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KORNIT DIGITAL

(NASDAQ: KRNT)

Third Quarter 2022

Earnings Conference Call Supporting Slides

November 9, 2022



ON TODAY'S CALL



Ronen Samuel
CEO



Lauri Hanover
Incoming CFO



Amir Shaked Mandel
EVP Corp Dev



Andrew Backman
Global Head of IR

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, filed with the U.S. Securities and Exchange Commission, or SEC, on March 30, 2022, including the Risk Factors set forth therein. 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 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

Third Quarter Results

- Total revenues \$66.8 million, net of \$5.6 million of non-cash warrants impact
- Exceeded revenue guidance range provided in August, which assumed zero impact from the fair value of issued warrants
- Consumables revenues grew nicely from the second quarter and year-over-year; Solid demand from larger strategic accounts as they gear up for peak season
- Services revenues increased from the second quarter and year-over-year due to the execution of a major fleet upgrade to Atlas MAX with a large strategic customer
- Continue to receive excellent feedback for our MAX family of products from prospective customers and strategic accounts

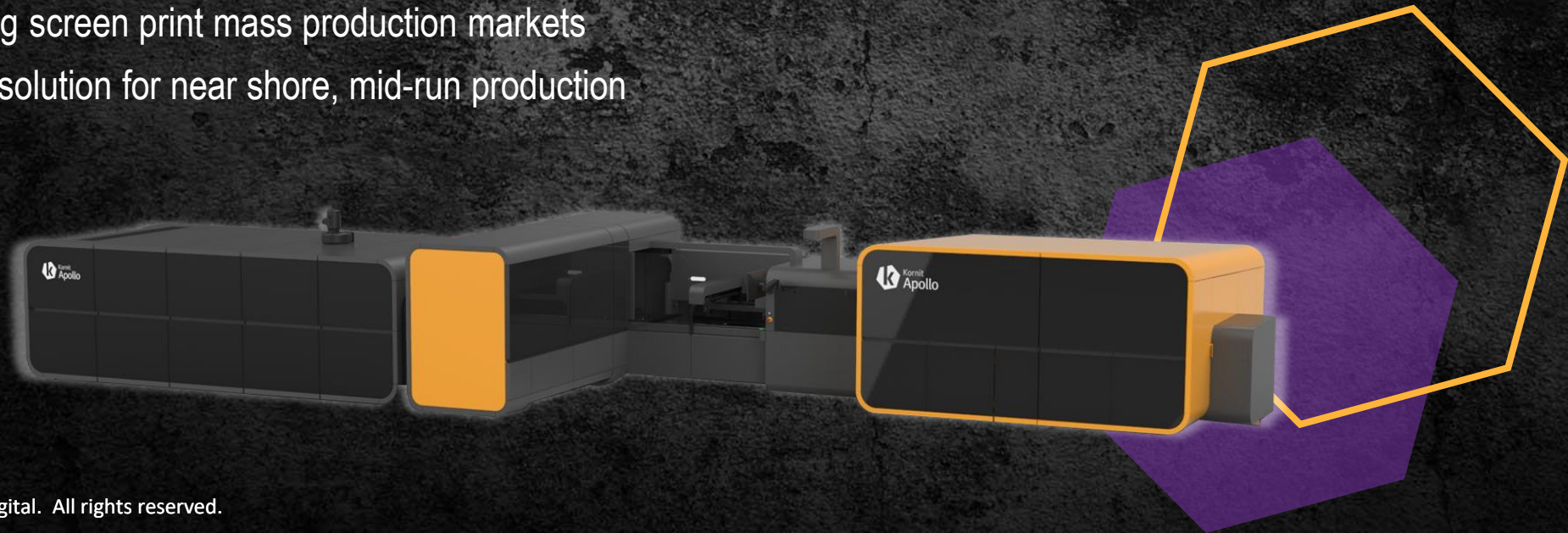


Current Operating Environment

- Macro-related headwinds (inflation, general consumer sentiment, rising interest rates) continue to impact customers and prospects;
 - Impacting their projected pace of growth in coming quarters
 - Longer sale cycle
 - Increased demand for robust financing options
 - Overall slowdown in new systems' orders
- APAC:
 - Facing impacts of strong U.S. dollar, especially in Japan and Korea
 - Headwinds in China due to zero-COVID policy

Long-term Opportunities Remain Firmly Intact

- Continue to engage with large fashion brands, retailers, major manufacturers, e-commerce and digital platforms
 - Focused on improving their operations, lowering inventory levels, and transforming supply chains
 - Continue to hear need for shorter runs
 - Shifting production volumes from mass off-shore production to nearshore, on-demand sustainable production
- Industry gradually transforming from analog to digital
- Receiving good interest in our Apollo
 - Most comprehensive, digital single step solution with MAX quality
 - Lowest Total Cost of Ownership
 - Targeting screen print mass production markets
 - Perfect solution for near shore, mid-run production



Long-term Opportunities Remain Firmly Intact

- Continue to see interest in recent new product introductions
- Pipeline of potential business with existing and new accounts globally
- However:
 - Expect systems revenues to remain challenging in next several quarters
 - Balanced by healthy and growing consumables and service revenues
 - Consumables revenues seasonally lower on first half of each year and traditionally build heading into customers' peak seasons
- Continue to work closely with our global strategic account on their future global expansion plans
 - Shipped delayed systems during the third quarter
 - Anticipate systems revenues in 2023 to build up more linearly than 2022
 - Starting likely in the second quarter of 2023 and heading into their peak season



Adjusting to Current Market Environment

- Over past several years, built business and cost structure to be profitable at materially higher revenue run rate
 - In July, took decisive actions in operations, including a reduction in workforce
 - Taking additional steps to reduce company's cost structure
 - Re-allocating resources to emphasize areas with a higher ROI
 - Further adjusting go-to-market initiatives
 - Focus on returning to sustainable, profitable growth

We are a resilient company, with a proven business model, pristine balance sheet and remain committed to our long-term vision and strategy

KORNIT 2021 IMPACT REPORT

Environmental, Social, and Corporate Governance



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»»» ENABLE THE CHANGE

ENABLE THE CHANGE

Sustainability and our mission to reduce the environmental impact of fashion production, are a key driver of Kornit's innovation. Our products and services are transforming the fashion industry and impacting our entire business ecosystem. With unique and innovative technology, Kornit is a sustainability industry leader that is powering efficient manufacturing processes and enabling sustainable consumption and production patterns.

This is at the heart of what we mean by Enable the Change: the ways in which our technologies enable on-demand, sustainable fashion, while reducing over-production and the associated hazardous environmental impacts. Enable the Change is also about protecting the health, safety, and wellbeing of everyone who uses our products, improving the lives of our people in the workplace, and positively contributing to the industry and society as a whole.



HAVING A BALL WITH FASHION CURATOR YAARA KEYDAR

Israeli fashion historian and curator Yaara Keydar joined forces with Kornit for her 2021 'The Ball' exhibition at Holon Design Museum. Yaara took vintage photographs of Israeli historical figures and integrated them into her designs using a block-printing technique called *Tolle de Jour*. Thanks to our innovative technologies, we were able to digitally reduce the labor process, attaining traditional haute couture standards in a quick, sustainable way.

“ Kornit has given us all the tools needed to create sustainable fashion products - essential for us as an eco-conscious clothing brand. ”

Joshua Scacheri, CEO, Love Hero

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»»» BE THE CHANGE

BE THE CHANGE

Our role as a sustainable change agent means we pay equal attention to both the impacts of our products and technologies on the entire industry ecosystem, and the impacts of our own business operations on the environment and society.

Be the Change is our approach to measuring and reporting on the impacts of our business operations, including energy, water, and waste; employee health and wellness, community engagement and giving, and Diversity, Equity and Inclusion (DEI). These are the areas that we've already been tracking and measuring and with this report, we're able to share our progress against some of our initial goals.

KEY ACHIEVEMENTS IN 2021

39% Reduced hazardous waste intensity	57% Reduced non-hazardous waste intensity	COMPLETELY ELIMINATED use of Acute Toxic Amines (CLP category 1, 2, 3) CMR ¹³ (as defined by GHS ¹⁴ CLP ECHA ¹⁵)
~16% Reduced GHG changes	20% reduction of the VOC level in our Robusta inkjet	30% reduction of the VOC level in our Eco-Rapid ink for the color green
~56% of our non-hazardous waste	52% increased employee volunteering by year-over-year	88% of employees reported feeling respected and free to be authentic at work
Maintained employee engagement rate at 75% and kept our turnover rate at 14.6%, a relatively low rate during a time of rapid growth and industry-wide labor attrition	ISO45001 certified the new Kornit ink plant	Increased the % of women in management by 5%, going from 30% to 35%

Received the first-ever Israeli Corporate Volunteering Award from Helpi, a non-profit organization for micro-volunteering, in acknowledgment of our Corporate Social Responsibility (CSR) program

¹³ Classification, Labeling and Packaging; ¹⁴ Carcinogenic, Mutagenic and Reprotoxic; ¹⁵ Globally Harmonized System of Classification and Labeling of Chemicals; ¹⁶ The European Chemicals Agency.

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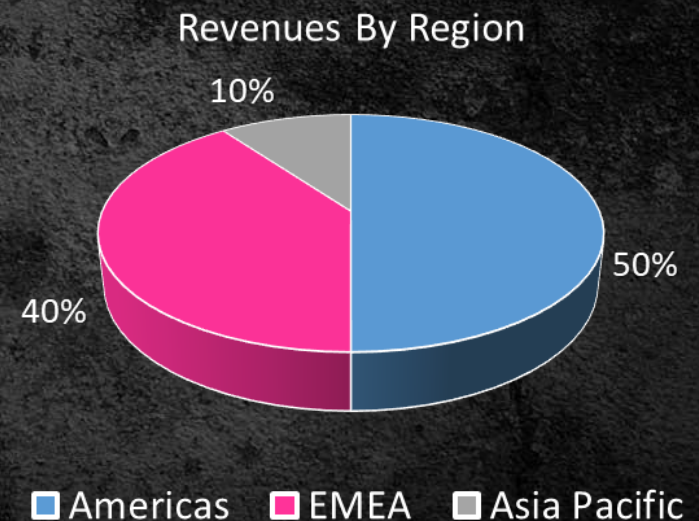
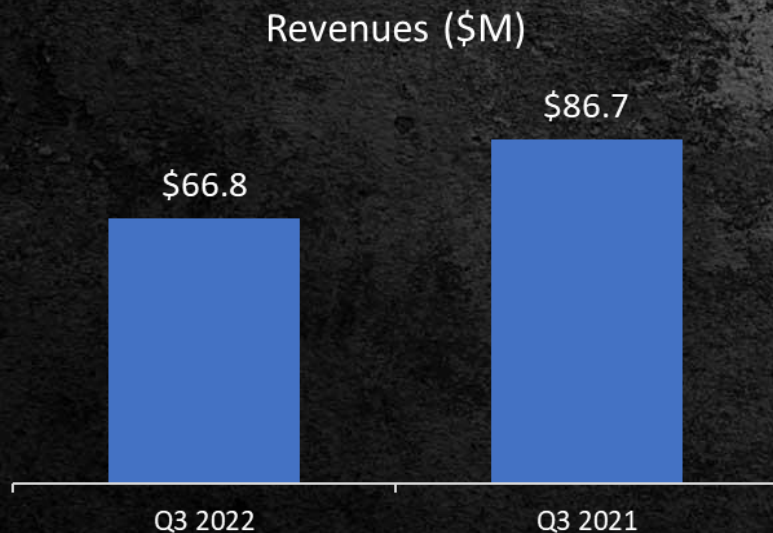
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FINANCIAL HIGHLIGHTS

LAURI HANOVER
Incoming Chief Financial Officer

Third Quarter Revenues

- \$66.8 million, net of \$5.6 million of non-cash warrant impact related to a global strategic account
- Consumables: Solid demand from key strategic accounts as they head into the peak season
- Services: Grew sequentially and year-over-year due in part to a large north-American customer who is completing upgrading entire fleet of Atlas to Atlas MAX
- Systems: Rose sequentially and included delayed shipment of systems to our global strategic account
- Top 10 largest accounts represented approximately 60% of total revenues



Third Quarter Gross Margins

- Non-GAAP Gross Margins, net of a 5-point warrants impact, was 35.5% (compared to 47.8% in Q3'21)
- Gross margins were negatively impacted year-over-year due to:
 - Significantly lower systems revenues on a fixed cost infrastructure
 - Inventory write-offs for older generation systems
 - Stronger U.S. dollar in the EMEA region
- Anticipate gross margins in Q4'22 to sequentially increase
 - Driven by higher proportion of consumables in the sales mix

Third Quarter Operating Expenses

- Non-GAAP operating expenses were \$36.7 million, down ~10% from \$40.7 million in Q2'22
- Sequential decline driven by reduced marketing activities and some benefit from cost reduction and other initiatives
- Expect Q4'22 operating expenses to be lower as we further realize improvements to the cost structure, offset by expenses associated with Printing United

Non-GAAP Operating Expenses (% of Revenues)			
	Q3 2022	Q2 2022	Q3 2021
Research & Development	19.6%	22.0%	12.4%
Sales & Marketing	22.2%	33.2%	16.6%
General & Administrative	13.2%	14.8%	8.9%
Total Operating Expenses	55.0%	70.0%	37.9%

Quarterly P&L KPI

	Q3 2022	Q3 2021
Non-GAAP Operating Income (Loss)	(\$13.0)	\$8.6
Non-GAAP Net Income (Loss)	(\$10.7)	\$11.5
Non-GAAP Diluted EPS	(\$0.21)	\$0.24
GAAP Net Income (Loss)	(\$19.0)	\$3.9
GAAP Diluted (Basic) EPS	(\$0.38)	\$0.08

\$ in millions, except per share amounts

Balance Sheet and Cash Flow

- Q3 cash used in operating activities were approximately \$5.1 million
 - Receivables increased approximately \$3.2 million from the second quarter
 - Inventories increased approximately \$2.7 million from the second quarter
 - Trade payables decreased approximately \$6.0 million from the second quarter
- Cash balance, including bank deposits and marketable securities, at quarter end was approximately \$689.8 million

	Q3 2022	Q2 2022	Q3 2021
Cash, Deposits & Marketable Securities	\$689.8	\$704.6	\$457.5
Accounts Receivable	\$63.7	\$60.5	\$49.9
Inventory	\$92.2	\$89.6	\$55.3
Trade Payable	\$24.0	\$30.8	\$30.6
Net Working Capital	\$536.7	\$566.6	\$388.9

\$ in millions

\$75 Million Share Repurchase Authorization

- In August, the Board of Directors approved the repurchase of up to \$75 million of the Company's ordinary shares
- Share repurchase program is subject to certain requirements under the Israeli Companies Law and the receipt of Israeli court approval
- We have submitted our application to the court
- Court approval process could take several months
- Continue to believe using a portion of the cash on our extremely strong balance sheet to repurchase shares is in the best interests of the Company and our shareholders
- Will not impact our ability to execute on our growth initiatives



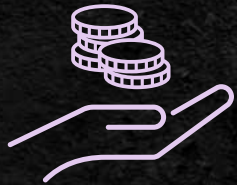
Q4 2022 Guidance

Revenues



- Expect fourth quarter revenues to be in the range of \$66 million to \$70 million
 - Consistent with outlook previously provided on third quarter earnings call in August
- Expect higher proportion of consumables in the sales mix for the fourth quarter

Operating Margins



- Expect fourth quarter Non-GAAP operating margins in the range of -6% to -10% of revenue

Consistent with past practice, guidance excludes the impact from the fair value of issued warrants in the quarter with our global strategic account

Q3 2022 Warrants Impact Summary

Third Quarter Warrants Impact				
Three Months Ended				
September 30,				
	2022		2021	
	Net of Warrants Impact	Warrants Impact	Net of Warrants Impact	Warrants Impact
Revenue	\$66.8M	\$5.6M	\$86.7M	\$7.9M
Non-GAAP Gross Margin	35.5%	5.0%	47.8%	4.3%
Non-GAAP Operating Margin	(19.4%)	9.3%	9.9%	7.5%
Non-GAAP Net Margin	(16.0%)	9.0%	13.3%	7.2%
Non-GAAP Diluted Earnings (Loss) Per Share	(\$0.21)	\$0.11	\$0.24	\$0.16

THANK YOU

OUR VISION

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

