
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 2023**

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

CONTENTS

Results of Operations and Financial Condition- Quarter and Six Months Ended June 30, 2023

On August 9, 2023, Kornit Digital Ltd. (“**Kornit**”) issued a press release entitled “Kornit Digital Reports Second Quarter 2023 Results,” in which Kornit reported its results of operations for the second quarter and six months ended June 30, 2023. A copy of that press release is furnished as [Exhibit 99.1](#) hereto.

Kornit is holding a conference call on August 9, 2023 to discuss its results for the quarter and six months ended June 30, 2023, and, in connection with that call, 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](#)).

Exhibits

Exhibit No.	Description
99.1	Press release, dated August 9, 2023, titled “Kornit Digital Reports Second Quarter 2023 Results”
99.2	Slide presentation for conference call of Kornit held on August 9, 2023 discussing financial results for the second quarter and six months ended June 30, 2023

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.

KORNIT DIGITAL LTD.

Date: August 9, 2023

By: /s/ Lauri Hanover
Name: Lauri Hanover
Title: Chief Financial Officer

Investor Contact:

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

**Kornit Digital Reports Second Quarter 2023 Results**

- Second quarter revenues of \$56.2 million, in line with previous guidance
- Second quarter GAAP net loss of \$14.3 million; non-GAAP net loss of \$7.4 million
- Double-digit year-over-year impressions and consumables growth across all regions
- Successful ITMA tradeshow in Milan, Italy, securing high-quality leads and providing a healthy pipeline for 2024 and beyond
- Company issues third-annual Impact Report highlighting progress on its long-term impact strategy and reaffirming commitment to a more sustainable fashion and textiles industry

Rosh-Ha'Ayin, Israel – August 9, 2023 – 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 its results for the second quarter ended June 30, 2023.

“During the quarter, impressions grew at a double-digit pace year-over-year for the second consecutive quarter, driving a steady improvement in capacity utilization and strong double-digit consumables revenue growth across our customer segments and throughout all our operating regions,” said Ronen Samuel, Kornit’s Chief Executive Officer.

“Services revenues again demonstrated exceptional growth, as it has during the past year, with customers upgrading to our new MAX technology. While system sales volumes are expected to remain modest in the near-term due to continued softness in capital equipment spending and lengthening sales cycles, we have taken actions through various initiatives to diversify our customer base, increase operating efficiencies, and build a healthy pipeline for 2024 and beyond.”

Mr. Samuel concluded, “We were pleased with our successful participation in the recent ITMA trade show in Milan, where exceptional customer interest in our innovative solutions generated numerous high-quality leads and sales orders. We remain confident that our strategy, product roadmap, and solid balance sheet position us well to generate meaningful, long-term, profitable growth and continue to expect to approach break-even on an adjusted EBITDA basis for the fourth quarter of this year, and aim to deliver profitable growth for the full year 2024.”

Second Quarter 2023 Results of Operations

- Total revenue for the second quarter of 2023 was \$56.2 million compared with \$58.1 million in the prior year period, due primarily to lower systems revenues.
- GAAP gross profit margin for the second quarter of 2023 was 33.3% compared with 35.3% in the prior year period. On a non-GAAP basis, gross profit margin was 36.1% compared with 38.6% in the prior year period.
- GAAP operating expenses for the second quarter of 2023 decreased by 12.8% to \$39.6 million compared with the prior year period. On a non-GAAP basis, operating expenses decreased by 16.3% to \$34.1 million compared with the prior year period.
- GAAP net loss for the second quarter of 2023 was \$14.3 million, or (\$0.29) per basic share, compared with net loss of \$19.5 million, or (\$0.39) per basic share, for the second quarter of 2022.
- Non-GAAP net loss for the second quarter of 2023 was \$7.4 million, or (\$0.15) per basic share, compared with non-GAAP net loss of \$15.6 million, or (\$0.31) per basic share, for the second quarter of 2022.
- Adjusted EBITDA loss for the second quarter of 2023 was \$10.7 million compared with adjusted EBITDA loss of \$15.7 million for the second quarter of 2022. Adjusted EBITDA margin for the second quarter of 2023 was -19.1% compared with -27.1% for the second quarter of 2022.

Third Quarter 2023 Guidance

For the third quarter of 2023, the Company expects revenues to be in the range of \$58 million to \$62 million and adjusted EBITDA margin between -6% to -13% of revenue. The guidance for revenue and adjusted EBITDA margin includes the impact of the non-cash expense associated with the fair value of the Company's warrants.

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 investor community.

A live webcast of the call can be accessed at ir.kornit.com. To access the call, participants may dial toll-free at 1-877-407-0792 or 1-201-689-8263. The toll-free Israeli number is 1 809 406 247. The conference confirmation code is 13739895.

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 13739895. The telephonic replay will be available approximately three hours after the completion of the live call until 11:59 pm ET on August 23, 2023. The call will also be available for replay via the webcast link on Kornit's Investor Relations website.

About Kornit Digital

Kornit Digital Ltd. (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 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 duration and severity of current adverse macro-economic headwinds being caused by inflationary pressures, rising interest rates, and supply-chain delays, which have been impacting, and may continue to impact, in an adverse manner, the Company’s operations, financial position and cash flows, in part due to the adverse impact on the Company’s customers and suppliers; 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 its systems; the extent of the Company’s ability to increase sales of its systems, ink and consumables; the extent of the Company’s ability to leverage its 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; 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, 2022, filed with the SEC on March 30, 2023. 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 Company presents certain non-GAAP financial measures, in this press release and in the accompanying conference call to discuss the Company’s quarterly results. These non-GAAP financial measures reflect adjustments to corresponding GAAP financial measures in order to exclude the impact of the following: share-based compensation expenses; amortization of intangible assets; acquisition related expenses; restructuring expenses; foreign exchange differences associated with ASC 842; and non-cash deferred tax income.

The Company defines “Adjusted EBITDA” as non-GAAP operating income (loss), which reflects the adjustments described in the preceding paragraph, as further adjusted to exclude depreciation expense.

The purpose of the foregoing non-GAAP financial measures is to convey 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. 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.

The reconciliation tables included below present a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measures.

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

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 101,322	\$ 104,597
Short-term bank deposit	220,098	275,033
Marketable securities	42,463	20,380
Trade receivables, net	84,216	67,360
Inventory	88,209	89,415
Other accounts receivable and prepaid expenses	22,820	22,054
Total current assets	559,128	578,839
LONG-TERM ASSETS:		
Marketable securities	227,798	245,970
Deposits and other long-term assets	7,805	5,927
Severance pay fund	279	274
Property, plant and equipment, net	56,981	60,463
Operating lease right-of-use assets	29,921	27,139
Intangible assets, net	8,707	9,890
Goodwill	29,164	29,164
Total long-term assets	360,655	378,827
Total assets	919,783	957,666
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	11,550	14,833
Employees and payroll accruals	16,307	14,255
Deferred revenues and advances from customers	2,464	5,701
Operating lease liabilities	4,753	4,989
Other payables and accrued expenses	26,570	25,592
Total current liabilities	61,644	65,370
LONG-TERM LIABILITIES:		
Accrued severance pay	1,166	1,223
Operating lease liabilities	23,041	21,035
Other long-term liabilities	526	1,216
Total long-term liabilities	24,733	23,474
SHAREHOLDERS' EQUITY	833,406	868,822
Total liabilities and shareholders' equity	\$ 919,783	\$ 957,666

**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,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Revenues				
Products	\$ 40,083	\$ 47,566	\$ 71,986	\$ 120,080
Services	16,116	10,570	31,991	21,349
Total revenues	<u>56,199</u>	<u>58,136</u>	<u>103,977</u>	<u>141,429</u>
Cost of revenues				
Products	22,620	25,667	42,999	64,904
Services	14,886	11,937	29,213	22,591
Total cost of revenues	<u>37,506</u>	<u>37,604</u>	<u>72,212</u>	<u>87,495</u>
Gross profit	18,693	20,532	31,765	53,934
Operating expenses:				
Research and development, net	12,907	14,081	25,989	28,091
Sales and marketing	18,158	21,100	33,341	37,631
General and administrative	8,541	10,250	17,489	20,016
Total operating expenses	<u>39,606</u>	<u>45,431</u>	<u>76,819</u>	<u>85,738</u>
Operating loss	(20,913)	(24,899)	(45,054)	(31,804)
Financial income, net	7,018	4,324	12,422	6,123
Loss before taxes on income	<u>(13,895)</u>	<u>(20,575)</u>	<u>(32,632)</u>	<u>(25,681)</u>
Taxes on income (tax benefit)	430	(1,099)	624	(1,008)
Net loss	<u>\$ (14,325)</u>	<u>\$ (19,476)</u>	<u>\$ (33,256)</u>	<u>\$ (24,673)</u>
Basic loss per share	<u>\$ (0.29)</u>	<u>\$ (0.39)</u>	<u>\$ (0.67)</u>	<u>\$ (0.50)</u>
Weighted average number of shares used in computing basic net loss per share	<u>49,554,383</u>	<u>49,756,990</u>	<u>49,720,453</u>	<u>49,707,782</u>
Diluted net loss per share	<u>\$ (0.29)</u>	<u>\$ (0.39)</u>	<u>\$ (0.67)</u>	<u>\$ (0.50)</u>
Weighted average number of shares used in computing diluted net loss per share	<u>49,554,383</u>	<u>49,756,990</u>	<u>49,720,453</u>	<u>49,707,782</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,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Revenues	\$ 56,199	\$ 58,136	\$ 103,977	\$ 141,429
GAAP cost of revenues	\$ 37,506	\$ 37,604	\$ 72,212	\$ 87,495
Cost of product recorded for share-based compensation (1)	(672)	(606)	(1,179)	(1,055)
Cost of service recorded for share-based compensation (1)	(493)	(461)	(844)	(846)
Intangible assets amortization on cost of product (3)	(263)	(666)	(526)	(839)
Intangible assets amortization on cost of service (3)	(160)	(160)	(320)	(320)
Restructuring expenses (4)	-	-	(89)	-
Non-GAAP cost of revenues	\$ 35,918	\$ 35,711	\$ 69,254	\$ 84,435
GAAP gross profit	\$ 18,693	\$ 20,532	\$ 31,765	\$ 53,934
Gross profit adjustments	1,588	1,893	2,958	3,060
Non-GAAP gross profit	\$ 20,281	\$ 22,425	\$ 34,723	\$ 56,994
GAAP operating expenses	\$ 39,606	\$ 45,431	\$ 76,819	\$ 85,738
Share-based compensation (1)	(5,385)	(4,414)	(9,772)	(8,878)
Acquisition related expenses (2)	-	-	-	(512)
Intangible assets amortization (3)	(152)	(333)	(340)	(419)
Restructuring expenses (4)	-	-	(206)	-
Non-GAAP operating expenses	\$ 34,069	\$ 40,684	\$ 66,501	\$ 75,929
GAAP Financial income, net	\$ 7,018	\$ 4,324	\$ 12,422	\$ 6,123
Foreign exchange losses associated with ASC 842	(121)	(2,480)	(497)	(3,129)
Non-GAAP Financial income, net	\$ 6,897	\$ 1,844	\$ 11,925	\$ 2,994
GAAP Taxes on income (tax benefit)	\$ 430	\$ (1,099)	\$ 624	\$ (1,008)
Non-cash deferred tax income	\$ 102	\$ 250	\$ 323	\$ 467
Non-GAAP Taxes on income (tax benefit)	\$ 532	\$ (849)	\$ 947	\$ (541)
GAAP net loss	\$ (14,325)	\$ (19,476)	\$ (33,256)	\$ (24,673)
Share-based compensation (1)	6,550	5,481	11,795	10,779
Acquisition related expenses (2)	-	-	-	512
Intangible assets amortization (3)	575	1,159	1,186	1,578
Restructuring expenses (4)	-	-	295	-
Foreign exchange losses associated with ASC 842	(121)	(2,480)	(497)	(3,129)
Non-cash deferred tax income	(102)	(250)	(323)	(467)
Non-GAAP net loss	\$ (7,423)	\$ (15,566)	\$ (20,800)	\$ (15,400)
GAAP diluted loss per share	\$ (0.29)	\$ (0.39)	\$ (0.67)	\$ (0.50)
Non-GAAP diluted loss per share	\$ (0.15)	\$ (0.31)	\$ (0.42)	\$ (0.31)
Weighted average number of shares				
Shares used in computing GAAP diluted net loss per share	49,554,383	49,756,990	49,720,453	49,707,782
Shares used in computing Non-GAAP diluted net loss per share	49,554,383	49,756,990	49,720,453	49,707,782
(1) Share-based compensation				
Cost of product revenues	\$ 672	\$ 606	\$ 1,179	\$ 1,055
Cost of service revenues	\$ 493	\$ 461	\$ 844	\$ 846
Research and development	\$ 1,601	\$ 1,268	\$ 2,952	\$ 2,457
Sales and marketing	\$ 1,944	\$ 1,491	\$ 3,307	\$ 3,300
General and administrative	\$ 1,840	\$ 1,655	\$ 3,513	\$ 3,121
	\$ 6,550	\$ 5,481	\$ 11,795	\$ 10,779
(2) Acquisition related expenses				
General and administrative	\$ -	\$ -	\$ -	\$ 512
	\$ -	\$ -	\$ -	\$ 512
(3) Intangible assets amortization				
Cost of product revenues	\$ 263	\$ 666	\$ 526	\$ 839
Cost of service revenues	\$ 160	\$ 160	\$ 320	\$ 320
Sales and marketing	\$ 152	\$ 333	\$ 340	\$ 419
	\$ 575	\$ 1,159	\$ 1,186	\$ 1,578
(4) Restructuring expenses				
Cost of product revenues	\$ -	\$ -	\$ 89	\$ -
Research and development	\$ -	\$ -	\$ 20	\$ -
Sales and marketing	\$ -	\$ -	\$ 186	\$ -
	\$ -	\$ -	\$ 295	\$ -

**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,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Cash flows from operating activities:				
Net loss	\$ (14,325)	\$ (19,476)	\$ (33,256)	\$ (24,673)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	3,654	3,322	7,527	5,902
Fair value of warrants deducted from revenues	3,332	4,516	5,676	12,521
Share-based compensation	6,550	5,481	11,795	10,779
Amortization of premium and accretion of discount on marketable securities, net	202	484	525	1,012
Realized gain (loss) on sale and redemption of marketable securities	(43)	7	(3)	10
Change in operating assets and liabilities:				
Trade receivables, net	(11,248)	22,189	(16,856)	(9,004)
Other accounts receivables and prepaid expenses	(1,682)	673	(766)	(1,791)
Inventory	4,963	(14,816)	1,940	(23,852)
Operating leases right-of-use assets and liabilities, net	(555)	(2,449)	(1,012)	(2,857)
Deferred taxes	-	(2,111)	-	(2,416)
Deposits and other long term assets	(851)	(1,327)	(1,878)	(1,321)
Trade payables	(225)	(4,476)	(1,702)	(11,920)
Employees and payroll accruals	1,752	(364)	2,489	(6,834)
Deferred revenues and advances from customers	(2,199)	(2,643)	(3,237)	(4,114)
Other payables and accrued expenses	(4,378)	3,081	(38)	3,440
Accrued severance pay, net	(161)	(103)	(62)	(292)
Other long - term liabilities	(330)	413	(690)	729
Loss from sale and disposal of property, plant and equipment	-	41	-	41
Net cash used in operating activities	<u>\$ (15,544)</u>	<u>\$ (7,558)</u>	<u>\$ (29,548)</u>	<u>\$ (54,640)</u>
Cash flows from investing activities:				
Purchase of property, plant and equipment	\$ (1,791)	\$ (1,985)	\$ (5,069)	\$ (9,447)
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) short-term bank deposits, net	(219,997)	160,090	54,935	(250,895)
Proceeds from sales and redemption of marketable securities	1,250	1,500	5,250	1,945
Proceeds from maturities of marketable securities	7,680	5,500	11,252	17,422
Investment in marketable securities	(8,911)	(23,003)	(18,935)	(103,897)
Net cash provided by (used in) investing activities	<u>\$ (221,769)</u>	<u>\$ 127,016</u>	<u>\$ 47,433</u>	<u>\$ (359,958)</u>
Cash flows from financing activities:				
Exercise of employee stock options	\$ 53	\$ 41	\$ 95	\$ 340
Payments related to shares withheld for taxes	(302)	(172)	(437)	(682)
Repurchase of ordinary shares	(14,066)	-	(20,818)	-
Net cash used in financing activities	<u>\$ (14,315)</u>	<u>\$ (131)</u>	<u>\$ (21,160)</u>	<u>\$ (342)</u>
Increase (decrease) in cash and cash equivalents	\$ (251,628)	\$ 119,327	\$ (3,275)	\$ (414,940)
Cash and cash equivalents at the beginning of the period	352,950	77,284	104,597	611,551
Cash and cash equivalents at the end of the period	<u>\$ 101,322</u>	<u>\$ 196,611</u>	<u>\$ 101,322</u>	<u>\$ 196,611</u>
Non-cash investing and financing activities:				
Purchase of property and equipment on credit	46	1,823	219	1,823
Inventory transferred to be used as property and equipment	-	592	-	1,289
Property, plant and equipment transferred to be used as inventory	-	5	734	9
Lease liabilities arising from obtaining right-of-use assets	(550)	641	5,487	6,387

**KORNIT DIGITAL LTD.
AND ITS SUBSIDIARIES**
RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA
(U.S. dollars in thousands, except share and per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
GAAP Revenues	\$ 56,199	\$ 58,136	\$ 103,977	\$ 141,429
GAAP Net Loss	(14,325)	(19,476)	(33,256)	(24,673)
Taxes on income	430	(1,099)	624	(1,008)
Financial income	(7,018)	(4,324)	(12,422)	(6,123)
Share-based compensation	6,550	5,481	11,795	10,779
Intangible assets amortization	575	790	1,186	1,209
Acquisition related expenses	-	-	-	512
Excess cost of product on acquired inventory	-	369	-	369
Restructuring expenses	-	-	295	-
Non-GAAP Operating Loss	(13,788)	(18,259)	(31,778)	(18,935)
Depreciation	3,079	2,532	6,341	4,693
Adjusted EBITDA	\$ (10,709)	\$ (15,727)	\$ (25,437)	\$ (14,242)



KORNIT DIGITAL

(NASDAQ: KRNT)
Second Quarter 2023

Earnings Conference Call Supporting Slides
August 9, 2023

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ON TODAY'S CALL



SAFE HARBOR

This presentation contains “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 duration and severity of current adverse macro-economic headwinds being caused by inflationary pressures, rising interest rates, and supply chain delays, which have been impacting, and may continue to impact, in an adverse manner, the Company’s operations, financial position and cash flows, in part due to the adverse impact on the Company’s customers and suppliers; 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 its systems; the extent of the Company’s ability to increase sales of its systems, ink and consumables; the extent of the Company’s ability to leverage its 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; 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, 2022, filed with the SEC on March 30, 2023. 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.

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 on Form 6-K 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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BUSINESS HIGHLIGHTS

Ronen Samuel
Chief Executive Officer

SECOND QUARTER - RECAP

- Total second quarter revenues of \$56.2 million, in line with guidance provided in May
- As a reminder, revenues include the impact from the fair value of issued warrants
- Impressions grew at a double-digit pace year-over-year for the second consecutive quarter; steady improvement in capacity utilization
- Consumables revenue grew at a strong double-digit rate across our customer segments, including key strategic accounts, and throughout all operating regions
- So far in 3Q23 impressions growth on pace to increase at a double-digit rate year-over-year; providing confidence in solid consumables growth for 2H23

SECOND QUARTER – RECAP (CONT)

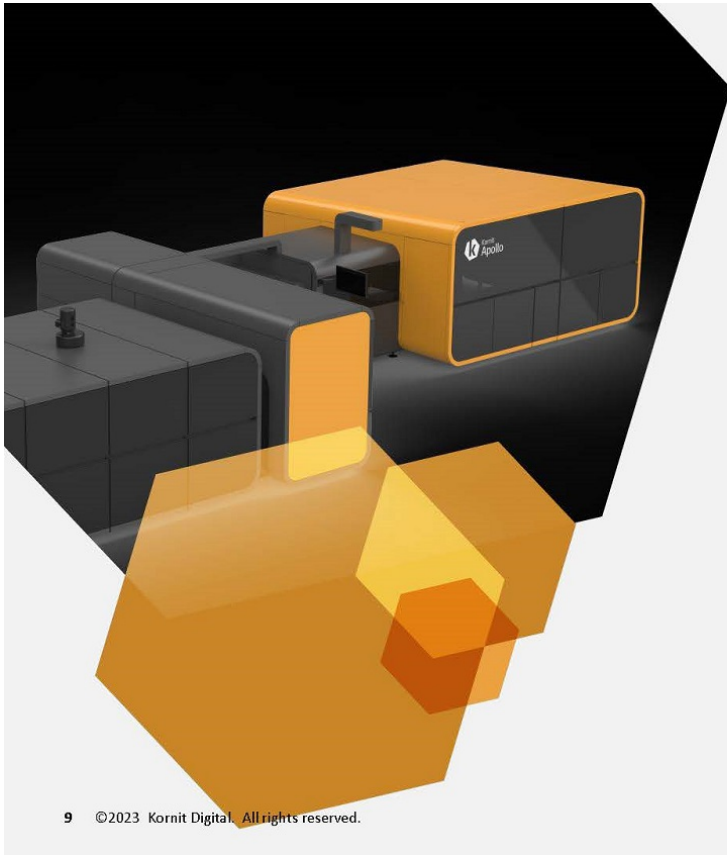
- Strong quarter of services growth due in-part to our MAX upgrades
- Anticipate additional MAX upgrade orders in 2H23 and throughout 2024
- System sales volumes remained soft on continued challenges in capital equipment spending
- Customized design customers continue to work through excess capacity
- Expecting continued softness in system sales volumes in the short-term

MAKING PROGRESS ON STRATEGIC ACTIONS

- Implemented strategic measures to attract new customers including brands, retailers, and digital platforms
- Targeting new growth regions within key textile production hubs to establish a healthy pipeline for 2024 and beyond
- Taken various actions to increase efficiencies throughout operations
- Currently expect to approach breakeven on an adjusted EBITDA basis for 4Q23
 - Based on a mid-\$60 million quarterly revenue run-rate and a more favorable mix of higher-margin consumables and quarterly OpEx in the low to mid-\$30 million range
- Aiming to deliver profitable growth for the full year 2024

HIGHLY SUCCESSFUL ITMA – MILAN, ITALY

- Very high customer engagements, with new customers from key textile regions such as India, China, Turkey, Morocco, and LATAM (Argentina, Brazil, and Mexico)
- Met with hundreds of customers and prospects, very favorable feedback on our portfolio
- Secured a high number of quality leads and sales orders for both direct-to-fabric and direct-to-garment systems
- Signed one of the top textile manufacturers in India, opening a new market that has the potential to meaningfully grow over the next several years
- Approximately 60% of deals signed from net new customers; providing healthy pipeline for 2024 and beyond



APOLLO DEBUTS AT ITMA

- Successfully unveiled Apollo, with significantly positive feedback and receptivity for new high-throughput system
- Secured several new orders; expect to recognize revenues 1Q24
- Focused on building substantial backlog for full year 2024
- Installed first Apollo beta system in 2Q23 in the U.S.
- In process of installing a second beta system
- Apollo platform has potential to provide ~\$1m of annual consumables and services revenue at high-utilization rates

FIRST HALF 2023 PROGRESS

- Built a solid foundation for future growth
- Long-term growth drivers remain firmly intact; strategy and vision reinforced at ITMA
- Successful introduction of new technologies and solutions
 - MAX platform well received by the market, becoming the new standard
 - Kornit's quality of prints, XDi capabilities, and ability to sustainably print white on dark fabrics have opened new markets and driven increased customer interest and engagements
- Continue to diversify business and bolster pipeline
- Materially adjusted cost structure and operations, reallocated resources to further enable growth engines
 - Successfully launching the Apollo
 - Capitalizing on growth opportunities in new markets for our direct-to-fabric business with Presto MAX

Remain confident that Kornit's strategy, product roadmap, and solid balance sheet position us well to generate meaningful, long-term growth

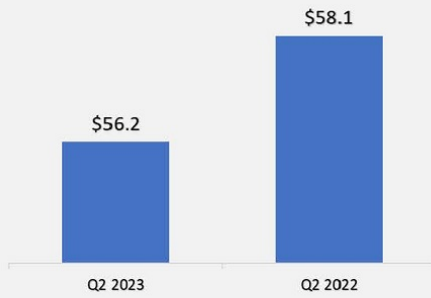
FINANCIAL HIGHLIGHTS

Lauri Hanover
Chief Financial Officer

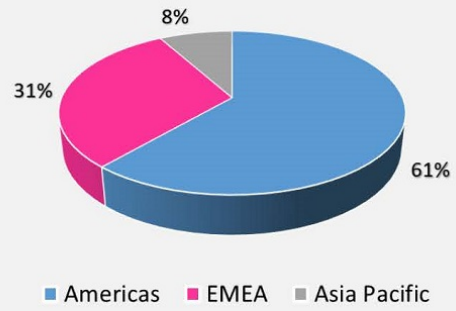
REVENUES

- 2Q23 revenues of \$56.2 million in line with the guidance range of \$54 million to \$59 million provided in May
- Both consumables and services revenues grew strong double-digits year-over-year
- Lower system sales drove the year-over-year decline in total revenues

Second Quarter Revenues (\$M)



Q2 2023 Revenues By Region



REGIONAL OVERVIEW

- **Americas:**



- Growth attributable to a double-digit increase in consumables revenue across strategic accounts
- Strong quarter of services growth contribution due mainly to MAX upgrades

- **EMEA:**



- Consumables revenue growth robust due to a larger installed base and increased usage
- Decline driven by lower system sales, as customers continued to encounter financing challenges
- Continue to explore ways to support qualified buyers to secure financing, including third-party financing partners

- **Asia Pacific:**



- Healthy consumables and services growth
- Continue to develop a meaningful pipeline of long-term growth opportunities, especially in key textile producing countries such as India and China

GROSS MARGINS

- 2Q23 Non-GAAP gross margin 36.1% compared with 38.6% in 2Q22 and 30.2% in 1Q23
- Lower system sales volumes drove the year-over-year decline
- Higher-margin consumables grew nicely
- Profitability of services meaningfully improved
- Expect gross margin improvement through the balance of this year given consumables as a percentage of sales progressively higher in the third and fourth quarters

OPERATING EXPENSES

- 2Q23 Non-GAAP Operating Expenses: \$34.1 million, down from \$40.7 million in 2Q22
- The year-over-year decrease of ~16% reflects:
 - Impact of our previously completed workforce reductions
 - Lower marketing spend

Non-GAAP Operating Expenses		
	\$ in millions	
	Q2 2023	Q2 2022
Research & Development	\$11.3	\$12.8
Sales & Marketing	\$16.1	\$19.3
General & Administrative	\$6.7	\$8.6
Total Operating Expenses	\$34.1	\$40.7

P&L KPI'S

	Q2 2023	Q2 2022
Non-GAAP Operating Loss	(\$13.8)	(\$18.3)
Adjusted EBITDA Loss	(\$10.7)	(\$15.7)
Non-GAAP Net Loss	(\$7.4)	(\$15.6)
Non-GAAP Diluted EPS	(\$0.15)	(\$0.31)
GAAP Net Loss	(\$14.3)	(\$19.5)
GAAP Diluted EPS	(\$0.29)	(\$0.39)

\$ in millions, except per share amounts

BALANCE SHEET AND CASH FLOW

- Cash balances, including bank deposits and marketable securities, ~\$592 million at quarter end
- 2Q23 cash used in operating activities: ~\$15.5 million
- Receivables increased ~\$11.2 million from 1Q23
- Inventories decreased ~\$4.5 million from 1Q23
- Trade payables decreased ~\$0.2 million from 1Q23

	Q2 2023	Q1 2023	Q2 2022
Cash, Deposits & Marketable Securities	\$591.7	\$623.9	\$704.6
Accounts Receivables	\$84.2	\$73.0	\$60.5
Inventory	\$88.2	\$92.7	\$89.6
Trade Payables	\$11.6	\$11.8	\$30.8

SHARE REPURCHASE PROGRAM UPDATE

- Repurchased ~938 thousand shares for ~\$21.8 million at an average price of ~\$23.20 per share since the beginning of 2023
- Initial court approved period for share repurchases of up to \$75 million expired June 15th
- Applied for and received new approval from Israeli court covering an additional six-months
- Given strong balance sheet, opportunistic share repurchases will not impact ability to execute on growth initiatives

THIRD QUARTER 2023 GUIDANCE

- **Revenues:**

- Expect third quarter revenues to be in range of \$58 million to \$62 million, net of warrants impact

- **Adjusted EBITDA Margins:**

- Expect third quarter Adjusted EBITDA margins in range of -6% to -13% of revenue, net of warrants impact
- Currently expect to approach breakeven on an adjusted EBITDA basis for the fourth quarter of 2023

**KORNIT DIGITAL LTD.
AND ITS SUBSIDIARIES**
RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA
(U.S. dollars in thousands, except share and per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
GAAP Revenues	\$ 56,199	\$ 58,136	\$ 103,977	\$ 141,429
GAAP Net Loss	(14,325)	(19,476)	(33,256)	(24,673)
Taxes on income	430	(1,099)	624	(1,008)
Financial income	(7,018)	(4,324)	(12,422)	(6,123)
Share-based compensation	6,550	5,481	11,795	10,779
Intangible assets amortization	575	790	1,186	1,209
Acquisition related expenses	-	-	-	512
Excess cost of product on acquired inventory	-	369	-	369
Restructuring expenses	-	-	295	-
Non-GAAP Operating Loss	(13,788)	(18,259)	(31,778)	(18,935)
Depreciation	3,079	2,532	6,341	4,693
Adjusted EBITDA	\$ (10,709)	\$ (15,727)	\$ (25,437)	\$ (14,242)

TNX

