

Kornit Digital Ltd.
Form 424B3
May 15, 2017

File Pursuant to Rule 424(b)(3)

Registration No.: 333-215404

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The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities, and the selling shareholder is not soliciting an offer to buy these securities in any state where an offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 15, 2017

Preliminary prospectus supplement

(To prospectus dated January 3, 2017)

4,250,000 Shares

Kornit Digital Ltd.

Ordinary Shares

The selling shareholder identified in this prospectus supplement is offering 4,250,000 ordinary shares. We will not receive any of the proceeds from the sale of shares being offered by the selling shareholder.

Our ordinary shares are listed on the NASDAQ Global Select Market under the symbol “KRNT.” On May 12, 2017, the last reported sales price of our ordinary shares was \$22.00 per share.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions ⁽¹⁾	\$	\$
Proceeds to the selling shareholder, before expenses	\$	\$

(1) See “Underwriting” for a description of the compensation payable to the underwriters.

The underwriters may also exercise their option to purchase up to an additional 637,500 ordinary shares from the selling shareholder at the public offering price, less underwriting discounts and commissions, for 30 days after the date of this prospectus supplement.

We are an “emerging growth company” as defined under federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements.

Investing in our ordinary shares involves risks that are described in the “Risk Factors” section beginning on page S-3 of this prospectus supplement and in the documents incorporated by reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities being offered by this prospectus supplement or accompanying prospectus, or determined if this prospectus supplement or accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares to purchasers on or about _____, 2017.

Barclays Citigroup

The date of this Prospectus Supplement is _____, 2017.

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About this Prospectus Supplement

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (the “SEC”), utilizing a “shelf” registration process. The document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part is the prospectus, which provides more general information about securities the selling shareholder referred to therein may offer from time to time, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. We urge you to carefully read this prospectus supplement and the prospectus, and the documents incorporated by reference herein and therein, before buying any of the securities being offered under this prospectus supplement. This prospectus supplement may add or update information contained in the prospectus and the documents incorporated by reference therein. To the extent that any statement we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any documents incorporated by reference therein that were filed before the date of this prospectus supplement, the statements made in this prospectus supplement will be deemed to modify or supersede those made in the accompanying prospectus and such documents incorporated by reference therein.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, or contained in any free writing prospectus prepared by or on our behalf. We have not, and the underwriters have not, authorized anyone to provide you with different information. The distribution of this prospectus supplement and sale of these securities in certain jurisdictions may be restricted by law. The selling shareholder is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. This prospectus supplement and the accompanying prospectus are not, and under no circumstances are to be construed as, an advertisement or a public offering of securities in Israel. Any public offer or sale of securities in Israel may be made only in accordance with the Israeli Securities Law 1968 (which requires, among other things, the filing of a prospectus in Israel or an exemption therefrom). Persons in possession of this prospectus supplement or the accompanying prospectus are required to inform themselves about and observe any such restrictions. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and in any free writing prospectus that we have authorized for use in connection with this offering, is accurate only as of the date of those respective documents.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement or prospectus to the “Company,” “we,” “us,” “our” and “Kornit” refer to Kornit Digital Ltd. and its subsidiaries.

Forward-looking statements

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and objectives. Forward-looking statements include all statements that are not historical facts and in some cases can be identified by terminology such as “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “potential,” or the negative of these terms or other similar expressions that convey uncertainty of future events or outcomes.

Our ability to predict the results of our operations or the effects of various events on our operating results is inherently uncertain. Therefore, we caution you to consider carefully the matters described under the caption “Risk Factors” and certain other matters discussed in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, and other publicly available sources. Such factors and many other factors beyond the control of our management could cause our actual results, performance or achievements to differ materially from any future results, performance or achievements that may be expressed or implied by the forward-looking statements. Unless we are required to do so under U.S. federal securities laws or other applicable laws, we do not intend to update or revise any forward-looking statements.

Prospectus supplement summary

This summary highlights selected information contained elsewhere in this prospectus supplement. This summary does not contain all of the information you should consider before investing in our ordinary shares. You should read the entire prospectus supplement and the accompanying prospectus carefully, including “Risk Factors” and our consolidated financial statements and notes to those consolidated financial statements, before making an investment decision.

Our Company

We develop, design and market innovative digital printing solutions for the global printed textile industry. Our vision is to revolutionize this industry by facilitating the transition from analog processes that have not evolved for decades to digital methods of production that address contemporary supply, demand and environmental dynamics. We focus on the rapidly growing high throughput, direct-to-garment, or DTG, and roll-to-roll, or R2R, segments of the printed textile industry. Our solutions include our proprietary digital printing systems, ink and other consumables, associated software and value added services that allow for large scale printing of short runs of complex images and designs directly on finished garments and fabrics. Our solutions are differentiated from other digital methods of production because they eliminate the need to pre-treat fabrics prior to printing, thereby offering our customers the ability to digitally print high quality images and designs on a variety of fabrics in a streamlined and environmentally-friendly manner. When compared to analog methods of production, our solutions also significantly reduce production lead times and enable customers to more efficiently and cost-effectively produce smaller quantities of individually printed designs, thereby mitigating the risk of excess inventory, which is a significant challenge for the printed textile industry.

Our significant shareholder

Prior to this offering, entities affiliated with Fortissimo Capital Fund II (Israel) L.P. (“Fortissimo Capital”), beneficially owned 26.2% of our outstanding shares in the aggregate. Upon the completion of this offering, Fortissimo Capital will beneficially own 13.5% of our outstanding shares in the aggregate (or 11.6% if the underwriters exercise in full their option to purchase additional shares).

Corporate information

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Our legal name is Kornit Digital Ltd. and we were incorporated under the laws of the State of Israel on January 16, 2002. Our registration number with the Israeli Registrar of Companies is 513195420. Our purpose as set forth in our amended and restated articles of association is to engage in any lawful activity.

We are subject to the provisions of the Israeli Companies Law, 5759-1999, as amended. Our principal executive offices are located at 12 Ha' Amal Street, Rosh Ha' Ayin 4809246, Israel, and our telephone number is +972-3-908-5800. Our website address is www.kornit.com (the information contained therein or linked thereto shall not be considered incorporated by reference in this prospectus supplement or the accompanying prospectus). Our agent for service of process in the United States is Kornit Digital North America Inc., located at 10541-10601 North Commerce Street, Mequon, Wisconsin 53092, and its telephone number is (262) 518-0200.

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The offering

Ordinary shares being offered by the selling shareholder 4,250,000 ordinary shares (or 4,887,500 ordinary shares if the underwriters exercise in full their option to purchase additional shares).

Ordinary shares outstanding before and after this offering 33,565,079 ordinary shares.

Use of proceeds We will not receive any of the proceeds from the sale of shares by the selling shareholder.

NASDAQ Global Select Market symbol "KRNT"

Risk factors See "Risk Factors" and other information included in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in our ordinary shares.

Unless otherwise indicated, the number of ordinary shares to be outstanding after this offering is based on 33,565,079 ordinary shares outstanding as of March 31, 2017 and excludes 3,859,831 ordinary shares reserved for issuance under our equity incentive plans as of March 31, 2017 of which we had outstanding options to purchase 2,460,421 ordinary shares at a weighted average exercise price of \$7.63 per share.

Risk factors

Investing in our ordinary shares involves a high degree of risk. You should consider carefully the risks and uncertainties described below together with the other information included in this prospectus supplement, the accompanying prospectus and incorporated by reference herein, before deciding to purchase our ordinary shares. In addition, you should carefully consider, among other things, the section entitled “Risk Factors” beginning on page 5 of our 2016 Form 20-F and in other documents that we subsequently file with the SEC, all of which are incorporated by reference into this prospectus supplement. The risks described below and incorporated herein by reference are those which we believe are the material risks that we face. The occurrence of any of these risks may materially and adversely affect our business, financial condition, results of operations and future prospects. In such an event, the market price of our ordinary shares could decline, and you could lose part or all of your investment.

Risks Related to Our Ordinary Shares and the Offering

Fortissimo Capital has, and upon completion of this offering will continue to have, a significant influence over matters requiring shareholder approval, which could delay or prevent a change of control.

Upon completion of this offering, Fortissimo Capital will beneficially own 13.5% of our outstanding shares in the aggregate (or 11.6% if the underwriters exercise in full their option to purchase additional shares).

As a result, this shareholder can exert significant influence over our operations and business strategy and over the outcome of matters requiring shareholder approval. These matters may include:

the composition of our board of directors, which has the authority to direct our business and to appoint and remove our officers;

approving or rejecting a merger, consolidation or other business combination;

raising future capital; and

amending our articles of association, which govern the rights attached to our ordinary shares.

This concentration of ownership of our ordinary shares could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of our ordinary shares. This concentration of ownership may also

adversely affect our share price.

The market price of our ordinary shares could be negatively affected by this offering and future sales of our ordinary shares.

Future sales by us or our shareholders of a substantial number of ordinary shares in the public market, or the perception that these sales might occur, could cause the market price of our ordinary shares to decline or could impair our ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities.

We, the selling shareholder, and our executive officers and directors have agreed with the underwriters that, subject to limited exceptions, for a period of 60 days after the date of this prospectus supplement, we and they will not directly or indirectly offer, pledge, sell, contract to sell, grant any option to purchase or otherwise dispose of any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, or in any manner transfer all or a portion of the economic consequences associated with the ownership of ordinary shares, or cause a registration statement covering any ordinary shares to be filed except for the ordinary shares offered in this offering, without the prior written consent of Barclays Capital Inc. and Citigroup Global Markets Inc., who may, in their sole discretion and at any time without notice, release all or any portion of the shares subject to these lock-up agreements. See “Underwriting.”

Furthermore, following the closing of this offering, but subject to the 60-day lock-up agreements entered into with the underwriters, Fortissimo Capital is entitled to require that we conduct additional underwritten offerings under the U.S. Securities Act of 1933 with respect to the resale of its shares into the public markets. In addition, Amazon.com, Inc. (“Amazon”) is also entitled to certain registration rights starting on January 10, 2018, pursuant to a transaction agreement we entered into with Amazon on January 10, 2017. All shares sold pursuant to an offering covered by a registration statement will be freely transferable except if purchased by an affiliate. See “ITEM 7.B—Related Party Transactions—Investors’ Rights Agreement” and “ITEM 10.C—Material Contracts—Agreements with Amazon” in our annual report on Form 20-F for the year ended December 31, 2016.

In addition, 3,849,831 million ordinary shares are reserved for issuance under currently exercisable share options granted to employees and office holders as of March 31, 2017. We have filed registration statements on Form S-8 under the U.S. Securities Act of 1933 registering ordinary shares that we may issue under our share incentive plans, of which as of March 31, 2017 there were options to purchase 2,450,421 million shares outstanding. Shares included in such registration statements may be freely sold in the public market upon issuance, except for shares held by affiliates who have certain restrictions on their ability to sell.

Use of proceeds

We will not receive any of the proceeds from the sale of shares by the selling shareholder.

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Capitalization

The following table sets forth our cash and cash equivalents, available for sale marketable securities and total capitalization as of March 31, 2017.

There has been no material change in our capitalization from debt or equity issuances, re-capitalizations or special dividends between March 31, 2017 and the date of this prospectus supplement. This table should be read in conjunction with “Risk factors” above, “ITEM 5: Operating and Financial Review and Prospects,” and our consolidated financial statements and the related notes incorporated by reference from our Annual Report on Form 20-F for the year ended December 31, 2016 and our U.S. GAAP financial information contained in the (i) consolidated statements of income, (ii) consolidated balance sheets and (iii) consolidated statement of cash flows for the three months ended March 31, 2016 incorporated by reference from our Current Report on Form 6-K filed on May 5, 2017. See “Where you can find more information.”

(in thousands, except share data)	As of March 31, 2017
Cash and cash equivalents and available for sale marketable securities	\$97,141
Ordinary shares, NIS 0.01 par value: 200,000,000 shares authorized, actual and as adjusted; 33,565,079 shares issued and outstanding	\$84
Additional paid-in capital	132,451
Accumulated other comprehensive income (loss)	(15)
Retained earnings	10,420
Total shareholders' equity	142,940
Total capitalization	\$142,940

The preceding table excludes 3,859,831 ordinary shares reserved for issuance under our equity incentive plans as of March 31, 2017 of which we had outstanding options to purchase 2,460,421 ordinary shares at a weighted average exercise price of \$7.63 per share.

Selling shareholder

The following table sets forth information with respect to the beneficial ownership of the selling shareholder of our ordinary shares as of May 1, 2017.

Except as otherwise indicated, to our knowledge, the entity named in the table below has sole voting and investment power with respect to all shares of ordinary shares shown as beneficially owned by it, subject to community property laws, where applicable.

The number of shares beneficially owned by the selling shareholder is determined pursuant to Rule 13d-3 promulgated by the SEC under the Exchange Act. The information does not necessarily indicate beneficial ownership for any other purpose.

The percentages of shares outstanding provided in the table are based on a total of 33,615,653 shares of our ordinary shares outstanding on May 1, 2017.

For more information regarding our relationships with the entity named below, see “Major Shareholders and Related Party Transactions” in our Form 20-F filed with the SEC on March 30, 2017.

Name	Shares beneficially owned prior to offering		Number of shares offered	Shares beneficially owned after offering		Number of shares offered pursuant to option granted by selling shareholder	Shares beneficially owned after exercise of option granted by selling shareholder	
	Number	Percent		Number	Percent		Number	Percent
Fortissimo Capital Fund II (Israel), L.P. ⁽¹⁾	8,802,481	26.2 %	4,250,000	4,552,481	13.5 %	637,500	3,914,981	11.6 %

(1)

Fortissimo Capital Fund II (GP), L.P. is a Cayman Islands limited partnership, which serves as the general partner of Fortissimo Capital Fund II (Israel), L.P., a Cayman Islands limited partnership. The general partner of Fortissimo Capital Fund II (GP), L.P. (“Fortissimo II GP”) is Fortissimo Capital 2 Management (GP) Ltd., a Cayman Islands corporation. Messrs. Eli Blatt, Yuval Cohen and Marc Lesnick are members of the investment committee of Fortissimo Management and share voting and dispositive power with respect to such shares. The principal address of Fortissimo Capital and of Messrs. Blatt, Cohen and Lesnick is 14 Hamelacha Street, Park Afek, Rosh Ha’Ayin 48091, Israel.

U.S. and Israeli tax consequences for our shareholders

The following is a discussion of the material U.S. and Israeli tax consequences relevant to an investment decision by a U.S. Holder, as defined below, with respect to our ordinary shares. It is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Israeli tax consequences

This section contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares purchased by investors in this offering. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. Because parts of this discussion are based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

Taxation of our shareholders

Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders. Generally, a non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel should be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest of more than 25% in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. Such exemption is not applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be business income.

Additionally, a sale of shares by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the disposition of shares by a shareholder who (i) is a U.S. resident (for purposes of the treaty), (ii) holds the shares as a capital asset,

and (iii) is entitled to claim the benefits afforded to such person by the treaty, is generally exempt from Israeli capital gains tax. Such exemption will not apply if (i) the capital gain arising from the disposition can be allocated to a permanent establishment in Israel; (ii) the shareholder holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition subject to certain conditions; or (iii) such U.S. resident is an individual and was present in Israel for 183 days or more during the relevant taxable year. In each case, the sale, exchange or disposition of our ordinary shares would be subject to Israeli tax, to the extent applicable; however, under the United States-Israel Tax Treaty, the taxpayer would be permitted to claim a credit for such taxes against the U.S. federal income tax imposed with respect to such sale, exchange or disposition, subject to the limitations under U.S. law applicable to foreign tax credits. The United States-Israel Tax Treaty does not relate to U.S. state or local taxes.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the Israel Tax Authority may require from shareholders who are not liable for Israeli tax to sign declarations in forms specified by this authority or obtain a specific exemption from the Israel Tax Authority to confirm their status as non Israeli resident, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes at source.

In addition, with respect to mergers involving an exchange of shares, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are subject to certain restrictions. Moreover, with respect to certain share swap transactions in which the sellers receive shares in the acquiring entity that are publicly traded on a stock exchange, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of such shares has occurred. In order to benefit from the tax deferral, a pre-ruling from the Israel Tax Authority might be required only with respect to shareholders which cannot demonstrate that they are exempt from tax on their capital gains from such transaction.

Taxation of Non-Israeli Shareholders on Receipt of Dividends. Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%, unless relief is provided in a treaty between Israel and the shareholder's country of residence. With respect to a person who is a "substantial shareholder" at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Dividends paid on publicly traded shares, like our ordinary shares, to non-Israeli residents, although subject to the same tax rates applicable to dividends paid for non-publicly traded shares, are generally subject to Israeli withholding tax at a rate of 25%, so long as the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not), unless a lower rate is provided under an applicable tax treaty. However, a distribution of dividends to non-Israeli residents is subject to withholding tax at source at a rate of 15% if the dividend is distributed from income attributed to an Approved Enterprise or a Benefited Enterprise (and 20% if the dividend is distributed from income attributed to a Preferred Enterprise), unless a reduced tax rate is provided under an applicable tax treaty. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability.

For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a U.S. resident (for purposes of the United States-Israel Tax Treaty) is 25%. However, for dividends not generated by an Approved Enterprise, a Benefited Enterprise or a Preferred Enterprise and paid to a U.S. corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, the maximum rate of withholding tax is generally 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. Notwithstanding the foregoing, dividends distributed from income attributed to an Approved Enterprise, a Benefited Enterprise or a Preferred Enterprise are subject to withholding tax at the rate of 15% for such a United States corporate shareholder, provided that the condition related to our gross income for the previous year (as set forth in the previous sentence) is met.

If the dividend is attributable partly to income derived from an Approved Enterprise, Benefited Enterprise or Preferred Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative

portions of the two types of income. U.S. residents who are subject to Israeli withholding tax on a dividend may be entitled to a credit or deduction for United States federal income tax purposes in the amount of the taxes withheld, subject to detailed rules contained in U.S. tax legislation.

A non-Israeli resident who receives dividends from which tax was withheld is generally exempt from the obligation to file tax returns in Israel in respect of such income, provided that (i) such income was not derived from a business conducted in Israel by the taxpayer, and (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed.

Excess tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 2% on annual income exceeding NIS 810,720 for 2016, which amount is linked to the annual change in the Israeli consumer price index, including, but not limited to, dividends, interest and capital gain, subject to the provisions of an applicable tax treaty. Pursuant to a new legislation enacted recently, as of 2017 such tax rate is increased to 3% on annual income exceeding NIS 640,000 (which amount is linked to the annual change in the Israeli consumer price index).

Estate and gift tax

Israeli law presently does not impose estate or gift taxes.

U.S. federal income tax consequences

The following is a description of the material U.S. federal income tax consequences relating to the ownership and disposition of our ordinary shares by a U.S. Holder (as defined below). This description addresses only the U.S. federal income tax consequences to U.S. Holders that are initial purchasers of our ordinary shares pursuant to the offering and that will hold such ordinary shares as capital assets. This description does not address tax considerations applicable to U.S. Holders that may be subject to special tax rules, including, without limitation:

banks, financial institutions or insurance companies;

real estate investment trusts, regulated investment companies or grantor trusts;

brokers, dealers or traders in securities, commodities or currencies;

tax-exempt entities or organizations, including an “individual retirement account” or “Roth IRA” as defined in Section 408 or 408A of the Code, respectively;

certain former citizens or long-term residents of the United States;

persons that receive our shares as compensation for the performance of services;

persons that will hold our shares as part of a “hedging,” “integrated” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;

partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or persons that will hold our shares through such an entity;

S-corporations;

persons holding our shares in connection with a trade or business conducted outside the United States;

U.S. Holders whose “functional currency” is not the U.S. Dollar; or

persons that own directly, indirectly or through attribution 10.0% or more of the voting power or value of our shares.

Moreover, this description does not address the United States federal estate, gift or alternative minimum tax consequences, or any state, local or foreign tax consequences, of the ownership and disposition of our ordinary shares.