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

FORM 6-K

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

For the month of **August 2022**

Commission File Number **001-36903**

KORNIT DIGITAL LTD.

(Translation of Registrant's name into English)

**12 Ha'Amal Street
Park Afek**

Rosh Ha'Ayin 4824096 Israel
(Address of Principal Executive Office)

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

Form 20-F Form 40-F

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

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

CONTENTS

Results of Operations and Financial Condition- Second Quarter of 2022

On August 10, 2022, Kornit Digital Ltd. (“**Kornit**”) issued a press release entitled “Kornit Digital Reports Second Quarter 2022 Results,” in which Kornit reported its results of operations for the quarter and six months ended June 30, 2022. A copy of that press release is furnished as Exhibit 99.1 hereto.

Kornit is holding a conference call on August 10, 2022 to discuss its quarterly results for the quarter ended June 30, 2022 and will make available to its investors a slide presentation to provide additional information regarding its business and its financial results. That slide presentation is attached as Exhibit 99.2 to this Report of Foreign Private Issuer on Form 6-K (this “**Form 6-K**”) and is incorporated herein by reference.

Incorporation by Reference

The U.S. GAAP financial information contained in the (i) consolidated balance sheets, (ii) consolidated statements of operations and (iii) consolidated statements of cash flows included in the press release attached as Exhibit 99.1 to this Report of Foreign Private Issuer on Form 6-K is hereby incorporated by reference into Kornit’s Registration Statements on Form F-3 (File No. [333-248784](#)) and Form S-8 (File No.’s [333-203970](#), [333-214015](#), [333-217039](#), [333-223794](#), [333-230567](#), [333-237346](#), [333-254749](#), and [333-263975](#)).

SIGNATURES

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

Date: August 10, 2022

KORNIT DIGITAL LTD.

By: /s/ Alon Rozner

Name: Alon Rozner

Title: Chief Financial Officer

Exhibit Index

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press release, dated August 10, 2022, titled "Kornit Digital Reports Second Quarter 2022 Results" |
| 99.2 | Slide presentation for conference call of Kornit held on August 10, 2022 discussing quarterly financial results for the second quarter of 2022 |

Investor Contact:

Andrew G. Backman
Global Head of Investor Relations
andrew.backman@kornit.com

**Kornit Digital Reports Second Quarter 2022 Results**

- Second quarter revenues of \$58.1 million, net of non-cash warrants impact of \$4.5 million, in line with preliminary results issued on July 5, 2022
- Second quarter GAAP operating loss of \$24.9 million; Non-GAAP operating loss of \$18.3 million, net of \$4.5 million attributed to the non-cash impact of warrants
- Board of Directors approves \$75 million share repurchase program
- Announces CFO transition; Industry veteran Lauri Hanover to join Kornit executive management team as Chief Financial Officer

Rosh-Ha'Ayin, Israel – August 10, 2022 – Kornit Digital Ltd. (“Kornit” or “the Company”) (Nasdaq: KRNT), a worldwide market leader in sustainable, on-demand, digital fashion^X and textile production technologies, reported today results for the second quarter ended June 30, 2022.

“While the overall operating environment remains challenging, we believe the industry will continue its long-term secular growth, fueled by the mega-trends we’ve discussed in the past,” said Ronen Samuel, Kornit Digital’s Chief Executive Officer. “We are navigating the current market dynamics by working closely with global brands, retailers and fulfillers to shift production volumes to on-demand, executing on new product introductions and adoption of these innovative technologies, and focusing on returning to profitability.”

Mr. Samuel continued, “Our vision remains unchanged and we remain extremely confident in the fundamentals of the business. With our solid financial foundation and dedicated global team of professionals, we continue to be laser focused on leading the industry’s transformation from analog manufacturing to sustainable on-demand digital production.”

The following table compares the adverse, non-cash impact that the Company's outstanding warrants had on the Company's results of operations during the second quarters of 2022 and 2021, respectively:

Second Quarter Warrants Impact

| | Three Months Ended June 30, | | | |
|-------------------------------------|--------------------------------|--------------------|---------------------------|--------------------|
| | 2022 | | 2021 | |
| | Net of Warrants Impact | Warrants Impact | Net of Warrants Impact | Warrants Impact |
| Revenue | \$ 58.1M | \$ 4.5M | \$ 81.7M | \$ 6.6M |
| Non-GAAP Gross Margin | 38.6% | 4.4% | 48.2% | 3.9% |
| Non-GAAP Operating Margin | (31.4%) | 9.5% | 12.5% | 6.5% |
| Non-GAAP Net Margin | (26.8%) | 9.1% | 12.8% | 6.5% |
| Non-GAAP Diluted Earnings Per Share | (\$ 0.31) | \$ 0.09 | \$ 0.22 | \$ 0.13 |

"We continue to strategically look at all aspects of our business and are adjusting our cost structure as needed, including a recent focused reduction-in-force, while reallocating resources to key growth initiatives and investments in long-term programs that support our customers' needs," said Alon Rozner, Kornit Digital's Chief Financial Officer. "Our extremely strong balance sheet provides us with a great foundation to navigate the current market conditions and volatility, while focusing on longer-term opportunities to drive profitable growth."

Second Quarter 2022 Results of Operations

- Total revenue for the second quarter of 2022 was \$58.1 million, net of \$4.5 million attributed to the non-cash impact of warrants, compared to \$81.7 million, net of \$6.6 million attributed to the non-cash impact of warrants in the prior year period.
- GAAP net loss for the second quarter of 2022 was \$19.5 million, or (\$0.39) per basic share, compared to net income of \$5.6 million, or \$0.12 per diluted share, for the second quarter of 2021.
- Non-GAAP net loss for the second quarter of 2022 was \$15.6 million, or (\$0.31) per basic share, net of \$0.09 per basic share attributed to the non-cash impact of warrants, compared to non-GAAP net income of \$10.5 million, or \$0.22 per diluted share, net of \$0.13 per diluted share attributed to the non-cash impact of warrants, for the second quarter of 2021.

Third Quarter 2022 Guidance

For the third quarter of 2022, the Company expects revenue to be in the range of \$66 million to \$70 million; non-GAAP operating margins to be in the range of -15% to -11% of revenue; EBITDA Margins to be in the range of -12% to -8%. Consistent with past practice, this guidance excludes the impact of the fair value of issued warrants in the quarter.

\$75 million Share Repurchase Authorization

The Company announced today that its Board of Directors has authorized the repurchase of up to \$75 million of the Company's ordinary shares, subject to the completion of required Israeli regulatory procedures.

"A share repurchase program is a flexible way to return capital to our shareholders when we see significant value in our stock," said Mr. Rozner. "In evaluating our capital allocation plans and the current trading levels of our stock, the Board and management believe that using a portion of the cash on our extremely strong balance sheet – which included approximately \$705 million in cash, cash equivalents, and marketable securities at the end of the second quarter – for repurchases of our ordinary shares is in the best interests of the Company and its shareholders, and will not adversely impact our ability to execute on our growth plans."

The program is subject to Kornit's Board of Directors' final confirmation that the Company meets certain liquidity-related requirements under the Israeli Companies Law, as well as Kornit's receipt of Israeli court approval, which would cover an initial period of six months, after which period renewed court approval would be needed to continue the program. The court approval process is expected to take several months. If and when the Company receives court approval, repurchases may be made from time to time through open market repurchases or through privately negotiated transactions, subject to market conditions, applicable legal requirements, and other relevant factors. Open market repurchases will be effected in accordance with the requirements of Rule 10b-18 under the Exchange Act. The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. The repurchase program does not obligate the Company to acquire any particular amount of its ordinary shares, and it may be modified, suspended, or terminated, at any time at the Company's 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.

Announces CFO Transition

The Company also announced that Alon Rozner, Chief Financial Officer, will leave the Company for personal reasons. Kornit is pleased to appoint Lauri Hanover as the Company's new CFO. To ensure an orderly transition, Mr. Rozner will continue as CFO until his expected departure in November.

Since March 2015, Ms. Hanover has served as a member of the Company's Board of Directors. Ms. Hanover has over 25 years of CFO experience and financial expertise in the software, hardware, consumer goods, and industrials sectors. Ms. Hanover holds a B.A. from the University of Pennsylvania, a B.S. in Economics from The Wharton School of the University of Pennsylvania, as well as an M.B.A. from New York University.

Ms. Hanover will continue as a member of the Company's Board of Directors ("Board"), but will step down as the Company's Audit Committee Chair and as member of the Compensation Committee effective immediately. Current Board members Mr. Dov Ofer will assume the role of Audit Chairperson and Mr. Gabi Seligsohn will join the Audit Committee, while Mr. Stephen Nigro will join the Compensation Committee. Each of the foregoing individuals heading or joining those committees of the Board is an independent director and possesses the requisite credentials for the relevant role under the Nasdaq Listing Rules.

"Alon has been an integral member of our executive management team and an immensely valued colleague to everyone here at Kornit," said Ronen Samuel. "His exceptional leadership and vital contributions further strengthened and expanded the financial foundation of the firm, especially through the global pandemic. We wish him only the best in the future."

"It has been a pleasure to serve as Kornit's CFO and to work with such an amazing team across the world," said Alon Rozner. "I have the utmost confidence in the Company, its strategy, and its leadership team, and have no doubt the Company will successfully transform the fashion and textile industry. I look forward to working with Lauri on a successful transition and wish everyone at Kornit tremendous success."

Commenting on her appointment, Ms. Hanover added, "I am truly honored to undertake this role with Kornit in a new capacity as CFO and look forward to working with Alon on the transition, and with the entire management team to execute on our long-term strategy and drive value creation."

Second Quarter Earnings Conference Call Information

The Company will host a conference call today at 8:30 a.m. ET, or 3:30 p.m. Israel time, to discuss the results, followed by a question-and-answer session with the investment community.

A live webcast of the call can be accessed at ir.kornit.com. To access the call, participants may dial toll-free at 1-877-300-8521 or +1-412-317-6026. The toll-free Israeli number is 1-809-213-284. The conference confirmation code is 10169717.

To listen to a replay of the conference call, dial toll-free 1-844-512-2921 or +1-412-317-6671 (international) and enter confirmation code 10169717. The telephonic replay will be available approximately two hours after the completion of the live call until 11:59 pm ET on Wednesday, August 24, 2022. The call will also be available for replay via the webcast link on Kornit's Investor Relations website.

About Kornit Digital

Kornit Digital (NASDAQ: KRNT) is a worldwide market leader in sustainable, on-demand, digital fashion^x and textile production technologies. The Company is writing the operating system for fashion with end-to-end solutions including digital printing systems, inks, consumables, and an entire global ecosystem that manages workflows and fulfillment. Headquartered in Israel with offices in the USA, Europe, and Asia Pacific, Kornit Digital serves customers in more than one hundred countries and states worldwide. To learn more about how Kornit Digital is boldly transforming the world of fashion and textiles, visit www.kornit.com.

Forward Looking Statements

Certain statements in this press release are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and other U.S. securities laws. Forward-looking statements are characterized by the use of forward-looking terminology such as “will,” “expects,” “anticipates,” “continue,” “believes,” “should,” “intended,” “guidance,” “preliminary,” “future,” “planned,” or other words. These forward-looking statements include, but are not limited to, statements relating to the Company’s objectives, plans and strategies, statements of preliminary or projected results of operations or of financial condition and all statements that address activities, events, or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. The Company has based these forward-looking statements on assumptions and assessments made by its 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 Company’s degree of success in developing, introducing and selling new or improved products and product enhancements including specifically the Company’s Poly Pro and Presto products; the extent of the Company’s ability to consummate sales to large accounts with multi-system delivery plans; the degree of the Company’s ability to fill orders for Kornit’s systems; the extent of the Company’s ability to increase sales of Kornit’s systems, ink and consumables; the extent of the Company’s ability to leverage Kornit’s global infrastructure build-out; the development of the market for digital textile printing; the availability of alternative ink; competition; sales concentration; changes to the Company’s relationships with suppliers; the extent of the Company’s success in marketing; the duration and severity of the adverse macro-economic trends triggered by the global COVID-19 pandemic, such as supply-chain delays inflationary pressures, and rising interest rates, which could potentially impact, in a material adverse manner, the Company’s operations, financial position and cash flows, and those of the Company’s customers and suppliers; receipt of court approval to effect the Company’s proposed share repurchase program; and those additional factors referred to under “Risk Factors” in Item 3.D of the Company’s Annual Report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 30, 2022. Any forward-looking statements in this press release are made as of the date hereof, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Discussion Disclosure

The non-GAAP financial measures presented consist of GAAP financial measures adjusted to exclude the impact of share-based compensation expenses, amortization of acquired intangible assets, acquisition related expenses, foreign exchange differences associated with ASC 842 and the related tax effect of the foregoing. The purpose of such adjustments is to provide an indication of the Company’s performance exclusive of non-cash charges and other items that are considered by management to be outside of the Company’s core operating results. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Furthermore, the non-GAAP measures are regularly used internally to understand, manage, and evaluate the Company’s business and make operating decisions, and the Company believes that they are useful to investors as a consistent and comparable measure of the ongoing performance of the Company’s business. However, the Company’s non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with the Company’s consolidated financial statements prepared in accordance with GAAP. Additionally, these non-GAAP financial measures may differ materially from the non-GAAP financial measures used by other companies.

**KORNIT DIGITAL LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)**

| | June 30, 2022 | December 31, 2021 |
|---|--------------------------|------------------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 196,611 | \$ 611,551 |
| Short-term bank deposit | 260,063 | 9,168 |
| Marketable securities | 21,726 | 28,116 |
| Trade receivables, net | 60,473 | 49,797 |
| Inventory | 89,580 | 63,017 |
| Other accounts receivable and prepaid expenses | 13,465 | 13,694 |
| Total current assets | 641,918 | 775,343 |
| LONG-TERM ASSETS: | | |
| Marketable securities | \$ 226,173 | \$ 149,269 |
| Deposits and other long-term assets | 2,531 | 856 |
| Severance pay fund | 323 | 357 |
| Deferred taxes | 14,153 | 9,339 |
| Property, plant and equipment, net | 53,189 | 45,046 |
| Operating lease right-of-use assets | 28,658 | 25,155 |
| Intangible assets, net | 11,271 | 10,063 |
| Goodwill | 29,164 | 25,447 |
| Total long-term assets | 365,462 | 265,532 |
| Total assets | \$ 1,007,380 | \$ 1,040,875 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 30,788 | \$ 46,448 |
| Employees and payroll accruals | 15,364 | 22,482 |
| Deferred revenues and advances from customers | 3,013 | 5,401 |
| Operating lease liabilities | 5,071 | 5,058 |
| Other payables and accrued expenses | 21,046 | 17,287 |
| Total current liabilities | 75,282 | 96,676 |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | \$ 1,217 | \$ 1,543 |
| Operating lease liabilities | 22,533 | 21,900 |
| Other long-term liabilities | 1,932 | 1,203 |
| Total long-term liabilities | 25,682 | 24,646 |
| SHAREHOLDERS' EQUITY | 906,416 | 919,553 |
| Total liabilities and shareholders' equity | \$ 1,007,380 | \$ 1,040,875 |

**KORNIT DIGITAL LTD.
AND ITS SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except share and per share data)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-------------------|--------------------|-------------------|
| | June 30, | | June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | <u>(Unaudited)</u> | | <u>(Unaudited)</u> | |
| Revenues | | | | |
| Products | \$ 47,566 | \$ 72,176 | \$ 120,080 | \$ 130,122 |
| Services | 10,570 | 9,490 | 21,349 | 17,667 |
| Total revenues | <u>58,136</u> | <u>81,666</u> | <u>141,429</u> | <u>147,789</u> |
| Cost of revenues | | | | |
| Products | 25,667 | 34,254 | 64,904 | 62,429 |
| Services | 11,937 | 8,830 | 22,591 | 16,368 |
| Total cost of revenues | <u>37,604</u> | <u>43,084</u> | <u>87,495</u> | <u>78,797</u> |
| Gross profit | <u>20,532</u> | <u>38,582</u> | <u>53,934</u> | <u>68,992</u> |
| Operating expenses: | | | | |
| Research and development, net | 14,081 | 9,799 | 28,091 | 19,243 |
| Sales and marketing | 21,100 | 13,830 | 37,631 | 24,879 |
| General and administrative | 10,250 | 8,881 | 20,016 | 15,689 |
| Total operating expenses | <u>45,431</u> | <u>32,510</u> | <u>85,738</u> | <u>59,811</u> |
| Operating income (loss) | <u>(24,899)</u> | <u>6,072</u> | <u>(31,804)</u> | <u>9,181</u> |
| Financial income, net | 4,324 | 351 | 6,123 | 2,416 |
| Income (loss) before taxes on income (tax benefits) | <u>(20,575)</u> | <u>6,423</u> | <u>(25,681)</u> | <u>11,597</u> |
| Taxes on income (tax benefits) | <u>(1,099)</u> | <u>821</u> | <u>(1,008)</u> | <u>896</u> |
| Net income (loss) | <u>(19,476)</u> | <u>5,602</u> | <u>(24,673)</u> | <u>10,701</u> |
| Basic net income (loss) per share | <u>\$ (0.39)</u> | <u>\$ 0.12</u> | <u>\$ (0.50)</u> | <u>\$ 0.23</u> |
| Weighted average number of shares used in computing basic net income (loss) per share | <u>49,756,990</u> | <u>46,196,720</u> | <u>49,707,782</u> | <u>46,119,416</u> |
| Diluted net income (loss) per share | <u>\$ (0.39)</u> | <u>\$ 0.12</u> | <u>\$ (0.50)</u> | <u>\$ 0.22</u> |
| Weighted average number of shares used in computing diluted net income (loss) per share | <u>49,756,990</u> | <u>47,849,783</u> | <u>49,707,782</u> | <u>47,709,429</u> |

**KORNIT DIGITAL LTD.
AND ITS SUBSIDIARIES**
RECONCILIATION OF GAAP TO NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except share and per share data)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-------------------|--------------------|-------------------|
| | June 30, | | June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | <u>(Unaudited)</u> | | <u>(Unaudited)</u> | |
| Revenues | \$ 58,136 | \$ 81,666 | \$ 141,429 | \$ 147,789 |
| GAAP cost of revenues | \$ 37,604 | \$ 43,084 | \$ 87,495 | \$ 78,797 |
| Cost of product recorded for share-based compensation (1) | (606) | (320) | (1,055) | (619) |
| Cost of service recorded for share-based compensation (1) | (461) | (266) | (846) | (499) |
| Intangible assets amortization on cost of product (3) | (666) | (25) | (839) | (50) |
| Intangible assets amortization on cost of service (3) | (160) | (160) | (320) | (320) |
| Non-GAAP cost of revenues | <u>\$ 35,711</u> | <u>\$ 42,313</u> | <u>\$ 84,435</u> | <u>\$ 77,309</u> |
| GAAP gross profit | \$ 20,532 | \$ 38,582 | \$ 53,934 | \$ 68,992 |
| Gross profit adjustments | 1,893 | 771 | 3,060 | 1,488 |
| Non-GAAP gross profit | <u>\$ 22,425</u> | <u>\$ 39,353</u> | <u>\$ 56,994</u> | <u>\$ 70,480</u> |
| GAAP operating expenses | \$ 45,431 | \$ 32,510 | \$ 85,738 | \$ 59,811 |
| Share-based compensation (1) | (4,414) | (3,241) | (8,878) | (5,781) |
| Acquisition related expenses (2) | - | - | (512) | - |
| Intangible assets amortization (3) | (333) | (119) | (419) | (238) |
| Non-GAAP operating expenses | <u>\$ 40,684</u> | <u>\$ 29,150</u> | <u>\$ 75,929</u> | <u>\$ 53,792</u> |
| GAAP Financial income, net | \$ 4,324 | \$ 351 | \$ 6,123 | \$ 2,416 |
| Foreign exchange losses associated with ASC 842 | (2,480) | 387 | (3,129) | (415) |
| Non-GAAP Financial income, net | <u>\$ 1,844</u> | <u>\$ 738</u> | <u>\$ 2,994</u> | <u>\$ 2,001</u> |
| GAAP Taxes on income (tax benefit) | \$ (1,099) | \$ 821 | \$ (1,008) | \$ 896 |
| Tax effect on to the above non-GAAP adjustments | (187) | (26) | 140 | 165 |
| Deferred tax benefit based on an Israeli statutory tax rate | 437 | (338) | 327 | (586) |
| Non-GAAP Taxes on income (tax benefit) | <u>\$ (849)</u> | <u>\$ 457</u> | <u>\$ (541)</u> | <u>\$ 475</u> |
| GAAP net income (loss) | \$ (19,476) | \$ 5,602 | \$ (24,673) | \$ 10,701 |
| Share-based compensation (1) | 5,481 | 3,827 | 10,779 | 6,899 |
| Acquisition related expenses (2) | - | - | 512 | - |
| Intangible assets amortization (3) | 1,159 | 304 | 1,578 | 608 |
| Foreign exchange losses associated with ASC 842 | (2,480) | 387 | (3,129) | (415) |
| Tax effect of the above non-GAAP adjustments | 187 | 26 | (140) | (165) |
| Deferred tax benefit at the Israeli statutory tax rate | (437) | 338 | (327) | 586 |
| Non-GAAP net income (Loss) | <u>\$ (15,566)</u> | <u>\$ 10,484</u> | <u>\$ (15,400)</u> | <u>\$ 18,214</u> |
| GAAP diluted earning (loss) per share | <u>\$ (0.39)</u> | <u>\$ 0.12</u> | <u>\$ (0.50)</u> | <u>\$ 0.22</u> |
| Non-GAAP diluted earning (loss) per share | <u>\$ (0.31)</u> | <u>\$ 0.22</u> | <u>\$ (0.31)</u> | <u>\$ 0.38</u> |
| Weighted average number of shares | | | | |
| Shares used in computing GAAP diluted net earning (loss) per share | <u>49,756,990</u> | <u>47,849,783</u> | <u>49,707,782</u> | <u>47,709,429</u> |
| Shares used in computing Non-GAAP diluted net earning (loss) per share | <u>49,756,990</u> | <u>48,189,266</u> | <u>49,707,782</u> | <u>47,941,113</u> |
| (1) Share-based compensation | | | | |
| Cost of product revenues | \$ 606 | \$ 320 | \$ 1,055 | \$ 619 |
| Cost of service revenues | 461 | 266 | 846 | 499 |
| Research and development | 1,268 | 569 | 2,457 | 1,071 |
| Sales and marketing | 1,491 | 1,261 | 3,300 | 2,333 |
| General and administrative | 1,655 | 1,411 | 3,121 | 2,377 |
| | <u>\$ 5,481</u> | <u>\$ 3,827</u> | <u>\$ 10,779</u> | <u>\$ 6,899</u> |
| (2) Acquisition related expenses | | | | |
| General and administrative | \$ - | \$ - | \$ 512 | \$ - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 512</u> | <u>\$ -</u> |
| (3) Intangible assets amortization | | | | |
| Cost of product revenues | \$ 666 | \$ 25 | \$ 839 | \$ 50 |
| Cost of service revenues | 160 | 160 | 320 | 320 |
| Sales and marketing | 333 | 119 | 419 | 238 |
| | <u>\$ 1,159</u> | <u>\$ 304</u> | <u>\$ 1,578</u> | <u>\$ 608</u> |

**KORNIT DIGITAL LTD.
AND ITS SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

| | Three Months Ended | | Six Months Ended | | | | | |
|--|--------------------|----------------|--------------------|----------------|----|------------------|----|-----------------|
| | June 30, | | June 30, | | | | | |
| | 2022 | 2021 | 2022 | 2021 | | | | |
| | <u>(Unaudited)</u> | | <u>(Unaudited)</u> | | | | | |
| Cash flows from operating activities: | | | | | | | | |
| Net income (loss) | \$ | (19,476) | \$ | 5,602 | \$ | (24,673) | \$ | 10,701 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | | | | | |
| Depreciation and amortization | | 3,322 | | 1,543 | | 5,902 | | 3,035 |
| Fair value of warrants deducted from revenues | | 4,516 | | 6,572 | | 12,521 | | 9,711 |
| Share-based compensation | | 5,481 | | 3,827 | | 10,779 | | 6,899 |
| Amortization of premium and accretion of discount on marketable securities, net | | 484 | | (481) | | 1,012 | | (1,298) |
| Realized gain on sale and redemption of marketable securities | | 7 | | - | | 10 | | - |
| Change in operating assets and liabilities: | | | | | | | | |
| Trade receivables, net | | 22,189 | | (9,597) | | (9,004) | | (11,085) |
| Other accounts receivables and prepaid expenses | | 673 | | (3,063) | | (1,791) | | (1,513) |
| Inventory | | (14,816) | | 146 | | (23,852) | | (526) |
| Operating leases right-of-use assets and liabilities, net | | (2,449) | | 337 | | (2,857) | | (519) |
| Deferred taxes | | (2,111) | | 565 | | (2,416) | | 245 |
| Deposits and other long term assets | | (1,327) | | (121) | | (1,321) | | (131) |
| Trade payables | | (4,476) | | 3,639 | | (11,920) | | (2,417) |
| Employees and payroll accruals | | (364) | | (131) | | (6,834) | | 2,104 |
| Deferred revenues and advances from customers | | (2,643) | | (8,029) | | (4,114) | | (11,401) |
| Other payables and accrued expenses | | 3,081 | | 3,822 | | 3,440 | | 5,676 |
| Accrued severance pay, net | | (103) | | 79 | | (292) | | 49 |
| Other long - term liabilities | | 413 | | 501 | | 729 | | 800 |
| Loss from sale and disposal of property, plant and Equipment | | 41 | | - | | 41 | | - |
| Net cash provided by (used in) operating activities | | <u>(7,558)</u> | | <u>5,211</u> | | <u>(54,640)</u> | | <u>10,330</u> |
| Cash flows from investing activities: | | | | | | | | |
| Purchase of property, plant and equipment | | (1,985) | | (2,988) | | (9,447) | | (5,555) |
| Investment in equity securities | | (354) | | - | | (354) | | - |
| Acquisition of intangible assets | | (133) | | - | | (133) | | - |
| Proceeds from sale of property, plant and equipment | | 55 | | - | | 55 | | - |
| Cash paid in connection with acquisition, net of cash acquired | | (14,654) | | - | | (14,654) | | - |
| Proceeds from (Investment in) bank deposits | | 160,090 | | 8,723 | | (250,895) | | (10,132) |
| Proceeds from sales and redemption of marketable securities | | 1,500 | | 2,050 | | 1,945 | | 2,050 |
| Proceeds from maturity of marketable securities | | 5,500 | | - | | 17,422 | | - |
| Investment in marketable securities | | (23,003) | | (15,220) | | (103,897) | | (30,510) |
| Net cash provided by (used in) investing activities | | <u>127,016</u> | | <u>(7,435)</u> | | <u>(359,958)</u> | | <u>(44,147)</u> |
| Cash flows from financing activities: | | | | | | | | |
| Exercise of employee stock options | | 41 | | 1,079 | | 340 | | 1,754 |
| Payments related to shares withheld for taxes | | (172) | | (458) | | (682) | | (1,146) |
| Net cash provided by (used in) financing activities | | <u>(131)</u> | | <u>621</u> | | <u>(342)</u> | | <u>608</u> |
| Increase (decrease) in cash and cash equivalents | | 119,327 | | (1,603) | | (414,940) | | (33,209) |
| Cash and cash equivalents at the beginning of the period | | 77,284 | | 94,171 | | 611,551 | | 125,777 |
| Cash and cash equivalents at the end of the period | \$ | <u>196,611</u> | \$ | <u>92,568</u> | \$ | <u>196,611</u> | \$ | <u>92,568</u> |
| Non-cash investing and financing activities: | | | | | | | | |
| Purchase of property and equipment on credit | | 1,823 | | 2,678 | | 1,823 | | 2,678 |
| Inventory transferred to be used as property and equipment | | 592 | | 51 | | 1,289 | | 463 |
| Property, plant and equipment transferred to be used as inventory | | 5 | | - | | 9 | | 3 |
| Receipt on account of shares | | 27 | | 32 | | 27 | | 32 |
| Lease liabilities arising from obtaining right-of-use assets | | 641 | | 1,033 | | 6,387 | | 1,296 |



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KORNIT DIGITAL

(NASDAQ: KRNT)

Second Quarter 2022

Earnings Conference Call Supporting Slides

August 10, 2022



SAFE HARBOR

This presentation contains forward-looking statements within the meaning of U.S. securities laws. All statements other than statements of historical fact contained in this presentation are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. These statements reflect our current views with respect to future events and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance or events or circumstances described in the presentation will occur or be achieved. You should read the Company's most recent annual report on Form 20-F, filed with the U.S. Securities and Exchange Commission, or SEC, on March 30, 2022, including the Risk Factors set forth therein. Except as required by law, we undertake no obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this presentation.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. Please see the reconciliation table that appears among the financial tables in our earnings release being issued today, which earnings release is attached as Exhibit 99.1 to our report of foreign private issuer being furnished to the SEC today, which reconciliation table is incorporated by reference in this presentation.

This presentation contains statistical data that we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified this statistical data.

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ON TODAY'S CALL





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BUSINESS HIGHLIGHTS

RONEN SAMUEL
Chief Executive Officer

Second Quarter Results



- Total revenues were \$58.1 million, net of non-cash warrants impact of \$4.5 million
 - In line with preliminary results issued on July 5, 2022
 - Shortfall in DTG systems revenues, mainly in the Americas region
 - Growth impacted by re-calibration of e-commerce, macro headwinds, and delays in completion of customer production facilities
- Some e-commerce customers continue to digest excess system capacity built in the past two years and navigate macro-related issues
- Other customers continue to grow nicely, although at a more normalized pace
- We also see certain customers make good progress on their expansion plans and new production facilities
- Several deals we expected to complete at the very end of the second quarter have either closed in the third quarter, remain in our backlog, or have moved to 2023
- Consumables revenues were in line with our expectations, as some customers have worked through the inventory build-up experienced in the last few quarters
- Continue to expect consumables to grow sequentially throughout the balance of 2022 as our customers gear-up for their peak seasons

Regional Commentary – Good First Half 22' Growth in EMEA and APAC



EMEA:

- Pipeline for second half of the year improving
- Continue to make progress with major brands and retailers including C&A, HYPE, and one of the world's top five fashion brands that is vertically integrating a number of Atlas Max systems into one of their production facilities; Exploring broader, larger scale global deployment



APAC:

- Region continues to open-up after a very long period of lockdowns, especially in China
- Making progress with several large brands, digital platforms, and strategic accounts
- Engaged with several major manufacturers that are responding to the growing demand from their global brand customers to transform their supply chains, and shift more production volumes to near-shore, shorter-runs production



Americas:

- Latin America is ramping up nicely, driven by demand for Presto MAX
- Seeing more new business opportunities with mid-market brands and retailers as the broader US apparel industry focuses on margin and supply chain improvements
- Working with a specialty retailer of casual apparel operating over 200 stores across the U.S. on direct-to-garment production
- Major onshore apparel manufacturer entering digital printing with Kornit after having historically produced 100% on analog



- Continue to work in very close partnership with our largest global strategic account on their meaningful domestic and international expansion plans
- Clear understanding of their key focus areas, potential meaningful new opportunities
- Relationship stronger than ever

Navigating Current Market Dynamics

1

Continue to work with brands, retailers, and fulfillers of all sizes:

- Help current and prospective customers better understand operational and financial benefits of shifting production volumes to Kornit's on-demand, sustainable, mass production digital solutions



2

Ensuring a successful roll-out of our new product introductions (NPIs):

- Presto MAX, Atlas MAX Poly; Atlas MAX upgrades, New user interface for KornitX
- Anticipate launching Kornit Apollo in the first half of 2023
 - Feedback on Apollo has been excellent
 - Customers, including some of our large strategics, want Apollo now



3

Returning to profitability:

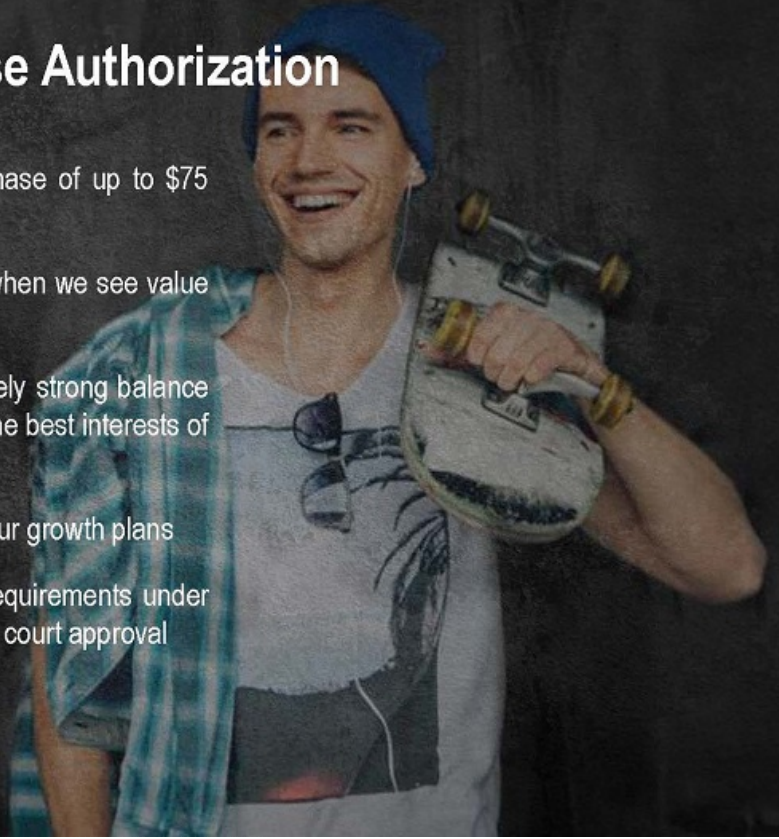
- Made tough but necessary decisions recently, including a focused reduction-in-force
- Continue to strategically review all aspects of our business and will continue to adjust our cost structure as needed
- Not sacrificing key growth initiatives, investments in long-term programs, and our ability to support customers



While the overall operating environment remains uncertain in parts of our business, the opportunities ahead of us remain firmly intact

\$75 Million Share Repurchase Authorization

- The Board of Directors has approved the repurchase of up to \$75 million of the Company's ordinary shares
- Flexible way to return capital to our shareholders when we see value in our stock
- Believe using a portion of the cash on our extremely strong balance sheet for repurchases of our ordinary shares is in the best interests of the Company and its shareholders
- Will not adversely impact our ability to execute on our growth plans
- Share repurchase program is subject to certain requirements under the Israeli Companies Law and the receipt of Israeli court approval



Announces CFO Transition

- Alon Rozner, Chief Financial Officer, will be stepping down from his role in November for personal reasons
- Industry veteran Lauri Hanover to join Kornit executive management team as Chief Financial Officer
- Has served as member of Kornit's Board of Directors since 2015 and has over 25 years of CFO experience and financial expertise
- Has a deep understanding of Kornit and knows the management team very well
- Will step down from her position as Audit Committee Chair and as member of the Compensation Committee





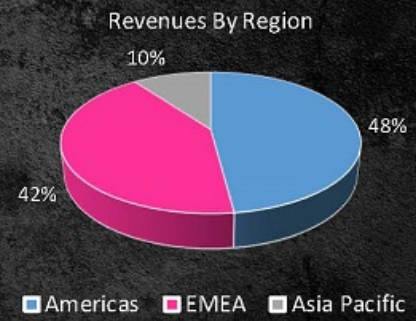
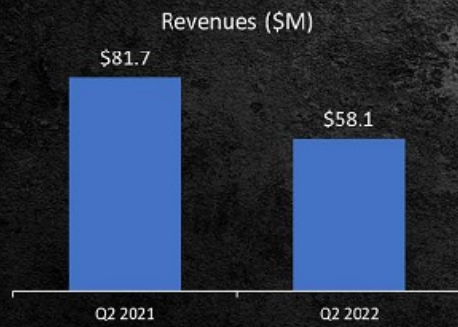
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FINANCIAL HIGHLIGHTS

ALON ROZNER
Chief Financial Officer

Quarterly Revenues

- Q2 revenues of \$58.1 million, net of \$4.5 million non-cash warrant impact
- Lower DTG systems revenues, mainly in the Americas region, drove shortfall between our May guidance and Q2 results
- Top 10 largest accounts represented ~52% of total revenues



Gross Margins

- Q2 Non-GAAP Gross Margins, net of the impact of the warrants was 38.6%
- Lower-than-expected systems revenues, primarily in the Americas region, impacted margins
- Anticipate gross margins in the second half of 2022 to improve versus the second quarter
 - Expect revenues from consumables and services to increase throughout 2022
 - Continue to gain operational efficiencies on fixed cost structure of the business

BROOKLYN | MANHATTAN | NEW JERSEY

Operating Expenses

- Research and Development expenses increased due to readying multiple new product introductions, such as Atlas MAX Poly and Presto MAX, and continued investments in KornitX
- Sales and Marketing expenses increased primarily due to significant go-to-market and branding events, including Fashion Week Tel Aviv, Fashion Week London, and FESPA in Berlin
- General and Administrative expenses rose due to staffing and other investments to support the overall business infrastructure
- During Q2 the previously announced acquisition of Tesoma was closed, which contributed to a sequential increase in OPEX

| Non-GAAP Operating Expenses (% of Revenues) | | |
|---|--------------|--------------|
| | Q2 2021 | Q2 2022 |
| Research & Development | 11.3% | 22.0% |
| Sales & Marketing | 15.2% | 33.2% |
| General & Administrative | 9.1% | 14.8% |
| Total Operating Expenses | 35.7% | 70.0% |

Quarterly P&L KPI

| | Q2 2022 | Q2 2021 |
|----------------------------------|----------|---------|
| Non-GAAP Operating Income (Loss) | (\$18.3) | \$10.2 |
| Non-GAAP Net Income (Loss) | (\$15.6) | \$10.5 |
| Non-GAAP Diluted EPS | (\$0.31) | \$0.22 |
| GAAP Net Income (Loss) | (\$19.5) | \$5.6 |
| GAAP Diluted (Basic) EPS | (\$0.39) | \$0.12 |
| Adjusted EBITDA | (\$16.1) | \$11.4 |

\$ in millions except per share amounts

Balance Sheet

- Receivables decreased as expected due to healthy collections associated with closing sales late in the first quarter
- Inventories increased due to systems that are awaiting shipment to one of our customers who is experiencing delays in the completion of their new production facility
- Cash paid to acquire Tesoma was ~\$15 million

| | Q2 2021 | Q1 2022 | Q2 2022 |
|--|---------|---------|---------|
| Cash, Deposits & Marketable Securities | \$441.8 | \$733.9 | \$704.6 |
| Accounts Receivable | \$62.7 | \$81.0 | \$60.5 |
| Inventory | \$52.6 | \$71.4 | \$89.6 |
| Trade Payable | \$31.4 | \$34.3 | \$30.8 |
| Net Working Capital | \$398.6 | \$608.7 | \$566.6 |

\$ in millions

Q3 2022 Guidance



Revenues

- Expect third quarter revenues to be in the range of \$66 million to \$70 million
- Expect fourth quarter revenues to be at similar levels to the third quarter, with a higher mix of consumables

Operating Profitability



- Expect third quarter Non-GAAP operating margins in the range of -15% to -11% of revenue
- Expect third quarter EBITDA margins to be in the range of -12% to -8%
- Expect fourth quarter operating and EBITDA margins to improve sequentially as compared to the third quarter

Consistent with past practice, guidance excludes the impact from the fair value of issued warrants in the quarter with our global strategic account

Q2 2022 Warrants Impact Summary

| | Three Months Ended | | | |
|-------------------------------------|------------------------|-----------------|------------------------|-----------------|
| | June 30, | | | |
| | 2022 | | 2021 | |
| | Net of Warrants Impact | Warrants Impact | Net of Warrants Impact | Warrants Impact |
| Revenue | \$58.1M | \$4.5M | \$81.7M | \$6.6M |
| Non-GAAP Gross Margin | 38.6% | 4.4% | 48.2% | 3.9% |
| Non-GAAP Operating Margin | (31.4%) | 9.5% | 12.5% | 6.5% |
| Non-GAAP Net Margin | (26.8%) | 9.1% | 12.8% | 6.5% |
| Non-GAAP Diluted Earnings Per Share | (\$0.31) | \$0.09 | \$0.22 | \$0.13 |

THANK YOU
Q&A

OUR VISION

CREATE A **BETTER WORLD** WHERE
EVERYBODY CAN **BOND, DESIGN**
AND **EXPRESS THEIR IDENTITIES,**
ONE IMPRESSION AT A TIME

