



Kornit
Digital
bonding
matters

KORNIT DIGITAL

(NASDAQ KRNT)

Q2 2021 INVESTOR PRESENTATION

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 25, 2021, 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. Please see the reconciliation table that appears among the financial tables in our earnings release issued, 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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KORNIT AT A GLANCE

Transforming the fashion, apparel and home decor industries

FACTS & FIGURES

Founded 2002

Significant customer base of over **1,300**⁽¹⁾



763 Employees with a global presence*

*As of June 30, 2021

Approximately
26% CAGR

Top line growth from 2014
to 2021E*

*Wall Street consensus

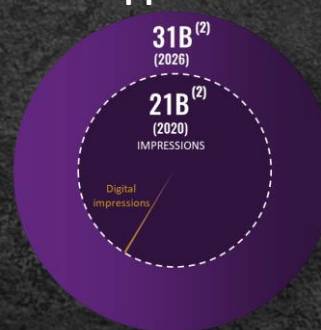
Attractive profitable recurring revenue
business model

OPPORTUNITY

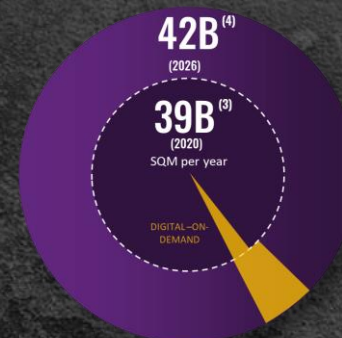
Digital Printing

Small fraction of decorated textiles

Decorated Apparel



Roll-to-Roll



Mega
trends



Fueling adoption of on-demand
sustainable textile manufacturing

COVID19



Inflection point in eComm and
accelerating shift to proximity
manufacturing

CUTTING EDGE PROPRIETARY TECHNOLOGY



Operating system for on-demand
sustainable fashion^x



Fashion^x - Includes fashion, apparel, home décor, and other textile-based forms of self-expression

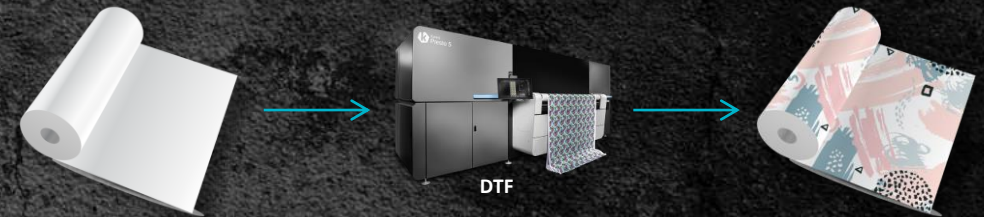
(1) Including Custom-Gateway customers
(2) Source: Company estimates for apparel impressions (including for example impressions on t-shirts, hoodies, pants, bags, etc.) 21B represents estimated annualized run rate of impressions as of 2020. 31B represents projected annualized run rate of impressions for year-end 2026.
(3) Source: 2018 Digital Textile Industry Review. 39B represents estimated total volume in SQM of printed fabric output as of 2018.
(4) Source: Company estimates. 42B represents projected total volume in SQM of printed fabric output.

OUR PROPRIETARY DIGITAL PRINTING TECHNOLOGY

LEADING DIGITAL DIRECT-TO-GARMENT (DTG) SOLUTIONS

INNOVATIVE ON-DEMAND DIRECT-TO-FABRIC (DTF) SOLUTIONS

SINGLE STEP INDUSTRIAL DIGITAL PRINTING ON TEXTILE SOLUTIONS
WITH LEADING PIGMENT INKS



MARKET
OPPORTUNITY OF
21B⁽¹⁾
IMPRESSIONS



Ability to Print on any Media

No Pre or Post Treatment

Retail Quality and Hand Feel

Sustainable

MARKET
OPPORTUNITY OF
39B⁽²⁾
SQM



INDUSTRY MEGATRENDS




**SELF
EXPRESSION**



**RETAIL
MELTDOWN**



E-COM KEEPS
ACCELERATING



Traditional supply chain
and production
methods are
INADEQUATE



**CLEARANCE
CLEARANCE
CLEARANCE
CLEARANCE**

**EXCESS
PRODUCTION
IS A MAJOR
PAIN POINT**

for brands and
retailers

30%

EXCESS
PRODUCTION



21 MILLION TONS
of textile are wasted



28 TRILLION LITERS
of water are wasted



*Equals to entire US
population drinking needs for
more than 72 years*



WHAT IF THINGS WERE DIFFERENT?

THINGS CAN BE DIFFERENT!

ON-DEMAND SUSTAINABLE PROXIMITY PRODUCTION





ENDLESS
VIRTUAL VARIETY

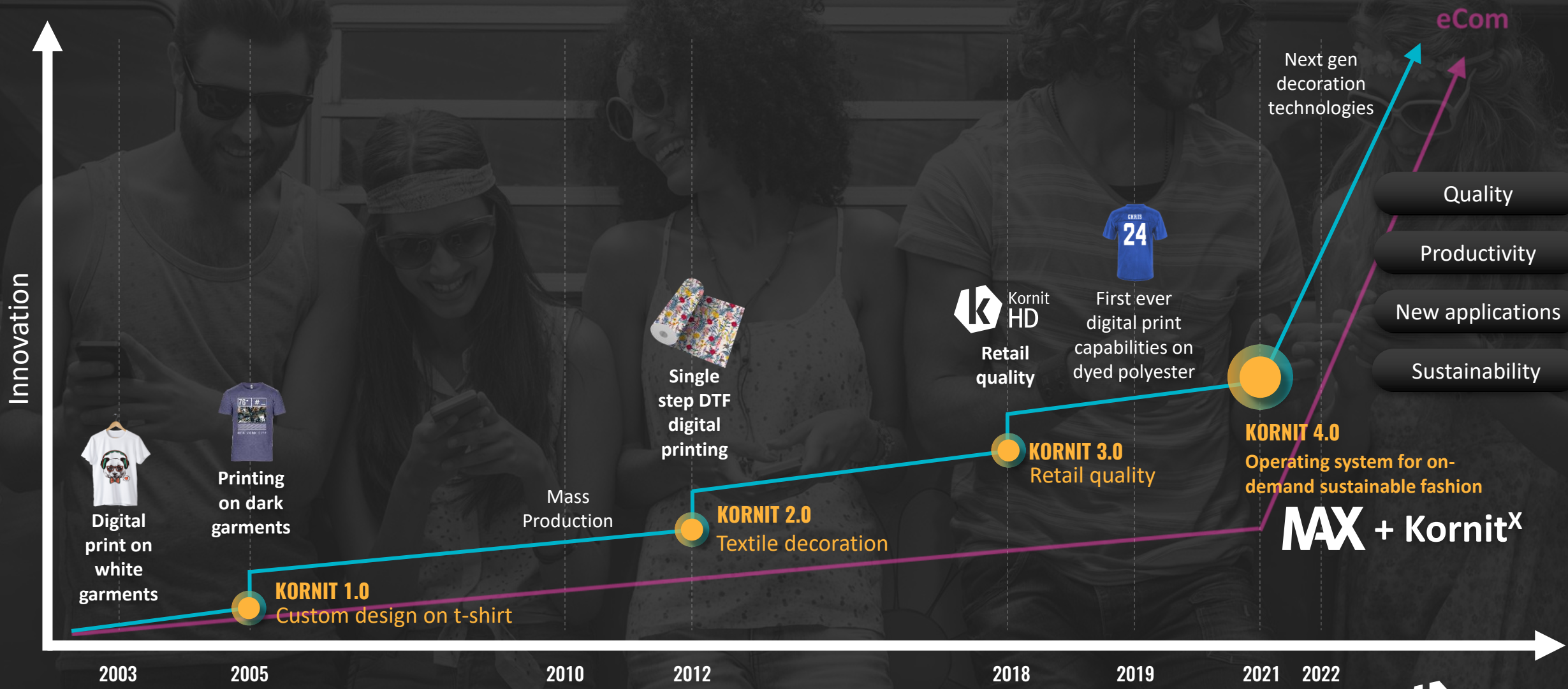


FLEXIBLE INVENTORY
MANAGEMENT



IN-SEASON
REACTIVITY

ANSWERING MARKET NEEDS



OUR MISSION

BECOME THE OPERATING SYSTEM FOR ON-DEMAND SUSTAINABLE FASHION^x



Fashion^x - Includes fashion, apparel, home décor, and other textile-based forms of self-expression

DEVELOP AND DEPLOY THE OPERATING SYSTEM

*For on-demand
sustainable fashion^x*

OUR STRATEGY

ESTABLISH KORNI^x

DIGITIZE PRODUCTION

BRANDS



TRADITIONAL AND
ONLINE RETAILERS



LICENSORS



ECOM PLATFORMS &
MARKETPLACES



DESIGNERS AND
INFLUENCERS



INVENTORY
MANAGEMENT



MEDIA
HANDLING



PRINT



ADDITIONAL
DECORATION
METHODS



CUT-MAKE-TRIM

OUR GOAL
\$1B
REVENUE
IN 2026



WIDE PORTFOLIO OF SOLUTIONS



DTG SYSTEMS

INDUSTRIAL



MASS



SPECIALTY

NecPoly Technology



DTF SYSTEMS

ON DEMAND DTF



CONSUMABLES



SOFTWARE & CLOUD WORKFLOWS

Quick

Kornit[×]



VALUE-ADDED SERVICES



Customer Support

Maintenance and upgrades



Application Development

Training

ANCILLARIES

Via OEM
& 3rd parties

DIGITIZE PRODUCTION

DYE-BASED PRINTING



HEAT TRANSFER



SCREEN



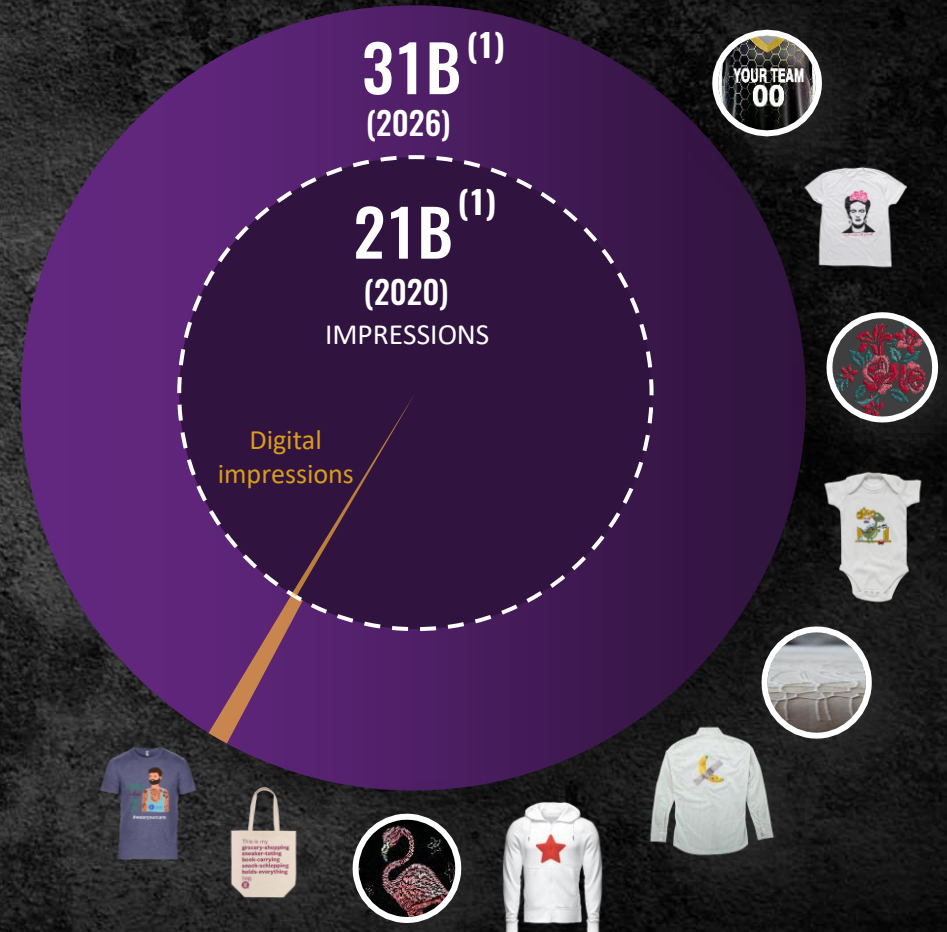
EMBROIDERY



DTG MARKET OPPORTUNITY

TAM of 21B impressions in 2020

19B items*



(1) Source: Company estimates for apparel impressions (including for example impressions on t-shirts, hoodies, pants, bags, etc.) 21B represents estimated annualized run rate of impressions for year-end 2020. 31B represents projected annualized run rate of impressions for year-end 2026. Including embroidery TAM expansion

* Assuming 1.1 impressions per item

MAX TECHNOLOGY

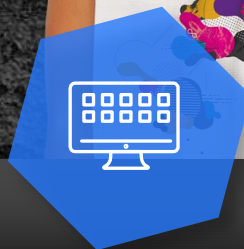
*New standard for
on-demand production*



**Highest quality
and Durability**



Productivity

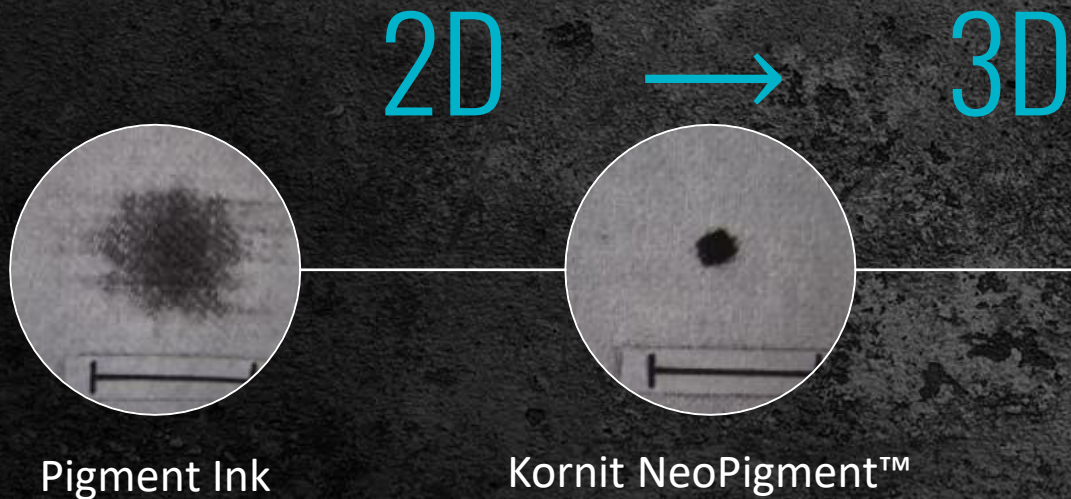


**New
applications**



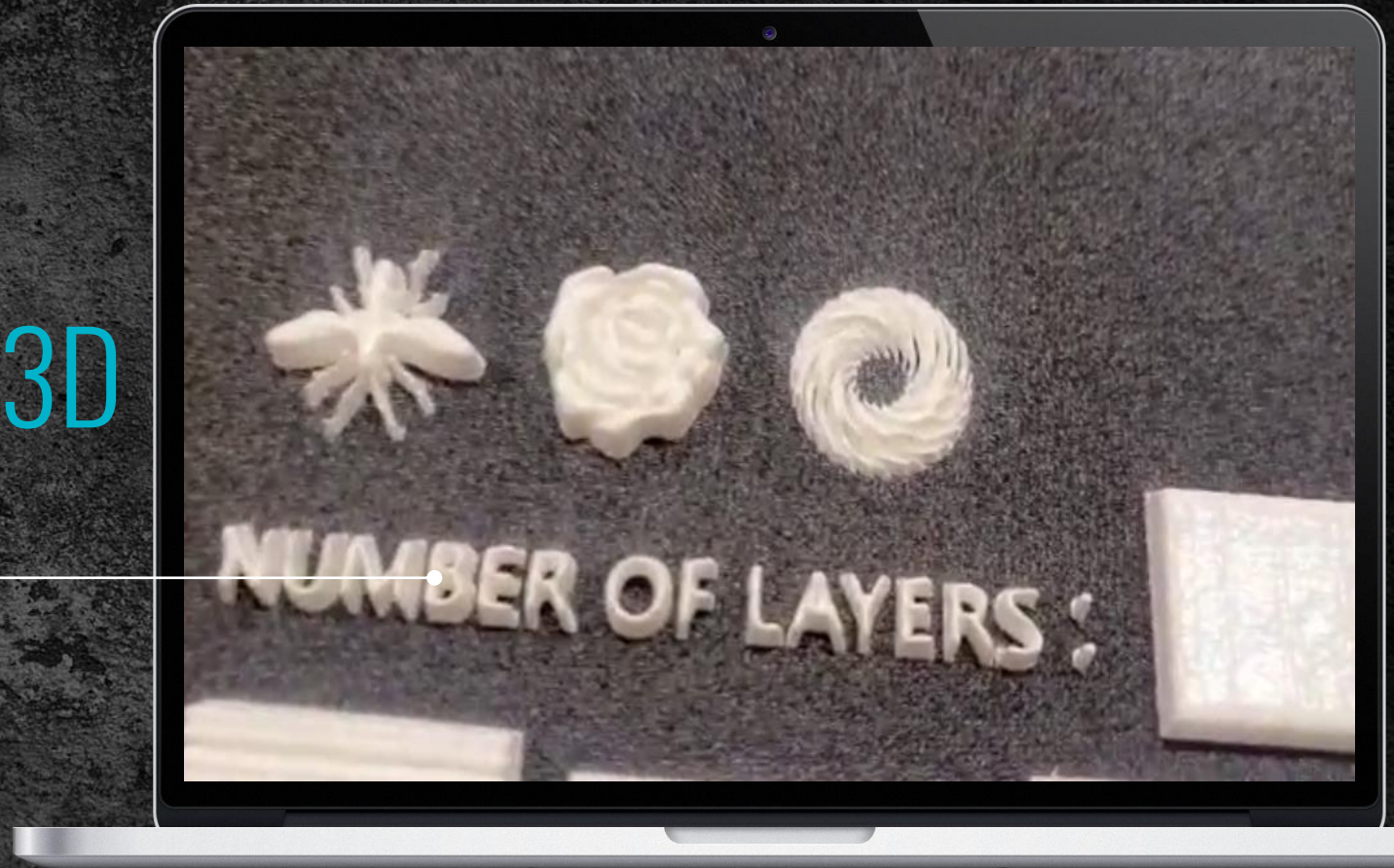
Sustainability

XDi TECHNOLOGICAL INNOVATION



KORNIT NEOPIGMENT™ PROCESS

Today our process optimizes ink efficiency for color



MAX TECHNOLOGY

By enhancing the process, we created functionality that controls not only color but providing absolute digital control of color, form and structure

XDi APPLICATIONS

*Seamless 2D to 3D rendering
with automated algorithms*



5.2B

IMPRESSIONS

EMBROIDERY



2.2B

IMPRESSIONS

**HEAT TRANSFER
SCREEN & VINYL**



0.3B

IMPRESSIONS

**HIGH DENSITY
EMBELLISHMENTS**

AUTOMATED ROBOTIC MEDIA HANDLING

- Productivity increase
- Ease of operations
- Production consistency



35
Seconds*



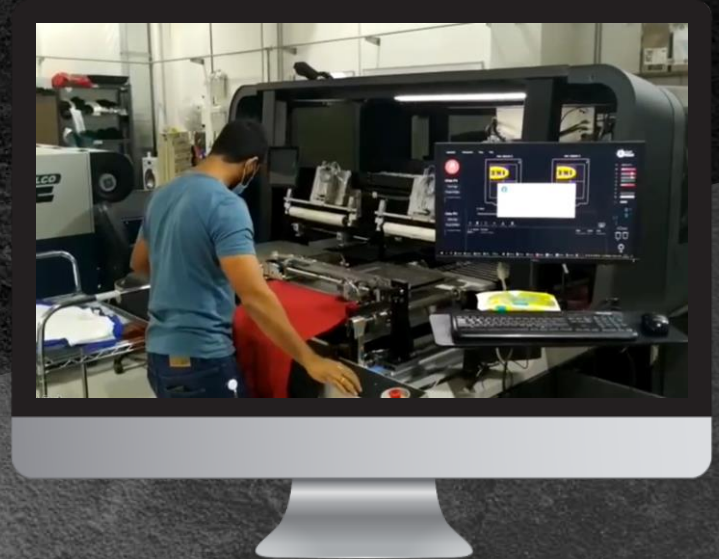
Atlas current loading
and unloading

15
seconds



Atlas MAX with
automation

20%
Additional
garments
per hour



FASHION^x ON-DEMAND



Fashion^x - Includes fashion, apparel, home décor, and other textile-based forms of self-expression

Reshoring possible as US firms look to shorter, faster supply chains post-pandemic

By Hannah Abdulla | 2 June 2020

Font size Email Print

ASOS and Fashion-Enter partner with Kornit Digital on sustainable, on-demand textiles production

BY LAURETTA ROBERTS - 5TH MAY 2021



Jenny Holloway, Fashion-Enter

Holloway said of the latest innovation. “We have worked with ASOS since 2008 and understand their commitment to quality ethical production and speed-of-response fashion. Working collaboratively with both ASOS and Kornit, FEL [Fashion-Enter] will develop an in-house new microfactory concept providing an innovative interconnected fashion world, which has the capacity to eliminate waste, risks, limitations, and pollutants from current outdated batch production.



FROM DESIGN TO FULL COLLECTION
IN 2 WEEKS

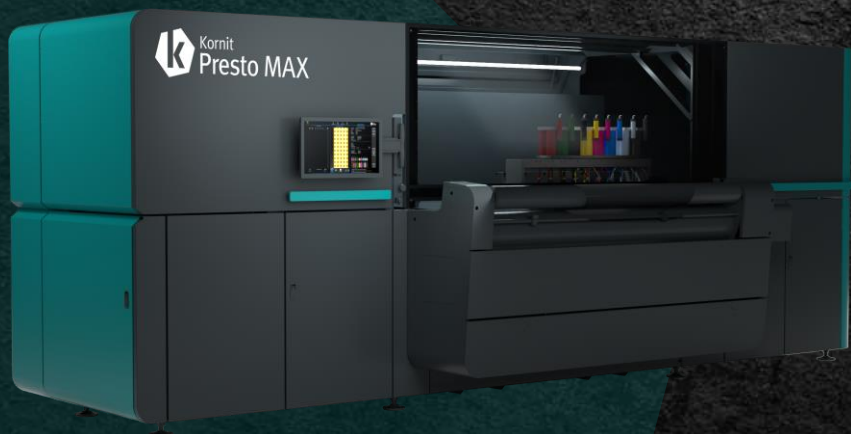


FROM DESIGN TO CATWALK
IN 1 DAY

BREAKING LIMITS IN FASHION AND HOME DÉCOR

COMING
SOON:

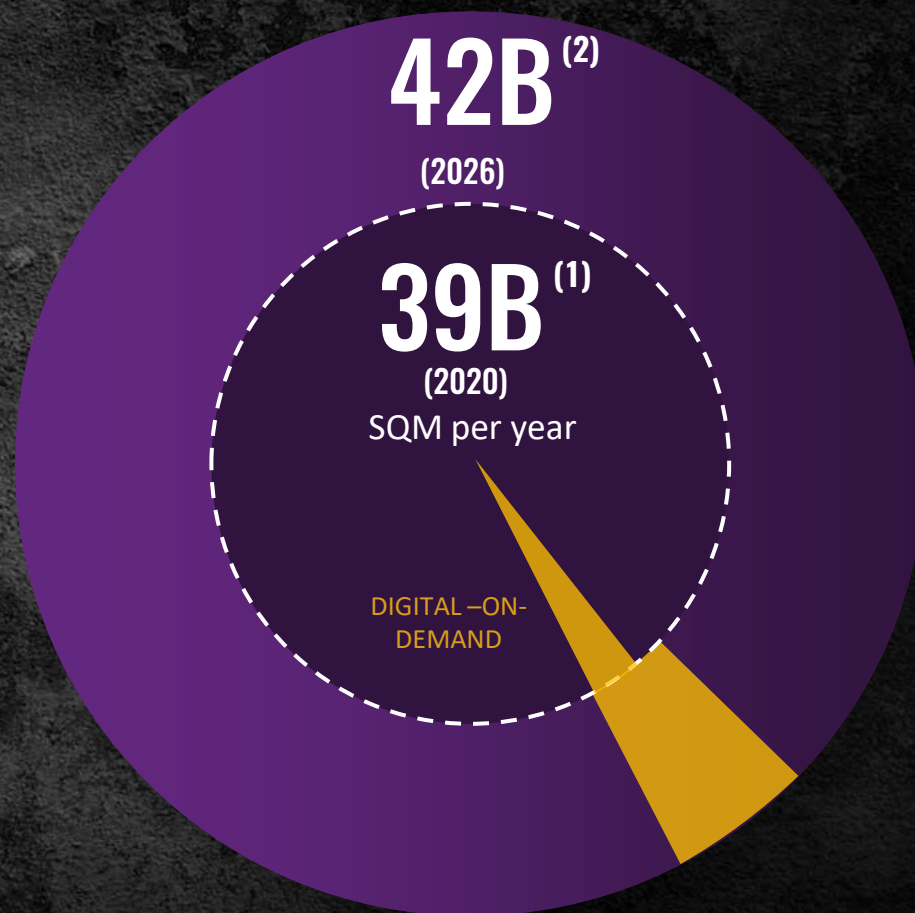
MAX technology on Presto



- Elite Fabric retail quality
- Create new capabilities and applications on DTF
- End-to-end Micro factory workflow

DIRECT-TO-FABRIC
TAM of 39B sqm

~4 Trillion impressions**



KORNIT DIGITAL Acquires VOXEL8 to



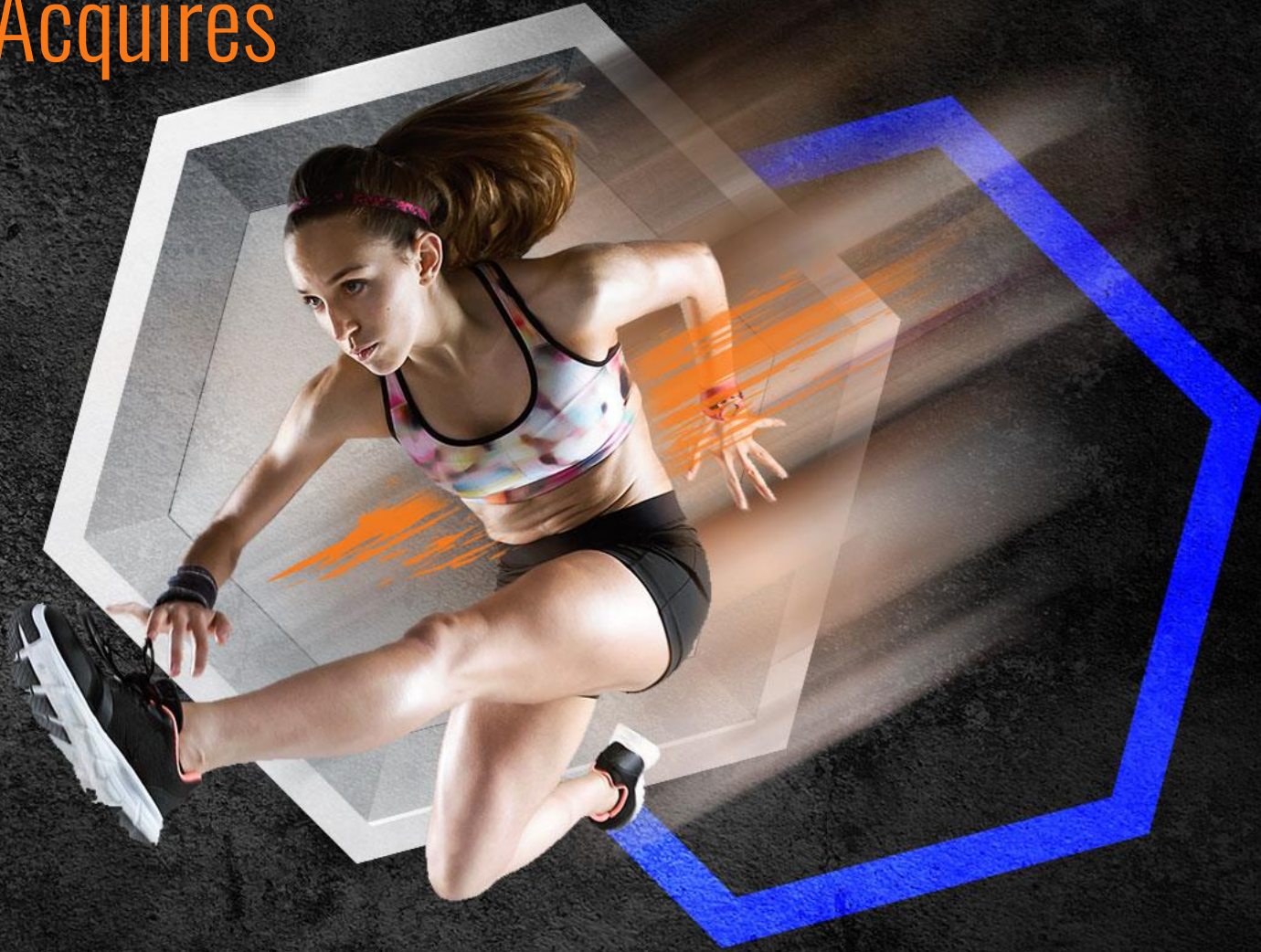
Expand our
process



Enable array of decoration
and functional applications



Pave the way to new market segments
(compression, protection and footwear)



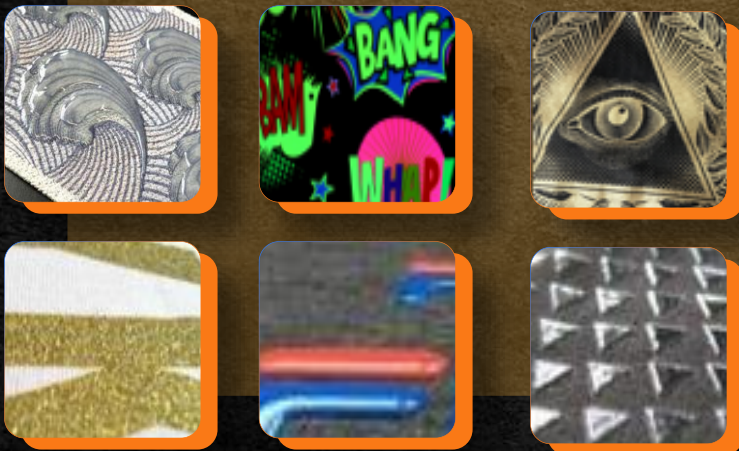
DIGITIZE PRODUCTION DECORATION

Enhance our decoration capabilities beyond the current digital print process to enable a digital production of additional decoration applications

Capturing additional parts and expanding our SAM

- Replacing analog impressions
 - Combining with other decoration methods
 - Enabling completely new decoration applications

- ▶ Reflective/glitter
- ▶ Metallics
- ▶ High density
- ▶ Silicon



Break through inkjet technology limitations

- Particle size
- Consistency
- Chemical compatibility



Prevent water pollution caused by washing

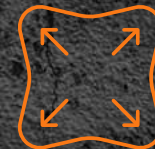
- Glitter
- Aluminum particles
- Thick liquids

DIGITIZE PRODUCTION FUNCTIONAL WEAR

Expanding our reach into the
compression and protection
textile markets

Offer practical embellishments and enhancements, enabling creation of durable pieces and new “never-seen-before” applications in textile that serve a functional need

- Support/Compression
- Cushioning/impact resistance
- Grip enhancement
- Waterproofing



Digitally control the physical and decorative properties of textile while adhering to textile attributes

DEVELOP AND DEPLOY THE OPERATING SYSTEM

*For on-demand
sustainable fashion^x*

OUR STRATEGY

ESTABLISH KORNI^x

DIGITIZE PRODUCTION

BRANDS



TRADITIONAL AND
ONLINE RETAILERS



LICENSORS



ECOM PLATFORMS &
MARKETPLACES



DESIGNERS AND
INFLUENCERS



INVENTORY
MANAGEMENT



MEDIA
HANDLING



PRINT

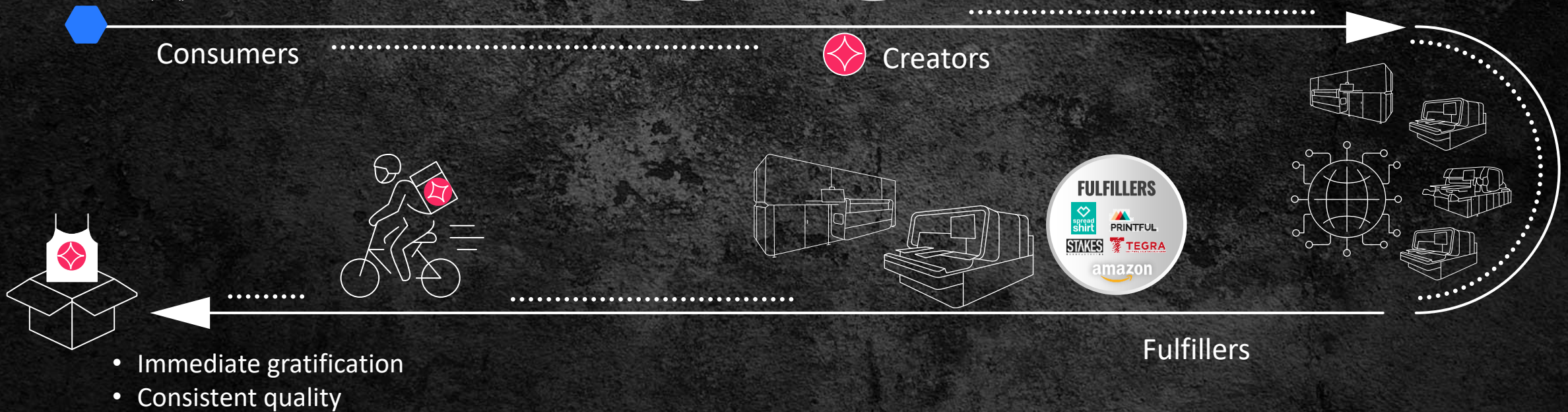


ADDITIONAL
DECORATION
METHODS



CUT-MAKE-TRIM

KORNITX



KORNITX GOAL

>\$100M

KORNITX REVENUE GOAL* IN 2026

SAAS
Subscription
Transactions
VAS





EXECUTION HIGHLIGHTS



COMMITMENT TO SUSTAINABILITY AND COMMUNITY

EXPANDING IN KEY MARKETS

DTG MARKET

Shifting to on-demand



DTF MARKET

Moving into on-demand home decor and fashion

BRANDS DESIGNERS DIY



STAKES

dubow
textile

Fulfillment Ecosystem

TSP

TSHIRT&SONS

GUCCI

wayfair

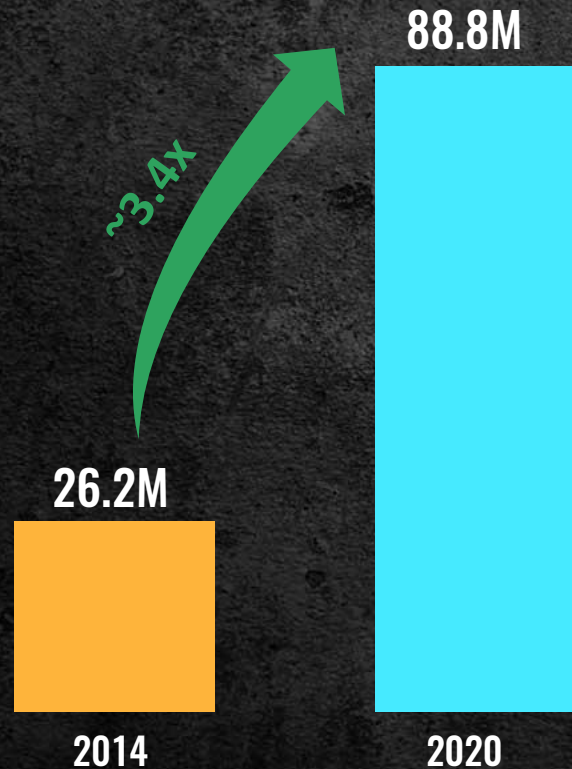
IKEA

Spoonflower

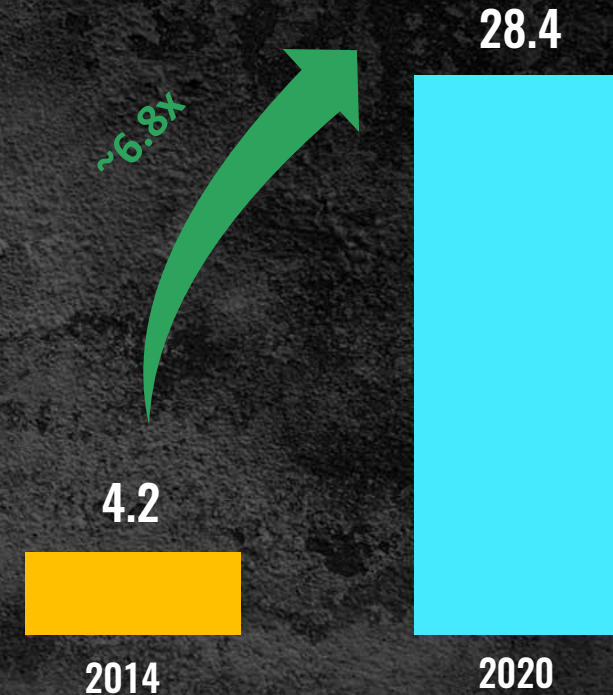
(*) Figures represent estimated number of impressions based on market size as of 2020. Source: Company estimates.
Note: Logos represent both current and prospective customers.

MAXIMIZING IMPRESSIONS

RECURRING REVENUE



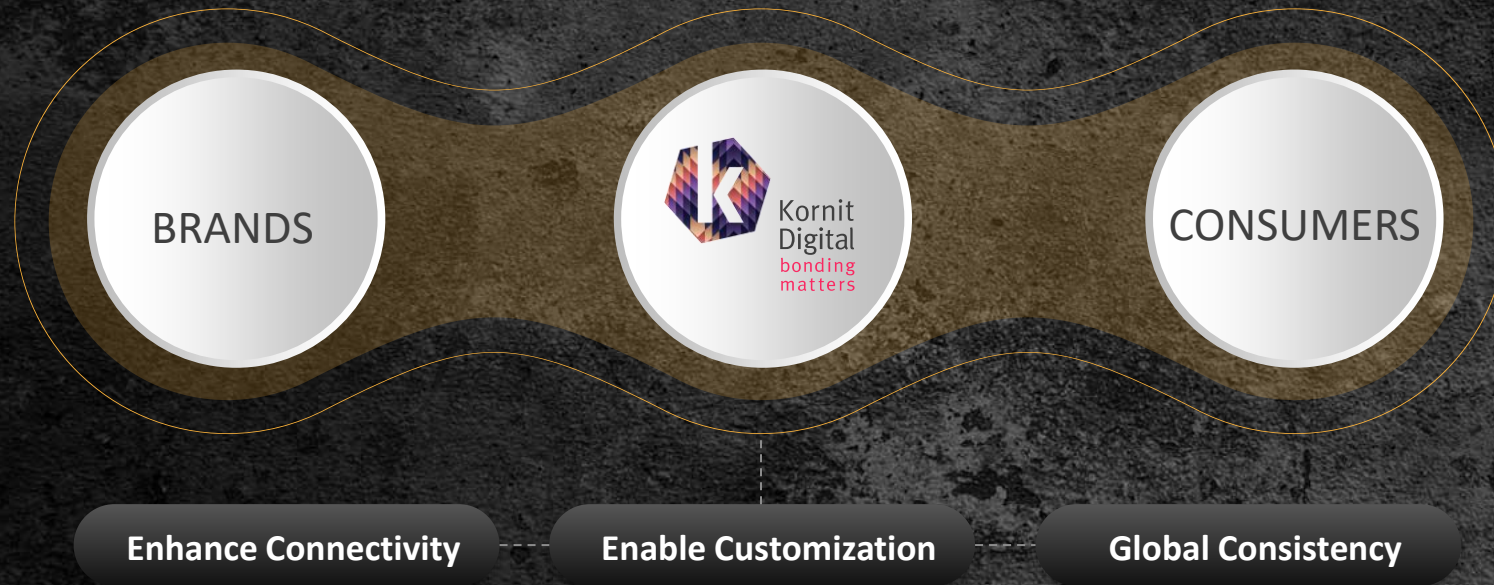
REVENUE FROM SERVICE



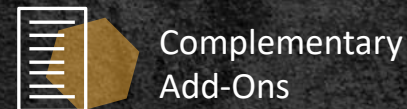
- 2014 recurring revenue include consumables and service contracts
- 2020 recurring revenue include consumables, service contracts and Kornit^x

INORGANIC GROWTH STRATEGIES

Helping brands with their focus on direct-to-consumer (DTC)



STRENGTHENING EXISTING LEADERSHIP POSITION



DISCIPLINED FRAMEWORK FOR EVALUATING OPPORTUNITIES

- Impact on Financial Profile
- Defensible IP and technological barriers
- Compatibility with Kornit's technology and culture
- Appropriate scale and integration potential



FINANCIAL HIGHLIGHTS

GOAL

\$1B REVENUE IN 2026*

Targeting
\$1B revenue
in 2026

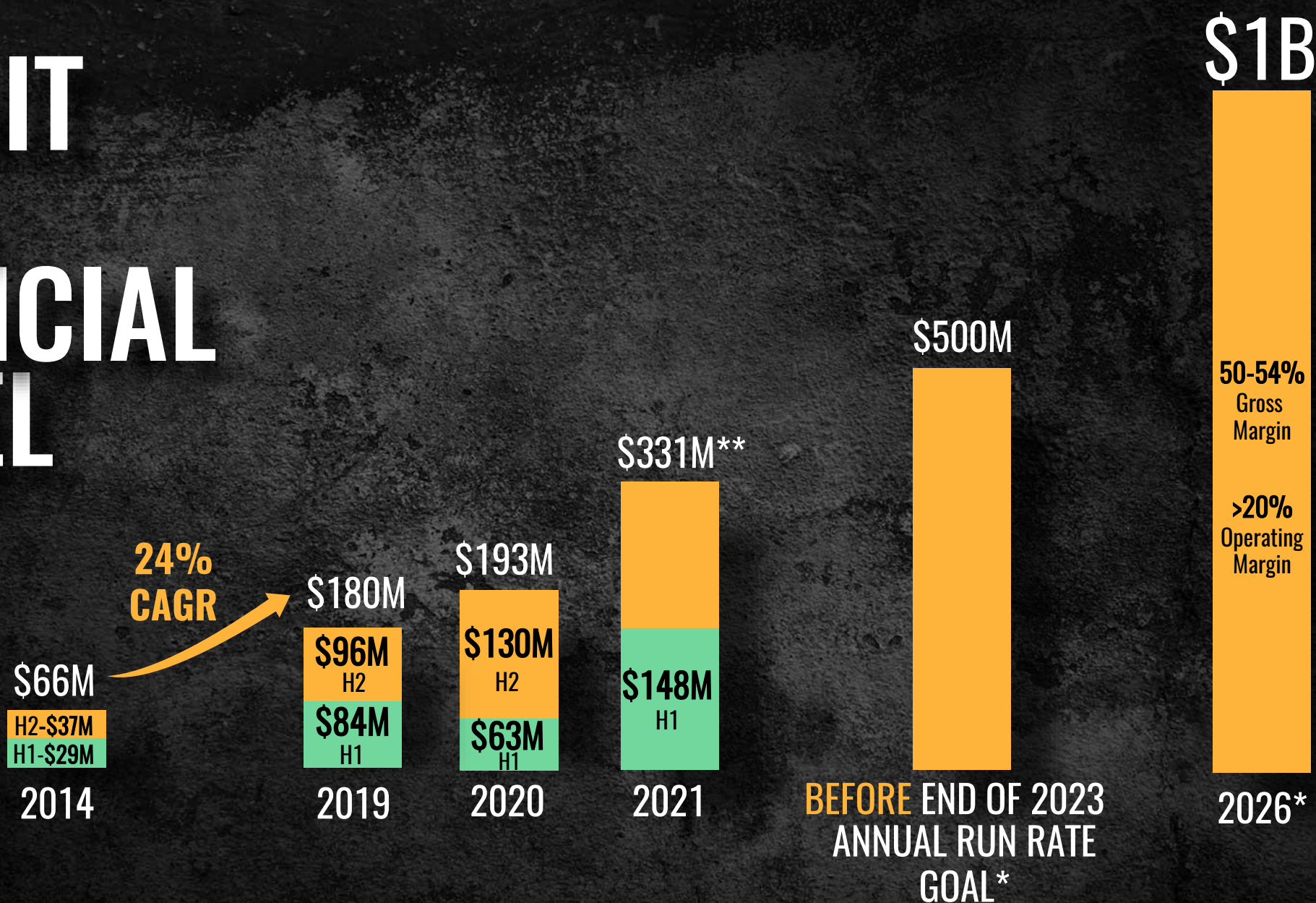
50-54% GM

Over
20% OM

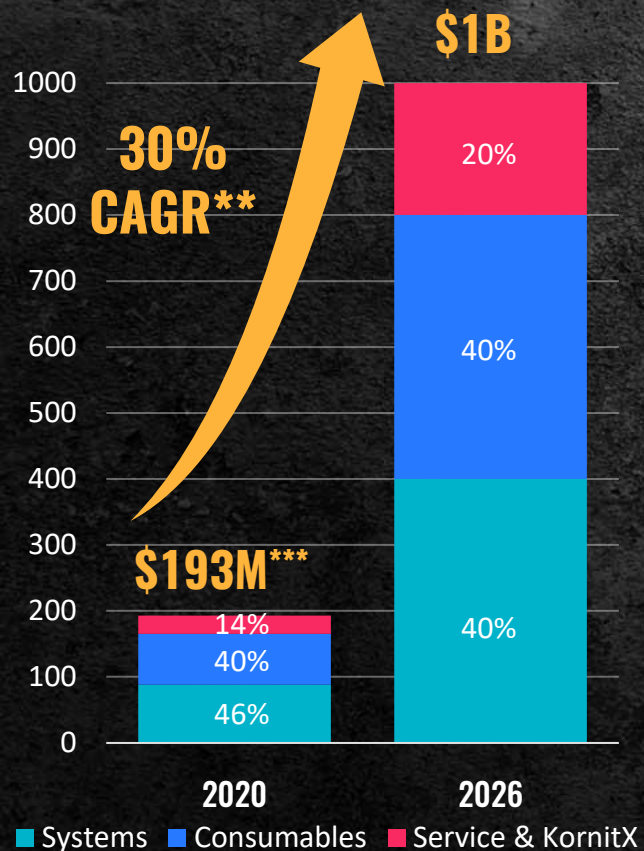


KORNIT 2026 FINANCIAL MODEL

FIGURES REPRESENT REVENUE



REVENUE GOAL* \$1B IN 2026



- 2021 revenue growth higher than 50%

- Consumables and SW CAGR higher than systems CAGR

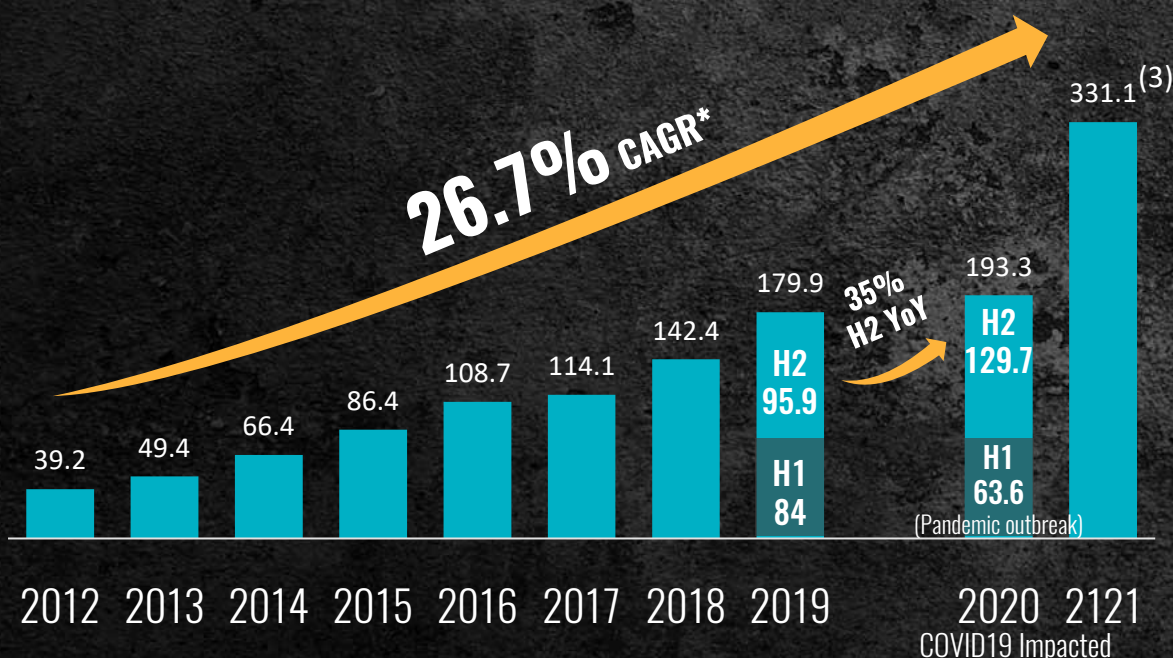
- Kornit's 1B impressions are ~3% of DTG 31B TAM

- Kornit^X revenue >\$100M

- Continue to grow our value-added services

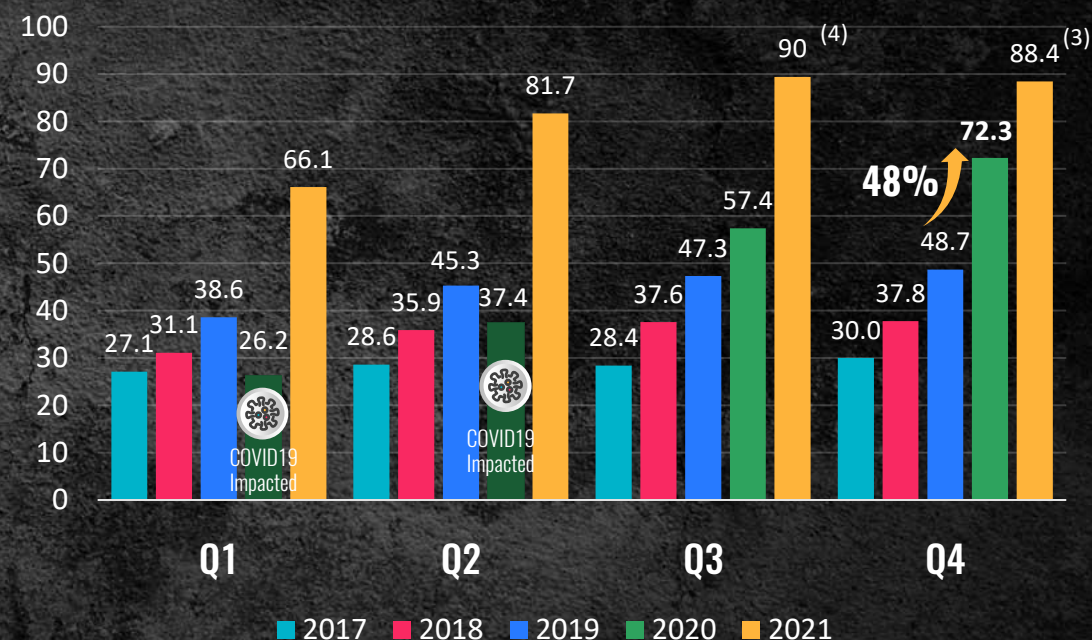
ATTRACTIVE REVENUE GROWTH

Annual Revenues⁽¹⁾ (\$ millions)



*2012-2021

Quarterly Revenues⁽²⁾ (\$ millions)



⁽¹⁾ Net of the warrants impact in 2016, 2017, 2018, 2019 & 2020 of \$2M, \$2.9M, \$4.6M, 5.1M, \$5.4M respectively

⁽²⁾ Net of warrant impact. Fiscal years 2017 and 2018 do not reflect adoption of ASU 2019-08.

⁽³⁾ Wall Street consensus

⁽⁴⁾ Mid point of company guidance

GROSS MARGIN AND OPERATING MARGIN GOALS*

2026 goals*:

Gross margin of 50%-54%

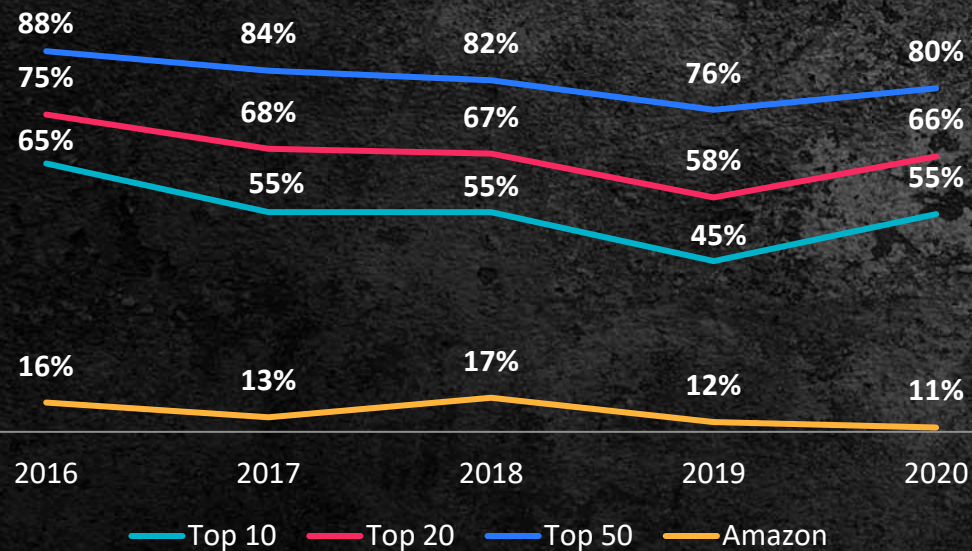
Operating margin of over 20%

- Continued transition to mass production systems
- High growth of consumables business
- High growth of software solutions
- Increasing profitability of our value-added services
- Operational leverage and cost reduction
- Continue investing in growth while gaining operational leverage

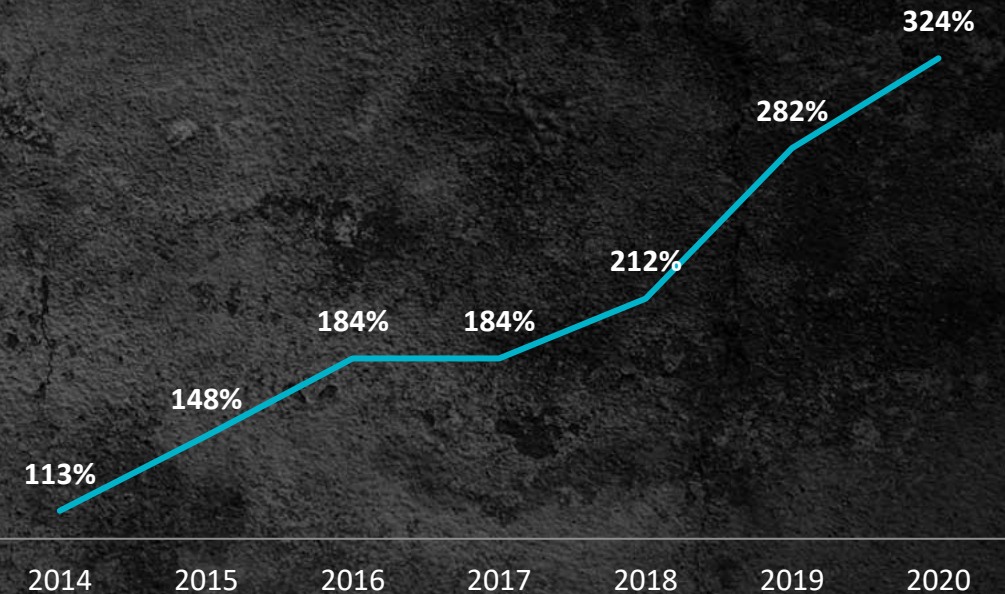


INCREASED CUSTOMER DIVERSIFICATION AND SHIFT TO HIGHER ASP SYSTEMS

Top 10/20/50 Customer Revenue Share



Systems ASP



Q2 FINANCIAL UPDATE AND RESULTS

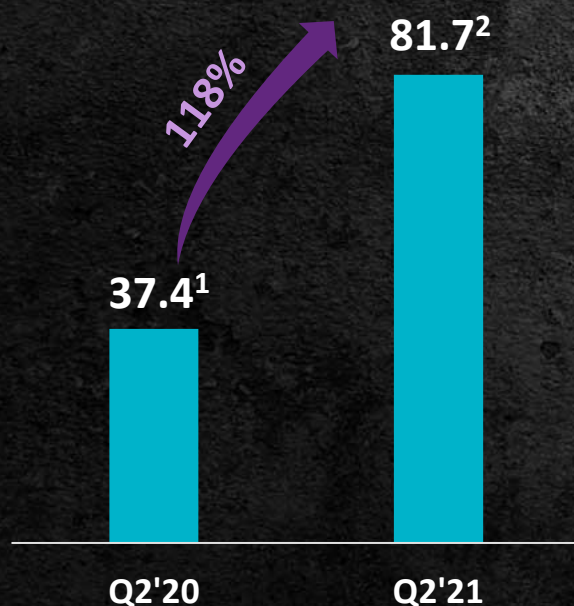
Strong Q2 2021 & business outlook

Revenues (\$M)

Operating Income

Net Income

Warrants Impact



GAAP

\$6.1M

7.4% of revenue

GAAP

\$5.6M

\$0.12 per diluted share

386 BSP

impact on Non-GAAP
Gross margin

NON-GAAP

\$10.2M

12.5% of revenue

NON-GAAP

\$10.5M

\$0.22 per diluted share

652 BSP

impact on Non-GAAP
operating margin

649 BSP

impact on Non-GAAP
net margin

(1) Net of \$0.8 million attributed to the non-cash impact of warrants

(2) Net of \$6.6 million attributed to the non-cash impact of warrants

Q3 2021 GUIDANCE*

Revenue is expected
to be between

\$88.0 million
to **\$92.0** million

Non-GAAP operating income
is expected to be between

12% to 14%
of revenue

**Consistent with past practice, this guidance excludes the impact of the fair value of issued warrants in the quarter*





OUR VISION

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



Kornit
Digital
bonding
matters

THANKS

