NITED STATES

SE ITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report .....

Commission file number 001-35751

STRATASYS LTD.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Israel

(Jurisdiction of incorporation or Organization)

c/o Stratasys, Inc 5995 Opus Parkway Minnetonka, Minnesota 55343	1 Holtzman Street, Science Park P.O. Box 2496 Rehovot, Israel 76124

(Address of Principal Executive Offices)

Richard Garrity, Chief Business Unit Officer

Tel: (952) 937-3000

E-mail: rich.garrity@stratasys.com

5995 Opus Parkway, Minnetonka, Minnesota 55343

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, par value NIS 0.01 per share	**SSYS**	**Nasdaq Global Select Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Shenzhen Tuozhu 1038
Shenzhen Tuozhu v. Stratasys
IPR2025-00611

ecurities f r w ich there is a rep rting obligation pursuant to Section 15(d) o the Act.

None

(Title of Class)

ndicate the number utstanding shares of each of the issuer's classes of capital or common stock as of the close o the period covered by the annual report:

71,716,159 **Ordinary Shares, NIS 0.01 par value, (which excludes 266,018 Treasury shares), at December 31, 2024.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232,405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of "accelerated filer," "large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No☒

ABLE OF CON EN

CA TIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	1
USE OF TRADE NAMES	1
CERTAIN TERMS AND CONVENTIONS	1
PART I	
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS.	2
ITEM 2.OFFER STATISTICS AND EXPECTED TIMETABLE.	2
ITEM 3. KEY INFORMATION	2
ITEM 4. INFORMATION ON THE COMPANY	36
ITEM 4A. UNRESOLVED STAFF COMMENTS	75
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	76
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	100
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	130
ITEM 8. FINANCIAL INFORMATION	136
ITEM 9. THE OFFER AND LISTING	137
ITEM 10. ADDITIONAL INFORMATION	138
ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	149
ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	149
PART II	
ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	150
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	150
ITEM 15. CONTROLS AND PROCEDURES.	150
ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT	151
ITEM 16B. CODE OF ETHICS	151
ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES	152
ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	152
ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	152
ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	153
ITEM 16G. CORPORATE GOVERNANCE	153
ITEM 16H. MINE SAFETY DISCLOSURE	154
ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION	154
ITEM 16J. INSIDER TRADING POLICIES	154
ITEM 16K. CYBERSECURITY	154
PART III	
ITEM 17. FINANCIAL STATEMENTS.	157
ITEM 18. FINANCIAL STATEMENTS	157
ITEM 19. EXHIBITS.	152
SIGNATURES	153

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this annual report 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 often characterized by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "continue," "believe," "should," "intend," "project" or other similar words, but are not the only way these statements are identified.

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.

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;
- global macro-economic factors and their impact on our industry, including relatively high interest rates, any lingering inflationary conditions, potentially unfavorable currency exchange rates and tight credit conditions, which could continue to reduce the capital expenditure budgets of our customers and potential customers;
- changes in our overall strategy, including as related to the focused restructuring actions that we have been implementing to streamline operations and enhance our go-to-market strategy;
- 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, and developments involving competitors in our industry, which could impact potential merger and acquisition activity involving us and other companies in our industry;
- whether we successfully complete the PIPE transaction whereby Fortissimo Capital will invest $120 million in our company, which could impact our available capital for value-enhancing, inorganic opportunities in the 3D printing industry;
- impairments of goodwill or other intangible assets in respect of companies that we acquire;
- the extent of our success at efficiently and successfully integrating the operations of various companies that we have acquired or may acquire;
- the degree of our success at locating and acquiring additional value-enhancing, inorganic technology that furthers our business plan to lead in the realm of polymers;
- the potential adverse impact that recent global interruptions and delays involving freight carriers and other third parties may have on our supply chain and distribution network and consequently, our ability to successfully sell both our existing and newly-launched 3D printing products;
- global market, political and economic conditions, and in the countries in which we operate in particular;
- the degree to which our company's operations remain resistant to potential adverse effects of Israel's war against the terrorist organization Hamas and Hezbollah, and, intermittently, Iran and the Houthis in Yemen;
- 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”, as well as in other portions of this annual report.

Readers are urged to carefully review and consider the various disclosures made throughout this 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.

Any forward-looking statements in this annual report are made as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

USE OF TRADE NAMES

Unless the context otherwise indicates or requires, "Stratasys", "PolyJet", "J8 Series", "J850", "J55", "J35", "Vero", "TrueDent", "FDM", "Fortus", “F3300”, "F900", "F370", "Fortus 450mc", "F123 Series", "F770", "Origin", "Origin One", "P3", "Stratasys Direct Manufacturing", "GrabCAD", "GrabCAD Print", "GrabCAD Shop", "GrabCAD Streamline Pro", "OpenAM", "DentaJet", "MediJet", "Digital Anatomy", "TissueMatrix", "GelMatrix", "BoneMatrix", "Neo", "Neo800", "Neo450", "H350", "H Series", "SAF", "Somos", "WaterShed", "PerFORM", "Addigy" and all product names and trade names used by us in this annual report are our trademarks and service marks, which may be registered in certain jurisdictions. Although we have sometimes omitted the “®” and “TM” trademark designations for such marks in this annual report, all rights to such trademarks and service marks are nevertheless reserved. Furthermore, the Stratasys Signet design logo is our property. This annual report contains additional trade names, trademarks and service marks of other companies. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

CERTAIN TERMS AND CONVENTIONS

In this annual report, unless the context otherwise requires:

- references to "Stratasys", "our company", "the Company", "the consolidated company", "the registrant", "we", "us", and "our" refer to Stratasys Ltd. (formerly known as Objet Ltd.), and its consolidated subsidiaries;
- references to "Objet" generally refer to Objet Ltd. and its consolidated subsidiaries prior to the effective time of the Stratasys, Inc.-Objet Ltd. merger on December 1, 2012. We may also use "Objet" to refer to the line of products previously sold by Objet Ltd. and the related current, ongoing operations that have continued following the Stratasys, Inc.-Objet Ltd. merger.
- references to “Stratasys, Inc." generally refer to Stratasys, Inc., a Delaware corporation, and its consolidated subsidiaries prior to the effective time of the Stratasys, Inc.- Objet Ltd. merger, but sometimes (as the context requires) refer to the current, ongoing operations of our Stratasys, Inc. subsidiary;
- references to “ordinary shares”, “our shares” and similar expressions refer to our Ordinary Shares, par value NIS 0.01 per share;
- references to “dollars”, “U.S. dollars”, “U.S. $” and “$” are to United States Dollars;
- references to “shekels” and “NIS” are to New Israeli Shekels, the Israeli currency;
- references to the “articles” or “amended articles” are to our Amended and Restated Articles of Association, which became effective upon the closing of the Stratasys, Inc.- Objet Ltd. merger, as subsequently amended;
- references to the “Companies Law” are to the Israeli Companies Law, 5759-1999, as amended;
- references to the “Securities Act” are to the Securities Act of 1933, as amended;
- references to the “Exchange Act” are to the Securities Exchange Act of 1934, as amended;
- references to “Nasdaq” are to the Nasdaq Stock Market; and
- references to the “SEC” are to the United States Securities and Exchange Commission.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION.

A. [Reserved]

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

You should carefully consider the risks described below, together with all of the other information in this annual report on Form 20-F. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of these risks actually materializes, our business, financial condition and results of operations could suffer and the price of our shares could decline.

Summary of Risk Factors:

The following constitutes a summary of the material risks relevant to an investment in our company:

Risks related to our business and financial condition

- We may not succeed at introducing new or improved products and solutions that gain market share.
- Our annual and quarterly operating results and financial condition may fluctuate.
- Demand for our products and services may not grow as we expect.
- The 3D printing market generally may not grow as we expect.
- Global macro-economic factors such as relatively high interest rates and any lingering inflationary conditions, may have material adverse consequences for our operations, financial position, and cash flows, primarily by continuing to reduce the capital expenditure budgets of our customers and potential customers.
- Declines in the prices of our products and services, or in our volume of sales, together with our relatively inflexible cost structure, may adversely affect our financial results.
- The focused restructuring actions that we have been implementing to streamline operations and enhance our go-to-market strategy do not guarantee significant improvements to our results of operations over the long term.
- To the extent that other companies are successful in developing or marketing consumables for use in our systems, our revenues and profits would likely be adversely affected.
- If our product mix shifts too far into lower margin products or our revenues mix shifts significantly towards our additive manufacturing ("AM") services business, our profitability could be reduced.
- Competition and new technologies may cut into our market share, especially if any competitors in our industry combine with one another successfully.
- Impairments of goodwill or other intangible assets in respect of companies that we acquire would adversely impact our results of operations for the periods in which they occur.
- Our failure to successfully consummate acquisitions of, or investments in, new business, technologies, products or services, to integrate them into our existing company, or to realize from them expected performance, may adversely affect our financial results.
- Our operations could suffer if we are unable to attract and retain key management, directors or other key employees.
- Global interruptions and delays involving freight carriers and other third parties may interfere with our supply chain and distribution network and frustrate our ability to sell our existing and new products.
- If we do not maximize our recurring stream of revenues from the sale of consumables and service contracts, our operating results may be adversely affected.
- New import tariffs imposed by the United States and retaliatory responses from other countries could significantly increase the prices we pay for raw materials and adversely impact demand for our products and services in industries and countries in which our affected customers operate.
- Global market, political and economic conditions, and in the countries in which we operate in particular, could adversely impact our operating results.
- Potential hostile actions by a shareholder or other third party, including a potential additional unsolicited tender offer, or a potential additional attempt to remove and replace our directors with its own nominees, could materially adversely impact our shareholders' investment in our company and could also strain our cash resources.
- Significant disruptions of our information technology systems, including management information systems for inventory management and distribution, or breaches of our data security could adversely affect our business.
- We own a number of our manufacturing and office facilities, which may limit our ability to move our operations.

Risks related to our intellectual property

- 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, could lead to litigation, could necessitate a redesign of our products to avoid use of certain technology, and may have an adverse impact on our financial results.
- If we are unable to obtain patent protection for our products or otherwise protect our intellectual property rights, our business could suffer.
- As our patents expire, additional competitors using our technology could enter the market, which could offer competitive printers and consumables, require us to reduce our prices for our products and result in lost sales.

Risks related to operations in Israel

- Israel's war against the terrorist organizations Hamas and Hezbollah and, intermittently, Iran, and its hostilities with additional regional terrorist groups may adversely affect our operations.
- Exchange rate fluctuations between the U.S. dollar and the New Israeli Shekel (in particular), the Euro, the Yen and other non-U.S. currencies may negatively affect the earnings of our operations.
- We are currently eligible for Israeli government tax benefits in respect of our Israeli operations. If we do not meet several conditions for receipt of those benefits, or if the Israeli government otherwise decides to eliminate those benefits, they may be terminated or reduced.

Risks related to an investment in our ordinary shares

- The market price of our ordinary shares may be subject to fluctuation, regardless of our operating results and financial condition. As a result, our shareholders could incur substantial losses.
- The market price of our ordinary shares has experienced significant decline over time, and we cannot guarantee when and whether it will recover.
- There are risks associated with our share repurchase program.
- We do not anticipate paying any cash dividends in the foreseeable future.

Risks related to our business and financial condition

We may not be able to introduce new 3D printers, high-performance systems and consumables acceptable to customers or to improve the technology, software or consumables used in our current systems in response to changing technology and end-user needs.

We derive most of our revenues from the sale of additive manufacturing systems and related consumables. The markets in which we operate are subject to rapid and substantial innovation and technological change, mainly driven by technological advances and end-user requirements and preferences, as well as the emergence of new standards and practices. Our ability to compete in these markets depends, in large part, on our success in enhancing our existing products and developing new additive manufacturing systems and new consumables that will address the increasingly sophisticated and varied needs of prospective end-users, and respond to technological advances and industry standards and practices on a cost-effective and timely basis or otherwise gain market acceptance. In keeping with our strategic goal of strengthening our position in polymers and in the fast-growing mass production parts market, we acquired Origin Laboratories, Inc., or Origin, and its P3™ Programmable PhotoPolymerization technology in December 2020, which we believe will help to further strengthen our position in that area. In order to further expand our polymer suite of solutions across the product life cycle, in 2021, we acquired UK-based RP Support Ltd., or RPS, a provider of industrial stereolithography 3D printers and solutions, and Xaar 3D Ltd., or Xaar, and its powder-based SAF™ technology, thereby accelerating our growth in production-scale 3D printing.

Even if we successfully utilize new acquired technologies or organically developed technologies to create new systems or enhance our existing systems, it is likely that new systems and technologies that we develop will eventually supplant our existing systems or that our competitors will create systems that will replace our systems. As a result, any of our products may be rendered obsolete or uneconomical by our or others' technological advances.

Our operating results and financial condition may fluctuate.

The operating results and financial condition of our company have fluctuated from quarter to quarter and year to year and are likely to continue to vary due to a number of factors, many of which will not be within our control. We do not always have visibility as to the expected movements of the global economy and, consequently, as to the expected changes in our operating results over time. This began during the COVID pandemic, during which we began analyzing our quarterly results on a linear basis, comparing consecutive quarters with one another, in addition to comparing each quarter with the corresponding quarter of the previous year, thereby enabling us to track the most updated economic trends and their impact on our operating results.After having suspended providing quarterly or annual guidance in the second quarter of 2020, we returned to providing guidance (initially, on a more limited basis) in subsequent years. However, if our operating results do not meet that guidance or the expectations of securities analysts or investors, the market price of our ordinary shares will likely decline, as occurred following our announcement of our operating results for each of the first two quarters of 2024.

Fluctuations in our operating results and financial condition may be due to a number of factors, including the latest global economic developments concerning inflation, interest rates and unemployment, as well as those additional factors listed below and those identified throughout this “Risk Factors” section:

- the degree of market acceptance of our products and services, particularly in the fast-growing sector of mass production parts;
- the mix of products and services that we sell during any period;
- the geographic distribution of our sales;
- our responses to price competition;
- long sales cycles;
- unforeseen liabilities or difficulties in integrating our acquisitions or newly acquired businesses;
- changes in the amount that we spend to develop, acquire or license new products, consumables, technologies or businesses;
- changes in the amounts that we spend to promote our products and services;
- changes in the cost of satisfying our warranty obligations and servicing our installed base of systems;
- delays between our expenditures to develop and market new or enhanced systems and consumables and the generation of sales from those products;
- delays in orders of our products from period to period due to outside factors, such as U.S. government shutdowns, which may delay orders by U.S. government agencies or other end-users whose business activities are heavily dependent on U.S. government agency contracts;
- global interruptions and delays involving freight carriers and other third parties, which may interfere with our supply chain and distribution network and frustrate our ability to sell our existing and new products;
- development of new competitive products and services by others, and whether those products and services draw from our market share;
- difficulty in predicting sales patterns and reorder rates that may result from multi-tier distribution strategy associated with new product categories such as entry level desktop 3D printers;
- impairment charges that we may be required to record in respect of our goodwill and/or other long-lived assets;
- potential cyber attacks against, or other breaches to, our information technologies systems;
- litigation or threats of litigation, including intellectual property claims by third parties;
- changes in accounting rules and tax laws;
- tax benefit that we may record due to partial or full release of valuation allowances against our deferred tax assets;
- general economic and industry conditions that affect end-user demand and end-user levels of product design and manufacturing; and
- changes in dollar-shekel and dollar-Euro exchange rates that affect the value of our net assets, revenues and expenditures from and/or relating to our activities carried out in those currencies;

Due to all of the foregoing factors, and the other risks discussed in this annual report, you should not rely on quarter-over-quarter and year-over-year comparisons of our operating results as an indicator of our future performance.

If demand for our products and services, or in the 3D printing market generally, does not grow as expected, our revenues may stagnate or decline and our profitability may be adversely affected.

The commercial marketplace for prototyping and manufacturing, which was once dominated by conventional production technologies, is gradually adopting additive manufacturing as a new production technology. This is true with respect to prototype development, and to a growing extent, with respect to direct digital manufacturing, or DDM, as an alternative to traditional manufacturing. If the commercial marketplace does not continue to transform towards the broader acceptance of 3D printing and DDM as alternatives for prototype development and traditional manufacturing, or if it adopts 3D printing based on technologies other than the technologies that we use, we may not be able to increase or sustain current or future levels of sales of our products and related materials and services, and our results of operations may be adversely affected as a result.

Adverse macro-economic trends such as inflation and relatively high interest rates have had adverse impacts, and may continue to adversely impact, our sales, our business, results of operations and financial condition.

The global economic environment has been adversely impacting our revenues and results of operations in recent periods. The lingering impact of inflation, which, while having declined recently, was high in recent years and increased the prices of goods and services, has eaten into the capital budgets of our customers and potential customers, who have less money to invest in our systems. Relatively high interest rates, which were implemented by central banks to curb inflation, while having been reduced partially recently, have worsened credit/financing conditions for our customers and adversely impacted their ability to purchase our products. In certain cases, shifts in interest rates have impacted investor preferences as to investments in different countries, which has triggered shifts in exchange rates between various currencies, which has, in turn, exerted an unsteady impact on our results of operations.

Since 2022, these macro-economic trends have been adversely impacting our target markets and our results of operations.

In light of these uncertainties, we continue to utilize cost-control measures that we first implemented in February 2020, when the COVID-19 pandemic began, some of which we have maintained in place since that time. Our restructuring program, announced in August 2024, attempts to counteract negative macroeconomic trends with greater efficiency on our part, including a downsize in our workforce by approximately 15% in the last four months of 2024 and a decision to focus on the highest growth potential products, materials and software solutions.

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

Given the uncertainties associated with macroeconomic conditions, it is difficult to fully predict the magnitude of their effects on our, and our business partners’, business, financial condition and results of operations.

The guidance that we provide for 2025 and for future periods (including medium term guidance) may lack the degree of certainty that we once had in providing guidance, due to the number of variables surrounding the current macro-economic environment.

The trends associated with the current economic environment may also have the effect of amplifying many of the other risks described herein.

Declines in the prices of our products and services, or in our volume of sales, together with our relatively inflexible cost structure and increased costs of producing and selling our products, may adversely affect our financial results.

Our business is subject to price competition. Such price competition may adversely affect our ability to maintain the same degree of profitability, especially during periods of decreased demand. Decreased demand also adversely impacts the volume of our systems sales. If our business is not able to offset price reductions resulting from these pressures, or decreased volume of sales due to contractions in the market, by improved operating efficiencies and reduced expenditures, then our operating results will be adversely affected.

Certain of our operating costs are fixed and cannot readily be reduced, which diminishes the positive impact of our reorganization programs on our operating results. As the market for our products has slowed in recent periods, and the 3D printing market has not grown as much as expected, if that trend were to continue, we would be faced with excess manufacturing capacity and excess related costs that cannot readily be reduced, which will adversely impact our results of operations. The impact of higher inflation in recent years on the cost of producing and selling our products has also made it more difficult for us to maintain our profit margins and thereby also adversely impacting our results of operations.

The focused restructuring actions that we have been implementing to streamline operations and enhance our go-to-market strategy may not yield significant enhancement to our short-term revenues.

Our focused restructuring program, announced in August 2024 and implemented since that time, attempts to counteract negative macroeconomic trends with greater efficiency on our part, including a downsize in our workforce by approximately 15% in the last four months of 2024 and a decision to focus on the highest growth potential use cases, products, materials and software solutions.

While we believe that this restructuring program enables us to withstand current challenging macro-economic conditions, by emphasizing operational efficiencies, execution and better profitability, there is no guarantee that we will see a significant improvement in our revenues over the short term. Ultimately, to a certain extent, we are impacted by the market for 3D printing generally and need that market to return to its prior trend of growth for our revenues to once again grow, which would also improve our other measures of operating performance. In the interim, we continue to monitor the situation, assessing further implications of the relatively stagnant period for 3D printing for our operations, supply chain, liquidity, cash flow and customer orders, in an effort to mitigate potential new adverse consequences should they arise. There is no guarantee as to when capital spending in the 3D printing will recover.

To the extent that other companies are successful in developing or marketing consumables for use in our systems, our revenues and profits would likely be adversely affected.

We sell a substantial portion of the consumables used in our systems. Our consumables have been a source of increased revenues for us. We attempt to protect against replication of our proprietary consumables through differentiation patents and trade secrets and provide that warranties on those systems may be invalid if customers use non-genuine consumables. We have also acquired companies that sell our materials, as a means to broaden our official materials offerings. Other companies have nevertheless developed and sold, and may continue to develop and sell, consumables that are used with our systems, which may reduce our consumables sales and impair our overall revenues and profitability.

If our product mix shifts too far into lower margin products or our revenues mix shifts significantly towards our AM services business, our profitability could be reduced.

Sales of certain of our existing products have higher margins than others. For instance, some of our high-end systems and related consumables yield a greater gross margin than our entry-level systems. Sales of our entry-level systems may displace sales of our other systems. If sales of our entry-level systems have the effect of reducing sales of our higher margin products, or if for any other reason, our product mix shifts too far into lower margin products, and we are not able to sufficiently reduce the engineering, production and other costs associated with those products or substantially increase the sales of those products, our profitability could be reduced. A similar negative impact on our gross margins could result due to a significant shift towards revenues generated by our AM parts service business, Stratasys Direct, which are characterized by lower margins relative to our products.

The markets in which we participate are competitive. Our failure to compete successfully could cause our revenues and the demand for our products to decline.

We compete with a wide variety of producers of systems that create end-use parts, 3D printed models, prototypes, manufacturing aids, and medical guides and end-use parts as well as producers of materials, services and software for these systems, including both additive and subtractive manufacturing methodologies, such as metal extrusion, computer-controlled machining and manual modeling techniques. Our leading 3D systems competitors currently consists of other manufacturers of systems for prototype development and manufacturing processes, including Formlabs, 3D Systems Corporation, Carbon, HP, EOS GmbH, Markforged and Desktop Metal, as well as new entrants such as Bambu Lab. For our AM parts and services business, our leading competitors include of 3D Systems, Materialise, Protolabs and other service providers. We may face additional competition in the future from other new entrants into the marketplace, including companies that may have significantly greater resources than we have that may become new market entrants or may enter through acquisition or strategic or marketing partnerships with current competitors.

Some of our current and potential competitors have longer operating histories and more extensive name recognition than we have and may also have greater financial, marketing, manufacturing, distribution and other resources than we have. Current and future competitors may be able to respond more quickly to new or emerging technologies and changes in end-user demands and to devote greater resources to the development, promotion and sale of their products than we can. Our current and potential competitors may develop and market new technologies that render our existing or future products obsolete, unmarketable or less competitive (whether from a price perspective or otherwise). Some of our current and potential competitors are engaged in value adding acquisitions, such as the prospective acquisition, by Nano Dimension Ltd., or Nano, of Desktop Metal (announced in July 2024) and Markforged (announced in September 2024), each of which, if completed, would create a more significant player.

We cannot assure that we will be able to maintain or enhance our current competitive position or continue to compete successfully against current and future sources of competition

If additional goodwill or other intangible assets that we have recorded become impaired, we could have to take future charges against earnings

As of December 31, 2024, the carrying value of all of our goodwill and other intangible assets was approximately $205.3 million compared to a carrying value of $227.8 million as of December 31, 2023.

Under accounting principles generally accepted in the United States of America, or GAAP, we are required to review goodwill for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Intangible assets are generally amortized into earning based on their useful life, but are also reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable.

Any impairment to our goodwill and intangible assets in the future could result in further significant charges against our earnings and could have a material adverse effect on our results of operations. For further information, please see Notes 8 and 9 to our consolidated financial statements included elsewhere in this annual report.

As part of our growth strategy, we have sought, and will continue to seek, to acquire or to make investments in other businesses, patents, technologies, products or services. Our failure to do so successfully (including, if applicable, to finance such acquisitions or investments on favorable terms, to avoid adverse financial consequences, and to realize expected results from such acquisitions, investments or divestments) may adversely affect our financial results.

Our growth strategy, which we sometimes refer to as our "North Star" strategy, is focused on providing a complete portfolio offering of products and services within additive manufacturing, initially in polymers, and after which we expect to add other areas, including metal printing, in the near future. In order to implement this strategy, we expect to continue to regularly evaluate acquisitions or investments to expand our suite of products and services. Even if we are able to identify a suitable acquisition or investment, we may not be able to consummate any such transaction if we cannot reach an agreement on favorable terms or if we lack sufficient resources to finance the transaction on our own and cannot obtain financing at a reasonable cost or if regulatory authorities prevent such transaction from being consummated. If we proceed with a particular acquisition or investment, we may have to use cash, issue new equity securities with dilutive effects on existing shareholders, incur indebtedness, assume contingent liabilities or amortize assets or expenses in a manner that might have a material adverse effect on our financial condition, results of operations or liquidity. Acquisitions will also require us to record certain acquisition-related costs and other items as current period expenses, which would have the effect of reducing our reported earnings in the period in which an acquisition is consummated. In addition, we could also face unknown liabilities or write-offs due to our acquisitions and investments, which could result in a significant charge to our earnings in the period in which they occur. We will also be required to record goodwill or other long-lived asset impairment charges (if any) in the periods in which they occur, which could result in a significant charge to our earnings in any such period. If an acquired entity or investment does not perform as projected and in accordance with our expectations, and is not accretive to our earnings, it may adversely impact our overall results of operations and hurt, rather than help, our business. We may decide to divest the acquired assets in such a situation, in order to generate cash or even merely to stop potential future losses.

Our operations could suffer if we are unable to attract and retain key management or other key employees in the Israeli market or other markets in which we operate where competition for highly skilled technical and other personnel is intense.

Our success depends upon the continued service and performance of our senior management and other key personnel. Our executive team is critical to the management of our business and operations, as well as to the development of our strategy. The loss of the services of any members of our senior executive team could delay or prevent the successful implementation of our strategy, or our commercialization of new applications for our systems or other products, or could otherwise adversely affect our ability to manage our company effectively and carry out our business plan. Towards the end of 2024, as part of our organizational restructuring, we reduced the size of our Core Leadership Team. There can be no assurance that we will be able to maintain our small Leadership Team in the future, and if we need to fill additional management positions in the future, that we will be able to rapidly do so, without any adverse impact on our operations.

Our dependence on key employees extends beyond our senior executive team, to our highly skilled scientific, technical (including software) and sales personnel. Our principal research and development as well as significant elements of our general and administrative activities are conducted at one of our two headquarters. In Israel, we face significant competition for suitably skilled employees in Israel. While there has been intense competition for qualified human resources in the Israeli high-tech industry historically (including the additive manufacturing, or AM, industry in which we operate), the industry experienced record growth and activity in the last couple of years, both at the earlier stages of venture

capital and growth equity financings, and at the exit stage of initial public offerings and mergers and acquisitions. This flurry of growth and activity has caused an increase in job openings in both Israeli high-tech companies and Israeli research and development centers of foreign companies, and intensification of competition between these employers to attract qualified employees in Israel. As a result, the high-tech industry in Israel has experienced significant levels of employee attrition and is currently facing a shortage of skilled human capital, including engineering, research and development, software, sales and customer support personnel. This trend has moderated in 2024. On the one hand, the ongoing war has resulted in the calling into active duty of reservists, thereby reducing the available Israeli workforce. On the other hand, economic activity slowed for periods of the war, thereby reducing demand for skilled human capital. Similar shortages of key personnel also exist in the regions surrounding our Minnesota facilities. Companies with which we compete for qualified personnel may have greater resources than we do, and we may not succeed in recruiting additional experienced or professional personnel, retaining personnel or effectively replacing current personnel who may depart with qualified or effective successors. If we cannot attract and retain sufficiently qualified technical employees for our research and development and/or product development activities (including for the software in our products), we may be unable to achieve the synergies expected from mergers and acquisitions that we may effect from time to time, or to develop and commercialize new products or new applications for existing products.

In addition, as a result of the competition for qualified human resources, the Israeli high-tech and other high-tech markets have also experienced, in the recent past, and may once again experience significant wage inflation. Accordingly, our efforts to attract, retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. Furthermore, in making employment decisions, particularly in the high-technology industry, job candidates often consider the value of the equity they are to receive in connection with their employment. Employees may be more likely to leave us if the shares they own or the shares underlying their equity incentive awards have significantly appreciated or significantly decreased in value. During 2024 our share price decreased significantly and many of our key employees who received restricted share units, or RSUs, in previous years, saw their value diminish, which could heighten the risk of employee attrition.

While we utilize non-competition agreements with our employees in jurisdictions where non-compete undertakings are lawful, as a means of improving our employee retention, those agreements may not be effective towards that goal. These agreements prohibit our employees, if they cease working for us, from competing directly with us or working for our competitors for a limited period. We may be unable to enforce these agreements under Israeli law or the law of other jurisdictions, and it may be difficult for us to restrict our competitors from benefiting from the expertise our former employees developed while working for us.

In light of the foregoing, there can be no assurance that qualified employees will remain in our employ or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

Defects in new products or in enhancements to our existing products could give rise to product returns or product liability, warranty or other claims that could result in material expenses, diversion of management time and attention, and damage to our reputation.

Our products are complex and may contain defects or experience failures or unsatisfactory performance due to any number of issues in design, fabrication, packaging, materials, and/or use within a system. These defects or errors could result in significant warranty, support and repair or replacement costs, cause us to lose market share and divert the attention of our engineering personnel from our product development efforts to find and correct the issue.

This risk of product liability claims may also be greater due to the use of certain hazardous chemicals used in the manufacture of certain of our products. Those hazardous chemicals fall within three different categories (with several of the chemicals falling within multiple categories): irritants, harmful chemicals and chemicals dangerous for the environment. In addition, we may be subject to claims that our 3D printers have been, or may be, used to create parts that are not in compliance with legal requirements or that intellectual property posted by third parties on our GrabCAD website infringes the intellectual property rights of others.

Any claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, and damage to our reputation, and could cause us to fail to retain existing end-users or to attract new end-users. Although we maintain product liability insurance, such insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. Costs or payments made in connection with warranty and product liability claims and product recalls or other claims could materially affect our financial condition and results of operations.

Our sales of end-use parts to customers in the aerospace, medical, dental and automotive industries, and of 3D printing systems to customers in the aerospace industry, carry with them a greater potential for liability claims against us.

Our manufacturing services business, Stratasys Direct Manufacturing, produces parts used as prototypes, benchmarks, and end-use parts. In the case of end-use parts, our sales to customers in the aerospace, medical, dental and automotive industries, in particular, makes us more susceptible to product and other liability claims, which characterize operations in those industries. Sales of our 3D printing systems to customers in the aerospace industry similarly carry with them potential liability claims if the parts produced by those systems do not function properly. Any such claims that are not adequately covered by insurance or for which insurance is not available may adversely affect our results of operations and financial condition.

We may experience significant delays or obstacles to realizing the success of our product offerings.

Our products aim to leverage our proprietary additive manufacturing technologies and materials to grow the market for existing applications in the dental market and identify, develop and/or commercialize future solutions in the medical and dental markets spanning dentistry, orthodontics, dermatology, orthopedics, cardiology, plastic surgery. These businesses operate in a highly competitive space which may make it difficult for us to implement business plans and expectations and identify and realize opportunities. In addition, their technology, products, materials, and applications may be subject to strict regulatory requirements in the United States and other countries. The regulatory approval or clearance process may be lengthy and costly, and regulatory requirements may impact the timing of, or our ability to, commercialize the regulated technology, products, materials, and applications. The success of these parts of our business will also depend on our ability to attract, hire, and retain qualified personnel, establish sales, marketing and distribution infrastructure, and establish and maintain supply and manufacturing relationships.

If our relationships with suppliers for our products and services, especially with single source suppliers of components of our products, were to terminate or our manufacturing arrangements were to be disrupted, our business could be interrupted.

We purchase components and sub-assemblies for our systems, raw materials that are used in our consumables, and AM systems, component parts and raw materials for our Stratasys Direct Manufacturing services business, from third-party suppliers, some of whom may compete with us. While there are several potential suppliers of most of these component parts, sub-assemblies and raw materials that we use, we currently choose to use only one or a limited number of suppliers for several of these components and materials. Furthermore, the suppliers of AM systems and materials used in our Stratasys Direct Manufacturing parts service may refuse to sell us additional AM systems or component parts and materials for AM systems that our Stratasys Direct Manufacturing service uses. Our reliance on a single or limited number of vendors involves a number of risks, including:

- potential shortages of some key components;
- product performance shortfalls, if traceable to particular product components, since the supplier of the faulty component cannot readily be replaced;
- discontinuation of a product or certain materials on which we rely;
- potential insolvency of these vendors; and
- reduced control over delivery schedules, manufacturing capabilities, quality and costs.

In addition, we require any new supplier to become “qualified” pursuant to our internal procedures. The qualification process involves evaluations of varying durations, which may cause production delays if we were required to qualify a new supplier unexpectedly. We generally assemble our systems and parts based on our internal forecasts and the availability of raw materials, assemblies, components and finished goods that are supplied to us by third parties, which are subject to various lead times. If certain suppliers were to decide to discontinue production of an assembly, component or raw material that we use, the unanticipated change in the availability of supplies, or unanticipated supply limitations, could cause delays in, or loss of, sales, increased production or related costs and consequently reduced margins, and damage to our reputation. If we were unable to find a suitable supplier for a particular component, material or compound, we could be required to modify our existing products or the end- parts that we offer to accommodate substitute components, material or compounds. While we have introduced periodic risk analysis internally concerning our sourcing (particularly concerning raw materials), which has increased the levels of our inventories, there is no guarantee that will sufficiently protect us if we suddenly lose access to supplies unexpectedly.

In particular, we rely on a sole supplier, Ricoh Printing Systems America, Inc., or Ricoh, for the printer heads for our PolyJet 3D printers. Under the terms of our agreement with Ricoh, we purchase printer heads and associated electronic components, and receive a non-transferable, non-exclusive right to assemble, use and sell these purchased products under Ricoh’s patent rights and trade secrets. Due to the risk of a discontinuation of the supply of Ricoh printer heads and other key components of our products, we maintain excess inventory of those printer heads and other components. However, if our forecasts exceed actual orders, we may hold large inventories of slow- moving or unusable parts or raw materials, which could result in inventory write offs or write downs and have an adverse effect on our cash flow, profitability and results of operations. See “Item 4. Information on the Company-Business Overview-Manufacturing and Suppliers-Inventory and Suppliers-Ricoh Agreement” for further discussion of this agreement.

Discontinuation of operations at our manufacturing sites could prevent us from timely filling customer orders and could lead to unforeseen costs for us.

We assemble and test the systems that we sell, and, in many cases, produce consumables for our systems, at single facilities in various locations that are specifically dedicated to separate categories of systems and consumables. We similarly rely on a single facility for assembly of the component parts and materials for AM systems that our Stratasys Direct Manufacturing service uses. Because of our reliance on all of these production facilities, a disruption at any of those facilities could materially damage our ability to supply 3D printers, other systems or consumable materials to the marketplace in a timely manner. Depending on the cause of the disruption, we could also incur significant costs to remedy the disruption and resume product shipments. Such disruptions may be caused by, among other factors, earthquakes, fire, flood and other natural disasters. There are no assurances that we will be adequately protected from any significant disruptions at our manufacturing sites. Accordingly, any such disruption could result in a material adverse effect on our revenue, results of operations and earnings, and could also potentially damage our reputation.

A loss of, or reduction in revenues from, a significant number of our resellers and our independent sales agents would impair our ability to sell our products and services and could reduce our revenues and adversely impact our operating results.

We rely heavily on our network of resellers and independent sales agents to sell and (in the case of resellers) to service our products for end-users in their respective geographic regions. These resellers and sales agents may not be as effective in selling our products or servicing our end-users as we are. Further, if our relationships with a significant number of these resellers and sales agents were to be terminated or

if a significant number of these resellers and sales agents would otherwise fail or refuse to sell our products, we may not be able to find replacements that are as qualified or as successful in a timely manner, if at all. If these resellers and independent sales agents do not perform as anticipated or if we are unable to find qualified and successful replacements, our sales will suffer, which would have an adverse effect on our revenues and operating results. Additionally, a default by one or more resellers that have a significant receivables balance could have an adverse financial impact on our financial results.

Global interruptions and delays involving freight carriers and other third parties have adversely impacted, and may once again adversely impact our supply chain and distribution network, and, consequently, frustrate our ability to sell our 3D printing systems, especially those systems that are based on newly acquired technologies that we have recently launched.

Our business relies on an efficient and effective supply chain, including delivery of raw materials and parts for our 3D printing systems, and the manufacture and transport of those systems to resellers or end-users (as applicable). Global supply chains have generally been functioning at normal levels in recent times, however periodic delays and interruptions, similar to those caused by the recent Houthis attacks in the area of the Red Sea-Suez Canal trade route, could once again adversely the distribution of our products. That may also result in higher out-of-stock inventory positions due to difficulties in timely obtaining raw materials and parts from our suppliers, as well as transportation of our products after manufacture to our distribution destinations. Further, as a result of such delays, we may need to source raw materials and parts from different geographic locations or manufacturers, which could result in, among other things, higher product costs, increased transportation costs, delays in sales of our products or lower quality of our products. The adverse impact of these irregularities in our supply chain on our ability to distribute our 3D printing systems may be most acute for systems that are based on our three recently-acquired technologies, where we have just recently implemented our distribution channels.

Additionally, the operation of our manufacturing facilities, where our 3D printing systems are assembled, is crucial to our business operations. If our manufacturing facilities experience closures or worker shortages (similar to what occurred during the COVID-19 pandemic), whether temporary or sustained, we could sustain significant adverse impacts related to the distribution of our products to their destinations, whether to resellers or end-users (as applicable).

Any of these circumstances could adversely affect our ability to deliver our 3D printing systems in a timely manner, which could impair our ability to meet customer demand for products and result in lost sales and services revenues, increased supply chain costs, and, potentially, damage to our reputation.

Our business model is predicated in part on building an end-user base that will generate a recurring stream of revenues through our sale of consumables and service contracts. If that recurring stream of revenues does not continue, or if our business model changes as the industry evolves, our operating results may be adversely affected.

Our business model is dependent in part on our ability to maintain a differentiated portfolio of proprietary consumables, and to increase our sales of our proprietary and third-party consumables and service contracts as that generates recurring revenues. Our consumables have been a source of increased revenues for us. However, existing and future end-users of our systems may not purchase our consumables or related service contracts at the same rate at which end-users currently purchase those consumables and services. In addition, the use of our systems for prototyping applications, which is often carried out with entry-level systems generally requires a lower volume of consumables relative to the use of our systems for manufacturing, which is usually carried out with our higher end systems. If our current and future end-users do not transition towards manufacturing applications for our systems that are handled through our high end systems and do not, therefore, purchase a higher volume of our consumables, or if our end users do not enter into an increasing number of service contracts with us, our recurring revenue stream relative to our total revenues would be reduced, and our operating results would be adversely affected.

Import tariffs, taxes, customs duties and other trading regulations imposed by the U.S. government and retaliatory responses from other countries, could significantly increase the prices we pay for raw materials that are critical to our ability to manufacture our products, and could also adversely impact the industries and countries in which our customers operate, thereby reducing demand for our 3D printing products and services in those industries and countries.

Import tariffs, taxes, customs duties and other trading regulations imposed by the U.S. government on foreign countries, or by foreign countries on the U.S., could directly or indirectly significantly increase the prices we pay for raw materials that are critical to our ability to manufacture our products. In particular, the current U.S. administration has expressed a desire to impose substantial new or increased tariffs on goods imported from certain trade partners, such as the EU and China, which have resulted, and may continue to result, in reciprocal tariffs on goods exported from the United States to such trade partners. We may be unable to locate suppliers to provide the necessary raw materials for our products on an economical basis in the amounts we require. That could result in an increase in the cost of raw materials and components used in certain of our products, which could, in turn, increase our cost of goods sold.

Trade barriers and other governmental action related to tariffs around the world also have the potential to hurt the industries, such as manufacturing, in which our customers operate, by decreasing demand for our customers' products. New tariffs could also more broadly adversely impact the country-specific or regional economies in which we operate and into which we offer our products and services. Those adverse effects could, in turn, decrease our customers' demand for our 3D printing products and related services, and result in a decrease in our revenues.

Any widespread imposition of new or increased tariffs could, therefore, both increase the cost of producing, and reduce the demand for, our products, and any such cost increases will either require us to increase prices (which could reduce our sales) or could negatively impact our profit margins. Overall, that could have a material adverse effect on our financial condition, results of operations and cash flows.

Global economic, political and social conditions may adversely impact our sales.

Uncertainty with respect to the global economy, difficulties in the financial services sector and credit markets, geopolitical uncertainties and other macroeconomic factors all affect spending behavior of

potential end-users of our products and services. The uncertain prospects for economic growth in some of the regions in which we sell our products may cause end-users to delay or reduce technology purchases. We also face risks that may arise from financial difficulties experienced by our end-users, suppliers and distributors, which may be exacerbated by continued uncertainty in the global economy or by other geopolitical factors, including:

- relatively high interest rates in many countries and regions throughout the world, including the regions where our customers are located;
- supply chain disruptions, which have slowed the delivery of raw materials, and which have increased the price of certain materials due to the significant increase in costs of raw materials and shipping costs;
- the ongoing U.S.- China trade war may impact the cost of raw materials, finished products or components used in our products, and our ability to sell our products in China;
- threats of massive cyber attacks that could cause severe economic damage;
- extended U.S. federal government shutdowns (resulting from the failure to pass budget appropriations or adopt continuing funding resolutions) may delay orders of our products by U.S. government agencies or other end-users whose business activities are heavily dependent on U.S. government agency contracts;
- end-user demand for products and manufacturing activity levels may be reduced;
- distributors and end-users may be unable to obtain credit financing to finance purchases of our products;
- suppliers may be unable to obtain credit financing to finance purchases of sub-assemblies used to build components of products or purchases of raw materials to produce consumables;
- end-users or distributors may face financial difficulties or may become insolvent, which could lead to our inability to obtain payment for our products; and
- key suppliers of raw materials, finished products or components used in our products and consumables may face financial difficulties or may become insolvent, which could lead to disruption in the supply of systems, consumables or spare parts to our end-users.

Our existing and planned international operations currently expose us and will continue to expose us to additional market and operational risks, and failure to manage these risks may adversely affect our business and operating results.

We expect to derive a substantial percentage of our sales from international markets. We derived 40.3% of our revenues in 2024 from countries outside the Americas. Accordingly, we face significant operational risks from doing business internationally, including:

- fluctuations in foreign currency exchange rates;
- potentially longer sales and payment cycles;
- potentially greater difficulties in collecting accounts receivable;
- potentially adverse tax consequences;
- reduced protection of intellectual property rights in certain countries, particularly in Asia and South America;
- difficulties in staffing and managing foreign operations;

- laws and business practices favoring local competition;
- costs and difficulties of customizing products for foreign countries;
- compliance with a wide variety of complex foreign laws, treaties and regulations;
- tariffs, trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets; and
- being subject to the laws, regulations and the court systems of many jurisdictions.

Our failure to manage the market and operational risks associated with our international operations effectively could limit the future growth of our business and adversely affect our operating results.

Significant cybersecurity disruptions of our information technology systems or breaches of our data security could adversely affect our business.

A significant invasion, interruption, destruction or breakdown of our information technology, or IT, systems and/or infrastructure by persons with authorized or unauthorized access could negatively impact our business and operations. We could also experience business interruption, information theft and/or reputational damage from cyber attacks, which may compromise our systems and lead to data leakage either internally or at our third party providers. Both data that has been inputted into our main IT platform, which covers records of transactions, financial data and other data reflected in our results of operations, as well as data related to our proprietary rights (such as research and development, and other intellectual property- related data), are subject to material cyber security risks. Our IT systems have been, and are expected to continue to be, the target of malware and other cyber attacks. To date, we are not aware that we have experienced any loss of, or disruption to, material information as a result of any such malware or cyber attack.

We have invested in advanced protective systems to reduce these risks, some of which have been installed and others that are still in the process of installation. Based on information provided to us by the suppliers of our protective systems, we believe that our level of protection is in keeping with the customary practices of peer technology companies, market standards and best practice. We also maintain back-up files for much of our information, as a means of assuring that a breach or cyber attack does not necessarily cause the loss of that information. We furthermore review our protections and remedial measures periodically in order to ensure that they are adequate.

Despite these protective systems and remedial measures, techniques used to obtain unauthorized access are constantly changing, are becoming increasingly more sophisticated and often are not recognized until after an exploitation of information has occurred. We may be unable to anticipate these techniques or implement sufficient preventative measures, and we therefore cannot assure you that our preventative measures will be successful in preventing compromise and/or disruption of our information technology systems and related data. We furthermore cannot be certain that our remedial measures will fully mitigate the adverse financial consequences of any cyber attack or incident.

We are subject to environmental laws and export control laws due to the import and export of our products, as well as environmental, health, safety and medical device laws and regulations related to our operations and the use of our systems and materials, including requirements imposed due to use of our products by our customers, which could subject us to compliance costs and/or potential liability in the event of non-compliance.

The export of our products internationally subjects us to environmental laws and regulations concerning the import and export of chemicals and hazardous substances such as the United States Toxic Substances Control Act, or TSCA, and the Registration, Evaluation, Authorization and Restriction of Chemical Substances, or REACH. These laws and regulations require the testing and registration of some chemicals that we ship along with, or that form a part of, our systems and other products. If we fail to comply with these or similar laws and regulations, we may be required to make significant expenditures to reformulate the chemicals that we use in our products and materials or incur costs to register such chemicals to gain and/or regain compliance. Additionally, we could be subject to significant fines or other civil and criminal penalties should we not achieve such compliance.

The export of our products is also subject to several export regulations, including but not limited to the United States. Export Administration Regulations, the United States International Traffic in Arms Regulations, the United States Arms Export Control Act and regulations and orders administered by the United States Treasury Department's Office of Foreign Assets Control (which we refer to collectively as Export/Import Laws). Our products are governed by civil controls, but failure to comply with these Export/Import Laws may potentially lead to the imposition of greater restrictions on our ability to export those products and penalties if we fail to comply with our restrictions.

We are furthermore subject to extensive environmental, health and safety laws, regulations and permitting requirements in multiple jurisdictions due to our use of chemicals and production of waste materials as part of our operations and in connection with the operation of our systems by our customers. In certain cases, the required compliance with health or safety regulations is imposed by our customers themselves. These laws, regulations and requirements (which include the Directive on Waste Electrical and Electronic Equipment of the European Union (EU) and the EU Directive on Restriction of Use of Certain Hazardous Substances) govern, among other things, the generation, use, storage, registration, handling and disposal of chemicals and waste materials, the presence of specified substances in electrical products, the emission and discharge of hazardous materials into the ground, air or water, the cleanup of contaminated sites, including any contamination that results from spills due to our failure to properly dispose of chemicals and other waste materials and the health and safety of our employees. Under these laws, regulations and requirements, we could also be subject to liability for improper disposal of chemicals and waste materials, including those resulting from the use of our systems and accompanying materials by end-users. These or future laws and regulations could potentially require the expenditure of significant amounts for compliance and/or remediation. If our operations fail to comply with such laws or regulations, we may be subject to fines and other civil, administrative or criminal sanctions, including the revocation of permits and licenses necessary to continue our business activities. In addition, we may be required to pay damages or civil judgments in respect of third-party claims, including those relating to personal injury (including exposure to hazardous substances that we generate, use, store, handle, transport, manufacture or dispose of), property damage or contribution claims. Some environmental laws allow for strict, joint and several liabilities for remediation costs, regardless of fault. We may be identified as a potentially responsible party under such laws. Since February 2023, we have been subject to medical device regulations, such as the U.S. FDA Code of Federal Regulations, as a result of our launch of our first certified medical device with TrueDent resin in the United States. We also have plans to expand the countries and products that we certify as medical devices in the coming years.

If we fail to comply with any such regulations or are subject to related liability, such developments could have a material adverse effect on our business, financial condition and results of operations.

As a public company with significant operations in several countries, we are subject to regulation and must comply with reporting, privacy and other requirements in a number of jurisdictions and, to the extent that regulatory authorities assert that we are not in compliance, we could be subject to sanctions which, if material, could materially and adversely affect our business.

As a public company with significant operations in Israel, the United States, Europe and many other countries, we are subject to regulation and must comply with reporting and other requirements in a number of jurisdictions. In particular, we are subject to the rules and regulations of the SEC and FINRA, which may elect from time to time to review or investigate our operations, various aspects of our financial statements, our disclosure practices and other matters. As such reviews progress, the regulating agencies may determine that we are and have been in compliance with applicable rules, or they may determine to pursue enforcement actions or other sanctions against us for alleged noncompliance.

New privacy laws have increased data privacy compliance costs. Our California operations are subject to the California Consumer Privacy Act, as amended by the California Privacy Rights Act, which entered into substantial effect on January 1, 2023 (as amended, the CCPA). The CCPA imposes enhanced disclosure requirements for us vis-à-vis our interactions with customers that are residents of California, such as comprehensive privacy notices for consumers when we or our agents collect their personal information. We may be further required to ensure third party compliance, as under the CCPA we could be liable if third parties that collect, process or retain personal information on our behalf violate the CCPA's privacy requirements. The sanctions for non-compliance could include fines and/or civil lawsuits. Other U.S. states, including Colorado, Virginia, Utah, Texas, Florida, Montana and Connecticut, have enacted similar - but not identical - laws, which went, or will go, into effect in 2023 and beyond.

In addition to the imposition of U.S.-based regulations on our operations, our European activities are subject to the European Union General Data Protection Regulation, or GDPR, which has created additional compliance requirements for us. GDPR broadens the scope of personal privacy laws to protect the rights of European Union citizens and requires organizations to report on data breaches within 72 hours and be bound by stringent rules for obtaining the consent of individuals on how their data can be used. GDPR became enforceable on May 25, 2018, and non-compliance exposes entities such as our company to significant fines or other regulatory claims. The United Kingdom has also implemented its own version of the GDPR, the so-called U.K. GDPR. While we have invested in, and intend to continue to invest in, reasonably necessary resources to comply with these new privacy standards (in each of Europe, the United Kingdom and the United States), to the extent that we fail to adequately comply, that failure could have an adverse effect on our business, financial conditions, results of operations and cash flows.

Failure to comply with the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation could result in fines, criminal penalties and an adverse effect on our business.

We operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws. We are subject, however, to the risk that our affiliated entities or our and our affiliates' respective officers, directors, employees and agents (including distributors of our products) may take action determined to be in violation of such anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977 and the U.K. Bribery Act of 2010, as well as trade sanctions administered by the Office of Foreign Assets Control and the U.S. Department of Commerce. Any violation by any of these persons could result in substantial fines, sanctions, civil and/or criminal penalties, or curtailment of operations in certain jurisdictions, and might adversely affect our results of operations. In addition, actual or alleged violations could damage our reputation and ability to do business.

We own or lease, long-term, a number of our manufacturing and office facilities, which may limit our ability to move those operations. If we were to move some or all of those operations, we could incur unforeseen charges.

We own buildings in Eden Prairie, Minnesota, which we use to conduct our FDM manufacturing and assembly operations, as well as our office facility in Rehovot, Israel and manufacturing facility in Kiryat Gat, Israel. Ownership of these buildings and facilities may adversely affect our ability to move some or all of those operations to other locations that may be more favorable. If we were to move any of those operations to other locations, we may have difficulty selling or leasing the property that we vacate.

This risk also applies to the facilities that we lease under non-cancellable lease agreements, where we cannot freely vacate the facilities. The new lease that we entered into in June 2024 for our new United States campus in Minnetonka, Minnesota has a 10-year term, which commits us to that campus for the entirety of that period, thereby limiting our flexibility to reduce the accompanying financial commitment to the extent desirable later on during that term. In order to combat these risks, in most leases we have limited our commitment by providing ourselves with a "break" option after three years or less, and we have also obtained for ourselves the right to sublease a portion or all of the facilities under the lease.

These limitations on our ability to move could result in an impairment charge, as occurred in the prior periods in respect of some of our leased facilities, which negatively impacted our results of operations, and could, in future periods, once again have an adverse effect on our results of operations.

Default in payment by one or more resellers or customers from which we have large account receivable balances could adversely impact our results of operations and financial condition.

From time to time, our accounts receivable balances have been concentrated with certain resellers or customers. Default by one or more of these resellers or customers could result in a significant charge against our current reported earnings. We have reviewed our policies that govern credit and collections, and will continue to monitor them in light of current payment status and economic conditions. In addition, we try to reduce the credit exposures of our accounts receivable by credit limits and credit insurance for many of our customers. However, there can be no assurance that our efforts to identify potential credit risks will be successful. Our inability to timely identify resellers and customers that are credit risks could result in defaults at a time when such resellers or customers have high accounts receivable balances with us. Any such default would result in a significant charge against our earnings and adversely affect our results of operations and financial condition.

We are, and have been in the recent past, subject to litigation. Any current or future lawsuits to which we are subject may have a significant adverse effect on our financial condition or profitability.

We are currently, and have been in the recent past, subject to litigation, and could be subject to further litigation in the future.

We can provide no assurance as to the outcome of any future lawsuits, and any such actions may result in judgments against us for significant damages. Resolution of any such matters can be prolonged and costly, and the ultimate results or judgments are uncertain due to the inherent uncertainty in litigation and other proceedings. Moreover, our potential liabilities are subject to change over time due to new developments, changes in settlement strategy or the impact of evidentiary requirements. Regardless of the outcome, litigation has resulted in the past, and may result in the future, in significant legal expenses and require significant attention and resources of management. As a result, any present or future litigation could result in losses, damages and expenses that have a significant adverse effect on our financial condition or profitability.

Potential hostile actions by a shareholder or other third party, including a legal challenge to our shareholder rights plan, a potential unsolicited tender offer, or a potential attempt to remove and replace our directors with its own nominees, as occurred in the recent past, could materially adversely impact our shareholders' investment in our company and could also strain our cash resources.

We have in the recent past been subject to litigation in Israel and other hostile actions initiated by Nano, challenged the validity, under Israeli law, of our then-current shareholder rights plan, which we have most recently extended, in modified form, on December 19, 2024, for limited duration (one year) with enhanced shareholder protections, and which will expire on December 19, 2025. Our current shareholder rights plan is designed to give all shareholders (other than an offeror) a way to voice their position directly to our board of directors on certain types of offers and whether the plan should apply to those offers, and in other circumstances, to exempt an offer from the applicability of the rights altogether. We have recently agreed to such an exemption from the applicability of our shareholder rights plan for Fortissimo Capital's prospective acquisition of a significant equity stake in our company (in connection with our private investment in public equity (PIPE) agreements with Fortissimo), subject to Fortissimo instead being subject to certain standstill and voting limitations and a required advisory vote of our shareholders (other than Fortissimo and any shareholders affiliated with it), to approve a special tender offer which, if completed, would exempt Fortissimo from those limitations. The Israeli courts have not formally ruled on the legality of a shareholder rights plan or so-called "poison pill" under the Israeli Companies Law, 5759-1999, or the Companies Law. On July 18, 2023, in the context of an interim procedural decision in a litigation initiated by Nano against our company, the court expressed its preliminary view that: it is inclined to rule that rights plans are permissible under Israeli law; the adoption of a rights plan by a board should be viewed "with suspicion"; and a board bears the burden of proving that it was informed, that it acted in good faith, that experts were consulted, and that it considered the interests of the company and its shareholders, rather than acting for the sake of entrenching itself, when adopting a shareholder rights plan. 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'. However, the court never rendered such a ruling, as on July 1, 2024, following a request submitted by Nano, which was unopposed by our company, the court dismissed Nano's claim without prejudice. While the court's interim ruling opened the way for a potential final court ruling that our shareholder rights plan was valid and validly adopted, there can be no assurance that an Israeli court will determine that our board of directors actually meets the requisite burden of proof for upholding the validity of our current or any future shareholder rights plan that we have adopted or may adopt.

In addition to a legal challenge to our shareholder rights plan, a shareholder or other third party may also launch, in the future, a hostile tender offer that may be similar to the Nano tender offer that it launched on May 25, 2023 and that expired (without any purchase of our ordinary shares) on July 31, 2023, pursuant to which any such shareholder or other third party may seek to acquire our ordinary shares which, together with any ordinary shares that it already owns, may represent a majority or, even if less than a majority, a significant percentage of the outstanding ordinary shares. Nano had furthermore followed up on its uncompleted tender offer by announcing on December 23, 2023 a preliminary proposal to purchase all outstanding shares of our company that it did not then own for $16.50 per share in cash. Our board of directors acknowledged receipt of, and considered, Nano's offer, but ultimately determined not to proceed with any particular strategic transaction when exploring strategic alternatives for our company, instead opting in August 2024 to adopt a restructuring plan. There can be no assurances that any shareholder or other third party will not once again disregard a determination by our board of directors not to proceed with a coordinated transaction with it and instead attempt a hostile tender offer or other action to attempt to take over our company in a manner that our board of directors believes would not maximize shareholder value.

Any major shareholder (as Nano did in 2023) may also utilize its rights pursuant to the provisions of the Companies Law to demand, as a greater-than 10% shareholder, to call an extraordinary general meeting of shareholders at which the removal of some or all of our then-incumbent directors and the election of its nominees in their stead would be on the agenda. The relevant majority for approval of any such proposal would be an ordinary majority of shares represented in person or by proxy and voting at a general meeting, without excluding the shares of interested shareholders. If a major shareholder were to hold a substantial portion of our ordinary shares when doing so, its votes in favor of such a proposal would give it an advantage in having the proposal approved.

To the extent that an Israeli court would invalidate any shareholder rights plan, that we may have in place, or declare or provide any remedies to a hostile shareholder that facilitate, and thereby allow, such a shareholder to launch a new tender offer that is similar to the Nano tender offer, that may result in that shareholder having an opportunity to attempt to become a majority or significant shareholder of our company. Such a shareholder would then have significant ability to impact the operations of Stratasys. Similarly, if any such hostile shareholder would succeed in replacing any of our directors, that would also give it significant influence over the management and policies of our company. Either or both of those outcomes would enable the hostile shareholder to influence the operations of our company for its own interests, which may be to the detriment of our public/minority shareholders. Such a shareholder could use its voting power, whether as a substantial (or even controlling) shareholder or on the Stratasys board, to significantly influence the policies of our company in a manner that benefits it and adversely impacts our company and our results of operations in a material way. Such a shareholder's possession of a substantial or controlling interest in Stratasys could also adversely impact trading in our ordinary shares and liquidity for our public/minority shareholders, potentially causing a decline in the value of public shareholders' investment in our company.

Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.

We generally enter into non-competition agreements with our employees in jurisdictions where non-compete undertakings are lawful and enforceable. These agreements prohibit our employees from competing directly with us or working for others for a limited period after they cease working for us. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work and it may be difficult for us to restrict our competitors from benefiting from the expertise that our former employees or consultants developed while working for us. For example, Israeli courts have

required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer that have been recognized by the courts, such as the secrecy of a company's confidential commercial information or the protection of its intellectual property. If we cannot demonstrate that such interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished. As to our U.S. operations, in California, where many employees of our Stratasys Direct Manufacturing parts service as well as Origin's employees, are located, non-competition agreements with employees are generally illegal, void and unenforceable after termination of employment, including under a new law that went into effect on January 1, 2024, regardless of when the agreement was signed or whether it was signed in California. Other U.S. states as well have been expanding laws restricting the use of non-compete clauses. On the U.S. federal level, there was movement in 2023 by federal agencies to make noncompete agreements unenforceable in general. The Federal Trade Commission finalized a rule on April 23, 2024 to ban employers nationwide from using non-compete agreements with their employees and independent contractors. On August 20, 2024, a district court issued an order prohibiting the final rule from taking effect and the FTC from enforcing the rule. The FTC has appealed that decision and in the meantime the district court's decision does not prevent the FTC from addressing noncompete restrictions through case-by-case enforcement actions. In addition, the General Counsel of the National Labor Relations Board issued a memo in March 2023 opining that many types of non-compete and non-solicitation restrictions unlawfully interfere with employees' protected rights under Section 7 of the National Labor Relations Act. If U.S. federal restrictions on non-competition agreements become effective, or if more states in which we have operations continue to expand restrictions or bans on use of non-compete restrictions, that could adversely impact our ability to protect our investment in our key employees in our U.S. locations, and harm our competitive position.

We rely on our management information systems for inventory management, distribution, and other key functions. If our information systems fail to adequately perform these functions, or if we experience an interruption in their operation, our business and operating results could be adversely affected.

The efficient operation of our business is dependent on our management information systems. We rely on our management information systems: to, among other things, effectively manage our accounting and financial functions, including maintaining our internal controls; to manage our manufacturing and supply chain processes; and to maintain our research and development data. The failure of our management information systems to perform properly could disrupt our business and product development, which may result in decreased sales, increased overhead costs, excess or obsolete inventory, and product shortages, causing our business and operating results to suffer.

Although we take steps to secure our management information systems, including our computer systems, intranet and internet sites, email and other telecommunications and data networks, the security measures we have implemented may not be effective and our systems may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including unauthorized access or security breaches, natural or man-made disasters (such as floods or earthquakes), cyber-attacks, computer viruses, power loss, or other disruptive events. Our reputation, brand, and financial condition could be adversely affected if, as a result of a significant cyber event or otherwise, our operations are disrupted or shut down; our confidential, proprietary information is stolen or disclosed; we incur costs or are required to pay fines in connection with stolen customer, employee, or other confidential information; we must dedicate significant resources to system repairs or increase cyber security protection; or we otherwise incur significant litigation or other costs.

Risks related to our intellectual property

If we are unable to obtain patent protection for our products or to otherwise protect our intellectual property rights, our business could suffer.

We rely on a combination of patent and trademark laws in the United States and other countries, trade secret protection, confidentiality agreements and other contractual arrangements with our employees, end-users and others to maintain our competitive position. In particular, our success depends, in part, on our ability, and the ability of our licensors, to obtain patent protection for our and their products, technologies and inventions, maintain the confidentiality of our and their trade secrets and know-how, operate without infringing upon the proprietary rights of others and prevent others from infringing upon our and their proprietary rights. As we acquire companies and their technologies, such as Origin and its P3 technology, acquired in December 2020, RPS and its stereolithography technology, acquired in February 2021, Xaar and its powder-based SAF technology, acquired in November 2021, and our acquisition of the Covestro Additive Manufacturing business unit in April 2023,the risks related to potential infringement of our proprietary rights in technology become more pronounced.

Despite our efforts to protect our proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies, inventions, processes or improvements. In 2024, we brought claims against Bambu Lab in U.S. federal district court in Texas alleging that several of Bambu's printer models infringe our patents. We are seeking a court order providing us with financial compensation and other remedies for the infringements and prohibiting future infringement by Bambu. The proceedings for those claims are ongoing. We also have previously faced, and in some cases continue to defend, challenges to our registered IP brought by competitors and other third parties in patent tribunals, including patent oppositions filed in the European Patent Office and IPR proceedings brought before the US Patent Trial & Appeal Board. We cannot assure you that any of our existing or future patents or other intellectual property rights will not be challenged, invalidated or circumvented, or will provide us with meaningful protection. Our pending patent applications may not be granted, and we may not be able to obtain foreign patents or pending applications corresponding to our U.S. patents. The laws of certain countries, such as China, may not provide the same level of patent protection and intellectual property right enforcement as in the United States, so even if we enforce our intellectual property rights or obtain additional patents in China or elsewhere outside of the United States, enforcement of such rights may not be effective. If our patents and other intellectual property do not adequately protect our technology, competitors may be able to offer additive manufacturing systems, consumables or other products similar to ours. Competitors may also be able to develop similar technology independently or design around our patents, and we may not be able to detect the unauthorized use of our proprietary technology or take appropriate steps to prevent such use.

If we attempt enforcement of our intellectual property rights, we may be (as we have been in the past) subject or party to complex, protracted litigation. Intellectual property disputes and litigation, regardless of merit, can be costly and disruptive to our business operations by diverting attention and energies of management and key technical personnel, and by increasing our costs of doing business. Any of the foregoing could adversely affect our operating results.

We may be subject to claims that we are infringing, misappropriating or otherwise violating the intellectual property rights of others, especially in light of the multiple additional technologies that we have been acquiring.

Our products and technology, including technology that we acquire as a result of our ongoing acquisitions of other businesses and technology that we license from others, about which we may be less knowledgeable that our organically developed technology, may infringe, misappropriate or otherwise violate the intellectual property rights of third parties. This risk is especially relevant to our industry,

where the pace of innovation and patent filings by industry players has been accelerated in recent years. Patent applications in the United States and most other countries are confidential for a period of time until they are published, and the publication of discoveries in scientific or patent literature typically lags actual discoveries by several months or more. As a result, the nature of claims contained in unpublished patent filings around the world is unknown to us, and we cannot be certain that we or our acquired companies were the first to conceive inventions covered by our self-developed or our acquired patents or patent applications or that we or our acquired companies were the first to file patent applications covering such inventions. Furthermore, it is not possible to know in which countries patent holders may choose to extend their filings under the Patent Cooperation Treaty or other mechanisms. In addition, we may be subject to intellectual property infringement claims from individuals, vendors and other companies, including those that have acquired patents in the fields of 3D printing or consumable production for the sole purpose of asserting claims against us.

Under the Israeli Patent Law, 5727-1967, or the Patent Law, we may also be subject to royalty claims for “service inventions” conceived by employees in the course and as a result of or arising from their employment with us. Section 134 of the Patent Law provides that if there is no agreement between an employer and an employee as to whether the employee is entitled to consideration for service inventions, the Israeli Compensation and Royalties Committee, or the Committee, a body constituted under the Patent Law, shall determine these issues. We believe that virtually all of our employees have executed invention assignment agreements in which they have assigned to us their rights to potential inventions and acknowledged that they will not be entitled to additional compensation or royalties from commercialization of inventions. We may, nevertheless, face claims demanding remuneration in consideration for assigned inventions.

In addition to patent infringement and patent-related claims, we may be subject to other intellectual property claims, such as claims that we are infringing trademarks or misappropriating trade secrets. We may also be subject to claims relating to the content on our websites, including third-party content posted on our GrabCAD.com website. Any intellectual property claims, regardless of the merit or resolution of such claims, could cause us to incur significant costs in responding to, defending and resolving such claims, and may prohibit or otherwise impair our ability to commercialize new or existing products, including products developed by our acquired companies. Resolution of such claims may, among other things, require us to redesign infringing technology, enter into costly settlement or license agreements on terms that are unfavorable to us, pay royalties to employees or former employees, or indemnify our distributors and end-users. Any infringement by us, including our acquired companies, or our licensors of the intellectual property rights of third parties may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect the confidentiality of our trade secrets or know-how, such proprietary information may be used by others to compete against us, for instance, in developing consumables that could be used with our printing systems in place of our proprietary consumables.

We have devoted substantial resources to the development of our technology, trade secrets, know-how and other unregistered proprietary rights. While we enter into confidentiality and invention assignment agreements intended to protect such rights, such agreements can be difficult and costly to enforce or may not provide adequate remedies if violated, and we may not have entered into such agreements with all relevant parties. Such agreements may be breached and confidential information may be willfully or unintentionally disclosed, including by employees who may leave our company and join competitors, or competitors or other parties may learn of the information in some other way. The disclosure to, or independent development by, a competitor of any of our trade secrets, know-how or other technology not protected by a patent or other intellectual property system could materially reduce or eliminate any competitive advantage that we may have.

This concern could manifest itself in particular with respect to our proprietary consumables that are used with our systems. Portions of our proprietary consumables may not be afforded patent protection. Chemical companies or other producers of raw materials used in our consumables may be able to develop consumables that are compatible to a large extent with our systems, whether independently or in contravention of our trade secret rights and related proprietary and contractual rights. If such consumables are made available to owners of our systems, and are purchased in place of our proprietary consumables, our revenues and profitability would be reduced.

As our patents expire, additional competitors using our technology could enter, and could offer competitive printers and consumables, and result in lost sales.

Some of our patents have expired and others will expire in coming years. Upon expiration of those patents, competitors have introduced, and are likely to continue to introduce, products using the technology previously protected by the expired patents, which products may have lower prices than those of our products, which would adversely affect our revenues, margins and profitability. Additionally, the expiration of our patents could reduce barriers to entry into AM systems, which could result in the reduction of our sales and earnings potential.

Risks related to operations in Israel

Conditions in Israel, including due to Israel's conflict with Hamas, Hezbollah and other terrorist organizations in the Middle East, and political and economic instability in the region, may adversely affect our operations.

We are incorporated under Israeli law, and our PolyJet system manufacturing facility, all of our PolyJet research and development facilities, one of our two PolyJet consumables manufacturing facilities, one of our FDM manufacturing facilities, and some of our suppliers, are located in central and southern Israel. Many of our employees, including our Chief Executive Officer, our Chief Financial Officer, and other senior members of our management team, operate from our headquarters located in Israel. In addition, certain of our directors are residents of Israel. Accordingly, military, economic and political conditions in Israel may directly affect our business.

In October 2023, Israel was attacked by Hamas and other terrorist organizations operating out of the Gaza Strip and declared war in response, which has included a ground operation in the Gaza Strip. As part of the war, Hezbollah, a Lebanese terrorist group initiated missile attacks against Israel, and Israel responded, including with a ground operation in southern Lebanon. The Houthi terrorist group in Yemen and Iran have also attacked Israel with various types of missiles and drones, and Israel responded with air force attacks. Nearby in the region, the fall of the Assad regime in Syria has led Israel to conduct limited military operations targeting Iranian military assets and infrastructure linked to Hezbollah and other Iran-supported groups.

As a result of the war and related regional military developments, a small number of our employees have been called by Israel for military service, and such persons have been, and may still be unavailable for extended periods of time. Our operations may be disrupted by such absence, which, if involving senior executives, key employees or board members (although not currently the case) may materially affect our operations in an adverse manner. While our facilities have not been damaged during the current war, the hostilities have caused and may continue to cause damage to private and public facilities, infrastructure, utilities, and telecommunication networks, which could potentially disrupt our operations and supply chains. In addition, Israeli companies have been subject to extensive cyber attacks, which could lead to increased costs, risks to employee safety, and challenges to business continuity, with potential financial losses. If the hostilities disrupt our ongoing operations, our ability to deliver or provide products and services in a timely manner to meet our contractual obligations towards customers and vendors could be

adversely affected. Parties with whom we have agreements involving performance in Israel could also claim that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements due to the security situation in Israel.

Currently, our activities in Israel remain largely unaffected, and we maintain business continuity plans backed by our inventory levels located outside of Israel. As of the date of this annual report, the impact of the war on our results of operations and financial condition is not material, but such impact may increase, and could become material, as a result of the continuation, escalation or expansion of the war.

Our commercial insurance does not cover losses that may occur as a result of the current war or any other event associated with the security situation in the Middle East. Although the Israeli government is currently committed to covering the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained, or if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by our Israeli operations could have a material adverse effect on our business. The current (and any future) armed conflicts or political instability in the region could negatively affect business conditions generally and harm our results of operations.

Your rights and responsibilities as a shareholder are governed by Israeli law, which differ in some respects from the rights and responsibilities of shareholders of U.S. companies.

We are organized under Israeli law. The rights and responsibilities of the holders of our ordinary shares are governed by our amended and restated articles of association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S.-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith toward the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on matters such as amendments to a company's articles of association, increases in a company's authorized share capital, mergers and acquisitions and interested party transactions requiring shareholder approval. In addition, a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. There is limited case law available to assist us in understanding the implications of these provisions that govern shareholders' actions. These provisions may be interpreted to impose additional obligations and liabilities on holders of our ordinary shares that are not typically imposed on shareholders of U.S. corporations.

Provisions of Israeli law may delay, prevent or otherwise impede a merger with, or an acquisition of, our company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date on which a merger proposal is filed by each merging company with the Israel Registrar of Companies and at least 30 days have passed from the date on which the shareholders of both merging companies have approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer, unless, following consummation of the tender offer, the acquirer would hold at least 98% of the company's outstanding shares.

Furthermore, the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, petition an Israeli court to alter the consideration for the acquisition, unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek such appraisal rights.

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are subject to certain restrictions.

Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred.

These and other similar provisions could delay, prevent or impede an acquisition of our company or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders.

Exchange rate fluctuations between the U.S. dollar and the New Israeli Shekel, the Euro and other non-U.S. currencies may negatively affect the earnings of our operations.

We report our financial results and most of our revenues are recorded in U.S. dollars. However, substantially all of the manufacturing, research and development expenses of our Israeli operations, as well as a portion of the cost of revenues, selling and marketing, and general and administrative expenses of our Israeli operations, are incurred in New Israeli Shekels. As a result, we are exposed to exchange rate risks that may adversely affect our financial results. If the New Israeli Shekel appreciates against the U.S. dollar or if the value of the New Israeli Shekel declines against the U.S. dollar at a time when the rate of inflation in the cost of Israeli goods and services exceeds the rate of decline in the relative value of the New Israeli Shekel, then the U.S. dollar cost of our operations in Israel would increase and our results of operations would be adversely affected.

During 2024, the value of the New Israeli Shekel, or the NIS, relative to the U.S. dollar remained fairly stable, ranging from a low of NIS 3.565 to a high of NIS 3.843 per one U.S. dollar throughout the year (based on representative exchange rates published by the Bank of Israel). In general, any weakening of the NIS relative to the U.S. dollar has a positive impact upon our U.S. dollar-denominated financial results, due to the relative decrease in cost of the NIS denominated expenses of our Israeli operations, whereas the strengthening of the NIS relative to the U.S. dollar has he opposite effect, thereby weakening our financial results. The annual devaluation of the NIS in relation to the U.S. dollar amounted to 0.6%, 2.4%, and 13.2% for the years ended December 31, 2024, 2023 and 2022, respectively. Because the NIS - U.S. dollar currency exchange rate is often reflective of economic, political and military developments in Israel, the United States and the rest of the world, future movements of that exchange rate are hard to predict. Our results of operations could be adversely affected if we are unable to effectively hedge against currency fluctuations in the future. We also cannot predict any future trends in the rate of inflation or deflation in Israel, which also impacts our operating results, with increased Israeli inflation adversely impacting our results, due to higher NIS-denominated operating expenses in Israel, whereas decreased levels of Israeli inflation have the opposite (positive) impact. The Israeli annual rate of inflation amounted to 3.2%, 3.0%, and 5.3%, for the years ended December 31, 2024, 2023 and 2022, respectively.

We also have substantial revenues and expenses that are denominated in non-US currencies other than the NIS, particularly the Euro. Therefore, our operating results and cash flows are also subject to

fluctuations due to changes in the relative values of the U.S. dollar and those foreign currencies. These fluctuations could negatively affect our operating results and could cause our revenues and net income or loss to vary from quarter to quarter. Furthermore, to the extent that our revenues increase in regions such as Asia Pacific, where our sales are denominated in U.S. dollars, a strengthening of the dollar against other currencies could make our products less competitive in those foreign markets and collection of receivables more difficult.

From time to time we engage in currency hedging activities. These measures, however, may not adequately protect us from material adverse effects due to the impact of inflation in Israel or from fluctuations in the relative values of the U.S. dollar and other foreign currencies in which we transact business, and may result in a financial loss. For further information, please see “Item 11. Quantitative And Qualitative Disclosures About Market Risk” in this annual report.

Calculating our income tax rate is complex and subject to uncertainty. We are currently eligible for Israeli government tax benefits in respect of our Israeli operations. If we do not meet several conditions for receipt of those benefits, or if the Israeli government otherwise decides to eliminate those benefits, they may be terminated or reduced, which would impact our income tax rate and increase our costs.

The computation of income taxes is complex because it is based on the laws of numerous taxing jurisdictions and requires significant judgment on the application of complicated rules governing accounting for tax provisions under GAAP. Income taxes for interim quarters are based on a forecast of our effective tax rate for the year, which includes forward-looking financial projections. Such financial projections are based on numerous assumptions, including the expectations of profit and loss by jurisdiction. It is difficult to accurately forecast various items that make up the projections, and such items may be treated as discrete accounting. Examples of items that could cause variability in our income tax rate include our mix of income by jurisdiction, changes in our uncertain tax positions, the application of transfer pricing rules, and tax audits.

Future events, such as changes in our business and the tax law in the jurisdictions where we do business, could also affect our rate.

One important assumption that goes into calculation of our tax rate is the tax benefit that we are eligible for in respect of some of our operations in Israel, referred to as “Approved Enterprise”, “Beneficiary Enterprise”, “Preferred Enterprise” and/or “Preferred Technology Enterprise” (as applicable), under the Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law. Based on an evaluation of the relevant factors under the Investment Law, including the level of foreign (that is, non-Israeli) investment in our company, we have estimated that our average effective tax rate to be paid with respect to all profit from the Israeli operations under these benefit programs is 7.5% to 15%, based on the current balance of activity between our Rehovot, Israel and Kiryat Gat, Israel facilities and the available level of benefits under the law. If we do not meet the requirements for maintaining these benefits, they may be reduced or cancelled and the relevant operations would be subject to Israeli corporate tax at the standard rate, which for 2018 and onwards is set at 23%. In addition to being subject to the standard corporate tax rate, we would be required to refund any tax benefits that we have already received as adjusted by the Israeli consumer price index, plus interest or other monetary penalties. Even if we continue to meet the relevant requirements, the tax benefits that we are eligible for may not be continued in the future at their current levels or at all. If these tax benefits were reduced or eliminated, the amount of taxes that we pay would likely increase, as all of our operations would consequently be subject to corporate tax at the standard rate, which may cause our effective tax rate to be materially different than our estimates and could adversely affect our results of operations. Additionally, if we increase our activities outside of Israel, for example, via acquisitions, our increased activities may not be eligible for

inclusion in Israeli tax benefit programs, and that could also adversely affect our effective tax rate and our results of operations.

The Israeli government may furthermore independently determine to reduce, phase out or eliminate entirely the benefit programs under the Investment Law, regardless of whether we then qualify for benefits under those programs at the time, which would also adversely affect our effective tax rate and our results of operations.

We received Israeli governmental grants for certain of our research and development activities. The terms of those grants may require us, in addition to payment of royalties, to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel, including increase of the amount of our liabilities in connection with such grants. If we fail to comply with the requirements of the Innovation Law (as defined below), we may be required to pay penalties in addition to repayment of the grants, and may impair our ability to sell our technology outside of Israel.

Some of our research and development efforts were and are financed in part, through grants that we received from the Israeli Innovation Authority, to which we refer as the IIA or the Authority (formerly operating as Office of the Chief Scientist of the Ministry of Economy of the State of Israel, or the OCS). Since 2007 and through December 31, 2024, we have received funding from the Authority of approximately $9 million, in the aggregate, under several R&D programs to support certain research and development projects in Israel. In addition, we have received funding from the Europe authorities of approximately $1.9 million, to support certain projects in Europe.

We must comply with the requirements of the Encouragement of Research, Development and Technological Innovation in the Industry Law, 5744-1984 and related regulations rules, procedures and benefit tracks collectively or the “Innovation Law”.

When a company develops know-how, technology or products using grants provided by the Authority, the terms of these grants and the Innovation Law restrict the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel.

Under the Innovation Law and the regulations thereunder, a recipient of royalty-bearing grants from the IIA is required to return the grants by the payment of royalties of 3% to 5% on the revenues generated from the sale of products (and related services) developed (in whole or in part) under the IIA program up to the total amount of the grants received from the IIA; Those obligations are linked to the U.S. dollar. Pursuant to the latest IIA regulations, grants received from the IIA before June 30, 2017, bear an annual interest rate that applied at the time of the approval of the applicable IIA file, and that interest rate will apply to all of the funding received under that IIA approval. Grants received from the IIA after June 30, 2017, bear an annual interest rate based on the 12-month London Interbank Offered Rate, or LIBOR, until December 31, 2023, and as of January 1, 2024, bear an annual interest rate based on the 12-month Secured Overnight Financing Rate, or the SOFR, or at an alternative rate published by the Bank of Israel, with the addition of 0.71513%. Grants approved after January 1, 2024, will bear the higher of (i) the 12 months SOFR interest rate, plus 1%, or (ii) a fixed annual interest rate of 4%.

- Transfer of IIA funded know-how outside of Israel. Any transfer of the know-how that was developed with the funding of the Authority and related intellectual property rights, outside of Israel, including by way of license for research and development purpose requires prior approval of the Authority and imposes certain conditions, including, requirement of payment of a redemption fee calculated according to the formula provided in the Innovation Law which takes into account, among others, the consideration for such know-how paid to us in the transaction in which the technology is transferred, research and development expenses, the amount of IIA grants, the time of completion of IIA supported research project and other factors, while the redemption fee will not exceed 600% of the grants amount plus interest. No assurance can be given that approval to any such transfer, if requested, will be granted and what will be the amount of the redemption fee payable.
- Transfer of IIA funded know-how and related intellectual property rights to an Israeli company requires a pre-approval by IIA and may be granted if the recipient undertakes to fulfil all the liabilities to IIA and undertakes to abide by the provisions of Innovation Law, including the restrictions on the transfer of know-how and the manufacturing rights outside of Israel and the obligation to pay royalties (note that there will be an obligation to pay royalties to IIA from the income received by us in connection with such transfer transaction as part of the royalty payment obligation). No assurance can be given that approval to any such transfer, if requested, will be granted.
- Local manufacturing obligation. The terms of the grants under the Innovation Law require that the manufacturing of products resulting from Authority-funded programs be carried out in Israel, unless a prior written approval of the Authority is obtained (except for a transfer of up to 10% of the production rights, for which a notification to the Authority is sufficient). As a condition for obtaining approval to manufacture outside Israel, we would be required to pay increased royalties, which usually amount to 1% in addition to the standard royalties rate, and also the total amount of our liability to IIA may be increased to between 120% and 300% of the grants we received from IIA, depending on the manufacturing volume that is performed outside Israel (less royalties already paid to IIA). This restriction may impair our ability to outsource manufacturing rights abroad, however, it does not restrict export of our products that incorporate IIA funded know-how.
- A company also has the option of declaring in its IIA grant application for funding its intention to exercise a portion of the manufacturing capacity abroad, thus avoiding the need to obtain additional approval for such declared funding. Such declaration may affect the increase in the total liability to the IIA following such manufacturing abroad.
- The restrictions under the Innovation Law (such as with respect to transfer of manufacturing rights abroad or the transfer of IIA funded know-how and related intellectual property rights abroad) will continue to apply even our liabilities are repaid to IIA in full and will cease to exist only upon payment of the redemption fee described above.

Furthermore, in the event that we undertake a transaction involving the transfer to a non-Israeli entity of technology developed with IIA funding pursuant to a merger or similar transaction, the consideration available to our shareholders may be reduced by the amounts we may be required to pay to IIA. Any approval, if given, will generally be subject to additional financial obligations to the IIA. Failure to comply with the requirements under the Innovation Law may subject us to mandatory repayment of grants received by us (together with interest and penalties), as well as expose us to criminal proceedings.

In May 2017, IIA issued new rules for licensing know how developed with IIA funding outside of Israel, or the Licensing Rules, allowing us to enter into licensing arrangements or grant other rights in

know-how developed under IIA programs outside of Israel, subject to the prior consent of IIA and payment of license fees to IIA, calculated in accordance with the Licensing Rules. The payment of the license fees will not discharge us from the obligations to pay royalties or other payments to IIA.

- Certain reporting obligations. We, as any recipient of a grant or a benefit under the Innovation Law, are required to file reports on the progress of activities for which the grant was provided as well as on our revenues from know-how and products funded by the Authority. In addition, we are required to notify the Authority of certain events detailed in the Innovation Law.

It may be difficult to enforce a U.S. judgment against us and our officers and directors in Israel or the United States, or to serve process on our officers and directors.

We are organized in Israel. Most of our officers and most of our directors (as of December 31, 2024) reside outside of the United States, and a majority of our assets are located outside of the United States. Therefore, a judgment obtained against us or any of our executive officers and directors in the United States, including one based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not be enforced by an Israeli court. It also may be difficult for you to effect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel.

Risks related to an investment in our ordinary shares

The market price of our ordinary shares may be subject to fluctuation, regardless of our operating results and financial condition. As a result, our shareholders could incur substantial losses.

The market price of our ordinary shares since the Stratasys, Inc.- Objet Ltd. merger has been subject to substantial fluctuation. From the start of 2020 through the early part of 2025 (through February __, 2025), our ordinary shares have traded with closing prices that have ranged from $6.16 to $54.37, which low price was recorded during 2024, evidencing a trend towards the weakening of our share price during the last fiscal year, before it rebounded later in 2024. The price of our ordinary shares may continue to be subject to substantial fluctuation regardless of our operating results or financial condition due to a number of factors, including:

- the extent of growth of the 3D printing market generally;
- changes in earnings estimates or recommendations by securities analysts;
- developments regarding potential friendly or hostile merger, acquisition or takeover activities involving our company and other companies in the 3D printing industry, including Nano and 3D Systems;
- development of new competitive systems and services by others;
- success or failure of research and development projects of our company or our competitors;
- developments concerning our or our competitors' intellectual property rights;
- successes or failures of the acquisitions or dispositions that we consummate, as perceived by financial or industry analysts;
- the general tendency towards volatility in the market prices of shares of technology companies; and
- general market conditions and other factors, including factors unrelated to our operating performance.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of our ordinary shares and result in substantial losses being incurred by our shareholders.

Market prices for securities of technology companies historically have been very volatile. The market for these securities has from time to time experienced significant price and volume fluctuations for reasons unrelated to the operating performance of any one company. In the past, following periods of market volatility, public company shareholders have often instituted securities class action litigation, as was the case in February and March, 2015, when class actions of our shareholders, alleging violations of the Exchange Act, were initiated against the Company and certain of our officers as defendants. Any such additional securities litigation could result in substantial costs and divert the resources and attention of our management from our business.

Raising additional capital by issuing securities or issuing securities pursuant to acquisitions of other companies or technologies may cause dilution to our shareholders, and may furthermore be difficult under certain market conditions.

We may need or desire to raise substantial capital in the future. Currently, we are party to an agreement for one such capital raise, a PIPE transaction with Fortissimo Capital, whereby (subject to closing conditions being met) it will invest $120 million in our company and acquire 11,650,485 newly-issued ordinary shares at a price of $10.30 per share, which reflects a premium of 10.6% over the closing market price of the ordinary shares on January 31, 2025, the last trading day before the agreement was signed.

Our future capital requirements will depend on many factors, including, among others:

- the extent to which we acquire or invest in businesses, products or technologies(as we did in acquiring Origin in December 2020, RPS in February 2021, Xaar 3D in November 2021, Riven in 2022, Covestro AG in April 2023 and Arevo's technology portfolio in March 2024) and other strategic relationships;
- our degree of success in capturing a larger portion of additive manufacturing demand;
- the costs of establishing or acquiring sales, marketing and distribution capabilities for our products;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our issued patents and defending intellectual property-related claims; and
- the costs of financing unanticipated working capital requirements and responding to competitive pressures.

We may also desire to issue additional shares in the future as consideration for the acquisition of other companies or technologies. If we raise funds or pay for acquisitions of other entities by issuing equity or convertible debt securities, it will reduce the percentage ownership of our then-existing shareholders, and the holders of such new securities may have rights, preferences or privileges senior to those possessed by our then-existing shareholders. If such fundraising or share issuance in a transaction is being conducted at an effective price or valuation per ordinary share that is lower than the price per share at which our existing shareholders acquired their ordinary shares, it would be dilutive to those shareholders. Our ability to raise money by offering and selling our shares in a private or public offering, or to use our shares as consideration in an acquisition or other transaction, may be hurt if the market price of our ordinary shares is low, and even if we succeed at effecting such an offering or other transaction, that could further dilute our existing shareholders.

The market price of our ordinary shares has experienced significant decline over time, and we cannot guarantee when and whether it will recover, which could have adverse consequences for our company and our shareholders.

The market price for our ordinary shares, which had declined significantly from its all-time high in periods following the Stratasys, Inc.-Objet Ltd. merger and had vacillated in recent years, including in 2023 due to potential merger and acquisition activity, fell over the course of 2024 to all-time lows before slowly recovering towards the end of 2024. We cannot guarantee when and whether our share price will return to its previous levels, as that is dependent on numerous factors, including factors that are beyond our control and unrelated to our results of operations and financing condition, such as the health of the 3D printing industry as a whole and the state of the U.S. capital markets more generally. Should our share price remain at relatively low levels, that would adversely impact our ability to raise funds in the capital markets or to utilize our securities as payment in a value-adding acquisition or other strategic transaction. It could also cause us to be vulnerable to an undesirable, hostile takeover attempt that could benefit an acquirer to the detriment of our public/minority shareholders, who would not receive fair consideration or a control premium for their ordinary shares.

There are risks associated with our share repurchase program.

Our board of directors approved our new share repurchase program in September 2024, under which we can repurchase up to $50 million of our outstanding ordinary shares. Under the new program, purchases can be made 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 Exchange Act. Our share repurchase program may reduce the public float of shares available for trading on a daily basis, and may cause volatility in the price of our ordinary shares. Our repurchases may be limited, suspended, or terminated at any time without prior notice. There can be no assurance that we will repurchase any specific amount of ordinary under our share repurchase program or that any repurchases will have a positive impact on our share price or profitability. Important factors that could cause us to discontinue or decrease our share repurchases include, among others, unfavorable market conditions, the market price of our ordinary shares, the nature of other investment or strategic opportunities presented to us, the rate of dilution of our equity compensation programs, our ability to make appropriate, timely, and beneficial decisions as to when, how, and whether to purchase shares under the share repurchase program, the tax consequences of any repurchases (including the potential impact of the 1% excise tax on certain share repurchases), and the availability of funds necessary to continue purchasing shares.

By reducing our outstanding share capital, our share repurchase plan may furthermore enable an opportunistic significant shareholder to more easily accumulate a controlling stake in our company, without having to purchase as many shares from public shareholders and without having to pay a control premium (assuming that our shareholder rights plan does not effectively prevent such an accumulation). Furthermore, if we curtail or suspend our repurchase program, our share price may be negatively affected.

We do not anticipate paying any cash dividends in the foreseeable future. Therefore, if our share price does not appreciate, our shareholders may not recognize a return, and could potentially suffer a loss, on their investment in our ordinary shares.

We intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our ordinary shares will be investors' sole source of a return on their investment for the foreseeable future.

Even if we decide to pay dividends on our ordinary shares, we may be restricted from doing so or payment of such dividends may have adverse consequences for our company.

Under the Companies Law, dividends may only be paid out of our profits and other surplus funds (as defined in the Companies Law) as of the end of the most recent year or as accrued over a period of the most recent two years, whichever amount is greater, provided that there is no reasonable concern that payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due. In the event that we do not meet the profit and surplus funds criteria, we can seek the approval of an Israeli court in order to distribute a dividend. The court may approve our request if it is convinced that there is no reasonable concern that the payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due. Due to the acquisition method of accounting utilized, under GAAP, for the Stratasys, Inc.- Objet Ltd. merger and the Origin transaction, pursuant to which we were deemed to have acquired Objet's assets and Origin's assets, we have incurred and will continue to incur significant annual amounts of amortization expense in respect of those assets. We are also subject to the risk of impairment charges from time to time to our acquired assets. These significant annual expenses under GAAP have reduced, and may continue to reduce or eliminate, our profits and surplus funds as determined under the Companies Law, and, hence, may restrict our ability to pay dividends (absent court approval).

In general, the payment of dividends may also be subject to Israeli withholding taxes. In addition, because we receive certain benefits under the Israeli law relating to "Approved Enterprise" and "Beneficiary Enterprise", our payment of dividends (out of tax-exempt income) may subject us to certain Israeli taxes to which we would not otherwise be subject. See "Risks related to our operations in Israel—The government tax benefits that we currently receive require us to meet several conditions and may be terminated or reduced in the future, which would increase our costs."

We are a foreign private issuer under the rules and regulations of the SEC and are therefore exempt from a number of rules under the Exchange Act and are permitted to file less information with the SEC than a domestic U.S. reporting company, which will reduce the level and amount of disclosure that you receive.

As a foreign private issuer under the Exchange Act, we are exempt from certain rules under the Exchange Act, including the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic U.S. companies with securities registered under the Exchange Act; and are not required to comply with Regulation FD, which imposes certain restrictions on the selective disclosure of material information. In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our ordinary shares. Accordingly, you receive less information about our company and trading in our shares by our affiliates than you would receive about a domestic U.S. company, and are afforded less protection under the U.S. federal securities laws than you would be afforded in holding securities of a domestic U.S. company.

As a foreign private issuer, we are also permitted, and have begun, to follow certain home country corporate governance practices instead of those otherwise required under the Listing Rules of the Nasdaq Stock Market for domestic U.S. issuers. We have informed Nasdaq that we follow home country practice in Israel with regard to, among other things, director nomination procedure and approval of compensation of officers. In addition, we have opted to follow home country law instead of the Listing Rules of the Nasdaq Stock Market that require that a listed company obtain shareholder approval for certain dilutive events, such as the establishment or amendment of certain equity- based compensation plans, an issuance

that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or greater interest in the company, and certain acquisitions of the stock or assets of another company. Following our home country governance practices as opposed to the requirements that would otherwise apply to a United States company listed on The Nasdaq Global Select Market may provide our shareholders with less protection than they would have as shareholders of a domestic U.S. company.

Our status as a foreign private issuer is subject to an annual review and test, and will be tested again as of June 30, 2025 (the last business day of our second fiscal quarter of 2025). If we lose our status as a foreign private issuer, we will no longer be exempt from such rules. Among other things, beginning on December 31, 2025, we would be required to file periodic reports and financial statements on a periodic basis (including both an annual report in respect of 2025 and quarterly reports in respect of each of the quarters of 2026) as if we were a company incorporated in the U.S., which, among other things, would result in increased compliance and reporting costs to us.

If we are classified as a passive foreign investment company, or PFIC, our U.S. shareholders may suffer adverse tax consequences.

Generally, if for any taxable year, after applying certain look-through rules, 75% or more of our gross income is passive income, or at least 50% of the value of our assets are held for the production of, or produce, passive income, we may be characterized as a PFIC for U.S. federal income tax purposes. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. If we are a PFIC, gain realized by a U.S. shareholder on the sale of our ordinary shares may be taxed as ordinary income (rather than as capital gain income), and an interest charge added to the tax. Rules similar to those applicable to the taxation of gains realized on the disposition of our stock would apply to distributions exceeding certain thresholds.

Although we do not believe that we were a PFIC in 2024, we cannot assure you that the IRS will agree with that conclusion or that we will not become a PFIC in 2025 or in a subsequent year. The tests for determining PFIC status are applied annually, and it is difficult to make accurate predictions of our future income and the future value of our assets. U.S. shareholders should consult with their own U.S. tax advisors with respect to the U.S. tax consequences of investing in our ordinary shares. For a discussion of how we might be characterized as a PFIC and related tax consequences, please see Item 10.E, “Additional Information-Taxation-U.S. Federal Income Tax Considerations- Tax Consequences if We Are a Passive Foreign Investment Company”.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our legal and commercial name is Stratasys Ltd., and we are the product of the 2012 merger of two leading additive manufacturing companies, Stratasys, Inc. and Objet Ltd. Stratasys, Inc. was incorporated in Delaware in 1989, and Objet Ltd. was incorporated in Israel in 1998. As part of that merger transaction, the ordinary shares of Stratasys Ltd. were listed on the Nasdaq Global Select Market under the trading symbol “SSYS”. We have acquired (and, in certain cases, disposed of) a number of companies since that time. In July 2014 and August 2014, we acquired Solid Concepts and Harvest Technologies, respectively two leading providers of additive manufacturing services. Following those two acquisitions, in 2015, we introduced our branded Stratasys Direct Manufacturing, or SDM, service, which significantly broadened and increased our production and offering of AM parts, which are used by our customers as prototypes, benchmarks and end-use parts. In December, 2020, we acquired 3D printing start-up, Origin Inc., or Origin, and its proprietary P3 Programmable PhotoPolymerization technology, which has become an

important growth engine for our company. The acquisition was aimed at fortifying our leadership in polymers and production applications of 3D printing in industries such as dental, medical, tooling, and select industrial, defense, and consumer goods markets. In February 2021, we acquired UK-based RP Support Ltd., or RPS, a provider of industrial stereolithography 3D printers and solutions. RPS' complementary technology further expanded our polymer suite of solutions across the product life cycle, from concept modeling to manufacturing. In April 2021, we introduced the Stratasys H350 3D printer, the first system powered by the powder-based SAF™ technology of Xaar 3D Ltd., or Xaar, and in November 2021, we acquired all remaining shares of Xaar (we previously owned a 45% share in Xaar), thereby accelerating our growth in production-scale 3D printing. In September 2022, we disposed of our subsidiary MakerBot, a leader in desktop 3D printing, merging it with UltiMarker, after which transaction we hold a 46.5% equity interest in the combined company, which aims to provide easy-to-use and accessible 3D printing hardware, software, and materials for any application. In October 2022, we acquired the assets of the quality- assurance software company Riven and integrated its cloud-based software solution into our GrabCAD® additive manufacturing platform, which enables manufacturing customers to adopt our solutions for end-use parts production. We completed, in April 2023, the acquisition of the additive manufacturing materials business of Covestro AG, which has expanded our differentiated materials offerings in stereolithography, digital light processing (DLP), and powders. We furthermore expect to effect smaller acquisitions and investments in other companies from time to time to support execution of our strategy.

We have dual headquarters. Our registered office and one of our two principal places of business is located at 1 Holtzman Street, Science Park, P.O. Box 2496, Rehovot 76124, Israel, and our telephone number at that office is (+972)-74-745-4314. Our other principal place of business is located at 5995 Opus Parkway, Minnetonka, Minnesota, and our telephone number there is (952) 937-3000. Our agent in the United States is Richard Garrity, Chief Business Unit Officer of our Delaware subsidiary, Stratasys, Inc., whose address is c/o Stratasys, Inc. at the address of our Minnetonka, Minnesota headquarters. Our web address is www.stratasys.com. The information contained on that website (or on our other websites, including stratasysdirect.com and makerbot.com) is not a part of this annual report. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

As an Israeli company, we operate under the provisions of the Companies Law.

In 2024, 2023 and 2022, our capital expenditures amounted to $12.7 million, $15.0 million and $19.8 million, respectively, of which $10.9 million,$13.6 million and $13.6 million, respectively, was principally related to the purchase and construction of property, plant and equipment.

During 2024 and 2023, our purchases of property and equipment were primarily directed at the enhancement of our manufacturing capabilities to support new solution offerings, for our facilities in Israel and the United States.

In 2022, a portion of our capital expenditures related to our facility in Rehovot, Israel, which we own, and where our Israeli headquarters have been situated since January 2017. This relatively new facility, towards which we paid $0.2 million during 2022, also houses research and development facilities. In 2024 and 2023, we did not have any capital expenditure related to that new facility. As of December 31, 2024, we had invested an aggregate of $119.5 million in our new facility in Israel and its related equipment.

B. Business overview

We are a global leader in polymer-based 3D printing solutions, which we provide at every stage of the product life cycle, with multiple technologies and complete solutions for superior application fit, across industrial, healthcare and consumer fields. We focus, in particular, on polymer 3D printing solutions that address the fastest- growing manufacturing solutions, which we view as the biggest potential growth

opportunity in the 3D printing industry. Leveraging distinct competitive advantages that include a broad set of best-in-class 3D printing platforms, software, materials and technology partner ecosystems, innovative leadership, and a global GTM infrastructure, we are positioned to further expand our leadership in this significant and growing global marketplace.

Our approximately 2,300 granted and pending additive technology patents currently held (in addition to many others previously held) 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 additive manufacturing ecosystem of solutions and expertise includes materials, software, expert services, and on-demand parts production.

In recent years, we have expanded our leadership through innovation in the fast-growing mass production parts segment through our next-generation photopolymer platform. Our pioneering approach to additive manufacturing of end-use parts enables us to serve a large market with manufacturing-grade 3D printers, utilizing P3™ Programmable PhotoPolymerization technology, which precisely controls light, heat, and force, among other variables, to produce parts with exceptional accuracy and consistency and unique production grade properties.

We have also introduced our Neo® line of systems to the global market, which feature dynamic laser beam technology that enables build accuracy, feature detail, and low variability across the full extent of a large build platform. As an open resin system, the Neo products provide customers materials with a wide range of properties such as chemical resistance, heat tolerance, flexibility, durability, and optical clarity, and can produce large parts, providing a significant build area in a small footprint.

Similarly, we have accelerated our growth in production-scale 3D printing, having introduced the Stratasys H350™ 3D printer, the first system powered by Xaar's powder-based SAF™ technology, which is designed to deliver cost-competitive parts at production-level throughput. H Series™ Production Platform printers such as the H350 are designed to deliver part quality, consistency, and reliability for high production yield, utilizing a uniform thermal experience for all printed parts regardless of their placement in the build, representing a significant improvement over traditional powder-bed fusion processes.

In April 2023, we purchased the assets of Covestro's additive manufacturing materials business, including all of the SOMOS™ photocurable liquids portfolio. The materials, IP portfolio, and talent we acquired from Covestro have helped us address new applications in key technology categories such as stereolithography, P3/DLP, and powder bed fusion, including SAF™ technology.

In March 2024, we acquired Arevo's technology portfolio, including its intellectual property, or IP, estate, which includes multiple foundational patents in carbon fiber printing, Z-strength improvement achieved by localized laser melting and roller compaction, in-situ and AI build monitoring, and hardware design. Adoption of this technology in our FDM® print systems enables us to extend our addressable manufacturing applications for our customers.

We now offer a broader range of systems, consumables and services for additive manufacturing. Our wide range of solutions, based on our proprietary 3D printing technologies and materials, enhances the ability of designers, engineers and manufacturers to:

- visualize and communicate product ideas and designs;
- verify the form, fit and function of prototypes;

- manufacture tools, jigs, fixtures, casts and injection molds used in the process of manufacturing end-products;
- manufacture customized and short-to-medium-run end-products more efficiently, with greater agility, and more sustainably; and
- produce objects that could not otherwise be manufactured through subtractive manufacturing methodologies.

Our goal is to be the first choice for polymer 3D printing. Given our significant experience and proven operating history, we have many competitive advantages including:

- **Versatile offering of innovative technologies.**-We offer five different 3D printing technology platforms, each of which has been optimized for specific industry applications, which provides us with a versatile, deep offering for end users within the 3D printing industry They are complemented by a technology-agnostic software platform, with an extensive and rapidly expanding ecosystem of software solutions and software partners for workflow and connectivity, as well as a robust range of advanced materials.
- **Expansive materials ecosystem**.- To ensure maximum performance and quality, as well as access to the broadest possible range of materials for our customers, we provide a robust range of materials in three distinct tiers: (i) Stratasys Preferred, which are engineered by us or our third-party material partners exclusively to provide the best combination of material and printer performance; (ii) Stratasys Validated, which are engineered by us or our third-party materials partners and validated by us with basic reliability testing to accelerate the expansion of material options available in the marketplace; and (iii) Open: Unvalidated materials accessed via an OpenAM Software License, which may offer unique attributes and the potential to address new applications but have not received validation testing or optimization relative to performance and functionality on a Stratasys printer. Our acquisition of Covestro in April 2023 has further strengthened our differentiated materials offering in stereolithography, DLP, and powders, which additional materials are supported by a broad portfolio of patents.
- **Deep application engineering expertise.** - We believe we have the most industry application engineers in the world who provide our deep quality and process certification expertise. This is essential for meeting the rigorous demands of industries like aerospace, where there are over 500,000 Stratasys parts already flying around the world today, or healthcare, where we support multiple materials for biocompatible applications. We have multi-industry experience with multiple 3D printing technologies serving the aerospace, defense, automotive, industrial, dental, consumer, education, and medical industries.
- **Unparalleled market access.** - We believe our network of over 130 resellers and value added channel partners is the strongest and most experienced in the industry, covering every region and every major market. This network of resellers worldwide is exclusive to us and our technologies, and has been built over many years, making it unable to be quickly and easily duplicated. This channel network has focused primarily on selling and servicing our FDM and PolyJet solutions since the merger of Stratasys and Objet in 2012, and starting in 2021, included the Origin P3, SAF, and Neo stereolithography technologies, which dramatically expand the total addressable market across medical, dental, consumer goods, automotive, commercial goods, and service bureaus.

- **Marquee customer base.** - Many of the world's leading companies across aerospace, technology, automotive, consumer, energy, and healthcare are our strategic partners. These include: General Motors, whose new multi-million-dollar additive manufacturing facility in Michigan features Stratasys systems from low to high end; TE Connectivity, which is now using Origin One 3D printers to produce end use parts for aerospace connectivity; Airbus, which recently extended Stratasys' contract to include several more aircraft platforms as well as spare parts production; and the U.S. Army, which signed an approximate $8 million contract with Stratasys in 2023 for a purchase that included systems from all five Stratasys platforms, given the distinct capabilities of each platform to address varying applications.
- **Software/Digital manufacturing connectivity.** - Through our GrabCAD Additive Manufacturing Platform, we have created a smart and connected software ecosystem to enable additive manufacturing at scale across the digital thread, from design through production. Our SDKs integrate with many different software partner solutions, allowing customers to turn data into intelligence by collecting important information that can be used to improve productivity. This level of integration expands the capabilities of 3D printers. In addition, many of our 3D printing systems are software-upgradable. As our largest customers increasingly adopt multiple Stratasys systems across multiple 3D printing technologies, the efficiency benefits of a single software platform to manage them increases.

We benefit from recurring revenues from the sale of resin and plastic consumables and related services. We provide products and services to our global customer base throughout our offices in North America and internationally, including: Baden-Baden, Germany; Shanghai, China; and Tokyo, Japan, as well as through our worldwide network of over 130 resellers and channel partners who are exclusive to us and our additive manufacturing technologies. We have 1,779 employees worldwide, including what we believe is one of the largest additive manufacturing service bureaus in the United States.

Industry overview

Historically, prototype development and customized manufacturing have been performed by traditional methods using metal extrusion, computer-controlled machining, and manual modeling techniques, in which blocks of material are carved or milled into specific objects. These subtractive manufacturing methodologies have numerous limitations. They often require heavy involvement of specialist technicians and can be time- and labor-intensive, and traditional molds for injection molding are expensive. The time intensity of traditional modeling can leave little room for design error or subsequent redesign without meaningfully impacting a product's time-to-market and development cost. As a result, prototypes have traditionally been created only at selected milestones late in the design process, which prevents designers from truly visualizing and verifying the design and geometry of an object in the preliminary design stage. The inability to iterate a design rapidly hinders collaboration among design team members and other stakeholders and reduces the ability to optimize a design, as time-to-market and optimization become necessary trade-offs in the design process.

3D printing addresses many of the inherent limitations of traditional modeling technologies through its combination of functionality, quality, ease of use, speed and cost. 3D printing can be significantly more efficient and effective than traditional model-making techniques for use across the design process, from concept modeling and design review and validation, to fit and function prototyping, pattern making and tooling, to direct manufacturing of repeatable, cost-effective parts, short-run parts and customized end products. Introducing 3D modeling earlier in the design process to evaluate fit, form and function can result in faster time-to-market and lower product development costs, while keeping intellectual property in-house. As the 3D printing industry is maturing, its role in a product's lifecycle is further expanding, specifically into manufacturing solutions that follow the initial modeling and prototyping stages of the product lifecycle. This evolution opens a substantially larger total addressable market for additive manufacturing solutions.

In the medical industry as well, practitioners are rapidly embracing the cutting-edge production of 3D printed anatomical models for pre-operative procedural planning. 3D printed pre-procedural models are low-cost and are customized to individual patients. Created from medical scans, the printed models provide physicians the opportunity to map out their procedures in a no-risk surgical setting. The rapidly produced and quickly delivered models assist with procedure validation, ultimately improving patient outcomes.

For short and medium-run manufacturing, 3D printers eliminate the need for complex manufacturing set-ups and reduce the cost and lead-time associated with conventional tooling. Direct digital manufacturing, or DDM, involves the use of 3D production systems for the direct manufacture of parts that are subsequently incorporated into the user's end product or manufacturing process. DDM is particularly attractive in applications that require shorter-run or lower-volume parts or rapid turn-around, and for which tooling would not be appropriate due to small volumes.

Increasingly, attention is being paid to the potential sustainability benefits of additive manufacturing as well. By producing parts on-site and at scale, carbon emissions associated with transportation and delivery can be reduced. Additive manufacturing also reduces waste because the right number of products are created at the right time. One study has suggested that additive manufacturing could reduce industrial energy use by up to 27% by 2050. Light-weighting parts through additively designed polymer components save airlines fuel. – about 14,000 gallons of fuel per year per plane for every pound eliminated.

Technological advancements, such as those achieved by our FDM, P3 and SAF technologies, are beginning to significantly increase the volumes at which additive manufacturing is competitively advantageous up to tens of thousands and beyond in some cases. DDM also enables the production of objects that have been topologically designed, or designed on the basis of a computerized determination of where to place the key components of the object and how to connect them, a process that is generally unavailable using conventional subtractive manufacturing methodologies.

Desktop 3D printer usage has shown rapid growth in recent years, with the introduction and adoption of affordable entry-level 3D printers and increased availability and content. These entry-level desktop printers have increased market adoption by professional designers and education institutions. We expect that the adoption of desktop 3D printing will continue to increase in the future, in terms of design applications and engineering applications. We believe that the expansion of the market will be spurred by increased proliferation of 3D content and 3D authoring tools (3D computer-aided-design, or CAD, and other simplified 3D authoring tools), as well as increased availability of 3D scanners. We also believe that increased adoption of 3D printing will be facilitated by continued improvements in 3D printing technology and greater affordability of entry-level systems. We are active in facilitating the growth of the desktop 3D printing market by way of our investment in Ultimaker, a company created from the merger of our former subsidiary MakerBot with Ultimaker into a new combined desktop 3D printing market leader.

Stratasys solutions

Range of solutions

We provide integrated solutions throughout the production cycle for designers, engineers, manufacturers, dental and medical professionals, including compatible products and services designed for our customers' use to effectively solve their specific application needs. Our solutions consist of 3D printing systems, consumables, software, paid parts, and professional services and encompass everything from prototyping and design all the way through production.

Our solutions allow our end-users to print 3D models and parts that enhance their ability to visualize, verify and communicate product designs, thereby improving the design, development and validation processes and reducing time-to-market. Our systems create visual aids for concept modeling and functional prototyping to test fit, form and function, permitting rapid evaluation of product designs. Using presentation models developed with our systems, designers and engineers can typically conduct design reviews and identify potential design flaws earlier in the process and make improvements before incurring significant costs due to re-tooling and rework, allowing them to optimize a design much more rapidly and cost-effectively.

Our systems aid in the communication of ideas otherwise communicated in abstract or 2D media. For example, physicians use visually and/or biomechanically accurate 3D printed Stratasys models to plan surgical procedures. A model produced with our systems may be used as a sales tool, as a model or part display, or simply for use in conducting a focus group. It may also be used for accelerated collaboration in product design and manufacturing cycles at multiple locations, enabling visualization and tactile response, which can be critical to product development or sales process.

Our solutions also empower end-users to quickly and efficiently deploy parts to incorporate into their manufacturing process and improve its effectiveness while at the same time lowering costs. For instance, our solutions enable the production of manufacturing aids and tools such as jigs, fixtures, casts and injection molds aiding in the production and assembly process. These solutions are often faster to produce than through traditional methods, and frequently cost less. Materials like nylon carbon fiber enable these printed products to be both exceptionally strong and lightweight.

Additive manufacturing of end-use-parts, using our solutions, is a growing focus of our offerings to customers, and is attractive in applications requiring fast, short-run or low-mid-volume parts where tooling would not be cost-efficient. Our solutions enable the production of objects that generally could not otherwise be manufactured through subtractive manufacturing methodologies.

In addition, our solutions enable doctors to train and plan medical procedures based on medical models, created by our printers, as well as create surgical guides to support complex surgeries. In the dental space, our PolyJet solutions enable dental labs to create dental and orthodontic, patient specific models and guides, including permanent dentures and temporary crowns and bridges, as well as devices for various applications, based on digital dentistry workflow.

Our solutions offerings are characterized by the following distinguishing qualities:

- material properties of printed objects, such as heat resistance, toughness, brittleness, elongation-to-break, color and flexibility;
- quality of printed objects measured by, among other things, resolution, accuracy and surface quality;
- consistency of produced parts in a run or batch;
- multiple production-grade modeling materials;
- reliability of printing systems;
- fast time to part;
- efficiency of operations with software workflows;
- customer service;
- ease of use; and
- automatic, hands-free support removal and minimal post processing.

Range of technologies and differentiating factors

Our solutions are driven by our proprietary technologies, which we have both developed organically and acquired over time through targeted acquisitions. We hold approximately 2,300 patents and pending patents internationally, and our 3D printing systems utilize our patented extrusion-based FDM®,inkjet-based PolyJet™, powder- bed-based SAF®, photopolymer-based P3™, and Neo® stereolithography technologies to enable the production of prototypes, tools used for production, and manufactured goods directly from 3D CAD files or other 3D content. We believe that our broad range of product and service offerings is a function of our 3D printing technology leadership.

FDM. A key attribute of our FDM® 3D printing technology is its ability to use a variety of production grade thermoplastic materials featuring surface resolution, chemical and heat resistance, color, and mechanical properties necessary for production of functional prototypes and parts for a variety of industries with specific demands and requirements. Use of these materials also enables the production of highly durable end parts and objects with soluble cores for the manufacture of hollow parts, the manufacture of which were previously dependent on slower and more expensive subtractive manufacturing technologies.

We believe this technology is differentiated by factors making it appropriate for 3D printing and additive manufacturing, including:

- ability to use FDM® systems in an office environment due to the absence of hazardous emissions;
- low post-production processing requirements;
- minimal material waste;
- build repeatability;

- ease of use, with minimal system set-up requirements;
- absence of costly replacement lasers and laser parts; and
- a high degree of precision and reliability.

PolyJet. Our inkjet-based 3D printing technology stands out for its scalability, high-resolution output, multi-material capabilities, and full-color printing down to the voxel level—all within both an industrial or office environment. PolyJet™ 3D printers produce smooth, high-resolution models that closely resemble final product designs. We provide a variety of resins, including rigid, flexible, medical-grade, and bio-compatible materials. PolyJet enables the simultaneous deposition of multiple materials, allowing single-build prints with diverse mechanical and physical properties. Users can create objects featuring both rigid and flexible parts or mix base colors to achieve specific tones. The technology supports over 500,000 color and texture combinations, including Pantone® Validated colors and clear materials that are nearly as transparent as glass. In 2022, we launched PolyJet solutions with 3DFashion™ technology for apparel, followed by FDA-cleared dental parts using TrueDent resin in 2023. In July 2024, we introduced the J5 Digital Anatomy Printer, further enhancing our medical systems offering for improved accessibility in medical care settings.

Stereolithography. Our stereolithography technology enables the production of high-quality, durable parts that meet the requirements of a wide range of applications, as well as additive manufacturing prototypes and tools. Industrial stereolithography systems are well-established in the 3D printing industry for applications such as large prototypes, tooling, investment casting patterns, and orthodontic clear aligner molds. They provide quality surface finish, large build sizes, a fast time to print, and an affordable cost per part. We believe that the Neo line of systems (acquired via RPS in February 2021) is superior relative to other solutions currently available due to an open choice of resins, system reliability, low service requirements, simple day-to-day operation, and accurate builds. With access to our strong global channels, we believe we can bring these benefits to many more manufacturing organizations. Our latest acquisition of the Covestro Additive Manufacturing business unit in April 2023 completed our stereolithography offering with the strong Somos® materials portfolio for stereolithography printers. Somos materials are widely known and appreciated for their mechanical properties, printing performance, high quality, and repeatable builds. These materials with our Neo systems offering will provide an attractive and differentiated offering over the current stereolithography solutions in the market.

P3. P3. Our P3 resin-based 3D printing technology, acquired through Origin, offers excellent detail, mechanical properties, and throughput for production. We have a strong materials portfolio, including aerospace-grade flame-resistant and biocompatible materials from Forward AM (formerly BASF), Henkel, and Evonik. The P3 platform supports Preferred, Validated, and Open materials via our Open Materials Library (OML) license, providing access to a wide range of tested and optimized materials. It is software-based, cloud-connected, and uses GrabCAD Print for streamlined workflows. In September, we introduced the next generation of Origin printers – Origin Two, which delivers top-tier accuracy, precision, repeatability, and enhanced reliability and safety. These innovations and our robust materials portfolio will drive adoption among industrial production customers.

SAF. SAF Selective Absorption Fusion technology was developed via our joint venture with Xaar plc, Xaar 3D Ltd., which we acquired in 2021.SAF is an industrial-grade additive manufacturing technology designed to deliver production-level throughput for end-use parts. Representing the culmination of more than 10 years of research and development, SAF-based 3D printers can deliver a competitive cost per part with the part quality, consistency, and reliability that ensures satisfaction and high production yield. The SAF technology uses a counter-rotating roller to coat powder bed layers onto a print bed and prints absorber fluid to image the part layers. The imaged layers are fused by passing an infrared lamp over the entire span of the print bed. SAF technology executes these key process steps in the same direction across

the print bed to provide a uniform thermal experience - and therefore part consistency - for all printed parts regardless of their placement in the build. H Series™ 3D printers use SAF materials developed by leading third party materials providers, including PA11, which is derived from sustainable castor oil, and PA12, which is stiffer than PA11 and is ideal for applications where rigidity is important. We also plan to develop SAF materials internally as a result our acquisition of Covestro Additive Manufacturing.

We believe that the range of 3D printing consumable materials, together with the broad set of materials in our materials ecosystem, that we offer, is the widest in the industry. Our consumable materials consist of over 61 FDM spool-based filament materials, over 50 PolyJet cartridge-based resin materials, PolyJet materials can be combined digitally and yield a large variety of digital materials that reflect over 500,000 color variations, transparency, opacity and flexibility levels.

Our competitive strengths

We believe that the following are our key competitive strengths:

- Differentiated product offerings with superior reliability and part quality. Our portfolio of 3D printing systems is differentiated through a combination of superior printing qualities, accuracy, print speed, system reliability the ability to print a range of materials with varying levels of strength, chemical and heat resistance, color and mechanical properties, the ability to print multiple materials simultaneously and suitability for office environments. Our offering is focused on high-end solutions to address customer needs from prototyping applications to complex manufacturing operations.
- Our FDM-based systems enable the highly precise printing of engineering and high-performance thermoplastic materials, enabling a wide range of manufacturing applications with little or no post-production processing.
- Our PolyJet inkjet-based systems are used in multiple prototyping solutions as well as in manufacturing applications, particularly in higher growth industries such as healthcare and dental. The systems jet ultra-thin layers of material, enabling voxel level control of the deposited materials, part realism (multi materials and colors), high accuracy and resolution and smooth finish to printed models. For use with these various types of systems we offer a wide variety of office-friendly resin consumables, including rigid, flexible (rubber-like), transparent and color materials. This unique quality printing system utilizes the simultaneous jetting of up to six materials to enable end-users to print models, in virtually unlimited combinations, in a single build.
- Our P3-based systems, which we added to our solutions portfolio via the acquisition of Origin, offer a best-in-class combination of detail, mechanical properties and throughput for mass manufacturing production parts. This addition allows us to expand our leadership through innovation in the fast-growing mass production parts segment in industries such as dental, medical, tooling, and select industrial, defense, and consumer good segments. The P3 technology is an advancement on DLP principles ,whereby liquid photopolymer resin is cured with light. Our Origin One 3D printers offer precisely controls light, heat, and force, among other parameters, via Origin's closed-loop feedback software. This new technology enables customers to build parts with industry-leading accuracy, consistency, size and detail, while using a wide range of commercial-grade, durable resins.

- Our powder bed fusion (PBF) SAF-based systems, which launched at the end of 2021, expand our total addressable market across multiple segments, including commercial goods (frequent demand for short and medium run production), automotive (production parts at competitive speeds), consumer goods (pre-production parts, short runs, and specialty production), and service bureaus (an excellent high-utilization environment for a wide variety of components).
- Our industrial stereolithography RPS' Neo line of systems/printers feature dynamic and variable laser beam technology that enables build accuracy, feature detail, excellent side wall quality and low variability across the full extent of a large build platform. As open resin systems, the Neo products provide customers a choice of materials that deliver a wide range of properties such as chemical resistance, heat tolerance, flexibility durability and optical clarity.
- Integrated solutions offering/ecosystem- We believe our customers are looking for primary partner for polymer additive manufacturing, which we believe we are uniquely able to provide. We provide integrated solutions offering that include compatible products and services that are designed to meet the full gamut of our clients' needs in an efficient manner, consisting of a broad range of systems, consumables, software and services, including:
    - 3D printers;
    - materials;
    - GrabCAD software;
    - professional services;
    - parts on demand;
    - vertical applications;
    - partnerships and alliances; and
    - enhanced collaboration among industry professionals, via our GrabCAD Community, which provides engineers and designers a resource for CAD models and helps them communicate ideas and share designs.
- Proprietary technology platforms with multidisciplinary technological expertise. We believe that our proprietary 3D FDM, 3D inkjet-based PolyJet, P3 and SAF printing engines offer end users the versatility and differentiated features necessary for a wide variety of current and potential applications. We combine our proprietary hardware platforms, featuring widely-deployed inkjet printer heads or easy-to-use extrusion heads with integrated software and a wide range of proprietary materials to develop and produce leading 3D printing systems.
- Leading Direct Manufacturing Business. Our Stratasys Direct Manufacturing service business is one of the largest and leading AM parts service providers globally. This unit's knowledge of and experience in AM, including materials and systems know-how, and AM end-use parts production has enhanced our manufacturing offering suite. For example, the Stratasys Direct team has helped accelerate our product development for the Origin One and H350 3D printers to improve their performance in production environments. Furthermore, Stratasys Direct enables us to offer a broader solution to our customers, catering to more of their 3D printing needs, whether by supply of 3D printers or of 3D printed parts through cross-sell or infinite capacity extension. We believe this offering creates better customer intimacy and a competitive advantage for Stratasys.

- Synergies between SDM and 3D printer sales businesses. Our Stratasys Direct® AM parts service business has been capitalizing on the synergies between it and our 3D printer sales business. Stratasys Direct Manufacturing works closely with our North American sales organization and benefits from access to some of the largest customers for our 3D printing systems, who have been increasingly relying upon Stratasys Direct for production parts and development needs.
- Diverse, global customer base. We have a broad customer base, ranging from global market leading brands to small businesses and professionals and individuals. Our end-users include companies across a wide range of industries and applications, including automotive, aerospace, dental laboratories, consumer products, educational institutions, defense, medical analysis, medical systems, electronics, and heavy equipment.
- Large and growing installed base. Our differentiated offerings have led to a large and growing installed base. The significant installed base has resulted in greater distribution reach and enhanced opportunities for cross selling, given the significantly broadened and complementary product offerings. It furthermore presents us with an opportunity to generate recurring revenues from sales of consumables and services to the installed base.
- Extensive global reach. With 130 value added channel partners around the world, we are well positioned to leverage the extensive geographic reach of our marketing, sales and support organization to serve customers and grow awareness of 3D printing for prototyping, design and manufacturing. This level of service and support is becoming an especially critical differentiator as our customers adopt 3D printing for more operationally critical manufacturing applications.
- Increased accessibility and ease of use for customers. Our GrabCAD Additive Manufacturing software platform and our GrabCAD Community enable designers, engineers, and machine operators to easily manage our 3D printing systems at scale.
- GrabCAD Print software provides native CAD job programming along with popular CAD and common 3D file formats (3MF, STL, VRML), thereby reducing time and errors in job planning and resulting in high quality printed parts. GrabCAD Print is offered in Standard (free) and Pro (subscription) variants for FDM, PolyJet, SAF, P3 and SL Stratasys technologies.
- GrabCAD Streamline Pro subscription software is a comprehensive workgroup software suite, powered by GrabCAD Print™. Designed to connect people, parts and printers, GrabCAD Streamline Pro reduces the effort in managing a company's entire fleet of Stratasys 3D printers from one platform. It creates the opportunity for secure, centralized software workflows for efficient part production at any scale, regardless of the number of printers or types of parts printed. This thereby leads to higher efficiency, reduced cost and business process automation.
- GrabCAD Streamline Pro supports FDM and PJ Stratasys technologies, with plans to add support for SAF, DLP and SL Stratasys technologies in the future.
- GrabCAD IoT Platform is a solution designed to transform how customers manage their 3D printing operations and optimize additive manufacturing productivity. The GrabCAD® IoT Platform is available to Stratasys customers with GrabCAD® Streamline Pro™ workgroup software, with PolyJet J3/J5 Series™ printers and from Stratasys Customer Support. The solution is planned to be rolled out to other technologies in the future.
- GrabCAD Software Development Kits provide the means to create two-way integrations with third party software applications, including our GrabCAD Software Partners and our customers business systems, dramatically extending the value of our platform.

- GrabCAD Community is the online community of over 15 million professional engineers, designers, manufacturers, and students who share best practices via tutorials, discussion forums, design/print challenges and 3D content.

Our growth strategy

We are guided by our “North Star” strategy, pursuant to which we are initially focused on providing a complete offering of polymers, which we view as the biggest potential profit pool in the industry, and after which we intend to expand to metals. By following this strategy, we expect to build a portfolio that can solve all customer needs related to 3D printing. Our solutions deliver value to every touchpoint across the product lifecycle.

At the heart of our strategy lies the development of end-to-end solutions tailored to specific manufacturing applications and use cases. These solutions empower our customers to fully leverage the benefits of Additive Manufacturing at scale. Our approach involves providing a full suite of all five polymer technologies, boasting the industry's most extensive materials portfolio, alongside an advanced software platform. We continuously augment our offerings to ensure a seamless and efficient workflow. Leveraging our profound expertise in application engineering, coupled with our unparalleled Go-to-Market infrastructure and resilient business model, we collaborate closely with customers to devise tailored solutions that meet their unique needs. Subsequently, we effectively scale these solutions to serve broader market demands.

The key elements of our strategy for growth include the following:

- Offering a full suite of all five polymer technologies. We offer five best-in-class technologies for every step in the product lifecycle – from concept through manufacturing, alongside the most expansive materials portfolio in the industry. We believe that the proliferation of 3D content, advancements in AM technology platforms and the introduction of improved materials will continue to drive growth in 3D printing. We expect to see that growth result in a major shift towards more manufacturing application solutions as compared to primarily focusing on design and prototyping. We will continue to invest in the identification of new applications (especially manufacturing applications) for which our proprietary printing technologies, software and materials are appropriate. This approach has resulted in the broadest offering of polymer 3D printing solutions in our industry, serving an unequalled array of end markets.
- Having the industry's most extensive materials portfolio, enabling us to address various applications effectively. We continuously bolster our portfolio through extensive in-house research and development efforts, leveraging our expertise to innovate and introduce new materials tailored to emerging market demands. Furthermore, strategic partnerships with third-party entities further enrich our portfolio, allowing us to access specialized materials and technologies. Additionally, we remain committed to strategic acquisitions that align with our portfolio expansion goals, ensuring that we remain at the forefront of material innovation within the industry.
- Adding more value through software, both from our partners and ourselves. We offer Industry 4.0-ready systems that include API integration to leading manufacturing software solutions. On the one hand, that makes it easier to add more systems and use them more intensively (“Connect one Stratasys printer– connect them all”) and on the other hand, it enables our obtaining new value from our software partners. Enabling our customers to see the systems and materials usage in real time helps them to enhance our own technological offerings much easier. This enables us to provide our customers with advanced remote features like remote support, predictive support and materials replenishment. That, in turn, generates sales of our integrated solutions.

- Possessing deep application engineering experience. Our people have the deepest application engineering expertise in the industry, which allows us to educate customers and drive future innovation. We have in place today an offering of solutions that includes the complete gamut of compatible systems, consumables, software and services (parts on-demand, professional and expert consulting services) that are designed to meet our clients' needs in an integrated, complete manner. We will seek to extend our technological capabilities by addressing manufacturing applications and continuing to invest in our R&D efforts, which focus on enhancing our current printing technologies as well as developing new innovative solutions for 3D printing and exploring inorganic opportunities for new printing technologies. We believe that by enhancing our AM technological capabilities and by developing and introducing new materials for our 3D printing and production systems, we will be able to increase both the size of, and our share of, the 3D printing marketplace.
- Possessing an unmatched Go-to-Market infrastructure. We believe our network of 130 value-adding channel partners is the largest and most experienced in the industry. This is a competitive advantage that we believe is not easily or inexpensively replicated. Our goal is to reach new customers and increase sales to existing customers by leveraging that network and providing access to new solutions that address customers' specific needs. These solutions include those offered by our Stratasys Direct Manufacturing service. As part of this strategy, we intend to grow awareness of 3D printing solutions for prototyping and manufacturing and to develop industry-specific sales channels as part of our effort to commercialize a broader range of new manufacturing and production applications.
- Having a resilient business model designed to scale as opportunities present themselves. Our corporate and Go-to-Market infrastructures are positioned to effectively absorb, scale and create operating leverage for key opportunities that can complement and grow our leading position in polymers as they arise, all while providing operating leverage to the company. We are also positioned to weather unexpected downturns like the one we have seen from the pandemic, and to scale up during times of growth, capturing market share and increasing revenues, margins, and earnings. We are not dependent on any one client or end market, as evidenced by our not having any one customer with which we are contractually engaged for sale of our products or services that represent greater than 5% of our revenues.
- Collaborating closely with customers to devise tailored solutions and to accelerate the adoption of 3D printing technology. We prioritize collaboration with our esteemed blue-chip customers to develop tailored solutions that meet their unique needs. Our deep relationships with these key stakeholders allow us to gain valuable insights into their challenges and requirements, enabling us to co-create innovative solutions together. By closely engaging with customers throughout the product development process, we identify opportunities to replace traditional manufacturing methods with cutting-edge additive manufacturing solutions. Together, we explore new use cases and applications, leveraging our combined expertise to drive efficiency, cost savings, and competitive advantages. Through this collaborative approach, we not only address immediate needs but also anticipate future industry trends, positioning ourselves as trusted partners in our customers' journey towards manufacturing excellence.

Products and services

Our products

We offer a dedicated suite of products for applications such as rapid prototyping (RP), tooling, and manufacturing parts. Our products include 3D printing systems, consumable materials, software, paid 3D printed parts service, and support services.

Collectively, this portfolio of products offers a broad range of performance options for our customers, depending on their application, the nature and size of the designs, prototypes, and/or final parts desired. Our products are available at a variety of different price points and include entry-level desktop 3D printers, a range of mid-systems for prototyping and end use parts production, and large production systems for additive manufacturing at scale. We also offer a range of 3D printing materials (as described under "Consumable materials" below). The performance of our different systems varies in terms of capabilities, which are related to the following features:

- print speed;
- resolution;
- materials;
- resin cartridge capacity / filament spool size;
- maximum model (or tray) size;
- repeatability; and
- duty cycle, or the number of parts that a printer can produce over a given period of time without requiring maintenance.

Our systems are integrated with our software and are supported by services provided to our customers, both directly and through our reseller channel.

Printing systems

We offer a series of printing systems that address the largest parts of the addressable market for polymer 3D printing.

Our 3D printing systems, which are based on our proprietary FDM-(Fused Deposition Modeling), PolyJet, P3, SAF and stereolithography technologies, are described below:

FDM printers

Stratasys' market-leading FDM portfolio of printers have exceeded a milestone of 35,000 installed printers. FDM printers are designed to meet a wide range of applications, from prototyping to manufacturing tools, to production parts. The F170, F370, F770, F190CR and F370CR models, are designed to meet end- to-end prototyping and jigs & fixtures applications mainly. Where as other larger scale printers like Fortus 450mc, F900 and F3300 models, largely suit the production of end parts as well as higher requirement jigs & fixtures, and tooling.

The F Series printers enable prototypes that range from rapid, economically-effective concept verification models in PLA material/ fast-draft mode, to advanced design validation prototypes using a 0.005-inch slice resolution and soluble support for unmatched precision, repeatability and aesthetics. The F Series product line allows users to create parts in PLA, ABS plus, ASA, TPU, ABS-ESD, Diran and PC-ABS materials, which parts therefore possess the strength required for true form, fit and functional testing. The F Series printers are designed to enable ease of use and maintenance while offering an easy-to-use, yet rich user experience with GrabCAD Print software. In 2022, we introduced the composite

ready F190CR and F370CR hardened printers that can print Nylon 10CF. These new printers meet customer demand for manufacturing floor jigs, fixtures and tooling with a higher performance composite material. In [2024], we premiered the F3300, which established a new standard in FDM industrial 3D printing, with up to twice the speed and throughput of standard fused deposition modeling 3D printers. We have been shipping orders of the F3300 to leading companies in the automotive, aerospace and defense industries, along with commercial and industrial manufacturers.

The Stratasys Fortus 450mc 3D printer builds high-performance parts in customary materials, but with advanced complexity higher requirements needed for current-day production manufacturers. Fortus 450mc printer has carbon filled composites for functional prototypes, production parts and rugged tooling. Additionally, an acceleration of material development—of Validated Materials—has significantly expanded the application set. Furthermore, an option to license the Stratasys OpenAM™ parameter generator allows users to unlock and tune new custom materials. These systems are run via easy-to-use interfaces and software controls, making them user-friendly in producing complex parts more efficiently.

The Stratasys F900 printer offers a streamlined workflow and easier job-monitoring with an internal camera and GrabCAD Print software. Standard certifications are included, eliminating the effort and cost to qualify the 3D printer for the user's production floor. Additionally, the Advanced Industrial Solution continues to qualify more materials, which allows a faster, simpler path for certifying additive manufactured parts for aerospace and transportation industry solutions.

In 2022, we divested our former subsidiary MakerBot, which was merged with Ultimaker. In connection with the merger, a distribution partnership was established whereby Stratasys-exclusive distributors can sell MakerBot and Ultimaker products.

PolyJet printers

Our PolyJet technology-based, high-end printing systems offer the ability to print multiple materials including color printing in a single part build. The Stratasys J8 Series printers break restrictive technology barriers, enabling customers to print eight different materials at the same time with more than 500,000 different color shades and textures, including Pantone® Validated colors, and multiple material properties- ranging from rigid to flexible, and opaque to transparent. They also 3D print concept models twice as fast as our previous generation printers, supported by a low-cost DraftGrey material. . The J8 Series 3D printers support KeyShot 3D rendering software, enabling designers to save KeyShot designs directly in the new 3MF format and produce 3D printed models in a single day, when traditional modeling can take one-to-three weeks.

The J8 series of printers includes also the J850 TechStyleTM printer that allows 3D printing directly on different kinds of fabrics, enabling series productions in the fashion industry. With the J850 TechStyleTM we also offer our VeroEcoFlex range of materials developed for optimized performance on fabrics while meeting the fashion industry key sustainability standards (defined by leading companies in the industry).

Another industry-specific version of the J8 series is the Stratasys J850 Digital Anatomy™ printer that helps medical device companies optimize design throughout the product lifecycle. It 3D prints with GelMatrix™ resin, TissueMatrix™ resin and BoneMatrix™ resin -three advanced materials which, when combined, form over 100 new, unique digital materials to suit anatomical applications. These materials, when used for 3D printing, produce medical models and anatomies that achieve a true-to-life feel and response. This includes both soft tissues, including organs and blood vessels as small as 1mm in diameter, as well as porous bone structures, fibrotic tissues, and ligaments. Recently, we released an additional unique software tool to our medical offering, the Digital Anatomy Creator, allowing seamless creation of different anatomical structures by customizing specific bio-mechanical properties and color using the

available materials. This is an advanced differentiated extension of our GrabCAD software for medical users.

Our J55 Prime 3D Printer makes that same fast, full-color design realism accessible to designers and teams everywhere in an office-friendly format and smaller footprint. At about a third the price of J8 Series printers, the J55 utilizes five printer materials simultaneously, enabling nearly 400,000 colors or a variety of materials providing tactile, textual, and sensory capabilities. We also introduced a complementary J35™ Pro 3D printer in 2021, which is an all-in-one, multi material desktop 3D printer for designers and engineers needing up to three materials. Like the J8 printers, both J55 and J35 printers support KeyShot 3D rendering workflow with 3MF file format.

The J55 and J35 3D printers are also available in several industry-specific versions for the Dental and Medical. For Dental we have introduced the J5 DentaJet™ and the J3 DentaJet™. The J5 DentaJet™ is the industry's 3D printer able to accommodate mixed trays of dental parts and in 2024 we have also launch the J5 DentaJet™ XL that supports higher throughputs and lower cost per part. We have also recently launched our groundbreaking TrueDent™ Dentures solution for J5 DentaJet™, which are FDA-cleared (class II) for dental appliances, including full and partial dentures. These unique materials enables batch production of highly aesthetic, monolithic, polychromatic dental appliances. The J3 DentaJet™ can produce mixed trays of various dental applications limited to three materials.

The medical industry-specific J55 versions are the J5 MediJet™ and the J5 Digital Anatomy™ printers. The J5 MediJet™ is designed to produce anatomic visual models and drilling and cutting guides that are sterilizable and biocompatible. The J5 Digital Anatomy™ printer was launch in 2024 and has similar capabilities to the J850 Digital Anatomy™ printer but in a compact accessible platform that supports 5 different resins.

Stereolithography printers

Our Neo® line of industrial stereolithography 3D printers feature dynamic laser beam technology that enables build accuracy, feature detail, and low variability across the full extent of a large build platform. As an open resin system, the Neo products provide customers materials with a wide range of properties, such as chemical resistance, heat tolerance, flexibility, durability, and optical clarity, as well as low service requirements, reliability and accurate builds. All Neo systems are Industry 4.0-ready with Titanium™ control software that includes a camera, network connectivity, support remote diagnostics, and mid-build parameter customization. The printers can automatically email progress reports on the job. The Neo line of printers provides a significant build area in a small footprint, with simple day-to-day operation. The largest printer, the Neo800, features a 31.5 x 31.5 x 23.6 in. build volume. The Neo450s and Neo450e address customer needs for smaller printers, at 17.72 x 17.72 x 15.75 in. We initiated sales of this line of systems following our acquisition of RPS in February 2021. Following our acquisition of Covestro Additive Manufacturing business unit, which closed in April 2023, we also offer the Somos® materials portfolio for stereolithography printers. Somos materials range from easy-to-use general purpose materials, like the WaterShed line, to high performance stiff materials for tooling and wind tunnel applications, like the PerFORM line, to Bio-Compatible materials for different medical applications.

Origin P3 printers

The Origin® 3D printers use P3™ (Programmable PhotoPolymerization) technology to precisely control light, heat, and force, among other variables, to produce parts with exceptional accuracy and consistency. We engage with a network of materials partners (like BASF, Henkel , Evonik, and Arkema), who work to develop a wide range of commercial-grade materials for this P3 system, resulting in some of the toughest and most resilient materials in additive manufacturing, as well as materials dedicated to

specific applications that meet different industries' standards. The Origin One printer and the range of available materials offer best-in-class printing technology based on digital light processing for production-oriented polymer applications and accelerates our expansion into mass production additive manufacturing. In 2024 we introduced Origin Two printer that provides higher repeatability, accuracy, and consistency parts production with a simplified printing workflow. Origin TWO is matching injection molding precision, unavailable with other resin 3D printers, it enables short production runs and on-demand manufacturing for applications that require superior quality and high part performance

SAF printers

At the end of 2021, we began shipping the first SAF technology-based 3D printer, the H350, in the U.S. and Europe.Throughout 2023, we shipped the H350 printer to wider territories, including Asia, Israel and New Zealand H Series™ Production Platform printers such as the H350 are designed to give manufacturers production consistency, a competitive and predictable cost per part, and complete production control for volumes of thousands of parts. The H350 printer itself was manufactured with a dozen different 3D printed parts made with SAF technology. The printer is designed to meet the needs of customers in industries such as commercial goods, automotive, and consumer goods and electronics that benefit from the ability to quickly produce large volumes of 3D-printed parts with compelling and predictable economics. The H350 provides several control features designed to ensure the system is production-ready. All build data is logged for process traceability and remains fully under the customer's control. Materials can be controlled, tracked and traced, and print settings can be fine-tuned for each customer's needs. We offer customers validated third-party materials, including PA11 and PA12. We announced GrabCAD Print software for the H350 in late 2021.

Key vertical target markets for printing systems

To further strengthen our leadership position and following our strategy to deepen the focus on additive manufacturing, tooling and rapid prototyping for specific vertical markets, we have announced a variety of technology and go-to-market partnerships for various key vertical markets, such as automotive, aerospace, consumer products and healthcare.

Consumable materials

We sell a broad range of Stratasys proprietary 3D printing materials, consisting of over 61 FDM spool-based filament materials, 49 PolyJet cartridge-based resin materials, 41 hybrid photopolymer resins for SL and DLP and 4 powder materials for PBF. These materials yield a large variety of digital materials that reflect over 500,000 color variations, transparency, opacity and flexibility levels, for use in our 3D printers and production systems and provide our customers with all the tools needed to meet their broad application needs. Various of our printing materials are validated or certified in accordance with internationally-recognized standards. The sale of these materials provides us with a recurring revenue stream from users of our 3D printers and production systems. In addition, in 2021, we announced a new hybrid ecosystem model for materials which also enables sales of differentiated 3rd party materials for use in Stratasys systems as well. This Stratasys Material Ecosystem is designed to enable manufacturing customers to address new applications with demanding requirements through accelerated access to leading industry materials. The ecosystem includes the following material categories:

- Stratasys Preferred: Preferred by Stratasys for its customers for the highest-performance applications. These materials are engineered specifically for Stratasys printers to provide the best combination of material and printer performance and are developed either by Stratasys or third-party material partners. All currently available Stratasys-made materials are Stratasys Preferred.
- Stratasys Validated: Materials validated by Stratasys with basic reliability testing to accelerate the expansion of material options available in the marketplace.

- Open: Unvalidated materials accessible via an annual OpenAM™ Software License. These materials may offer unique attributes and the potential to address new applications but they have not received validation testing or optimization on Stratasys printers.

We believe this model will help accelerate the move to additive manufacturing at scale and encourage more utilization of its printers. Preferred and Validated materials are sold through Stratasys channels.

The materials we sell are described below:

FDM materials

The modeling and support filament used in our FDM 3D printers and production systems features a wide variety of production grade thermoplastic materials. We continue to develop filament modeling materials that meet our customers' needs for increased speed, strength, accuracy, surface resolution, chemical and heat resistance, color, and mechanical properties. These materials are processed into our proprietary filament form, which is then utilized by our FDM systems. Our canister-based system has proven to be a significant advantage for our products, because it allows the user to quickly change material by simply mounting the lightweight spool and feeding the desired filament into the FDM print and production devices. Currently, we have a variety of build materials in multiple colors commercially available for use with our FDM technology.

Each material has specific characteristics that make it appropriate for various applications. The ability to use different materials allows the user to match the material to the end use application, whether it is a pattern for tooling, a concept model, a functional prototype, a manufacturing tool, or an end use part.

PolyJet materials

Our resin consumables, which consist of our PolyJet family of proprietary acrylic-based photopolymer materials, enable users to create highly accurate, finely detailed 3D models and parts for a wide range of prototype development and customized manufacturing applications. The wide variety of resins within the PolyJet family is characterized by transparent, colored, or opaque visual properties and flexible, rigid or other physical properties. Support materials that are used together with the model materials enable the 3D printing of models with a wide array of complex geometries. Our resin-based materials are produced in-house and are specially designed for our printing systems.

We have invested significant research and development efforts in optimizing our PolyJet materials for use with inkjet technology. These efforts are reflected in the properties of these materials, which enable them to be packaged, stored, combined and readily cured upon printing. Our PolyJet materials are packaged in cartridges for safe handling and are suitable for use in office environments. The polymerized materials can also be machined, drilled, chrome-plated or painted in most cases.

Stereolithography materials

Our stereolithography materials came to Stratasys from the acquisition of the Covestro Additive Manufacturing SOMOS™ portfolio, which closed in early April 2023. These hybrid epoxy-acrylate materials offer a variety of functional prototyping solutions, by delivering flexible, durable, rigid, high temperature or clear properties, to simulate production-targeted polymers.

Additionally, several materials can be utilized for manufacturing applications, such as jigs and fixtures, investment casting, injection mold or composite tooling applications.

This range of materials enables us to offer a range of solutions from concept modeling and prototyping, to manufacturing In addition, Stratasys holds a leading patent position in the industry as a result of this portfolio.

Other Stratasys materials

Beyond this extensive breadth of materials for Stratasys technology platforms, Stratasys also has the capability to supply materials for non-Stratasys platforms in powder bed fusion. Stratasys acquired the Addigy® material brand from Covestro. Addigy® powder materials are validated on Powder bed fusion open system printers (PBF). These PBF technology powder materials are sold by Stratasys to customers who operate selective laser sintering printers. This powder materials portfolio includes three elastomeric materials (2 TPU and 1 TPE) for various flexible application needs and the first-ever PBT powder for small series production. (These powders are not yet validated on Stratasys' own powder-based SAF technology).

Third-party materials partnerships

Further augmenting the Stratasys materials portfolio described above, Stratasys has developed an ecosystem of third-party materials partnerships. Today, these partnerships include the top materials companies in the AM industry,such as BASF, Henkel, Arkema, ALM, Kimya and more. Not only do these partnerships provide our customers with expanded application potential from the validated materials they offer, but they also provide us the opportunity to speed materials innovation through targeted collaboration.

Software

Software is an integral part of our solutions-based, go-to-market strategy. Built on cloud, desktop and mobile technologies, the GrabCAD Additive Manufacturing Platform is an open and enterprise-ready software platform that enables manufacturers to manage production-scale additive manufacturing operations. Stratasys' platform is specifically designed for the unique needs of additive manufacturing across the entire digital thread - from design through production - while also integrating with Industry 4.0 infrastructure and enterprise applications. As of February, 2025, the platform consists of more than 42,200 application users, 19,000 3D printers, and over 6,300 workflow users. The platform processes 35 gigabytes of data streams per day. Several components are included in the platform:

GrabCAD Print, our job programming software, enables the unique features of our 3D printing technologies such as creating lightweight, structurally sound infills for FDM, and multi-material and color and material management for PolyJet. The feature set of GrabCAD Print is designed to make the process of creating high-quality, highly detailed and accurate models accessible to users in Engineering and Design Offices, Enterprise Model Shops, Manufacturing and Health Care markets.

On top of GrabCAD Print, we also offer GrabCAD Print Pro. This is a package of new features and tools that extend the capabilities of GrabCAD Print Standard and are focused on improving accuracy and saving time for professional users. It includes features like: Accuracy center, labeling, automation, costing, split, repair etc.

GrabCAD Print natively reads commonly used 3D CAD file formats as well as traditional STL and VRML files, transforming them into instructions to drive our 3D printing systems. Our software provides a robust collection of features, including structural toolpath and infill controls, color and appearance management, multi-material management, automatic support generation, part scaling, positioning and nesting, as well as geometric editing capabilities.

The GrabCAD Print scheduling software includes capabilities to manage the operations of one or more printers including tray packing and optimization, job estimation, system availability, scheduling and monitoring via desktop, web or mobile devices. Additionally, analytics information is available in the form of standard utilization, material usage and job history reports enabling managers and operators to maximize the use of our 3D printing systems.

GrabCAD Streamline Pro subscription software is a comprehensive workgroup software suite, powered by GrabCAD Print™. Designed to connect people, parts and printers, GrabCAD Streamline Pro reduces the effort in managing a company's entire fleet of Stratasys 3D printers from one platform. It creates the opportunity for secure, centralized software workflows for efficient part production at any scale, regardless of the number of printers or types of parts printed. This thereby leads to higher efficiency, reduced cost and business process automation. •GrabCAD Streamline Pro supports FDM and PJ Stratasys technologies, with plans to add support for SAF, DLP and SL Stratasys technologies in the future.

GrabCAD IoT Platform is a solution designed to transform how customers manage their 3D printing operations and optimize additive manufacturing productivity. The GrabCAD® IoT Platform is available to Stratasys customers with GrabCAD® Streamline Pro™ workgroup software, with PolyJet J3/J5 Series™ printers and from Stratasys Customer Support. The solution is planned to be rolled out to other technologies in the future.

The GrabCAD Software Development Kit (SDK) enables companies and Independent Software Vendors (ISVs) to integrate Stratasys 3D printing at production scale with existing design and manufacturing software applications infrastructure to support enterprise goals such as system connectivity, compliance and workflow automation. The GrabCAD SDK leverages standard protocols such as MTConnect and provides Application Programming Interfaces (API's), documentation, sample code and a professional support network.

The GrabCAD Software Partner Program is available to Independent Software Vendors (ISVs) wishing to integrate into the GrabCAD AM Platform. The GrabCAD Software Partner Program makes up a robust ecosystem of software partners in Additive Manufacturing powered by Stratasys. Stratasys provides access to the GrabCAD SDK— a complete set of developer tools to support system integration as well as support.

The GrabCAD Community is an online community of over 15 million professional engineers, designers, manufacturers and students who share best practices via tutorials, discussion forums, design/print challenges and 3D content.

Our software is available in nine languages to promote usage in the regions worldwide in which we operate.

Online Community

GrabCAD Community

We operate the GrabCAD Community for mechanical engineers, designers, manufacturers and students where members can share best practices via tutorials, discussion forums, and design/print challenges. This community had more than 15 million members and over 1.7 million CAD files available for free download as of the end of 2024.

Our services

Support services and warranty

Customer support

Our customer success department provides on-site system installation, operator training, a full range of maintenance and repair services and remote technical support to users of our products. We provide support to our customers directly and through our resellers, ensuring that support and parts may be readily obtained worldwide. We also offer advanced training to our customers and preventive maintenance, particularly on our high-performance systems. Our support network consists of the following:

- Stratasys-certified engineers who provide worldwide, on-site installation, training and support;
- direct support engineers through our company;
- indirect support engineers through certified partners, including third-party service organizations or selected resellers who provide support for our systems;
- phone and direct on-site company support in eight languages, and resellers indirect support in local languages;
- service logistics in key regional centers;
- training facilities and resources in regional centers;
- customer-relationship management (CRM) system and learning management system (LMS) to ensure high-quality support for our customers and resellers, including secure remote access to a customer service database containing service history and technical documentation to aid in troubleshooting and repairing systems;
- free content on YouTube to help self-maintenance and troubleshooting;
- support, tools and up-to-date information to our direct customer and distribution channels from our product support engineering team;
- full range of commercial service programs to support the high utilization of our 3D printers and our customers' unique needs; and
- an e-commerce platform allowing for smooth and fast purchasing of our 3D printing materials, and also opening service tickets and following their status.

Our goal is to ensure maximum uptime and productivity for our AM systems. In order to do so, we regularly update the technical documentation related to our systems, offer extensive training courses for operators and promote proactive knowledge sharing designed to help users maximize the value of their equipment and to expand the applications for which they employ our 3D printing and production systems.

We offer services on a time and materials basis, as well as a full range of post-warranty maintenance contracts with varying levels of support and pricing, as described below under "Extended support programs." Customer support is represented on cross-functional product development teams within our company to ensure that products are designed for serviceability and to provide our internal design and engineering departments with feedback on field issues. Failure analysis, corrective action, and continuation engineering efforts are driven by data collected in the field. Ongoing customer support initiatives include the development of advanced diagnostic and troubleshooting techniques and comprehensive preventative maintenance programs, an expanded training and certification program for Stratasys and Stratasys partners' technical personnel, and improved communication between the field and the factory.

Basic warranty

Our printing systems are sold with warranties that range from 90 days to, typically, one year from installation, depending upon the product line and geographic location.

Warranties are typically accompanied by on-site maintenance support. Receipt of maintenance and repair services after the warranty period is subject to the terms of our extended support programs, to the extent purchased by the end-user, as described below.

Extended support programs

Recognizing that our end-users have varying support needs, we offer a range of support programs that enable our end-users to continue to receive maintenance services beyond the initial warranty period. These support programs contain varying degrees of the support services described above and are priced accordingly.

As part of our support programs, in light of our being subject to FDA regulation with respect to our first certified medical device with TrueDent resin, we have in place suitable processes to support customer complaints under the FDA's standards.

Leasing and other services

We have arrangements, in certain countries, in which third-party financial institutions independently provide lease financing directly to our customers, on a non-recourse basis to the Company. In these arrangements, we sell and transfer title of the equipment to these financial institutions. Generally, we have no continuing ownership rights in the equipment subsequent to its sale. In addition, we provide pay-per-usage subscription services for our 3D printers and 3D production systems via partners in our global manufacturing network. The revenues generated from such program were insignificant.

We also offer a 'Try and Buy' program, which provides businesses the ability to try out a 3D printer prior to deciding whether or not it's the right fit for their company.

The potential purchasers of a 3D printer receive customer support from our company during the trial period.

Stratasys Direct Manufacturing paid-parts service

Stratasys Direct Manufacturing is a contract manufacturing service provider of parts on-demand via polymer 3D printing processes. With over 30 years of experience, Stratasys Direct provides rapid prototyping and production parts using the broadest set of polymer additive technologies of any service bureau in North America and backed by experts ready for the most complex projects. With Stratasys Direct, customers can quickly design, innovate and meet demands of any complexity or scale by accessing the right expertise, industrial-grade 3D printing technologies, and materials without the capital expense. Stratasys Direct pioneered additive manufacturing production applications and specializes in guiding customers from concept development and prototyping through short-run production and long-term manufacturing. Stratasys and Stratasys Direct work together to help Stratasys customers meet their needs with infinite manufacturing capacity or access to technologies or material they do not have in-house.

Stratasys Direct Manufacturing also operates an ecommerce service for quick-turn parts, www.stratasysdirect.com, which enables its customers to obtain quotes and order parts around the clock, seven days a week.

Customers

We have a diverse set of customers worldwide, including, among other prominent companies: General Motors; BAE Systems; Boeing; Blue Origin, the U.S. Navy and the Mayo Clinic. No single customer or group of affiliated customers nor any individual sales agent or group of affiliated sales agents accounted for more than 10% of our sales in 2024, 2023, or 2022. Our solutions are used across a wide array of applications in a variety of different industries.

Marketing, sales and distribution

Marketing

Our marketing strategies are tailored to achieve several key objectives. These include elevating awareness to our brand and offering and establishing thought leadership in manufacturing and key relevant spaces for AM industry and our solutions and product areas. We also aim to build our brand leadership across multiple industries, including automotive, aerospace, defense, medical, dental, fashion, education, and consumer goods. Furthermore, we are committed to expediting and enhancing sales growth while enhancing customer loyalty and lifetime value.

To attain these goals, we execute a multifaceted approach that encompasses thought leadership initiatives, relations with industry analysts, digital campaigns, events and impactful product launches. Integrated campaigns serve to deepen connections with our existing customer base while expanding our reach to attract new clients. This approach stimulates demand and generates leads across our strategic markets, encompassing both our direct operations and our extensive network of resellers.

Our marketing arsenal combines inbound and outbound strategies for maximum impact. Inbound tactics leverage digital platforms, including blogs, social media, search engine optimization (SEO), search engine marketing (SEM), and engaging webinars and white papers to nurture leads. On the outbound front, we deploy digital and print communication campaigns, execute public relations efforts, initiate direct mail and email outreach, host virtual and in-person tradeshows and roadshows, and orchestrate thought leadership events. We maintain an active presence in newsletters, industry associations, and leverage referrals to bolster our engagement.

Additionally, our regional offices across the globe house state-of-the-art product and technology demonstration facilities, reinforcing our commitment to showcasing our solutions effectively.

Our resellers are integral to our success, and we prioritize their growth by providing essential tools and support. We offer a comprehensive suite of marketing resources, including brochures and product guides, and extend co-marketing opportunities to enhance their visibility and drive sales. To ensure their competence in marketing and selling our products, we offer training and education programs.

We closely monitor and assess the outcomes of our marketing initiatives, continuously striving to discern evolving customer needs. This analysis informs our product roadmaps and individual marketing plans, enhancing distribution optimization and facilitating seamless product release, ramp-up, and sales processes.

Sales distribution methods

Our sales organization sells, distributes and provides follow-up support services with respect to our AM systems and related consumables, through a worldwide sales and marketing infrastructure. We generally use two methods for distribution and support: (i) sales to resellers who purchase and resell our products (including materials) and through whom follow-up support and maintenance services and replacement parts are provided to end-users; and (ii) direct sales of systems or services to end-users without the involvement of any intermediaries, for which all aspects of our sales and follow-up services are handled exclusively by our company. Our resellers are overseen by regional managers and some resellers operate on a non-exclusive basis, although we believe that most do not sell competing AM systems.

Almost all of the reseller locations that distribute our products have our AM systems available for tradeshows, product demonstrations, and other promotional activities. Additionally, many of them enjoy a long-term presence and offer third-party 3D CAD software packages in their respective territories, enabling them to cross-sell our systems to customers who purchase those other products.

In addition to traditional direct sales and reseller-based sales of our AM systems and related consumables, we also utilize an online customer/partner digital hub which serves as a direct digital method for distribution of our products. The online hub acts as a point of sale for consumables, software and spare parts to end-users who own our systems.

Geographic structure of sales organization

The primary sales organization for our 3D printers and production systems including related consumables, materials and services is divided into groups based on the following geographical regions: Americas; Europe and Middle East; APAC. This structure allows us to align our sales and marketing resources with our diverse customer base. Our sales organization in each region provides sales support to the network of independent reseller and sales agent locations throughout the particular region. We also operate sales and service centers in various locations throughout the Americas and internationally, including: Baden-Baden, Germany; Shanghai, China; and Tokyo, Japan.

We believe that this strong geographic distribution of our sales organization, along with our manufacturing capabilities in various locations (as described below under “Manufacturing and suppliers— Manufacturing”) could positively impact our business. Given the likelihood of increased tariff rates and reciprocal tariffs to be imposed by the U.S. administration and other countries (as described above under “Item 3.D. Risk Factors- Risks related to our business and financial condition— Import tariffs, taxes, customs duties and other trading regulations…”), our ability to manufacture and distribute our products in the countries and regions in which our customers are located, without becoming subject to those tariffs, could be a competitive advantage for us. In particular, we manufacture most of our industrial solutions in the U.S. (at our Minnesota facilities), which should enable us to minimize tariffs when selling those solutions to the U.S. market, which is our largest single market. The capability of our solutions being produced near our customers should benefit our customers from a tax perspective on a global basis, by reducing excess multi-jurisdictional taxation.

Manufacturing and suppliers

Manufacturing

The manufacturing process for our 3D printing and production FDM, PolyJet, stereolithography (or SLA), and P3 (digital light printing) technology systems consists of assembling those systems using both off-the-shelf and customized components manufactured specifically for us and producing and packaging the consumables products to be used by those systems. Our core competencies include FDM, PolyJet,

SLA and DLP systems assembly and integration, software installation and resin and filament manufacturing. The majority of those activities are done internally at our facilities. We currently operate on a build-to-forecast basis and obtain all parts used in the FDM and PolyJet systems manufacturing process from either distributors of standard electrical or mechanical parts or custom fabricators of our proprietary designs. Our manufacturers and suppliers are periodically assessed by us based on their on-time performance and quality.

We purchase major component parts for our FDM, PolyJet SLA and DLP systems from various suppliers, subcontractors and other sources, and test those parts in our U.S., Israeli and U.K facilities.

Computer-based Material Requirements Planning, or MRP, is used for reordering to better ensure on-time delivery of parts and raw materials. Operators and assemblers are trained on assembly and test procedures including Assembly Requirement Documents, which originate in engineering. In the manufacturing processes for our FDM, PolyJet, SLA and DLP systems, and for our consumables, we employ a Quality Management System, or QMS, that meets international quality standards including ISO 9001:2008 and ISO 13485:2003, in the case of medical devices. We also outsource the manufacturing of main subassemblies up to fully assembled systems ready for integration.

The system assembly process for our FDM, PolyJet, SLA and DLP systems includes semi-automated functional tests of key subassemblies. Key functional characteristics are verified through these tests, and the results are stored in a statistical database.

Upon completion of the assembly of our 3D printing and production FDM, PolyJet, SLA and DLP systems, we perform a complete power up and final quality tests to help ensure the quality of those products before shipment to customers. The final quality tests must be run error-free before the FDM, PolyJet, SLA and DLP systems can be cleared for shipment. We maintain a history log of all FDM, PolyJet, SLA and DLP products that shows revision level configuration and a complete history during the manufacturing and test process. All identified issues on the FDM, PolyJet, SLA and DLP systems during the manufacturing process are logged, tracked and used to make continuous production process improvements. The commonality of designs among our different FDM, PolyJet, SLA and DLP product families eases the transition to manufacturing new designs.

Our filament production have used Factory Physics® techniques to manage critical buffers of time, capacity and inventory to ensure product availability. We also use the “5S” method (Sort, Set-in-order, Shine, Standardize and Sustain) and a continuous improvement system as part of our lean manufacturing initiatives to improve organization and efficiency.

Inventory and suppliers

We maintain an inventory of parts to facilitate the timely assembly of products required by our production plan. While most components are available from multiple suppliers, certain components used in our systems and consumables are only available from single or limited sources. In particular, the printer heads for our PolyJet 3D printing systems are supplied by a sole supplier, Ricoh. We consider our single and limited-source suppliers (including Ricoh) to be reliable, but the loss of one of these suppliers could result in the delay of the manufacture and delivery of the relevant components (and, ultimately, of our products). This type of delay could require us to find and re-qualify the component supplied by one or more new vendors. Although we consider our relationships with our suppliers to be good, we continue to develop risk management plans for these critical suppliers. In order to hedge against the risk of a discontinuation of the supply of our inkjet printer heads in particular, we maintain a reasonable supply of excess inventory of printer heads.

Ricoh Agreement

We purchase the printer heads for our inkjet 3D printing systems from Ricoh pursuant to an OEM Purchase and License Agreement with Ricoh, or the Ricoh Agreement.

Under the Ricoh Agreement, we place orders for print heads and associated electronic components, or the Ricoh Products. Together with provision of these items, Ricoh provides us with a non-transferable, non-exclusive right to assemble, use and sell the Ricoh Products under Ricoh's patent rights and trade secrets.

Pricing under the Ricoh Agreement depends on the quantity of Ricoh Products that we purchase during any given month, and to the extent that we commit to a certain annual minimum prior to an upcoming year, we receive a set, discounted price for all Ricoh Products ordered during that upcoming year.

The Ricoh Agreement ran for an initial term of five years (which we renewed in September 2016) and automatically renews for additional one-year periods thereafter unless either party provides the other six months' advance written notice of termination prior to the end of the then-current term. The Ricoh Agreement may be cancelled by either party if (i) the other party substantially breaches any material provision of the agreement and has not cured such breach within 30 days of receipt of written notice thereof, or (ii) upon the occurrence of certain bankruptcy events, and may furthermore be cancelled by Ricoh if we fail to cure a breach of an undisputed payment obligation within thirty (30) days of the breach.

At any time during the term of the Ricoh Agreement, Ricoh may discontinue the manufacture and supply of a print head model, so long as it provides us with at least eighteen (18) months' prior written notice of such discontinuance and honors all of our purchase orders for the subject print head model within the notice period. During the period of five years from the earlier of either the termination of the Ricoh Agreement or the date of discontinuance of the manufacture of Ricoh Products (that is, following the 18-month notice period described in the previous sentence), we are entitled to purchase additional Ricoh Products for the sole purpose of providing replacements for the installed base of Ricoh Products, including one final purchase order that we may place in the final year of such five-year period and that must be filled by Ricoh within twelve months of when it is placed.

The Ricoh Agreement may not be assigned by either party without the other party's prior written consent, which may not be unreasonably withheld.

Research and development

We maintain an ongoing program of research and development, or R&D, to develop new systems and materials and to enhance our existing product lines, as well as to improve and expand the capabilities of our systems and related software and materials. This includes significant technology platform developments for our FDM, PolyJet, P3, SAF and SLA technologies, our AM systems, including our integrated software,3 our family of proprietary acrylic-based photopolymer materials for PolyJet, SL and P3 technologies, and our family of proprietary thermoplastic materials for FDM printing. Our research aims to develop both incremental and disruptive improvements, as well as more affordable products. Our engineering development efforts also focus on customer requested enhancements, and development of new modeling processes, software and user applications. In particular, we have devoted significant time and resources to the development of a universally compatible and user-friendly software system.

Our R&D department is divided into groups based on scientific disciplines and product lines. We continue to standardize our product platforms, leveraging each new design so that it will result in multiple product offerings that are developed faster and at reduced expense.

We invest a significant amount of our resources in R&D, because we believe that superior technology is a key to maintaining a leading market position. Our net R&D expenses were approximately $99.1 million, $94.4 million and $92.9 million in the years ended December 31, 2024, 2023 and 2022, respectively. Our consumable materials development and production operations for our FDM, PolyJet, P3, SLA and SAF systems are located at our facilities in Eden Prairie, Minnesota; Rehovot, Israel; Kiryat Gat, Israel; Elgin, Illinois; Geleen, Netherlands; and Lengwil, Switzerland. We regard the consumable materials formulation and manufacturing process as a trade secret and hold patent claims related to these products. We purchase and formulate raw materials for our consumables production from various polymer resin and thermoplastic materials suppliers with different levels of processing and value-add applied to the raw materials.

Intellectual property

We consider our proprietary technology to be important to the development, manufacture, and sale of our products and seek to protect such technology through a combination of patents, trade secrets, and confidentiality agreements and other contractual arrangements with our employees, consultants, customers and others. All patents and patent applications for additive manufacturing processes and apparatuses associated with our technology were assigned to us by those inventors. The principal granted patents relate to our FDM systems, our PolyJet technologies, our 3D printing processes and our consumables, certain of which have already expired and certain of which have expiration dates ranging from 2025 to 2040.

We are also a party to various licenses and other arrangements that allow us to practice and improve our technology including a patent license agreement with Cornell University providing access to certain tool changer patents.

In addition, we own certain registered trademarks and make use of a number of additional registered and unregistered trademarks, including “Stratasys”, the Stratasys Signet logo, “Objet”, “PolyJet”, “Connex”, ”J8 Series”, “J850”, “J826”, “J750”, “J700”, “J5”, “J35”, “J55”, “Vero”, “VeroFlex,” “VeroEco,” “VeroUltra”, “VeroVivid”, “Tango”, “Durus”, “Rigur”, “Elastico”, “Digital ABS”, “TrueDent”, “TrueDent-D”, “ProBleacher”, “ProSurface”, “FDM”, “Fortus”, “F123 Series”, “F370”, “F900”, “F770”, “F3300”, “Fortus 450mc”, “Insight”, “Antero”, “Diran”, “XTEND”, “Origin”, “Origin One”, “P3”, “Stratasys Direct Manufacturing”, “Stratasys Direct”, “GrabCAD”, “GrabCAD Community”, “GrabCAD Print”, “GrabCAD Shop”, “GrabCAD Steamline”, “OpenAM”, “ProtectAM”, “DentaJet”, Medijet”, “Digital Anatomy”, “TissueMatrix”, “GelMatrix”, “BoneMatrix”, “RadioMatrix”, “3DFashion”, “TechStyle”, “FabriX”, “Neo”, “Neo800”, “Neo450”, “Titanium”, “Titanium Assistant”, “H350”, “H Series”, “SAF”, “Big Wave”, “Selective Absorption Fusion”, “PowderEase”, “ReLife”,“Somos”, “WaterClear”, “WaterShed”, “PerFORM”, “WeatherX”, “Addigy”, “RapidQuotes”, “Mindful Manufacturing”, “3D Printing a Better Tomorrow” and “Make additive work for you”.

We believe that, while our patents provide us with a competitive advantage, our success depends on our marketing, business development, applications know-how and ongoing research and development efforts, in addition to our rights under granted and pending patents. Accordingly, we believe that the expiration of any single patent, or the failure of any of single patent application to result in an issued patent, would not be material to our business or financial position. In any event, there can be no assurance that our patents or other intellectual property rights will afford us a meaningful competitive advantage. Please see the risk factor related to the expiration of our patents in “Item 3.D Risk Factors-Risks related to our intellectual property.”

Competition

Our principal competitors consist of other developers of additive manufacturing systems as well as other companies that use fused deposition modeling or inkjet-based or vat polymerization or digital light processing (DLP) or power bed fusion technologies to compete in additive manufacturing.

The companies that offer these technologies to compete with us include, inter alia, 3D Systems Corporation, EOS GmbH, HP, Carbon, Inc.,Formlabs, Markforged, Inc. and Desktop Metal.

These technologies, which compete for additive manufacturing users, possess various competitive advantages and disadvantages relative to one another within the key categories upon which competition centers, including resolution, accuracy, surface quality, variety and properties of the materials they use and produce, capacity, speed, color, transparency, the ability to print multiple materials and others. Due to these multiple categories, end-users usually make purchasing decisions as to which technology to choose based on the characteristics that they value most. This decision is often application specific. The competitive environment that has developed is therefore intense and dynamic, as players often position their technologies to capture demand in various verticals simultaneously.

We are positioned to compete in our industry mainly on the following bases, which we view as competitive strengths:

- material properties of printed objects, such as heat resistance, toughness, brittleness, elongation-to-break, color and flexibility;
- quality of printed objects measured by, among other things, resolution, accuracy and surface quality;
- multiple production-grade modeling materials;
- our offering of the best multi-color, multi-material 3D printing systems in the market;
- reliability and repeatability of our printing systems;
- ease of use, including of one-step automated modeling process.
- automated, hands-free support removal;
- high level of customer service; and
- deep application domain know-how and expert services, including among our channel network.

We offer a wide range of systems with varying features, capacities and price points. We believe that this enables us to compete with the other additive manufacturing technologies for a wide range of customers with a variety of applications and goals for their additive manufacturing.

We also compete with companies that use traditional prototype development and customized manufacturing technologies, and we expect future competition to arise from the development of new technologies or techniques.

Seasonality

Historically, our results of operations were subject to seasonal factors. Stronger demand for our products historically occurred in our fourth quarter primarily due to our customers' capital expenditure budget cycles and our sales compensation incentive programs. Our first and third quarters historically were our weakest quarters for overall unit demand. The first quarter was typically a slow quarter for capital expenditures in general. The second quarter was typically when we would see our largest volume of educational related sales, which normally qualified for special discounts as part of our long-term penetration strategy.

Since prior to the COVID-19 pandemic (ever since 2019), however, our historical seasonality pattern has been disrupted, and we have not seen a steady pattern as to the level of demand in the various quarters from year to year.

We experience seasonality within individual fiscal quarters, as a substantial percentage of our system sales often occur within the last month of each fiscal quarter. This trend has the potential to expose our quarterly or annual operating results to the risk of unexpected, decreased revenues in the case of our inability to build systems, consummate sales and recognize the accompanying revenues prior to the end of a given quarter.

Global operations

We have offices in, among other locations, Brazil, China, Germany, Hong Kong, Israel, Japan, Korea, India, Mexico, the United Kingdom and the United States, and organize our operations by geographic region, focusing upon the following key regions: the Americas; Europe and Asia Pacific. Our products are distributed in each of these regions, as well as in other parts of the world. Our customers are dispersed geographically, and we are not reliant on any single country or region for most of our product sales and services revenues, although 59.7% of our 2024 revenues were generated in the Americas and our Stratasys Direct Manufacturing printed parts services are primarily based in the United States and therefore reliant on United States customers. A breakdown of our consolidated revenues by geographic markets and by categories of operations (that is system, consumables and services) for the years ended December 31, 2024, 2023 and 2022 is provided in “Item 5.A Operating and Financial Review and Prospects- Operating Results.” In maintaining global operations, our business is exposed to risks inherent in such operations, including currency fluctuations, market conditions, and inflation in the primary locations in which our operating expenditures are incurred. Information on currency exchange risk, market risk, and inflationary risk appears elsewhere in this annual report in “Item 3.D Risk Factors” and in “Item 11. Quantitative and Qualitative Disclosure About Market Risk-Foreign Currency Exchange Risk”.

Employees

The total number of our full-time equivalent employees, and the distribution of our employees (i) geographically and (ii) within the divisions of our company, in each case as of December 31, 2024, 2023 and 2022, are set forth in this annual report in “Item 6.D Directors, Senior Management and Employees—Employees”.

Government regulation

We are subject to various local, state and federal laws, regulations and agencies that affect businesses generally. These include:

- regulations promulgated by federal and state environmental and health agencies;
- foreign environmental regulations, as described under “Environmental, Social and Governance Matters” immediately below;
- the federal Occupational Safety and Health Administration;
- the U.S. Foreign Corrupt Practices Act;
- laws pertaining to the hiring, treatment, safety and discharge of employees;
- export control regulations for U.S. made products;
- Israeli tax regulations, as described under “Israeli Tax Considerations and Government Programs” below;and

- CE regulations for the European market.
- medical device regulations, such as the U.S. FDA Code of Federal Regulations.

Environmental, Social, and Governance (ESG) and Sustainability

At Stratasys, we understand the profound impact that Additive Manufacturing can have on people and the planet. Our commitment to **Mindful Manufacturing™** aligns our business strategy with ESG principles and sustainability, ensuring that we lead the way in transforming manufacturing processes to be more sustainable, efficient, and innovative.

As affirmation of the efforts and achievements on our sustainability roadmap, in 2024 we received our first-ever EcoVadis certification, achieving a Silver sustainability rating, placing us in the 90th percentile joining the top 10% of all companies assessed globally. This is a milestone for our Company and industry and a testament to the policies and procedures we have in place for environmental, ethics, labor, and sourcing management under the ESG umbrella.

Environment

In 2024, we continued to drive progress in reducing greenhouse gas (GHG) emissions, expanding renewable energy adoption, and addressing Scope 3 emissions across our value chain. Our commitment to environmental responsibility was further reinforced by extending ISO 14001 certification to our EMEA headquarters and SMACS manufacturing site, demonstrating our focus on global environmental management.

Circularity and waste reduction are at the heart of our approach. Initiatives like the **SAF ReLife Solution** exemplify our dedication to sustainable manufacturing, promoting reuse and extending the lifecycle of materials. Additionally, our enhancements to **GrabCAD Print and Print Pro**, including carbon emissions estimation capabilities, empower our customers to decarbonize their production processes while optimizing workflows.

We collaborate with customers, stakeholders, and industry leaders to advance sustainability across the entire additive manufacturing ecosystem, ensuring our solutions deliver measurable environmental benefits.

Social

We recognize that our people and communities are key to our success. In 2024, we advanced professional development through comprehensive training programs, strengthened our commitment to diversity and inclusion, and enhanced employee health, safety, and wellbeing. Competitive benefits and a supportive workplace culture remain central to our people-first philosophy.

Our dedication to employee health and safety was reinforced by the expansion of **ISO 45001 certification** to our EMEA headquarters and SMACS manufacturing site. Additionally, we implemented an advanced global Environmental, Health, and Safety (EHS) management system, enabling us to proactively manage risks, ensure compliance, and enhance workplace safety across our sites globally.

Our **Customer First** approach is pivotal in ensuring we meet the evolving needs of those we serve. Beyond our business operations, we expanded our community impact initiatives, driving meaningful social impact through education, healthcare, and disaster relief efforts. These programs reflect our dedication to creating shared value for our employees, customers, and communities.

Governance

Robust governance underpins our commitment to transparency, accountability, and ethical operations. At Stratasys, we are guided by a long-standing **Code of Conduct** that reflects our core values and sets the standard for ethical behavior across our global operations. These principles extend to our supply chain through our **Supplier Code of Conduct**, which ensures that our partners align with our standards for responsible sourcing, environmental stewardship, and human rights.

In 2024, we further strengthened supplier sustainability management by establishing processes to evaluate and enhance the sustainability performance of our suppliers. This initiative helps us manage risks across our supply chain and aligns with our principles of responsible sourcing. We also announced the appointment of S. Scott Crump - long-standing Director, Stratasys Co-founder, member of the Stratasys Board of Directors, and inventor of the company's FDM® fused deposition modeling printing technology - as the company's ESG & Climate Champion.

Stakeholder engagement continues to guide our governance strategy. We prioritize sustainability transparency and disclosure by aligning with international ESG reporting standards and publishing detailed ESG reports that outline our progress, goals, and impacts. By actively engaging with customers, employees, investors, and partners, we ensure our sustainability efforts remain actionable, credible, and aligned with stakeholder expectations.

Our focus on innovation, collaboration, and responsible business practices drives us to set a benchmark for the Additive Manufacturing industry. Through **Mindful Manufacturing™**, we aim to 3D Print a Better Tomorrow™, combining ESG principles with cutting-edge solutions that empower our stakeholders and protect our planet.

Israeli and Multinational Tax Considerations and Government Programs

Tax regulations also have a material impact on our business, particularly in Israel where we are organized and have one of our headquarters. The following is a summary of certain aspects of the current tax structure applicable to companies in Israel, with special reference to its effect on us (and our operations, in particular). The following also contains a discussion of the Israeli government programs applicable for us. To the extent that the discussion is based on new tax legislation that has not been subject to judicial or administrative interpretation, we cannot assure you that the tax authorities or the courts will accept the views expressed in this discussion. This discussion does not address all of the Israeli tax provisions that may be relevant to our Company. For a discussion of the Israeli tax consequences related to ownership of our capital stock, please see "Israeli Taxation Considerations" in Item 10.E below.

General Corporate Tax Structure in Israel

Generally, Israeli companies are subject to corporate tax on their taxable income. Since 2018, the corporate tax rate has been 23%. However, the effective tax rate payable by a company that derives income from an "Approved Enterprise", a "Beneficiary Enterprise" or a "Preferred Enterprise", a "Special Preferred Enterprise", a "Preferred Technology Enterprise" or "Special Preferred Technology Enterprise" as further discussed below, may be considerably lower. See "Law for the Encouragement of Capital Investments" in this Item below. Capital gains derived by an Israeli company are generally subject to the prevailing regular corporate tax rate.

Besides being subject to the general corporate tax rules in Israel, we have also, from time to time, applied for and received certain grants and tax benefits from, and participate in, programs sponsored by the Government of Israel, described below.

Israeli Law for the Encouragement of Industry (Taxation), 1969

The Company is an "Industrial Company" as defined by the Israeli Law for the Encouragement of Industry (Taxation), 1969, and, as such, is entitled to certain tax benefits including accelerated depreciation, deduction of public offering expenses in three equal annual installments and amortization of other intangible property rights for tax purposes.

Law for the Encouragement of Capital Investments

Tax incentives programs which were relevant for the company until financial year 2020

The Law for the Encouragement of Capital Investments, 5719-1959, to which we refer as the Investment Law, provides certain incentives for capital investments in a production facility (or other eligible assets). Generally, an investment program that is implemented in accordance with the provisions of the Investment Law, which may be either an "Approved Enterprise", a "Beneficiary Enterprise" or a "Preferred Enterprise", a "Special Preferred Enterprise", a "Preferred Technology Enterprise" or "Special Preferred Technology Enterprise", is entitled to benefits as discussed below. These benefits may include cash grants from the Israeli government and tax benefits, based upon, among other things, the location within Israel of the facility in which the investment and manufacture activity are made. In order to qualify for these incentives, an Approved Enterprise, a Beneficiary Enterprise or, a Preferred Enterprise, a Special Preferred Enterprise, a Preferred Technology Enterprise or Special Preferred Technology Enterprise, is required to comply with the requirements of the Investment Law.

The Investment Law has been amended several times over the recent years, with the three most significant changes effective as of April 1, 2005, to which we refer as the 2005 Amendment, as of January 1, 2011, to which we refer as the 2011 Amendment, and as of January 1, 2017, to which we refer as the 2017 Amendment. Pursuant to the 2005 Amendment, tax benefits granted in accordance with the provisions of the Investment Law prior to its revision by the 2005 Amendment, remain in force, but any benefits granted subsequently are subject to the provisions of the amended Investment Law. Similarly, the 2011 Amendment introduced new benefits instead of the benefits granted in accordance with the provisions of the Investment Law prior to the 2011 Amendment, yet companies entitled to benefits under the Investment Law as in effect up to January 1, 2011, were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead, irrevocably, to forego such benefits and elect for the benefits of the 2011 Amendment. The 2017 Amendment introduces new benefits for Technological Enterprises, alongside the existing tax benefits.

The following discussion is a summary of the Investment Law prior to its amendments as well as the relevant changes contained in the new legislation.

Tax benefits for Approved Enterprises approved before April 1, 2005.

Under the Investment Law prior to the 2005 Amendment, a company that wished to receive benefits on its investment program that is implemented in accordance with the provisions of the Investment Law, to which we refer as an "Approved Enterprise", had to receive an approval from the Israeli Authority for Investments and Development of the Industry and Economy, to which we refer as the Investment Center. Each certificate of approval for an Approved Enterprise relates to a specific investment program in the Approved Enterprise, delineated both by the financial scope of the investment, including sources of funds, and by the physical characteristics of the facility or other assets.

An Approved Enterprise may elect to forego any entitlement to the cash grants otherwise available under the Investment Law and, instead, participate in an alternative benefits program. We have chosen to receive the benefits through the alternative benefits program. Under the alternative benefits program, a company's undistributed income derived from an Approved Enterprise will be exempt from corporate tax

for a period of between two and ten years from the first year of taxable income, depending on the geographic location within Israel of the Approved Enterprise, and a reduced corporate tax rate of between 10% to 25% for the remainder of the benefits period, depending on the level of foreign investment in the company in each year, as detailed below. The benefits commence on the date in which that taxable income is first earned. The benefits period under Approved Enterprise status is limited to 12 years from the year in which the production commenced (as determined by the Investment Center), or 14 years from the year of receipt of the approval as an Approved Enterprise, whichever ends earlier. If a company has more than one Approved Enterprise program or if only a portion of its capital investments are approved, its effective tax rate is the result of a weighted combination of the applicable rates. The tax benefits available under any certificate of approval relate only to taxable income attributable to the specific program and are contingent upon meeting the criteria set out in the certificate of approval. Income derived from activity that is not integral to the activity of the Approved Enterprise will not enjoy tax benefits. Our entitlement to the above benefits is subject to fulfillment of certain conditions, according to the law and related regulations.

A company that has an Approved Enterprise program is eligible for further tax benefits if it qualifies as a Foreign Investors' Company, to which we refer as an FIC. An FIC eligible for benefits is essentially a company with a level of foreign investment, as defined in the Investment Law, of more than 25%. The level of foreign investment is measured as the percentage of rights in the company (in terms of shares, rights to profits, voting and appointment of directors), and of combined share and loan capital, that are owned, directly or indirectly, by persons who are not residents of Israel. The determination as to whether or not a company qualifies as a FIC is made on an annual basis according to the lowest level of foreign investment during the year. An FIC that has an Approved Enterprise program will be eligible for an extension of the period during which it is entitled to tax benefits under its Approved Enterprise status (so that the benefits period may be up to ten years) and for further tax benefits if the level of foreign investment exceeds 49%. If a company that has an Approved Enterprise program is a wholly owned subsidiary of another company, then the percentage of foreign investments is determined based on the percentage of foreign investment in the parent company.

The corporate tax rates and related levels of foreign investments with respect to an FIC that has an Approved Enterprise program are set forth in the following table:

Percentage of non-Israeli ownership	Corporate Tax Rate
Over 25% but less than 49%	up to 25%
49% or more but less than 74%	20 %
74% or more but less than 90%	15 %
90% or more	10 %

A company that has elected to participate in the alternative benefits program and that subsequently pays a dividend (or deemed dividend, as described below) out of the income derived from the portion of its facilities that have been granted Approved Enterprise status during the tax exemption period will be subject to tax in respect of the amount of dividend distributed (grossed up to reflect such pre-tax income that it would have had to earn in order to distribute the dividend) at the corporate tax rate that would have been otherwise applicable if such income had not been tax-exempted under the alternative benefits program. This rate generally ranges from 10% to 25%, depending on the level of foreign investment in the company in each year, as explained above.

In addition, dividends paid out of income attributed to an Approved Enterprise (or out of dividends received from a company whose income is attributed to an Approved Enterprise) are generally subject to withholding tax at the rate of 15%, or at a lower rate provided under an applicable tax treaty (subject to

the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). The 15% tax rate is limited to dividends and distributions out of income derived during the benefits period and actually paid at any time up to 12 years thereafter. After this period, the withholding tax is applied at a rate of up to 30%, or at the lower rate under an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). In the case of an FIC, the 12-year limitation on reduced withholding tax on dividends does not apply.

The Investment Law also provides that an Approved Enterprise is entitled to accelerated depreciation on its property and equipment that are included in an approved investment program in the first five years of using the equipment. This benefit is an incentive granted by the Israeli government regardless of whether the alternative benefits program is elected.

The benefits available to an Approved Enterprise are subject to the continued fulfillment of conditions stipulated in the Investment Law and its regulations and the criteria in the specific certificate of approval, as described above. If a company does not meet these conditions, it would be required to refund the amount of tax benefits, adjusted to the Israeli consumer price index and interest, or other monetary penalty.

We have received the requisite approval, including a final approval, for our Approved Enterprise investment programs, in accordance with the Investment Law. The above-described benefits that accompany these investment programs and our Beneficiary Enterprise investment programs (for which accompanying benefits are described below) have had the effect, historically, up to 2020 of reducing our (and before the Stratasys, Inc.- Objet Ltd. merger, Objet's) effective consolidated tax rates considerably lower than the statutory Israeli corporate tax rate, which for 2018 and onwards has been set at 23%.

Tax benefits under the 2005 Amendment that became effective on April 1, 2005.

The 2005 Amendment applies to new investment programs and investment programs commencing after 2004, and does not apply to investment programs approved prior to April 1, 2005. The 2005 Amendment provides that terms and benefits included in any certificate of approval that was granted before the 2005 Amendment became effective (April 1, 2005) will remain subject to the provisions of the Investment Law as in effect on the date of such approval. Pursuant to the 2005 Amendment, the Investment Center will continue to grant Approved Enterprise status to qualifying investments. However, the 2005 Amendment limits the scope of enterprises that may be approved by the Investment Center by setting criteria for the approval of a facility as an Approved Enterprise.

An enterprise that qualifies under the new provisions is referred to as a "Beneficiary Enterprise", rather than "Approved Enterprise". The 2005 Amendment provides that the approval of the Investment Center is required only for Approved Enterprises that receive cash grants. As a result, a company is no longer required to obtain the advance approval of the Investment Center in order to receive the tax benefits previously available under the alternative benefits program. Rather, a company may claim the tax benefits offered by the Investment Law directly in its tax returns, provided that its facilities meet the criteria for tax benefits set forth in the 2005 Amendment. A company that has a Beneficiary Enterprise may, at its discretion, approach the Israel Tax Authority for a pre-ruling confirming that it is in compliance with the provisions of the Investment Law.

Tax benefits are available under the 2005 Amendment to production facilities (or other eligible facilities) which are generally required to derive 25% or more of their business income from export to specific markets with a population of at least 14 million in 2012 (such export criteria will further be increased in the future by 1.4% per annum). In order to receive the tax benefits, the 2005 Amendment states that a company must make an investment which meets certain conditions set forth in the amendment for tax benefits and which exceeds a minimum amount specified in the Investment Law. Such

investment entitles a company to receive a Beneficiary Enterprise status with respect to the investment and may be made over a period of no more than three years ending in the year in which the company chose to have the tax benefits apply to the Beneficiary Enterprise. The benefits period under the Beneficiary Enterprise status is limited to 12 years from the year the company chose to have its tax benefits apply.

Where a company requests to have the tax benefits apply to an expansion of existing facilities, only the expansion will be considered to be a Beneficiary Enterprise and the company's effective tax rate will be the weighted average of the applicable rates. In such case, the minimum investment required in order to qualify as a Beneficiary Enterprise must exceed a certain percentage of the value of the company's production assets before the expansion.

The extent of the tax benefits available under the 2005 Amendment to qualifying income of a Beneficiary Enterprise depends on, among other things, the geographic location within Israel of the Beneficiary Enterprise. Such tax benefits include an exemption from corporate tax on undistributed income for a period of between two to ten years, depending on the geographic location of the Beneficiary Enterprise within Israel, and a reduced corporate tax rate of between 10% to 25% for the remainder of the benefits period, depending on the level of foreign investment in the company in each year, as explained above.

Dividends paid out of income attributed to a Beneficiary Enterprise will be treated similarly to payment of dividends by an Approved Enterprise under the alternative benefits program. Therefore, dividends paid out of income attributed to a Beneficiary Enterprise (or out of dividends received from a company whose income is attributed to a Beneficiary Enterprise) are generally subject to withholding tax at the rate of 15% (increased to 20% on the profits accumulated from January 1, 2014) or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). The reduced rate of 15% or 20% are limited to dividends and distributions out of income attributed to a Beneficiary Enterprise during the benefits period and actually paid at any time up to 12 years thereafter except with respect to an FIC, in which case the 12-year limit does not apply.

Furthermore, a company qualifying for tax benefits under the 2005 Amendment, which pays a dividend (or deemed dividend, as described below)out of income attributed to its Beneficiary Enterprise during the tax exemption period, will be subject to tax in respect of the amount of the dividend distributed (grossed-up to reflect the pre-tax income that it would have had to earn in order to distribute the dividend) at the corporate tax rate which would have otherwise been Israel Tax Authority allowing for a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld. If such dividends are distributed to a foreign company and other conditions are met, the withholding tax rate will be applicable.

The benefits available to a Beneficiary Enterprise are subject to the continued fulfillment of conditions stipulated in the Investment Law and its regulations. If a company does not meet these conditions, it would be required to refund the amount of tax benefits, as adjusted by the Israeli consumer price index and interest, or other monetary penalty.

In 2021, the Company gave notice to the Israeli tax authorities that it waived the Approved / Beneficiary Enterprise regime starting from tax year 2021.

Tax incentives programs which may be relevant for the company starting from financial year 2021

Tax benefits under the 2011 Amendment that became effective on January 1, 2011.

The 2011 Amendment canceled the availability of the benefits granted in accordance with the provisions of the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a "Preferred Company" through its Preferred Enterprise (as such terms are defined in the Investment Law) as of January 1, 2011. A Preferred Company is defined as either (i) a company incorporated in Israel which is not wholly owned by a governmental entity, or (ii) a limited partnership that: (a) was registered under the Israeli Partnerships Ordinance and; (b) all of its limited partners are companies incorporated in Israel, but not all of them are governmental entities; which has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company was entitled to a reduced corporate tax rate of 15% with respect to its preferred income attributed to its Preferred Enterprise in 2011 and 2012, unless the Preferred Enterprise was located in a certain development zone, in which case the rate was 10%. Such corporate tax rate was reduced to 12.5% and 7%, respectively, in 2013 and was increased to 16% and 9%, respectively, in 2014 until 2016. Pursuant to the 2017 Amendment, in 2017 and thereafter, the corporate tax rate for Preferred Enterprise which is located in a certain development zone was decreased to 7.5%, while the reduced corporate tax rate for other development zones remains 16%. Income derived by a Preferred Company from a 'Special Preferred Enterprise' (as such term is defined in the Investment Law) would be entitled, during a benefits period of 10 years, to further reduced tax rates of 8%, or to 5% if the Special Preferred Enterprise is located in a certain development zone. Since January 1, 2017, the definition for "Special Preferred Enterprise" includes less stringent conditions.

Dividends paid out of preferred income attributed to a Preferred Enterprise or to a Special Preferred Enterprise are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, withholding tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply). In 2018-2020, dividends paid out of preferred income attributed to a Special Preferred Enterprise, directly to a foreign parent company, were subject to withholding tax at source at the rate of 5% (temporary provisions).

The 2011 Amendment also provided transitional provisions to address companies already enjoying current benefits under the Investment Law. These transitional provisions provide, among other things, that unless an irrevocable request is made to apply the provisions of the Investment Law as amended in 2011 with respect to income to be derived as of January 1, 2011: (i) the terms and benefits included in any certificate of approval that was granted to an Approved Enterprise, which chose to receive grants, before the 2011 Amendment became effective, will remain subject to the provisions of the Investment Law as in effect on the date of such approval, and subject to certain conditions;. (ii) the terms and benefits included in any certificate of approval that was granted to an Approved Enterprise, that had participated in an alternative benefits program, before the 2011 Amendment became effective will remain subject to the provisions of the Investment Law as in effect on the date of such approval, provided that certain conditions are met; and (iii) a Beneficiary Enterprise can elect to continue to benefit from the benefits provided to it before the 2011 Amendment came into effect, provided that certain conditions are met.

We have examined the possible effect, if any, of these provisions of the 2011 Amendment on our financial statements and have decided, at this time, not to opt to apply the new benefits under the 2011 Amendment.

Tax benefits under the 2017 Amendment that became effective on January 1, 2017.

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and was effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of "Technology Enterprises", as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a "Preferred Technology Enterprise" and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technology Income," as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technology Enterprise located in development zone A. In addition, a Preferred Technology Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefitted Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the IIA.

The 2017 Amendment further provides that a technology company satisfying certain conditions will qualify as a "Special Preferred Technology Enterprise" and will thereby enjoy a reduced corporate tax rate of 6% on "Preferred Technology Income" regardless of the company's geographic location within Israel. In addition, a Special Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain "Benefitted Intangible Assets" to a related foreign company if the Benefitted Intangible Assets were either developed by the Special Preferred Technology Enterprise or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from the IIA. A Special Preferred Technology Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed by a Preferred Technology Enterprise or a Special Preferred Technology Enterprise, paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld. If such dividends are distributed to a foreign company and other conditions are met, the withholding tax rate will be 4%.

In 2021, the Company provided notice to the Israeli tax authorities that it waived the Approved / Beneficiary Enterprise regime starting from tax year 2021. The Company is currently considering its qualification for the 2017 amendment and the term and degree to which it may be qualified as a Preferred Technology Enterprise or Special Preferred Technology Enterprise.

Tax benefits under 2021 Amendments

On November 15, 2021, the Investment Law was amended to reduce the ability of companies to retain the tax-exempt profits. Effective August 15, 2021, dividend distributions (or deemed distribution, as described below), will be treated as if made on a pro-rata basis from all types of earnings, including Exempt Profits (as defined below).

In parallel to the above amendment, the Investment Law was amended to provide, on a temporary basis, a reduced corporate income tax on the distribution or release within a year from such amendment of tax-exempt profits derived by Approved and Benefited Enterprises, which we refer to as Exempt Profits (the "Temporary Provision"). The amount of the reduced tax will be determined based on a formula. In order to qualify for the reduction, the Company must invest certain amounts in productive assets and research and development in Israel.

Following recent Israeli district court ruling (which is subject to deliberation of the Supreme Court), certain transactions (such as acquisitions and intercompany loans) may be treated as deemed dividend distributions for the purpose of the Encouragement Law triggering corporate tax on the respective amount of the transaction.

On November 13, 2022, according to the Temporary Provision, the Company released an amount of approximately $44.8 million out of its Exempt Profits and accordingly paid reduced tax of approximately $2.9 million. The company operates as required by the provisions of the Temporary Provision to qualify for the reduced tax rate.

As of December 31, 2024, we had accumulated tax-exempt income of approximately $157.6 million that is attributable to our various Approved and Beneficiary Enterprise programs. If such tax-exempt income were to be distributed, it would be taxed at the reduced corporate tax rate applicable to such income, which would have amounted to approximately $15.8 million of tax liability as of December 31, 2024.

Pillar Two Taxation

The OECD introduced Base Erosion and Profit Shifting ("BEPS") Pillar Two rules that impose a global minimum tax rate of 15% for large multinational corporations. On December 12, 2022, the EU Council announced that EU member states had reached an agreement to implement the minimum taxation component of 15% of the OECD's reform of international taxation. Other countries have also enacted or are expected to enact legislation to be effective as early as January 1, 2024, with general implementation of a global minimum tax by January 1, 2025. The OECD continues to release additional guidance and the Company is monitoring the new rules and country agreements. The Company is currently evaluating the potential impact on its consolidated financial statements and related disclosures and does not expect Pillar Two to have a material impact on its effective tax rate or consolidated financial statements in the foreseeable future.

C. Organizational Structure.

Our corporate structure includes Stratasys Ltd., our Israeli parent company, and the following main active wholly-owned subsidiary entities:

- Stratasys, Inc., a Delaware corporation, which was formerly a publicly held company and which became our indirect, wholly-owned subsidiary as a result of the Stratasys, Inc.- Objet Ltd. merger. Following our acquisition of Origin in December 2020, Stratasys, Inc. now has offices and warehouses in San Francisco, California;
- Stratasys Direct, Inc. (our parts service business unit), a California corporation;
- Stratasys AP Limited, a Hong Kong limited company, which together with several other subsidiaries (including Stratasys Japan Co. Ltd., our Japanese subsidiary, and Stratasys Shanghai Ltd., our Chinese subsidiary), carries out most of our operations in the Asia Pacific region;
- Stratasys GMBH, a German limited liability company, which together with other subsidiaries (including iSQUARED AG, a fully owned Swiss subsidiary, and as well Stratasys Uk Distribution Ltd., a fully owned UK subsidiary) carries out our European operations; and
- Stratasys Solutions Ltd., a UK company, holding directly and indirectly all European group entities and being active in software business,
- Stratasys Latin America Representacao De Equipamentos Ltd., a Brazilian subsidiary, which has commenced our Brazilian operations.

We also own a 46.5% interest in Ultimaker, which includes the operations of our former subsidiary, MakerBot, and which offers a comprehensive solution set of hardware, software and materials for Desktop 3D printing.

Please see the list of subsidiaries appended to this annual report as Exhibit 8 for a complete list of our subsidiaries as of the date of this annual report.

D. Property, Plants and Equipment.

We have dual headquarters, in Eden Prairie, Minnesota and Rehovot, Israel.

We are in the process of phasing out our Eden Prairie, Minnesota headquarters (previously known as NASH) and transitioning into our new long-term lease for our US campus in Minnetonka Minnesota. The new campus is comprised of two adjacent buildings. One of the buildings has six stories and serves as our Americas Regional Corporate Headquarters, or ARCH and contains 164,951 square feet-- mainly executive offices and labs. The second building is a one-floor, heavy duty building (known as ARCH 2) of 18,568 square feet. The new campus will serve the following purposes: system assembly, inventory storage, operations and sales support; manufacturing for one of our Stratasys Direct Manufacturing paid parts service locations; research and development, administrative, marketing and sales activities. By the end of 2024, we vacated our NASH location in Eden Prairie (81,546 square feet). Out of our three additional owned sites (Wallace, Edenvale, and SMACS), we plan to move operations from two of them, Wallace and Edenvale, to the new campus during the second half of 2025. We have also started marketing those two remaining owned sites for sale. The production facility (SMACS) remains unchanged in our existing location in Eden Prairie.

Our building complex in Rehovot, Israel, which contains two buildings, is situated on a property that we purchased in 2015 and encompasses approximately 284,713 square feet. It houses our Israeli headquarters, research and development facilities and certain marketing activities. We entered the first building in January 2017 and the second building in May 2021.

As of December 31, 2024, we lease office space (except with respect to our Eden Prairie headquarters facilities, our Rehovot, Israel and Kiryat Gat, Israel facilities, and Germany facility) where we own the property) for various purposes, as set forth in the table below. Unless otherwise stated, all of our facilities are fully utilized. Our material tangible fixed assets include, among other things, the properties listed below.

Location:	Primary Usage:	Area (Sq. Feet)
Americas:		
Eden Prairie, MN	U.S. headquarters	308,646
Minnetonka, MN	New U.S. headquarters	183,519
Valencia, California	Offices and warehouses	3,035
Belton, Texas	Offices and warehouses	39,680
Plymouth, Minnesota	Warehouse	168,100
Other facilities in Americas		80,943[1,2]
Europe and the Middle East		
Rehovot, Israel	Israeli headquarters	284,713
Kiryat Gat, Israel	Factories and warehouse	126,617
Rheinmunster, Germany	Europe main office	55,027
United Kingdom	Manufacturing, offices and lab space	40,063
Other facilities in EMEA	Offices and lab space	31,554
Asia Pacific		
Hong Kong	Asia Pacific main office	5,494
Japan	Sales office	13,109
China	Sales office	17,142
Other facilities in Asia Pacific	Office space	7,352

ITEM 4A. UNRESOLVED STAFF COMMENTS.

None.

[1]This square footage includes the area of the two buildings of our new Israel headquarters in Rehovot, Israel. The second of those buildings was inhabited by us in May 2021, of which 106,181 square feet was leased by us to several third parties under a long-term lease and another 9,938 of square feet was leased by us to another third party under a long-term lease.

[2]As of 31.12.24 we lease and/or own both new and existing US headquarters.

ITEM 5. 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 consolidated financial statements and the related notes included in this annual report. The discussion below contains forward-looking statements 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 "Cautionary Note Regarding Forward-Looking Statements" and in Item 3.D "Key Information – Risk Factors", above.

A. Operating Results.

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, materials, 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 2,300 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 2024, we estimate that we derived over 36.0% of our revenues from manufacturing solutions.

A series of recent acquisitions and other transactions 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 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 gave us the ability to accelerate innovative developments in 3D printing materials and to thereby further grow adoption of our newest technologies, including our Origin P3™, Neo® stereolithography, and H350™ printers, with which Covestro's resins can be used. Also, as part of this acquisition we acquired an IP portfolio comprised of hundreds of patents and pending patents.

Recent Developments

Share Repurchase Plan

On September 16, 2024, we announced that our board of directors has authorized a program for our repurchase of up to $50 million of our 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 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 our 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, 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), 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 approximate 15% headcount reduction that will drive the majority of an expected $40 million in annual run rate savings. This initiative is expected to generate an annualized EBITDA margin of 8% at current revenue levels. The first full-quarter's benefit of these cost savings is expected in the first quarter of 2025.

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

Extension of Limited-Duration Shareholder Rights Plan

In order 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, our board of directors unanimously approved the extension of the expiration date of our limited-duration shareholder rights plan, or the Rights Plan, by an additional year, which extension was effective immediately prior to the original expiration of the Rights Plan on December 19, 2024. The Rights Plan, if triggered, would significantly dilute the ownership of any Acquiring Person (as defined in the Rights Plan). The Rights Plan, which now expires on December 19, 2025, contains enhanced shareholder protections that are intended to limit the scope of the Rights Plan. The Rights Plan is designed to give all of our shareholders (other than an Acquiring Person) 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.

Prospective PIPE Transaction

On February 2, 2025, we entered into a securities purchase agreement with Fortissimo Capital Fund VI, L.P. (together with its affiliates, referred to collectively as Fortissimo), an Israeli private equity fund, for a private investment in public equity, or PIPE, pursuant to which Fortissimo will invest $120 million in Stratasys and acquire 11,650,485 newly-issued ordinary shares at a price of $10.30 per share, reflecting a premium of 10.6% over the closing market price of the ordinary shares on Nasdaq on January 31, 2025. Upon (and subject to) completion of the PIPE, Fortissimo will hold approximately 15.5% of our issued and outstanding ordinary shares. We expect the PIPE to close during the second quarter of 2025, subject to review by the U.S. Committee on Foreign Investment in the United States and other customary closing conditions. We believe that the closing of the PIPE would positively impact our available capital for potential value-enhancing, inorganic opportunities in the 3D printing industry.

Upon the closing of the PIPE, Fortissimo will become subject to a lock-up for 18 months, during which period it will be prohibited from transferring any ordinary shares, subject to limited, customary exceptions. Following that lock-up period, we will be required to file with the SEC a registration statement to register Fortissimo's resale of the ordinary shares sold to it in the PIPE. In connection with the PIPE, our board of directors will exempt any acquisitions of ordinary shares by Fortissimo pursuant to the PIPE and thereafter from the application of our Rights Plan. Fortissimo will, however, be subject to certain standstill and voting restrictions, including (i) not being permitted to surpass 24.99% ownership of our issued and outstanding ordinary shares, and (ii) not being permitted to vote more than 20% of the outstanding ordinary shares, unless Fortissimo owns 35% or more of the outstanding ordinary shares, which ownership level it can only reach through a tender offer for at least 15% of the issued and outstanding ordinary shares. The closing of such a tender offer would require the approval of our shareholders

Upon, and subject to, the closing of the PIPE, our board of directors will appoint an initial designee of Fortissimo in replacement of one of our current directors. To the extent Fortissimo's beneficial ownership equals at least 20% of the issued and outstanding ordinary shares, if Fortissimo requests, we are required to nominate for election by our shareholders a second Fortissimo designee. Until the election of that second designee, Fortissimo will be entitled to designate one non-voting observer to attend all meetings of our board. The number of Fortissimo's board designees is subject to phase-out to the extent Fortissimo's holdings of the ordinary shares drops below certain thresholds.

The terms of the prospective PIPE were described in a Report of Foreign Private Issuer on Form 6-K that we filed with the SEC on February 2, 2025, which is available at the following link: https://www.sec.gov/Archives/edgar/data/1517396/000162828025003575/ssysform6-kfebruary4th.htm

Business Performance in Macro-Economic Environment

Our current outlook, as well as our results of operations in the year ended December 31, 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 2024 decreased by 8.8% on a year-over-year basis, compared to 2023. This decrease in revenues was mostly due to macro-economic pressure on the capital expenditure budgets of our customers, which has been causing longer sales cycles for our systems and occasional deferral of orders of our systems. Our results also reflected the divestment of certain Stratasys Direct Manufacturing, or SDM, businesses. On the other hand, our results for the year ended December 31, 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 year ended December 31, 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 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;
- the imposition of new or reciprocal import tariffs by the United States and by other countries, which could significantly increase the prices we pay for raw materials and adversely impact demand for our products and services in industries and countries in which our affected customers operate; 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 2024 with $150.7 million in cash, cash equivalents and short-term deposits. We also expect to receive an additional $120 million from the PIPE to be completed with Fortissimo (subject to its closing). 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. To the extent that the PIPE closes, we will consider deploying our available capital towards potential value-enhancing, inorganic opportunities in the 3D printing industry.

Key measures of our performance

Revenues

Our revenues primarily derive from (i) sales of our products, which include both our AM systems and related consumable materials, (ii) provision of related services, and (iii) our direct manufacturing service. We generate revenues and deliver services principally through the following channels:

- sales to resellers, who purchase and resell our products and who provide support services for our printing systems;
- sales of systems that are marketed by independent sales agents, pursuant to which we sell directly to end-users, pay commissions to such agents, and directly handle the sale of consumables and provision of support services; and
- direct sales of systems (and all related products and services) as well as our direct manufacturing solutions to our customers, without the involvement of independent sales agents.

Product revenues

Product revenues are influenced by a number of factors, including, among other things, (i) the adoption rate for our products, (ii) end-user product design application and manufacturing activity, and (iii) the capital expenditure budgets of end-users and potential end-users, all of which may be significantly influenced by macroeconomic factors. Product revenues are also impacted by the mix of 3D printers that we sell. Purchases of our 3D printing and production systems, especially our higher-end, higher-priced systems, typically involve longer sales cycles.

Product revenues also depend upon the volume of consumables that we sell. Sales of our consumable materials are linked to the number of AM systems that are installed and active worldwide. Sales of consumables are also driven by system usage, which is generally a function of the size of the particular system and the level of design and manufacturing activity and budget of the particular end-user. Larger systems generally use greater amounts of consumables due to their greater capacity and the higher levels of design and production.

Services revenues

Services revenues derive from (i) maintenance contracts and initial systems warranty; (ii) direct manufacturing paid-parts services; and (iii) other professional service contracts. In addition, in connection with direct sales, we generally charge separately for installation and training. Additional services revenues are generated from services contracts most often entered into directly with end-users subsequent to the expiration of the initial warranty period.

Costs of revenues

Our costs of revenues consist of costs of products and costs of services. Costs of products consist primarily of components and subassemblies purchased for the manufacture of our AM systems and raw materials, such as thermoplastic and photopolymer materials, for the manufacture of our consumables, as well as any royalties paid with respect to sales of certain of those consumables. Costs of products also include manufacturing and manufacturing-related labor costs, indirect production costs and depreciation, as well as amortization expense which is mainly related to developed technology assets acquired as part of our business combinations.

Our costs of services revenues consist primarily of costs of our service personnel, material and other production costs of our direct manufacturing service business, and installation costs, which include engineers dedicated to on-site training and support, and travel costs of these engineers. Both costs of products and costs of services include related facilities costs.

Our most significant components of costs of revenues are costs of materials used for our products, wages and related benefits costs, which together accounted for approximately 60% of our total direct cost of revenues for the year ended December 31, 2024. An additional significant component of our costs of revenues is the amortization expense that we primarily incur in connection with developed technology assets acquired as part of our business combinations. These amortization expenses vary based on the timing and type of acquisitions and estimated useful lives of the respective intangible assets. These amortization expenses were $18.6 million, $19.6 million and $28.2 million for the years ended December 31, 2024, 2023 and 2022, respectively. No impairment charges were recorded with respect to our acquired intangible assets during 2024 or 2023. Refer to Note 9 to our consolidated financial statements included in Item 18 of this annual report.

For the year ended December 31, 2024, a hypothetical 10% rise in commodity prices for raw materials would have caused an approximate $13.4 million increase in costs of revenues in our Consolidated Statements of Operations and Comprehensive loss. As to wages and related benefits, a 10% increase in wages due to wage inflation would have caused an approximate $6.6 million increase in costs of revenues in our Consolidated Statements of Operations and Comprehensive loss. During 2024, we did not notice particular trends that changed, or were expected to change in the near future, the absolute or relative significance of the components of our costs of revenues in a material manner. We also believe that inflation has not had a material effect on our operations or on our financial condition during the three most recent fiscal years, as we have used price increases to offset the cost pressures caused by inflation.

Currently, we do not foresee a significant change in either the raw materials used for production or wage inflation that would materially impact our business. For further information, please see “Item 11. Quantitative And Qualitative Disclosures About Market Risk” in this annual report.

Gross profit

The gross profit and gross margin for our products are influenced by a number of factors. The most important of these is the mix of our products sold. Specifically, the gross margins on our higher-end AM systems, as well as on our consumables, are typically higher than the gross margins on our entry-level products. Accordingly, an increase in the share of revenues of our entry-level products out of total

revenues could cause our profit margins to decrease. Furthermore, we believe that as our worldwide installed base of AM systems increases, subsequent sales of our proprietary consumables will also increase. We also seek to reduce our costs of revenues by improving our ability to use less costly components, better management of our inventories levels and increasing manufacturing efficiencies in the production of our systems. In addition, we will also seek to achieve lower material costs and leverage our overall capabilities in our direct manufacturing service business.

Products gross margins are also impacted by the mix of revenues generated from sales to resellers based in different geographical areas as opposed to sales that are facilitated by independent sales agents or directly by us.

Service gross margins are influenced mainly by the volume of revenues generated from our direct manufacturing service business as well as the ratio of service engineers to our installed base in a given geographic area.

Operating expenses

Our operating expenses for 2024 consisted of (i) research and development expenses, and (ii) selling, general and administrative expenses.

Research and development expenses, net

Our research and development activities consist of projects aimed at developing new printing systems and materials, and projects aimed at enhancing the capabilities of our existing product lines, as well as significant technology platform and applications, and developments for our current technologies, including our integrated software. We also seek to develop disruptive technologies and other process improvement solutions in the additive manufacturing ecosystem. Our research and development expenses consist primarily of employee compensation and employee-related personnel expenses, materials, laboratory supplies, costs for related software and costs for facilities. Expenditures for research, development and engineering of products are expensed as incurred. Our research and development efforts are essential to our future growth and our ability to remain competitive in the AM market. We work closely with existing and potential customers, distribution channels and major resellers, who provide significant feedback for product development and innovation.

We are also entitled to reimbursements from certain government funding plans. These reimbursements are recognized as a reduction of expenses as the related cost is incurred. We are not required to pay royalties on sales of products developed using our government funding.

Selling, general and administrative expenses

Our selling, general and administrative expenses include employee compensation and employee-related expenses for marketing, sales and other sales-operation positions, and for managerial and administrative functions, including executive officers, accounting, legal, information technology and human resources. This category of expenses also covers commissions, advertising and promotions expenses, professional service fees, respective depreciation, amortization expenses related to certain intangible assets, as well as associated overhead.

Commissions consist of sales-based commissions to independent sales agents and internal sales personnel. Commission rates vary, depending on the geographic location of the agent, type of products sold, and the degree of achievement of certain performance targets. Our advertising and promotion expenses consist primarily of media advertising costs, trade and consumer marketing expenses and public relations expenses which aim to strengthen the leadership of our brand in key vertical markets.

Facilities costs that are included in our selling, general and administrative expenses include an allocated portion of the occupancy costs for our facilities in countries where sales, marketing and administrative personnel are located. Professional service fees for accounting and legal services are also included in selling, general and administrative expenses.

2024 Financial Highlights

Significant highlights of our financial performance in 2024 included:

- Revenues decreased by $55.1 million, or 8.8%, compared to 2023. The decrease is driven by decrease in systems revenues attributable to longer sales cycle. These revenue results also evidence macro-economic pressure on capital expenditure budgets of our customers, which has been causing longer sales cycles for our systems and occasional deferral of orders of our systems.
- Operating expenses decreased by $12.1 million, or 3.4% compared to 2023. The decrease in operating expenses was primarily driven by lower costs in 2024, compared to 2023, (i) a decrease of $22.4 million of costs related to prospective and potential mergers and acquisitions, our defense against a hostile tender offer and a proxy contest, and related professional fees, and (ii) due to the restructuring program that we implemented in 2024, partially offset by a decrease of $14.8 million in the amount of our reduction of contingent consideration liabilities in 2024 compared to 2023.
- Net loss amounted to $120.3 million or basic and diluted net loss per share of $1.70, in 2024, compared to net loss of $123.1 million, or basic and diluted net loss per share of $1.79, in 2023, which was mainly attributable to lower gross profit due to the decrease in revenue partially offset by lower operating expenses.

Total cash and cash equivalents and restricted cash amounted to $71.1 million and short-term deposits amounted to $80.5 million as of December 31, 2024, which, when aggregated together, reflected a decrease of $11.3 million compared to the corresponding total amount as of December 31, 2023. The decrease in cash, cash equivalents, restricted cash and short-term deposits in 2024 was due to increased cash used in investing and financing activities, which amounted to $14.8 million and $3.3 million, respectively, in 2024, which was offset, in part, by an increase in cash provided by operating activities, which amounted to $7.8 million in 2024.

Results of Operations

We are providing within this section a discussion and analysis of our historical statement of operations data in accordance with accounting principles generally accepted in the United State of America, or GAAP. While our financial statements included in Item 18 of this annual report include data for each of the three years ended December 31, 2024, 2023 and 2022, the discussion and analysis contained in this Item 5.A is limited to a comparison of our results of operations for the years ended December 31, 2024 and 2023. For a discussion and analysis of our results for the year ended December 31, 2023, and a comparison of those results with those of the year ended December 31, 2022, please see “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operations” in our annual Report on Form 20-F for the year ended December 31, 2023, which we filed with the SEC on March 11, 2024.

The following table sets forth certain financial data derived from our Consolidated Statements of Operations and Comprehensive Loss, presented as percentages of our revenues for the years indicated:

	Year ended December 31,	
	2024	2023
Revenues	100.0 %	100.0 %
Cost of revenues	55.1 %	57.5 %
Gross profit	44.9 %	42.5 %
Research and development, net	17.3 %	15.0 %
Selling, general and administrative	42.5 %	41.5 %
Operating loss	(15.0)%	(14.0)%
Financial income, net	0.3 %	0.5 %
Loss before income taxes	(14.7)%	(13.5)%
Income tax expenses	0.5 %	0.9 %
Share in losses of associated companies	5.8 %	5.2 %
Net loss	(21.0)%	(19.6)%

Discussion of Results of Operations

The below tables and related discussion present an item by item comparison of our results of operations for each of the two years ended December 31, 2024 and 2023.

Revenues

Our products and services revenues for the last two years, as well as the percentage change from year to year, were as follows:

	Year Ended December 31,		
	2024	2023	% Change 2024-2023
Products	$ 391,917	$ 433,741	(9.6)%
Services	180,541	193,857	(6.9)%
	$ 572,458	$ 627,598	(8.8)%

Our total consolidated revenues in 2024 were $572.5 million, a decrease of $55.1 million or 8.8%, compared to 2023.

Products Revenues

Revenues derived from products (including systems and consumable materials) decreased by $41.8 million, or 9.6%, in 2024 as compared to 2023 mainly as a result of a $47.4 million decrease (or 25.2%) in systems revenue attributable to longer sales cycle, partially offset by an increase of $5.5 million (or 2.3%) in consumables revenues driven by our recent acquisitions and higher usage of our systems.

Services Revenues

Services revenues (including Stratasys Direct, maintenance contracts, time and materials and other services) decreased by $13.3 million, or 6.9%, in 2024 as compared to 2023. The decrease was primarily attributable to lower SDM revenues as a result of our divestiture of several businesses in SDM during 2023.

Revenues by Region

Revenue amounts and the percentage of our overall revenues by region for the last two years, as well as the percentage change in revenue amounts for each such region from year to year, were as follows:

	Year Ended December 31,			
	2024		2023	
	Revenue amount (U.S. $ in thousands)	% of overall revenues	Revenue amount (U.S. $ in thousands)	% of overall revenues
Americas*	$ 341,737	59.7 %	$ 389,770	62.1 %
EMEA	158,465	27.7 %	155,942	24.8 %
Asia Pacific	72,256	12.6 %	81,886	13.0 %
	$ 572,458	100.0 %	$ 627,598	100.0 %

*Consists of the United States, Canada and Latin America. The only single country in any region in which revenues exceeded 10% of our consolidated, aggregate revenues in either 2024 or 2023 was the United States, in which revenues amounted to $322.5 million and $366.5 million, in those respective years.

Revenues in the Americas region decreased by $48.0 million, or 12.3%, to $341.7 million in 2024 compared to $389.8 million in 2023. The decrease was mainly attributable to longer sales cycles and the divestment of certain SDM businesses during 2023, partially offset by higher consumables revenues of $3.4 million.

Revenues in the EMEA region increased by $2.5 million, or 1.6%, to $158.5 million in 2024 compared to $155.9 million in 2023.The increase was primarily driven by higher consumables revenues attributable to our recent acquisitions and higher usage of our systems, partially offset by lower system revenues, attributable to longer sales cycles.

Revenues in the Asia Pacific region decreased by $9.6 million, or 11.8%, to $72.3 million in 2024 compared to $81.9 million in 2023. The decrease was primarily attributable to a decrease in product revenues, due to longer sales cycles.

Gross Profit

Gross profit from our products and services for the last two years, as well as the percentage change from year to year, were as follows:

	Year Ended December 31,		% Change 2024-2023
	2024	2023	
Gross profit attributable to:			
Products	$ 194,110	$ 207,231	(6.3)%
Services	62,706	59,793	4.9 %
	$ 256,816	$ 267,024	(3.8)%

Gross profit as a percentage of revenues for our products and services for the last two years, as well as the percentage change from year to year, were as follows:

	Year Ended December 31,		% Change 2024-2023
	U.S. $ in thousands		
Gross profit as a percentage of revenues from:	2024	2023	
Products	49.5 %	47.8 %	3.7 %
Services	34.7 %	30.8 %	12.6 %
Total gross profit	44.9 %	42.5 %	5.4 %

Gross profit attributable to products revenues decreased by $13.1 million, or 6.3%, to $194.1 million in 2024 compared to $207.2 million in 2023. Gross margin attributable to products revenues increased to 49.5% in 2024 compared to 47.8% in 2023. Our gross profit from products revenues decreased mainly as a result of lower system revenues, partially offset by higher operational efficiency. The increase in gross margin was attributable to higher operational efficiency.

Gross profit attributable to services revenues increased by $2.9 million, or 4.9%, to $62.7 million in 2024 compared to $59.8 million in 2023. Gross margin attributable to services revenue increased to 34.7% in 2024 as compared to 30.8% in 2023. The increase in gross profit from services revenues was mainly attributable to our 2023 restructuring charges related to Stratasys Direct, in an amount of $10.7 million, which did not recur in 2024, and our divestiture of several SDM businesses in 2023, which increased our profitability in 2024, partially offset by a decrease in services revenues in 2024. Our gross margin from services revenues increased mainly as a result of our divestiture of several SDM businesses with lower gross margins in 2023, as well as lower restructuring charges in 2024.

Operating Expenses

The amount of each type of operating expense for the last two years, as well as the percentage change between such annual periods, and total operating expenses as a percentage of our total revenues in each such year, were as follows:

	Year Ended December 31,		Change from earlier to later year, as a % of amount in earlier year
	2024	2023	2024-2023
	U.S. $ in thousands		
Research and development, net	$ 99,142	$ 94,425	5.0 %
Selling, general and administrative	243,335	260,179	(6.5)%
	$ 342,477	$ 354,604	(3.4)%
Percentage of revenues	59.8 %	56.5 %	

Operating expenses were $342.5 million in 2024 compared to operating expenses of $354.6 million in 2023. The decrease in operating expenses was primarily driven by a decrease of $22.4 million of costs related to prospective and potential mergers and acquisitions, defense against a hostile tender offer, proxy contest, and related professional fees in 2024 relative to 2023, and a net decrease of $5.5 million in employee and other costs associated with a decrease in the headcount as a result of our restructuring initiative, partially offset by a decrease of $14.8 million in the amount of our reduction of contingent consideration liabilities in 2024 compared to 2023.

Research and development expenses, net, increased by $4.7 million, or 5.0%, in 2024 compared to 2023. Research and development expenses, net, as a percentage of revenues increased to 17.3% in 2024 compared to 15.0% in 2023. The increase in research and development expenses, net in 2024 was mainly attributable to a net increase of $2.5 million in employee and other costs associated with a decrease in the headcount as a result of our restructuring initiative, and a $2.0 million increase in costs driven by our recent acquisitions.

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 in 2024 decreased by $16.8 million, or 6.5%, to $243.3 million, compared to $260.2 million in 2023. The amount of selling, general and administrative expenses constituted 42.5% of our revenues in 2024, as compared to 41.5% in 2023. The absolute decrease 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, a net decrease of $8.0 million in employee and other costs associated with a decrease in the headcount as result of our restructuring initiative, and a $3.3 million decrease in amortization expenses in 2024, partially offset by a decrease of $14.8 million in the amount of our reduction of contingent consideration liabilities in 2024 compared to 2023, and a $4.8 million loss in 2024 from our sale of an investment.

Operating Loss

Operating loss and operating loss as a percentage of our total revenues for the last two years, as well as the percentage change in operating loss between those years, were as follows:

	Year Ended December 31,		Change from earlier to later year, as a % of amount in earlier year
	2024	2023	2024-2023
	U.S. $ in thousands		
Operating loss	$ (85,661)	$ (87,580)	(2.2)%
Percentage of revenues	(15.0)%	(14.0)%	

Operating loss for the year ended December 31, 2024 was $85.7 million as compared to an operating loss of $87.6 million for the year ended December 31, 2023. The absolute decrease in the operating loss of $1.9 million was primarily due to the $12.1 million decrease in operating expenses, partially offset by our decrease in gross profit, for the reasons described in the discussion of the above line items. The increase of operating loss as a percentage of revenue by 1.0% was attributable to the decrease in our revenues.

Financial Income (Expenses), net

Financial income, net, which was primarily comprised of foreign currencies effects, interest income and interest expense, amounted to $1.7 million for the year ended December 31, 2024, compared to financial income, net, of $3.0 million for the year ended December 31, 2023.

Income Taxes

Income tax expense and income tax expense as a percentage of net loss before income taxes for the last two years, as well as the percentage change in income taxes between those years, were as follows:

	Year Ended December 31,		Change 2024-2023
	2024	2023	
	U.S. $ in thousands		Change as a % of amount in 2023
Income before income taxes	$ (83,985)	$ (84,587)	(0.7)%
Income taxes expense (income)	$ 2,973	$ 5,782	(48.6)%
As a percentage of loss before income taxes	(3.5)%	(6.8)%	3.3 %

We had an effective tax rate of 3.5% for the year ended December 31, 2024 as compared to an effective tax rate of 6.8% for the year ended December 31, 2023. Our effective tax rate in 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.

Our effective tax rate is based on recurring factors, including the geographic mix of foreign taxable income and loss, as well as nonrecurring items that may not be predictable.

For a full reconciliation of our effective tax rate to the Israeli statutory rate of 23% and for further explanation of our provision for income taxes, refer to Note 10 to our consolidated financial statements included in Item 18 of this annual report.

Share in Net Losses of Associated Companies

Share in net losses of associated companies reflects our proportionate share of the net losses of unconsolidated entities accounted for by using the equity method of accounting. During 2024, we had net losses of our equity method investments in a total amount of $33.3 million, compared to a loss of $32.7 million in 2023. The losses in 2024 and 2023, include impairment charges in an amount of $30.1 million and $13.9 million, respectively, were mainly attributable to our equity investment in Ultimaker (which was the surviving entity following a merger between it and MakerBot). Please refer to Note 2 to our consolidated financial statements included in Item 18 of this annual report.

Net Loss and Net Loss Per Share

Net loss, net loss as a percentage of our total revenues, and diluted net loss per share, for the last two years, as well as the percentage change in net loss between those years, were as follows:

	Year Ended December 31,		2024-2023
	2024	2023	
	U.S. $ in thousands		Change (as a % of amount in 2023)
Net loss attributable to Stratasys Ltd.	$ (120,283)	$ (123,074)	(2.3)%
As a percentage of revenues	(21.0)%	(19.6)%	
Diluted net loss per share	$ (1.70)	$ (1.79)	(5.0)%

Net loss for the year ended December 31, 2024 was $120.3 million, as compared to $123.1 million for the year ended December 31, 2023. The absolute decrease in our net loss was mainly attributable to a decrease in our operating loss of $1.9 million and a decrease in income tax expenses of $2.8 million, partially offset by a decrease in financial income of $1.3 million. The increase in our net loss as a percentage of revenues was attributable to the decrease in our revenues.

Diluted net loss per share for the years ended December 31, 2024 and 2023 was $1.70 and $1.79, respectively. The weighted average, basic and diluted number of shares outstanding for the year ended December 31, 2024 was 70.9 million, compared to 68.7 million for the year ended December 31, 2023.

Non-GAAP Financial Measures

The following non-GAAP data for the fiscal years ended December 31, 2024 and 2023, 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 share-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 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 table below.

Reconciliation of GAAP and Non-GAAP Results of Operations

		Twelve Months Ended December 31,		
		2024 GAAP	Non-GAAP Adjustments	2024 Non-GAAP
		U.S. dollars and shares in thousands (except per share amounts)		
	Gross profit (1)	$ 256,816	$ 24,948	$ 281,764
	Operating income (loss) (1,2)	(85,661)	90,594	4,933
	Net income (loss) (1,2,3)	(120,283)	124,520	4,237
	Net income (loss) per diluted share (4)	$ (1.70)	$ 1.76	$ 0.06
(1)	Acquired intangible assets amortization expense		18,576	
	Non-cash stock-based compensation expense		3,072	
	Restructuring and other related costs		3,300	
			24,948	
(2)	Acquired intangible assets amortization expense		5,847	
	Non-cash stock-based compensation expense		22,546	
	Restructuring and other related costs		17,419	
	Revaluation of investments		6,597	
	Contingent consideration		(7,595)	
	Net loss from sale of investment		4,760	
	Legal and other expenses		16,072	
			65,646	
			90,594	
(3)	Corresponding tax effect		1,267	
	Equity method related amortization, divestments and impairments		31,262	
	Finance expenses		1,397	
			$ 124,520	
(4)	Weighted average number of ordinary shares outstanding- Diluted	70,858		71,177

		Twelve Months Ended December 31,		
		2023 GAAP	Non-GAAP Adjustments	2023 Non-GAAP
		U.S. dollars and shares in thousands (except per share amounts)		
	Gross profit (1)	$ 267,024	$ 35,764	$ 302,788
	Operating income (loss) (1,2)	(87,580)	100,207	12,627
	Net income (loss) (1,2,3)	(123,074)	130,783	7,709
	Net income (loss) per diluted share (4)	$ (1.79)	$ 1.90	$ 0.11
(1)	Acquired intangible assets amortization expense		19,603	
	Non-cash stock-based compensation expense		3,701	
	Restructuring and other related costs		12,460	
			35,764	
(2)	Acquired intangible assets amortization expense		9,167	
	Non-cash stock-based compensation expense		27,917	
	Impairment of long-lived assets		7,087	
	Revaluation of investments		4,880	
	Contingent consideration		(22,331)	
	Legal and other expenses		37,723	
			64,443	
			100,207	
(3)	Corresponding tax effect		3,894	
	Equity method related amortization, divestments and impairments		24,871	
	Finance expenses		1,811	
			$ 130,783	
(4)	Weighted average number of ordinary shares outstanding- Diluted	68,666		69,233

Reconciliation of GAAP net loss to Adjusted EBITDA

	Twelve months ended December 31,	
	2024	2023
Net loss	$ (120,283)	$ (123,074)
Financial income, net	(1,676)	(2,993)
Income tax expenses	2,973	5,782
Share in losses of associated companies	33,325	32,705
Depreciation expense	21,030	22,417
Amortization expense	24,423	28,770
Non-cash stock-based compensation expense	25,618	31,614
Revaluation of investments	6,597	4,880
Net loss from sale of investment	4,760	—
Contingent consideration	(7,595)	(22,331)
Legal and other expenses	16,072	37,723
Restructuring and other related costs	20,719	12,460
Impairments of long lived assets	—	7,087
Adjusted EBITDA	$ 25,963	$ 35,040

Variability of Operating Results

Our revenues and profitability may vary in any given year, and from quarter to quarter, depending on the timing, number and mix of products sold and the average selling price of the products, and are also affected by the seasonality of our business. In addition, due to competition, uncertain market acceptance and other factors, we may be required to reduce prices for our products in the future. Since 2019, it has also been useful to gauge the variability of our operating results on a linear basis, for each quarter compared to the previous one, in addition to on a year-over-year basis, compared to the corresponding period of the prior year. We have not seen a steady pattern as to the level of demand for our products in particular quarters of the year since 2019. Nevertheless, in our outlook for 2025, we expect our revenues to grow sequentially.

Our future results will be affected by a number of factors, including our ability to: increase the number of products sold; develop, introduce and deliver new products on a timely basis; accurately anticipate customer demand patterns; and manage future inventory levels in line with anticipated demand. Our results may also be affected by competitive factors, the extent to which our cost controls plan succeeds, the availability of working capital, results of litigation, the enforcement of intellectual property rights, currency exchange rate fluctuations, commodity prices and economic conditions in the geographic areas in which we operate. Macro factors, including global economic headwinds caused by increased and reciprocal tariffs, any lingering or new inflation, relatively high interest rates, and supply chain conditions, as impacted by geopolitical developments such as the status of the Russian war against Ukraine and U.S.-China relations, and macro factors particular to our industry, such as the extent of growth of the 3D printing market generally, may also impact our operating results. There can be no assurance that our historical performance in revenues, gross profit and net loss will improve, or that revenues, gross profit and net loss in any particular quarter will improve, over the results reflected in preceding quarters, including comparable quarters of previous years. See Item 3.D - “Risk Factors” above

Effective Corporate Tax Rate

See “Israeli Tax Considerations and Government Programs — General Corporate Tax Structure in Israel” in Item 4.B above for a discussion of the general tax structure in Israel and applicable corporate tax rates.

In 2024, we generated losses mainly from our Israeli parent company and its major subsidiaries, with no tax benefit being recorded for those losses, as the near-term realization of these assets is uncertain.

As part of the process of preparing our consolidated financial statements, we must estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. Actual income taxes could vary from these estimates due to future changes in income tax laws or the results of final tax examinations and reviews.

Effects of Government Regulations and Location on our Business

For a discussion of the effects of Israeli governmental regulation and our location in Israel on our business, see “Israeli Tax Considerations and Government Programs” in Item 4.B above and the “Risks related to operations in Israel” in Item 3.D above.

Inflation

We believe that inflation has not had a material effect on our operations or on our financial condition during the three most recent fiscal years.

Foreign Currency Transactions

See “Foreign Currency Exchange Risk” in Item 11 below for a discussion of foreign currency transactions.

B. Liquidity and Capital Resources

A summary of our consolidated statement of cash flows for the last two years is set forth in the below table. While our financial statements included in Item 18 of this annual report include cash flow data for each of the three years ended December 31, 2024, 2023 and 2022, the discussion contained in this Item 5.B is limited to a comparison of our liquidity and capital resources— including cash flows— for the years ended December 31, 2024 and 2023. For a discussion of our cash flows for the year ended December 31, 2022, and a comparison of those cash flows with those for the year ended December 31, 2023, please see "Item 5. Operating and Financial Review and Prospects— B. Liquidity and Capital Resources" in our Annual Report on Form 20-F for the year ended December 31, 2023, which we filed with the SEC on March 11, 2024.

	Year Ended December 31,	
	2024	2023
	U.S $ in thousands	
Net loss	$ (120,283)	$ (123,074)
Impairment of other long-lived assets	—	4,443
Depreciation and amortization	45,338	48,973
Stock-based compensation	25,618	31,614
Foreign currency transaction loss	3,417	636
Loss from sale of investment	4,760	—
Deferred income taxes, net and uncertain tax positions	1,287	(1,764)
Other non-cash items, net	37,769	18,051
Change in working capital and other items	9,920	(40,524)
Net cash provided by (used in) operating activities	7,826	(61,645)
Net cash used in investing activities	(14,820)	(3,834)
Net cash used in financing activities	(3,314)	(1,516)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,480)	(827)
Net change in cash, cash equivalents and restricted cash	(11,788)	(67,822)
Cash, cash equivalents and restricted cash, beginning of year	82,864	150,686
Cash, cash equivalents and restricted cash, end of year	$ 71,076	$ 82,864

Our cash, cash equivalents and restricted cash balances decreased to $71.1 million as of December 31, 2024 as compared to $82.9 million as of December 31, 2023.

The decrease in cash, cash equivalents and restricted cash in 2024 was mainly due to $14.8 million of cash used in investing activities.

Cash flows from operating activities

Year ended December 31, 2024

Our operating activities provided $7.8 million of cash to us during 2024. Cash provided by our operating activities reflected our net loss of $120.3 million, as adjusted to eliminate non-cash items included in net loss, including positive changes in our working capital in an aggregate amount of $9.9 million, and by depreciation, amortization and impairment charges of long-lived assets in an aggregate amount of $45.3 million, share in losses of associated companies in an amount of $33.3 million, share-based compensation expense in an amount of $25.6 million, foreign currency transactions losses of $3.4

million and $10.5 million of changes in other non-cash items, net. Positive changes in working capital of $9.9 million were mainly driven by a decrease in accounts receivable of $4.5 million and a decrease in inventory of $9.4 million, a total decrease in other assets of $11.7 million partially offset by a decrease of deferred revenues of $10.0 million, a decrease in accounts payable of $3.7 million and a total decrease in other liabilities of $1.9 million.

Year ended December 31, 2023

We used $61.6 million of cash in our operating activities during 2023. Cash used in operating activities reflected our net loss of $123.1 million, as adjusted to eliminate non-cash items included in net loss, and negative changes in our working capital of $40.5 million, partially offset by the elimination of non-cash items that increased net loss, including depreciation, amortization and impairment charges of long-lived assets in an aggregate amount of $53.4 million, share-based compensation expense of $31.6 million, deferred income taxes of $1.8 million and $18.1 million of changes in other non-cash items, net. Changes in working capital of $40.5 million were mainly driven by an increase in accounts receivables of $25.7 million, decrease in accounts payable of $27.4 million and decrease in other non current liabilities of $9.2 million, partially offset by an increase in other non current assets of $11.0 million.

Cash flows from investing activities

Year ended December 31, 2024

We used $14.8 million of cash in our investing activities during 2024. The net cash use during 2024 mostly reflected $12.7 million that we invested for the purchase of property and equipment and intangible assets, as well as $8.8 million that we used for investments in non-marketable equity securities, partially offset by $7.2 million of proceeds that we received from other investing activities.

Year ended December 31, 2023

We used $3.8 million of cash in our investing activities during 2023. The net cash use during 2023 mostly reflected $72.1 million used for investments in consolidated entities and $13.6 million that we invested for the purchase of property and equipment, partially offset by net proceeds from short-term bank deposits of $97.4 million.

Cash flows from financing activities

Year ended December 31, 2024

We used $3.3 million of cash in our financing activities during 2024. These financing activities were primarily our repurchase of ordinary shares, which used $2.0 million, and contingent consideration that we paid for acquisitions in an aggregate amount of $1.0 million.

Year ended December 31, 2023

We used $1.5 million of cash in our financing activities during 2023. These financing activities were mostly related to contingent consideration that we paid for acquisitions.

Capital resources and capital expenditures

Our total current assets amounted to $513.0 million as of December 31, 2024, of which $151.6 million consisted of cash, cash equivalents, short-term deposits and restricted cash. Total current liabilities amounted to $167.2 million as of December 31, 2024.

Most of our cash and cash equivalents are held in banks in Israel and the U.S.

The credit risk related to our accounts receivable is limited due to the relatively large number of customers and their wide geographic distribution. In addition, we seek to reduce the credit exposures of our accounts receivable by imposing credit limits, conducting ongoing credit evaluation, and by implementing account monitoring procedures, as well as by carrying 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 working capital and capital expenditures needs, as well as our debt requirements, for the next twelve months.

Additional factors potentially impacting capital resources

We are obligated to our suppliers under ordinary course purchase orders in an aggregate amount of approximately $120.5 million as of December 31, 2024. All of those obligations will become due over the course of the year 2025.

We have also committed to make potential future payments to third parties as part of our acquisitions. These payments are contingent upon the occurrence of certain future events and, given the nature of these events, it is unclear when, if ever, we may be required to pay such amounts. The total contingent payments could reach an aggregate amount of up to $62.7 million.

C. Research and Development, Patents and Licenses, Etc.

For a discussion of our research and development policies, see “Research and Development” and “Regulation— Israeli Tax Considerations and Government Programs – Law for the Encouragement of Capital Investments” in Item 4.B above and the “Risks related to operations in Israel” in Item 3.D above.

D. Trend Information.

For trend information, see the Risk Factors described in Item 3.D above, the “Overview” and “Operating Results” sections of this Item 5. “Operating and Financial Review and Prospects” and Item 4. “Information on the Company” above.

E. Critical Accounting Estimates

For a description of our significant accounting policies, see Note 1 to our consolidated financial statements included in Item 18 of this annual report.

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions in certain circumstances that affect the amounts reported in the accompanying consolidated financial statements and related footnotes. Actual results may differ from these estimates. We base our judgments on our experience and on various assumptions that we believe to be reasonable under the circumstances.

Of our policies, the following are considered the most critical to an understanding of our consolidated financial statements as they require the application of the most subjective and complex judgment, involving critical accounting estimates and assumptions impacting our consolidated financial statements. We have applied our policies and critical accounting estimates consistently across our businesses:

- Business combination
- Intangibles
- Goodwill

We base our estimates on historical experience and on various other assumptions which we believe to be reasonable under the circumstances. Because of the uncertainty inherent in these matters, actual results could differ materially from the estimates we use in applying these policies.

Business combination

In accordance with ASC Topic 805, “Business Combination”, we allocate the fair value of purchase consideration to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill.

Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability.

In the Company’s recent acquisitions, intangible assets and goodwill represented a majority of the assets acquired. Assessing fair values of intangible assets acquired in a business combination involves significant judgment about future events and uncertainties and depends on estimates and assumptions. Significant estimates utilized in valuating intangible assets include discount rates and future expected cash flow, which rely upon assumptions such as the useful life of the assets, revenue growth rates and margins projections, technological obsolescence and income tax rate assumptions.

Contingent consideration incurred in a business combination is included as part of the consideration transferred and recorded at fair value as of the acquisition date.

Estimating the fair value involves significant judgment and is based on significant assumptions relating to the estimate, such as discount rates, internal cash flows forecast for the relevant period during which the financial metrics should be achieved and the timing and amounts of the contingent payments.

Amounts recorded in a business combination in certain cases may be subject to revision based on the final determination of fair values during the measurement period, which may be up to one year from the acquisition date, as additional information about conditions existing at the acquisition date may become available. In addition, each reporting period thereafter, the Company revalues the contingent consideration payments and deferred payments which are classified as liabilities and records the changes in their fair value in the Consolidated Statements of Operations and Comprehensive Loss.

On August 31, 2022, Stratasys completed the merger of MakerBot (previously, a fully 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.

On April 3, 2023, we completed the acquisition of the additive manufacturing materials business of Covestro AG for an aggregate purchase price of $60.5 million, including cash and shares and we are obligated to pay additional payments.

During 2024 and 2023, we completed several transactions, including acquisitions of an entity and additional assets, for a total consideration of $0.3 million and $22.0 million, respectively.

See Note 3 to our consolidated financial statements for further details on the business combination transactions.

Intangibles

Most of our identifiable intangible assets were recognized as part of business combinations we have executed in the current and prior periods. Our identifiable intangible assets are considered definite life intangible assets and are primarily comprised of developed technology, trademarks and trade names, customer relationships and patents. Definite life intangible assets are amortized using the straight-line method over their estimated period of useful life.

Our determination of the fair value of the intangible assets acquired involves the use of significant estimates and assumptions. Refer to the “Business combination” section above. We believe that the fair value assigned to the assets acquired and liabilities assumed are based on reasonable assumptions and estimates that a market participant would use. Should conditions differ from management’s estimates at the time of the acquisition, including changes in volume or timing to current expectations of future revenue growth rates and forecasted margins, or changes in market factors outside of our control, such as discount rates, material write-downs of intangible assets may be required, which would adversely affect our operating results.

We monitor events and changes in circumstances that could indicate carrying amounts of intangible assets may not be recoverable. We review the carrying amounts of our intangible assets for potential impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment indicators may include any significant changes in the manner of our use of the assets or the strategy of our overall business, certain reorganization initiatives, significant negative industry or economic trends and significant decline in our share price for a sustained period.

When such events or changes in circumstances occur, we compare the carrying amounts of the asset or assets groups with their respective estimated undiscounted future cash flows. If the asset or assets group are determined to be impaired, an impairment charge is recorded in the amount by which the carrying amount of the asset or assets group exceed their fair value.

During the years ended December 31, 2024 and 2023, we did not record any impairment charges related to our definite life intangible assets.

In 2024, additional intangible assets of $0.3 million were recognized by us as part of our assets and other acquisitions, as mentioned above.

Goodwill

Goodwill reflects the excess of the consideration transferred plus the fair value of any non-controlling interest in the acquiree at the acquisition date over the fair values of the identifiable net assets acquired. Goodwill is not amortized but rather is tested for impairment annually at the reporting unit level, or whenever events or circumstances present an indication of impairment. Our goodwill balance as of December 31, 2024 and 2023 resulted from our recent acquisitions. No goodwill impairment was recorded during the years ended December 31, 2024 or 2023.

Determining the fair value of our reporting units requires significant judgment, including judgments about the appropriate terminal growth rates, weighted average costs of capital and the amounts and timing of projected future cash flows. Fair value determinations are sensitive to changes in underlying assumptions, estimates, and market factors. Projected future cash flows are based on our most recent budget, forecasts and strategic plans as well as certain growth rate assumptions. Potential changes in our costs and operating structure, the expected timing of utilization of synergies, strategic opportunities, negative effect of exchange rates and overall weakness in the 3D printing marketplace, could negatively impact our near-term cash-flow projections and could trigger a potential impairment of our goodwill. In addition, failure to execute our strategic plans as well as increases in weighted average costs of capital could negatively impact the fair value of our reporting units, and increase the risk of goodwill impairment in the future.

We will continue to monitor the fair value of our reporting units to determine whether events and changes in circumstances such as further deterioration in the business climate or operating results, further significant decline in our share price, changes in management's business strategy or downward changes of our cash flows projections, warrant further interim impairment testing.

See Note 8 to our consolidated financial statements for further details on the goodwill impairment test in 2024.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES.

A. Directors and Senior Management.

The following table lists the names and ages of our current directors, as well as the names, ages and positions of the current members of our senior management, as of the filing date of this annual report:

Name	Age	Position
Dov Ofer	70	Chairman of the Board of Directors
S. Scott Crump	71	Director
Aris Kekedjian	58	Director
John J. McEleney	62	Director
David Reis	64	Director
Yair Seroussi	69	Director
Adina Shorr	64	Director
Yoav Zeif	58	Chief Executive Officer and Director
Eitan Zamir	48	Chief Financial Officer

Dov Ofer has served as our Chairman of the Board since May 2020 and as a director since July 2017. While serving as a director (prior to his appointment as our Chairman), Mr. Ofer served on the oversight committee of the Board, which guided our executive management during an interim period prior to the appointment of our current, permanent chief executive officer. Mr. Ofer served as the Chief Executive

Officer of Lumenis Computerized Systems Ltd. From 2007 to 2013, Mr. Ofer served as Chief Executive Officer of Lumenis Ltd. (Nasdaq: LMNS), a medical laser device company. From 2005 to 2007, he served as Corporate Vice President and General Manager of HP Scitex (formerly a subsidiary of Scailex Corporation Ltd. (TASE: SCIX)), a producer of large format printing equipment. From 2002 to 2005, Mr. Ofer served as President and Chief Executive Officer of Scitex Vision Ltd. Prior to joining Scitex, Mr. Ofer held various managerial positions in the emerging Israeli high-tech sector and participated in different mergers and acquisitions within the industry. Currently, Mr. Ofer serves as chairman of Hanita Coatings RCA Ltd., chairman of Plastopil Hazorea Company Ltd. (TASE: PPIL), vice chairman of Scodix Ltd. and director of Kornit Digital Ltd. and Orbix Medical Ltd. He holds a B.A. in Economics from the Hebrew University in Israel as well as an M.B.A. from the University of California Berkeley in California.

S. Scott Crump has served as our director since November 2021. Mr. Crump previously served as our Chairman of the Executive Committee of the Board and our Chief Innovation Officer from February 2015 and February 2013, respectively, in each case until May 2020, at which time he was appointed our Chief External Affairs and Innovation Officer, which he served as through August 2020. Mr. Crump also served from June 2018 through March 2020 on the oversight committee of our Board that helped to support our interim chief executive officer in the management of our company during an interim period, and our current CEO, Mr. Yoav Zeif, during Mr. Zeif's initial period at our company. After leaving his position as a director on the Board in 2020, Mr. Crump served as a technology consultant to the Board. Mr. Crump previously served as Chairman of the Board of our company from the Stratasys, Inc.- Objet Ltd. merger until February 2015, as Chairman, Chief Executive Officer, President, Treasurer and a director of Stratasys, Inc. from its inception in 1988 until the Stratasys, Inc.- Objet Ltd. merger, and as Chief Financial Officer of Stratasys from February 1990 to May 1997. Mr. Crump was, with Lisa H. Crump, his wife, a co-founder of Stratasys, Inc., and he is the inventor of our FDM technology. Mr. Crump holds a B.S. in mechanical engineering from Washington State University.

Aris Kekedjian has served as our director since having been appointed by the Board in November 2023. Mr. Kekedjian served as Chairman and Chief Executive Officer of Trinity Biotech from October 2022 to December 2023. He served as President and Chief Executive Officer of Icahn Enterprises from April 2021 to January 2022. Prior to that, Mr. Kekedjian held various roles of increasing responsibility at General Electric and GE Capital from 1989 to 2019, including Head of Corporate Development and Chief Investment Officer of GE; Managing Director and Global Head, Business Development of GE Capital; and Managing Director, Global Corporate Development and CEO of GE Capital in the MEA region. During his tenure at GE and GE Capital, Mr. Kekedjian guided the company through multiple phases of growth and transformation, including through the 2008 financial crisis and a series of multibillion-dollar mergers that helped reposition disparate assets into leading businesses. In addition, he previously served as a director of Xerox Holdings Corporation and XPO Logistics. Mr. Kekedjian holds a Bachelor of Commerce degree in Finance and International Business from Concordia University in Montreal, Canada.

John J. McEleney has served as a director of our Company since the Stratasys, Inc.- Objet Ltd. merger, and, before that, as a director of Stratasys, Inc. from 2007 until the Stratasys, Inc.- Objet Ltd. merger. He is the co-founder of Onshape Inc., a venture backed start-up company focused on applying modern computing to the 3D product design market. Prior to Onshape he was the Chief Executive of Cloud Switch, which was acquired by Verizon. He served as a director of SolidWorks Corporation, a wholly owned subsidiary of Dassault Systemes S.A. (Nasdaq: DASTY), from June 2000 to May 2008, and also served as its Chief Executive Officer from 2001 until June 2007. Mr. McEleney joined SolidWorks in 1996, serving in several capacities, including Chief Operating Officer and Vice President, Americas Sales. Prior to joining SolidWorks, Mr. McEleney held several key management positions at CAD software pioneer Computervision and at defense contractor Raytheon. Mr. McEleney also serves as a

director of Newforma, a privately held software company. He holds a B.S. in Mechanical Engineering from the University of Rochester, an M.S. in Manufacturing Engineering from Boston University and an M.B.A. from Northeastern University.

David Reis has served as our director from June 2013 to the present time. For parts of that period, he served as our Vice Chairman of the Board, as an Executive Director and as a key member of the oversight committee of the Board, which guided our executive management during an interim period prior to the appointment of our current, permanent chief executive officer. Since 2017, Mr. Reis serves as Chairman at Enercon Technologies Ltd., Tuttnauer Ltd and Highcon Ltd. He also served as a Director of Objet from 2003 until the closing of the Stratasys-Objet merger. Mr. Reis served as the Stratasys Chief Executive Officer from March 2009 until June 30, 2016 (and, prior to the Stratasys-Objet merger, as Objet's CEO). Previously, he served as Chief Executive Officer and President of NUR Macroprinters Ltd. (NURMF.PK), a wide format printer manufacturer that was acquired by HP, from February 2006 to March 2008. Prior to joining NUR, Mr. Reis served as the Chief Executive Officer and President of ImageID, an automatic identification and data capture solution provider, and of Scitex Vision (Nasdaq & TASE: SCIX), a developer and manufacturer of wide-format printers. Mr. Reis holds a B.A. in Economics and Management from the Technion-Israel Institute of Technology and an M.B.A. from the University of Denver. Reis is also a graduate of the Harvard Business School Advanced Management Program.

Yair Seroussi has been a member of the board of directors of Stratasys since 2017 and is serving as the chairman of the audit committee. He is the chairman of Enlight renewable energy since 2018, listed on NSDAQ & TASE, and the chairman of ZIM integrated shipping services Ltd, NYSE, a global shipping operator. He is currently on the board of directors of Mediterranean towers Ltd. Mr. Seroussi was previously on the board of directors of DSP Group Inc. Mr. Seroussi brings immense experience to the board room, having served as Chairman of Bank Hapoalim, Israel's largest bank and of the Association of Banks in Israel. Mr. Seroussi served as head of Morgan Stanly Israel for 16 years. Before, He served in senior positions at the Israeli ministry of finance, was head of the office of ministry, stationed in the US, and was head of the commodities division, based in NY. In addition to his various professional roles, Mr. Seroussi serves in nonprofit organizations, He is the chairman of Tovanot B'Hinuch (a nonprofit organization helping Periphery schools to excel), sits on the board of governors at the Hebrew University, Weizman Institutes and the Shenkar College of Engineering, Design and Art, and he acts as chairman of the Eli Hurvitz institute of strategic management at the Tel Aviv University. Mr. Seroussi holds a B.A. in Economics and Political Science from the Hebrew University in Jerusalem.

Adina Shorr has served as our director since having been appointed by the Board in July 2018, and was re-elected by our shareholders at our 2018 annual general meeting of shareholders. Ms. Shorr has been the Chief Executive Officer of Scodix, a company that provides solutions to commercial printers, since September 2018. Prior to that time, she served as Chief Executive Officer and Chairman of the Board of Lucidlogix Technologies Ltd. from November 2013 to August 2018. Before that, Ms. Shorr had served as the Chief Executive Officer of CellGuide Ltd. (which was acquired by Lucidlogix) from October 2009 through October 2013. Ms. Shorr served as the Chief Executive Officer and President of Objet Ltd. (formerly known as Objet Geometries, Ltd.), one of the two predecessor companies to Stratasys Ltd., for a six-year period ending in March 2009, and also served as its President. She has extensive experience in leadership and management of technology, systems and solutions stemming from her over twenty-year career in the high-tech sector, both in the United States and Israel. She served as Corporate Vice President of Leaf Products at Creo Inc. from March 2000 to March 2003, where she initiated and led in 2000 the establishment of Leaf Products, a start-up for professional digital photography within Creo. Prior to that time, Ms. Shorr served for nine years at Scitex, four years of which she served as the President of the Scitex Input Division. Beginning in 1991, she worked in the United

States for IBM in a sales support capacity and for Unisys in Program Management and was responsible for the management of the business facets of the Unisys Network Computing Division. Ms. Shorr has served as a director of Advanced Vision Technology Ltd. since June 2014 and was a director of Objet Geometries Ltd. and then Stratasys Ltd. from May 2012 to June 2013. Ms. Shorr holds an MBA and a BA, both with honors, from Michigan State University in East Lansing, Michigan.

Yoav Zeif has served as our chief executive officer since February 18, 2020 and as a director since November 7, 2024. Prior to joining our company, from 2018 until February 2020, Mr. Zeif was a partner in the New York office of McKinsey & Company, a global strategic advisory firm that is based in New York. Before serving in that role, Mr. Zeif served as President of the Americas Division, Head of Product Offering and Chief Commercial Officer at Netafim, the world's largest micro-irrigation company, from 2013 to 2018. Prior to that, he served as Senior Vice President of Products and Marketing at Makhteshim (now Adama Ltd.), a global crop-protection company, where he managed the entire portfolio of products and all global commercial relationships. Yoav obtained an Executive MBA from the Kellogg School of Management at Northwestern University and a Ph.D. in International Economics from Bar-Ilan University.

Eitan Zamir has served as our Chief Financial Officer since February 2022. He joined Stratasys in 2019 and thereafter has overseen all external financial reporting, accounting, tax, treasury, and Sarbanes-Oxley compliance for the organization along with extensive involvement in capital raising and M&A activities. Prior to joining Stratasys, Mr. Zamir was a Partner at PricewaterhouseCoopers (PwC), based in Tel Aviv and New York. Mr. Zamir is a certified public accountant who earned his bachelor's degree, with honors, in accounting and economics from the Hebrew University in Jerusalem, and a Master of Science with an emphasis in financial management from Tel Aviv University.

Arrangements for Election of Directors and Members of Management; Family Relationships

There are no arrangements or understandings pursuant to which any of our directors or members of senior management were selected for their roles. There are also no family relationships among any directors or members of our senior management.

B. Compensation.

The following table presents all compensation that we paid, or accrued, during the year ended December 31, 2024 to all persons who served as a director or as a member of senior management of our company at any time during the year. The table includes amounts that we paid to reimburse any of these persons for costs incurred in providing us with services during that period.

	Salaries, Fees, Bonuses Commissions, and Related Benefits Paid or Accrued[1]	Pension, Retirement and Other Similar Benefits Accrued
All directors and members of senior management as a group[2]	$ 2,088,398 [3]	$ 155,093

Pursuant to the Companies Law, the fees payable to our directors and our chief executive officer require approval by (i) the compensation committee of our board, (ii) the board of directors and (iii) our shareholders (in that order). Please see "Compensation Policy and Committee" in Item 6.C ("Board Practices") below for further information regarding the requirements under the Companies Law in connection with the compensation of directors.

[1] Does not include the value attributable to stock option or restricted stock unit (RSU) grants. For a discussion of stock option and RSU grants to our directors and members of senior management, see below.

[2] Comprised of the current directors and senior management members listed in the table under "Directors and Senior Management" in Item 6.A above, as well as Michael Schoellhorn, who served as a director from the start of 2024 until our annual general meeting of shareholders on November 7, 2024.

[3] This compensation amount for the year ended December 31, 2024 excludes an aggregate of $0.5 million of bonuses that were paid in 2024 in respect of services that had been performed during the previous year.

Director Compensation

The following table sets forth the directors' fees, salary or other compensation (excluding value attributable to RSU grants and stock option grants, and excluding reimbursement for reasonable expenses incurred in connection with services) that are payable to each of our current directors, based on the most recent approval for non-employee director compensation provided by our shareholders at our November 2021 annual general meeting of shareholders:

Name of Director[4]	Annual Fee/Salary[5]	Annual Board Committee Retainer (and/or Chairman Retainer)
Dov Ofer	$200,000[6]	$—
S. Scott Crump	$60,000	$—
Aris Kekedjian	$60,000	$10,000[7]
John J. McEleney	$60,000	$30,000[8]
David Reis	$60,000	$10,000[9]
Yair Seroussi	$60,000	$20,000[10]
Adina Shorr	$60,000	$10,000[11]
Yoav Zeif	$—	$—[12]

Director/Officer Equity Compensation

Grants to independent/non-employee directors

At our 2021 annual general meeting of shareholders, our shareholders (in addition to approving the above-listed annual cash fee amounts) approved the following annual equity package for each of our independent and/or non-executive directors, which, as of the present time, includes all current members of the board:

Value of Grants: Annual grants of $140,000 value, consisting of 50% RSUs (with $70,000 value) and 50% options to purchase ordinary shares (with $70,000 value).

---

[4] Our former director, Michael Schoellhorn, who served as a director from the start of 2024 until our annual general meeting of shareholders on November 7, 2024, received a prorated portion (based on amount of time served) of an annual fee of $60,000 as our director in 2024.

[5] The amounts reflected in the "Annual Fee/Salary" column do not include additional annual retainer amounts payable to each director who serves (including as chairman) on a committee of our board of directors, which additional amounts are reflected in the "Annual Board Committee Retainer (and/or Chairman Retainer)" column.

[6] Mr. Ofer's compensation as our Chairman of the Board was approved by our shareholders at our 2020 annual general meeting of shareholders in November 2020.

[7] Constitutes the $10,000 annual retainer for serving on the audit committee.

[8] Constitutes of the $20,000 annual retainer for serving as chairman of the compensation committee, plus a $10,000 annual retainer for serving on the audit committee.

[9] Constitutes the $10,000 annual retainer for serving on the compensation committee.

[10] Constitutes the $20,000 annual retainer for serving as chairman of the audit committee.

[11] Constitutes the $10,000 annual retainer for serving on the compensation committee.

[12] Mr. Zeif serves as our Chief Executive Officer and does not receive any additional compensation in his capacity as a director. For the details concerning Mr. Zeif's compensation in 2024, please see "Summary Compensation Table" below in this Item 6.

Deemed Value of RSUs/options: The number of RSUs to be granted will be determined by dividing $70,000 by the fair market value of a single ordinary share, determined based on the average of the closing prices of an ordinary share on the trading days during the 30-day period following the annual general meeting at which the director is elected or re-elected. For the grant in 2024 only, our board of directors set a minimum value of $10.00 per share for purposes of determining the fair market value of a single ordinary share for the grant of RSUs to non-employee directors. The number of options to be granted will be determined by dividing $70,000 by the Black-Scholes value of an option to purchase one ordinary share, as of the date of the annual general meeting of shareholders at which the director is elected or re-elected.

Exercise Price (for options): Equal to the fair market value of our ordinary shares, determined based on the average of the closing prices of an ordinary share on the trading days during the 30-day period following the election or re-election of the director by our shareholders.

Vesting Schedule: Each of the RSUs and options vest equally on a monthly basis until the earlier of (i) the first anniversary of the grant date, or (ii) the end of the term of the applicable director at the next annual general meeting of shareholders after the grant date, at which such director's directorship may be extended or terminated (which we refer to as the Full Vesting Date), provided that all such RSUs and options shall be fully vested at the Full Vesting Date.

Other Terms: The other terms of the RSUs/ options to purchase ordinary shares granted annually to our non-employee directors shall be in accordance with our then- effective equity incentive plan (currently, our 2022 Share Incentive Plan (defined below)). For a description of the terms of our stock option and share incentive plans, see "Share Ownership - Stock Option and Share Incentive Plans" in Item 6.E below.

Office Holder Compensation

The table below outlines the compensation granted to our five most highly compensated senior office holders during or with respect to the year ended December 31, 2024, in the disclosure format of Regulation 21 of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. We refer to the five individuals for whom disclosure is provided herein as our "Covered Executives."

For purposes of the table and the summary below, and in accordance with the above-mentioned securities regulations, "compensation" includes base salary, bonuses, equity-based compensation, retirement or termination payments, benefits and perquisites such as car, phone and social benefits and any undertaking to provide such compensation.

Summary Compensation Table

Information Regarding the Covered Executive[13]

Name and Principal Position[14]	Base Salary	Variable Compensation[15]	Benefit and Perquisites [16]	Total Compensation, Excluding Equity-Based Compensation	Equity-Based Compensation[17]	Total
Yoav Zeif, CEO	$ 567,721	$ 351,987	$ 126,160	$ 1,045,868	$ 1,191,788	$ 2,237,656
Richard Garrity, Chief Business Unit Officer	$ 415,240	$ 159,493	$ 34,003	$ 608,736	$ 379,302	$ 988,037
Christian Alvarez, CRO[18]	$ 310,154	$ 240,003	$ 402,823	$ 952,981	$ (35,157)	$ 917,823
Eitan Zamir, CFO	$ 308,221	$ 93,125	$ 105,598	$ 506,944	$ 282,604	$ 789,548
Nava Kazaz, CPO	$ 283,861	$ 86,081	$ 83,678	$ 453,619	$ 325,553	$ 779,173

Members of our senior management are eligible for bonuses each year. The bonuses are payable upon meeting objectives and targets that are set annually by our Chief Executive Officer and approved by our compensation committee and our board of directors, in that order. These same corporate bodies also set the bonus targets for our Chief Executive Officer. In accordance with a December 2012 amendment to the Companies Law, we have adopted a compensation policy that governs the compensation of our directors and senior management and which has been approved (both initially, and then in updated form) by (i) the compensation committee of our board, (ii) the board of directors and (iii) our shareholders (most recently, at our November 2024 annual general meeting of shareholders) (in that order). Please see “Compensation Policy and Committee” in Item 6.C (“Board Practices”) below for further information.

---

[13] All amounts reported in the table are in terms of cost to the Company in U.S. dollars, as recorded in our financial statements.

[14] All current executive officers listed in the table are full-time employees or consultants of our company. Cash compensation amounts denominated in currencies other than the U.S. dollar were converted into U.S. dollars at the average conversion rate for 2024.

[15] Amounts reported in this column refer to commission, incentive and the maximum contractual bonus payments potentially payable for 2024.

[16] Amounts reported in this column include benefits and perquisites, including those mandated by applicable law. Such benefits and perquisites may include, to the extent applicable to the Covered Executive, payments, contributions and/or allocations for savings funds, pension, severance, vacation, house or house allowance, car or car allowance, medical insurances and benefits, risk insurances (e.g., life, disability, accident), convalescence pay, payments for social security, tax gross-up payments, sign-up and relocation bonus and other benefits and perquisites consistent with our guidelines.

[17] Amounts reported in this column represent the expense recorded in our financial statements for the year ended December 31, 2024 with respect to equity-based compensation. Equity-based compensation is determined based on the awards’ fair value on their grant date. Assumptions and key variables used in the calculation of such amounts are described in Note 12 to our audited consolidated financial statements, which are included in Item 18 of this annual report.

[18] Christian Alvarez served as our Chief Revenue Officer from the start of 2024 through August 8, 2024. The compensation appearing in this table reflects all compensation paid or accrued to him in respect of his service during 2024.

C. Board Practices.

Board of Directors

Under the Companies Law, the management of our business is vested in our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our board of directors serves as the primary corporate body responsible for risk management for our company, including cybersecurity risks, and periodically consults with the management of our company to obtain updates concerning, and internally discusses, the most material risks currently facing our company, and how those risks are being mitigated. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to the employment agreement that we have entered into with him. All other executive officers are also appointed by our board of directors, subject to the terms of any applicable employment agreements that we may enter into with them.

Under our amended articles, our board of directors must consist of at least seven and not more than 11 directors, including, to the extent applicable, at least two external directors required to be elected under the Companies Law.

In May 2016, we elected to be governed by an exemption under the Companies Law regulations that exempts us from appointing external directors and from complying with the Companies Law requirements related to the composition of the audit committee and compensation committee of our board of directors. Our eligibility for that exemption is conditioned upon: (i) the continued listing of our ordinary shares on the Nasdaq Stock Market (or one of a few select other non-Israeli stock exchanges); (ii) there not being a controlling shareholder (generally understood to be a 25% or greater shareholder) of our company under the Companies Law; and (iii) our compliance with the Nasdaq Listing Rules requirements as to the composition of (a) our board of directors-which requires that we maintain a majority of independent directors (as defined under the Nasdaq Listing Rules) on our board of directors and (b) the audit and compensation committees of our board of directors (which require that such committees consist solely of independent directors (at least three and two members, respectively), as described under the Nasdaq Listing Rules). At the time that it determined to exempt our company from the external director requirement, our board affirmatively determined that we meet the conditions for exemption from the external director requirement, including that a majority of the members of our board, along with each of the members of the audit and compensation committees of the board, are independent under the Nasdaq Listing Rules.

As a result of our election to be exempt from the external director requirement under the Companies Law, each of our directors is elected annually, at our annual general meeting of shareholders. The vote required for the election of each director is a majority of the voting power represented at the meeting and voting on the election proposal. Following our 2024 annual general meeting of shareholders that took place in November 2024, the current members of our board consist of the Chairman— Dov Ofer, S. Scott Crump, Aris Kekedjian, John J. McEleney (Chairman of the Compensation Committee), David Reis, Yair Seroussi (Chairman of the Audit Committee), Adina Shorr and Yoav Zeif (our Chief Executive Officer). For more information, please see “Election of Directors” in Item 10.B (“Memorandum and Articles of Association”) below.

Our board of directors may appoint directors to fill vacancies on the board, for a term of office equal to the remaining period of the term of office of the director(s) whose office(s) have been vacated.

In accordance with the exemption available to foreign private issuers under the Nasdaq Listing Rules, we do not follow the requirements of the Nasdaq rules with regard to the process of nominating directors.

Instead, we follow Israeli law and practice, in accordance with which our board of directors (based on the recommendation of the executive committee thereof) is authorized to recommend to our shareholders director nominees for election. Under the Companies Law and our amended articles, nominations for directors may also be made by any shareholder holding at least one percent (1%) of our outstanding voting power. However, any such shareholder may make such a nomination only if a written notice of such shareholder's intent to make such nomination (together with certain documentation required under the Companies Law) has been delivered to our registered Israeli office within seven days after we publish notice of our upcoming annual general meeting (or within 14 days after we publish a preliminary notification of an upcoming annual general meeting).

In addition to its role in making director nominations, under the Companies Law, our board of directors must determine the minimum number of directors who are required to have accounting and financial expertise. Under applicable regulations, a director with accounting and financial expertise is a director who, by reason of his or her education, professional experience and skill, has a high level of proficiency in and understanding of business accounting matters and financial statements. See "-External Directors" in this Item 6.C below. He or she must be able to thoroughly comprehend the financial statements of the company and initiate debate regarding the manner in which financial information is presented. In determining the number of directors required to have such expertise, our board of directors must consider, among other things, the type and size of our company and the scope and complexity of its operations. Our board of directors has determined that our company requires one director with such expertise.

External Directors

Under the Companies Law, the boards of directors of companies whose shares are publicly traded, including companies with shares traded in the United States, are generally required to include at least two members who qualify as external directors.

Our election to exempt our company from compliance with the external director requirement can be reversed at any time by our board of directors, in which case we would need to hold a shareholder meeting to once again appoint external directors, whose election would be for a three-year term. The election of each external director would require a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- the majority voted in favor of election includes a majority of the shares held by non-controlling shareholders who do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, which we refer to as a disinterested majority; or
- the total number of shares held by non-controlling, disinterested shareholders (as described in the previous bullet-point) voted against the election of the director does not exceed two percent (2%) of the aggregate voting rights in the company.

The term "controlling shareholder" is defined in the Companies Law as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager (i.e., its CEO).

For further information concerning the Companies Law provisions related to external directors, please see "Item 6. Directors, Senior Management and Employees-C. Board Practices-Board of Directors-External Directors" in our annual report on Form 20-F for the year ended December 31, 2015, which we filed with the SEC on March 21, 2016.

Board Committees

Audit Committee

Under the Companies Law, the board of directors of a public company must appoint an audit committee. The audit committee must consist of at least three directors. To the extent a company is required to appoint external directors, this committee must include all of the external directors, one of whom must serve as chairman of the committee. There are additional requirements as to the composition of the audit committee under the Companies Law. However, when we elected to exempt our company from the external director requirement, we concurrently elected to exempt our company from all of such requirements (which exemption is conditioned on our fulfillment of all Nasdaq Listing Requirements related to the composition of the audit committee).

The members of our audit committee consist of Aris Kekedjian, John McEleney and Yair Seroussi. Mr. Seroussi serves as chairman of the committee. Our board of directors has determined that each of Messrs. Kekedjian, McEleney and Seroussi meets the independence requirements set forth in the Listing Rules of the Nasdaq Stock Market and in Rule 10A-3 under the Exchange Act.

Our board of directors has determined that Mr. Seroussi qualifies as an audit committee financial expert, as defined under Item 16A of the SEC's Form 20-F, and has the requisite financial sophistication set forth in the Nasdaq rules and regulations.

Our board of directors has adopted an audit committee charter that sets forth the responsibilities of the audit committee consistent with the rules of the SEC and the Listing Rules of the Nasdaq Stock Market, as well as the requirements for such committee under the Companies Law, including the following responsibilities:

- oversight of our independent registered public accounting firm and recommending the engagement, compensation or termination of engagement of our independent registered public accounting firm to the board of directors in accordance with Israeli law;
- recommending the engagement or termination of the person filling the office of our internal auditor; and
- recommending the terms of audit and non-audit services provided by the independent registered public accounting firm for pre-approval by our board of directors.

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal control over financial reporting. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management.

Under the Companies Law, our audit committee is responsible for (i) determining whether there are deficiencies in the business management practices of our company, including in consultation with our internal auditor or the independent auditor, and making recommendations to the board of directors to improve such practices, (ii) determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary) (see "-Approval of related party transactions under Israeli Law" below in this Item 6.C), (iii) determining standards and policies for determining whether a transaction with a controlling shareholder or a transaction in which a controlling shareholder has a personal interest is deemed

insignificant or not and the approval requirements (including, potentially, the approval of the audit committee) for transactions that are not insignificant including the types of transactions that are not insignificant, (iv) where the board of directors approves the working plan of the internal auditor, to examine such working plan before its submission to the board and propose amendments thereto, (v) examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities, (vi) examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor and (vii) establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees. Our audit committee may not approve an action or a related party transaction, or take any other action required under the Companies Law, unless at the time of approval a majority of the committee's members are present, which majority consists of unaffiliated directors including at least one external director.

Compensation Committee and Compensation Policy

Following the adoption of a December 2012 amendment to the Companies Law, we appointed a compensation committee and established a policy regarding the terms of engagement of office holders, or a compensation policy. Such compensation policy was set by our board, after considering the recommendations of our newly-appointed compensation committee, and was approved by our shareholders in September 2013. In February 2015 and again in September 2018, November 2021 and November 2024, following approval by our compensation committee and board, our shareholders approved amended and restated versions of our compensation policy at an extraordinary general meeting of shareholders and at our 2018, 2021 and 2024 annual general meetings of shareholders (respectively).

The compensation policy serves as the basis for decisions concerning the financial terms of employment or engagement of our office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy also relates to certain factors, including advancement of our objectives, our business and our long-term strategy, and creation of appropriate incentives for executives. It also considers, among other things, our risk management, size and the nature of our operations. The compensation policy furthermore considers the following additional factors:

- the knowledge, skills, expertise and accomplishments of the relevant director or executive;
- the director's or executive's roles and responsibilities and prior compensation agreements with him or her;
- the relationship between the terms offered and the average compensation of the other employees of our company, including those (if any) employed through manpower companies;
- the impact of disparities in salary upon work relationships in our company;
- the possibility of reducing variable compensation at the discretion of the board of directors; and the possibility of setting a limit on the exercise value of non-cash variable compensation; and
- as to severance compensation, the period of service of the director or executive, the terms of his or her compensation during such service period, our company's performance during that period of service, the person's contribution towards our company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving our company.

The compensation policy also includes the following principles:

- the link between variable compensation and long-term performance and measurable criteria;

- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- the conditions under which a director or executive would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in our financial statements; and
- the minimum holding or vesting period for variable, equity-based compensation.

The compensation policy must also consider appropriate incentives from a long-term perspective and maximum limits for severance compensation.

Under the December 2012 amendment to the Companies Law, our compensation committee is responsible for recommending the compensation policy to our board of directors for its approval (and subsequent approval by our shareholders) and is charged with duties related to the compensation policy and to the compensation of our office holders as well as functions related to approval of the terms of engagement of office holders, including:

- recommending whether our compensation policy should continue in effect, if the then-current policy has a term of greater than three (3) years (approval of the continuation of an existing compensation policy for a company such as ours must in any case occur every three years);
- recommending to our board periodic updates to the compensation policy;
- assessing implementation of the compensation policy; and
- determining whether the compensation terms of the chief executive officer of our company need not be brought to approval of the shareholders (under special circumstances).

As to the composition of the compensation committee, under the Companies Law, if a company is required to appoint external directors, the committee must consist of at least three (3) members, including all of the external directors, one of whom must serve as chairman of the committee. There are additional requirements as to the composition of the audit committee under the Companies Law. However, when we elected to exempt our company from the external director requirement, we concurrently elected to exempt our company from all of such requirements (including the three-member minimum). Our exemption under the Companies Law is conditioned on our fulfillment of all Nasdaq listing requirements related to the composition of the compensation committee.

The compensation committee is subject to the same Companies Law restrictions as the audit committee as to who may not be present during committee deliberations (as described under "-Approval of Related Party Transactions Under Israeli Law-Fiduciary Duties of Directors and Executive Officers-Disclosure of Personal Interests of an Office Holder" below).

The Nasdaq Listing Rules also require that the compensation of the chief executive officer and all other executive officers of our company be determined, or be recommended to the board for determination, by a compensation committee consisting solely of independent directors (subject to a minimum of two committee members).

We initially appointed our compensation committee in mid-2013. The committee currently consists of John McEleney, David Reis and Adina Shorr. Mr. McEleney serves as chairman of the committee. Our board of directors has determined that each of Mr. McEleney, Mr. Reis and Ms. Shorr meets the independence requirements set forth in the Listing Rules of the Nasdaq Stock Market and in Rule 10C-1 under the Exchange Act.

Our board of directors has adopted a compensation committee charter that sets forth the responsibilities of the compensation committee consistent with the rules of the SEC and the Listing Rules of the Nasdaq Stock Market, as well as the requirements for such committee under the Companies Law, including the following responsibilities:

- review and approval of the compensation of our Chief Executive Officer and each of our other executive officers;
- approval of transactions involving office holders' compensation (including non-employee director compensation) pursuant to Sections 272, 273, and 275 of the Companies Law;
- review, revision and approval of our compensation policy, and review, approval and oversight of the implementation of our compensation policies, incentive-based compensation plans and equity-based compensation plans; and
- review and recommendation, to the entire board of directors, of our management succession planning.

Nominating Committee

Our board of directors does not currently have a nominating committee, as director nominations are made in accordance with the terms of our articles, as described in "- Board of Directors" above. We rely upon the exemption available to foreign private issuers under the Listing Rules of the Nasdaq Stock Market from the Nasdaq listing requirements related to independent director oversight of nominations to our board of directors and the adoption of a formal written charter or board resolution addressing the nominations process. Also see Item 16.G "Corporate Governance" below.

Internal Auditor

Under the Companies Law, the board of directors of an Israeli public company must appoint an internal auditor recommended by the audit committee and nominated by the board of directors. An internal auditor may not be:

- a person (or a relative of a person) who holds more than 5% of the company's outstanding shares or voting rights;
- a person (or a relative of a person) who has the power to appoint a director or the general manager of the company;
- an office holder (including a director) of the company (or a relative thereof); or
- a member of the company's independent accounting firm, or anyone on his or her behalf.

The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. Hila Barr-Hoisman, of Deloitte Israel & Co., has served as our internal auditor since May 2023.

Approval of Related Party Transactions Under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Companies Law codifies the fiduciary duties that office holders owe to a company. Each person listed in the table under Item 6.A "Directors and Senior Management" is an office holder under the Companies Law.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty requires that an office holder act in good faith and in the best interests of the company. The duty of care includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to these actions.

The duty of loyalty requires an office holder to act in good faith and for the benefit of the company, and includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the company;
- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Disclosure of Personal Interests of an Office Holder

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may have and all related material information known to him or her and any documents concerning any existing or proposed transaction with the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. A "personal interest" includes an interest of any person in an act or transaction of a company, including a personal interest of one's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest stemming from one's ownership of shares in the company. A personal interest furthermore includes the personal interest of a person for whom the office holder holds a voting proxy or the interest of the office holder with respect to his or her vote on behalf of the shareholder for whom he or she holds a proxy even if such shareholder itself has no personal interest in the approval of the matter. An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction. Under the Companies Law, an "extraordinary transaction" is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on a company's profitability, assets or liabilities.

If it is determined that an office holder has a personal interest in a transaction, approval by the board of directors is required for the transaction, unless the company's articles of association provide for a different method of approval. Further, so long as an office holder has disclosed his or her personal interest in a transaction, the board of directors may approve an action by the office holder that would otherwise be deemed a breach of duty of loyalty. However, a company may not approve a transaction or action that is adverse to the company's interest or that is not performed by the office holder in good faith. Approval first by the company's audit committee and subsequently by the board of directors is required for an extraordinary transaction with an office holder. Compensation of, or an undertaking to indemnify or insure, an office holder, requires approval by the compensation committee, the board of directors and, in certain cases (for directors, the chief executive officer, and any executive officer whose compensation terms do not conform to the then-existing compensation policy) the shareholders, in that order. Compensation of an individual office holder, including the chief executive officer (but excluding a director), that does not conform to the company's compensation policy may be adopted under special circumstances despite failure to obtain shareholder approval if, following the relevant shareholder vote, the compensation committee followed by the board once again approves the compensation, based on renewed and specific analysis of relevant factors.

Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors, the audit committee or compensation committee may not be present at such a meeting or vote on that matter unless a majority of the board, audit committee or compensation committee (as appropriate) has a personal interest in the matter, or unless the chairman of the board, audit committee or compensation committee (as appropriate) determines that he or she should be present in order to present the transaction that is subject to approval. If a majority of the members of the board, audit committee or compensation committee has a personal interest in the approval of a transaction, then all directors may participate in discussions of the board of directors, audit committee or compensation committee on such transaction and the voting on approval thereof, but shareholder approval is also required for such transaction.

Disclosure of Personal Interests of Controlling Shareholders

Pursuant to Israeli law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. In the context of a transaction involving a shareholder of the company, a controlling shareholder also includes any shareholder who holds 25% or more of the voting rights if no other shareholder holds more than 50% of the voting rights. Two or more shareholders with a personal interest in the approval of the same transaction are deemed to be a single shareholder and may be deemed a controlling shareholder for the purpose of approving such transaction. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, or a transaction with a controlling shareholder or his or her relative, directly or indirectly, require the approval of the audit committee, the board of directors and the shareholders of the company, in that order. In addition, the shareholder approval must fulfill one of the following requirements:

- a disinterested majority; or
- the votes of shareholders who have no personal interest in the transaction and who are present and voting, in person, by proxy or by voting deed at the meeting, and who vote against the transaction may not represent more than two percent (2%) of the voting rights of the company.

To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years, approval is required once every three years, unless the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto.

The engagement of a controlling shareholder as an office holder or employee requires the same approvals as are described immediately above, except that the approval of the compensation committee, rather than the audit committee, is required.

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at the general meeting of shareholders and at class shareholder meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- the approval of related party transactions and acts of office holders that require shareholder approval.
- In addition, a shareholder also has a general duty to refrain from discriminating against other shareholders.

In addition, certain shareholders have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that it has the power to determine the outcome of a shareholder vote or a shareholder class vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power towards the company. The Companies Law does not define the substance of this duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

Exculpation, Insurance and Indemnification of Directors and Officers

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is inserted in its articles of association. Our amended articles include such a provision. The company may not exculpate in advance a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Companies Law, a company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed by him or her as an office holder, either in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

- financial liability incurred by or imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the above mentioned foreseen events and amount or criteria;

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf, or by a third party, or in connection with criminal proceedings in which the office holder was acquitted, or as a result of a conviction for an offense that does not require proof of criminal intent.

Under the Companies Law, a company may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;
- a breach of duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder; and
- a financial liability imposed on the office holder in favor of a third party.

Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of fiduciary duty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by our compensation committee and our board of directors and, with respect to directors or controlling shareholders, their relatives and third parties in which such controlling shareholders have a personal interest, also by the shareholders. See "-Approval of Related Party Transactions Under Israeli Law-Fiduciary Duties of Directors and Executive Officers" above in this Item 6.C.

Our amended articles permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Companies Law.

We have obtained directors and officers liability, or D&O, insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Companies Law. Under our amended compensation policy (as approved by our shareholders at our 2021 annual general meeting), our D&O insurance is governed by the following guidelines:

i. an aggregate maximum D&O insurance coverage level of $160 million comprised of up to $100 million of ABC (general) D&O insurance coverage and up to $60 million of Side A coverage, and

ii. the payment of premiums and deductibles under each of the Company's D&O insurance policies (including D&O run-off and public offering insurance) that are consistent with market terms, and that are not material to our company.

In addition, we have entered into agreements with each of our office holders undertaking to indemnify them to the fullest extent permitted by Israeli law.

Directors' Service Contracts

We are not presently party to any service contracts with any of our directors that provide for benefits upon termination of employment or other service.

D. Employees

The number of our full-time equivalent employees, and the distribution of employees (i) geographically and (ii) within the divisions of our company, in each case as of December 31, 2024, 2023 and 2022 are set forth in the two tables below.

Region	2024	2023	2022
Americas*	832	926	1,098
Israel	479	537	531
Europe	335	371	302
Asia Pacific	133	146	131
Total	1,779	1,980	2,062

	Number of full-time equivalent employees		
Division	**2024**	**2023**	**2022**
Operations and support	576	607	620
Research and development	332	393	360
Customer service	256	281	241
Sales and marketing	313	353	495
General and administrative	302	346	346
Total	1,779	1,980	2,062

* Includes employees in Latin America.

During the years covered by the above tables, we did not employ a significant number of temporary employees.

The size of our workforce decreased in 2024 compared to 2023. The main reason for the decrease was the implementation of our strategic restructuring plan in the third and fourth quarters of 2024, which included a downsizing of our workforce by approximately 15% (when including elimination of open positions for planned hires). The decrease related to the restructuring was implemented across all regions and divisions. The workforce reduction with respect to our operations and customer service staff was less, however, than in respect of our Research and Development personnel, in order to minimize the impact of the restructuring on our ability to execute upon our strategy. Geographically, the distribution of our employees in 2024 among the various regions of our operations remained proportionate to what it had been in 2023, which derives from the absence of any major acquisitions or divestitures by our company in 2024 that would have altered that distribution.

The size of our workforce decreased slightly in 2023 compared to 2022. The main reason for the decrease was the divestiture of part of our SDM division. The number of our operations and support employees decreased as a result of that divestiture, whereas our research and development, and customer service staff increased slightly, mainly due to the acquisition of two companies. Geographically, the distribution of our employees in 2023 continued the trend of the previous two years in partly shifting from the Americas (due to the divestiture of part of SDM) towards Israel and Europe, which increased mainly due to our acquisitions and due to our hiring in the United Kingdom, Italy, and towards Asia Pacific, mainly due to our acquisition of Covestro and our hiring of software personnel in India.

While Stratasys and its subsidiaries are not a party to any company-specific collective bargaining agreements, in certain jurisdictions we are bound by general sectorial collective bargaining agreements. In Israel certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations (including the Industrialists' Associations) are applicable to our Israeli employees by order of the Israel Ministry of Labor. These provisions primarily concern the length of the workday, commuting expenses, convalescence pay, and pension fund benefits for all employees. We generally provide our employees with benefits and working conditions beyond the required minimums.

We have never experienced any employment-related work stoppages. We believe that our relationship with our employees is good.

The employees of our subsidiaries are subject to local labor laws and regulations that vary from country to country.

E. Share Ownership.

The following table lists, as of February 14, 2025, the number of our ordinary shares owned, and stock options and restricted share units (RSUs) held, by each of the directors and members of our senior management:

Shares of Stratasys[1]	Stratasys stock options and RSUs[2]
	Number held[3]

[1] All of our shares (including shares held by directors and members of senior management) have identical voting rights.

[2] For a description of our equity incentive plans, please see "Share Option and Share Incentive Plans" in this Item below. All options and RSUs granted under such plans have been granted without payment of any cash consideration therefore by the grantees thereof.

[3] In accordance with Rule 13d-3 under the Exchange Act, the number of shares and the percentages shown for individual directors and officers include any ordinary shares underlying stock options and RSUs held by any such person that vest within 60 days of February 14, 2025 and that are also reflected in the column titled "Stratasys stock options and RSUs-Number held - Already vested or vesting within 60 days." Further in keeping with such Rule 13d-3, the computation of percentage ownership is based upon 71,782,510 ordinary shares outstanding (which excludes 266,018 Treasury shares) at February 14, 2025, plus such number of ordinary shares as such person (but not any other person) had the right to receive upon the exercise or settlement of vested stock options or RSUs (as applicable) within 60 days thereof.

Name	Number of shares beneficially owned[4]	Percent of outstanding shares beneficially owned[5]	Already vested or vesting within 60 days	Not vesting within 60 days		Exercise price per Share (for options)	Expiration Date (for options)
Dov Ofer	152,455[6]	*	10,000	—		$23.41	July 18, 2027
Chairman of the Board			10,000	—		$21.82	September 13, 2028
			37,500	—		$22.28	April 10, 2028
			10,000	—		$20.53	December 31, 2029
			10,000	—		$19.61	November 30, 2030
			4,745	—		$25.03	November 23, 2031
			11,326	—		$6.18	December 26, 2032
			6,829	—		$10.25	August 8, 2033
			8,591	4,292		$9.32	November 7, 2034
			4,666	2,334	0	$—	November 7, 2034
S. Scott Crump	515,023[7]	*	100,000	—		$19.96	April 6, 2027
Director			4,745	—		$25.03	November 23, 2031
			7,370	—		$9.50	September 15, 2032
			6829	0		$10.25	August 8, 2033
			4,297	8,586		$9.32	November 7, 2034
			2,333	4,667		$—	November 7, 2034

[4] Intentionally omitted.

[5] Each stock option is exercisable for one ordinary share, and each RSU represents the right to receive one ordinary share.

[6] Consists of (i) 4,520 ordinary shares that have been issued to Mr. Ofer following the vesting and settlement of RSUs since January 1, 2024, (ii) 29,844 ordinary shares that were issued to Mr. Ofer following the vesting and settlement of RSUs prior to January 1, 2024, (iii) 1,750 additional ordinary shares underlying RSUs that will vest and may be settled within 60 days of February 14, 2025, (iv) 108,991 ordinary shares issuable to Mr. Ofer upon the exercise of options granted to him that have vested or will vest within 60 days of February 14, 2025, and (v) 7,350 ordinary shares purchased in an open market transaction.

[7] Consists of (i) 200,679 ordinary shares held by Mr. Crump, (ii) 176,294 ordinary shares owned of record by Mr. Crump's wife, (iii) 3,791 ordinary shares that have been issued to Mr. Crump following the vesting and settlement of RSUs since January 1, 2024, (iv) 9,267 ordinary shares that were issued to Mr. Crump following the vesting and settlement of RSUs prior to January 1, 2024, (v) 1,750 additional ordinary shares underlying RSUs that will vest and may be settled within 60 days of February 14, 2025, and (vi) 123,241 ordinary shares issuable to Mr. Crump upon the exercise of options granted to him that have vested or will vest within 60 days of February 14, 2025.

John J. McEleney	98,050[8]	*	10,000	—	$21.44	June 4, 2026
Director			10,000	—	$23.41	July 18, 2027
			10,000	—	$19.59	September 13, 2028
			10,000	—	$20.53	December 31, 2029
			10,000	—	$19.61	November 30, 2030
			4,745	—	$25.03	November 23, 2031
			7,370	—	$9.50	September 15, 2032
			6,829	—	$10.25	August 8, 2033
			4,297	8,586	$9.32	November 7, 2034
			2,333	4,667	$—	November 7, 2034
Aris Kekedjian	24,882[9]	*	12,179		$5.75	November 16, 2033
Director			4,297	8,586	$—	November 7, 2034
			2,333	4,667		November 7, 2034
David Reis	116,762[10]	*	37,500	—	$22.28	October 4, 2028
Director			10,000	—	$19.61	November 30, 2030
			4,745	—	$25.03	November 23, 2031
			11,326	—	$6.18	December 26, 2032
			6,829	—	$10.25	August 8, 2033
			9,664	3,219	$9.32	November 7, 2034
			5,250	1,750	$—	November 7, 2034

[8] Consists of (i) 3,208 ordinary shares that have been issued to Mr. McEleney following the vesting and settlement of RSUs since January 1, 2024, (ii) 9,268 ordinary shares that were issued to Mr. McEleney following the vesting and settlement of RSUs prior to January 1, 2024, (iii) 2,333 additional ordinary shares underlying RSUs that will vest and may be settled within 60 days of February 14, 2025,(iv) 73,241 ordinary shares issuable to Mr. McEleney upon the exercise of options granted to him that have vested or will vest within 60 days of February 14, 2025, and (v) 10,000 ordinary shares purchased in an open market transaction.

[9] Consists of (i) 4,632 ordinary shares that have been issued to Mr. Kekedjian following the vesting and settlement of RSUs since January 1, 2024, (ii) 2,024 ordinary shares that were issued to Mr. Kekedjian following the vesting and settlement of RSUs prior to January 1, 2024, (iii) 1,750 additional ordinary shares underlying RSUs that will vest and may be settled within 60 days of February 14, 2025, and (iv) 16,476 ordinary shares issuable to Mr. Kekedjian upon the exercise of options granted to him that have vested or will vest within 60 days of February 14, 2025.

[10] Consists of (i) 4703 ordinary shares that have been issued to Mr. Reis following the vesting and settlement of RSUs since January 1, 2024, (ii) 30,245 ordinary shares that were issued to Mr. Reis following the vesting and settlement of RSUs prior to January 1, 2024, (iv) 1,750 ordinary shares underlying RSUs that have vested and may be settled within 60 days of February 14, 2025, and (iv) 80,064 ordinary shares issuable to Mr. Reis upon the exercise of options granted to him that have vested or will vest within 60 days of February 14, 2025.

Yair Seroussi Director	89,105[11]	*	10,000	—	$23.41	July 18, 2027
			10,000	—	$21.82	September 13, 2028
			10,000	—	$20.53	December 31, 2029
			10,000	—	$19.61	November 30, 2030
			4,745	—	$25.03	November 23, 2031
			11,326	—	$6.18	December 26, 2032
			6,829	—	$10.25	August 8, 2033
			8,591	4,292	$9.32	November 7, 2034
			4,666	2,334	$—	November 7, 2034
Adina Shorr Director	118,067[12]	*	10,000	—	$22.47	October 13, 2028
			10,000	—	$20.53	December 31, 2029
			10,000	—	$19.61	November 30, 2030
			4,745	—	$25.03	November 23, 2031
			11,326	—	$6.18	December 26, 2032
			9,666	3,217	$9.32	November 7, 2034
			6,829	—	$10.25	August 8, 2033
			4,083	1,751	$—	November 7, 2034
Yoav Zeif Chief Executive Officer and Director	159,504[13]	*	—	150,000	$16.41	February 18, 2030
			—	150,000	$16.41	February 18, 2030
			24,948	8,316	$—	February 22, 2032
				9,167	$—	March 1, 2033
			18,333	18,334	$—	March 1, 2033
				9,167	$—	December 21, 2033
			11,457	25,210	$—	December 21, 2033

[11] Consists of (i) 4,520 ordinary shares that have been issued to Mr. Seroussi following the vesting and settlement of RSUs since January 1, 2024, (ii) 11,344 ordinary shares that were issued to Mr. Seroussi following the vesting and settlement of RSUs prior to January 1, 2024, (iii) 1,750 additional ordinary shares underlying RSUs that will vest and may be settled within 60 days of February 14, 2025, and (iv) 71,491 ordinary shares issuable to Mr. Seroussi upon the exercise of options granted to him that have vested or will vest within 60 days of February 14, 2025.

[12] Consists of (i) 33,470 ordinary shares held by Ms. Shorr, (ii) 3,755 ordinary shares that have been issued to Ms. Shorr following the vesting and settlement of RSUs since January 1, 2024, (iii) 10,943 ordinary shares that were issued to Ms. Shorr following the vesting and settlement of RSUs prior to January 1, 2024, (iv) 2,333 additional ordinary shares underlying RSUs that will vest and may be settled within 60 days of February 14, 2025, and (v) 62,566 ordinary shares issuable to Ms. Shorr upon the exercise of options granted to her that have vested or will vest within 60 days of February 14, 2025, and (vi) 5,000 ordinary shares purchased in an open market transaction.

[13] Consists of (i) 7,766 ordinary shares held by Mr. Zeif, (ii) 54,553 ordinary shares that have been issued to Mr. Zeif following the vesting and settlement of RSUs since January 1, 2024, (iii) 76,403 ordinary shares that were issued to Mr. Zeif, following the vesting and settlement of RSUs prior to January 1, 2024, (iv) 20,782 additional ordinary shares underlying RSUs that will vest and may be settled within 60 days of February 14, 2025 and (iii) 2,304 ordinary shares purchased by Mr. Zeif pursuant to our Employee Share Purchase Plan.

			36,667	$—	December 19, 2034
Eitan Zamir *Chief Financial Officer	*[14]	*			

* Constitutes less than 1% of our outstanding shares.

Share Option and Share Incentive Plans

On September 16, 2022, our existing 2012 Omnibus Equity Incentive Plan, or the 2012 Plan, which became effective at the effective time of the Stratasys, Inc.- Objet Ltd. merger in December 2012, expired. In order to enable our Company to continue to provide share-based long-term incentive compensation after the expiration of the 2012 Plan, our compensation committee and our Board each approved our 2022 Share Incentive Plan, or the 2022 Plan, which our shareholders approved at our annual general meeting held on September 15, 2022. Outstanding awards under the 2012 Plan will continue to be subject to the terms of the 2012 Plan, notwithstanding the expiration of that plan.

The following sets forth certain information with respect to our current stock option and share incentive plans. The following descriptions are only a summary of each plan and each is qualified in its entirety by reference to the full text of the respective plans, which serve as exhibits to this annual report.

Upon the expiration of each of our stock option and share incentive plans, no further grants may be made thereunder, although any existing awards will continue in full force in accordance with the terms under which they were granted.

2012 Omnibus Equity Incentive Plan

For a description of our 2012 Plan, please see “Item 6. Directors, Senior Management & Employees-E. Share Ownership- Stock Option and Share Incentive Plans- 2012 Omnibus Equity Incentive Plan” in our annual report on Form 20-F for the year ended December 31, 2021, which we filed with the SEC on February 24, 2022.

2022 Share Incentive Plan

Under the 2022 Plan, we may grant equity-based incentive awards to attract, motivate and retain the talent for which we compete. Following the adoption of the 2022 Plan, we will no longer grant any awards under the 2012 Plan, though previously granted awards under the 2012 Plan will remain outstanding and will still be governed by the terms of the 2012 Plan.

Authorized Shares. Upon its effectiveness, the 2022 Plan had a total of 1,574,000 ordinary shares reserved and initially available for issuance, consisting of 1,296,494 newly authorized shares and 277,506 shares that were rolled over from the 2012 Plan, which were already approved for issuance by our shareholders at previous annual general meetings (which shares were unused under the 2012 Plan as of its expiration on September 16, 2022). Out of that initial pool of shares, the number of ordinary shares that may be issued upon the exercise of incentive stock options (within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) (“Incentive Stock Options”) is capped at 1,574,000. Since the effectiveness of the 2022 Plan (through December 31, 2024), an additional 2,374,292 ordinary shares, in the aggregate, have been added by our board of directors to the pool of shares available for future issuances under the plan (in addition to shares that have rolled over or may roll over from the 2012 Plan (as described in the next paragraph).

[14] Because Mr. Zamir beneficially owns less than 1% of our outstanding ordinary shares and his beneficial ownership has not previously been disclosed to our shareholders or otherwise made public, it is being omitted from this annual report pursuant to an allowance provided by the SEC’s Form 20-F.

In addition to the foregoing 1,574,000 ordinary shares initially available under, and 2,374,292 aggregate additional ordinary shares (through December 31, 2024) added to, the pool of shares under the 2022 Plan, up to 5,432,789 ordinary shares (as of the effectiveness of the 2022 Plan) that underlay outstanding awards under the 2012 Plan (and which were also already approved for issuance under the 2012 Plan by our shareholders at previous annual general meetings), may, (i) if the related award expires or is canceled, terminated, forfeited, repurchased or settled in cash in lieu of issuance of shares, for any reason, without having been exercised, or (ii) if permitted by us, if are tendered to pay (x) the exercise price of an award or (y) withholding tax obligations, will, in any such case, become available for issuance under the 2022 Plan.

Similarly, ordinary shares from among the initial 1,574,000 shares reserved under the 2022 Plan that have become subject to an award and are ultimately not issued (for any of the foregoing reasons) will become available once again under the 2022 Plan.

In keeping with the recommendation of institutional shareholder and proxy advisory groups, the 2022 Plan does not contain an "evergreen" provision that provides for an automatic annual increase in the number of ordinary shares available under the plan.

Administration. A duly authorized committee of our Board (which, based on prior authorization by our Board, is our compensation committee), or, in the absence of any such committee, the Board itself, will administer the 2022 Plan. Under the 2022 Plan, the administrator has the authority, subject to applicable law, to interpret the terms of the 2022 Plan and any award agreements or awards granted thereunder, designate recipients of awards, determine and amend the terms of awards and take all actions and make all other determinations necessary for the administration of the 2022 Plan.

Eligibility. The 2022 Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Israeli Tax Ordinance (the "Ordinance") and Section 3(i) of the Ordinance, and, for awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Code and Section 409A of the Code.

Awards. The 2022 Plan provides for the grant of share options (including Incentive Stock Options and nonqualified stock options), ordinary shares, restricted shares, restricted share units and other share-based awards to employees, directors, officers, consultants, advisors and any other persons or entities who provides services to the company or any parent, subsidiary or affiliate thereof, subject to the terms and conditions of the 2022 Plan. Options granted under the 2022 Plan to our employees who are U.S. residents may qualify as Incentive Stock Options, or may be non-qualified stock options.

Grant and Exercise. All awards granted pursuant to the 2022 Plan will be evidenced by an award agreement in a form approved, from time to time, by the administrator in its sole discretion. Unless otherwise determined by the administrator and stated in the award agreement, and subject to the conditions of the 2022 Plan, awards vest and become exercisable under the following schedule: 25% of the shares covered by the award, on the first anniversary of the vesting commencement date determined by the administrator (and in the absence of such determination, the date on which such award was granted), and 6.25% of the shares covered by the award at the end of each subsequent three-month period thereafter over the course of the following three years; provided that the grantee remains continuously as an employee or provides services to the Company throughout such vesting dates. The exercise period of an award will be ten years from the date of grant of the award, unless otherwise determined by the administrator and stated in the award agreement.

Termination of Employment. In the event of termination of a grantee's employment or service with the Company or any of its affiliates (including by reason of death, disability or retirement), different rules apply as to the length of time during which all vested and exercisable awards held by such grantee as of

the date of termination may be exercised after such date of termination. In the case of termination due to death during employment or service for the Company or any of its affiliates, or within the three month period (or such longer period of time as determined by the Board, in its discretion) after the date of termination, any outstanding awards shall automatically vest (to the extent not yet vested).

Any awards which are unvested as of the date of such termination (other than in the case of death, as described above) or which are vested but not then exercised within the applicable period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the 2022 Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with us or any of our affiliates is terminated for "cause" (as defined in the 2022 Plan), all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such awards shall again be available for issuance under the 2022 Plan. In the case of termination for cause, any shares issued upon exercise or (if applicable) vesting of awards, shall be deemed to be irrevocably offered for sale to us.

Adjustments due to Transactions. The 2022 Plan provides for appropriate adjustments to be made to the plan and to outstanding awards under the plan in the event of a share split, reverse share split, share dividend, distribution, recapitalization, combination, reclassification of our shares, consolidation, reorganization, extraordinary cash dividend or other similar occurrences.

In the event of a sale of all, or substantially all, of our ordinary shares or assets, a merger, consolidation amalgamation or similar transaction, or certain changes in the composition of the board of directors, or liquidation or dissolution, or such other transaction or circumstances that the Board determines to be a relevant transaction, then without the consent of the grantee, the administrator may make any determination as to the treatment of outstanding awards.

Amendment and Termination. The Board may suspend, terminate, modify or amend the 2022 Plan at any time; provided that no termination or amendment of the 2022 Plan shall affect any then outstanding award unless expressly provided by the board. Shareholder approval of any amendment to the 2022 Plan will be obtained to the extent necessary to comply with applicable law. The administrator at any time and from time to time may modify or amend any award theretofore granted under the 2022 Plan, including any award agreement, whether retroactively or prospectively.

Limitation on Option/Other Award Repricing. Consistent with our prior undertaking under the 2012 Plan to refrain from repricing options under that plan (which we undertook prior to our 2018 annual general meeting of shareholders), the 2022 Plan, as well, generally does not allow us to reprice options that we grant under the plan. In keeping with the recommendation of institutional shareholder and proxy advisory groups, however, the 2022 Plan does allow us to cancel an existing award and replace it with another award (even with a lower exercise price) if the aggregate value of the new award (as determined under the Black-Scholes methodology or other valuation methodology chosen by the compensation committee) does not exceed that of the award being canceled, subject to the approval of our shareholders. That could be accomplished, for example, through the grant of a substitute award for a lesser number of shares with a lower exercise price. Similarly, the exercise price per share of an existing award may be reduced by the compensation committee by the amount of a dividend that we declare on our ordinary shares while the award is outstanding. That would enable a grantee to benefit from a dividend that we declare and that all of our shareholders receive.

Employee Share Purchase Plan

Our Employee Share Purchase Plan, or ESPP, was approved by our shareholders at our 2021 annual general meeting of shareholders. The purpose of the ESPP is to enable eligible employees of the Company and its subsidiaries to use payroll deductions to purchase our ordinary shares and thereby acquire an ownership interest in the Company. The ESPP will be comprised of two distinct components: (1) the component intended to qualify for favorable U.S. federal tax treatment under Section 423 of the U.S. Internal Revenue Code of 1986, as amended (the "Section 423 Component"), and (2) the component not intended to be tax qualified under Section 423 of the Internal Revenue Code to facilitate participation for employees who are not eligible to benefit from favorable U.S. federal tax treatment and, to the extent applicable, to provide flexibility to comply with non-U.S. law and other considerations (the "Non Section 423 Component").

The maximum aggregate number of ordinary shares that may be purchased initially under the ESPP will be 5,200,000 shares (the "ESPP Share Pool"), subject to adjustment as provided for in the ESPP. There is furthermore no "evergreen" provision our ESPP.

Administration. Unless otherwise determined by the Board, the ESPP will be administered by the compensation committee, which will have the authority to interpret and determine eligibility under the plan, prescribe forms, rules and procedures relating to the plan, and otherwise do all things necessary or appropriate to carry out the purposes of the plan.

Shares Subject to the ESPP. As noted above, the ESPP Share Pool initially consists of 5,200,000 ordinary shares, subject to adjustment, as described below. Shares delivered upon exercise of purchase rights under the ESPP may be either shares of authorized but unissued share capital, treasury shares, or ordinary shares acquired in an open-market transaction. In the event of certain changes in our outstanding ordinary shares, including changes by reason of a share dividend, share split, reverse share split, split-up, recapitalization, merger, consolidation, reorganization, or other capital change, the aggregate number and type of shares available for purchase under the ESPP, the number and type of shares granted or purchasable during an offering period, and the purchase price per share under an outstanding purchase right shall be equitably adjusted as determined appropriate by the compensation committee.

If any purchase right granted under the ESPP expires or terminates for any reason without having been exercised in full or ceases for any reason to be exercisable in whole or in part, the unpurchased ordinary shares will again be available for purchase pursuant to offerings under the ESPP.

Eligibility. Participation in the Section 423 Component may be limited in the terms of any offering to employees of the Company and any of its designated subsidiaries (a) who customarily work 20 hours or more per week, (b) whose customary employment is for more than five months per calendar year, and (c) who satisfy the procedural enrollment and other requirements set forth in the ESPP. Under the Section 423 Component, designated subsidiaries include any subsidiary (within the meaning of Section 424(f) of the Internal Revenue Code (sometimes referred to as the "Code") of the Company that has been designated by our Board or the compensation committee as eligible to participate in the plan (and if an entity does not so qualify within the meaning of Section 424(f) of the Code, it shall automatically be deemed to be a designated subsidiary in the Non-Section 423 Component). In addition, with respect to the Non-Section 423 Component, designated subsidiaries may include any corporate or non- corporate entity in which the Company has a direct or indirect equity interest or significant business relationship. Under the Section 423 Component, no employee may be granted a purchase right if, immediately after the purchase right is granted, the employee would own (or, under applicable statutory attribution rules, would be deemed to own) shares possessing 5% or more of the total combined voting power or value of all classes of shares of the Company or any of its subsidiaries. In addition, in order to facilitate participation in the ESPP, the compensation committee may provide for such special terms applicable to participants

who are citizens or residents of a non-U.S. jurisdiction, or who are employed by a designated subsidiary outside of the United States, as the compensation committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Further to that allowance, we have filed an application with the Israeli Tax Authority for favorable treatment under Section 102 of the Israeli Tax Ordinance for shares purchased under the ESPP by employees who are Israeli residents. Except as permitted by Section 423 of the Code, with respect to the Section 423 Component, such special terms may not be more favorable than the terms of rights granted under the Section 423 Component to eligible employees who are residents of the United States.

General Terms of Participation.

- *Offering Periods.* The ESPP allows eligible employees to purchase ordinary shares during certain offering periods, which may extend to up to 27 months. Our Board has approved an initial offering period of six months. Each offering period may be comprised of multiple purchase periods, all as may be determined by the compensation committee. The terms and conditions applicable to each offering period shall be set forth in an "Offering Document" adopted by the compensation committee, containing such terms and conditions as the compensation committee deems appropriate. The provisions of separate offerings or offering periods under the ESPP need not be identical.

- *Method of Participation.* Shares will be purchased under the ESPP on the last day of each purchase period, each a purchase date, using accumulated payroll deductions, unless the compensation committee provides otherwise with respect to the employees of a designated subsidiary in a manner consistent with Section 423 of the Code. In order to participate in the ESPP, an eligible employee must complete and submit to the administrator of the ESPP a payroll deduction and participant authorization form in accordance with procedures and prior to the deadlines prescribed by the administrator of the ESPP. Participation will be effective as of the first day of an offering period.

  Participants may elect payroll deductions of up to 15% of the participant's total eligible earnings per payroll period within an offering period. A participant may increase or decrease the percentage of compensation designated in his or her subscription agreement, or may suspend his or her payroll deductions, at any time during an offering period. However, the compensation committee may limit the number of changes a participant may make to his or her payroll deduction elections during each offering period (and in the absence of any specific designation by the compensation committee, a participant shall be allowed to decrease (but not increase) his or her payroll deduction elections one time during each offering period). A participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to exercise his or her rights under the ESPP at any time by giving written notice to the Company in such form and timing acceptable to the Company. Upon withdrawal, any amount withheld from a participant's compensation will be returned to the participant, without interest, as soon as administratively practicable.

- *Grant and Exercise of Purchase Rights.* On the first day of each offering period, each participant automatically will be granted a right to purchase ordinary shares on the last day of each purchase period, subject to the limitations set forth in the ESPP. On the last day of each purchase period, the payroll deductions accumulated by each participant during such purchase period will be applied automatically to the purchase of ordinary shares at the purchase price in effect for that purchase period. However, no participant may, on any purchase date, purchase more than such number of ordinary shares as the compensation committee may prescribe. In addition, no participant will be granted a purchase right under the Section 423 Component that would permit the participant's right to purchase ordinary shares to accrue at a rate that exceeds $25,000 in fair market value for each calendar year, determined in accordance with Section 423 of the Internal Revenue Code.

- *Purchase Price.* The purchase price per share of our ordinary shares applicable to purchases during each purchase period under the ESPP will be eighty-five percent (85%) (or such greater percentage as the compensation committee may designate) of the lower of (i) the fair market value per share of our ordinary shares on the first day of the offering period or (ii) the fair market value per share of our ordinary shares on the last date of the purchase period.

- *Termination of Purchase Rights.* Upon the termination of a participant's employment with the Company or a designated subsidiary, or in the event the participant otherwise ceases to qualify as an eligible employee, any purchase right then held by the participant will be canceled. Payroll deductions accumulated by the participant during the offering period in which such purchase right terminates will be returned to the participant (or his or her designated beneficiary or legal representative), without interest, as soon as practicable thereafter, and the participant will have no further rights under the ESPP.

- *Shareholder Rights.* No participant will have any shareholder rights with respect to the ordinary shares covered by his or her purchase right until the shares are actually purchased on the participant's behalf. No adjustment will be made for dividends, distributions or other rights for which the record date is prior to the date of such purchase.

- *Transferability.* Purchase rights granted to participants under the ESPP are not assignable or transferable, other than by will, or the applicable laws of descent and distribution, and may be exercised only by the participant during his or her lifetime.

- *Amendment and Termination of the ESPP.* Our Board has the right to amend the ESPP to any extent and in any manner it may deem advisable, provided approval of the Company's shareholders shall be required to amend the ESPP to increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the ESPP (other than a permitted adjustments with respect to changes in the Company's capitalization) or to change the corporations or classes of corporations whose employees may be granted rights under the ESPP.

  Our Board also has the right at any time to terminate the ESPP. In connection with such a termination or suspension, each participant's accumulated payroll deductions will be returned to the participant without interest, or the offering period may be shortened so that the purchase of shares occurs prior to the termination of the ESPP.

- *Sub-Plans.* The compensation committee may adopt sub-plans applicable to particular designated subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code. The rules of such sub-plans may take precedence over other provisions of the ESPP, other than with respect to the number of shares available for issuance under the ESPP, but unless otherwise superseded by the terms of such sub-plan, the provisions of the ESPP shall govern the operation of such sub-plan.
- *Effective Date and Term.* The ESPP became effective in November 2021, upon approval by our 2021 annual general meeting of shareholders. No purchase rights will be granted under the ESPP after the earliest to occur of the date on which all shares available for issuance under the ESPP have been issued or the termination of the ESPP by our company.
- *Corporate Transactions.* In the event of certain transactions or events such as a consolidation, merger or similar transaction, a sale or transfer of all or substantially all of the Company's assets, or a dissolution or liquidation of the Company, the compensation committee may, in its discretion, provide that each outstanding purchase right will be assumed or substituted for a right granted by the acquirer or successor corporation or by a parent or subsidiary of such entity, will be cashed out, will be cancelled with accumulated payroll deductions returned to each participant, or that the offering period will end before the date of the proposed sale, merger or similar transaction.
- *New Plan Benefits.* Benefits and purchases of ordinary shares under the ESPP depend on elections made by employees and the fair market value of our ordinary shares on dates in the future. As a result, it is not possible to determine the benefits that will be received by executive officers and other employees in the future under the ESPP. As described above, no employee may purchase shares under the Section 423 Component at a rate that exceeds $25,000 in fair market value in any calendar year.

The following table presents certain share data information for the above-described share incentive and employee share purchase plans as at December 31, 2024:

Plan	Total Ordinary Shares Reserved for Grant/Purchase	Aggregate Number of Awards Granted/Purchased out of Reserved, Net of Cancellations	Shares Available for Future Grants/Purchases	Aggregate Number of Awards/Shares Outstanding	Weighted Average Exercise Price of Outstanding Options
2012 Plan	10,000,000	8,094,126	1,905,874	1,563,472	$ 20.70
2022 Plan	3,670,786	4,659,181	(988,395)	3,566,687	$ 11.90
Employee Share Purchase Plan	5,200,000	1,574,022	3,625,978	318,482	

F. Disclosure of a registrant's action to recover erroneously awarded compensation.

We did not have any accounting restatement during the fiscal year ended December 31, 2024, whether requiring or not requiring the recovery of erroneously awarded compensation under our Clawback Policy. There was furthermore no outstanding balance as of December 31, 2024 of erroneously awarded compensation to be recovered from the application of our Clawback Policy to any prior restatement. Our Clawback Policy is filed as Exhibit 97.1 to this Annual Report.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.

A. Major Shareholders

Ownership by Major Shareholders

The following table presents the beneficial ownership of our ordinary shares by each person who is known by us to be the beneficial owner of 5% or more of our outstanding ordinary shares (to whom we refer as our major shareholders), based on the most recent beneficial ownership reports filed with the SEC by such persons on or before February 14, 2025. The data presented is based on information provided to us, or disclosed in public filings with the SEC, by the major shareholders.

Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares for which a person exercises sole or shared voting or investment power, or for which a person has or shares the right to receive the economic benefit of ownership of the shares. To the extent applicable, the table below also includes as beneficially owned by any major shareholder shares underlying options, warrants or other convertible securities that are exercisable or convertible within 60 days after February 14, 2025. Shares issuable upon the exercise or conversion of such convertible securities are deemed to be outstanding for the purpose of computing the ownership percentage of the person, entity or group holding such securities, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person, entity or group. The ownership percentages reflected below are based on 71,782,510 ordinary shares outstanding (which excludes 266,018 Treasury shares) as of February 14, 2025.

Except where otherwise indicated, and except pursuant to community property laws, we believe, based on information furnished by such owners, that the beneficial owners of the shares listed below have sole investment and voting power with respect to, and the sole right to receive the economic benefit of ownership of, such shares. The shareholders listed below do not have any different voting rights from any of our other shareholders. We know of no arrangements that would, at a subsequent date, result in a change of control of our company.

Beneficial Owner	Ordinary Shares	Percentage Ownership
Nano Dimension Ltd.	9,695,115[1]	13.5%
Rubric Capital Management LP	6,191,000[2]	8.6%
Neuberger Berman Group LLC	4,483,493[3]	6.2%
Phoenix Financial Ltd.	3,601,006[4]	5.0%

Changes in Percentage Ownership by Major Shareholders

Nano Dimension Ltd. ("Nano") filed its initial statement of beneficial ownership on Schedule 13G on July 18, 2022, disclosing an ownership of 8,049,186 ordinary shares, making it one of our major shareholders. Its holdings of our ordinary shares increased during 2023. As of its last amended filing on Schedule 13D, filed on December 26, 2023, Nano owned 9,695,115 ordinary shares, constituting approximately 13.9% of our ordinary shares, making it the largest shareholder of the Company. Nano has not reported any changes in its beneficial ownership since that time, but its percentage ownership has dropped to 13.5% as of the end of 2024.

---

[1] Represents shares beneficially owned as of December 23, 2023, as indicated in Amendment No. 12 to the statement of beneficial ownership on Schedule 13D filed by Nano Dimension Ltd. with the SEC on December 26, 2023. As indicated in that statement, Nano Dimension Ltd. possesses sole voting and investment power with respect to 9,695,015 of those ordinary shares beneficially owned by it.

[2] Represents shares beneficially owned as of December 31, 2024, as indicated in to a report of institutional investment manager on Form 13F filed by Rubric Capital Management LP ("Rubric Capital") with the SEC on February 14, 2025. As indicated in that report and in reports of beneficial ownership on Schedule 13G that it has filed, Rubric Capital possesses shared investment discretion and shared voting authority with David Rosen with respect to all such ordinary shares. Rubric Capital serves as investment adviser to certain investment funds and/or accounts that hold the subject ordinary shares, while David Rosen serves as Managing Member of Rubric Capital Management GP LLC, the general partner of Rubric Capital.

[3] Represents shares beneficially owned as of December 31, 2024, as indicated in a report of institutional investment manager on Form 13F filed by Neuberger Berman Group LLC ("Neuberger Berman") with the SEC on February 13, 2025. As indicated in that report, Neuberger Berman possesses: sole investment discretion and sole voting authority with respect to 152,365 ordinary shares; shared investment discretion with respect to 4,331,128 ordinary shares, of which 3,538,499 are subject to its voting authority and 792,629 are not subject to its voting authority.

[4] Represents shares beneficially owned as of December 31, 2024, as indicated in a report of institutional investment manager on Form 13F filed by Phoenix Financial Ltd. with the SEC on February 13, 2025. As indicated in that reportand in reports of beneficial ownership on Schedule 13G that it has filed, Phoenix Financial Ltd possesses shared investment discretion and shared voting authority with respect to all such 3,601,006 ordinary shares. Various direct or indirect, majority or wholly-owned subsidiaries of Phoenix Financial Ltd., including The Phoenix Investments House Ltd., beneficially own the subject ordinary shares. Those subsidiaries manage their own funds and/or the funds of others, including for holders of exchange-traded notes or various insurance policies, members of pension or provident funds, unit holders of mutual funds, and portfolio management clients. Each of the subsidiaries operates under independent management and makes its own independent voting and investment decisions.

As of the end of 2022, a new significant shareholder, Phoenix Financial Ltd. (formerly Phoenix Holdings Ltd.), reported that together with its subsidiaries, it had acquired a 5.9% ownership stake in the Company. During 2023 and 2024, its percentage ownership of our ordinary shares decreased to 5.2% and 5.0%, respectively.

During 2022, the percentage ownership of our ordinary shares by our former largest shareholder, ARK Investment Management LLC ("ARK"), decreased from 11.7% to 2.6%, whereby ARK was no longer a major shareholder.

During 2022, the percentage ownership of our ordinary shares by PRIMECAP Management Company, one of our former major shareholders, decreased from 5.8% to 4.8%, whereby it was no longer a major shareholder.

In 2022, the percentage ownership of our ordinary shares by Sumitomo Mitsui Trust Holdings, Inc., another one of our former major shareholders, decreased from 6.9% to 2.5%, whereby it was no longer a major shareholder.

During 2023, and 2024, several new major shareholders acquired ownership of over 5% of our ordinary shares, including Rubric Capital Management, Neuberger Berman Group LLC, The Goldman Sachs Group, Inc., and Farhad Fred Ebrahimi and Mary Wilkie Ebrahimi.

During 2024, the percentage ownership of our ordinary shares by Rubric Capital Management increased from 6.1% to 8.6%.

During 2024, the percentage ownership of our ordinary shares by Neuberger Berman Group LLC increased from 5.6% to 6.2% and

During 2024, the percentage ownership of our ordinary shares by The Goldman Sachs Group, Inc. decreased to below 5.0% and it thereby ceased to be a major shareholder of ours.

In 2024, Farhad Fred Ebrahimi and Mary Wilkie Ebrahimi sold ordinary shares in the open market and reduced their holdings to 4.98%, thereby ceasing to be a major shareholder of ours.

Record Holders

Based upon a review of the information provided to us by our transfer agent, as of February 14, 2025, there were 75 holders of record of our shares, of which 51 record holders holding approximately 99.99% of our outstanding ordinary shares, had registered addresses in the United States. These numbers are not representative of the number of beneficial holders of our shares nor is it representative of where such beneficial holders reside, since many of these shares were held of record by brokers or other nominees. As of the said date, CEDE & Co, the nominee company of the Depository Trust Company (with a registered address in the United States), held of record approximately 99.3% of our outstanding ordinary shares on behalf of hundreds of firms of brokers and banks in the United States, who in turn held such shares on behalf of several thousand clients and customers.

Potential Change in Control Transactions

As of the date of this annual report, we are not aware of any arrangements the operation of which may at a subsequent date result in a change in control of our company.

During 2023, we had been involved in, and were the subject of, various business combination transactions that would have been potentially transformative to the additive manufacturing industry and could have resulted in a change of control of our company (see "Item 7. Major Shareholders and Related Party Transactions—A. Major shareholders-- Potential Change in Control Transactions" in our annual report for the year ended December 31, 2023 for a description of those potential transactions). However, none of such transactions was completed (for various reasons), and we then initiated a whole-scale, comprehensive analysis of our strategic options during the fourth quarter of 2023. That strategic analysis was carried out until our announcement of our financial results for the second quarter of 2024 in late August 2024, and resulted in our adoption of a strategic restructuring plan which is intended to strengthen our company as a stand-alone entity. Our restructuring plan is described under "Item 5. Operating and Financial Review and Prospects— A. Operating Results— Recent Developments—Strategic Restructuring Plan" above.

B. Related Party Transactions.

Except as described below or elsewhere in this annual report, since January 1, 2024, we have had no transaction or loan, nor do we have any presently proposed transaction or loan, involving any related party described in Item 7.B of Form 20-F promulgated by the SEC.

Indemnification Agreements

Our amended articles permit us to exculpate, indemnify and insure each of our directors and office holders to the fullest extent permitted by the Companies Law. Effective upon the effective time of the Stratasys, Inc.- Objet Ltd. merger, we entered into indemnification agreements with each of our then-current directors and other office holders, under which we undertook to indemnify them to the fullest extent permitted by Israeli law, including with respect to liabilities resulting from the merger to the extent that these liabilities are not covered by insurance. We have entered into similar indemnification agreements with all directors and other office holders who have served as such since the Stratasys, Inc.- Objet Ltd. merger. We also put into place Directors and Officers liability insurance for each of our directors and other office holders upon the effectiveness of the Stratasys, Inc.-Objet Ltd. merger, and have renewed that policy as necessary to maintain continuous coverage since the merger.

Employment and Consulting Agreements with Directors and Executive Officers

Employment agreement with our Chief Executive Officer

In conjunction with his appointment as our chief executive officer, or CEO, Yoav Zeif is party to an employment agreement with us, effective as of February 18, 2020. Under the agreement, Mr. Zeif serves as our full-time CEO for an indefinite period (subject to the termination provisions referenced further below) and receives, in respect thereof, a monthly salary of NIS 175,000 (approximately $47,300, based on the current NIS-dollar exchange ratio). Mr. Zeif may be entitled to an annual cash bonus within a range of 50% to 150% of his annual base salary, as to be determined by our board of directors (following requisite approval from the compensation committee thereof) based on achievement of company-related goals (and subject to the achievement of threshold level goals for the receipt of a minimum bonus).

In addition to cash compensation, Mr. Zeif receives annual grants of RSUs. For his initial year of employment, he received RSUs that were equal in value to $800,000 (subject to a cap of 55,000 RSUs). In subsequent years, Mr. Zeif is entitled to grants of RSUs equal in value to $1.2 million or $800,000,

depending on whether the average closing Stratasys share price for the 30-day period prior to the grant date is $20 or above, or below $20, respectively, and in the latter case, the number of RSUs to be granted to Mr. Zeif will be capped at 55,000. The RSUs that are granted for any such year (whether initial or subsequent) is subject to a four-year vesting schedule (commencing on the one-year anniversary of the relevant grant date, followed by 12 equal quarterly vesting periods thereafter). The vesting of the remaining one- third of the RSUs granted in any such year is conditioned on the satisfaction of performance-based metrics that will be determined by our board of directors and that will cover not more than four calendar years.The time-based vesting RSUs granted annually that are not yet vested will be subject to accelerated vesting in the event that Mr. Zeif's employment is terminated or he resigns for good reason in connection with, or within 12 months following, a change of control transaction (which includes a change in a majority of our then-incumbent board members, unless that change is approved by a majority of the then-incumbent board members).

Besides annual equity compensation, Mr. Zeif received, within the first 14 days of his employment, a one-time, special upside grant of options to purchase 300,000 ordinary shares, with an exercise price that will equal the average of the Stratasys closing share price for the 30 days following his commencement of employment. These special upside options will vest and become exercisable in two groups of 150,000 options each, in accordance with the schedule described in the following sentence, if the average closing Stratasys share price reaches two respective levels— $10 or $20 above the 30-day average closing price prior to his commencement of employment— for a consecutive six-month period following the commencement of his employment. If and when the relevant closing price level is met for the requisite consecutive six-month period, the relevant 150,000 options will vest in equal installments of 18,750 each over the next eight consecutive quarters, assuming continued employment. Any options granted pursuant to the special upside grant that are not yet vested will be subject to accelerated vesting in the event that Mr. Zeif's employment is terminated or he resigns for good reason in connection with, or within 12 months following, a change of control transaction (including a change in a majority of our then-incumbent board members, unless that change is approved by a majority of the then-incumbent board members) for which the value of our company (or our assets, if applicable) reflected in the transaction as of its closing date exceeds the respective price level that initially triggers vesting.

Under the employment agreement, Mr. Zeif is entitled to customary additional benefits, including a pension arrangement, disability insurance and severance pay contributions by us, study fund contributions by us, use of a car, annual vacation, sick leave and reimbursement for business-related, reasonably-necessary travel, lodging and related expenses. In the event of termination of Mr. Zeif's employment by our company (other than for cause, or due to Mr. Zeif's violation of his below-described undertakings) or by Mr. Zeif for good reason, Mr. Zeif will be entitled to an "adjustment" payment equal to six months' base salary, in addition to a three-month (in the first year of employment) or six-month (at any time thereafter) notice period (other than in a case of termination for cause, when that notice is not required).

In connection with his execution of the employment agreement, Mr. Zeif agreed to certain customary undertakings in favor of our company that cover confidentiality, non-competition, non-solicitation and assignment of inventions.

In order to induce Mr. Zeif to accept our employment offer and in connection with his relocation from the United States to the our principal executive offices in Israel related to his hiring, we paid him a signing/relocation bonus of $300,000, of which $100,000 was to be repayable if his employment was to be terminated by us for cause or if he were to resign other than for good reason during his first 12 months of employment (which did not occur).

Employment agreement with our Chief Financial Officer

In conjunction with his appointment as our chief financial officer, or CFO, effective as of March 1, 2022, Eitan Zamir is party to an employment agreement with us. Under the agreement, Mr. Zamir serves as our full-time CFO for an indefinite period (subject to the termination provisions under the agreement). The agreement provides for notice periods of varying duration for termination of the agreement by us or by Mr. Zamir, during which time he will continue to receive base salary and benefits (except for the accrual of vacation days). The agreement also contain customary provisions regarding non-competition, confidentiality of information and assignment of inventions. However, the enforceability of the non-competition provisions may be limited under applicable law.

Based on the approval of our compensation committee and board of directors in 2023, Mr. Zamir is entitled to certain severance benefits in the event he is terminated without cause, or he resigns for good reason, due to a potential change of control, or within 12 months (for purposes of unvested equity acceleration and leased car payments) or 24 months (for all other cash severance benefits) following an actual change in control, of our company. For purposes of his severance benefits, a change of control includes, among other things: (i) the then-current directors ceasing to constitute a majority of the board where the new directors are not approved by a majority of the then-current board; and (ii) a merger as a result of which pre-merger shareholders of our company own less than 55% of the combined company (that threshold is reduced to 50% if our CEO immediately prior to the merger is the CEO of the combined company immediately after the merger). In such a termination or resignation scenario, Mr. Zamir's severance benefits would consist of:

- a noncompete payment equal to 12 months of base salary;
- release of all amounts accumulated in pension, manager's insurance, and/or provident fund;
- prorated annual bonus (assuming criteria achieved at 120%) for year of termination and full annual bonus for prior completed year (assuming criteria achieved at 100%) if not yet paid;
- payment equal to 12 times his monthly leased car allowance; and
- full accelerated vesting of all unvested equity awards (including performance RSUs, which would convert to ordinary RSUs based on the assumption of achievement of performance goals at a level equal to the greater of (i) 100% or (ii) the actual performance level, subject to the occurrence of an actual change in control).

Consistent with our current compensation policy, Mr. Zamir's benefits due to a change in control would be capped, with respect to the aggregate value of the unvested equity acceleration (measured based on grant date value) and the leased car payment, to the sum of (i) $1 million, plus (ii) his full compensation for six months of employment.

C. Interests of Experts and Counsel.

Not required.

ITEM 8. FINANCIAL INFORMATION.

A. Consolidated Statements and Other Financial Information.

The consolidated financial statements and other financial information for our company required by the SEC are included in this annual report beginning on page F-1.

Export Sales

The following table presents total export sales by Stratasys, Ltd for each of the fiscal years indicated (in thousands):

	2024	2023	2022
Total Export Sales*	$230,573	$228,941	$226,767
as a percentage of Total Sales	40.3%	36.5%	34.8%

* Export sales, as presented, are defined as sales to customers located outside of North America and Israel (where our dual headquarters are located).

Legal Proceedings

We are a party to various legal proceedings incident to our business. Based upon the status of such cases, as determined with the advice of counsel, we have recorded provisions in our financial statements for amounts (if any) judged to be both quantifiable and probable to be paid. Except for those matters described below, there are no legal proceedings pending or threatened against us that we believe may have a significant effect on our financial condition, profitability and cash flows.

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

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

On June 8, 2023, in our statement of defense, we rejected all of Nano's claims, stating, among other things, that there was a substantial change of circumstance since Nano's action was filed due to Stratasys' entry into the merger agreement with Desktop Metal on May 25, 2023 and the launch of Nano's tender offer on May 25, 2023. We argued that our 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, our board was obligated to get involved and protect us and our shareholders. We also submitted a counterclaim to the court, seeking an order restraining Nano from completing its tender offer until certain conditions were to be fulfilled.

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

After Nano's tender offer expired on July 31, 2023, the court decided that the litigation should be put on hold. On October 10, 2023, the court issued an order instructing the parties to inform the court whether they consented to the dismissal of the claim and counter-claim, with no order for costs. On November 15, 2023, Nano informed the court that it requested to resume the proceedings. On December 19, 2023, the court issued an order noting that, from the parties' written submissions, it was appropriate to isolate one question that requires determination: whether, under Israeli law, a company can adopt a 'poison pill'. 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 would be allowed and that should Nano choose to proceed with the current action, the only question to be considered by the court was 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 or cost.

Dividend Policy

We have never paid cash dividends on our ordinary shares and do not anticipate that we will pay any cash dividends on our ordinary shares in the foreseeable future.

We intend to retain our earnings to finance the development of our business. Any future dividend policy will be determined by our board of directors based upon conditions then existing, including our earnings, financial condition, tax position and capital requirements, as well as such economic and other conditions as our board of directors may deem relevant. Pursuant to our articles of association, dividends may be declared by our board of directors. Dividends must be paid out of our profits and other surplus funds, as defined in the Companies Law, as of the end of the most recent year or as accrued over a period of the most recent two years, whichever amount is greater, provided that there is no reasonable concern that payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due. In addition, because we have received certain benefits under Israeli law relating to Approved Enterprises and Beneficiary Enterprises, our payment of dividends (out of tax- exempt income) may subject us to certain Israeli taxes to which we would not otherwise be subject. Please see the risk factors captioned "We do not anticipate paying any cash dividends in the foreseeable future. Therefore, if our share price does not appreciate, our shareholders may not recognize a return, and could potentially suffer a loss, on their investment in our ordinary shares," and "Even if we decide to pay dividends on our ordinary shares, we may be restricted from doing so or payment of such dividends may have adverse consequences for our company" in Item 3.D "Risk Factors-Risks related to an investment in our ordinary shares" above.

For a discussion of the applicable rates of withholding tax on dividends paid out of income derived from an Approved Enterprise or a Beneficiary Enterprise, see "Israeli Tax Considerations and Government Programs - The Law for the Encouragement of Capital Investments" in Item 4.B above.

B. Significant Changes.

Other than as otherwise described in this annual report, no significant change has occurred in our operations since the date of our consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING.

A. Listing Details and C. Market.

Since December 3, 2012 (the first trading day after the effective time of the Stratasys, Inc.- Objet Ltd. merger), our ordinary shares have traded (and, prior to that time, Stratasys, Inc. common stock was traded) on the Nasdaq Global Select Market under the trading symbol "SSYS."

Our ordinary shares, par value NIS 0.01 per share, are registered on the books of our transfer agent, Continental Stock Transfer & Trust Company. There are no transfer restrictions apart from the requirement that any transfers comply with applicable securities laws and the rules of the Nasdaq Stock Market or any other securities exchange on which our ordinary shares may be listed in the future.

ITEM 10. ADDITIONAL INFORMATION.

A. Share Capital.

Not applicable

B. Articles of Association.

The information called for by this Item 10.B of Form 20-F has been provided in Exhibit 2.2 to this annual report. The content of Exhibit 2.2 is incorporated by reference herein.

C. Material Contracts.

We have not entered into any material contract within the two years prior to the date of this annual report, other than contracts entered into in the ordinary course of business, or as otherwise described herein in Item 4.A-"History and Development of the Company", Item 4.B-"Business Overview", Item 5.B-"Operating and Financial Review and Prospects-Liquidity and Capital Resources", Item 6.C-"Board Practices-Director Service Contracts" and Item 7.B-"Related Party Transactions", which descriptions are incorporated by reference in this Item 10.C.

D. Exchange Controls.

There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our ordinary shares or the proceeds from the sale of ordinary shares, except for the obligation of Israeli residents to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The ownership or voting of our ordinary shares by non-residents of Israel, except with respect to citizens of countries that are in a state of war with Israel, is not restricted in any way by our memorandum of association or amended articles or by the laws of the State of Israel.

E. Taxation.

The following is a short summary of certain provisions of the tax environment to which shareholders may be subject. This summary is based on the current provisions of tax law. To the extent that the discussion is based on new tax legislation that has not been subject to judicial or administrative interpretation, we cannot assure you that the views expressed in the discussion will be accepted by the appropriate tax authorities or the courts.

The summary does not address all of the tax consequences that may be relevant to all purchasers of our ordinary shares in light of each purchaser's particular circumstances and specific tax treatment. For example, the summary below does not address the tax treatment of residents of Israel and traders in securities who are subject to specific tax regimes. As individual circumstances may differ, holders of our ordinary shares should consult their own tax adviser as to the United States, Israeli or other tax consequences of the purchase, ownership and disposition of ordinary shares. The following is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations. Each individual should consult his or her own tax or legal adviser.

Israeli Taxation Considerations

Israeli law generally imposes a capital gains tax on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of assets located in Israel, including shares of Israeli companies, by both residents and non-residents of Israel unless a specific exemption is available or unless a tax treaty between Israel and the seller's country of residence provides otherwise. The Tax Ordinance distinguishes between "Real Capital Gain" and "Inflationary Surplus". The Inflationary Surplus is a

portion of the total capital gain which is equivalent to the increase of the relevant asset's purchase price which is attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. The Real Capital Gain is the excess of the total capital gain over the Inflationary Surplus.

Israeli resident individuals

Capital Gain

As of January 1, 2006, the tax rate applicable to Real Capital Gain derived by Israeli individuals from the sale of shares which had been purchased on or after January 1, 2003, whether or not listed on a stock exchange, is 20%, unless such shareholder claims a deduction for interest and linkage differences expenses in connection with the purchase and holding of such shares, in which case the gain will generally be taxed at a rate of 25%. Additionally, if such shareholder is considered a "Significant Shareholder" (i.e., a person who holds, directly or indirectly, alone or together with another person who collaborates with such person on a permanent basis, 10% or more of any of the company's "means of control" (including, among other things, the right to receive profits of the company, voting rights, the right to receive the company's liquidation proceeds and the right to appoint a director)) at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 25%. Individual shareholders dealing in securities in Israel are taxed at their marginal tax rates applicable to business income (up to 47% in 2024, in addition to excess tax, if any, as described below) unless the benefiting provisions of an applicable treaty applies.

Notwithstanding the foregoing, pursuant to the Law for Change in the Tax Burden (Legislative Amendments) (Taxes), 2011, the capital gain tax rate applicable to individuals was raised from 20% to 25% from 2012 and onwards (or from 25% to 30% if the selling individual shareholder is a Significant Shareholder at any time during the 12-month period preceding the sale and\or claims a deduction for interest and linkage differences expenses in connection with the purchase and holding of such shares). With respect to assets (not shares that are listed on a stock exchange) purchased on or after January 1, 2003, the portion of the gain generated from the date of acquisition until December 31, 2011 will be subject to the previous capital gains tax rates (20% or 25%) and the portion of the gain generated from January 1, 2012 until the date of sale will be subject to the new tax rates (25% or 30%).

Dividend Income

Israeli residents who are individuals are generally subject to Israeli income tax for dividends paid on our ordinary shares (other than bonus shares or share dividends) at 25%, or 30% if the recipient of such dividend is a Significant Shareholder, at the time of distribution or at any time during the preceding 12-month period. However, dividends distributed from taxable income allocated and accrued during the benefits period of an Approved Enterprise or Beneficiary Enterprise are subject to withholding tax at the rate of 15% (and 20% with respect to Preferred Enterprise, Special Preferred Enterprise, Preferred Technology Enterprise and Special Preferred Technology Enterprise), if the dividend is distributed during the tax benefits period under the Investment Law or within 12 years after such period except with respect to an FIC, in which case the 12-year limit does not apply. An average rate will be set in case the dividend is distributed from mixed types of income (regular and Approved/ Beneficiary/ Preferred income).

Israeli resident corporations

Capital Gain

Under current Israeli tax legislation, the tax rate applicable to Real Capital Gain derived by Israeli resident corporations from the sale of shares of an Israeli company is the general corporate tax rate. As described in "Israeli Tax Considerations and Government Programs-General Corporate Tax Structure" in Item 4.B above, the corporate tax rate was 24% in 2017, and is 23% since 2018.

Dividend Income

Generally, Israeli resident corporations are exempt from Israeli corporate tax on the receipt of dividends paid on shares of Israeli resident corporations. However, dividends distributed from taxable income accrued during the benefits period of an Approved Enterprise or Beneficiary Enterprise are subject to withholding tax at the rate of 15%, if the dividend is distributed during the tax benefits period under the Investment Law or within 12 years after that period, except with respect to a FIC, in which case the 12-year limit does not apply.

Non-Israeli Residents

Capital Gain

Israeli capital gains tax is imposed on the disposal of capital assets by a non-Israeli resident if such assets are either (i) located in Israel; (ii) shares or rights to shares in an Israeli resident company, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller's country of residence provides otherwise. As mentioned above, Real Capital Gain is generally subject to tax at the corporate tax rate (24% in 2017 and 23% since 2018), if generated by a company, or at the rate of 25% (for any asset other than shares that are listed on a stock exchange - 20% with respect to the portion of the gain generated up to December 31, 2011) or 30% (for any asset other than shares that are listed on a stock exchange - 25% with respect to the portion of the gain generated up to December 31, 2011), if generated by an individual who is Significant Shareholder at the time of sale or at any time during the preceding 12-month period (or claims a deduction for interest and linkage differences expenses in connection with the purchase and holding of such shares) from the sale of assets purchased on or after January 1, 2003. Individual and corporate shareholders dealing in securities in Israel are taxed at the tax rates applicable to business income (a corporate tax rate for a corporation and a marginal tax rate of up to 50% for an individual in 2024) unless contrary provisions in a relevant tax treaty applies.

Notwithstanding the foregoing, shareholders who are non-Israeli residents (individuals and corporations) should generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposition of shares publicly traded on the Tel Aviv Stock Exchange or on a recognized stock exchange outside of Israel, provided, among other things, that (i) such gains are not generated through a permanent establishment that the non-Israeli resident maintains in Israel; (ii) the shares were purchased after being listed on a recognized stock exchange and (iii) with respect to shares listed on a recognized stock exchange outside of Israel, such shareholders are not subject to the Israeli Income Tax Law (Inflationary Adjustments) 5745-1985. However, non-Israeli corporations will not be entitled to the foregoing exemptions if Israeli residents (a) have a controlling interest of more than 25% in such non-Israeli corporation, or (b) are the beneficiaries of or are entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. Such exemption is not applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be business income.

In addition, a sale of shares may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under the U.S.-Israel Tax Treaty, to which we refer as the U.S.-Israel Treaty, the sale, exchange or disposition of shares of an Israeli company by a shareholder who is a U.S. resident (for purposes of the U.S.- Israel Treaty) holding the shares as a capital asset is exempt from Israeli capital gains tax unless either (i) the shareholder holds, directly or indirectly, shares representing 10% or more of the voting rights during any part of the 12-month period preceding such sale, exchange or disposition, (ii) the shareholder, if an individual, has been present in Israel for a period or periods of 183 days or more in the aggregate during the applicable taxable year, (iii) the capital gains arising from such sale are attributable to a permanent establishment of the shareholder which is maintained in Israel, (iv) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel, or (v) the capital gains arising from such sale, exchange or disposition is attributed to royalties on copyright or film. In any such case, the sale, exchange or disposition of such shares would be subject to Israeli tax, to the extent applicable; however, under the U.S.-Israel Treaty, a U.S. resident would be permitted to claim a credit for the Israeli tax against the U.S. federal income tax imposed with respect to the sale, exchange or disposition, subject to the limitations in U.S. laws applicable to foreign tax credits. The U.S.-Israel Treaty does not provide such credit against any U.S. state or local taxes.

In some instances where our shareholders may be liable for Israeli tax on the sale of their Ordinary Shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the Israel Tax Authority may require from shareholders who are not liable for Israeli tax to sign declarations in forms specified by this authority or obtain a specific exemption from the Israel Tax Authority to confirm their status as non-Israeli resident, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes at source.

Dividend Income

Non-Israeli residents (whether individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid on ordinary shares at the rate of 25% or 30% (if the dividend recipient is a Significant Shareholder at the time of distribution or at any time during the preceding 12-month period), 15% if the dividend is distributed from income attributed to our Approved Enterprise or Beneficiary Enterprise (and 20% with respect to Preferred Enterprise or 4% with respect to Preferred Technology Enterprise and Special Preferred Technology Enterprise if certain conditions are met). Such dividends are generally subject to Israeli withholding tax at a rate of 25% so long as the shares are registered with a nominee company (whether the recipient is a Significant Shareholder or not) and 15% if the dividend is distributed from income attributed to an Approved Enterprise or a Beneficiary Enterprise (and 20% if the dividend is distributed from income attributed to a Preferred Enterprise or 4% with respect to Preferred Technology Enterprise and Special Preferred Technology Enterprise if certain conditions are met), unless a reduced rate is provided under an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). For example, under the U.S.-Israel Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a U.S. resident (for purposes of the U.S.-Israel Treaty) is 25%.

However, generally, the maximum rate of withholding tax on dividends, not generated by our Approved Enterprise or Beneficiary Enterprise, that are paid to a U.S. corporation holding at least 10% or more of our outstanding voting capital from the start of the tax year preceding the distribution of the dividend through (and including) the distribution of the dividend, is 12.5%, provided that no more than 25% of our gross income for such preceding year consists of certain types of dividends and interest.

Notwithstanding the foregoing, dividends distributed from income attributed to an Approved Enterprise or Beneficiary Enterprise are subject to a withholding tax rate of 15% for such U.S. corporation shareholder, provided that the condition related to our gross income for the previous year (as set forth in the previous sentence) is met. The aforementioned rates will not apply if the dividend income was generated through a permanent establishment of the U.S. resident that is maintained in Israel. If the dividend is attributable partly to income derived from an Approved Enterprise, a Beneficiary Enterprise or Preferred Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. U.S. residents who are subject to Israeli withholding tax on a dividend may be entitled to a credit or deduction for United States federal income tax purposes in the amount of the taxes withheld, subject to detailed rules contained in the Code.

A non-Israeli resident who receives dividends from which tax was withheld is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from business conducted in Israel by the taxpayer, (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed, and (iii) the taxpayer is not obligated to pay excess tax (as further explained below).

Excess Tax

Individuals who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income exceeding NIS 721,560 for 2024, which amount is generally linked to the annual change in the Israeli consumer price index (with the exception that based on new Israeli legislation, that amount, and certain other statutory amounts, will not be linked to the Israeli consumer price index for the years 2025-2027), including, but not limited to, dividends, interest and capital gain. According to new legislation, in effect as of January 1, 2025, an additional 2% excess tax is imposed on Capital-Sourced Income (defined as income from any source other than employment income, business income or income from “personal effort”), to the extent that an individual’s Capital Sourced Income exceeds the specified threshold of NIS 721,560 (and regardless of the employment/or business income amount of such individual). This new excess tax applies, among other things, to income from capital gains, dividends, interest, rental income, or the sale of real property.

U.S. Federal Income Tax Considerations

Subject to the limitations described in the following paragraphs, the discussion below describes the material U.S. federal income tax consequences to a beneficial owner of our ordinary shares, referred to in this discussion as a U.S. holder that is:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or of any state or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

This summary is not a comprehensive description of all of the tax considerations that may be relevant to each person's decision to purchase, hold or dispose of ordinary shares. This summary considers only U.S. holders that hold ordinary shares as capital assets.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, to which we refer as the Code, current and proposed Treasury regulations, and administrative and judicial decisions as of the date of this annual report, all of which are subject to change, possibly on a retroactive basis. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular shareholder based on the shareholder's individual circumstances. In particular, this discussion does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to U.S. holders that are subject to special treatment, including U.S. holders that:

- are broker dealers or insurance companies;
- have elected mark-to-market accounting;
- are tax-exempt organizations;
- are financial institutions or financial services entities;
- are partnerships or other entities treated as partnerships for U.S. federal income tax purposes or partners thereof or members therein;
- hold ordinary shares as part of a straddle, hedge, conversion or other integrated transaction with other investments;
- own directly, indirectly or by attribution at least 10% of our voting power; or
- have a functional currency that is not the U.S. dollar.

In addition, this discussion does not address any aspect of state, local or non-U.S. tax laws, or the possible application of the U.S. federal estate or gift tax or any state inheritance, estate or gift tax.

Material aspects of U.S. federal income tax law relevant to a holder other than a U.S. holder, referred to in this discussion as a non-U.S. holder, are also discussed below.

Each prospective investor is advised to consult his or her own tax adviser for the specific tax consequences to that investor of purchasing, holding or disposing of our ordinary shares.

Taxation of Dividends Paid on Ordinary Shares

Subject to the discussion below under "Tax Consequences if We Are a Passive Foreign Investment Company," a U.S. holder will be required to include in gross income as ordinary income the gross amount of any distribution paid on ordinary shares, including any Israeli taxes withheld from the amount paid, on the date the distribution is actually or constructively received, to the extent the distribution is paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes." In addition, under the Patient Protection and Affordable Care Act, higher income taxpayers must pay an additional 3.8 percent tax on net investment income to the extent certain threshold amounts of income are exceeded. See "Tax on Net Investment Income" in this Item below.

Dividends that are received by U.S. holders that are individuals, estates or trusts generally will be taxed at the rate applicable to long-term capital gains (a maximum rate of 15% or 20%, in case of taxpayers with annual taxable income which exceeds certain thresholds), provided those dividends meet the requirements of "qualified dividend income." Dividends that fail to meet these requirements, and dividends taxable to corporate U.S. holders, are taxed at ordinary income rates. No dividend received by a U.S. holder will be a qualified dividend (1) if the U.S. holder held the ordinary share with respect to which the dividend was paid for less than 61 days during the 121-day period beginning on the date that is

60 days before the ex-dividend date with respect to the dividend, excluding for this purpose, under the rules of Code Section 246(c), any period during which the U.S. holder has an option to sell, is under a contractual obligation to sell, has made and not closed a short sale of, is the grantor of a deep-in-the-money or otherwise nonqualified option to buy, or has otherwise diminished its risk of loss by holding other positions with respect to, the ordinary share (or substantially identical securities); or (2) to the extent that the U.S. holder is under an obligation (pursuant to a short sale or otherwise) to make related payments with respect to positions in property substantially similar or related to the ordinary share with respect to which the dividend is paid. If we were to be a "passive foreign investment company" (as that term is defined in the Code) for any year, dividends paid on our ordinary shares in that year or in the year following that year would not be qualified dividends. In addition, a non- corporate U.S. holder will be able to take a qualified dividend into account in determining its deductible investment interest (which is generally limited to its net investment income) only if it elects to do so, in which case the dividend will be taxed at ordinary income rates. Corporate holders will not be allowed a deduction for dividends received in respect of our ordinary shares.

Dividends on our ordinary shares will be foreign source passive income (or in some cases, general category income) for U.S. foreign tax credit purposes. Distributions in excess of earnings and profits will be applied against and will reduce, on a share-by-share basis, the U.S. holder's basis in the ordinary shares and, to the extent in excess of that basis, will be treated as gain from the sale or exchange of ordinary shares.

The amount of a distribution paid to a U.S. holder in a foreign currency will be the U.S. dollar value of the foreign currency calculated by reference to the spot exchange rate on the day the U.S. holder receives the distribution. A U.S. holder that receives a foreign currency distribution and converts the foreign currency into U.S. dollars after receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar, which will generally be U.S. source ordinary income or loss.

U.S. holders will have the option of claiming the amount of any Israeli income taxes withheld at source either as a deduction from gross income or as a dollar-for-dollar credit against their U.S. federal income tax liability. Individuals who do not claim itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the Israeli income taxes withheld, but the amount may be claimed as a credit against the individual's U.S. federal income tax liability. The amount of foreign income taxes that may be claimed as a credit in any year is generally subject to complex limitations and restrictions, which must be determined on an individual basis by each shareholder. Those limitations include the provisions described in the following paragraphs, as well as rules that limit foreign tax credits allowable for a class of income to the U.S. federal income taxes otherwise payable on the net income in that class.

A U.S. holder will be denied a foreign tax credit for Israeli income tax withheld from dividends received on our ordinary shares:

- if the U.S. holder has not held the ordinary shares for at least 16 days of the 30-day period beginning on the date that is 15 days before the ex-dividend date; or
- to the extent that the U.S. holder is under an obligation to make related payments on substantially similar or related property.

Any days during which a U.S. holder has substantially diminished its risk of loss on the ordinary shares are not counted toward meeting the 16-day holding period required by the statute. A foreign tax credit for the Israeli tax can be deferred if the U.S. holder enters into certain types of arrangements to defer inclusion of the related dividend in income for tax purposes.

Taxation of the Disposition of Ordinary Shares

Subject to the discussion below under "Tax Consequences if We Are a Passive Foreign Investment Company," upon the sale, exchange or other taxable disposition of our ordinary shares, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the U.S. holder's basis in the ordinary shares, which is usually the cost to the U.S. holder of the shares, and the amount realized on the disposition. Capital gain from the sale, exchange or other disposition of ordinary shares held more than one year is long-term capital gain and is eligible for a reduced rate of taxation in the case of non-corporate taxpayers. Gain or loss recognized by a U.S. holder on the sale, exchange or other disposition of ordinary shares generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

A U.S. holder that uses the cash method of accounting calculates the U.S. dollar value of foreign currency proceeds received on a sale as of the date on which the U.S. holder receives the foreign currency. However, a U.S. holder that uses an accrual method of accounting is required to calculate the value of the proceeds of the sale as of the date of sale and may therefore realize foreign currency gain or loss on a subsequent disposition of the foreign currency based on any subsequent appreciation or depreciation in the value of the foreign currency against the U.S. dollar. That gain or loss will generally be U.S. source ordinary income or loss.

Tax Consequences if We Are a Passive Foreign Investment Company

We will be a passive foreign investment company, to which we refer as a PFIC, if 75% or more of our gross income in a taxable year, including our pro rata share of the gross income of any corporation in which we are considered to own 25% or more of the shares by value (subject to certain exceptions in the case of a U.S. corporation), is passive income. Alternatively, we will be considered to be a PFIC if at least 50% of our assets in a taxable year, ordinarily determined based on the quarter-end average fair market value of our assets over the taxable year and including the pro rata share of the assets of any corporation in which we are considered to own 25% or more of the shares by value (subject to certain exceptions in the case of a U.S. corporation), produce or are held for the production of passive income.

If we were a PFIC, and a U.S. holder did not make, as described below, a timely election either to treat us as a qualified electing fund or, if the election is available, to mark our shares to market, any excess distributions we pay to a U.S. holder would be taxed in a special way. Excess distributions are amounts paid on shares in a PFIC in any taxable year that exceed 125% of the average distributions paid on those shares in the shorter of:

- the three previous years; and
- the U.S. holder's holding period for ordinary shares before the present taxable year.

Excess distributions must be allocated ratably to each day that a U.S. holder has held our ordinary shares. A U.S. holder would then be required to include amounts allocated to the current taxable year and each prior year in which we were not a PFIC (but not before our first taxable year beginning after December 31, 1986) in its gross income as ordinary income for the current year. Further, a U.S. holder would be required to pay tax on amounts allocated to each prior taxable year in which we were a PFIC at the highest rate in effect for that year on ordinary income, and the tax for each such year would be subject to an interest charge at the rate applicable to deficiencies for income tax.

The entire amount of gain that is realized or treated as realized by a U.S. holder upon the sale or other disposition of ordinary shares (generally whether or not the disposition is a taxable transaction) will also be treated as an excess distribution and will be subject to tax as described in the preceding paragraph.

In some circumstances a U.S. holder's tax basis in our ordinary shares that were inherited from a deceased person who was a U.S. holder would not equal the fair market value of those ordinary shares as of the date of the deceased person's death but would instead be equal to the deceased's basis, if lower.

The special PFIC rules described above will not apply to a U.S. holder if that U.S. holder makes an election to treat us as a qualified electing fund, to which we refer as a QEF, in the first taxable year in which the U.S. holder owns ordinary shares, provided we comply with specified reporting requirements. Instead, a U.S. holder who has made such a QEF election is required for each taxable year in which we are a PFIC to include in income a pro rata share of our ordinary earnings as ordinary income and a pro rata share of our net capital gain as long-term capital gain, subject to a separate election to defer payment of the related tax. If deferred, the taxes will be subject to an interest charge. We would supply U.S. holders with the information needed to report income and gain under a QEF election if we were classified as a PFIC.

The QEF election is made on a shareholder-by-shareholder basis and can be revoked only with the consent of the Internal Revenue Service, to which we refer as the IRS. A shareholder makes a QEF election by attaching a completed IRS Form 8621, including the PFIC annual information statement, to a timely filed U.S. federal income tax return. If you are not required to file an income tax return or other return for the tax year, file the form directly with the IRS Service Center in Ogden, UT 84201-0201. Even if a QEF election is not made, a United States person who is a shareholder in a PFIC must file every year a completed IRS Form 8621 or other form as may be prescribed by the IRS pursuant to legislation requiring annual reports with respect to PFICs.

A U.S. holder of PFIC shares that are publicly traded may elect to mark the stock to market annually, recognizing as ordinary income or loss each year an amount equal to the difference as of the close of the taxable year between the fair market value of the PFIC shares and the U.S. holder's adjusted tax basis in the PFIC shares. Losses would be allowed only to the extent of net mark-to-market gain previously included in income by the U.S. holder under the election for prior taxable years. If the mark-to-market election were made, then the rules described above (other than the rules for excess distributions, which would apply to the first year the election is made if we were a PFIC in a prior year and a QEF election were not made for the first year we were a PFIC) would not apply for periods covered by the election.

Although we do not believe that we were a PFIC in 2024, we cannot assure you that the IRS will agree with that conclusion or that we will not become a PFIC in 2025 or in a subsequent year. The tests for determining PFIC status are applied annually, and it is difficult to make accurate predictions of future income and assets, which are relevant to this determination. U.S. holders who hold ordinary shares during a period when we are a PFIC will be subject to these rules, even if we cease to be a PFIC in later years, subject to specified exceptions for U.S. holders who made a QEF election in the first year they held our ordinary shares and we were a PFIC or if in a later year they made any of certain elections to purge the PFIC taint of our ordinary shares, which elections generally require the payment of tax. U.S. holders are urged to consult their tax advisers about the PFIC rules, including QEF and mark-to-market elections.

Tax on Net Investment Income

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from the tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. holder's "net investment income" for the relevant taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A U.S. holder's net investment income generally will include its dividends on our ordinary shares and net gains from dispositions of our ordinary shares, unless those dividends or gains are derived in the ordinary course of the conduct of trade or business (other than trade or business that consists of certain passive or trading activities). Net

investment income, however, may be reduced by deductions properly allocable to that income. A U.S. holder that is an individual, estate or trust is urged to consult its tax adviser regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our ordinary shares.

Tax Consequences for Non-U.S. Holders of Ordinary Shares

Except as described in "Information Reporting and Backup Withholding" below, a non-U.S. holder of ordinary shares will not be subject to U.S. federal income or withholding tax on the payment of dividends on, and the proceeds from the disposition of, ordinary shares, unless:

- the income is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States and, in the case of a resident of a country that has an income treaty with the United States, the income is attributable to a U.S. permanent establishment, or, in the case of an individual, a fixed place of business in the United States;
- the non-U.S. holder is an individual who holds the ordinary shares as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition and does not qualify for an exemption; or
- the non-U.S. holder is subject to tax under the provisions of U.S. tax law applicable to U.S. expatriates.

A non-U.S. holder is a beneficial owner of our ordinary shares that is (1) a nonresident alien as to the United States for U.S. federal income tax purposes; (2) a corporation created or organized in or under the law of a country, or any of its political subdivisions, other than the United States; or (3) an estate or trust that is not a U.S. holder.

Information Reporting and Backup Withholding

U.S. holders generally are subject to information reporting requirements for dividends paid in the United States on ordinary shares. Dividends paid in the United States to a U.S. holder on ordinary shares are subject to backup withholding at a rate of 28% unless the U.S. holder provides IRS Form W-9 or establishes an exemption. U.S. holders generally are subject to information reporting and backup withholding at a rate of 28% on proceeds paid from the disposition of ordinary shares unless the U.S. holder provides IRS Form W-9 or establishes an exemption.

The Foreign Account Tax Compliance Act, or FATCA, was enacted during 2014. FATCA generally requires foreign financial institutions (FFIs) to identify U.S. account holders and report them to the IRS or pay a 30% withholding tax. Nonfinancial foreign entities (or NFFEs) are required to report their substantial U.S. owners to withholding agents or pay a 30% withholding tax. FATCA's objective is to prevent tax evasion by requiring the disclosure of account holder information to the IRS. Because Stratasys is a publicly traded company that is not a financial institution, FATCA has less impact than the rules discussed above that are still in effect for withholding tax purposes.

A non-U.S. holder who effects the sale of his ordinary shares by or through a U.S. office of a broker is subject to both information reporting and backup withholding tax on the payment of the proceeds unless he certifies, under penalties of perjury, that he is not a U.S. person or otherwise establishes an exemption. If a non-U.S. holder sells his ordinary shares through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to the holder outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to a non-U.S. holder outside the United States, if the holder sells his ordinary shares through a non-U.S. office of a broker that is a U.S. person or has some other contacts with the United States. Those information reporting requirements will not apply, however, if the broker has documentary evidence in its records that

the holder is a non-U.S. person and certain other conditions are met, or the holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against a U.S. or non-U.S. holder's U.S. federal income tax liability, and a taxpayer generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed the taxpayer's U.S. federal income tax liability by filing a refund claim with the IRS, provided in each case that required information is furnished to the IRS.

Information Reporting by Certain U.S. Holders

U.S. citizens and individuals taxable as resident aliens of the United States that own "specified foreign financial assets" with an aggregate value in a taxable year in excess of certain thresholds (as determined under Treasury regulations) and that are required to file a U.S. federal income tax return generally will be required to file an information report with respect to those assets with their tax returns. IRS Form 8938 has been issued for that purpose. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, foreign stocks held directly, and interests in foreign estates, foreign pension plans or foreign deferred compensation plans. Under those rules, our ordinary shares, whether owned directly or through a financial institution, estate or pension or deferred compensation plan, would be "specified foreign financial assets." Under Treasury regulations, the reporting obligation applies to certain U.S. entities that hold, directly or indirectly, specified foreign financial assets. Penalties can apply if there is a failure to satisfy this reporting obligation. A U.S. holder is urged to consult his tax adviser regarding his reporting obligation.

F. Dividends and Paying Agents.

Not applicable.

G. Statement by Experts.

Not applicable.

H. Documents on Display.

We are subject to the informational requirements of the Exchange Act. In accordance with these requirements, we are required to file reports and other information with the SEC. The SEC maintains a website that contains reports and information statements and other information about issuers, such as us, who file electronically with the SEC. The address of that website is www.sec.gov. The reports and other information filed by us with the SEC are also available at our website, at investors.stratasys.com. The web addresses of the SEC and our company have been included as inactive textual references only. Information on those websites is not part of this annual report.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act.

I. Subsidiary Information.

Not Applicable.

J. Annual Report to Security Holders

Not Applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of loss related to changes in market prices, including mainly interest rates and foreign exchange rates, of financial instruments that may adversely impact our consolidated balance sheets, statements of operations or cash flows.

Foreign Currency Exchange Risk

Due to our international operations, currency exchange rates impact our financial performance.

The majority of our balance sheet exposure relates to foreign currency assets and liabilities in entities which their functional currency is Euro. Our net Euro balance sheet exposure as of December 31, 2024 was approximately $44.1 million.

Our total revenues amounted to $572.5 million in 2024, of which approximately 20.6% were denominated in Euros. During 2024, our Euro-denominated revenues exceeded our Euro-denominated expenses. Conversely, our expenses denominated in shekels are higher than our expected shekel-denominated revenues. For those currencies which do not have a sufficient natural hedge within our operations (such as offsetting revenues and expenses recorded in a given currency, or some other hedge), we may choose to hedge in order to reduce the impact of currency fluctuations on our operating results. In 2024, we entered into hedging transactions to reduce our potential currency exposure related to the U.S. dollar against each of the Euro and the New Israeli Shekel. Our foreign exchange forward contracts in effect as of December 31, 2024 were for the conversion of €43.2 million into USD and $46.7 million into NIS.

The net effect of these risks stemming from currency exchange rate fluctuations on our operating results can be quantified as follows:

i. A change of 10% in the value of the Euro relative to the U.S. dollar in the year ended December 31, 2024 would have resulted in a change in the U.S. dollar reporting value of our consolidated operating income of $5.8 million for that year, mainly due to revenues earned in Euros.

ii. A change of 10% in the value of the shekel relative to the dollar in the year ended December 31, 2024 would have resulted in a change in the dollar-reported value of our consolidated operating income of $11.7 million, mainly due to shekel-recorded expenses.

We will continue to monitor exposure to currency fluctuations. Instruments that may be used to protect us against future risks may include foreign currency forward and swap contracts. These instruments may be used to selectively manage risks, but there can be no assurance that we will be fully protected against material foreign currency fluctuations. We do not use derivative financial instruments for speculative or trading purposes.

Interest Rate Risk

Our cash and cash equivalents are mainly consist of cash in bank accounts, and our short-term bank deposits have maturities of 90 days or more. Both are subject to limited interest rate risk, with an average interest rate of 5.7%. A 10% change in interest rates would not have a material effect on our financial condition or results of operations.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.

Not Applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.

None

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.

None

ITEM 15. CONTROLS AND PROCEDURES.

A. Disclosure Controls and Procedures.

We carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of December 31, 2024, the end of the period covered by this annual report. We maintain disclosure controls and procedures designed to ensure that the information required to be disclosed by us in filings and submissions under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, and that information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2024.

B. Management's Annual Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making our assessment, our management used the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on such assessment, management has concluded that, as of December 31, 2024, our internal control over financial reporting is effective based on those criteria.

Kesselman & Kesselman, an independent registered public accounting firm in Israel and a member of PricewaterhouseCoopers International Limited, to which we refer as PwC, which audited the financial statements included in this annual report containing the disclosure required by this Item 15 has issued an attestation report regarding the effectiveness of our internal control over financial reporting.

C. Attestation Report of Registered Public Accounting Firm.

PwC's attestation report regarding the effectiveness of our internal control over financial reporting is included in "Item 18-Financial Statements" on page F-1 of this annual report, which attestation report is incorporated by reference in this Item 15(c).

D. Changes in Internal Control over Financial Reporting.

Based on the evaluation conducted by our management, with the participation of our chief executive officer and chief financial officer, pursuant to Rules 13a-15(d) and 15d-15(d) promulgated under the Exchange Act, our management (including such officers) have concluded that there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this annual report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

Our board of directors has determined that Mr. Yair Seroussi, who serves on the audit committee of our board of directors, meets the requirements of an "audit committee financial expert", as defined in Item 407(d)(5) of SEC Regulation S-K and Item 16A of SEC Form 20-F and is an independent director, as defined in Rule 5600(a)(2) of the Nasdaq Listing Rules.

ITEM 16B. CODE OF ETHICS.

We have adopted a Code of Business Conduct and Ethics, which we to which we refer as the code of ethics, that applies to all directors, officers, and employees of our company and its subsidiaries, including our principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions for us. A copy of the code of ethics has been posted on our Internet website, http://investors.stratasys.com/governance.cfm and is incorporated herein by reference. The foregoing website has been provided as an inactive textual reference only, and the content of that website is not a part of this annual report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table sets forth, for the years ended December 31, 2024 and 2023, the fees billed to us and our subsidiaries by our principal accountant[1].

	Year ended December 31,	
	2024	2023
Audit fees[2]	$ 878,700	$ 1,028,700
Audit-related[3]	268,438	376,000
Tax fees[4]	51,901	133,000
All other fees[5]	2,000	1,800
Total	$ 1,201,039	$ 1,539,500

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

On September 16, 2024, we announced that our board of directors had authorized a program for our repurchase of up to $50 million of our ordinary shares, from time to time.

Under the share repurchase program, we may make repurchases from time to time through open market repurchases, privately negotiated transactions or otherwise, subject to market conditions, applicable legal requirements, and other relevant factors. We effect open market repurchases under the program in accordance with the requirements of Rule 10b-18 under the Exchange Act. We may also, from time to time, enter into plans in accordance with the affirmative defense provided by Rule 10b5-1 under the Exchange Act to facilitate repurchases of our shares. The repurchase program does not obligate us to acquire any particular amount of our ordinary shares, and it may be modified, suspended, or terminated, at any time at our discretion. The timing and actual number of shares repurchased may depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities.

---

[1] Comprised by fees billed by Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm (which served as our principal accountant with respect to the years ended December 31, 2024 and 2023).

[2] Audit fees consist of fees for professional services rendered by the Auditors in connection with the audit of our consolidated annual financial statements and services provided by the Auditors in connection with statutory and regulatory filings or engagements.

[3] The audit-related fees for the year ended December 31, 2024 and 2023 were for due diligence related to acquisitions.

[4] Tax fees are fees for services rendered by our principal accountant in connection with tax compliance, tax planning and tax advice.

[5] All other fees are fees for other consulting services (if any) rendered by our principal accountant to us.

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 did not require approval by an Israeli court and 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). All repurchased shares are classified as treasury shares:

In the twelve months of 2024, we repurchased, pursuant to the repurchase programs, an aggregate of 266,018 of our ordinary shares in open market transactions, in accordance with Rule 10b-18, at an average price of $7.50 per share, for aggregate repurchases of $2.0 million, leaving $48.0 million for future potential repurchases under the current board authorization as of December 31, 2024.

The table below presents a summary of the ordinary shares repurchased by us under our share repurchase program on a monthly basis during 2024 (the only month during 2024 in which repurchases occurred was October 2024).

Period	Total Number of Shares Purchased	Average Price Paid per Share(*)	Total Number of Shares Purchased as Part of the Current Programs	Dollar Value of Shares that May Yet be Purchased Under the Programs ($)
October 1, 2024- October 31, 2024	266,018	$ 7.50	266,018	$ 48,000,000
Total in 2024	266,018	$ 7.50	266,018	$ 48,000,000

(*) Excluding commissions.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE.

The Nasdaq Global Select Market requires companies with securities listed thereon to comply with its corporate governance standards. As a foreign private issuer, we are not required to comply with all of the rules that apply to listed domestic U.S. companies. Pursuant to Nasdaq Listing Rule 5615(a)(3), we have notified Nasdaq that with respect to the corporate governance practices described below, we will instead follow Israeli law and practice and accordingly will not follow the Nasdaq Listing Rules. Except for the differences described below, we do not believe there are any significant differences between our corporate governance practices and those that apply to a U.S. domestic issuer under the Nasdaq Global Select Market corporate governance rules.

- Quorum for Shareholder Meetings: As permitted under the Companies Law, under a recent amendment adopted to our amended and restated articles of association, the quorum required for an ordinary meeting of shareholders consists of at least two shareholders present in person, by proxy or by other voting instrument, who hold at least 25% of the voting power of our shares (and in an adjourned meeting, with some exceptions, two shareholders, regardless of the voting power associated with their shares), instead of 33 1/3% of the issued share capital required under the Nasdaq Listing Rules.
- Executive Sessions of Independent Directors: Under the Companies Law, our independent directors (as defined under the Nasdaq Listing Rules) do not need to meet regularly in sessions at which only they are present, as is required of U.S. domestic issuers under Nasdaq Listing Rule 5605(b)(2).
- Independent Director Oversight of Nominations: Under Israeli law, there is no requirement to have an independent nominating committee or the independent directors of a company select (or

recommend for selection) director nominees, as is required under Nasdaq Listing Rule 5605(e) for a U.S. domestic issuer. Our board of directors handles this process, as is permitted by our amended articles and the Companies Law. We also need not adopt a formal board resolution or charter addressing the director nominations process and such related matters as may be required under the U.S. federal securities laws, as Nasdaq requires for a U.S. issuer.

- Shareholder Approval: Pursuant to Israeli law, we seek shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law, which are different from, or in addition to, the requirements for seeking shareholder approval under Nasdaq Listing Rule 5635. See "Item 6. Directors, Senior Management and Employees—C. Board Practices — Fiduciary Duties of Office Holders" in this annual report for a description of the some of the transactions requiring shareholder approval under the Companies Law.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION.

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy that governs the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of our insider trading policy is filed as Exhibit 11.1 to this annual report.

ITEM 16K. CYBERSECURITY

Risk management and strategy

We maintain a corporate cyber risk management plan that is part of our business continuity strategy. The risk management plan has been in place for the past five years, and is updated annually to align with the latest cybersecurity trends and developments. The cyber risk management plan includes annual goals and activities that address relevant cyber risks that our Management Information Systems (MIS) department detects. The goals are presented and approved by our management annually.

Our strategy for cyber risk management contains seven layers, consisting of:

1. Firewall & Web Security
2. Network Security
3. Data Protection
4. Security Visibility & Awareness
5. Threat Intelligence
6. End Point Security
7. Code security

We maintain processes and procedures to address each layer of the strategy.

Our ISMS (Information Security Management System) is assessed and certified annually based on industry standards and best practice.

As part of the onboarding of every new vendor with whom we work, we conduct supply chain, TPRM (Third Party Risks Management) processes in order to assess potential risks associated with such vendor, in order to ensure that the vendor meets our cybersecurity requirements.

We maintain an Incident Response Policy as well as an Incident Response Team (comprised as described under "Governance" below), which are based upon and which adhere to, respectively, global principles for detecting, assessing, monitoring, and mitigating cyber incidents. The team conducts, periodically, a professional Table Top Exercise (TTX), together with our external advisors, in which we simulate mock real-time cybersecurity incidents that relate to current identified high risks.

We have in place corporate policies and procedures, including rules and protocols that our employees must abide by, and which reflect our approach to cybersecurity.

We work with external consultants as part of our cybersecurity risk management, but mainly for advisory purposes, such as building and executing cybersecurity plans and activities (for example, as advisors for our TTXs), conducting risk surveys and assessing regulatory or other legal risks. We do not, however, outsource processes or other company cybersecurity functions to third party service providers.

We are not aware of any previous cybersecurity incidents that have materially, or were reasonably likely to materially, affect our company (including business strategy, results of operations, or financial condition). As with virtually every other public company, we believe that a potential future material cybersecurity incident could potentially adversely affect our business operations in a material manner, due to the reliance that we place on our Management Information Systems for, among other things: effectively managing our accounting and financial functions, including maintaining our internal controls; managing our manufacturing and supply chain processes; and maintaining our research and development data. The failure of our management information systems to perform properly could disrupt our business and product development, which may result in decreased sales, increased overhead costs, excess or obsolete inventory, and product shortages, causing our business and operating results to suffer. Please see "Item 3.D. Risk Factors-Risks related to our business and financial condition-We rely on our management information systems…"

Governance

As part of our corporate cyber risk management plan, we prioritize the identification and management of cybersecurity risk at several levels, including board oversight and heavy involvement of our management on an ongoing basis. Our board of directors as a whole (rather than any committee or subcommittee of the board) is responsible for the oversight of risks from cybersecurity threats. The board conducts an annual security board meeting, in which our chief information officer (CIO) and chief information security officer (CISO) provide the members of the board cybersecurity updates including risks and threats, and define relevant actions for the year to come.

Cybersecurity related activities are primarily handled at our company by an internal Management Information Systems department that is managed by an experienced CIO, and which includes a CISO and a designated "Global Information Security and IT Compliance" team, comprised of security analysts and engineers. The team's aspect-oriented programming (AOP) that addresses the relevant cyber risks that we detect, as well as our annual cybersecurity plan, are presented to, and approved by, our senior management team.

Our CISO, who has been a chief information security officer for seven years, holds an information security certification from the "See Security Academy", a leading educational institute for cybersecurity professionals, and is also a Certified Ethical Hacker (C|EH) accredited by the EC-Council, widely regarded as the industry's most robust, hands-on cybersecurity program. Our CISO has 15 years of

experience in Information Systems and Technology, including ten years dedicated to Information Security, Incident Response, Cybersecurity, and Forensics.

Throughout the year, our management members interact in managing our cybersecurity risks, including via the following management processes:

1. The CIO reports on Management Information Systems operations including cybersecurity elements to our senior management team on a quarterly basis.
2. The CIO updates our chief operating officer (COO) as to the status of relevant cybersecurity projects and/or incidents on a weekly basis.
3. The CISO & CIO discuss the status of cybersecurity projects and/or incidents on a weekly basis.

We furthermore maintain an Incident Response Team (IRT), which is comprised of, among others, the CIO, CISO, chief legal officer (CLO) and representatives of the COO, the chief financial officer (CFO) and the Communications department. The IRT convenes on an as-needed basis following the suspected occurrence of a cybersecurity incident. The IRT is accompanied by outside legal counsel(s) that are familiar with the company and its IRT and are professionally equipped to provide real-time guidance and advice as may be required.

Our Management Information Systems maintains an “Online Service Desk” through which all cyber-related issues, including potential cybersecurity incidents, can be reported. Following initial review, the CIO, in consultation with our internal legal department, escalates a reported issue to the IRT, which then assembles to address the incident.

The IRT reports to our chief executive officer and/or board of directors on case-by-case basis, taking into consideration the specific incident factors and the degree of materiality of the incident.

PART III

ITEM 17. FINANCIAL STATEMENTS.

We have elected to provide financial statements and related information pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements and the related notes required by this Item are included in this annual report beginning on page F-1.

STRATASYS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

Index to Consolidated Financial Statements	Page
Report of Independent Registered Public Accounting Firm (PCAOB name: Kesselman & Kesselman C.P.A and PCAOB ID:1309)	F-2
Consolidated Balance Sheets at December 31, 2024 and 2023	F-6
Consolidated Statements of Operations and Comprehensive Loss for the Years Ended December 31, 2024, 2023 and 2022	F-8
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2024, 2023 and 2022	F-10
Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023 and 2022	F-11
Notes to the Consolidated Financial Statements	F-13

pwc

Report of Independent Registered Public Accounting Firm
To the board of directors and shareholders of Stratasys Ltd.
Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Stratasys Ltd. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15b. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing

such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to

the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment Assessment – Stratasys-Core reporting unit

As described in Note 8 to the consolidated financial statements, the Company's goodwill balance in respect of the Stratasys-Core reporting unit is $99 million as of December 31, 2024. Management conducts an impairment test in the fourth quarter of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. Potential impairment is identified by comparing the fair value of a reporting unit to its carrying value, including goodwill. Fair value is estimated by management using a discounted cash flow model. Management's cash flow projections for the Stratasys-Core reporting unit includes significant judgments and assumptions relating to the cash flow projections (including revenue growth and associated operating profits margins), the long-term growth rates, and the discount rate.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Stratasys-Core reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the cash flow projections (including revenue growth and associated operating profits margins), the long-term growth rates, and the discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Company's reporting units. These procedures also included, among others, testing management's process for developing the fair value estimate of the reporting unit, evaluating the appropriateness of the discounted cash flow model, testing the completeness, accuracy, and relevance of underlying data used in the model, and evaluating the significant assumptions used by management, including the cash flow projections (including revenue growth and associated operating profits margins), the long-term growth rates, and the discount rate. Evaluating management's assumptions related to cash flow projections (including revenue growth and associated operating profits margins), the long-term growth rates, and the discount rate involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and the discount rate assumption.

Impairment Evaluation for Equity Method Investment in Ultimaker

As described in Note 2 to the consolidated financial statements, the Company equity method investment in Ultimaker balance was $39.1 million as of December 31, 2024 after recording an impairment charge of $30.1 million. The carrying value of this equity method investment is evaluated for impairment when indicators of a loss in value below the carrying value exist, including, a lack of sustained earnings or a deterioration of market conditions, among others. The Company records an impairment charge, when the determined fair value is lower than carrying value, and such reduction in fair value is considered other-than-temporary. .Fair value is estimated by management using a discounted cash flow model. Management's cash flow projections for the equity investment includes significant judgments and assumptions relating to the cash flow projections (including revenue growth and associated operating profits margins), the long-term growth rates, and the discount rate.

The principal considerations for our determination that performing procedures relating to the impairment assessment of the equity method investment is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the equity method investment; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the cash flow projections (including revenue growth and associated operating profits margins), the long-term growth rates, and the discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment assessment, including controls over the valuation of the equity method investment. These procedures also included, among others, testing management's process for developing the fair value estimate of the equity method investment, evaluating the appropriateness of the discounted cash flow model, testing the completeness, accuracy, and relevance of underlying data used in the model, and evaluating the significant assumptions used by management, including the cash flow projections (including revenue growth and associated operating profits margins), the long-term growth rates, and the discount rate. Evaluating management's assumptions related to cash flow projections (including revenue growth and associated operating profits margins), the long-term growth rates, and the discount rate involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the equity method investment, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and the discount rate assumption.

/s/ Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited
Tel-Aviv, Israel
March 6, 2025

We have served as the Company's auditor since 2012.

STRATASYS LTD.
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets
(U.S. $ in thousands)

December 31,	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 70,200	$ 82,585
Short-term bank deposits	80,500	80,000
Accounts receivable, net of allowance for credit losses of $3,058 and $1,449 as of December 31, 2024 and 2023, respectively	152,979	172,009
Inventories	179,809	192,976
Prepaid expenses	7,630	7,929
Other current assets	21,843	24,596
Total current assets	512,961	560,095
Non-current assets		
Property, plant and equipment, net	184,379	197,552
Goodwill	99,082	100,051
Other intangible assets, net	106,253	127,781
Operating lease right-of-use assets	32,169	18,895
Long-term investments	80,205	115,083
Other non-current assets	14,697	14,448
Total non-current assets	516,785	573,810
Total assets	$ 1,029,746	$ 1,133,905
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 44,977	$ 46,785
Accrued expenses and other current liabilities	39,749	36,656
Accrued compensation and related benefits	29,206	33,877
Deferred revenues - short-term	46,347	52,610
Operating lease liabilities - short-term	6,935	6,498
Total current liabilities	167,214	176,426
Non-current liabilities		
Deferred revenues - long-term	19,057	23,655
Deferred income taxes	507	723
Operating lease liabilities - long-term	25,155	12,162
Contingent consideration - long-term	4,933	11,900
Other non-current liabilities	19,889	24,200
Total non-current liabilities	69,541	72,640
Total liabilities	$ 236,755	$ 249,066
Commitments and contingencies (see note 11)		
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 shares; 71,982 shares and 69,656 shares issued at December 31, 2024 and 2023, respectively; 71,716 shares and 69,656 shares outstanding at December 31, 2024 and 2023, respectively	$ 202	$ 195
Treasury shares at cost, 266 and 0 shares at December 31, 2024 and 2023, respectively	(1,995)	—
Additional paid-in capital	3,123,024	3,091,649
Accumulated other comprehensive loss	(8,031)	(7,079)
Accumulated deficit	(2,320,209)	(2,199,926)
Total equity	792,991	884,839
Total liabilities and equity	$ 1,029,746	$ 1,133,905

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

STRATASYS LTD.
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Operations and Comprehensive Loss

(U.S. $ in thousands, except per share data)

Years Ended December 31,	2024	2023	2022
Revenues			
Products	$ 391,917	$ 433,741	$ 452,124
Services	180,541	193,857	199,359
	572,458	627,598	651,483
Cost of revenues			
Products	197,807	226,510	234,601
Services	117,835	134,064	140,415
	315,642	360,574	375,016
Gross profit	256,816	267,024	276,467
Operating expenses			
Research and development, net	99,142	94,425	92,876
Selling, general and administrative	243,335	260,179	240,750
	342,477	354,604	333,626
Operating loss	(85,661)	(87,580)	(57,159)
Gain from deconsolidation of subsidiary	—	—	39,136
Financial income, net	1,676	2,993	229
Loss before income taxes	(83,985)	(84,587)	(17,794)
Income tax expenses	2,973	5,782	5,454
Share in losses of associated companies	33,325	32,705	5,726
Net loss	$ (120,283)	$ (123,074)	$ (28,974)
Net loss per ordinary share - basic and diluted	$ (1.70)	$ (1.79)	$ (0.44)
Weighted average ordinary shares outstanding - basic and diluted	70,858	68,666	66,491
Comprehensive loss			
Net loss	(120,283)	(123,074)	(28,974)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(4,069)	3,650	(2,175)
Unrealized gains (losses) on derivatives designated as cash flow hedges, net	3,117	2,089	(1,872)

STRATASYS LTD.
CONSOLIDATED FINANCIAL STATEMENTS

Other comprehensive income (loss), net of tax	(952)	5,739	(4,047)
Comprehensive loss	(121,235)	(117,335)	(33,021)

The accompanying notes are an integral part of those consolidated financial statements.

STRATASYS LTD.
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Changes in Equity

(U.S. $ in thousands)

Years ended December 31, 2024, 2023 and 2022	Ordinary Shares		Treasury Shares					
	Number of shares	Par Value	Number of shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balances, January 1, 2022	65,677	182	—	—	3,012,481	(2,047,878)	(8,771)	956,014
Issuance of shares in connection with stock-based compensation plans	1,159	4	—	—	262	—	—	266
Issuance of Common stock under employee stock purchase plan	250	1	—	—	2,978	—	—	2,979
Stock-based compensation	—	—	—	—	33,461	—	—	33,461
Other	—	—	—	—	(267)	—	—	(267)
Comprehensive loss	—	—	—	—	—	(28,974)	(4,047)	(33,021)
Balances as of December 31, 2022	67,086	187	—	—	3,048,915	(2,076,852)	(12,818)	959,432
Issuance of shares in connection with stock-based compensation plans	1,690	5	—	—	6	—	—	11
Issuance of Common stock under employee stock purchase plans	562	2	—	—	5,913	—	—	5,915
Issuance of shares as part of the Covestro acquisition	318	1	—	—	5,201	—	—	5,202
Stock-based compensation	—	—	—	—	31,614	—	—	31,614
Comprehensive income (loss)	—	—	—	—	—	(123,074)	5,739	(117,335)
Balances as of December 31, 2023	69,656	195	—	—	3,091,649	(2,199,926)	(7,079)	884,839
Issuance of shares in connection with stock-based compensation plans	1,565	5	—	—	149	—	—	154
Issuance of Common stock under employee stock purchase plans	761	2	—	—	5,608	—	—	5,610
Common stock repurchase	—	—	(266)	(1,995)	—	—	—	(1,995)
Stock-based compensation	—	—	—	—	25,618	—	—	25,618
Comprehensive income (loss)	—	—	—	—	—	(120,283)	(952)	(121,235)
Balances as of December 31, 2024	71,982	$ 202	(266)	$ (1,995)	$ 3,123,024	$ (2,320,209)	$ (8,031)	$ 792,991

The accompanying notes are an integral part of those consolidated financial statements.

STRATASYS LTD.
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Cash Flows

U.S. $ in thousands

Years ended December 31,	2024	2023	2022
Cash flows from operating activities			
Net loss	$ (120,283)	$ (123,074)	$ (28,974)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Impairment of other long-lived assets	—	4,443	3,865
Depreciation and amortization	45,338	48,973	59,769
Stock-based compensation	25,618	31,614	33,461
Foreign currency transaction loss	3,417	636	9,090
Gain from deconsolidation of subsidiary	—	—	(39,136)
Loss from sale of investment	4,760	—	—
Share in losses of associated companies	33,325	32,705	5,726
Revaluation of investments	7,994	5,665	3,778
Revaluation of contingent consideration	(4,897)	(21,408)	(15,805)
Deferred income taxes, net and uncertain tax positions	1,287	(1,764)	926
Other non-cash items, net	1,347	1,089	(2,778)
Change in cash attributable to changes in operating assets and liabilities:			
Accounts receivable, net	4,456	(25,653)	(28,877)
Inventories	9,356	4,571	(87,337)
Other current assets and prepaid expenses	3,021	1,553	5,758
Other non-current assets	8,647	11,047	4,472
Accounts payable	(3,677)	(27,445)	19,614
Other current liabilities	7,022	4,228	(17,707)
Deferred revenues	(10,003)	408	6,577
Other non-current liabilities	(8,902)	(9,233)	(7,827)
Net cash provided by (used in) operating activities	7,826	(61,645)	(75,405)
Cash flows from investing activities			
Cash paid for business combinations, net of cash acquired	—	(72,118)	—
Purchase of property and equipment	(10,874)	(13,551)	(13,635)
Investments in short-term bank deposits	(170,500)	(111,448)	(479,852)
Proceeds from short-term bank deposits	170,000	208,815	561,485
Investments in unconsolidated entities	(8,845)	(12,443)	(69,148)
Purchase of intangible assets	(1,840)	(1,476)	(6,117)
Proceeds from sale of business	7,190	—	—
Other investing activities	49	(1,613)	54
Net cash used in investing activities	(14,820)	(3,834)	(7,213)
Cash flows from financing activities			
Common stock repurchased	(1,995)	—	—
Proceeds from exercise of stock options	154	11	266
Payment of contingent consideration	(1,012)	(1,339)	(2,754)
Other financing activities	(461)	(188)	(281)
Net cash used in financing activities	(3,314)	(1,516)	(2,769)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,480)	(827)	(7,220)
Net change in cash, cash equivalents and restricted cash	(11,788)	(67,822)	(92,607)
Cash, cash equivalents and restricted cash, beginning of year	82,864	150,686	243,293
Cash, cash equivalents and restricted cash, end of year	$ 71,076	$ 82,864	$ 150,686
Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheets:			
Cash and cash equivalents	70,200	82,585	150,470
Restricted cash included in other current assets	876	279	216
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 71,076	$ 82,864	$ 150,686
Supplemental disclosure of cash flow information			
Cash paid during the year for:			
Income taxes, net of tax refunds	$ 2,318	$ 2,152	$ 12,550
Non-cash investing and financing activities:			

Non-cash investing and financing activities:			
Transfer of inventories to fixed assets	3,448	9,551	9,212
Transfer of fixed assets to inventories	4,829	222	123
Contingent consideration	—	2,472	—
Right-of-use assets obtained in exchange for new operating lease liabilities	20,808	7,142	12,057
Issuance of Common stock under employee stock purchase plan	5,610	5,915	2,978
Issuance of shares as part of Covestro acquisition (Refer to Note 2)	$ —	$ 5,202	$ —

The accompanying notes are an integral part of those consolidated financial statements.

Note 1. Nature of Operations and Summary of Significant Accounting Policies

A. Nature of Operations

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 2,300 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 Company has one operating segment, which generates revenues via the sale of its 3D printing systems, related services and consumables and by providing additive manufacturing ("AM") solutions. The Company operates mainly through offices in Israel, the United States, Germany, Hong Kong and Japan.

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 filing date of these financial statements, the Company's activities in Israel remain largely unaffected by the war. During the year ended December 31, 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.

B. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Stratasys Ltd., and its subsidiaries. All intercompany balances and transactions, including profits from intercompany sales not yet realized outside the Company, have been eliminated in consolidation.

Functional Currency and Foreign Currency Transactions

A major part of the Company's operations is carried out by Stratasys Ltd. in Israel and its subsidiaries in the United States. The functional currency of these entities is the U.S. dollar ("dollar" or "$"). The functional currency of other subsidiaries is generally their local currency. The financial statements of those subsidiaries are included in the consolidated financial statements, based on translation into U.S. dollars. Assets and liabilities accounts are translated at year-end exchange rates, while revenues and expenses accounts are translated at average exchange rates during the year. The remeasurement adjustments of foreign currencies translation are included in the Company's shareholders' equity as a component of accumulated other comprehensive loss in the accompanying consolidated financial statements. Gains and losses arising from foreign currency remeasurements of monetary balances denominated in non-functional currencies are reflected in Financial income, net in the Consolidated Statements of Operations and Comprehensive Loss.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates using assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences may have a material impact on the Company's financial statements. As applicable to these consolidated financial statements, the most significant estimates relate to recoverability of equity method investment, of intangibles and goodwill and purchase price allocation including contingent consideration.

In particular, a number of estimates have been and will continue to be affected by the war in Israel and other global events and other longer-term macroeconomic conditions, most prominently, the extent and speed at which inflation subsides, whether and when interest rate cuts are implemented by central banks, whether tight credit markets are loosened, and whether capital markets and global supply chains fully recover. 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 and intangible asset valuation; 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.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. The fair value hierarchy categorizes into three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. Level 2 inputs include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Business Combinations

The Company allocates the fair value of consideration transferred in a business combination to the assets acquired, liabilities assumed, and non-controlling interests in the acquired business based on their fair values at the acquisition date. Acquisition-related expenses and restructuring costs are recognized separately from the business combination and are expensed as incurred. The excess of the fair value of the consideration transferred plus the fair value of any non-controlling interest in the acquiree over the fair value of the assets acquired, liabilities assumed in the acquired business is recorded as goodwill. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. The fair value of the consideration transferred may include a combination of cash, equity securities, earn out payments and deferred payments. The allocation of the consideration transferred in certain cases may be subject to revision based on the final determination of fair values during the measurement period, which may be up to one year from the acquisition date. The cumulative impact of revisions during the measurement period is recognized in the reporting period in which the revisions are identified. The Company includes the results of operations of the businesses that it has acquired in its consolidated results prospectively from the respective dates of acquisition. When the Company acquires net assets that do not constitute a business, as defined under U.S. GAAP, no goodwill is recognized and acquired IPR&D is expensed unless it has an alternative future use.

The Company records obligations in connection with its business combinations at fair value on the acquisition date. Key assumptions used to determine the estimated fair value of the contingent consideration amounts include: (a) internal cash flows forecasts for the relevant period during which the financial metrics should be achieved; and (b) a discount rate which reflects the weighted average cost of capital adjusted for the relevant risk associated with the operations and the uncertainty inherent in the Company's internally developed forecasts. Each reporting period thereafter, the Company revalues earn-out payments and deferred payments which are classified as liabilities and records the changes in their fair value in the Consolidated Statements of Operations and Comprehensive Loss under Selling, general and administrative expenses.

Changes in the fair value of the obligations in connection with its business combinations can result from adjustments to the discount rates, the Company’s shares price, sales and profitability targets. These fair value measurements represent Level 3 measurements, as they are based on significant inputs not observable in the market. Significant judgment is required in determining the assumptions utilized as of the acquisition date and for each subsequent measurement period. Accordingly, changes in the assumptions described above could have a material impact on the Company’s consolidated results of operations.

Cash and Cash Equivalents

All highly liquid investments, which include short-term bank deposits that are not restricted as to withdrawal or use, with maturities of less than ninety days when acquired, are considered to be cash equivalents.

Bank Deposits

Bank deposits with original maturity dates of more than ninety days but at balance sheet date are less than one year are included in short-term bank deposits. The fair value of bank deposits approximates the carrying value since they bear interest at rates close to the prevailing market rates.

Accounts Receivable, net

The Company maintains the allowance for estimated losses resulting from the inability of the Company's customers to make required payments. The allowance represents the current estimate of lifetime expected credit losses over the remaining duration of existing accounts receivable considering current market conditions and supportable forecasts when appropriate. The estimate is a result of the Company's ongoing evaluation of collectability, customer creditworthiness, historical levels of credit losses, and future expectations.

Allowance for credit losses due to the Company's accounts receivable amounted to $3.1 million and $1.4 million as of December 31, 2024 and 2023, respectively. Changes in the allowance for credit losses are recognized in selling, general and administrative expenses. Accounts receivable are written-off against the allowance for credit losses when management deems the accounts are no longer collectible.

The balance and the changes in the allowance for expected credit losses are comprised as follows:

	2024	2023	2022
	U.S. $ in thousands		
Balance at beginning of year	$ 1,449	$ 860	$ 517
Change during the year, net	1,715	725	420
Bad debt written off	(106)	(136)	(77)
Balance at end of year	$ 3,058	$ 1,449	$ 860

Derivative Instruments and Hedge Accounting

The Company conducts its operations globally and may be 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. As part of the Company's risk management strategy, the Company enters into transactions involving foreign currency exchange derivative financial instruments. For its non-hedging transactions, 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. Financial markets and currency volatility may limit the Company's ability to hedge these exposures. The Company does not enter into derivative transactions for trading purposes.

The Company recognizes these derivative instruments as either assets or liabilities in the consolidated balance sheets at their fair value. Derivatives in a gain position are reported in other current assets in the consolidated balance sheets and derivatives in a loss position are recorded in accrued expenses and other current liabilities in the consolidated balance sheets, on a gross basis.

When the Company enters into a derivative contract, it designates the derivative for accounting purposes, as either a hedging instrument which qualifies for hedge accounting or as a non-hedging instrument which does not qualify for hedge accounting. In order to qualify for hedge accounting, the Company formally documents at the inception of each hedging relationship the hedging instrument, the hedged item, the risk management objective and strategy for undertaking each hedging relationship, and the method used to assess hedge effectiveness.

For each hedging instrument that hedges the exposure to variability in expected future cash flows and that is designated and effective as a cash flow hedge, the unrealized gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive loss in the Company's shareholders' equity and is reclassified into earnings in the same period and in the same line item in which the hedged transaction affects earnings. The cash flows associated with these derivatives are reported in the consolidated statements of cash flows consistently with the classification of cash flows from the underlying hedged items that these derivatives are hedging.

For non-hedging instruments, the Company records the changes in fair value of derivative instruments in Financial income, net in the Consolidated Statements of Operations and Comprehensive Loss. The cash flows associated with these derivatives are reflected as cash flows from operating activities in the consolidated statement of cash flows. Refer to Note 13 for further information regarding the Company's derivative and hedging activities.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined mainly using standard cost, which approximates actual cost, on a first-in, first-out basis. Inventory costs consist of materials, direct labor and overhead. Net realizable value is determined based on estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Company periodically assesses inventory for obsolescence and excess balances and reduces the carrying value by an amount equal to the difference between its cost and the net realizable value. The net realizable value is primarily estimated based on future demand forecasts, as well as, historical sales trends, product life cycle status and product development plans.

Equity method investments

The Company's investments in non-marketable equity securities in which it has the ability to exercise significant influence, but does not control through variable interests or voting interests, are accounted for under the equity method of accounting. Under the equity method, the Company recognizes its proportionate share of the comprehensive income or loss of the investee. The Company's share of profit or losses from equity method investments is included in "Share in losses of associated companies".

The Company periodically reviews equity method investments for impairment in value whenever events or changes in circumstances indicate that the carrying amount of such investments may not be recoverable. The Company will record an impairment charge to the extent that the estimated fair value of an investment is less than its carrying value and the Company determines the impairment is other-than-temporary. Impairment charges, if applicable, are recorded in "Share in losses of associated companies".

Other Long-term Investments

Other non-marketable equity securities without readily determinable fair value in which the Company does not have a controlling interest or significant influence are accounted for under the measurement alternative method. Under this method, the investments are carried at their original cost, less any impairment and adjusted for observable price changes for identical or similar instruments. Such changes in value are recorded in the consolidated statements of Operations and Comprehensive Loss under "Selling, general and administrative". Marketable securities are carried at fair value with changes in value recorded in Consolidated Statements of Operations and Comprehensive Loss under "Financial income, net".

Investments in convertible notes are carried at fair value utilizing a combination of discounted cash flows associated with the note and the fair value of the equity into which the note may be converted. 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. Refer to Note 5.

The Company reviews its other long-term investments for potential impairment or other adjustments, which generally involves an analysis of the facts and changes in circumstances influencing the investments.

As of December 31, 2024 the amount presented under Long-term investments included investment in equity method investment in the amount of $39.1 million. see also Note 2. The balance of long-term investments represents investments in non-marketable equity securities without readily determinable fair value and convertible notes.

Property, Plant and Equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, or in the case of leasehold improvements, the shorter of the lease term (including any renewal periods, if appropriate) or the estimated useful life of the asset.

Repairs and maintenance are charged to expense as incurred, while betterments and improvements that extend the useful life or add functionality of property, plant and equipment are capitalized.

Depreciation is computed primarily over the following periods:

	Useful Life in Years		
Buildings	25	-	40
Machinery and equipment	5	-	10
Leasehold and buildings improvements	5	-	10
Computer equipment and software	3	-	5
Office equipment, furniture and fixtures	5	-	14

The Company reviews the carrying amounts of property, plant and equipment for potential impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating recoverability, the Company groups assets and liabilities at the lowest level such that the identifiable cash flows relating to the group are largely independent of the cash flows of other assets and liabilities. The Company then compares the carrying amounts of the assets or asset groups with the related estimated undiscounted future cash flows. In the event impairment exists, an impairment charge is recorded at the amount by which the carrying amount of the asset or asset group exceeds the fair value. In addition, the remaining depreciation period for the impaired asset would be reassessed and, if necessary, revised.

Other Intangible Assets, net

Intangible assets and their useful lives are as follows:

	Useful Life in Years
Developed technology	5 - 10
Patents	10
Trade names	5 - 9
Customer relationships	5 - 10

Definite life intangible assets are amortized using the straight-line method over their estimated period of useful life. Amortization of acquired developed technology is recorded in cost of revenues. Amortization of trade names, customer relationships and patents is recorded under selling, general and administrative expenses.

For definite life intangible assets, the Company reviews the carrying amounts for potential impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating recoverability, the Company groups assets and liabilities at the lowest level such that the identifiable cash flows relating to the group are largely independent of the cash flows of other assets and liabilities. The Company then compares the carrying amounts of the asset or assets groups with their respective estimated undiscounted future cash flows. If the definite life intangible asset or assets group are determined to be impaired, an impairment charge is recorded at the amount by which the carrying amount of the asset or assets group exceeds their fair value. Fair value is determined by using an applicable discounted cash flow model. In addition, the remaining amortization period for the impaired asset would be reassessed and, if necessary, revised. Refer to Note 9 for further information.

Goodwill

Goodwill reflects the excess of the consideration transferred plus the fair value of any non-controlling interest in the acquiree at the business combination date over the fair values of the identifiable net assets acquired. Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The Company allocates goodwill to its reporting units based on the reporting unit expected to benefit from the business combination.

The primary items that generate goodwill include the value of the synergies between the acquired companies and the Company and the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset.

Goodwill is not amortized but rather is tested for impairment annually in the fourth quarter at the reporting unit level, or whenever events or circumstances present an indication of potential impairment which requires an interim goodwill impairment analysis.

ASC 350, “Intangibles - Goodwill and other” (“ASC 350”), allows an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If the qualitative assessment does not result in a more likely than not indication of impairment, no further impairment testing is required. If it does result in a more likely than not indication of impairment, the quantitative goodwill impairment test two-step impairment test is performed. Alternatively, ASC 350 permits an entity to bypass the qualitative assessment for any reporting unit and proceed directly to performing the quantitative first step of the goodwill impairment test. If the carrying value of the reporting unit exceeds its fair value, an impairment charge is recognized for the amount by which the carrying value exceeds the reporting unit’s fair value. If the fair value of the reporting unit is determined to be greater than its carrying amount, the applicable goodwill is not impaired.

Retirement Plans and Employee Rights Upon Termination

Under Israeli law, the Company is required to pay a severance payment to its employees in Israel upon dismissal of an employee or upon termination of employment in certain other circumstances. The Company makes ongoing deposits into its Israeli employee pension plans to fund their severance liabilities. For its employees who are employed under the Section 14 of the Severance Pay Law, 1963 (”Section 14”), the Company makes deposits with certain insurance companies for accounts controlled by each applicable employee in order to secure the employee’s rights upon termination. In addition, the related obligations and amounts deposited on behalf of the applicable employees for such obligations are not presented on the Company’s consolidated balance sheets, as the amounts funded are not under the control and management of the Company and the Company is legally released from the obligation to pay any severance payments to the employees once the required deposit amounts have been paid.

Severance pay liabilities with respect to the Company’s employees in Israel who are not subject to Section 14, as well as employees who have special contractual arrangements, are provided for in the Company’s consolidated financial statements based on the length of time that they work for the Israeli entity and their latest monthly salary. The Company’s liabilities for those Israeli employees, in amounts of $2.1 million and $2.5 million as of December 31, 2024 and 2023, respectively, are presented as other non-current liabilities in the Company’s consolidated balance sheets. These liabilities are recorded as if they were payable at each balance sheet date. These liabilities are partially funded by the purchase of insurance policies or by the establishment of pension funds with dedicated deposits in the funds. The amounts used to fund these liabilities are included in the Company’s consolidated balance sheets under other non-current assets. As of December 31, 2024 and 2023, the Company had $1.9 million and $2.1 million, respectively, deposited in these insurance policies and pension funds. These policies are the Company’s assets. However, under employment agreements and subject to certain limitations, any policy may be transferred to the ownership of the individual employee for whose benefit the funds were deposited.

In addition, the Company has liabilities for severance payments to its employees in other jurisdictions in accordance with local laws and practices of the countries in which they are employed.

Severance expenses for the years ended December 31, 2024, 2023 and 2022 were $4.0 million, $4.3 million and $3.9 million, respectively.

For its employees in the United States, the Company has a defined contribution retirement plan (the "Plan") under the provisions of Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code") that covers eligible U.S. employees as defined in the Plan. Participants may elect to contribute both pre-tax or after-tax ("Roth") up to 50% of annual taxable compensation, as defined by the Plan, up to a maximum amount prescribed by the Code. The Company, at its discretion, makes matching contributions equal to 4% of the participant's annual compensation. For the years ended December 31, 2024, 2023 and 2022 the Company made 401(k) Plan contributions of approximately $3.4 million, $3.1 million and $3.7 million, respectively.

Treasury Shares

The Company accounts for repurchases of its ordinary shares, par value NIS 0.01 per share ("ordinary shares") as of the trade date. Such repurchases are carried at cost and are presented as reduction of Shareholders' equity, under treasury shares.
Treasury shares are included in authorized and issued shares but excluded from outstanding shares.

Contingent Liabilities

The Company is subject to various legal proceedings that arise from time to time in the ordinary course of business. The outcomes of the legal proceedings that are pending as of the date the financial statements are issued are subject to significant uncertainty. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's management evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. Such assessment inherently involves an exercise of judgment. If the assessment of a contingency indicates that it is probable that loss would be incurred and the amount of the liability can be reasonably estimated, then the Company would record an accrual in the Company's financial statements based on its best estimate. Loss contingencies considered to be remote by management are generally not disclosed. The respective legal fees are expensed as incurred.

Revenue Recognition

The Company derives revenues from sales of additive manufacturing systems, consumables and services. The Company sells its products directly through its sales force, independent sales agents and indirectly through authorized resellers.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services to the end customer or to the reseller.

The amount of consideration is usually at fixed price at the contract inception. Consideration from shipping and handling are recorded on a gross basis within product revenue. Revenues are recorded net of any taxes assessed by various government entities, such as sales, use and value-added taxes.

Revenue from products, which consist of systems and consumables, is recognized when the customer has obtained control of the goods, generally at a point in time upon shipment or once delivery and risk of loss has transferred to the customer. The Company recognizes revenue on sales to resellers when the reseller has economic substance apart from the Company and the reseller is considered the principal for the transaction with the end-user customer. Service revenue derives from service type warranty and from the Company's direct manufacturing parts services. Revenue from service is recognized ratably on a straight-line basis over the time of the service, as control is transferred over time or as services are performed.

The Company enters into contracts with customers that can include various combinations of products and services which are generally distinct and accounted for as separate performance obligations. Products or services that are promised to a customer can be considered distinct if both of the following criteria are met: (i) the customer can benefit from the products or services either on its own or together with other readily available resources, and (ii) the Company's promise to transfer the products or services to the customer is separately identifiable from other promises in the contract.

The transaction price is allocated to each distinct performance obligations on a relative standalone selling price ("SSP") basis and revenue is recognized for each performance obligation when control has passed. In most cases, the Company is able to establish SSP based on the observable prices of services sold separately in comparable circumstances to similar customers and for products based on the Company's best estimates of the price at which the Company would have sold the product regularly on a stand-alone basis. The Company reassesses the SSP on a periodic basis or when facts and circumstances change.

In assessing collectability as part of the revenue recognition process, the Company considers a number of factors in the evaluation of the creditworthiness of the customer, including past due amounts, payment history and financial condition. In some cases where collectability is not assured, payment terms are set partially or entirely as prepayment or customers may be required to furnish letters of credit.

See Note 4 for additional information related to disaggregation of revenue and other.

Shipping and handling costs

Shipping and handling costs are classified as cost of revenues.

Advertising

Advertising costs are expensed as incurred and were approximately $4.3 million, $4.2 million and $5.1 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Research and Development Expenses

Research and development costs consist primarily of employee compensation expenses, materials, laboratory supplies, costs for related software and costs for facilities and equipment. Expenditures for research and development are expensed as incurred. Government reimbursements and other participations for development of approved projects are recognized as a reduction of expenses as the related costs are incurred. The Company is not required to pay royalties on sales of products developed using its government funding.

Income Taxes

The Company and its subsidiaries are subject to income taxes in the jurisdictions in which they operate. The Company's provision for income taxes is based on income tax rates in the tax jurisdictions where it operates, permanent differences between financial reporting and tax reporting, and available credits and incentives.

Deferred taxes are determined utilizing the "asset and liability" method based on the estimated future tax effects of temporary differences between the carrying amount and tax bases of assets and liabilities under the applicable tax laws, and on enacted tax rates in effect when the deferred taxes are expected to be settled or realized. Deferred taxes for each jurisdiction are presented as a non-current net asset or liability, net of any valuation allowances.

Deferred taxes have not been provided on the following items:

1) Taxes that would apply in the event of disposal of investments in first-tier foreign subsidiaries, as it is generally the Company's intention to hold these investments, not to realize them.
2) Dividends distributable from the income of foreign companies as the Company does not expect these companies to distribute dividends in the foreseeable future. If these dividends were to be paid, the Company would have to pay additional taxes at a rate of up to 25% on the distribution, and the amount would be recorded as an income tax expense in the period the dividend is declared.
3) Amounts of tax-exempt income generated from the Company's prior Approved Enterprises (see Note 10c), as the Company intends to permanently reinvest these profits and does not intend to distribute dividends from such income. If these dividends were to be paid, the Company would have to pay additional taxes at a rate up to 10% on the distribution, and the amount would be recorded as an income tax expense in the period the dividend is declared.

Valuation Allowances

Valuation allowances are provided unless it is more likely than not that the deferred tax asset will be realized. In the determination of the appropriate valuation allowances, the Company considers future reversals of existing taxable temporary differences, the most recent projections of future business results, prior earnings history, carryback and carry forward and prudent tax strategies that may enhance the likelihood of realization of a deferred tax asset. Assessments for the realization of deferred tax assets made at a given balance sheet date are subject to change in the future, particularly if earnings of a subsidiary are significantly higher or lower than expected, or if the Company takes operational or tax positions that could impact the future taxable earnings of a subsidiary.

Uncertain Tax Positions

The Company takes a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining whether the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the position will be sustained on audit, including resolution of related appeals or litigation processes, if any.

The second step is performed only if the tax position meets the more-likely-than-not recognition threshold and is to measure the tax benefit as the amount which is more than 50% likely of being realized upon ultimate settlement. The Company reevaluates these tax positions quarterly and makes adjustments as required. The liabilities relating to uncertain tax positions are classified as non-current in the consolidated balance sheets unless the Company anticipates making payments within one year. The Company classifies interest and penalties recognized in the financial statements relating to uncertain tax positions under the provision for income taxes.

The Company presents unrecognized tax benefits as a reduction to deferred tax asset where a net operating loss, a similar tax loss, or a tax credit carryforward that are available, under the tax law of the applicable jurisdiction, to offset any additional income taxes that would result from the settlement of a tax position.

Stock-Based Compensation

The Company measures and recognizes compensation expense for its equity classified stock-based awards, including stock-based option awards, restricted stock units (“RSUs”) and performance stock units (“PSUs”) under the Stratasys Ltd. 2012 Omnibus Equity Incentive Plan (the “2012 Plan”) and the Stratasys Ltd. 2022 Share Incentive Plan (the “2022 Plan”) based on estimated fair values on the grant date.

The Company calculates the fair value of stock-based option awards on the date of grant using the Black-Scholes option pricing model. The option-pricing model requires a number of assumptions, of which the most significant are the expected share price volatility and the expected option term. The computation of expected volatility is based on historical volatility of the Company’s shares. The expected option term is calculated using the simplified method, as the Company concludes that its historical share option exercise experience does not provide a reasonable basis to estimate its expected option term. The interest rate for periods within the expected term of the award is based on the U.S. Treasury yield curve in effect at the time of grant. The Company’s expected dividend rate is zero since the Company does not currently pay cash dividends on its shares and does not anticipate doing so in the foreseeable future.

Each of the above factors requires the Company to use judgment and make estimates in determining the percentages and time periods used for the calculation. If the Company were to use different percentages or time periods, the fair value of stock-based option awards could be different. The fair values of the Company’s RSUs and PSUs are measured based on the fair value of the Company’s ordinary shares on the date of grant. The fair value of shares to be issued under the employee stock purchase plan ("ESPP") are estimated using the Monte Carlo valuation model.

The Company recognizes compensation expenses for its stock-based option awards (including awards under its ESPP program) and RSUs on a straight-line basis over the requisite service period (primarily six-month period for the ESPP and a four-year period for the rest of the awards). The Company accounts for forfeitures as they occur. The Company recognizes compensation expenses for its PSUs based on the probability that the performance metrics will be achieved over the vesting period. At each reporting period the Company evaluates the probability that its PSUs will be earned and adjust its previously recognized compensation expense as necessary. If the achievement of the respective performance metrics is not probable or the respective performance are not met the Company reverses its previously recognized compensation expense.

Restructuring Plan

The Company may incur restructuring charges in connection with certain initiatives designed to adjust the Company's cost and operating structure, improve efficiencies across the Company and to better align with the Company's long-term strategy and overall market conditions. Restructuring charges include employee severance and associated termination costs related to the reduction of workforce, costs related to facilities closures, impairment charges of the respective long-lived assets and contract termination costs. Restructuring charges for employees' termination costs are recognized when the required actions to execute the restructuring initiative were performed and the initiatives are probable and costs are estimable. Restructuring charges for facilities and contract terminations are recognized when the Company ceased using the rights conveyed by the contract. Significant judgments and estimates are involved in estimating the impact of restructuring plans on the Company's consolidated financial statements. Actual results may differ from these estimates.

Loss per Share

Basic loss per share is computed by dividing net loss attributable to ordinary shareholders of Stratasys Ltd. by the weighted average number of ordinary shares (including fully vested RSUs, PSUs and ordinary shares purchased under the Company's employee share purchase plan (the "ESPP")) outstanding for the reporting periods, net of treasury shares.

The denominator for diluted net loss per share is a computation of the weighted-average number of ordinary shares outstanding, net of treasury shares and the potential dilutive ordinary shares outstanding during the period. Potential dilutive shares outstanding include the dilutive effect of in-the-money options, ESPP and unvested RSUs using the treasury stock method. PSUs are considered contingently issuable shares for diluted net loss per share purposes and the dilutive impact, if any, is included in the weighted average shares as of the beginning of the period in which the performance conditions were satisfied.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short term bank deposits, accounts receivables, and foreign currency exchange forward contracts. Most of the Company's cash and cash equivalents and bank deposits are invested in U.S. dollar instruments with major banks in the U.S., Israel and Europe. Management believes that the credit risk with respect to the financial institutions that hold the Company's cash and cash equivalents and bank deposits is low.

Concentration of credit risk with respect to accounts receivable is limited due to the relatively large number of customers and their wide geographic distribution. In addition, the Company seeks to mitigate its credit exposures to its accounts receivable by credit limits, credit insurance, ongoing credit evaluation and account monitoring procedures.

Leases

The Company determines if an arrangement is a lease at inception. Lease classification is governed by five criteria in ASC 842-10-25-2. If any of these five criteria is met, the Company classifies the lease as a finance lease; otherwise, the Company classifies the lease as an operating lease.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the consolidated balance sheet.

ROU assets represent Stratasys's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of the lease payments.

The standard also provides practical expedients for an entity's ongoing accounting. The Company elected the short-term lease recognition exemption for all leases with a term shorter than 12 months. This means that for those leases, the Company does not recognize ROU assets or lease liabilities, including not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition, but recognizes lease expenses over the lease term on a straight-line basis. The Company also elected the practical expedient to not separate lease and non-lease components for all of the Company leases.

Lease terms will include options to extend or terminate the lease when it is reasonably certain that Stratasys will exercise or not exercise the option to renew or terminate the lease.

The Company is a party to several lease agreements for its facilities, the latest of which is through December 2044 (including options to extend, which are reasonably certain that the Company will exercise). The Company has the option to extend certain other agreements for additional periods, the earliest of which expires at the start of May 2025 and the latest of which expires at the end of June 2037. Such options were not considered in the lease term, as it is currently not reasonably certain that the Company will exercise them. During the extended lease periods, the aggregate annual rental payments will increase by 2% to 4% each year.

The Company also leases vehicles for its employees with different commencement and ending periods in Israel and Germany solely. The latest expiration date of a lease agreement is the start of December 2027.

Recently issued accounting pronouncements

Accounting Pronouncements Adopted in 2024

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 adopted the new accounting standard in its consolidated financial statements as of December 31, 2024. The guidance did not have a material impact on the Company's consolidated financial statements.

Recently issued accounting pronouncements, not yet adopted

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.

In November 2024, the FASB issued ASU 2024-03 “Income Statement: Reporting Comprehensive Income— Expense Disaggregation Disclosures,” which requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the income statement, as well as disclosures about selling expenses. This ASU is effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements disclosures.

Note 2. Certain Transactions

MakerBot and Ultimaker transaction ("Ultimaker")

On August 31, 2022, Stratasys completed the merger of MakerBot (previously, a fully owned subsidiary) with Ultimaker, which together formed a new entity under the name Ultimaker. The Company recorded a net gain of $39.1 million from deconsolidation of MakerBot, representing the difference between the book value of MakerBot's net assets and the fair value allocated to such net assets in the transaction as follows:

	(U.S. $ in thousands)
Fair value, net	$ 55,751
Net assets deconsolidated	(14,146)
Transaction expenses	(2,469)
Gain from deconsolidation of subsidiary	$ 39,136

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.

The allocation of the purchase price (“PPA”) to the underlying net assets acquired and liability assumed resulted in the recognition of intangible assets with a value of $27.4 million, goodwill of $49.3 million and other net assets of $28.7 million. The value assigned to intangible assets is amortized over a period of 4 to 13 years and the related amortization is included under share in net losses (profits) from associated companies. The estimated fair values are based on the information that was available as of August 31, 2022.

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 includes significant judgments and assumptions relating to the cash flow projections, future growth and future profitability. Actual results could differ from those estimates, and such differences could be material and may result in other than temporary reduction in fair value, which could lead to additional impairments in the carrying value of the Ultimaker investment.

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

During 2024, Ultimaker experienced an improvement in its operating results. However, market conditions remained challenging, especially in the market segment of Ultimaker, with significant competition, resulting in revenue decline compared with prior expectations. 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 $30.1 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 includes 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.

As of December 31, 2024 and December 31, 2023 the equity investment in Ultimaker amounts to $39.1 million and $67.8 million, respectively, which represents the original investment in Ultimaker, net of share in net losses, including impairments in the carrying value of the investment, for those years in amounts of $33.2 million and $32.4 million, respectively.

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

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

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

In accordance with ASC Topic 805, the estimated contingent consideration as of the Covestro transaction date was included in the purchase price. The total contingent payments could amount to a maximum aggregate amount of up to €37 million. The payment will be settled through the issuance of ordinary shares. The estimated fair value of the contingent consideration is based on management's assessment of whether, and at what level, the financial metrics will be achieved, and the present value factors associated with the timing of the payments. This fair value measurement is based on significant unobservable inputs in the market and thus represents a Level 3 measurement within the fair value hierarchy. Changes in the fair value of contingent consideration will be recorded in operating expenses. Refer to Note 5.

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

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

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

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

During 2024 and 2023, the Company completed several transactions, including acquisitions of an entity and additional assets, for total consideration of $0.3 million and $22.0 million, respectively.

Other long-term investments

In addition to the investment in Ultimaker, other investments included under long-term investments represents 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. One entity from this group became public during the first quarter of 2021 and accordingly the investment is now treated as a marketable equity investment. During 2024 and 2023, the Company invested a total of $13.8 million and $11.5 million in non-marketable equity securities and convertible notes of several companies. At December 31, 2024 and 2023, total amount invested in other long-term investments is $41.1 million and $47.2 million, respectively.

Note 3. Recent developments

Termination of Merger Agreement with Desktop Metal

On May 25, 2023, the Company and Desktop Metal, Inc. ("Desktop Metal"), jointly announced their entry into a merger agreement, whereby a wholly-owned Delaware subsidiary of the company was to merge with and into Desktop Metal, with Desktop Metal surviving the merger as a wholly-owned subsidiary of the Company. On September 28, 2023, the Company held an extraordinary general meeting of its shareholders, at which the merger was presented for the approval of the Company's shareholders. The merger proposal was not approved by the Company's shareholders at that meeting, and accordingly, pursuant to its rights under the merger agreement, the Company terminated the merger agreement with Desktop Metal, effective immediately on September 28, 2023. As a result, the Company recorded a termination fee of $10.0 million, which was included under selling, general & administrative expenses and was paid to Desktop Metal.

Nano Dimension Tender Offer and Board Contest

On May 25, 2023, following the announcement of the then-prospective merger with Desktop Metal, Nano Dimension Ltd. ("Nano"), a 14.1% shareholder of the Company, launched a hostile partial tender offer whereby it sought to acquire—including shares already held by it — between 53% and 55% of the Company's outstanding ordinary shares, at a price of $18.00 per share. The tender offer was subject to various conditions and was originally set to expire on June 26, 2023. Over the course of subsequent periods of time, the price offered by Nano in its tender offer was ultimately raised to $25.00 per share, with an accompanying reduction as to the percentage of Company shares to be held by it upon consummation of the offer, to between 46% and 51%, and the offer was extended ultimately through July 31, 2023. The offer expired on July 31, 2023 and Nano did not receive enough tendered shares and was therefore unable to complete the purchase of any of the Company ordinary shares pursuant to the offer. Nano re-initiated its pursuit of an acquisition of the Company, announcing on December 23, 2023 a preliminary proposal to purchase all outstanding shares of the Company that it does not currently own for $16.50 per share in cash. The Company acknowledged receipt of Nano's offer, and indicated that its board of directors would consider it as part of the process to explore strategic alternatives for the Company (the conclusion of that process was announced in August 2024 without recommendations for the Company effecting any specific merger).

The Company has also been subject to litigation with Nano in an Israeli district court regarding the Company's shareholder rights plan, Nano's tender offer, and the contested board election. The litigation has not changed the outcome of any of the developments described above. Please see Note 11.

3D Systems Offers

On May 30, 2023, and then again on June 27, 2023, the Company received an unsolicited non-binding indicative proposal from 3D Systems Corporation ("3D Systems") to merge with the Company. On July 13, 2023, the Company received an updated proposal from 3D Systems, pursuant to which it would merge with the Company for $7.50 in cash and 1.5444 newly issued shares of common stock of 3D Systems per Stratasys ordinary share. The Stratasys board at first determined that the 3D Systems proposal of July 13th would reasonably be expected to result in a "Superior Proposal" under the merger agreement with Desktop Metal and authorized Company management to enter into discussions with 3D Systems with respect to the proposal. Following an extensive due diligence process, Stratasys communicated its concerns regarding the 3D Systems' proposal to 3D Systems and indicated that the last proposal was not itself a transaction which Stratasys would be prepared to enter into. 3D Systems revised its proposal on September 6, 2023, offering $7.00 in cash and 1.6387 newly issued shares of common stock of 3D Systems per Stratasys ordinary share. After consultation with its outside financial and legal advisors, the

Stratasys board of directors unanimously determined that the September 6 proposal continued to significantly undervalue Stratasys and did not constitute a "Superior Proposal" pursuant to the terms of the merger agreement with Desktop Metal, and accordingly terminated discussions with 3D Systems.

Strategic Alternatives Process

On September 28, 2023, the Company announced that it had initiated a comprehensive process to explore strategic alternatives for the Company. The Company noted that following the termination of the merger agreement with Desktop Metal, Stratasys was no longer subject to restrictions under that agreement regarding the solicitation of or entry into potential transactions. On August 29, 2024, the Company announced that it had concluded that process, and that its board of directors had decided upon certain strategic actions to be implemented, including:

- the Company's streamlining of operations and enhancement of its go-to-market strategy to focus on the highest growth potential products, materials and software solutions; and
- the Company's reduction of its workforce by the end of 2024 by approximately 15%

The steps outlined in the strategic plan are expected to produce significant annual cost savings and improve profitability at current revenue levels, see also Note 18 regarding restructuring costs. In addition, the plan called for the Company to remain well-positioned to act upon further strategic opportunities in the 3D printing industry if and when they may arise.

Note 4. Revenues

Disaggregation of Revenues

The following table present the Company's revenues disaggregated by geographical region (based on the Company's customers' location) and revenue type for the years ended December 31, 2024, 2023 and 2022:

	Year Ended December, 31		
	2024	2023	2022
	(U.S. $ in thousands)		
Americas			
Systems	$ 72,654	$ 108,998	$ 130,959
Consumables	136,243	132,820	130,775
Service	132,840	147,952	153,694
Total Americas	341,737	389,770	415,428
EMEA			
Systems	48,642	51,617	53,527
Consumables	79,794	75,468	61,703
Service	30,029	28,857	26,430
Total EMEA	158,465	155,942	141,660
Asia Pacific			
Systems	18,980	27,031	40,106
Consumables	35,604	37,807	35,054
Service	17,672	17,048	19,235
Total Asia Pacific	72,256	81,886	94,395
Total Revenues	$ 572,458	$ 627,598	$ 651,483

The following table present the Company's revenues disaggregated based on the timing of revenue recognized for the years ended December 31, 2024, 2023 and 2022:

	Year Ended December, 31		
	2024	2023	2022
	(U.S. $ in thousands)		
Revenues recognized in point in time from:			
Products	$ 391,917	$ 433,741	$ 452,124
Services	51,484	54,362	53,152
Total revenues recognized in point in time	443,401	488,103	505,276
Revenues recognized over time from:			
Services	129,057	139,495	146,207
Total revenues recognized over time	129,057	139,495	146,207
Total Revenues	$ 572,458	$ 627,598	$ 651,483

Contract Assets and Contract Liabilities

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

Contract liabilities include advance payments and billings in excess of revenue recognized. Contract liabilities are presented under deferred revenues. The Company's deferred revenues as of December 31, 2024 and 2023 were as follows:

	December 31,	
	2024	2023
	(U.S. $ in thousands)	
Deferred revenue (*)	65,404	$ 76,265

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

Revenue recognized in 2024 and 2023 that was included in deferred revenue balance as of January 1, 2024 and 2023 was $50.2 million and $48.9 million, respectively.

Remaining Performance Obligations

Remaining Performance Obligations ("RPO") represents 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 December 31, 2024 and 2023 the total RPO amounted to $90.2 million and $100.5 million, respectively. The Company expects to recognize $58.5 million of this RPO during the next 12 months, $15.2 million over the subsequent 12 months and the remaining $16.5 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 (generally 5 years) if the Company expects to recover those costs. The Company determined the period of benefit by taking into consideration customer contracts including renewals, the technology and other factors. Amortization expense is included in selling, general and administrative expenses in the consolidated statements of operations. As of December 31, 2024 and 2023, the deferred commission amounted to $10.3 million and $10.3 million, respectively and presented under Other current assets and Other non-current assets.

Note 5. Fair Value Measurement

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

	December 31, 2024		
	Level 1	Level 2	Level 3
	(U.S. $ in thousands)		
Assets:			
Foreign exchange forward contracts not designated as hedging instruments	$ —	$ 71	$ —
Foreign exchange forward contracts designated as hedging instruments	—	4,005	—
Convertible notes	—	—	10,486
Marketable securities	596	—	—
Liabilities:			
Foreign exchange forward contracts not designated as hedging instruments	—	(21)	—
Foreign exchange forward contracts designated as hedging instruments	—	(3)	—
Contingent consideration[1]	—	—	(12,694)
	$ 596	$ 4,052	$ (2,208)

	December 31, 2023		
	Level 1	Level 2	Level 3
	(U.S. $ in thousands)		
Assets:			
Foreign exchange forward contracts not designated as hedging instruments	$ —	$ 164	$ —
Foreign exchange forward contracts designated as hedging instruments	—	2,087	—
Convertible notes	—	—	7,018
Marketable securities	1,994	—	—
Liabilities:			
Foreign exchange forward contracts not designated as hedging instruments	—	(51)	—
Foreign exchange forward contracts designated as hedging instruments	—	(657)	—
Contingent consideration[1]	—	—	(18,603)
	$ 1,994	$ 1,543	$ (11,585)

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 2).

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.

[1] Includes $7.8 million and $6.7 million under Accrued expenses and other current liabilities in the Company's consolidated balance sheets as of December 31, 2024 and December 31, 2023, respectively.

The following table summarizes the activity for those financial assets and liabilities where fair value measurements are estimated utilizing Level 3 inputs:

	December 31,	
	2024	2023
	(U.S. $ in thousands)	
Fair value at the beginning of the period	$ (11,585)	$ (36,447)
Acquisitions of Contingent considerations	—	(3,009)
Investments in Convertible notes	5,368	5,124
Revaluation of Contingent considerations	4,897	21,408
Revaluation of Convertible notes	(1,900)	—
Settlements of Contingent considerations	1,012	1,339
Fair value at the end of the period	$ (2,208)	$ (11,585)

Note 6. Inventories

Inventories consisted of the following:

	December 31,	
	2024	2023
	(U.S. $ in thousands)	
Finished Goods	$ 90,702	$ 86,908
Work in Process	7,491	9,871
Raw Materials	81,616	96,197
	$ 179,809	$ 192,976

Note 7. Property, Plant and Equipment, Net

Property, plant and equipment, net consisted of the following:

	December 31,	
	2024	2023
	(U.S. $ in thousands)	
Machinery and equipment	$ 147,763	$ 158,883
Buildings and improvements	179,977	173,117
Computer equipment and software	56,714	54,038
Office equipment, furniture and fixtures	14,056	14,301
Land	18,867	19,019
	417,377	419,358
Accumulated depreciation and amortization and impairment	(237,658)	(224,185)
	179,719	195,173
Construction work in progress	4,660	2,379
	$ 184,379	$ 197,552

Depreciation expenses were $21.5 million, $22.4 million and $22.6 million in the years ended December 31, 2024, 2023 and 2022, respectively. During the years ended December 31, 2024, 2023 and 2022, the Company recorded impairment charges of $0 million, $4.4 million and $3.8 million, respectively, which were recorded in the Consolidated Statements of Operations and Comprehensive Loss under cost of sales.

Note 8. Goodwill

Changes in the carrying amount of the Company's goodwill for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
	(U.S. $ in thousands)	
Balance at January 1,	$ 100,051	$ 64,953
Goodwill acquired	—	34,773
Currency translation adjustments	(969)	325
Balance at December 31,	$ 99,082	$ 100,051

The goodwill balance as of December 31, 2024 and 2023 was allocated as part of Stratasys-Core reporting unit.

During the fourth quarter of 2022, the Company noted that indicators of potential impairment existed which required an interim goodwill impairment analysis for Stratasys-Core reporting unit. These indicators included sustained decline in the Company's market capitalization during the last quarter primarily as a result of the global economy and the potential impact on the Company's business segment.

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 significantly exceeded its carrying amount with a goodwill assigned to this reporting unit in the amount of $65.0 million. When evaluating the fair value of Stratasys-Core reporting unit under the income approach, the Company used a discounted cash flow model which utilized Level 3 measures that represent unobservable inputs. Key assumptions used to determine the estimated fair value include: (a) internal cash flows forecasts for 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.

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.

Based on the Company’s assessment as of December 31, 2022, no goodwill was determined to be impaired.

During the fourth quarter of 2023, the Company performed its annual impairment test for goodwill impairment.

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

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

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

Goodwill impairment assessment for the year ended December 31, 2024

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.

During the fourth quarter of 2024, 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 3%, with a carrying amount of goodwill assigned to this reporting unit in an amount of $99.1 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 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.

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 1.0% 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 $13 million and $10 million, respectively.

Based on the Company’s assessment as of December 31, 2024, no goodwill was determined to be impaired.

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.

Note 9. Other Intangible Assets, Net

Other intangible assets consisted of the following:

	December 31, 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	$ 402,976	$ (318,312)	$ 84,664	$ 403,180	$ (300,780)	$ 102,400
Patents	21,902	(11,726)	10,176	19,396	(10,246)	9,150
Trademarks and trade names	22,149	(17,957)	4,192	22,286	(15,936)	6,350
Customer relationships	102,560	(95,339)	7,221	102,520	(92,639)	9,881
Capitalized software development costs	3,117	(3,117)	—	4,367	(4,367)	—
	$ 552,704	$ (446,451)	$ 106,253	$ 551,749	$ (423,968)	$ 127,781

Amortization expenses

Amortization expense relating to intangible assets for the years ended December 31, 2024, 2023 and 2022, was approximately $23.9 million, $26.5 million and $37.1 million, respectively.

As of December 31, 2024, estimated future amortization expense relating to definite life intangible assets for each of the next five years and thereafter were as follows:

	Estimated amortization expenses
Year ending December 31,	(U.S. $ in thousands)
2025	$ 21,440
2026	21,350
2027	20,428
2028	16,404
2029	10,558
2030 and thereafter	16,073
Total	$ 106,253

No impairment charges were recorded during 2024, 2023 and 2022.

Note 10. Income Taxes

A. Deferred Tax Assets and Liabilities

The components of the Company's deferred tax assets and liabilities as of December 31, 2024 and 2023 were as follows:

	December 31,	
	2024	2023
	(U.S. $ in thousands)	
Deferred tax assets		
Tax losses carry forwards	755,431	$ 682,095
Inventory related	2,500	2,241
Intangible assets	11,465	16,990
Provision for employee related obligations	2,380	703
Stock-based compensation expense	9,838	8,803
Deferred revenue	4,524	3,742
Property, plant and equipment	254	—
Allowance for credit losses	173	119
Research and development credit carry forwards	21,577	20,368
Research and development capitalization (including Section 174)	22,952	19,384
Basis difference in equity method investment	9,240	1,406
Other items	6,491	5,320
Gross deferred tax assets	846,825	761,171
Valuation allowance	(826,870)	(737,560)
Total deferred tax assets	19,955	23,611
Deferred tax liabilities		
Intangible assets	(7,423)	(8,803)
Property, plant and equipment	(12,077)	(14,228)
Total deferred tax liabilities	(19,500)	(23,031)
Net deferred tax assets (liabilities)	455	$ 580

The Company's deferred tax assets and liabilities are classified in the consolidated balance sheets as follows:

	December 31,	
	2024	2023
	(U.S. $ in thousands)	
Deferred tax assets (under "Other non-current assets")	962	$ 1,303
Deferred tax liabilities	507	723
Net deferred tax assets (liabilities)	455	$ 580

As of December 31, 2024 and 2023 the Company had tax net operating losses carry-forward of approximately $760.4 million and $702.1 million, respectively. In addition, As of December 31, 2024, the Company reported capital losses of $2,535.7 million in various jurisdictions. Those tax losses carry-forward resulted in deferred tax assets of approximately $755.4 million and $682.1 million, as of December 31, 2024 and 2023, respectively. As a result of losses incurred in the last few years, and since the near-term realization of these assets is uncertain, the Company recorded a full valuation allowance for its deferred tax assets that are not likely to be realized.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, the Company considered all available evidence, including past operating results, the most recent projections for taxable income, and prudent and feasible tax planning strategies. The Company reassess its valuation allowance periodically and if future evidence allows for a partial or full release of the valuation allowance, a tax benefit will be recorded accordingly.

A reconciliation of the beginning and ending balances of valuation allowance is as follows:

	Valuation Allowance
	U.S. $ in thousands
Balance at January 1, 2022	**$ 693,120**
Additions	8,788
Decrease	(2,214)
Balance as of December 31, 2022	**699,694**
Additions	38,500
Decrease	(634)
Balance as of December 31, 2023	**737,560**
Additions	94,935
Decrease	(5,625)
Balance as of December 31, 2024	**$ 826,870**

Included in the net deferred tax are net operating loss and credit carryovers of $123.2 million. Significant amount of these items will begin to expire from December 31, 2034, whereas some losses may be carried forward indefinitely, as discussed below.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Act”) was enacted into law. The new legislation represents fundamental and dramatic modifications to the U.S. tax system. The Act contained several key tax provisions that impacted the Company's U.S. subsidiaries, including the reduction of the maximum U.S. federal corporate income tax rate from 35% to 21%, effective January 1, 2018. Other significant changes under the Act included, among others, a one-time repatriation tax on accumulated foreign earnings, a limitation of net operating loss deduction to 80% of taxable income, and indefinite carryover of post-2017 net operating losses. The Act also repealed the corporate alternative minimum tax for tax years beginning after December 31, 2017. Losses generated prior to January 1, 2018 will still be subject to the 20-year carryforward limitation and the alternative minimum tax. Other impacts due to the Act included the repeal of the domestic manufacturing deduction, modification of taxation of controlled foreign corporations, a base erosion anti-abuse tax, modification of interest expense limitation rules, modification of limitation on deductibility of excessive executive compensation, and taxation of global intangible low-taxed income.

The Act introduced new intangible income rules, Global Intangible Low-Taxed Income (GILTI) and Foreign Derived Intangible Income (FDII). The Company has analyzed the impact of GILTI/FDII and determined that no impact should be recorded due to the U.S. subsidiaries’ net operating losses. Thus, the Company cannot elect to include these amounts in the measurement of its deferred taxes under U.S. GAAP.

Effective in 2022, the Act requires all U.S. companies to capitalize, and subsequently amortize, R&D expenses that fall within the scope of Section 174 over five years for research activities conducted in the United States and over fifteen years for research activities conducted outside of the United States, rather than deducting such costs in the year incurred for tax purposes. Although Congress is considering legislation that would repeal and defer this capitalization and amortization requirement for research

activities performed in the United States, there is no assurance that this provision will be repealed or otherwise modified. To the extent that this provision is not deferred, modified or repealed, and once our available Federal NOLs are fully utilized, we would incur an increase in our tax expenses and a decrease in our cash flows provided by operations. To date, we incurred immaterial tax expense and corresponding cash flow impact at state level only.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted into law in response to the economic fallout of the COVID- 19 pandemic in the United States. Among the many business-related provisions, some of which related to non-income taxes, were changes made to net operating losses (NOLs). The CARES Act amended Internal Revenue Code Section 172(b)(1) for tax years beginning in 2018, 2019 and 2020, requiring taxpayers to carry back NOLs arising in those years to the five preceding tax years, unless the taxpayer elects to waive or reduce the carryback period. To the extent unused as a carryback, these NOLs are now carried forward indefinitely. The CARES Act suspended the Tax Cuts and Jobs Act's 80% limitation on NOL deductions for tax years beginning in 2018, 2019 and 2020. The 80% limitation will be reinstated for tax years beginning after 2020, for NOLs arising in tax years after 2017.

The Company believes that all future profits of its subsidiaries will be indefinitely reinvested or that there is no expectation to distribute any taxable dividends from these subsidiaries. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is estimated as an immaterial amount.

B. Provision for Income Taxes

Loss before income taxes for the years ended December 31, 2024, 2023 and 2022 was as follows:

	2024	2023	2022
	(U.S. $ in thousands)		
Domestic	$ (30,874)	$ (47,959)	$ (28,725)
Foreign	(53,111)	(36,628)	10,931
	$ (83,985)	$ (84,587)	$ (17,794)

The components of income taxes for the years ended December 31, 2024, 2023 and 2022 were as follows:

	2024	2023	2022
	(U.S. $ in thousands)		
Current			
Domestic	$ 4,976	$ 8,238	$ 7,301
Foreign	1,823	2,874	942
	6,799	11,112	8,243
Deferred			
Domestic	(3,774)	(3,993)	(1,440)
Foreign	(52)	(1,337)	(1,349)
	(3,826)	(5,330)	(2,789)
Total income taxes	$ 2,973	$ 5,782	$ 5,454

A reconciliation of the statutory income tax rate and the effective income tax rate for the years ended December 31, 2024, 2023 and 2022 is set forth below:

	2024	2023	2022
Statutory tax rate	23.0 %	23.0 %	23.0 %
Reduced tax rate under Israeli benefit programs	(1.5)	(5.0)	(4.3)
Exempted Profits release (see below)	—	—	(16.0)
Stock-based compensation expense	(4.0)	(3.8)	(16.1)
Permanent differences, net	—	1.0	(0.8)
Earnings taxed under foreign law with different tax rate	0.8	27.0	24.7
Valuation Allowance	(17.5)	(44.8)	(18.6)
Changes in uncertain tax positions	(5.5)	(3.8)	(22.1)
Withholding tax	(0.1)	(0.3)	—
Other	1.7	(0.1)	(0.5)
Effective income tax rate	(3.5)%	(6.8)%	(30.7)%

Uncertain tax positions

Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when the Company believes that certain positions might be challenged despite its belief that its tax return positions are fully supportable. The Company adjusts these reserves in light of changing facts and circumstances, such as the outcome of a tax audit or changes in the tax law. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate.

A reconciliation of the beginning and ending balance of uncertain tax positions is as follows:

	2024	2023	2022
	(U.S. $ in thousands)		
Balance at beginning of year	$ 8,859	$ 6,043	$ 3,015
Additions for tax positions related to the current year	5,008	3,636	4,684
Foreign currency impact	—	—	181
Decrease related to settlements with tax authorities and lapse of applicable statutes of limitation	(354)	(458)	(500)
Classification to DTA	(3,535)	(362)	(1,337)
Balance at end of year	$ 9,978	$ 8,859	$ 6,043

The Company's accrual for estimated interest and penalties was $1.7 million as of December 31, 2024.

The Company is subject to income taxes in the U.S., various states, Israel and certain other foreign jurisdictions. The Company files income tax returns in various jurisdictions with varying statutes of limitations. Tax returns of Stratasys Inc. submitted in the United States through the 2017 tax year are considered to be final following the completion of the Internal Revenue Service examination. Tax returns of Stratasys Ltd. submitted in Israel through the 2019 tax year are considered to be final following the completion of the Israeli Tax Authorities examination upon audit. The expiration of the statute of

limitations related to the various other foreign and state income tax returns that the Company and its subsidiaries file vary by state and foreign jurisdictions.

C. Basis of taxation:

The enacted statutory tax rates applicable to the Company's major subsidiaries outside of Israel are as follows:

Company incorporated in the U.S.— Federal tax rate of approximately 21%.

Company incorporated in Germany—tax rate of approximately 29%.

Company incorporated in Hong Kong—tax rate of approximately 16.5%.

A significant portion of the Company's income is taxed in Israel. The following is a summary of how the Company's income is taxed in Israel:

Corporate tax rates in Israel for 2018 and thereafter is 23%. The Company elected to compute its taxable income in accordance with Income Tax Regulations (Rules for Accounting for Foreign Investors Companies and Certain Partnerships and Setting their Taxable Income), 1986. Accordingly, the Company's taxable income or loss is calculated in U.S. dollars. Applying these regulations reduces the effect of foreign exchange rate fluctuations (of the NIS in relation to the U.S. dollar) on the Company's Israeli taxable income.

Tax benefits under the Israeli Law for the Encouragement of Industry (Taxation), 1969

The Company is an "Industrial Company" as defined by the Israeli Law for the Encouragement of Industry (Taxation), 1969, and, as such, is entitled to certain tax benefits including accelerated depreciation, deduction of public offering expenses in three equal annual installments and amortization of other intangible property rights for tax purposes.

Tax benefits under the Law for Encouragement of Capital Investments, 1959 (the "Investment Law")

Tax incentives programs which were relevant for the company until financial year 2020

Various industrial projects of the Company have been granted "Approved Enterprise" and "Beneficiary Enterprise" status, which provided certain benefits, including tax exemptions for undistributed income and reduced tax rates. Income not eligible for Approved Enterprise and Beneficiary Enterprise benefits is taxed at the regular corporate rate, which was 23% in 2021.

The Company is a Foreign Investors Company, or FIC, as defined by the Investment Law. FICs are entitled to further reductions in the tax rate normally applicable to Approved Enterprises and Beneficiary Enterprises, depending on the level of foreign ownership. When foreign (non-Israeli) ownership equal or exceeds 90%, the Approved Enterprise and Beneficiary Enterprise income is either tax-exempt for a limit period between two to ten years depending on the location of the enterprise or taxable at a tax rate of 10% for a 10 years period. The Company cannot assure that it will continue to qualify as a FIC in the future or that the benefits described herein will be granted in the future.

In the event of distribution of dividends (or deemed distribution, as described below) from the said tax-exempt income during the tax exemption period as described above, the amount distributed will be subject to tax in respect of the amount of dividend distributed (grossed up to reflect such pre-tax income that it would have had to earn in order to distribute the dividend) at the corporate tax rate that would have been otherwise applicable if such income had not been tax-exempted under the alternative benefits program. This rate generally ranges from 10% to 25%, depending on the level of foreign investment in the company in each year, as explained above, Dividends paid out of income attributed to Approved Enterprise or Beneficiary Enterprise (or out of dividends received from a company whose income is

attributed to an Approved or Beneficiary Enterprise) are generally subject to withholding tax at the source at the rate of 15%, unless a lower rate is provided in a treaty between Israel and the shareholder's country of residence (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate).

The 15% tax rate is limited to dividends and distributions out of income derived during the benefits period and actually paid at any time up to 12 years thereafter. After this period, the withholding tax is applied at a rate of up to 30%, or at the lower rate under an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). In the case of an FIC, the 12-year limitation on reduced withholding tax on dividends does not apply.

On November 15, 2021, the Investment Law was amended to reduce the ability of companies to retain the tax-exempt profits. Effective August 15, 2021, dividend distributions (or deemed distribution, as described below), will be treated as if made on a pro-rata basis from all types of earnings, including Exempt Profits (as defined below).

In parallel to the above amendment, the Investment Law was amended to provide, on a temporary basis, a reduced corporate income tax on the distribution or release within a year from such amendment of tax-exempt profits derived by Approved and Benefited Enterprises, which we refer to as Exempt Profits (the "Temporary Provision"). The amount of the reduced tax will be determined based on a formula. In order to qualify for the reduction, the Company must invest certain amounts in productive assets and research and development in Israel.

Following a recent Israeli district court ruling (which is subject to deliberation of the Supreme Court), certain transactions (such as acquisitions and intercompany loans) may be treated as deemed dividend distributions for the purpose of the Encouragement Law triggering corporate tax on the respective amount of the transaction.

On November 13, 2022, according to the Temporary Provision, the Company released an amount of approximately $44.8 million out of its Exempt Profits and accordingly paid reduced tax of approximately $2.9 million. The company operates as required by the provisions of the Temporary Provision to qualify for the reduced tax rate.

As of December 31, 2024, remaining tax-exempt income of approximately $156.7 million is attributable to the Company's various Approved and Beneficiary Enterprise programs. If such tax-exempt income is distributed, it would be taxed at the reduced corporate tax rate applicable to such income, and taxes of approximately $15.7 million would be incurred as of December 31, 2024.

Tax incentives programs which may be relevant for the company starting from financial year 2021

A January 2011 amendment to the Investment Law (the "2011 Amendment") created alternative benefit tracks to those previously in place, as follows: an investment grants track designed for enterprises located in certain development zones and two new tax benefits tracks ("Preferred Enterprise" and "Special Preferred Enterprise"), which provide for application of a unified tax rate to all preferred income of the Company, as defined in the Investment Law.

The 2011 Amendment canceled the availability of the benefits granted in accordance with the provisions of the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Investment Law) effective as of January 1, 2011 and thereafter. A Preferred Company is defined as either (i) a company incorporated in Israel which is not wholly owned by a governmental entity, or (ii) a limited partnership that: (a) was registered under the Israeli Partnerships Ordinance, and (b) all of its limited partners are companies incorporated in Israel, but not all of them are governmental entities; which has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the

2011 Amendment, a Preferred Company was entitled to a reduced corporate tax rate of 16% with respect to its preferred income attributed to its Preferred Enterprise, unless the Preferred Enterprise was located in a certain development zone, in which case the rate was 9%. In 2017 and thereafter, the corporate tax rate for Preferred Enterprise which is located in a certain development zone was decreased to 7.5%, while the reduced corporate tax rate for other development zones remains 16%.

Dividends paid out of preferred income attributed to a Preferred Enterprise are generally subject to withholding tax at source at the rate of 20%, or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, withholding tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply.

New Tax benefits under the 2017 Amendment that became effective on January 1, 2017.

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and was effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of "Technology Enterprises", as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a "Preferred Technology Enterprise" and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technology Income," as defined in the Investment Law. The tax rate is further reduced to7.5% for a Preferred Technology Enterprise located in development zone A. In addition, a Preferred Technology Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefited Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefited Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the Israeli Innovation Authority, to which we refer as the IIA.

The 2017 Amendment further provides that a technology company satisfying certain conditions will qualify as a "Special Preferred Technology Enterprise" and will thereby enjoy a reduced corporate tax rate of 6% on "Preferred Technology Income" regardless of the company's geographic location within Israel. In addition, a Special Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain "Benefited Intangible Assets" to a related foreign company if the Benefited Intangible Assets were either developed by an Israeli company or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from the IIA. A Special Preferred Technology Enterprise that acquires Benefited Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law Dividends distributed by a Preferred Technology Enterprise or a Special Preferred Technology Enterprise, paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld. If such dividends are distributed to a foreign company and other conditions are met, the withholding tax rate will be 4%.

In 2021, the Company notified the Israeli tax authorities that it was waiving the Approved / Beneficiary Enterprise regime starting from tax year 2021. The Company is currently considering its qualification for the 2017 Amendment and the term and degree to which it may be qualified as a Preferred Technology Enterprise or Special Preferred Technology Enterprise.

Pillar Two Taxation

The OECD introduced Base Erosion and Profit Shifting ("BEPS") Pillar Two rules that impose a global minimum tax rate of 15% for large multinational corporations. On December 12, 2022, the EU Council announced that EU member states had reached an agreement to implement the minimum taxation component of 15% of the OECD's reform of international taxation. Other countries have also enacted or are expected to enact legislation to be effective as early as January 1, 2024, with general implementation of a global minimum tax by January 1, 2025. The OECD continues to release additional guidance and the Company is monitoring the new rules and country agreements. The Company is currently evaluating the potential impact on its consolidated financial statements and related disclosures and does not expect Pillar Two to have a material impact on its effective tax rate or consolidated financial statements in the foreseeable future.

Note 11. Commitments and contingencies

Legal proceedings

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

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

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

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

On June 30, 2024, Nano filed an unopposed motion to dismiss its claim without prejudice or cost. On July 1, 2024, 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.

Royalty commitments

As part of its acquisition of XAAR 3D on November 1, 2021, the Company assumed a royalty liability to a third party in respect of the developed technology. Such liability was recorded based on a fair value estimate, which was determined using the valuation model used to value the developed technology and is recorded under other non-current liabilities. As of December 31, 2024 and 2023 the royalty liability amounted to $5.3 million and $8.4 million, respectively.

Note 12. Equity

A. Share capital

The Company's issued share capital is composed of ordinary shares, NIS 0.01 par value per share. Ordinary shares confer upon their holders the right to receive notice to participate and vote in general meetings of the Company, and the right to receive dividends if declared.

The Company's ordinary shares are traded in the United States on the Nasdaq Global Select Market under the ticker symbol "SSYS". As of December 31, 2024 and 2023, there were 71,982 thousand ordinary shares and 69,656 thousand ordinary shares issued and 71,716 thousand ordinary shares and 69,656 thousand ordinary shares outstanding, net of treasury shares, respectively. The change in the issued and outstanding ordinary shares during 2024 was attributable to exercises of stock options and RSUs under the Company's stock-based compensation plans (including its ESPP) and the Company's share repurchase program, see B below. During 2024 the reserve pool under the 2022 Plan was increased by 2.4 million shares.

B. Share Repurchase Program and Treasury shares

On September 16, 2024, the Company's board of directors authorized a share repurchase program that provides for the repurchase of an amount of up to $50 million of the Company's 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.

During the year ended December 31, 2024, the Company repurchased 266 thousand ordinary shares for approximately $2.0 million at a weighted average cost of $7.50 per share.

C. Stock-based compensation plans

The Stratasys Ltd. 2012 Omnibus Equity Incentive Plan (the "2012 Plan"), which became effective upon the closing of the Stratasys-Objet merger, provides for the grant of options, restricted shares, RSUs, PSUs and other share-based awards to the Company's and its subsidiaries' respective directors, employees, officers, consultants, and to any other person whose services are considered valuable to the Company or any of its affiliates. Under the 2012 Plan, options, RSUs and PSUs generally have a contractual term of ten years from the grant date. Options granted become exercisable and RSUs are vested over the requisite service period, which is normally a four-year period beginning on the grant date, subject to the grantee providing continued service to the Company throughout the vesting period. PSUs are vested only upon the achievement of certain pre-determined performance metrics at grant date. Once the performance metrics are met, vesting of PSUs is subject to continued service to the Company over the requisite service period, which is normally a two-year to four-year period. The 2012 Plan expired pursuant to its own terms in September 2022.

As of December 31, 2024, there were an aggregate of 8,094,126 ordinary shares subject to outstanding awards under the 2012 Plan, and no further shares available for future equity awards under the 2012 Plan, as all remaining shares under the plan were transferred to the new 2022 Plan (as described below) upon the expiration of the 2012 Plan. All outstanding awards under the 2012 Plan continue to remain subject to the terms of the 2012 Plan, but upon cancellation, forfeiture or expiration of any such awards for any reason, the underlying shares will be automatically transferred and added to the pool of shares available for issuance under the 2022 Plan.

The Stratasys Ltd. 2022 Share Incentive Plan (the "2022 Plan") became effective upon approval by the Company's shareholders at the Company's 2022 annual general meeting of shareholders that took place on September 15, 2022. The 2022 Plan provides for the grant of options, restricted shares, RSUs, PSUs and other share-based awards to the Company's and its subsidiaries' respective directors, employees, officers, consultants, and to any other person whose services are considered valuable to the Company or any of its affiliates. Under the 2022 Plan, options, RSUs and PSUs generally have a contractual term of ten years from the grant date. Options granted become exercisable and RSUs are vested over the requisite service period, which is normally a four-year period beginning on the grant date, subject to the grantee providing continued service to the Company throughout the vesting period. PSUs are vested only upon the achievement of certain pre-determined performance metrics. Once the performance metrics are met, vesting of PSUs is subject to continued service to the Company over the requisite service period, which is normally a two-year to four-year period. As of December 31, 2024, 917,479 ordinary shares were subject to existing awards under the 2022 Plan, including shares that may be rolled over from the Stratasys 2012 Plan, were available for future equity awards under the 2022 Plan.

Stock options

A summary of the stock option activity for the year ended December 31, 2024 is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding as of December 31, 2023	1,360,652	$ 20.67
Granted	90,181	9.32
Exercised	(12,413)	12.30
Forfeited	(188,416)	25.70
Options outstanding as of December 31, 2024	1,250,004	$ 19.18
Options exercisable as of December 31, 2024	972,323	$ 20.62

The following table summarizes information about stock options outstanding at December 31, 2024:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Outstanding options at December 31, 2024	Options Outstanding Weighted- Average Remaining Contractual Life in Years	Weighted-Average Exercise Price	Exercisable options at December 31, 2024	Weighted-Average Exercise Price
$ 3.58 $ 19.61	588,500	6.58	$ 15.10	310,819	$ 15.99
$ 19.66 $ 22.28	463,400	2.74	20.43	463,400	20.43
$ 22.47 $ 27.83	121,926	3.40	24.36	121,926	24.36
$ 29.53 $ 35.16	76,178	0.30	34.73	76,178	34.73
	1,250,004	4.46	$ 19.18	972,323	$ 20.62
Aggregate intrinsic value (U.S. $ in thousands)	$ 4.9			$ 4.9	

As of December 31, 2024, the weighted-average remaining contractual life of exercisable options was 3.84 years. The total intrinsic value of options exercised during 2024, 2023 and 2022 was approximately $0.2 million, $0.0 million and $0.3 million, respectively.

The Company used the Black-Scholes option-pricing model to determine the fair value of options granted during 2024, 2023 and 2022. The following assumptions were applied in determining the options' fair value on their grant date:

	2024	2023			2022		
Risk-free interest rate	4.2%	4.1%	—	4.7%	3.6%	—	3.9%
Expected option term (years)	5.5		5.5			5.5	
Expected share price volatility	61.8%	61.0%	—	61.2%	60.3%	—	61.4%
Dividend yield	—		—			—	
Weighted average grant date fair value	$4.24		$9.75			$7.42	

As of December 31, 2024, the Company had 277,681 unvested stock options outstanding. As of December 31, 2024, the unrecognized compensation cost related to all unvested, equity- classified stock options of $272,699 thousand is expected to be recognized as an expense on a straight-line basis over a weighted-average period of 1.13 years.

Restricted Stock Units and Performance Stock Units

A summary of the Company's RSUs and PSUs activity for the year ended December 31, 2024 is as follows:

	Number of RSUs and PSUs	Weighted Average Grant Date Fair Value
Unvested RSUs and PSUs outstanding as of December 31, 2023	3,842,232	$ 17.95
Granted	2,632,097	10.68
Vested	(1,551,332)	18.31
Forfeited	(977,877)	15.23
Unvested RSUs and PSUs outstanding as of December 31, 2024	3,945,120	$ 13.67

The total vesting-date value of equity classified RSUs vested during 2024 was $16.8 million. As of December 31, 2024, the unrecognized compensation cost related to all unvested equity classified RSUs and PSUs of $37.1 million is expected to be recognized as an expense on a straight-line basis over a weighted-average period of 2.51 years.

Stock-based compensation expense for stock options, equity classified RSUs, PSUs and ESPPs included in the Company's Statements of Operations and Comprehensive Loss were allocated as follows:

Year ended December 31,	2024	2023	2022
		(U.S. $ in thousands)	
Cost of revenues	$ 3,073	$ 3,701	$ 4,082
Research and development, net	7,270	7,932	7,113
Selling, general and administrative	15,275	19,981	22,266
	$ 25,618	$ 31,614	$ 33,461

Employee Stock Purchase Plan

In October 2021, the Company adopted the 2021 Employee Stock Purchase Plan (the "ESPP"). As of December 31, 2024, the maximum aggregate number of ordinary shares that may be purchased initially under the ESPP was 5,200,000 shares.

The ESPP is implemented through an offering every six months. According to the ESPP, eligible employees may use up to 15% of their salaries to purchase ordinary shares. The price of an ordinary share purchased under the ESPP is equal to 85% of the lower of the fair market value of the ordinary share on the beginning of each offering period or on the purchase date.

As of December 31, 2024, 1,574,022 ordinary shares had been purchased under the ESPP.

As of December 31, 2024, 3,625,978 ordinary shares are available for future issuance under the ESPP.

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

D. Accumulated other comprehensive loss

The following tables present the changes in the components of accumulated other comprehensive loss, net of taxes, for the years ended December 31, 2024, 2023 and 2022:

	Year Ended December, 31 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	5,656	(4,069)	1,587
Amounts reclassified from accumulated other comprehensive loss	(2,539)	—	(2,539)
Other comprehensive income (loss), net of tax	3,117	(4,069)	(952)
Balance as of December 31, 2024	$ 4,907	$ (12,938)	$ (8,031)

	Year Ended December, 31 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 (loss) before reclassifications	(1,797)	3,650	1,853
Amounts reclassified from accumulated other comprehensive income	3,886	—	3,886
Other comprehensive income, net of tax	2,089	3,650	5,739
Balance as of December 31, 2023	$ 1,790	$ (8,869)	$ (7,079)

	Year Ended December, 31 2022		
	Net unrealized gain (loss) on cash flow hedges	Foreign currency translation adjustments	Total
	U.S. $ in thousands		
Balance as of January 1, 2022	$ 1,572	$ (10,343)	$ (8,771)
Other comprehensive loss before reclassifications	(1,566)	(2,176)	(3,742)
Amounts reclassified from accumulated other comprehensive loss	(305)	—	(305)
Other comprehensive loss, net of tax	(1,871)	(2,176)	(4,047)
Balance as of December 31, 2022	$ (299)	$ (12,519)	$ (12,818)

E. Rights plan

On July 24, 2022, the Company's board of directors adopted a shareholder rights plan (the "Initial Rights Plan") to protect the interests of the Company's shareholders. Each Right entitled the registered holder thereof to purchase from the Company one ordinary share at a price of NIS 0.01 per share, subject to adjustment, once the Rights were to become exercisable, and subject to the exercise terms and conditions thereof described in a related Rights Agreement, dated as of July 25, 2022, between the Company and Continental Stock Transfer & Trust Company, as rights agent. The Rights were to become exercisable only if an entity, person, or group were to acquire beneficial ownership of 15% or more of the Company's outstanding ordinary shares in a transaction not approved by the Company's board of directors. The Initial Rights Plan initially had a 364-day term, expiring on July 24, 2023, which was extended to December 31, 2023. Under a Third Amendment to Rights Agreement, entered into on December 21, 2023, the Initial Rights Plan and the related Rights Agreement were terminated in conjunction with the adoption of the New Rights Plan (as described below).

On December 21, 2023, prior to the expiration of the Initial Rights Plan, the Company's board of directors unanimously adopted a limited-duration shareholder rights plan (the "New Rights Plan", together with the Initial Rights Plan, collectively, the "Rights Plans") to protect the interests of the Company's shareholders, in replacement of the Initial Rights Plan. At the time of the board's adoption of the New Rights Plan, the Company entered into an accompanying Shareholder Rights Agreement, dated as of December 21, 2023 (as amended, the "New Rights Agreement"), with Continental Stock Transfer & Trust Company, as rights agent. The New Rights Plan was to expire on December 19, 2024. The New Rights Plan, if triggered, will significantly dilute the ownership of any entity, person or group that acquires beneficial ownership of 15% or more of the Company's outstanding ordinary shares in a transaction not approved by the Company's board of directors. The New Rights Plan 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 the Company's shareholders (other than an offeror) a way to voice their position directly to the Company's board of directors on certain types of offers and whether the plan should apply to those offers, and, in other circumstances, to exempt an offer from the plan altogether.

On December 19, 2024, the Company's board of directors approved an extension to the New Rights Plan and entered into an accompanying amendment (the "First Amendment") to the New Rights Agreement. The First Amendment was effective immediately prior to the expiration of the Rights under the New Rights Agreement, and extended the date of expiration of the Rights under the New Rights Plan to December 19, 2025.

The adoption of the Rights Plans was intended to protect the long-term interests of Stratasys and all Stratasys shareholders. The Rights Plans were designed to reduce the likelihood that any entity, person, or group would gain control of, or significant influence over, Stratasys through the open-market accumulation of the Company's shares without appropriately compensating all Stratasys shareholders for control. The Rights Plans were meant to encourage anyone seeking to gain a significant interest in Stratasys to negotiate directly with the Company's board of directors prior to attempting to control or significantly influence the Company. Further to those goals, the Rights could cause substantial dilution to a person or group that would acquire 15% or more of the ordinary shares of the Company or any existing holder of 15% or more of the ordinary shares who would acquire any additional ordinary shares without the approval of the Company's board of directors.

Note 13. Derivatives and Hedging Activities

The Company carries out transactions involving foreign currency exchange derivative financial instruments. The transactions are designed to hedge the Company's exposure to change in relative value of currencies other than the U.S. dollar. 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") and, the Euro. Gains and losses on the hedging instruments offset losses and gains on the hedged items.

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

		Fair Value		Notional Amount	
		December 31		December 31	
	Balance sheet location	2024	2023	2024	2023
		U.S. $ in thousands			
Assets derivatives - Foreign exchange contracts, not designated as hedging instruments	Other current assets	$ 71	$ 164	$ 29,244	$ 82,873
Assets derivatives - Foreign exchange contracts, designated as cash flow hedge	Other current assets	4,005	2,087	89,414	51,830
Liability derivatives - Foreign exchange contracts, not designated as hedging instruments	Accrued expenses and other current liabilities	(21)	(51)	82,818	21,168
Liability derivatives - Foreign exchange contracts, designated as cash flow hedge	Accrued expenses and other current liabilities	(3)	(657)	5,687	74,054
		$ 4,052	$ 1,543	$ 207,163	$ 229,925

Foreign exchange contracts not designated as hedging instruments

As of December 31, 2024, the notional amounts of the Company's outstanding exchange forward contracts, not designated as hedging instruments, were $112.1 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, gain of $4.4 million, gain of $0.5 million and gain of $2.1 million were recognized under financial income (expenses), net for the years ended December 31, 2024, 2023 and 2022, 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 December 31, 2024 and 2023, the Company had in effect foreign exchange forward contracts for the conversion of $46.7 million and $46.2 million, respectively, into NIS. These foreign exchange forward contracts were designated as cash flow hedge for accounting purposes. 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 NIS. The changes in fair value of those contracts are included in the Company's accumulated other comprehensive loss.

Cash Flow Hedging—Hedges of Forecasted Foreign Currency Revenue

The Company transact 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 December 31, 2024, the Company had in effect foreign exchange forward contracts, designated as cash flow hedge for accounting purposes, for the conversion of €43.2 million into dollars.

To receive hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge, and the hedges must be highly effective in offsetting changes to future cash flows on hedged transactions. The Company record changes in fair value of these cash flow hedges in accumulated other comprehensive income (loss) in its consolidated balance sheets, until the forecasted transaction occurs. When the forecasted transaction occurs, the Company reclassify the related gain or loss to the same statement of operations line item as the hedged item (revenue or payroll and other operating expenses). In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the Company reclassifies the gain or loss on the related cash flow hedge from accumulated other comprehensive income (loss) to the same statement of operations line item as the hedged item. If the Company does not elect hedge accounting, or the contract does not qualify for hedge accounting treatment, the changes in fair value from period to period are recorded under financial income (expenses), net.

	Revenues		Cost of sales		Research and development, net		Selling, general and administrative		Financial income, net		Other comprehensive income (loss), net of tax	
	December 31,		December 31,		December 31,		December 31,		December 31,		December 31,	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	U.S. $ in thousands											
Line items in which effects of hedges are recorded	$ 572,458	$ 627,598	$ 315,642	$ 360,574	$ 99,142	$ 94,425	$ 243,335	$ 260,179	$ 1,676	$ 2,993	$ (952)	$ 5,739
Foreign exchange contracts designated as hedging instrument	(1,292)	1,578	(111)	472	(378)	1,604	(758)	3,030	—	—	5,656	(1,797)
Foreign exchange contracts not designated as hedging instrument	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ (4,363)	$ (470)	$ —	$ —

Note 14. Entity-Wide Disclosure

Revenues by geographic area for the years ended December 31, 2024, 2023 and 2022 were as follows*:

	Year Ended December, 31		
	2024	2023	2022
	(U.S. $ in thousands)		
Americas (primarily the United States) **	$ 341,737	$ 389,770	$ 415,428
EMEA ***	158,465	155,942	141,660
Asia Pacific	72,256	81,886	94,395
	$ 572,458	$ 627,598	$ 651,483

* Revenues are attributed to geographic areas based on the location of customer.

** Revenues in the United States amounted to $322.5 million, $366.5 million and $390.7 million for the years ended December 31, 2024, 2023 and 2022 respectively, and are included under the Americas region in the above table.

*** Revenues in Israel amounted to $4.4 million, $5.5 million and $5.4 million for the years ended December 31, 2024, 2023 and 2022 respectively, and are included under the EMEA region in the above table.

No single customer accounted for 10% or more of Company's total revenues, or Company's net accounts receivable, in any fiscal year presented.

Property, plant and equipment and right-of-use assets of leases by geographical area were as follows:

	December 31,	
	2024	2023
	(U.S. $ in thousands)	
Americas (primarily the United States)	$ 66,221	$ 59,473
EMEA	146,632	153,749
Asia Pacific	3,695	3,225
	$ 216,548	$ 216,447

Property, plant and equipment that were located in Israel had an aggregate value, as reflected on the Company's balance sheets, amounting to $120.6 million and $126.2 million as of December 31, 2024 and 2023, respectively and are included under the EMEA region in the above table.

Right-of-use assets that were located in Israel had an aggregate value of $1.3 million and $0.8 million as of December 31, 2024 and 2023 respectively and are included under the EMEA region in the above table.

Note 15. Net loss per Share

The following table presents the computation of basic and diluted net loss per share:

	Year ended December 31,		
	2024	2023	2022
	(US $ in thousands, except per share amounts)		
Numerator:			
Net loss attributable to Stratasys Ltd. for basic and diluted net loss per share	$ (120,283)	$ (123,074)	$ (28,974)
Denominator:			
Weighted average shares, net of treasury shares – denominator for basic and diluted net loss per share	70,858	68,666	66,491
Net loss per share Basic and diluted	$ (1.70)	$ (1.79)	$ (0.44)

The computation of diluted net loss per share for the years ended December 31, 2024, 2023 and 2022 excluded share awards of 5.2 million, 5.2 million and 5.1 million, respectively, because their inclusion would have had an anti-dilutive effect on the diluted net loss per share.

Note 16. Leases

The Company's operating lease expenses are recognized on a straight-line basis. Operating lease cost for the years ended December 31, 2024, 2023 and 2022, were as follows:

	December 31,		
	2024	2023	2022
	(U.S. $ in thousands)		
Operating lease cost:			
Fixed payments and variable payments that depend on an index or rate	$ 8,444	$ 10,090	$ 8,951
Total operating lease cost	$ 8,444	$ 10,090	$ 8,951

Cash flow and other information related to operating leases were as follows:

	December 31,		
	2024	2023	2022
	(U.S. $ in thousands)		
Cash paid for amounts included in the measurement of lease liabilities	$ 7,272	$ 8,885	$ 8,372
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 20,808	$ 7,142	$ 12,057

	December 31,		
	2024	2023	2022
	(U.S. $ in thousands)		
Weighted-average remaining lease term — operating leases	11.80 years	4.73 years	4.11 years
Weighted-average discount rate — operating leases	5.56%	4.47%	4.17%

Maturities of operating lease liabilities were as follows:

	December 31,
	2024
	(U.S. $ in thousands)
2025	$ 7,321
2026	6,004
2027	3,964
2028	3,600
2029 / and thereafter	27,254
Total operating lease payments	48,143
Less: imputed interest	(16,053)
Present value of lease liabilities	$ 32,090

Note 17. Segment

The chief operating decision maker ("CODM") manages the Company's business activities as a single operating and reportable segment and review financial information prepared on a consolidated basis. The Company's reportable segment generates revenues through the sale of its 3D printing systems, related services and consumables and by providing additive manufacturing ("AM") solutions. The CODM reviews and utilizes budget-to-actual variances of profit measures and functional expenses (Cost of revenues, Research and development, net, and Selling, general and administrative), at the consolidated level to manage the Company's operations and to make key operating decisions. Other segment items included in consolidated net income are Financial income, net and the Income tax expenses, which are reflected in the consolidated statements of comprehensive income.

Note 18. Restructuring costs

During the year ended December 31, 2023, the Company initiated certain restructuring activities for some parts of its operations, as part of aligning the business to the Company's growth strategy and streamlining the organization for improved efficiency. In connection with these activities, certain operations were discontinued, and others were divested. These restructuring activities resulted in an impairment charge to fixed assets, inventory write-off, employees related expenses and other charges for a total amount of $19.2 million. During the year ended December 31, 2023 the Company recorded restructuring charges of $12.3 million, $2.7 million and $4.2 million under cost of revenues; research and development and selling, general and administrative, respectively. The restructuring activities were substantially completed the implementation of this initiative by December 31, 2023.

In August 2024, the Company announced a cost savings initiative (the "2024 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 substantially completed the implementation of this initiative by the end of 2024.

During the twelve months ended December 31, 2024 the Company recorded the following activity related to the 2024 Restructuring Plan in accrued expenses and other current liabilities on its balance sheet (in thousands):

	Year ended December 31, 2024
	(U.S. $ in thousands)
Accrued expenses and other current liabilities as of January 1, 2024	$ —
Restructuring charges	10,058
Cash payments	(6,199)
Accrued expenses and other current liabilities as of December 31, 2024	$ 3,859

During the twelve months ended December 31, 2024 the Company recognized the following restructuring charges, which were expensed as follows (in thousands):

	Year ended December 31, 2024
	(U.S. $ in thousands)
Cost of revenues	$ 571
Research and development, net	4,373
Selling, general and administrative	5,114
Total restructuring charges	$ 10,058

Note 19. Subsequent Events

Entry into PIPE Transaction

On February 2, 2025, the Company entered into a securities purchase agreement (the “PIPE SPA”) with Fortissimo Capital Fund VI, L.P. (together with its affiliates, collectively, “Fortissimo”), an Israeli private equity fund, pursuant to which Fortissimo will invest $120 million in Stratasys and acquire 11,650,485 newly-issued ordinary shares (such transaction, the “PIPE”). Upon (and subject to) completion of the PIPE, Fortissimo will hold approximately 15.5% of the Company's issued and outstanding ordinary shares. The PIPE is expected to close during the second quarter of 2025, subject to review by the U.S. Committee on Foreign Investment in the United States and other customary closing conditions. In connection with its entry into the PIPE SPA, the Company’s board of directors agreed to exempt any acquisition of ordinary shares by Fortissimo pursuant to the PIPE and thereafter from the applicability of the New Rights Plan. Instead, Fortissimo will be subject to certain standstill and voting restrictions under a shareholder agreement to be entered into upon (and subject to) the closing of the PIPE.

ITEM 19. EXHIBITS.

Exhibit Number	Document Description
1.1	Amended and Restated Articles of Association of Stratasys Ltd.
1.2	Memorandum of Association of Stratasys Ltd. (formerly known as Objet Ltd.)[1]
2.1	Specimen ordinary share certificate of Stratasys Ltd.[2]
2.2	Description of ordinary shares of Stratasys Ltd*
2.3	Shareholder Rights Agreement, dated December 21, 2023, by and between Stratasys Ltd. and Continental Stock Transfer & Trust Company[3]
2.4	First Amendment to Shareholder Rights Agreement, dated as of December 19, 2024, between Stratasys Ltd. and Continental Stock Transfer & Trust Company, as rights agent[4]
4.1	Stratasys Ltd. 2022 Share Incentive Plan, as amended[5]
4.2	Stratasys Ltd. 2012 Omnibus Equity Incentive Plan, as amended[6]
4.3	Stratasys Ltd. 2021 Employee Share Purchase Plan[7]
4.4	Form of Indemnification Agreement by and between Stratasys Ltd. (formerly known as Objet Ltd.) and each of its directors and executive officers[8]
4.5	OEM Purchase and License Agreement,effective as of May 5, 2011, by and between Stratasys Ltd. (formerly known as Objet Geometries Ltd.) and RicohPrinting Systems America, Inc.[9]
4.6	Assignment, dated June 1, 1994, from S. Scott Crump, James W. Comb, William R. Priedeman, Jr., and Robert Zinniel to Stratasys, Inc. (a subsidiary of Stratasys Ltd.) with respect to a patent application for a process and apparatus of support removal for three-dimensional modeling[10]
4.7	Stratasys Ltd. Compensation Policy for Executive Officers and Directors[11]
4.8.1	Employment Agreement, effective as of February 18, 2020, by and between Stratasys Ltd. and Yoav Zeif[12]
4.8.2	Amendment, effective as of November 7, 2024, to the Employment Agreement, effective as of February 18, 2020, by and between Stratasys Ltd. and Yoav Zeif[13]
8.1	Subsidiary List of Stratasys Ltd.*
11.1	Stratasys Ltd. Insider Trading Policy*
12.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Exchange Act*
12.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Exchange Act*
13	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b)/Rule 15d-14(b) under the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
15.1	Consent of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm*
97.1	Stratasys Ltd. Policy for Recovery of Erroneously Awarded Compensation[14]
101	The following financial information from Stratasys Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2024 formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets at December 31, 2024 and 2023; (ii) Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2024, 2023 and 2022; (iii) Consolidated Statements of Changes in Equity for the years ended December 31, 2024, 2023 and 2022; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text.
104	Cover Page Interactive Data File

*Filed herewith

Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a confidential treatment request.

---

[1] Incorporated by reference to Exhibit 3.2 to the registrant's registration statement on Form F-4, SEC File No. 333-182025, filed with the SEC on June 8, 2012

[2] Incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the registrant's registration statement on Form F-4, SEC File No. 333-182025, filed with the SEC on August 6, 2012

[3] Incorporated by reference to Exhibit 4.1 to the registrant's report of foreign private issuer on Form 6-K furnished to the SEC on December 21, 2023

[4] Incorporated by reference to Exhibit 4.2 to the registrant's report of foreign private issuer on Form 6-K furnished to the SEC on December 20, 2024

[5] Incorporated by reference to Exhibit 99.1 to the registrant's report of foreign private issuer on Form 6-K furnished to the SEC on August 26, 2022

[6] Incorporated by reference to Exhibit 4.2 to the registrant's annual report on Form 20-F for the year ended December 31, 2022, filed with the SEC on March 3, 2023

[7] Incorporated by reference to Appendix A to the registrant's proxy statement for its 2021 annual general meeting of shareholders, attached as Exhibit 99.2 to the registrant's report of foreign private issuer on Form 6-K furnished to the SEC on October 13, 2021

[8] Incorporated by reference to Exhibit 10.7 to the registrant's registration statement on Form F-4, SEC File No. 333- 182025, filed with the SEC on June 8, 2012

[9] Incorporated by reference to Exhibit 10.10 to the registrant's registration statement on Form F-4, SEC File No. 333-182025, filed with the SEC on June 8, 2012

[10] Incorporated by reference to Amendment No. 1 to Stratasys, Inc.'s registration statement on Form SB-2 (SEC File No. 333-99108) filed with the SEC on December 20, 1995

[11] Incorporated by reference to Exhibit 99.1 to the amended report of foreign private issuer on Form 6-K/A furnished to the SEC on October 18, 2024

[12] Incorporated by reference to Exhibit 4.8 to the registrant's annual report on Form 20-F for the year ended December 31, 2019, filed with the SEC on February 26, 2020

[13] Incorporated by reference to Appendix B to the registrant's proxy statement for the registrant's 2024 annual general meeting of shareholders, attached as Exhibit 99.1 to the registrant's report of foreign private issuer on Form 6-K furnished to the SEC on October 1, 2024

[14] Incorporated by reference to Exhibit 97.1 to the registrant's annual report on Form 20-F for the year ended December 31, 2023, filed with the SEC on March 11, 2024

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report filed on its behalf.

STRATASYS LTD.

/s/ Yoav Zeif
Name: Yoav Zeif
Title: Chief Executive Officer and Director

March 6, 2025