



Kornit  
Digital  
bonding  
matters

# Financial Results

## September quarter 2016

November 9, 2016

---

# 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

## September quarter

Gabi Seligsohn  
Chief Executive Officer

---

# RECORD REVENUES AND STRONG MOMENTUM

---

- Record revenues of \$30.9 million and non-GAAP operating margin of 12.5% exceeded the high end of our guidance for the 3<sup>rd</sup> quarter
- Non-GAAP gross margins came in at close to 50%
- Strength primarily related to multiple large account activities
- Numbers included another round of systems for previously mentioned large account whose program is progressing well and is expected to continue well into next year

---

# Q3 HIGHLIGHTS – STRONG MOMENTUM CONTINUES

---

- Revenues during the 3<sup>rd</sup> quarter didn't include Vulcan sales
- Expecting initial Vulcan revenues in the 4<sup>th</sup> quarter
- We recently received a Vulcan order from new (4<sup>th</sup>) customer
  - In advanced stages of negotiating multiple Vulcan sales to several users
- All Vulcan evaluation sites running production – one running two shifts/day
- Expecting to show continued business momentum during fourth quarter:
  - Continued activities at large accounts
  - Healthy backlog coming into the quarter
  - Higher number of Allegro systems and initial Vulcan revenues
- SGIA show was a success – showcased Vulcan, Allegro and Storm Hexa

---

# STRATEGY UNFOLDING WITH 7X24 HIGH VOLUME PRODUCTION

---

- Multiple customers running 7X24 with tens of thousands of garments printed daily with next day delivery. Several factors make this possible:
  - Online apparel shopping has become a way of life
  - Maturity of our technology
  - Great business model for our customers
  - Operational excellence achieved by our customers
- U.S online market data is compelling:
  - Number of people spending more to get fast turn around has doubled in two years
  - Social media drives 74% of buying decisions
  - Online apparel grows at 20% CAGR, commanding 20% of the overall market
- Kornit largest 10 customers have capacity for 5 million garments per month
- Kornit's installed base estimated to be printing 70-80 million garments per year
  - We are in early innings of a digital transformation
- Leading customers starting to serve fast retail market needs – Vulcan is the way to go!

---

## BUSINESS MODEL AND COMPANY EFFORTS PAYING OFF

---

- Operating margin continues to improve
- Revenues from recurring customers in H1/16 grew to 71%
- Service contract attach rate reached 12% of installed base in 2015 from 0% in 2013
- Significant progress with Allegro in recent months expected to lead to 20 customers by end of 2016 – two of which already have multiple systems
- Huge recognition by fashion community to Allegro capability through participation in “project runway” by Heidi Klum
- System upgrades taking place and expected to generate revenues in Q4/16 and become meaningful in 2017, playing important role for service business



Kornit  
Digital  
bonding  
matters

# Financial Overview

## September quarter

Guy Avidan  
Chief Financial Officer



---

# SEPTEMBER QUARTER FINANCIAL RESULTS

---

- Quarterly revenues of \$30.9 million VS. \$22.0 in prior year, 40.3% YoY increase
- Single major customer accounted for 28% of our revenue and overall 10 largest accounts represented 71% of revenues.
- Quarterly non-GAAP gross margins of 49.2%; increase from 48.6% in Q3 2015
- Operating expenses of \$11.4 million, up 46.9% YoY
- Research and Development: 14.2% of revenues
- Sales & Marketing: 22.6% of revenues
- \$56.7M cash balance at end of Q3

---

# SEPTEMBER QUARTER – GEOGRAPHIC DISTRIBUTION

---

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

---

## SEPTEMBER QUARTER – COGS & OPEX

---

- Non GAAP Gross margin of 49.2% in Q3/16 vs. 48.6 % in Q2/15, and vs 49.5% Q2/16.
- R&D expenses: 14.2% of sales in Q3/16 vs. 13.3% in Q3/15
- Sales and Marketing expense: 14.8% of sales in Q3/16 vs. 14..% in Q3/15
- G&A expenses: 7.8% of sales in Q3/16 and in Q3/15
- Headcount as of September 30th was 388 employees

---

## Q4' 2016 GUIDANCE

---

- Expected revenues between \$31 million to \$34 million
- Non GAAP Operating income expected to be between 12% to 16% of revenues
- End of quarter share count expected to be approximately 32.5M



THANK YOU

