

**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 November 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on January 7, 2021, and shall be a part thereof from the date on which this Form 6-K is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.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 November 13, 2024, Stratasys Ltd., or Stratasys, released its financial results for the three and nine months ended September 30, 2024.

Attached hereto as Exhibit 99.1 are the unaudited, condensed consolidated financial statements of Stratasys as of, and for the three and nine months ended September 30, 2024 (including the notes thereto), or the Q3 2024 Financial Statements

Attached hereto as Exhibit 99.2 is Stratasys’ review of its results of operations and financial condition for the three and nine months ended September 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 Q3 2024 Financial Statements, formatted in IXBRL (eXtensible Business Reporting Language), consisting of the following sub-exhibits:

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<b>Exhibit Number</b>	<b>Document Description</b>
99.1	<u>Unaudited, condensed consolidated financial statements of Stratasys as of, and for the Unaudited, condensed consolidated financial statements of Stratasys as of, and for the three and nine months ended September 30, 2024</u>
99.2	<u>Stratasys' review of its results of operations and financial condition for the three and nine months ended September 30, 2024</u>
EX-101.INS	IXBRL Taxonomy Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
EX-101.SCH	IXBRL Taxonomy Extension Schema Document
EX-101.CAL	IXBRL Taxonomy Calculation Linkbase Document
EX-101.DEF	IXBRL Taxonomy Extension Definition Linkbase Document
EX-101.LAB	IXBRL Taxonomy Label Linkbase Document
EX-101.PRE	IXBRL Taxonomy Presentation Linkbase Document
EX-104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

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**SIGNATURES**

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

Dated: November 13, 2024

**STRATASYS LTD.**

By: /s/ Eitan Zamir \_\_\_\_\_

Name: Eitan Zamir

Title: Chief Financial Officer

**STRATASYS LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED**  
**SEPTEMBER 30, 2024**  
**(UNAUDITED)**

INDEX TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024  
(UNAUDITED)

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**STRATASYS LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited)

<b>Consolidated Balance Sheets</b>				
(in thousands, except share data)				
	<b>September 30, 2024</b>		<b>December 31, 2023</b>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$	63,956	\$	82,585
Short-term bank deposits		80,000		80,000
Accounts receivable, net of allowance for credit losses of \$2,599 and \$1,449 as of September 30, 2024 and December 31, 2023, respectively		153,653		172,009
Inventories		195,188		192,976
Prepaid expenses		8,522		7,929
Other current assets		18,025		24,596
<b>Total current assets</b>		<b>519,344</b>		<b>560,095</b>
<b>Non-current assets</b>				
Property, plant and equipment, net		183,969		197,552
Goodwill		100,086		100,051
Other intangible assets, net		111,883		127,781
Operating lease right-of-use assets		32,591		18,895
Long-term investments		120,070		115,083
Other non-current assets		14,734		14,448
<b>Total non-current assets</b>		<b>563,333</b>		<b>573,810</b>
<b>Total assets</b>	\$	<b>1,082,677</b>	\$	<b>1,133,905</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable	\$	48,157	\$	46,785
Accrued expenses and other current liabilities		35,328		36,656
Accrued compensation and related benefits		29,428		33,877
Deferred revenues - short-term		49,788		52,610
Operating lease liabilities - short-term		6,714		6,498
<b>Total current liabilities</b>		<b>169,415</b>		<b>176,426</b>
<b>Non-current liabilities</b>				
Deferred revenues - long-term		19,109		23,655
Deferred income taxes - long-term		574		723
Operating lease liabilities - long-term		25,420		12,162
Contingent consideration - long-term		12,410		11,900
Other non-current liabilities		23,971		24,200
<b>Total non-current liabilities</b>		<b>81,484</b>		<b>72,640</b>
<b>Total liabilities</b>	\$	<b>250,899</b>	\$	<b>249,066</b>
Contingencies (see note 12)				
<b>Equity</b>				
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 shares; 71,385 shares and 69,656 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	\$	200	\$	195
Additional paid-in capital		3,117,626		3,091,649
Accumulated other comprehensive loss		(7,782)		(7,079)
Accumulated deficit		(2,278,266)		(2,199,926)
<b>Total equity</b>		<b>831,778</b>		<b>884,839</b>
<b>Total liabilities and equity</b>	\$	<b>1,082,677</b>	\$	<b>1,133,905</b>

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





**STRATASYS LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited)

**Consolidated Statements of Operations and  
Comprehensive Loss**

(in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues				
Products	\$ 94,092	\$ 113,270	\$ 286,882	\$ 323,353
Services	45,916	48,863	135,217	147,908
	140,008	162,133	422,099	471,261
Cost of revenues				
Products	47,707	59,546	144,220	168,235
Services	29,571	36,938	90,752	105,760
	77,278	96,484	234,972	273,995
Gross profit	62,730	65,649	187,127	197,266
Operating expenses				
Research and development, net	24,700	23,567	74,357	69,347
Selling, general and administrative	63,495	84,880	188,731	221,173
	88,195	108,447	263,088	290,520
Operating loss	(25,465)	(42,798)	(75,961)	(93,254)
Financial income, net	1,009	687	1,500	2,147
Loss before income taxes	(24,456)	(42,111)	(74,461)	(91,107)
Income tax expenses	842	645	2,320	5,145
Share in losses of associated companies	1,316	4,523	1,559	11,866
Net loss	\$ (26,614)	\$ (47,279)	\$ (78,340)	\$ (108,118)
Net loss per share - basic and diluted	\$ (0.37)	\$ (0.68)	\$ (1.11)	\$ (1.58)
Weighted average ordinary shares outstanding - basic and diluted	71,271	69,093	70,670	68,432
Comprehensive loss				
Net loss	(26,614)	(47,279)	(78,340)	(108,118)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	3,128	(1,353)	918	482
Unrealized gains (losses) on derivatives designated as cash flow hedges	(1,777)	1,066	(1,621)	(622)
Other comprehensive income (loss), net of tax	1,351	(287)	(703)	(140)
<b>Comprehensive loss</b>	<b>\$ (25,263)</b>	<b>\$ (47,566)</b>	<b>\$ (79,043)</b>	<b>\$ (108,258)</b>

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

STRATASYS LTD.  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Unaudited)

Consolidated Statements of Changes in  
Equity

(in thousands )

Three and Nine Months Ended  
September 30, 2024

	Ordinary Shares			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Number of shares	Par Value	Additional Paid- In Capital			
<b>Balance as of December 31, 2023</b>	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)
<b>Balance as of March 31, 2024</b>	<u>70,440</u>	<u>\$ 197</u>	<u>\$ 3,100,445</u>	<u>\$ (2,225,909)</u>	<u>\$ (8,583)</u>	<u>\$ 866,150</u>
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
<b>Balance as of June 30, 2024</b>	<u>71,132</u>	<u>\$ 199</u>	<u>\$ 3,111,057</u>	<u>\$ (2,251,652)</u>	<u>\$ (9,133)</u>	<u>\$ 850,471</u>
Issuance of shares in connection with stock-based compensation plans	253	1	—	—	—	1
Stock-based compensation	—	—	6,569	—	—	6,569
Comprehensive income (loss)	—	—	—	(26,614)	1,351	(25,263)
<b>Balance as of September 30, 2024</b>	<u>71,385</u>	<u>\$ 200</u>	<u>\$ 3,117,626</u>	<u>\$ (2,278,266)</u>	<u>\$ (7,782)</u>	<u>\$ 831,778</u>

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

Consolidated Statements of Changes  
in Equity

(in thousands )

Three and Nine Months Ended  
September 30, 2023

	Ordinary Shares			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Number of shares	Par Value	Additional Paid- In Capital			
<b>Balance as of December 31, 2022</b>	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)
<b>Balance as of March 31, 2023</b>	<u>68,103</u>	<u>\$ 190</u>	<u>\$ 3,057,157</u>	<u>\$ (2,099,076)</u>	<u>\$ (13,808)</u>	<u>\$ 944,463</u>
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
<b>Balance as of June 30, 2023</b>	<u>68,942</u>	<u>\$ 193</u>	<u>\$ 3,073,396</u>	<u>\$ (2,137,691)</u>	<u>\$ (12,671)</u>	<u>\$ 923,227</u>
Issuance of shares in connection with stock-based compensation plans	223	1	—	—	—	1
Stock-based compensation	—	—	7,481	—	—	7,481
Comprehensive loss	—	—	—	(47,279)	(287)	(47,566)
<b>Balance as of September 30, 2023</b>	<u>69,165</u>	<u>\$ 194</u>	<u>\$ 3,080,877</u>	<u>\$ (2,184,970)</u>	<u>\$ (12,958)</u>	<u>\$ 883,143</u>

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



STRATASYS LTD.  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Unaudited)

Consolidated Statements of Cash Flows in thousands	Nine Months Ended September 30,	
	2024	2023
<b>Cash flows from operating activities</b>		
Net loss	\$ (78,340)	\$ (108,118)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Impairment of other long-lived assets	—	4,471
Depreciation and amortization	35,068	37,198
Stock-based compensation	22,564	23,744
Foreign currency transaction (gain) loss	(1,413)	4,087
Share in losses of associated companies	1,559	11,866
Revaluation of investments	3,424	5,681
Revaluation of contingent consideration	1,553	—
Deferred income taxes, net and uncertain tax positions	238	2,891
Other non-cash items, net	2,751	2,494
Change in cash attributable to changes in operating assets and liabilities:		
Accounts receivable, net	18,480	(19,676)
Inventories	171	(752)
Other current assets and prepaid expenses	6,173	(3,512)
Other non-current assets	5,257	4,198
Accounts payable	550	(13,031)
Other current liabilities	(2,926)	(2,967)
Deferred revenues	(7,819)	5,123
Other non-current liabilities	(6,853)	(7,609)
<b>Net cash provided by (used in) operating activities</b>	<b>437</b>	<b>(53,912)</b>
<b>Cash flows from investing activities</b>		
Cash paid for business combinations, net of cash acquired	—	(68,360)
Purchase of property and equipment	(6,668)	(8,816)
Investments in short-term bank deposits	(90,000)	(31,448)
Proceeds from short-term bank deposits	90,000	128,815
Purchase of intangible assets	(1,486)	(1,487)
Other investing activities	(176)	(1,585)
Investments in unconsolidated entities	(8,845)	(6,274)
<b>Net cash provided by (used in) investing activities</b>	<b>(17,175)</b>	<b>10,845</b>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock options	153	10
Payment of contingent consideration	(1,302)	(906)
Other financing activities	33	(188)
<b>Net cash used in financing activities</b>	<b>(1,116)</b>	<b>(1,084)</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>(178)</b>	<b>(1,703)</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(18,032)</b>	<b>(45,854)</b>
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	<b>82,864</b>	<b>150,686</b>
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>\$ 64,832</b>	<b>\$ 104,832</b>
<b>Supplemental disclosures of cash flow information:</b>		
Transfer of inventories to fixed assets	1,850	7,316
Transfer of fixed assets to inventories	4,829	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	—	2,794
<b>Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheets:</b>		
Cash and cash equivalents	63,956	104,563
Restricted cash included in other current assets	876	269
<b>Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows</b>	<b>\$ 64,832</b>	<b>\$ 104,832</b>

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 nine months ended September 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 further 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 nine months ended September 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	\$	<u>60,544</u>

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		<u>38,730</u>
Goodwill		21,814
Total consideration	\$	<u>60,544</u>

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.

As of September 30, 2024 and December 31, 2023 the Company's equity investment in Ultimaker amounted to \$70.9 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. Share in losses of Ultimaker for the nine-month periods ended September 30, 2024 and 2023 were approximately in amounts of \$1.4 million and \$11.8 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 nine months ended September 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 nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(U.S. \$ in thousands)		(U.S. \$ in thousands)	
<b>Americas</b>				
Systems	\$ 17,844	\$ 30,545	\$ 49,891	\$ 80,706
Consumables	34,378	33,471	106,102	99,800
Service	34,869	37,809	101,394	113,594
<b>Total Americas</b>	<b>87,091</b>	<b>101,825</b>	<b>257,387</b>	<b>294,100</b>
<b>EMEA</b>				
Systems	10,467	14,967	29,990	38,423
Consumables	19,204	18,654	60,319	55,475
Service	7,393	6,980	22,281	21,467
<b>Total EMEA</b>	<b>37,064</b>	<b>40,601</b>	<b>112,590</b>	<b>115,365</b>
<b>Asia Pacific</b>				
Systems	3,411	5,978	13,705	21,126
Consumables	8,788	9,655	26,875	27,823
Service	3,654	4,074	11,542	12,847
<b>Total Asia Pacific</b>	<b>15,853</b>	<b>19,707</b>	<b>52,122</b>	<b>61,796</b>
<b>Total Revenues</b>	<b>\$ 140,008</b>	<b>\$ 162,133</b>	<b>\$ 422,099</b>	<b>\$ 471,261</b>

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 nine months ended September 30, 2024 and 2023:

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(U.S. \$ in thousands)		(U.S. \$ in thousands)	
<b>Revenues recognized in point in time from:</b>				
Products	\$ 94,092	\$ 113,270	\$ 286,882	\$ 323,353
Services	12,991	13,303	39,610	41,150
<b>Total revenues recognized in point in time</b>	<b>107,083</b>	<b>126,573</b>	<b>326,492</b>	<b>364,503</b>
<b>Revenues recognized over time from:</b>				
Services	32,925	35,560	95,607	106,758
<b>Total revenues recognized over time</b>	<b>32,925</b>	<b>35,560</b>	<b>95,607</b>	<b>106,758</b>
<b>Total Revenues</b>	<b>\$ 140,008</b>	<b>\$ 162,133</b>	<b>\$ 422,099</b>	<b>\$ 471,261</b>

Contract Assets and Contract Liabilities

Contract assets are recorded when the Company's right to consideration is conditioned on constraints other than the passage of time. The Company had no material contract assets as of September 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 September 30, 2024 and December 31, 2023 was as follows:

	September 30, 2024	December 31, 2023
	U.S. \$ in thousands	
Deferred revenue *	\$ 68,897	\$ 76,265

\*Includes \$19.1 million and \$23.7 million under long-term deferred revenue in the Company's consolidated balance sheets as of September 30, 2024 and December 31, 2023, respectively.

Revenue recognized in 2024 that was included in deferred revenue balance as of December 31, 2023 was \$ 8.4 million and \$41.5 million for the three and nine months ended September 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 September 30, 2024, the total RPO amounted to \$94.9 million. The Company expects to recognize \$62.8 million of this RPO during the next 12 months, \$ 16.5 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 September 30, 2024 and December 31, 2023, the deferred commissions amounted to \$10.2 million and \$ 10.3 million, respectively.

**Note 5. Inventories**

Inventories consisted of the following:

	September 30, 2024		December 31, 2023	
	U.S. \$ in thousands			
Finished goods	\$	99,574	\$	86,908
Work-in-process		9,713		9,871
Raw materials		85,901		96,197
	<b>\$</b>	<b>195,188</b>	<b>\$</b>	<b>192,976</b>

**Note 6. Goodwill and Other Intangible Assets**

*Goodwill*

Changes in the carrying amount of the Company's goodwill during the nine months ended September 30, 2024 were as follows:

	U.S. \$ in thousands	
Goodwill as of January 1, 2024	\$	100,051
Foreign currency translation adjustments		35
Goodwill as of September 30, 2024	<b>\$</b>	<b>100,086</b>

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 \$100.1 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.

Based on the Company's assessment as of June 30, 2024, no goodwill was determined to be impaired.

During the third quarter of 2024, the Company noted that indicators of potential impairment existed which required an interim goodwill impairment analysis for Stratasys-Core reporting unit. These indicators included deterioration in the business climate and operating results, sustained decline in the Company's market capitalization during the past quarters, changes in management's business strategy and downward changes of the Company's cash flow projections.

As a result of the factors discussed above, the Company performed a quantitative interim assessment for goodwill impairment for its Stratasys-Core reporting unit, using 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 5 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.

Specifically, as part of this assessment, the Company revisited its assumptions supporting the cash flow projections for its Stratasys-Core reporting unit, including: (i) the expected duration and depth of revenue reduction and certain revenue growth assumptions and (ii) the associated operating profit margins.

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 from the Company's plans, it may record impairment of goodwill allocated to this reporting unit in the future. A hypothetical decrease in the terminal growth rate of 0.5% or an increase of 0.5% to the discount rate would have reduced the fair value of Stratasys-Core reporting unit and result in impairment of goodwill allocated to this reporting unit by approximately \$8 million and \$21 million, respectively.

Based on the Company's assessment as of September 30, 2024, no goodwill was determined to be impaired.

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:

	September 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	\$ 403,515	\$ (314,179)	\$ 89,336	\$ 403,180	\$ (300,780)	\$ 102,400
Patents	21,587	(11,455)	10,132	19,396	(10,246)	9,150
Trademarks and trade names	22,281	(17,492)	4,789	22,286	(15,936)	6,350
Customer relationships	103,015	(95,389)	7,626	102,520	(92,639)	9,881
Capitalized software development costs	3,236	(3,236)	—	4,367	(4,367)	—
	<u>\$ 553,634</u>	<u>\$ (441,751)</u>	<u>\$ 111,883</u>	<u>\$ 551,749</u>	<u>\$ (423,968)</u>	<u>\$ 127,781</u>

Amortization expenses relating to intangible assets for the three-month periods ended September 30, 2024 and 2023 were approximately \$ 5.6 million and \$7.0 million, respectively. Amortization expenses relating to intangible assets for the nine-month periods ended September 30, 2024 and 2023 were approximately \$18.2 million and \$20.5 million, respectively.

As of September 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 3 months of 2024	\$	5,680
2025		21,525
2026		21,436
2027		20,502
2028		16,361
2029 and thereafter		26,379
Total	<u>\$</u>	<u>111,883</u>

**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 nine months ended September 30, 2024 and 2023:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	In thousands, except per share amounts		In thousands, except per share amounts	
<b>Numerator:</b>				
Net loss for basic and diluted net loss per share	\$ (26,614)	\$ (47,279)	\$ (78,340)	\$ (108,118)
<b>Denominator:</b>				
Weighted average shares - for basic and diluted net loss per share	71,271	69,093	70,670	68,432
<b>Net loss per share</b>				
Basic and diluted	\$ (0.37)	\$ (0.68)	\$ (1.11)	\$ (1.58)

The computation of diluted net loss per share excluded share awards of 5.1 million shares and 2.4 million shares for the three months ended September 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 4.0 million shares and 2.1 million shares for the nine months ended September 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 September 30, 2024, compared to income tax expenses of \$0.6 million for the three-month period ended September 30, 2023. The Company had income tax expenses of \$2.3 million for the nine-month period ended September 30, 2024, compared to income tax expenses of \$5.1 million for the nine-month period ended September 30, 2023. The Company's effective tax rate as of September 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:

	September 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
(U.S. \$ in thousands)						
<b>Assets:</b>						
Foreign exchange forward contracts not designated as hedging instruments	\$ —	\$ 29	\$ —	\$ —	\$ 164	\$ —
Foreign exchange forward contracts designated as hedging instruments	—	745	—	—	2,087	—
Convertible notes	—	—	8,786	—	—	7,018
Marketable securities	469	—	—	1,994	—	—
<b>Liabilities:</b>						
Foreign exchange forward contracts not designated as hedging instruments	—	(220)	—	—	(51)	—
Foreign exchange forward contracts designated as hedging instruments	—	(646)	—	—	(657)	—
Contingent consideration*	—	—	(18,668)	—	—	(18,603)
	<u>\$ 469</u>	<u>\$ (92)</u>	<u>\$ (9,882)</u>	<u>\$ 1,994</u>	<u>\$ 1,543</u>	<u>\$ (11,585)</u>

\*Includes \$6.2 million and \$6.7 million under accrued expenses and other current liabilities in the Company's consolidated balance sheets as of September 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 2025.

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

Balance sheet location	Fair Value		Notional Amount		
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	
U.S. \$ in thousands					
Assets derivatives - Foreign exchange contracts, not designated as hedging instruments	Other current assets	\$ 29	\$ 164	\$ 4,917	\$ 82,873
Assets derivatives - Foreign exchange contracts, designated as cash flow hedge	Other current assets	745	2,087	56,896	51,830
Liability derivatives - Foreign exchange contracts, not designated as hedging instruments	Accrued expenses and other current liabilities	(220)	(51)	88,757	21,168
Liability derivatives - Foreign exchange contracts, designated as cash flow hedge	Accrued expenses and other current liabilities	(646)	(657)	65,399	74,054
		<u>\$ (92)</u>	<u>\$ 1,543</u>	<u>\$ 215,969</u>	<u>\$ 229,925</u>

*Foreign exchange contracts not designated as hedging instruments*

As of September 30, 2024, the notional amounts of the Company’s outstanding exchange forward contracts, not designated as hedging instruments, were \$93.7 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 loss of \$ 3.0 million and a gain of \$1.3 million were recognized under financial expenses, net for the three-month periods ended September 30, 2024 and 2023, respectively and a loss of \$1.2 million and a gain of \$2.6 million were recognized under financial expenses, net for the nine-month periods ended September 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 September 30, 2024, the Company had in effect foreign exchange forward contracts, designated as cash flow hedges for accounting purposes, for the conversion of \$53.9 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 September 30, 2024, the Company had in effect foreign exchange forward contracts, designated as cash flow hedges for accounting purposes, for the conversion of €61.2 million into dollars.

**Note 11. Equity**

**a. Share Repurchase Program and Treasury Stock**

On September 16, 2024, the Company’s Board of Directors authorized a share repurchase program that provides for the repurchase at the amount of up to \$50 million of the Company’s ordinary shares, par value 0.01 New Israeli Shekels per share (“ordinary shares”), from time to time. Under the share repurchase program, the Company may effect repurchases by way of a variety of methods, including open market purchases, privately negotiated transactions or otherwise, all in accordance with U.S. securities laws and regulations, including Rule 10b-18 under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company may also, from time to time, enter into plans that are compliant with Rule 10b5-1 of the Exchange Act to facilitate repurchases of its ordinary shares under the Board authorization. The repurchase program does not obligate the Company to acquire any particular number or value of ordinary shares, and the repurchase program may be suspended or discontinued at any time at the Company’s discretion. In accordance with Section 7C of the Israeli Companies Regulations, the share repurchase program became effective 30 days after notice of Company’s board of directors’ adoption of the repurchase program was provided to the Company’s material creditors and secured creditors.

**b. 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	U.S \$ in thousands		U.S \$ in thousands	
Cost of revenues	\$ 912	\$ 891	\$ 2,875	\$ 2,822
Research and development, net	1,765	1,605	6,016	5,561
Selling, general and administrative	3,892	4,985	13,673	15,361
Total stock-based compensation expenses	<u>\$ 6,569</u>	<u>\$ 7,481</u>	<u>\$ 22,564</u>	<u>\$ 23,744</u>

A summary of the Company's stock option activity for the nine months ended September 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	(176,524)	23.65
Options outstanding as of September 30, 2024	<u>1,171,715</u>	<u>20.31</u>
Options exercisable as of September 30, 2024	<u>940,704</u>	<u>21.29</u>

As of September 30, 2024, the unrecognized compensation cost of \$0.1 million related to all unvested, equity-classified stock options is expected to be recognized as an expense over a weighted-average period of 1.36 years.

A summary of the Company's RSUs and PSUs activity for the nine months ended September 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	2,262,431	10.85
Vested	(1,273,414)	18.75
Forfeited	(555,579)	15.99
Unvested as of September 30, 2024	<u>4,275,670</u>	<u>18.83</u>

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 September 30, 2024, the unrecognized compensation cost of \$47.4 million related to all unvested, equity-classified RSUs and PSUs is expected to be recognized as expense over a weighted-average period of 2.56 years.

**c. Accumulated other comprehensive loss**

The following tables present the changes in the components of accumulated other comprehensive income (loss), net of taxes, for the nine months ended September 30, 2024 and 2023, respectively:

	Nine Months Ended		
	September 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	430	918	1,348
Amounts reclassified from accumulated other comprehensive loss	(2,051)	—	(2,051)
Other comprehensive loss	(1,621)	918	(703)
Balance as of September 30, 2024	\$ 169	\$ (7,951)	\$ (7,782)

	Nine Months Ended		
	September 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	(3,122)	482	(2,640)
Amounts reclassified from accumulated other comprehensive loss	2,500	—	2,500
Other comprehensive income	(622)	482	(140)
Balance as of September 30, 2023	\$ (921)	\$ (12,037)	\$ (12,958)

**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 Dimension Ltd., or 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 a merger agreement for the acquisition of Desktop Metal 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, 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. Restructuring costs**

In August 2024, the Company announced cost savings initiatives (the “Restructuring Plan”) 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 this initiatives will be substantially complete by the end of 2024.

During the nine months ended September 30, 2024 the Company recorded the following activity related to the 2024 Restructuring Plan in accrued expenses and other current liabilities on the balance sheet (in thousands):

	<b>Year ended September 30, 2024</b>
Accrued expenses and other current liabilities as of January 1, 2024	—
Restructuring charges	6,707
Cash payments	(708)
Accrued expenses and other current liabilities as of September 30, 2024	<u>5,999</u>

During the nine months ended September 30, 2024 the Company recognized the following restructuring charges which were expensed as follows (in thousands):

	<b>Year ended September 30, 2024</b>
Cost of revenues	673
Research and development, net	818
Selling, general and administrative	5,216
Total restructuring charges	<u>\$ 6,707</u>

**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.

**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.

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## **Recent Developments**

### ***Share Repurchase Plan***

On September 16, 2024, we announced that our board of directors, or the Board, has authorized a program for our repurchase at the amount of up to \$50 million of our ordinary shares, par value 0.01 New Israeli Shekels per share, or ordinary shares, from time to time.

Under the share repurchase program, we may effect repurchases by way of a variety of methods, including open market purchases, privately negotiated transactions or otherwise, all in accordance with U.S. securities laws and regulations, including Rule 10b-18 under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. We may also, from time to time, enter into plans that are compliant with Rule 10b5-1 of the Exchange Act to facilitate repurchases of its ordinary shares under the Board authorization.

The repurchase program does not obligate us to acquire any particular number or value of ordinary shares, and the repurchase program may be suspended or discontinued at any time at our discretion.

In accordance with Section 7C of the Israeli Companies Regulations (Leniencies for Companies Whose Securities are Listed for Trading Outside of Israel), 5760-2000, or the Leniency Regulations, the share repurchase program went into effect 30 days after notice of our board of directors' adoption of the repurchase program was provided to our material creditors and secured creditors (if any).

### ***Strategic Restructuring Plan***

The authorization of our share repurchase program described above was part of a number of strategic actions we have taken to enhance shareholder value, building upon our previously announced 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](https://www.sec.gov/Archives/edgar/data/1517396/000121390023080136/ea185964-6k_stratasys.htm)), and which we completed during the second quarter of 2024. 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.

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(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.

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### ***Business Performance in Macro-Economic Environment***

Our current outlook, as well as our results of operations for the three and nine month periods ended September 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 nine-month period ended September 30, 2024 decreased by 10.4% relative to the corresponding nine months ended September 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 Stratasy's Direct Manufacturing, or SDM businesses. On the other hand, our results for the three and nine month periods ended September 30, 2024, also evidence stronger utilization of our installed systems by our customers, which drove higher revenues in consumables, and we furthermore returned to non-GAAP profitability (along with our GAAP net loss) in the quarter ended September 30, 2024, after not having achieved such profitability in the first two quarters of 2024 (please see "*Supplemental Operating Results on a Non-GAAP Basis*" and "*Reconciliation of GAAP to Non-GAAP Results of Operations*" further below).

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 three 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, and military conflict with Iran, which up to the present time have 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 more intense 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 third quarter of 2024 with \$144.0 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.

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### 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 nine months ended September 30, 2024 with the corresponding period in 2023.

### Results of Operations

#### Comparison of Three Months Ended September 30, 2024 to Three Months Ended September 30, 2023

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

	Three Months Ended September 30,			
	2024		2023	
	U.S. \$ in thousands	% of Revenues	U.S. \$ in thousands	% of Revenues
Revenues	\$ 140,008	100.0 %	\$ 162,133	100.0 %
Cost of revenues	77,278	55.2 %	96,484	59.5 %
Gross profit	62,730	44.8 %	65,649	40.5 %
Research and development, net	24,700	17.6 %	23,567	14.5 %
Selling, general and administrative	63,495	45.4 %	84,880	52.4 %
Operating loss	(25,465)	(18.2) %	(42,798)	(26.4) %
Financial income, net	1,009	0.7 %	687	0.4 %
Loss before income taxes	(24,456)	(17.5) %	(42,111)	(26.0) %
Income tax expenses	842	0.6 %	645	0.4 %
Share in losses of associated companies	1,316	0.9 %	4,523	2.8 %
Net loss	\$ (26,614)	(19.0) %	\$ (47,279)	(29.2) %

### Discussion of Results of Operations

#### Revenues

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

	Three Months Ended September 30,			% Change
	2024		2023	
	U.S.\$ in thousands			
Products	\$ 94,092	\$ 113,270	(16.9) %	
Services	45,916	48,863	(6.0) %	
<b>Total Revenues</b>	<b>\$ 140,008</b>	<b>\$ 162,133</b>	<b>(13.6) %</b>	

### Products Revenues

Revenues derived from products (including systems and consumable materials) decreased by \$19.2 million, or 16.9%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, mainly as a result of a decrease in systems revenues attributable to longer sales cycle in an amount of \$19.8 million, partially offset by higher consumables revenues of \$0.6 million, as a result of higher usage of our systems.

Revenues derived from systems decreased by \$19.8 million, or 38.4%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023. The decrease was mainly attributable to longer sales cycle.

Revenues derived from consumables increased by \$0.6 million, or 1.0%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023. The increase in consumables revenues was mainly attributable to higher utilization rates of our systems.

### Services Revenues

Services revenues (including Stratasys Direct Manufacturing, or SDM, maintenance contracts, time and materials and other services) decreased by \$2.9 million for the three months ended September 30, 2024, or 6.0%, as compared to the three months ended September 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, increased by 1.6%.

### Revenues by Region

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

	Three Months Ended September 30,							
	2024			2023			% Change	
	U.S.\$ in thousands	% of Revenues	%	U.S.\$ in thousands	% of Revenues	%		
Americas*	\$ 87,091	62.2	%	\$ 101,825	62.8	%	(14.5)	%
EMEA	37,064	26.5	%	40,601	25.0	%	(8.7)	%
Asia Pacific	15,853	11.3	%	19,707	12.2	%	(19.6)	%
	\$ 140,008	100	%	\$ 162,133	100	%	(13.6)	%

\* Represent the United States, Canada and Latin America

Revenues in the Americas region decreased by \$14.7 million, or 14.5%, to \$87.1 million for the three months ended September 30, 2024, compared to \$101.8 million for the three months ended September 30, 2023. The decrease was primarily attributable to longer sales cycle in an amount of \$12.7 million and our divestment of certain SDM businesses, partially offset by higher consumables revenues driven by higher utilization rates of systems, in an amount of \$0.9 million.

Revenues in the EMEA region decreased by \$3.5 million, or 8.7%, to \$37.1 million for the three months ended September 30, 2024, compared to \$40.6 million for the three months ended September 30, 2023. The decrease was primarily attributable to decrease in system revenue in an amount of \$4.5 million, partially offset by an increase in consumables revenues driven by higher utilization rates, and an increase in service revenues.

Revenues in the Asia Pacific region decreased by \$3.9 million, or 19.6%, to \$15.9 million for the three months ended September 30, 2024, compared to \$19.7 million for the three months ended September 30, 2023. The decrease was mainly attributable to longer sales cycles.

## Gross Profit

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

	Three Months Ended September 30,		
	2024	2023	Change in %
<b>Gross profit attributable to:</b>	<b>U.S. \$ in thousands</b>		
Products	\$ 46,385	\$ 53,724	(13.7) %
Services	16,345	11,925	37.1 %
	<u>\$ 62,730</u>	<u>\$ 65,649</u>	<u>(4.4) %</u>

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

<b>Gross profit as a percentage of revenues from:</b>	Three Months Ended September 30,	
	2024	2023
Products	49.3 %	47.4 %
Services	35.6 %	24.4 %
Total gross margin	<u>44.8 %</u>	<u>40.5 %</u>

Gross profit attributable to products revenues decreased by \$7.3 million, or 13.7%, to \$46.4 million for the three months ended September 30, 2024, compared to gross profit of \$53.7 million for the three months ended September 30, 2023. Gross margin attributable to products revenues for the three months ended September 30, 2024 increased to 49.3%, as compared to 47.4% for the three months ended September 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 favorable product mix.

Gross profit attributable to services revenues increased by \$4.4 million, or 37.1%, to \$16.3 million for the three months ended September 30, 2024, compared to \$11.9 million for the three months ended September 30, 2023. Gross margin attributable to services revenues increased to 35.6% in the three months ended September 30, 2024, as compared to 24.4% for the three months ended September 30, 2023. The increase in gross profit was mainly as a result of lower restructuring charges related to Stratasy Direct, which decreased by \$5.8 million in the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. Our gross margin from services revenues increased mainly as a result of our divestiture of several SDM businesses with lower gross margins as well as the lower restructuring charges.

## Operating Expenses

The amount of each type of operating expense for the three months ended September 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 September 30,		
	2024	2023	% Change
	U.S.\$ in thousands		
Research and development, net	\$ 24,700	\$ 23,567	4.8 %
Selling, general and administrative	63,495	84,880	(25.2)%
	<u>\$ 88,195</u>	<u>\$ 108,447</u>	<u>(18.7)%</u>
Percentage of revenues	63.0 %	66.9 %	

Operating expenses were \$88.2 million in the third quarter of 2024, compared to operating expenses of \$108.4 million in the third 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, which decreased by \$15.2 million, and lower amortization expenses of \$1.5 million, partially offset by higher restructuring charges of \$5.3 million.

Research and development expenses increased by \$1.1 million, or 4.8%, to \$24.7 million for the three months ended September 30, 2024, compared to \$23.6 million for the three months ended September 30, 2023. The amount of research and development expenses constituted 17.6% of our revenues for the three months ended September 30, 2024, as compared to 14.5% for the three months ended September 30, 2023. The increase in research and development expenses have was mainly attributable to higher restructuring charges of \$1.0 million.

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 \$21.4 million, or 25.2%, to \$63.5 million for the three months ended September 30, 2024, compared to \$84.9 million for the three months ended September 30, 2023. The absolute decrease in selling, general and administrative expenses, was mainly attributable to lower costs related to prospective and potential mergers and acquisitions, defense against hostile tender offer, proxy contest and related professional fees, which amounted to \$15.2 million in the three months ended September 30, 2023, a loss of \$4.3 million due to the revaluation of our investment in unconsolidated entities that we recorded during the three months ended September 30, 2023 and lower amortization expenses of \$1.5 million, partially offset by \$4.3 million of higher restructuring charges during the three months ended September 30, 2024. The amount of selling, general and administrative expenses constituted 45.4% of our revenues for the three months ended September 30, 2024, as compared to 52.4% for the three months ended September 30, 2023.

## Operating Loss

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

	Three Months Ended September 30,	
	2024	2023
	U.S.\$ in thousands	
Operating loss	\$ (25,465)	\$ (42,798)
Percentage of revenues	(18.2) %	(26.4) %

Operating loss amounted to \$25.5 million for the three months ended September 30, 2024, compared to an operating loss of \$42.8 million for the three months ended September 30, 2023. The absolute decrease in the operating loss of \$17.3 million was primarily due to the \$20.3 million decrease in operating expenses, partially offset by our decrease in gross profit. The decrease of operating loss as a percentage of revenues by 8.2%, 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 income, net, which was primarily comprised of foreign currencies effects, interest income and interest expenses, was \$1.0 million for the three months ended September 30, 2024, compared to financial income, net of \$0.7 million for the three months ended September 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 September 30, 2024 and 2023:

	Three Months Ended September 30,	
	2024	2023
	U.S.\$ in thousands	
Income tax expenses	\$ 842	\$ 645
As a percentage of loss before income taxes	(3.4) %	(1.5) %

We had an effective tax rate of 3.4% for the three months ended September 30, 2024, compared to an effective tax rate of 1.5% for the three months ended September 30, 2023. Our effective tax rate in the third 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 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 September 30, 2024, the loss from our proportionate share of the profits of our equity method investments was \$1.3 million, compared to a loss of \$4.5 million in the three months ended September 30, 2023.

## Net Loss and Net Loss Per Share

Net loss and net loss per share were as follows:

	Three Months Ended September 30,			
	2024		2023	
	U.S.\$ in thousands			
Net loss	\$	(26,614)	\$	(47,279)
Percentage of revenues		(19.0) %		(29.2) %
Basic and diluted net loss per share	\$	(0.37)	\$	(0.68)

Net loss was \$26.6 million for the three months ended September 30, 2024 compared to net loss of \$47.3 million for the three months ended September 30, 2023. The absolute decrease in net loss as well as the decrease in our net loss as percentage of revenues, was mainly attributable to the decrease in our operating loss of \$17.3 million, as well as \$1.5 million lower share in losses of associated companies.

Net loss per share was \$0.37 for the three months ended September 30, 2024 as compared to net loss per share of \$0.68 for the three months ended September 30, 2023. The weighted average fully diluted share count was 71.3 million during the three months ended September 30, 2024, compared to 69.1 million during the three months ended September 30, 2023.

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## Results of Operations

### Comparison of Nine months ended September 30, 2024 to Nine months ended September 30, 2023

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

	Nine months ended September 30,			
	2024		2023	
	U.S. \$ in thousands	% of Revenues	U.S. \$ in thousands	% of Revenues
Revenues	\$ 422,099	100.0 %	\$ 471,261	100.0 %
Cost of revenues	234,972	55.7 %	273,995	58.1 %
Gross profit	187,127	44.3 %	197,266	41.9 %
Research and development, net	74,357	17.6 %	69,347	14.7 %
Selling, general and administrative	188,731	44.7 %	221,173	46.9 %
Operating loss	(75,961)	(18.0) %	(93,254)	(19.8) %
Financial income, net	1,500	0.4 %	2,147	0.5 %
Loss before income taxes	(74,461)	(17.6) %	(91,107)	(19.3) %
Income tax expenses	2,320	0.5 %	5,145	1.1 %
Share in losses of associated companies	1,559	0.4 %	11,866	2.5 %
Net loss	\$ (78,340)	(18.6) %	\$ (108,118)	(22.9) %

## Discussion of Results of Operations

### Revenues

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

	Nine months ended September 30,		
	2024	2023	% Change
	U.S.\$ in thousands		
Products	\$ 286,882	\$ 323,353	(11.3) %
Services	135,217	147,908	(8.6) %
Total Revenues	\$ 422,099	\$ 471,261	(10.4) %

### Products Revenues

Revenues derived from products (including systems and consumable materials) decreased by \$36.5 million, or 11.3%, for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, as a result of a decrease in systems revenues attributable to longer sales cycle, partially offset by an increase of \$10.2 million in consumables revenues driven by our recent acquisitions and higher usage of our systems.

Revenues derived from systems for the nine months ended September 30, 2024 decreased by \$46.7 million, or 33.3% as compared to the nine months ended September 30, 2023. The decrease was mainly attributable to longer sales cycles.

Revenues derived from consumables increased by \$10.2 million, or 5.6%, for the nine months ended September 30, 2024, as compared to the nine months ended September 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 services) decreased by \$12.7 million for the nine months ended September 30, 2024, or 8.6%, as compared to the nine months ended September 30, 2023. The decrease was primarily attributable to lower SDM revenues as a result of our divestiture of several businesses in SDM.

### Revenues by Region

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

	Nine months ended September 30,						
	2024			2023			% Change
	U.S.\$ in thousands	% of Revenues		U.S.\$ in thousands	% of Revenues		
Americas*	\$ 257,387	61.0 %		\$ 294,099	62.4 %	(12.5) %	
EMEA	112,590	26.7 %		115,365	24.5 %	(2.4) %	
Asia Pacific	52,122	12.3 %		61,797	13.1 %	(15.7) %	
	\$ 422,099	100 %		\$ 471,261	100.0 %	(10.4) %	

\* Consists of the United States, Canada and Latin America

Revenues in the Americas region decreased by \$36.7 million, or 12.5%, to \$257.4 million for the nine months ended September 30, 2024, compared to \$294.1 million for the nine months ended September 30, 2023. The decrease was mainly attributable to longer sales cycles and the divestment of certain SDM businesses, partially offset by higher consumables revenues of \$6.3 million.

Revenues in the EMEA region decreased by \$2.8 million, or 2.4%, to \$112.6 million for the nine months ended September 30, 2024, compared to \$115.4 million for the nine months ended September 30, 2023. The decrease was mainly attributable to lower product sales, partially offset by \$4.8 million higher consumables revenues, which were mainly driven by our recent acquisitions and higher usage of our systems.

Revenues in the Asia Pacific region decreased by \$9.7 million, or 15.7%, to \$52.1 million for the nine months ended September 30, 2024, compared to \$61.8 million for the nine months ended September 30, 2023. The decrease was primarily attributable to longer sales cycles for product revenues.

## Gross Profit

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

	Nine months ended September 30,		
	2024	2023	Change in %
<b>Gross profit attributable to:</b>	<b>U.S. \$ in thousands</b>		
Products	\$ 142,662	\$ 155,118	(8.0) %
Services	44,465	42,148	5.5 %
	<u>\$ 187,127</u>	<u>\$ 197,266</u>	<u>(5.1) %</u>

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

<b>Gross profit as a percentage of revenues from:</b>	Nine months ended September 30,	
	2024	2023
Products	49.7 %	48.0 %
Services	32.9 %	28.5 %
Total gross margin	<u>44.3 %</u>	<u>41.9 %</u>

Gross profit attributable to products revenues decreased by \$12.5 million, or 8.0%, to \$142.7 million for the nine months ended September 30, 2024, compared to gross profit of \$155.1 million for the nine months ended September 30, 2023. Gross margin attributable to products revenues increased to 49.7% for the nine months ended September 30, 2024, compared to 48.0% for the nine months ended September 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 favorable product mix.

Gross profit attributable to services revenues increased by \$2.3 million, or 5.5%, to \$44.5 million for the nine months ended September 30, 2024, compared to \$42.1 million for the nine months ended September 30, 2023. Gross margin attributable to services revenues in the nine months ended September 30, 2024 increased to 32.9%, as compared to 28.5% for the nine months ended September 30, 2023. The increase in gross profit was mainly as a result of lower restructuring charges related to Stratasys Direct, and our divestiture of several SDM businesses, which had been less profitable, partially offset by a decrease in service revenue related to system attributable to longer sales cycle. Our gross margin from services revenues increased mainly as a result of our divestiture of several SDM businesses with lower gross margins, and due to lower restructuring charges, partially offset by a decrease in service revenue related to system attributable to longer sales cycle.

## Operating Expenses

The amount of each type of operating expense for the nine months ended September 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 nine month period, were as follows:

	Nine months ended September 30,		
	2024	2023	% Change
	U.S.\$ in thousands		
Research and development, net	\$ 74,357	\$ 69,347	7.2 %
Selling, general and administrative	188,731	221,173	(14.7) %
	<u>\$ 263,088</u>	<u>\$ 290,520</u>	(9.4) %
Percentage of revenues	62.3 %	61.6 %	0.9 %

Operating expenses were \$263.1 million in the nine months ended September 30, 2024, compared to operating expenses of \$290.5 million in the nine months ended September 30, 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, which decreased by \$22.7 million, \$3.0 million lower loss as a result of revaluation of our investment in unconsolidated entities, lower amortization expenses of \$2.8 million and \$2.0 million lower employee related expenses, partially offset by higher costs driven by our recent acquisitions and higher charges related to restructuring costs of \$6.0 million.

Research and development expenses, net increased by \$5.0 million, or 7.2%, to \$74.4 million for the nine months ended September 30, 2024, compared to \$69.3 million for the nine months ended September 30, 2023. The increase was mainly attributable to higher costs driven by our recent acquisitions of \$2.0 million and higher employee related expenses of \$1.8 million. The amount of research and development expenses as a percentage of revenues increased, constituting 17.6% of our revenues for the nine months ended September 30, 2024, as compared to 14.7% for the nine months ended September 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 \$32.4 million, or 14.7%, to \$188.7 million for the nine months ended September 30, 2024, compared to \$221.2 million for the nine months ended September 30, 2023. The amount of selling, general and administrative expenses constituted 44.7% of our revenues for the nine months ended September 30, 2024, as compared to 46.9% for the nine months ended September 30, 2023. The decrease was mainly attributable to a lower costs related to prospective and potential mergers and acquisitions, defense against hostile tender offer, proxy contest and related professional fees of \$22.7 million, \$3.8 million lower employee related expenses, \$3.0 million lower loss as a result of revaluation of our investment in unconsolidated entities as well as lower amortization expenses of \$2.8 million, partially offset by higher restructuring charges of \$5.6 million.

## Operating Loss

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

	Nine months ended September 30,	
	2024	2023
	U.S.\$ in thousands	
<b>Operating loss</b>	\$ (75,961)	\$ (93,254)
<b>Percentage of revenues</b>	(18.0) %	(19.8) %

Operating loss amounted to \$76.0 million for each of the nine months ended September 30, 2024 compared to an operating loss of \$93.3 million for the nine months ended September 30, 2023. The absolute decrease in the operating loss of \$17.3 million was primarily due to the \$27.4 million decrease in operating expenses, partially offset by our decrease in gross profit. The decrease of operating loss as a percentage of revenue by 9.1% was attributable to the increase of our gross margin, partially offset by an increase in operating expenses as percentage of revenues, 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 \$1.5 million for the nine months ended September 30, 2024, compared to \$2.1 million of financial income, net for the nine months ended September 30, 2023.

## Income Taxes

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

	Nine months ended September 30,	
	2024	2023
	U.S.\$ in thousands	
<b>Income tax expenses</b>	\$ 2,320	\$ 5,145
<b>As a percentage of loss before income taxes</b>	(3.1) %	(5.6) %

We had an effective tax rate of 3.1% for the nine months ended September 30, 2024, compared to an effective tax rate of 5.6% for the nine months ended September 30, 2023. Our effective tax rate in the nine months ended September 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 nine months ended September 30, 2024, the loss from our proportionate share of the losses of our equity method investments was \$1.6 million, compared to a loss of \$11.9 million in the nine months ended September 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:

	Nine months ended September 30,			
	2024		2023	
Net loss	\$	(78,340)	\$	(108,118)
As a percentage of revenues		(18.6) %		(22.9) %
Diluted net loss per share	\$	(1.11)	\$	(1.58)

Net loss was \$78.3 million for the nine months ended September 30, 2024 compared to a net loss of \$108.1 million for the nine months ended September 30, 2023. The absolute decrease in our net loss as well as the decrease in our net loss as a percentage of revenues, was mainly attributable to a decrease in our operating loss of \$17.3 million and a decrease in our share in losses of associated companies in an amount of \$10.3 million, as well as lower income tax expenses (benefit) of \$2.7 million.

Net loss per share was \$1.11 and \$1.58 for the nine months ended September 30, 2024 and 2023, respectively. The weighted average fully diluted share count was 70.7 million for the nine months ended September 30, 2024, compared to 68.4 million for the nine months ended September 30, 2023.

The absolute decrease in net loss and basic and diluted net loss per share, resulted from the aggregate impact of the foregoing line items in our results of operations in the first nine months of 2024 as compared to the corresponding period in 2023.

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### **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.

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## 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 September 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)	\$ 62,730	\$ 6,768	\$ 69,498	\$ 65,649	\$ 12,617	\$ 78,266
Operating income (loss) (1,2)	(25,465)	25,351	(114)	(42,798)	46,885	4,087
Net income (loss) (1,2,3)	(26,614)	26,985	371	(47,279)	49,725	2,446
Net income (loss) per diluted share to Stratasys Ltd. (4)	\$ (0.37)	\$ 0.38	\$ 0.01	\$ (0.68)	\$ 0.72	\$ 0.04
(1) Acquired intangible assets amortization expense		4,507			5,142	
Non-cash stock-based compensation expense		912			891	
Restructuring and other related costs		1,349			6,584	
		<u>6,768</u>			<u>12,617</u>	
(2) Acquired intangible assets amortization expense		1,124			2,599	
Non-cash stock-based compensation expense		5,657			6,588	
Restructuring and other related costs		7,585			2,360	
Revaluation of investments		—			4,300	
Contingent consideration		519			265	
Legal and other expenses		3,698			18,156	
		<u>18,583</u>			<u>34,268</u>	
		<u>25,351</u>			<u>46,885</u>	
(3) Corresponding tax effect and other expenses		294			153	
Equity method related expenses		981			2,525	
Finance expenses		359			162	
		<u>\$ 26,985</u>			<u>\$ 49,725</u>	
(4) Weighted average number of ordinary shares outstanding- Diluted	71,271		71,417	69,093		69,815



		Nine months ended September 30,					
		2024	Non-GAAP	2024	2023	Non-GAAP	2023
		GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
		U.S. dollars and shares in thousands (except per share amounts)					
	Gross profit (1)	\$ 187,127	\$ 20,082	\$ 207,209	\$ 197,266	\$ 29,199	\$ 226,465
	Operating income (loss) (1,2)	(75,961)	71,450	(4,511)	(93,254)	103,866	10,612
	Net income (loss) attributable to Stratasys Ltd. (1,2,3)	(78,340)	74,058	(4,282)	(108,118)	114,179	6,061
	Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (1.11)	\$ 1.05	\$ (0.06)	\$ (1.58)	\$ 1.67	\$ 0.09
(1)	Acquired intangible assets amortization expense		14,080			14,157	
	Non-cash stock-based compensation expense		2,874			2,822	
	Restructuring and other related costs		3,128			12,220	
			<u>20,082</u>			<u>29,199</u>	
(2)	Acquired intangible assets amortization expense		4,694			7,479	
	Non-cash stock-based compensation expense		19,689			20,920	
	Restructuring and other related costs		12,144			6,626	
	Revaluation of investments		1,900			4,880	
	Contingent consideration		1,553			877	
	Legal and other expenses		11,388			33,885	
			<u>51,368</u>			<u>74,667</u>	
			<u>71,450</u>			<u>103,866</u>	
(3)	Corresponding tax effect and other expenses		732			3,404	
	Equity method related expenses		352			1,827	
	Finance expenses		1,524			5,081	
			<u>\$ 74,058</u>			<u>\$ 114,179</u>	
(4)	Weighted average number of ordinary shares outstanding- Diluted	70,670		70,670	68,432		69,046

## Liquidity and Capital Resources

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

	Nine months ended September 30,	
	2024	2023
	U.S \$ in thousands	
Net loss	\$ (78,340)	\$ (108,118)
Depreciation and amortization	35,068	37,198
Impairment of other long-lived assets	—	4,471
Stock-based compensation	22,564	23,744
Foreign currency transaction (gain) loss	(1,413)	4,087
Other non-cash items, net	9,525	20,041
Change in working capital and other items	13,033	(35,335)
Net cash provided by (used in) operating activities	437	(53,912)
Net cash provided by (used in) investing activities	(17,175)	10,845
Net cash used in financing activities	(1,116)	(1,084)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(178)	(1,703)
Net change in cash, cash equivalents and restricted cash	(18,032)	(45,854)
Cash, cash equivalents and restricted cash, beginning of period	82,864	150,686
Cash, cash equivalents and restricted cash, end of period	\$ 64,832	\$ 104,832

Our cash, cash equivalents and restricted cash balance decreased to \$64.8 million as of September 30, 2024 from \$82.9 million as of September 30, 2023. The decrease in cash, cash equivalents and restricted cash in the nine months ended September 30, 2024 was primarily due to \$17.2 million of cash used in investing activities.

### *Cash provided by operating activities*

We generated \$0.4 million of cash from operating activities during the nine months ended September 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 \$35.1 million, stock-based compensation of \$22.6 million, positive adjustments related to our working capital in an aggregate amount of \$13.0 million and other non-cash items of \$9.5 million, partially offset by our \$78.3 million net loss and foreign currency transactions losses of \$1.4 million. The \$13.0 million of positive adjustments to net cash provided by our operating activities due to working capital was mainly driven by a decrease of \$18.5 million in accounts receivable, partially offset by a decrease of \$9.8 million in other current and non-current liabilities.

***Cash flows used in investing activities***

We used \$17.2 million of cash in our investing activities during the nine months ended September 30, 2024. The cash used in investing activities during this nine-month period was mainly attributable to cash used for investments in unconsolidated entities, in an amount of \$8.8 million, as well as cash used for purchases of property and equipment, in an amount of \$6.7 million.

***Cash used in financing activities***

We used \$1.1 million of cash in financing activities during the nine months ended September 30, 2024. These financing costs were mostly related to contingent consideration that we paid for acquisitions.

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**Capital resources and capital expenditures**

Our total current assets amounted to \$519.3 million as of September 30, 2024, of which \$144.8 million consisted of cash, cash equivalents, short-term deposits and restricted cash. Total current liabilities amounted to \$169.4 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.

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## 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;
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- 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.
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## **QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

Reference is made to Item 11, “Quantitative and Qualitative Disclosures About Market Risk” in our 2023 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.