



Kornit  
Digital  
bonding  
matters

# Financial Results

Quarter ending  
September 30, 2017

November 7, 2017

---

# DISCLAIMER

---

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 prospectus from its initial public offering, including the Risk Factors set forth therein completely and with the understanding that our actual future results may be materially different from what we expect. 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.

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.

Kornit, Kornit Digital, the K logo, NeoPigment are trademarks of Kornit Digital Ltd. All other trademarks are the property of their respective owners and are used for reference purposes only. Such use should not be construed as an endorsement of our products or services.

---

# TODAY'S SPEAKERS

---



Gabi Seligsohn  
CEO



Guy Avidan  
CFO



Kornit  
Digital  
bonding  
matters

# Business Overview

Quarter ending September  
30, 2017

Gabi Seligsohn  
Chief Executive Officer

---

## Q3 2017 HIGHLIGHTS

---

- Revenues & Operating margins slightly above pre-announced guidance range
  - Third quarter Non-GAAP revenues of \$28.6 million.
  - Non-GAAP operating margins of 6.1%.
- Non-GAAP Gross margins of 52.3% resulting from higher mix of ink
  - Gross margin also positively impacted by near breakeven services revenue.

---

# SGIA - NEW ORLEANS, LA

---

- Demonstrated a variety of DTG and R2R systems and solutions
- A lot of screen printing related traffic for DTG
  - Well established screen players seeking solution for job runs of several hundreds.
  - Several mentioned demand is changing in favor of short to medium length runs.
  - Vulcan and Avalanche cost per print makes them an excellent alternative for such runs.
  - Existing customers serving Costco, Kohl's, Dicks Sporting Goods, Target, Sam's, Walmart, and others for their brick and mortar stores.
- Demonstration of neon inks on Allegro generated a lot of attention
  - Once again received confirmation of the superiority of our unique end-to-end pigment based process.
- Showcased advanced workflow solution from partners both on DTG and R2R

---

# NORTH AMERICA ORG ENHANCEMENTS PROGRESSING WELL

---

- Key management positions filled in:
  - Sales.
  - Marketing.
  - Operations.
- Split into three sub-regions already creating increased customer focus
- Very good opportunity pipeline build up from SGIA
  - Should lead to significant growth in North America during 2018.



---

# DRIVERS FOR SIGNIFICANT GROWTH GOING FORWARD

---

- Proximity decoration continues to gain traction especially in the age of same and next day delivery
  - 50% of surveyed large retailers already offer same day delivery.
  - We plan to plug into this market through large network of existing and future customers.
- Product performance and cost of ownership offer a real alternative to screen printing of mid to large size batches
- Expecting high degree of R2R adoption in the US
- Planning to release multiple disruptive DTG and R2R products in 2018
- Confident in our ability to return to significant growth in 2018





Kornit  
Digital  
bonding  
matters

# Financial Overview

## Quarter ending September 30, 2017

Guy Avidan  
Chief Financial Officer

# GAAP TO NON-GAAP RECONCILIATION\*

	Three Months Ended	
	September 30,	
	2017	2016
	(Unaudited)	
GAAP net income (loss)	\$ (124)	\$ 361
Fair value of warrants deducted from revenues	149	-
Non-GAAP adjustments		
Expenses recorded for share-based compensation		
Cost of revenues	185	131
Research and development	272	-30
Selling and marketing	258	103
General and administrative	530	414
Acquisition related expenses		
Research and development	-	50
General and administrative	-	681
Intangible assets amortization		
Cost of revenues	25	56
Selling and marketing	266	147
Excess cost of acquired inventory	-	1,398
Other one time expense	-	241
Restructuring expenses	246	-
Taxes on income related to non-GAAP adjustments	(137)	(62)
Non-GAAP net income	\$ 1,670	\$ 3,490

\* All numbers are in thousands

All rights reserved Kornit Digital 2016 ©

---

## QUARTERLY REVENUES

---

- Quarterly Non-GAAP revenues of \$28.6 million vs. \$30.9 million in prior year, 7.5% YoY decrease, 4.7% decrease QoQ

Geographic Segments	Q3-16	Q3-17
Americas	75%	61%
EMEA	17%	26%
Asia Pacific	8%	13%
Total	100%	100%

- 2 largest customers accounted for 29.2% and 9.0% of our revenues.
- 10 largest accounts represented 67% of revenues vs. 71% in the prior year.

---

# SEPTEMBER QUARTER FINANCIAL RESULTS

---

- Quarterly non-GAAP gross margins of 52.3%, Increase from 49.1% in previous quarter and decreased from 49.2% in Q3 2016
- Operating expenses of \$12.0 million, up 10.1% YoY

	<u>Q3/17</u>	<u>Q3/16</u>
• R&D:	19.5%	14.2%
• S&M:	16.7%	14.8%
• G&A:	10.1%	7.8%
• Headcount as of September 30, 2017:	411	

---

## SEPTEMBER QUARTER – EPS

---

	<u>Q3/17</u>	<u>Q3/16</u>
• Non GAAP Net Income:	\$1.7M	\$3.5M
• Non GAAP EPS :	\$0.05	\$0.11
• GAAP Net Income(loss):	\$(0.1)M	\$0.4M
• GAAP EPS :	\$(0.0)	\$0.01

---

## Q4 2017 GUIDANCE

---

- Expected revenues between \$29 million to \$32 million
- Non GAAP Operating income expected to be between 5% to 9% of revenues
- End of quarter share count expected to be approximately 35.2 million



THANK YOU

