

Company Registration No. 10937961 (England and Wales)

KORNIT DIGITAL UK LTD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

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KORNIT DIGITAL UK LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Company Registration No. 10937961


KORNIT DIGITAL UK LTD**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020 \$	\$	2019 \$	\$
Fixed assets					
Investments	3	16,884,352		-	
Current assets					
Stocks		225,349		-	
Debtors	4	6,411,841		1,327,483	
Cash at bank and in hand		1,794,931		76,496	
		<u>8,432,121</u>		<u>1,403,979</u>	
Creditors: amounts falling due within one year	5	<u>(25,100,022)</u>		<u>(1,302,394)</u>	
Net current (liabilities)/assets		(16,667,901)		101,585	
Total assets less current liabilities		<u>216,451</u>		<u>101,585</u>	
Capital and reserves					
Called up share capital	6	1		1	
Profit and loss reserves		216,450		101,584	
Total equity		<u>216,451</u>		<u>101,585</u>	

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on March 3, 2022 and are signed on its behalf by:

DocuSigned by:

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 A Rozner
 Director

KORNIT DIGITAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Kornit Digital UK Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in US Dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$1.

At the year end the exchange rate from Sterling to US Dollars was 1.3649.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Kornit Digital UK Ltd is a wholly owned subsidiary of Kornit Digital Ltd and the results of Kornit Digital UK Ltd are included in the consolidated financial statements of Kornit Digital Ltd which are available from 12 HaAmal St., Afek Park, Rosh-HaAyin 4809246, Israel.

Going concern

The financial statements have been prepared on the going concern basis as the company's parent company, Kornit Digital Limited, has provided written confirmation of their willingness to provide continued financial support to the company for the foreseeable future, defined as at least 12 months from the date of signing the Kornit Digital UK Limited financial statements for the year ended 31 December 2020. The directors', having reviewed the latest financial information relating to Kornit Digital Limited, have a reasonable expectation that this support can be provided and on this basis, consider it appropriate to prepare these financial statements on the going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover in respect of services provided to Kornit Digital Europe GmbH is calculated as attributable costs plus a mark up in accordance with an intercompany agreement between Kornit Digital UK Ltd and Kornit Digital Europe GmbH.

KORNIT DIGITAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade debtors, other debtors, cash and bank balances and amounts due from group undertakings are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade creditors, other creditors, amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs.

KORNIT DIGITAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

The company participates in a group share-based payment arrangement operated by its parent company, Kornit Digital Ltd, which grants share options to certain of its employees and employees of its subsidiaries which includes Kornit Digital UK Ltd.

The company has elected to recognise and measure its share-based payments expense on the basis of a reasonable allocation of the expense to the group recognised in its consolidated financial statements. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

KORNIT DIGITAL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	10	8

3 Fixed asset investments

	2020 \$	2019 \$
Shares in group undertakings	16,884,352	-

Movements in fixed asset investments

	Shares in group undertakings \$
Cost or valuation	
At 1 January 2020	-
Additions	16,884,352
At 31 December 2020	16,884,352
Carrying amount	
At 31 December 2020	16,884,352
At 31 December 2019	-

On 7 August 2020, Kornit Digital UK Limited acquired Custom Gateway Limited, a company incorporated in England and Wales, and its group for a total consideration of \$16,884,352.

KORNIT DIGITAL UK LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****4 Debtors**

	2020	2019
	\$	\$
Amounts falling due within one year:		
Trade debtors	2,439,249	-
Amounts owed by group undertakings	3,957,199	1,240,565
Other debtors	14,429	86,918
	<u>6,410,877</u>	<u>1,327,483</u>
Deferred tax asset	964	-
	<u>6,411,841</u>	<u>1,327,483</u>

5 Creditors: amounts falling due within one year

	2020	2019
	\$	\$
Trade creditors	1,345	15,488
Amounts owed to group undertakings	22,893,420	1,146,766
Corporation tax	41,543	18,492
Other taxation and social security	712,555	35,811
Other creditors	1,451,159	85,837
	<u>25,100,022</u>	<u>1,302,394</u>

6 Called up share capital

	2020	2019	2020	2019
	Number	Number	\$	\$
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 1p each	100	100	1	1

7 Parent company

The immediate and ultimate parent company is Kornit Digital Ltd, a company incorporated in Israel. The registered office of Kornit Digital Ltd is: 12 HaAmal St., Afek Park, Rosh-HaAyin 4809246, Israel. Kornit Digital Ltd are the smallest and largest group to consolidate the results of this company.

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Mayulee Pinkerton CA.
The auditor was RSM UK Audit LLP.