



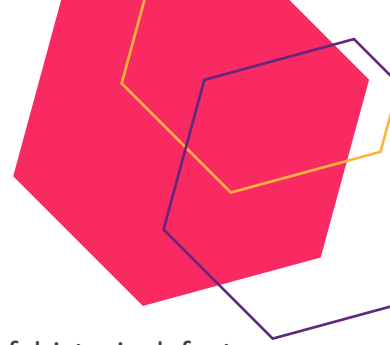
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KORNIT DIGITAL

(NASDAQ: KRNT)

Q4 2020 EARNINGS CALL SUPPORTING SLIDES

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 and its prospectus supplement to the prospectus contained in its registration statement on Form F-3, filed with the U.S. Securities and Exchange Commission, or SEC, on March 23, 2020 and September 17, 2020, respectively, 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. Specifically, we face the risk that the duration of the global COVID-19 pandemic may continue on for a further significant period of time and may negatively impact once again, in a material adverse manner, our operations, financial position and cash flows, and those of our customers and suppliers. 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.

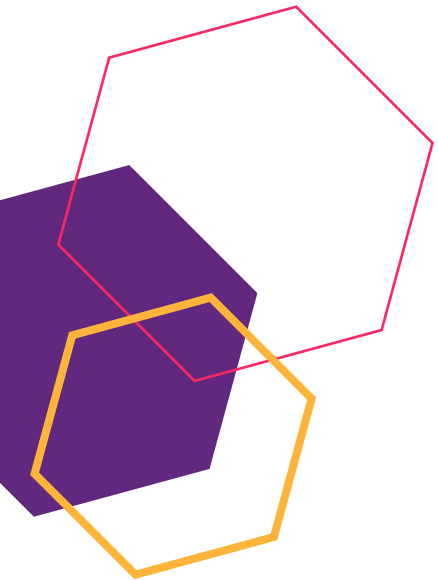
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OUR VISION

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

ON TODAY'S CALL



Ronen Samuel
CEO



Alon Rozner
CFO



Amir Shaked Mandel
EVP Corp Dev



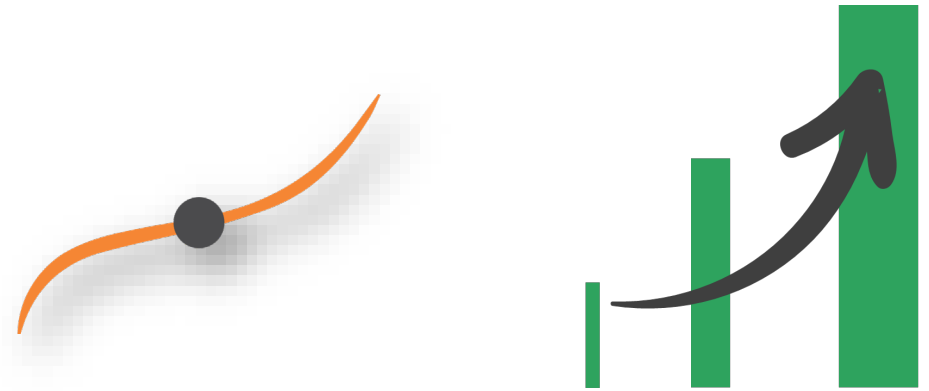
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BUSINESS HIGHLIGHTS

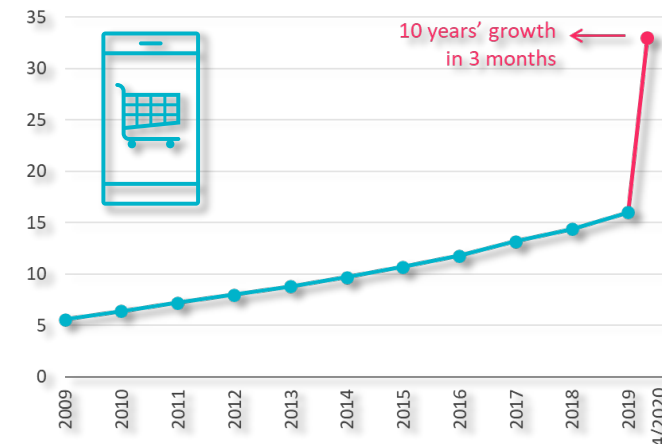
RONEN SAMUEL
CEO

EXCEEDED EXPECTATION FOR FOURTH QUARTER

- Outstanding Fourth Quarter significantly exceeding guidance for top line and profitability
- Transformative year in Kornit's history
 - Inflection point in the textile industry
- More confident than ever in ability to achieve management goal of becoming a \$500 million revenue run rate business at the end of 2023, ahead of plan
- Total revenue of \$72.3 million, net of \$1.8 million in warrants related to a global strategic account
 - Year-over-year growth of approximately 49%
 - Record of \$34.3 cash flow from operations



US E-Commerce Penetration %



ACTIVITY AND BUSINESS MOMENTUM

- E-comm and online marketplaces continue to boom across verticals
 - Key and regional accounts adding multiple Atlases, Vulcans and AVHDs
- Healthy mix of new vs. existing accounts
- Presto is a game-changer, engagement with manufacturers for top fashion brands continues to grow
- Americas sets new record highs, good quarter in EMEA, expecting strong APAC recovery in 2021



ACTIVITY AND BUSINESS MOMENTUM

- Enabled customers to have an incredibly successful peak season
- Staggering year-over-year growth of recurring consumables business
- Services outperform on growth and profitability
 - Proud with execution of customer success teams
- New business line leveraging strategic foundation of Custom Gateway:
 - Experiencing huge interest from brands and fulfillers
 - Robust pipeline across regions
 - Huge opportunity to build incremental recurring business model



CUSTOM GATEWAY
Enabling On Demand

STARTING 2021 STRONGER THAN EVER

- Accelerating industry tailwinds
- Impressive backlog and robust pipeline
- Significant strategic initiatives in 2021:
 - Launch of powerful new products
 - Launch breakthrough automation technology
 - Introduction of **ground-breaking 3D textile application** bringing unique embroidery, high density printing, and vinyl heat transfer effects – significantly expanding our addressable market
 - Scale new software workflow business line
 - Execute on backlog of massive global expansions
 - Engage in exciting projects with leading brands
 - Expand footprint, penetrate new markets



FEBRUARY 12, 2021 11:09AM ET

Home > Topics > Sustainability

Kornit Fashion Week Tel Aviv Puts Sustainable Design in the Spotlight

By Arthur Friedman



BREAKING LIMITS

2021

BREAKING NEWS

Kornit Digital Presents Kornit Fashion Week Tel Aviv 2021

The opening gala will be hosted by supermodel Bar Refaeli and Tel Aviv Fashion Week founder Motty Reif.



Tel Aviv Fashion Week founder Motty Reif



שבוע האופנה תל אביב 2021



Kornit Digital bonding matters

Fashion Week Tel Aviv



ENVIRONMENT



SOCCIAL



GOVERNANCE



DISCOVER
BUSINESS
UNUSUAL

STAY TUNED



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STARTING 2021 STRONGER THAN EVER



More confident than ever in our ability to execute on the massive opportunity ahead of us



Kornit's initiatives will further disrupt the industry fueling growth and profitability well beyond 2021

WELCOME



Alon Rozner



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FINANCIALS HIGHLIGHTS

ALON ROZNER
CFO

Q4 2020 FINANCIAL RESULTS

	GAAP			Non-GAAP		
	Q4 2020	Q4 2019	YoY Change	Q4 2020	Q4 2019	YoY Change
Total Revenue	\$72.3	\$48.7	\$23.6	\$72.3	\$48.7	\$23.6
Gross Profit	\$36.9	\$24.0	\$12.9	\$37.5	\$24.4	\$13.1
Operating Income	\$9.0	\$3.3	\$5.7	\$11.8	\$5.8	\$6.0
Net Income	\$5.9	\$4.8	\$1.1	\$11.5	\$7.1	\$4.4
Diluted EPS	\$0.12	\$0.11	\$0.01	\$0.24	\$0.17	\$0.07
Diluted Shares (M)	47.2	42.2	5.0	47.6	42.7	4.9

\$ in millions except per share and share amounts

QUARTERLY WARRANTS IMPACT

	Q4 2020			Q3 2020			Q4 2019		
	Net of Warrants Impact	Warrants Impact K\$/BPS/EPS		Net of Warrants Impact	Warrants Impact K\$/BPS/EPS		Net of Warrants Impact	Warrants Impact K\$/BPS/EPS	
Revenues	\$72,291	\$1,801	\$74,092	\$57,392	\$2,158	\$59,550	\$48,650	\$1,131	\$49,781
Gross Profit	\$37,456		\$39,257	\$27,619		\$29,777	\$24,418		\$25,549
Gross Margin	51.8%	117 BPS	53.0%	48.1%	188 BPS	50.0%	50.2%	113 BPS	51.3%
Operating Profit	\$11,800		\$13,601	\$6,460		\$8,618	\$5,822		\$6,953
Operating Margin	16.3%	203 BPS	18.4%	11.3%	322 BPS	14.5%	12.0%	200 BPS	14.0%
Net Profit	\$11,543		\$13,344	\$7,729		\$9,887	\$7,071		\$8,202
Net Margin	16.0%	204 BPS	18.0%	13.5%	314 BPS	16.6%	14.5%	194 BPS	16.5%
Diluted EPS	\$0.24	\$0.04	\$0.28	\$0.18	\$0.05	\$0.23	\$0.17	\$0.02	\$0.19

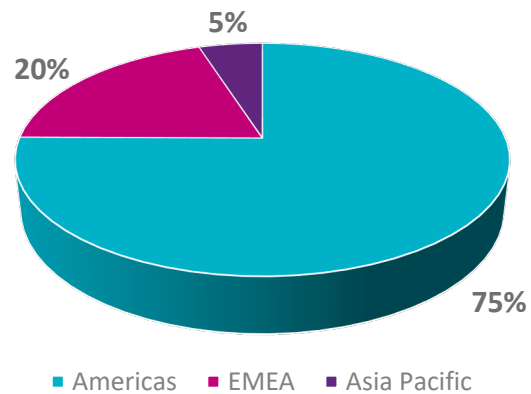
\$ in thousands except per share amounts

QUARTERLY REVENUES

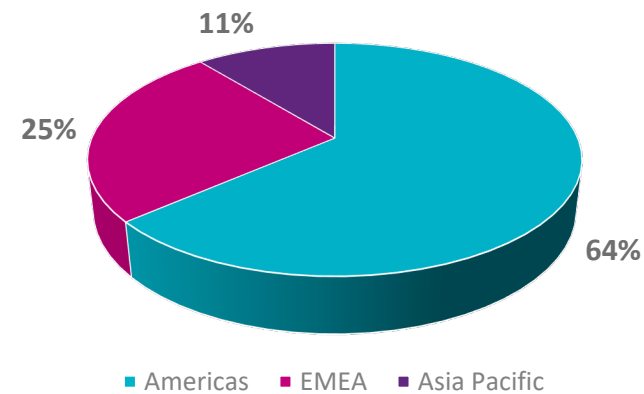
- Revenues of \$72.3 million vs. \$48.7 million in prior year, an increase of 48.6% YoY and an increase of 26.0% QoQ
- Service revenues of \$10.9 million accounting for 15.1% of revenues compared to \$6.4 in prior year
- 10 largest accounts represented 62.1% of revenues compared to 41.6% in prior year

Geographic Revenue Split

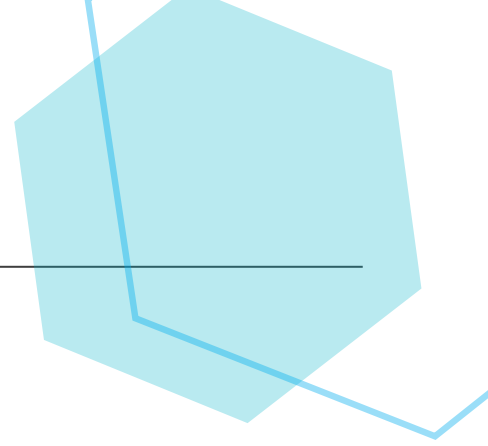
Q4 2020
Geographic Segments %



Q4 2019
Geographic Segments %



QUARTERLY GROSS MARGIN AND OPEX



- Non-GAAP gross margin of 51.8% increased from 50.2% in Q4 2019
- Non-GAAP operating expenses of \$25.7 million increased 38.0% year over year

	Q4 2020	Q4 2019
Research & Development	12.1%	11.6%
Sales & Marketing	14.2%	17.4%
General & Administrative	9.2%	9.2%
Total Operating Expenses	35.5%	38.2%

QUARTERLY P&L KPI

	Q4 2020	Q4 2019
Non-GAAP Operating Income (Loss)	\$11.8	\$7.0
Non-GAAP Net Income (Loss)	\$11.5	\$8.2
Non-GAAP Diluted EPS	\$0.24	\$0.19
GAAP Net Income (Loss)	\$5.9	\$4.8
GAAP Diluted EPS	\$0.12	\$0.11
Adjusted EBITDA	\$14.8	\$7.8

\$ in millions except per share amounts

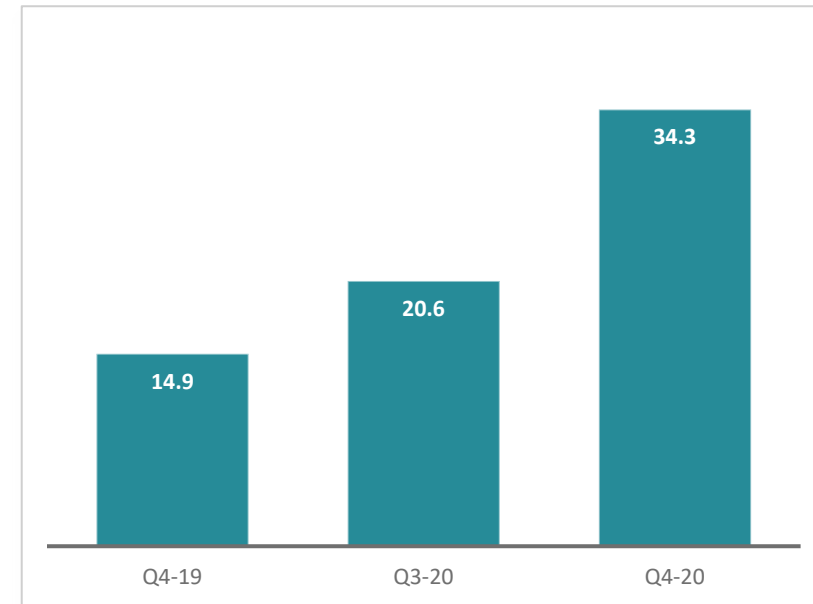
QUARTERLY BALANCE SHEET AND CASH FLOW

Balance Sheet

	Q4 2020	Q3 2020	Q4 2019
Cash & Cash Equivalents	\$435.9	\$405.3	\$263.7
Accounts Recievable	\$51.6	\$49.7	\$40.5
Inventory	\$52.5	\$46.3	\$37.5
Trade Payable	\$32.0	\$24.8	\$23.4
Net Working Capital	\$387.9	\$388.7	\$207.7

\$ in millions

Cash from Operating Activities



\$ in millions

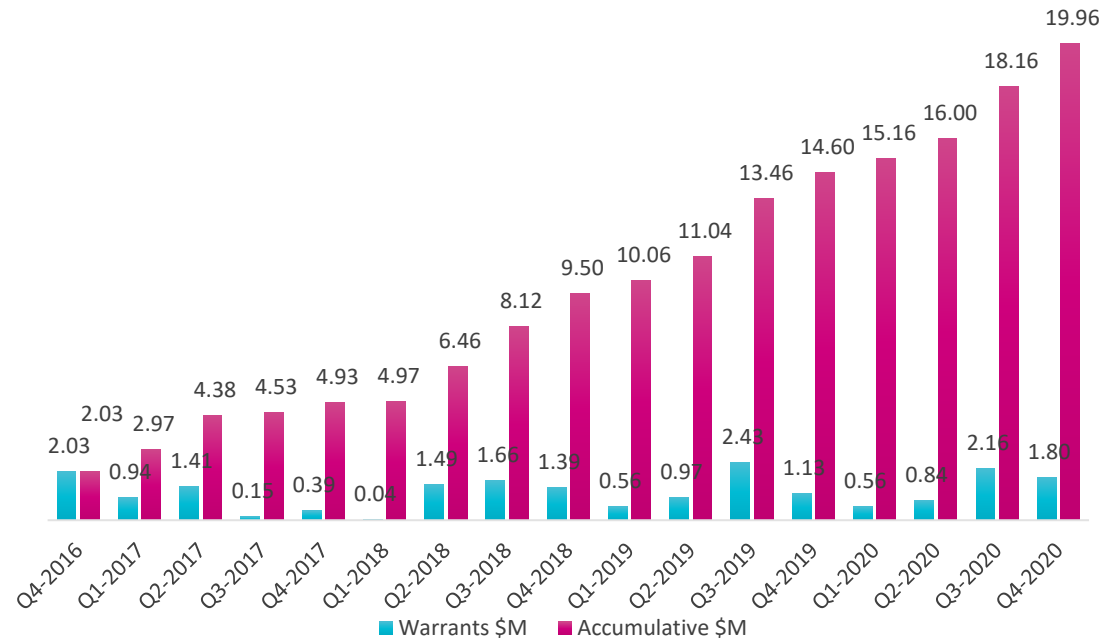
ANNUAL WARRANTS IMPACT

	Y2020			Y2019		
	Net of Warrants Impact	Warrants Impact K\$/BPS/EPS		Net of Warrants Impact	Warrants Impact K\$/BPS/EPS	
Revenues	\$193,331	\$5,366	\$198,697	\$179,866	\$5,094	\$184,960
Gross Profit	\$90,248		\$95,614	\$86,146		\$91,240
Gross Margin	46.7%	144 BPS	48.1%	47.9%	144 BPS	49.3%
Operating Profit	\$5,218		\$10,584	\$18,178		\$23,272
Operating Margin	2.7%	263 BPS	5.3%	10.1%	248 BPS	12.6%
Net Profit	\$9,037		\$14,403	\$19,588		\$24,682
Net Margin	4.7%	257 BPS	7.2%	10.9%	245 BPS	13.3%
Diluted EPS	\$0.21	\$0.12	\$0.33	\$0.49	\$0.13	\$0.62

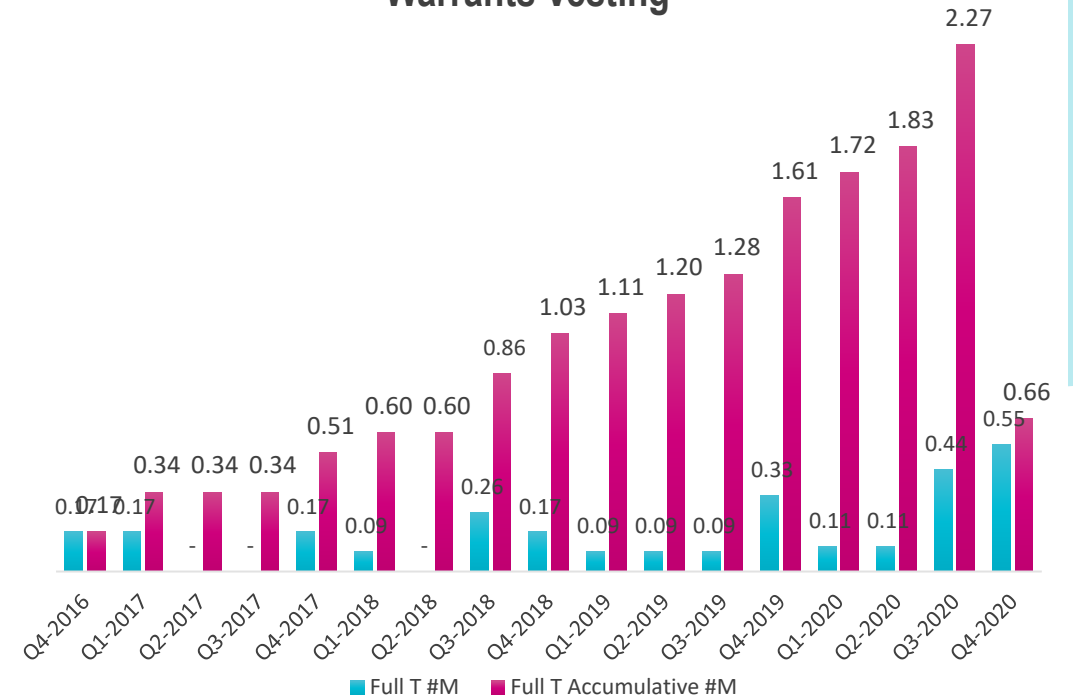
\$ in thousands except per share amounts

WARRANTS IMPACT AND VESTING

Warrants Impact*



Warrants Vesting**



* Revenue recognition base impact

** Collection base impact

*** During Q3 2,162,463 of the warrants were exercised

AMAZON WARRANTS AGREEMENT

- 2,932,176 warrants to purchase ordinary shares of the Company at an exercise price of \$13.04 were issued to Amazon as a customer incentive. The warrants are subject to vesting as a function of payments for purchased products and services of up to \$150 million beginning on May 1, 2016, with the shares vesting incrementally each time Amazon makes a payment totaling \$5 million to the Company.
- As part of September 16, 2020 secondary public offering, Amazon exercised 2,162,463 warrants by cashless sale of 1,689,942 shares. As of December 31, 2020, 659,736 warrants are exercisable.
- The Company utilized the Monte Carlo simulation approach to estimate the fair value of the warrants. We early adopted the new guidance as of January 1, 2019 and will use the fair value of the unvested warrants on the adoption date rather than upon the later vesting dates in order to determine the reduction of the transaction price
- The Company recognized a reduction to revenues of \$1.8 million during the fourth quarter of 2020 and \$1.1 million during the fourth quarter of 2019 (\$5.4 million during the year ended December 31, 2020)

Q1 2021 GUIDANCE*

- Revenue is expected to be between **\$61.0** million to **\$65.0** million
- Non-GAAP operating income is expected to be between **8%** to **10%** of revenue

**we assume zero impact of warrants on revenue and operating margin for the purposes of guidance*

THANK YOU

OUR VISION

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WHERE EVERYBODY CAN BOND, DESIGN AND
EXPRESS THEIR IDENTITIES, ONE IMPRESSION AT A TIME

