptions and delays involving freight carriers and other third parties may have on our supply chain and distribution network, and, consequently, our ability to successfully sell both our existing and newly-launched 3D printing products;

- global market, political and economic conditions, and in the countries in which we operate in particular;
- the degree to which our company's operations remain resistant to potential adverse effects of Israel's hostilities with the terrorist organizations Hamas and Hezbollah, and, intermittently, Iran;
- 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; 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 2023 Annual Report, as supplemented herein, as well as in other portions of the 2023 Annual Report Readers are urged to carefully review and consider the various disclosures made throughout the Form 6-K, our 2023 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 our2023 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 13-"Contingencies" in the notes to our unaudited condensed consolidated interim financial statements attached as Exhibit 99.1 to the Form 6-K.

RISK FACTORS

As of the current time, we do not have any updates to the risk factors contained in the 2023 Annual Report. Please see "Item 3. Key Information— D. Risk Factors" in our 2023 Annual Report.