

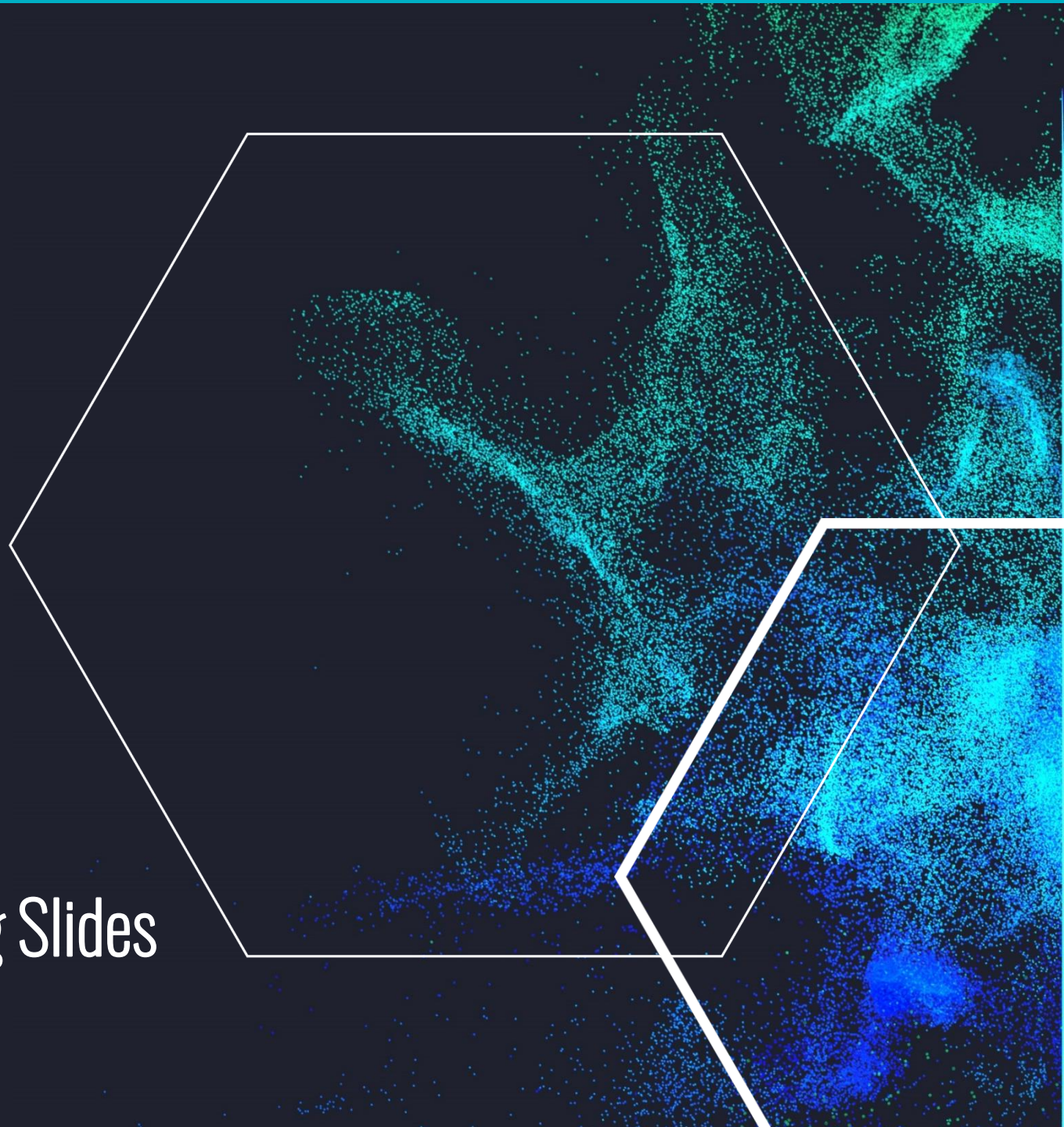


Kornit Digital
bonding matters

KORNIT DIGITAL

(NASDAQ: KRNT)

Q3 2019 Earnings Call – Supporting Slides





SAFE HARBOR

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SPEAKERS ON TODAY'S CALL



Ronen Samuel
CEO

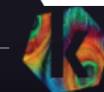


Guy Avidan
CFO

OUR VISION



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





Q3 2019 BUSINESS HIGHLIGHTS

**RONEN SAMUEL
CEO**

STRONG Q3 2019 RESULTS

- Record quarter for industrial system sales
- Strong year-over-year business volume growth
- Continued adoption of HD platforms
- Strong demand for new products: Atlas, Polypro, and Presto
- Significant expansions with strategic accounts in preparation for peak season
- New accounts in athleisure and specialty retail categories
- Phenomenal market feedback for the next gen DTF solution, the Presto



NecPoly Technology





GO-TO-MARKET

- Focused execution across regions
 - Record quarter in North America driven by new customer additions, expansion in existing accounts, and strong volume with global strategic account
 - Good demand in EMEA, continued conversion of ITMA Barcelona pipeline
 - Asia-Pacific driven by momentum with key accounts in Japan
- Attended over 20 regional and specialized shows globally in the quarter
- Printing United in October (after quarter close) in Dallas, Texas
 - One of strongest shows ever for Kornit, as reflected in orders and LOIs



CUSTOMER SUCCESS AND SCALABILITY

- **Enabling customer success:**
 - Added 31 new team members globally, many in customer facing roles
- **Realigned corporate structure:**
 - Regional presidents now reporting to CEO and joining executive team
 - Specialized GTM teams across Fashion, Sports, and Online Customized Design
- **Newly created executive positions to improve scalability:**
 - Appointed Jecka Glasman to Chief Commercial Officer
 - Elevated Kobi Mann to Chief Technology Officer

DELIVERING ON OUR 2019 GOALS

- Growing profitably, in-line with our goals
- Widespread adoption of our newly introduced products
- Penetrated new markets and leading brands
- Enhanced our managerial, GTM, and operational platform to scale our business
- Building a pipeline of innovation and focusing on solution expansions

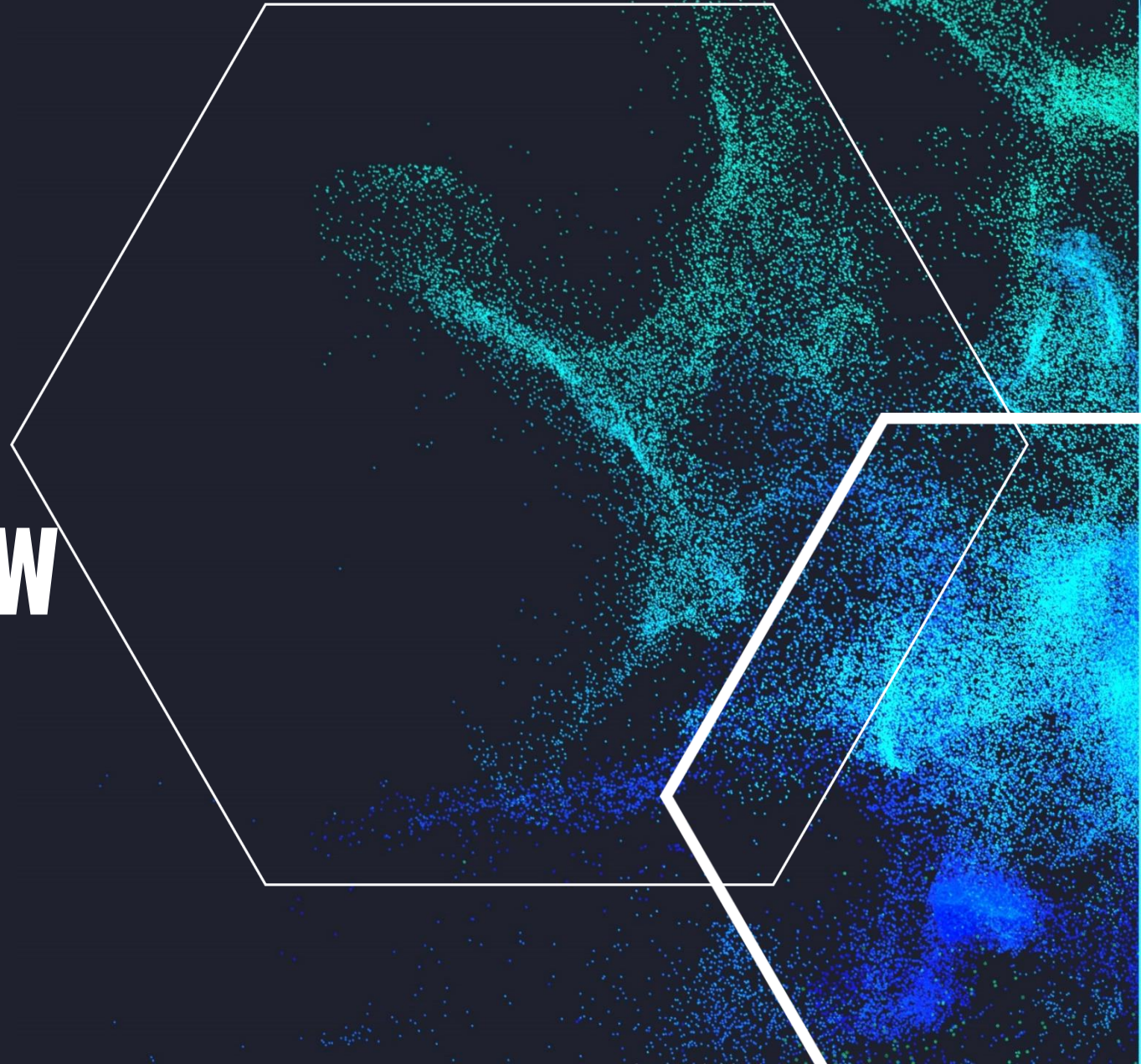


Well positioned to deliver on our business goal of \$500 million in run-rate sales exiting 2023



Q3 2019 FINANCIAL OVERVIEW

**GUY AVIDAN
CFO**



Q3 2019 FINANCIAL RESULTS

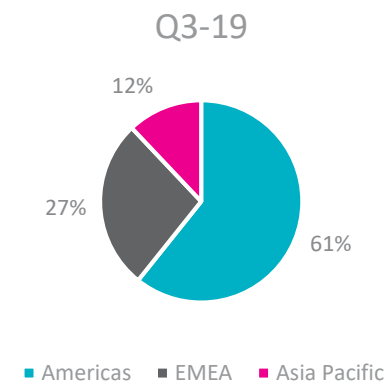
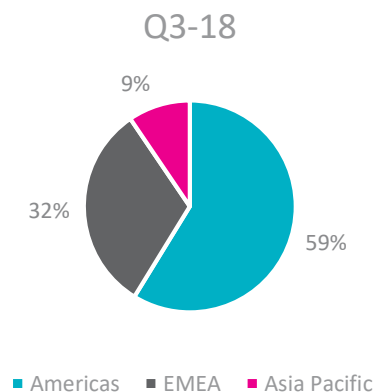
	GAAP			Non-GAAP		
	3Q'2019	3Q'2018	YoY Change	3Q'2019	3Q'2018	YoY Change
Total Revenue	\$44.6	\$37.6	\$7.0	\$44.6	\$37.6	\$7.0
Gross Profit	\$19.5	\$18.9	\$0.6	\$19.9	\$19.2	\$0.7
Operating Income	\$1.4	\$3.1	(\$1.7)	\$3.4	\$4.9	(\$1.5)
Net Income	\$2.0	\$3.1	(\$1.1)	\$3.9	\$4.8	(\$0.9)
Diluted EPS	\$0.05	\$0.09	(\$0.04)	\$0.09	\$0.13	(\$0.04)
Diluted Shares (M)	42.2	35.7	6.5	42.2	35.9	6.5

\$ In millions except per share amounts

QUARTERLY REVENUES

- Non-GAAP revenues of \$44.6 million vs. \$37.5 million in prior year, increase of 18.9% YoY and 1.6% QoQ
- 2 largest customers accounted for 15.3% and 12.9% of revenues compared to 19.8% and less than 1.0% in previous year
- 10 largest accounts represented 53.6% of revenues compared to 60.2% in the previous year

Geographic Revenue Split



QUARTERLY GROSS MARGIN AND OPEX

- Non-GAAP gross margin of 44.5% decreased from 51.1% in Q3 2018 primarily due to warrant impact of 574 basis points
- Non- GAAP Operating expenses of \$16.4 million increased 14.5% year-over-year
- September 30th headcount: 515 employees

Non GAAP Operating Expenses (% of Revenue)		
	Q3-19	Q3-18
Research & Development	11.8%	12.8%
Sales & Marketing	16.0%	15.7%
General & Administrative	9.0%	9.6%
Total Operating Expenses	36.8%	38.1%

QUARTERLY P&L KPI

	3Q'2019	3Q'2018
Non-GAAP Operating Income	\$3.4	\$4.9
Non-GAAP Net Income	\$3.9	\$4.8
Non-GAAP diluted EPS	\$0.09	\$0.13
GAAP Net Income	\$2.0	\$3.1
GAAP Diluted EPS	\$0.05	\$0.09
Adjusted EBITA	\$9.5	\$7.5

\$ In millions except per share amounts

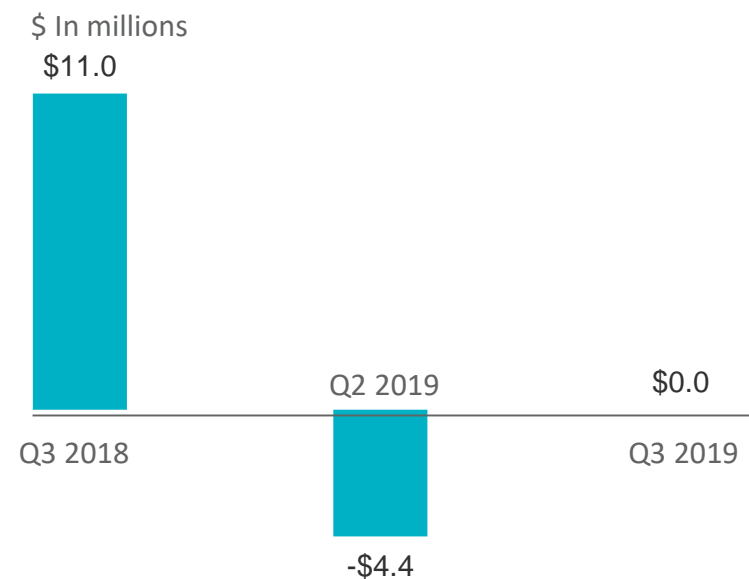
QUARTERLY BALANCE SHEET AND CASH FLOW

Balance Sheet

	Q3 2019	Q2 2019	Q3 2018
Cash & Cash Equivalents	\$250.4	\$250.1	\$110.9
Accounts Receivable	\$44.9	\$34.1	\$30.6
Inventory	\$44.9	\$34.9	\$30.6
Trade Payable	\$17.3	\$20.9	\$12.3
Net Working Capital	\$259.8	\$246.0	\$79.8

\$ In millions

Cash From Operating Activities





Q4 2019 GUIDANCE

- Revenue is expected to be between \$46.5 million to \$50.5 million
- Non-GAAP operating income is expected to be between 13.5% to 16.5% of revenue

Since we currently cannot predict the non-cash impact of the warrants, we assume zero impact on revenue and operating margin for the purposes of guidance

QUARTERLY WARRANTS IMPACT

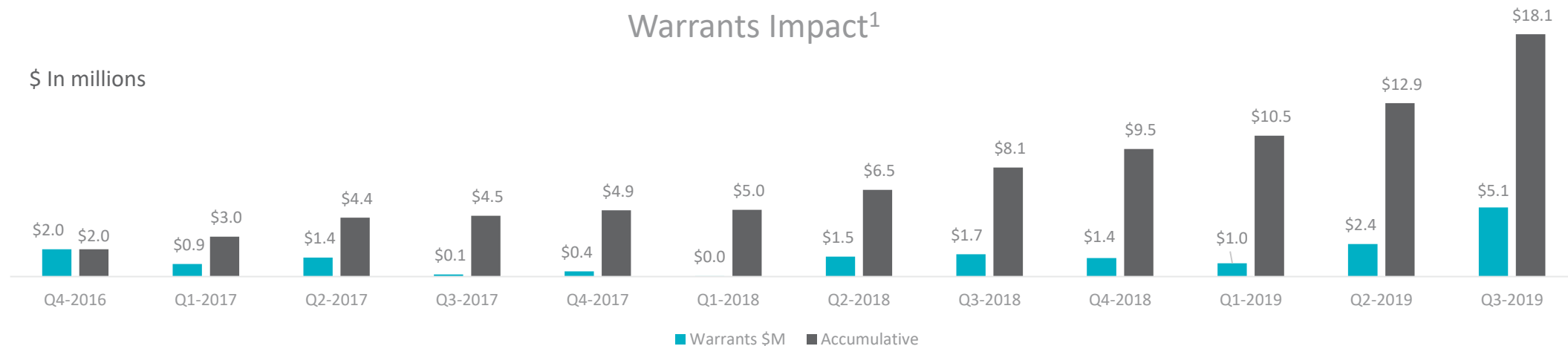
	Q3 19			Q2 19			Q3 18		
	Net of Warrants Impact	Warrants Impact		Net of Warrants Impact	Warrants Impact		Net of Warrants Impact	Warrants Impact	
Revenues	\$44,580	\$5,142	\$49,722	\$43,890	2,416	\$46,306	\$37,591	\$1,657	\$39,248
Gross Profit	\$19,857		\$24,999	\$20,159		\$22,575	\$19,217		\$20,874
Gross Margin	44.5%	574 BPS	50.3%	45.9%	282 BPS	48.8%	51.1%	206 BPS	53.2%
Operating Profit	\$3,449		\$8,591	\$2,709		\$5,125	\$4,882		\$6,539
Operating Margin	7.7%	954 BPS	17.3%	6.2%	490 BPS	11.1%	13.0%	367 BPS	16.7%
Net Profit	\$3,878		\$9,020	\$2,869		\$5,285	\$4,833		\$6,490
Net Margin	8.7%	944 BPS	18.1%	6.5%	488 BPS	11.4%	12.9%	368 BPS	16.5%
Diluted EPS	\$0.09	\$0.12	\$0.21	\$0.08	\$0.06	\$0.14	\$0.13	\$0.05	\$0.18

\$ In thousands except per share amounts

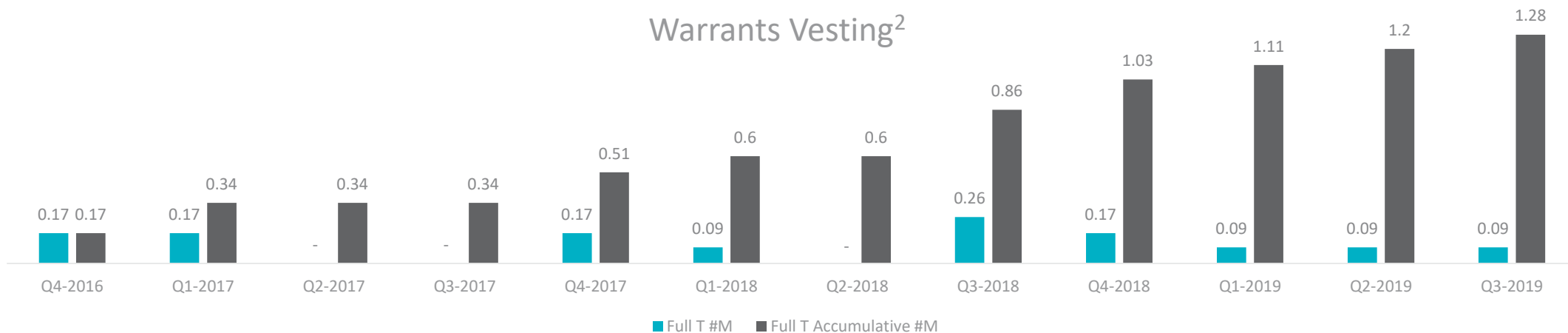
WARRANTS IMPACT AND VESTING

Warrants Impact¹

\$ In millions



Warrants Vesting²



1 Revenue recognition base impact

2 Collection base impact

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 of Sep 30, 2019, 1,282,815 warrants are exercisable.
- The Company utilizes a Monte Carlo simulation approach to estimate the fair value of the warrants.
- The Company recognized a reduction to revenues of \$5.1 million during the quarter ended September 30, 2019.
- Implemented according to Accounting Standards (ASC) 260 The dilutive effect of outstanding warrants are reflected in diluted EPS by application of the treasury stock method. The incremental shares are included in the denominator of the diluted EPS computation, as of Sep 30th there are approximately 0.7M shares out of approximately 42.2M.

INVESTMENT HIGHLIGHTS



Large Total
Addressable
Market



Supportive Mega
Trends



Established
Market
Leadership



Proprietary
Technology



High Growth
Recurring
Revenue Model
with Expanding
Gross Margin



Significant
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Opportunities

RIGHT MARKET TRENDS, RIGHT TECHNOLOGY, RIGHT COMPANY



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