



# Financial results June Quarter 2015

August 4, 2015



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# Today's Speakers



Gabi Seligsohn  
CEO



Guy Avidan  
CFO



# Business Overview June Quarter 2015

Gabi Seligsohn, Chief Executive Officer



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# Q2/15 – continuing strong growth momentum

- Excellent financial performance:
  - Revenues around midpoint of guidance with non-GAAP operating profits above high end of guidance:
    - Revenues of \$21.3M up by 35% vs. same period in 2014 due to continued growth in DTG and some initial revenues from Allegro R2R
    - Non-GAAP operating profit of \$2.7M or 13% of revenues; up from \$0.85M or 5% for same period in 2014
  - Gross margin of 47.6% - up by 380 bps vs. second quarter of 2014
    - Result of increased revenue base as well as continued transition to industrial systems
  - EPS of \$0.07

# Main events during the quarter

- Several meaningful exhibitions:
  - Showcased multiple DTG systems, New “Neopigment Pure” inks and Allegro R2R
  - “Pure” carries message of continued investment in current products for existing customer benefits
  - Allegro significantly expands addressable market
- Robust new product introduction with Neopigment Pure:
  - Expanded color gamut, improved print quality, better handfeel, longer shelf life
  - Successfully implemented at multiple key accounts – seamless transition
- Allegro R2R gaining momentum:
  - Center of attention at Fespa – only multi-fabric single step dry printing solution
  - Received a few orders including 3<sup>rd</sup> system for Spoonflower - expanded lead pipeline

# Continuing positive trends

- Fast fashion heading to an inflection point
  - Recent discussions with several leading brands confirm transition - digital perceived as an enabler
  - Brands clearly articulating fast fashion benefits beyond shorter lead times, smaller inventories and margin protection
  - Reshaping the retail market to react to design trends in real-time and “testing before committing” to large quantities of particular designs
  - Trend applies to both in-store and online shopping
- Brand owners and retailers realizing they are losing business to mass-customization web-stores
- Significant changes to supply chain will take time
  - Rely on our existing customers to help quickly prove benefits of digital
  - Large current customers absorbing demand for licensed sportswear and batch manufacturing for brands and retailers – making sure their available capacity is utilized
- Customers combining screen and digital capacity see benefits of moving to fully digital
- Several customers competing to be beta sites for Vulcan platform
  - On track to ship first beta this year and multiple units during H1/16

# Looking forward – continue to invest in growth

- Met H1/15 headcount addition plans with many joining just before end of Q2
- Expect Opex to continue and increase during H2/15:
  - Continue to increase headcount in H2
  - Increased HC in sales, support, marketing and application as well as R&D
  - Take advantage of continued positive trajectory
- Recent customer visits strengthen sense of conviction in our plans
- Customers appreciate the expanded infrastructure and product maturity
- Strong balance sheet and aggressive product roadmap send clear message
  - Kornit is a solid long term partner for its customers



# Financial Overview June Quarter 2015

Guy Avidan, Chief Financial Officer

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# June Quarter Financial Results

- Quarterly revenues of \$21.3 million, 35.1% YoY increase
- Quarterly non-GAAP gross margins of 47.6%, increase from 43.8% in Q1 2014
- Operating expenses of \$7.4 million, up 22.3% YoY
  - Research and Development: 11.9% of revenues
  - SG&A: 22.8% of revenues

# June Quarter Financial Results

- NON-GAAP net income of \$2.4M, or \$0.07 per diluted share
- \$1.8M YoY increase in Non GAAP net profit
- GAAP net profit of \$0.7M, or \$0.02 per diluted share
  - Including one time expenses of \$1.0M related to compensation related to the IPO
- Financial expense of \$0.2M
- \$80.4M of Cash and Cash equivalent (\$4.6M in Q1-15)
  - Positive cash flow from operating activities of \$0.6 million

# Q3' 2015 Guidance

- Expected revenues between \$22 million to \$25 million
- Operating income expected to be between 10.5% to 14.5% of revenues
- End of quarter denominator for EPS is expected to be approximately 32 million



Than  You!



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