



Highcon 2020 Investors Presentation

Highcon April, 2021



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Today's Presenters



Shlomo Nimrodi

CEO

Many years leading multiple global companies as CEO including CFO & COO of Indigo



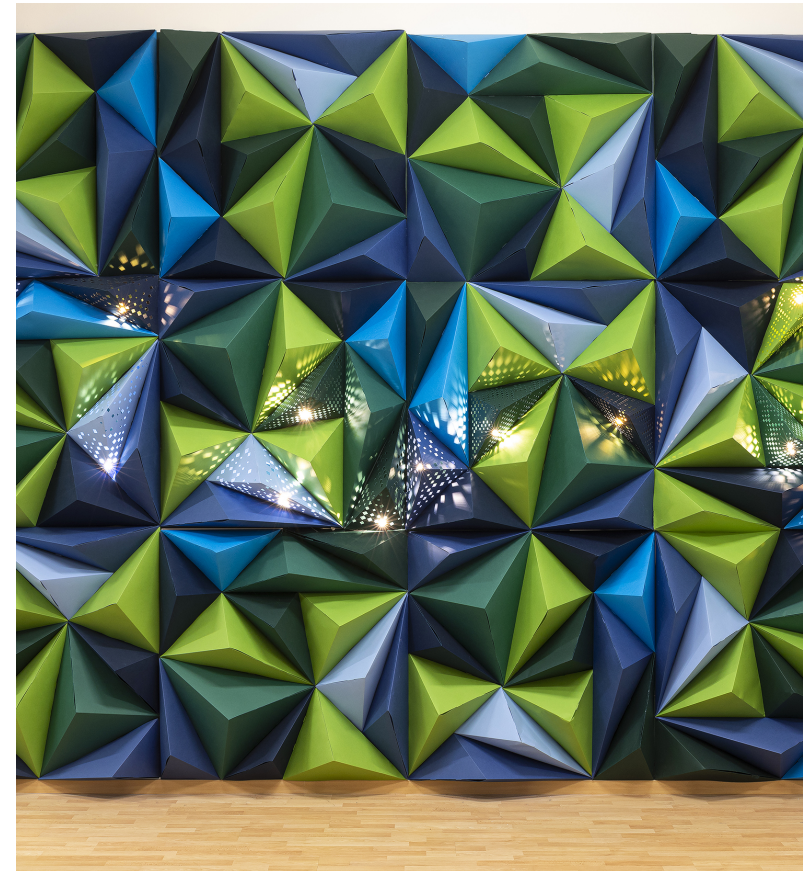
Eitan Varon

CFO

26 years in the print industry.
Scitex, Printar, VIM

Agenda

- ◆ Highcon ... for first time visitors
- ◆ 2020 Business highlights
- ◆ Management team
- ◆ Customer Performance
- ◆ Business Development
- ◆ 2020 Financial highlights
- ◆ Q&A



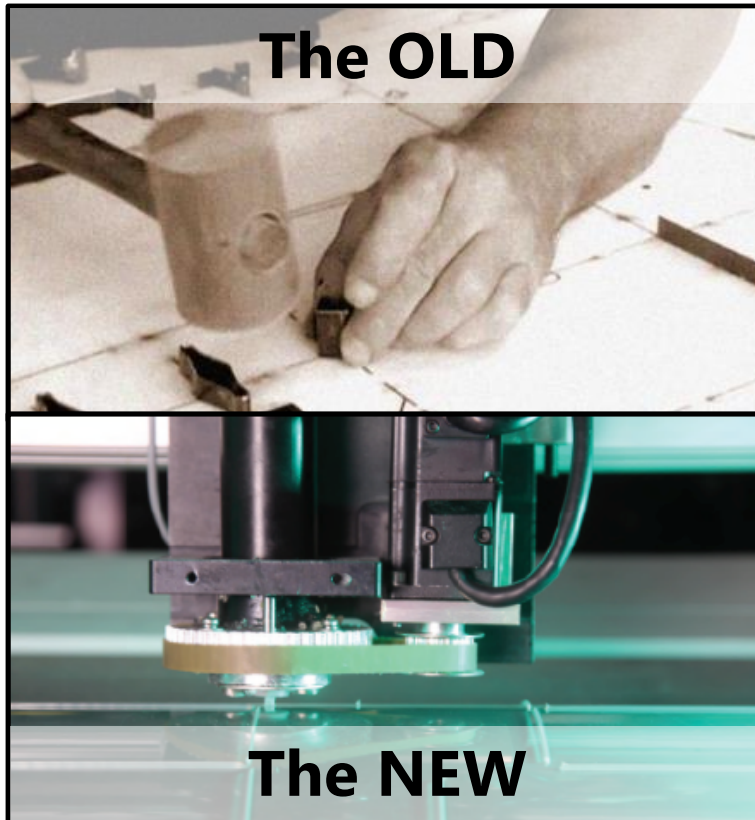


WHO WE ARE & WHAT WE STAND FOR



PRODUCTION

The Highcon Vision



Delivering Agile
Digital Converting for
Sustainable
paperboard
packaging & display
that enables
limitless design
creativity

The Market Gap

Moving From Analogue To Digital



PRE PRESS



100%
Digital Solution
Market
Penetration

PRINTING



Digital
Solution Growing
14%
/ year

FINISHING

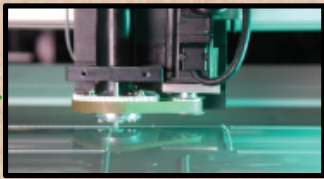
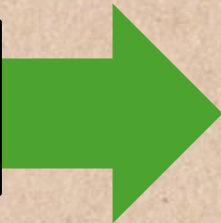
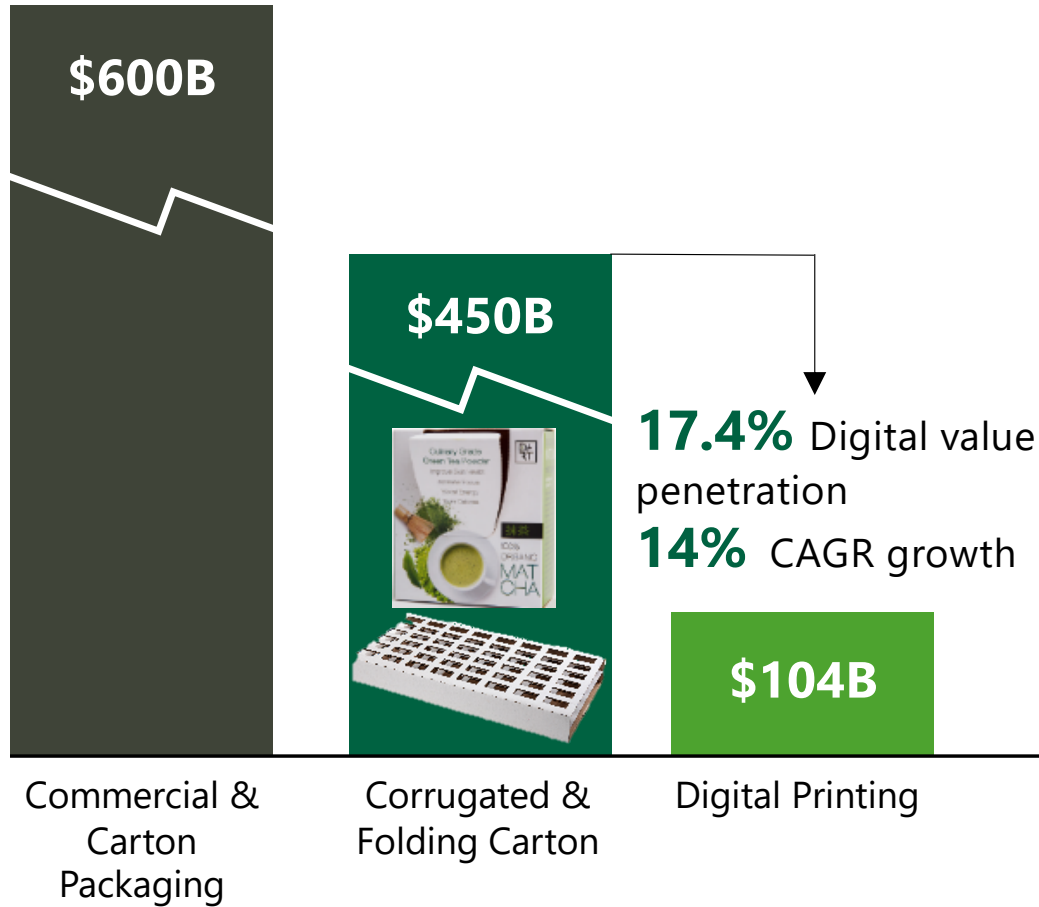


Going Digital
NOW!

Huge Market In Early Transformation



Mega trends are moving the industry to Digital Finishing



\$7B

Digital Finishing Equipment Opportunity

Sources: Smithers Pira, Karstedt Partners LLC.

5 Mega Market Trends

Driving The Need For A Disruptive Finishing Solution

1. E-COMMERCE BOOM

- High speed manufacturing and rightsizing of packages – key in the next-day-delivery era
- New Emerging Web-To-Pack businesses

2. SUSTAINABILITY

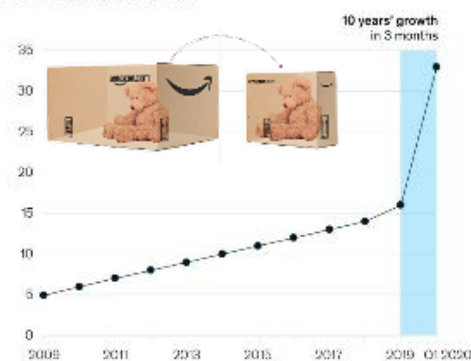
- Supply chain efficiency
- Major companies commit to sustainable packaging



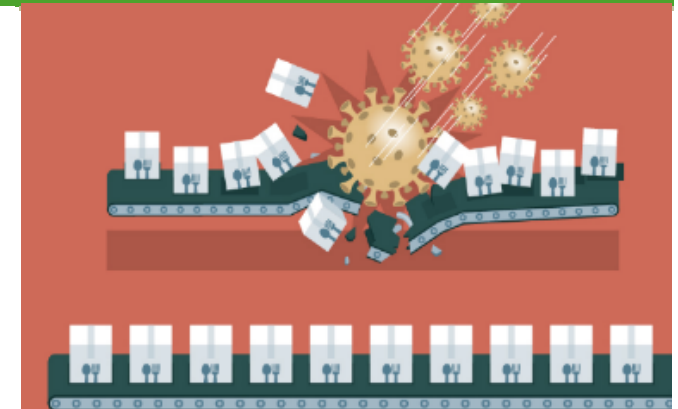
3. MANUFACTURING EFFICIENCIES

- Minimize inventory and working capital
- Automation / Industry 4.0
- Local manufacturing preference

US e-commerce penetration, %



25%+ of shipments is empty space⁽¹⁾



(1) DS Smith.

5 Mega Market Trends

Driving The Need For A Disruptive Finishing Solution

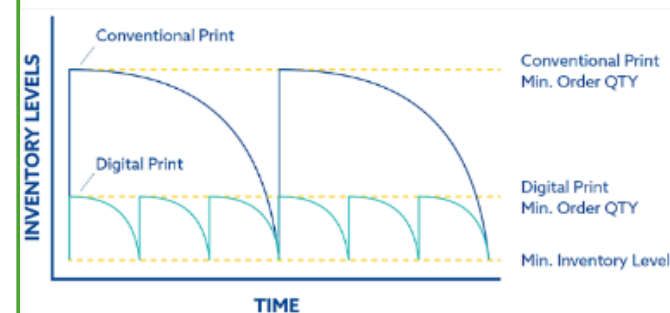
4. DESIGN CREATIVITY

- Brand Owners increasing attention to consumer delight / Experience – stand-out, easy to open, dual-purpose
- Customization
- Shorter lifetime of designs (~6 months)



5. DIGITAL PRINTING

- \$20bn+ Digital printing industry for packaging ⁽¹⁾
- Major players massively invest in digitalization of the packaging industry e.g. HP, EFI, Koenig Bauer/Durst, Barberan, Brother...



The Boxmaker blog - [What is the Packaging Replenishment Cycle?](#)

(1) Karstedt Partners LLC.



BUSINESS HIGHLIGHTS



PRODUCTION

Business Highlights



- We did what we said we would do in 2020 after adjusting for COVID-19
- H2/2020 was significantly better than H1/2020 and H2/2019
- 2021 started with a strong backlog in comparison to 2020
- Focus is on customers that can generate high volumes
- Markets are opening up in the US, but Europe is still fighting the pandemic



Business Highlights (contd.)



- **Expanding sales and service organizations in Europe & US**
- **Expanding into Latin America selectively**
- **Focus on improved customer experience**
 - significant upgrades to all customers by end of 21
- **Expanding collaboration with eco-system partners**
- **Building customer ambassadors**
- **Management and Board**





STRONG ORGANIZATION

A 3D graphic featuring the word "PRODUCTION" in large, bold, green letters. The letters are set against a yellow background with green geometric patterns. The entire graphic is framed by a dark green border with a repeating pattern of stylized "H" shapes.

PRODUCTION

Highcon Management



Shlomo Nimrodi
CEO

Many years leading multiple global companies including as CFO & COO of Indigo



Eitan Varon
CFO

26 years in the print industry – Scitex



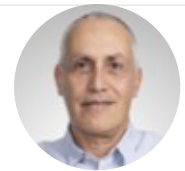
Simon Lewis
VP Marketing

HP Indigo, many years in analog to digital transformations



Dvir Harmelech
CTO, Head of R&D

Indigo, Applied Materials, NegevTEch, Landa



Tal Harmon
VP R&D Special Projects

15 years in R&D and management roles in Scitex and HP Scitex



Jens Henrik Osmundsen
VP Sales & GM EMEA & APAC

30 years in the print industry – Indigo/HP



Michael Ciaramella
VP Sales & GM Americas

27 years in the print industry – Microsoft, HP, Scitex, Kodak, Agfa



Shmuel Haham
VP Operations & Customer Support

Operations management roles at Indigo, EMC, Comverse, MRV, Attenti



Shirley Shmuel
Head of HR

HR roles at Highcon, Lvision, Lsports, Intel, Orbotech

Highcon Board of Directors



Alon Bar-Shany
Chairman

former General Manager of
HP Indigo



Fiona Darmon

General Partner with Jerusalem
Venture Partners (JVP)



Benny Landa

Founder & CEO, Landa
Corporation



Adina Shorr

Director in Stratasys and
Resonai. Former CEO of Scodix



Giora Bitan

Management roles in Scitex, ECI also
senior partner in Venture Capital Funds
(Giza, Poalim Ventures)



Joseph Tenne

Financial consultant to Itamar Medical
Ltd., director of AudioCodes Ltd., MIND
CTI Ltd., OPC Energy Ltd., Sapir Corp Ltd
and Ratio Oil Explorations



Sigal Kalmanson Cusnir

Chief Executive Officer and Co-
Founder of Starget Pharma Ltd.



RECENT INSTALLATIONS

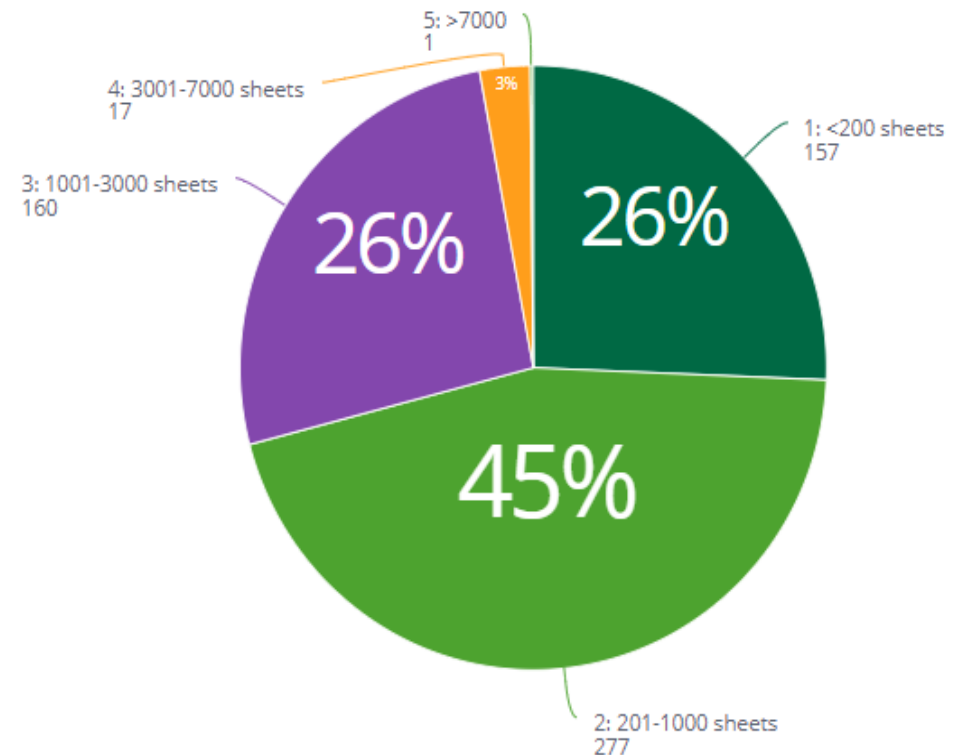
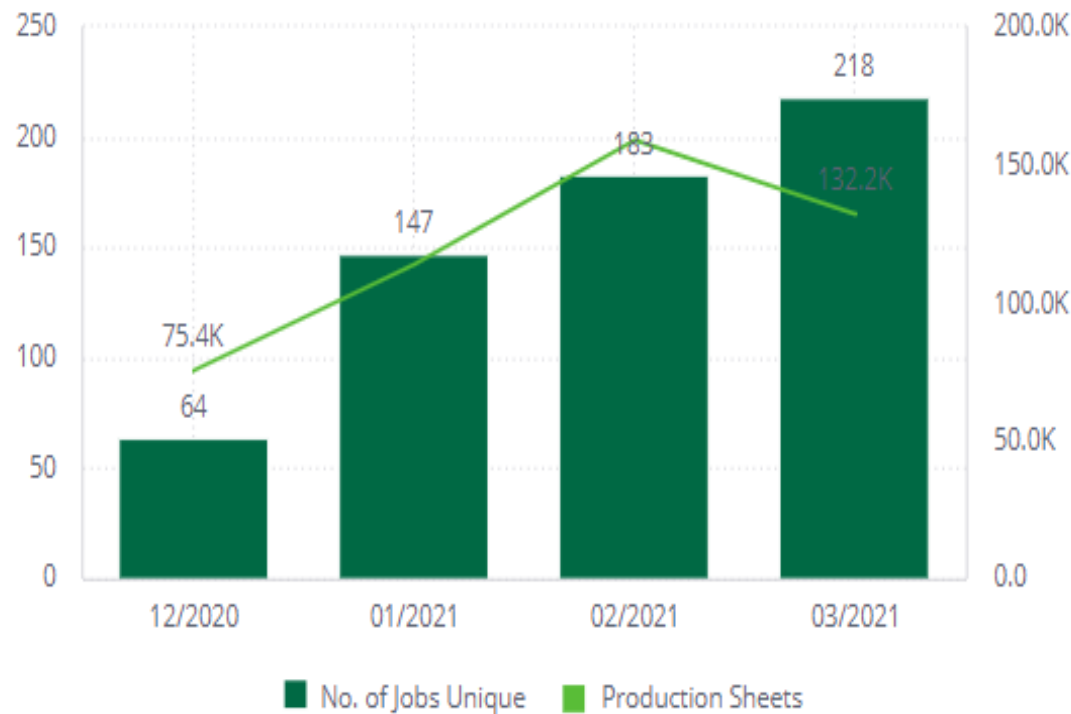


PRODUCTION

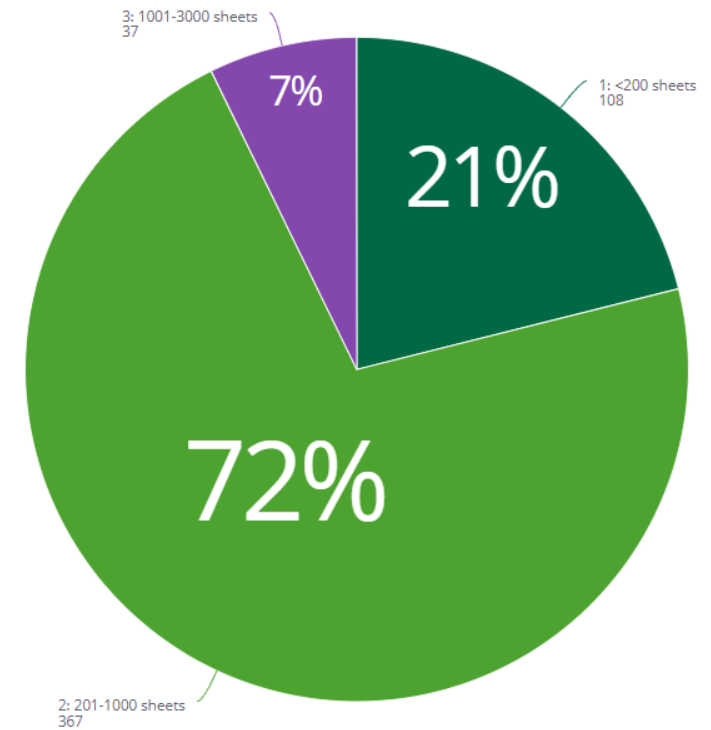
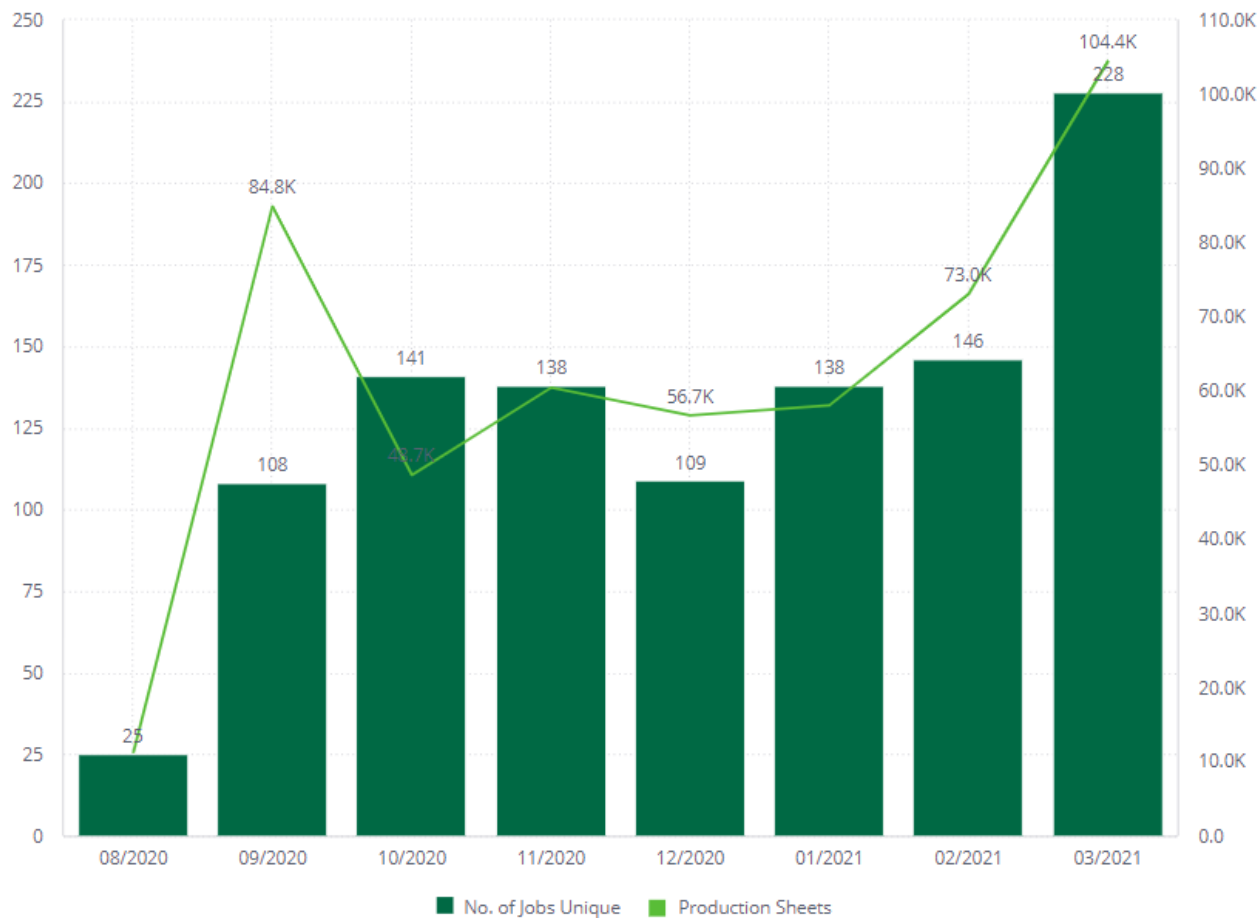
Customer A – Multiple Locations – Beam 2 - USA



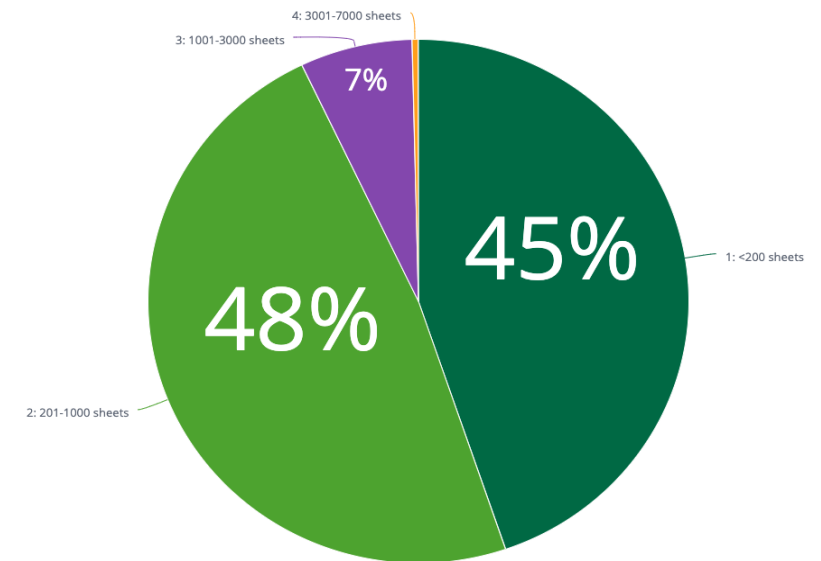
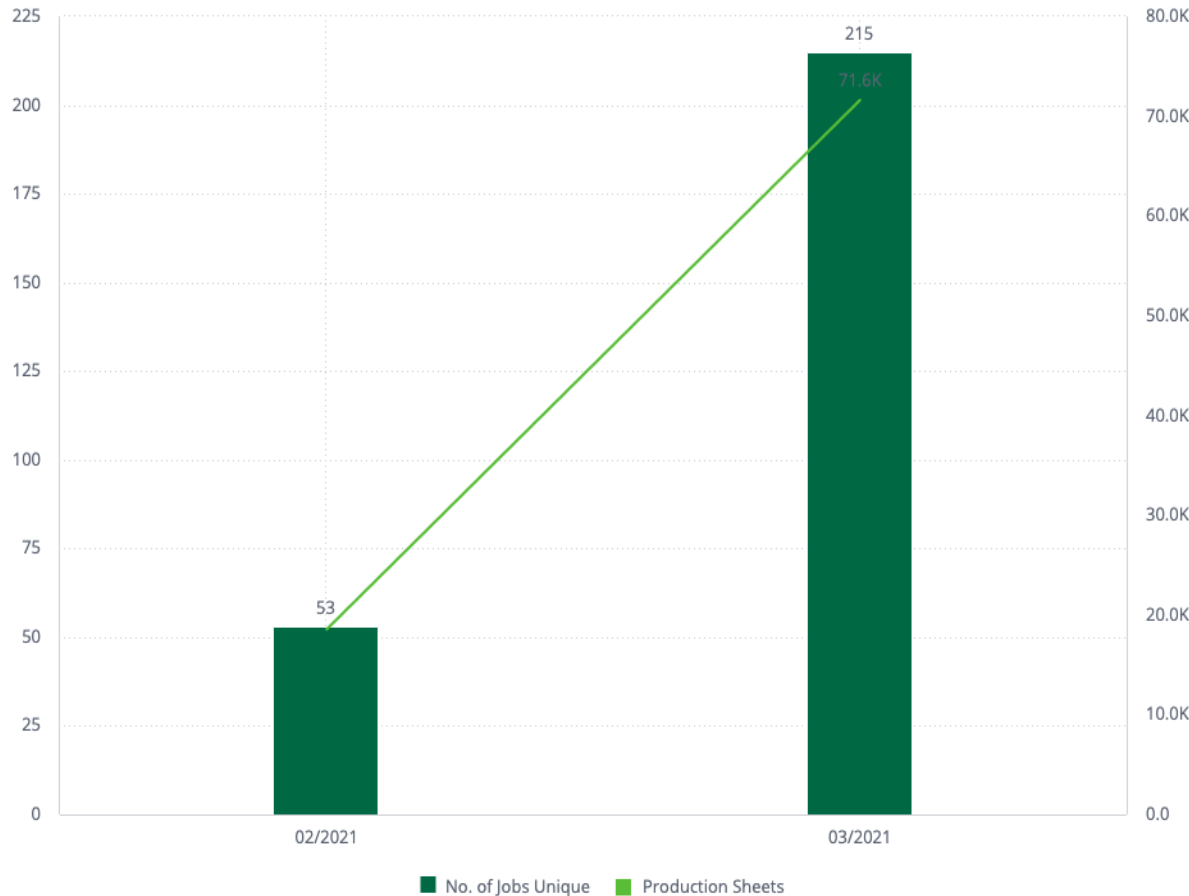
Purchased 1st machine 12 months earlier – Euclid 5C



Customer B – Beam2 - UK

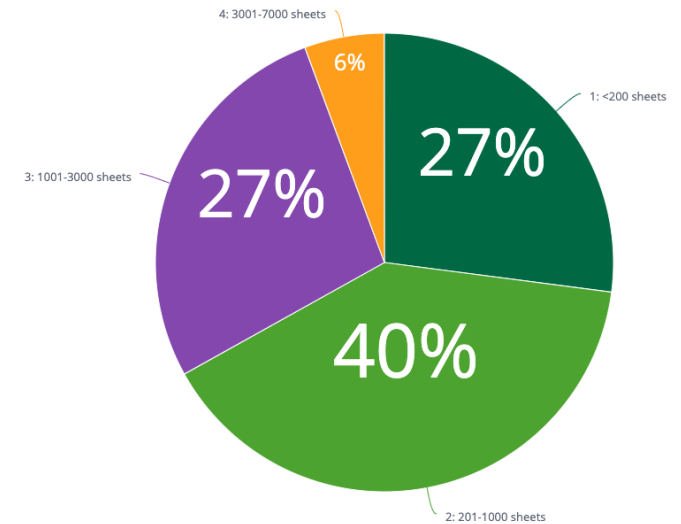
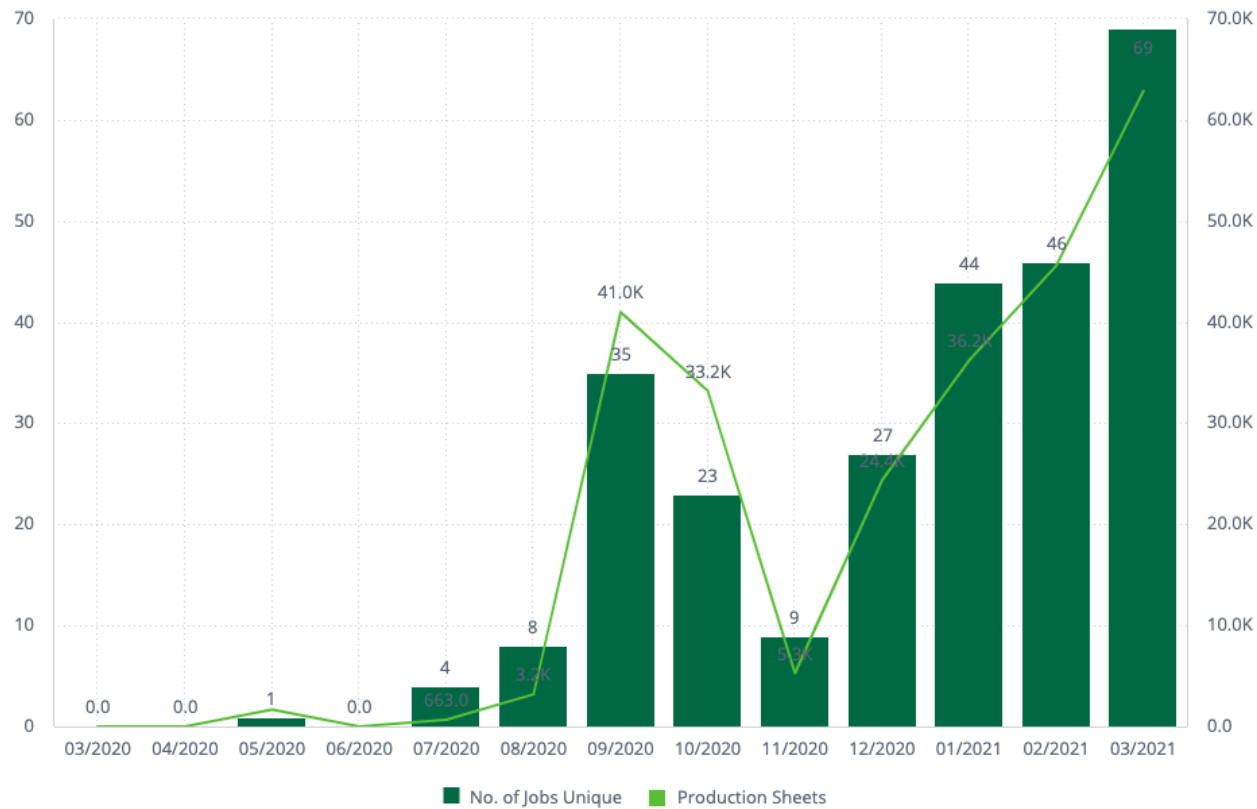


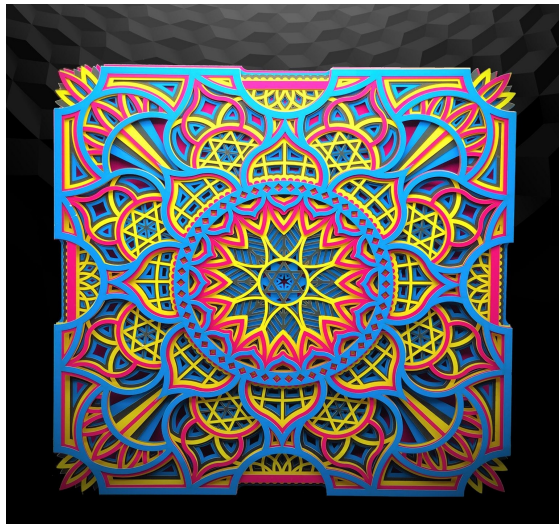
Customer C – Euclid 5C - Corrugated – Web-To-Pack – Multiple Locations USA – 2nd Euclid 5C in Q2/2020



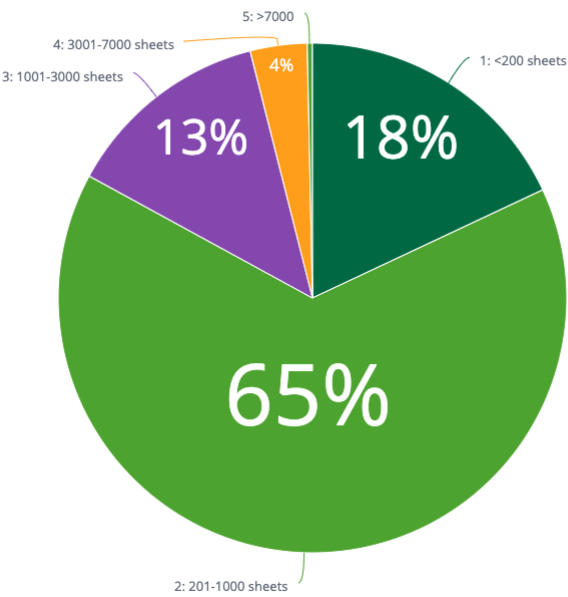
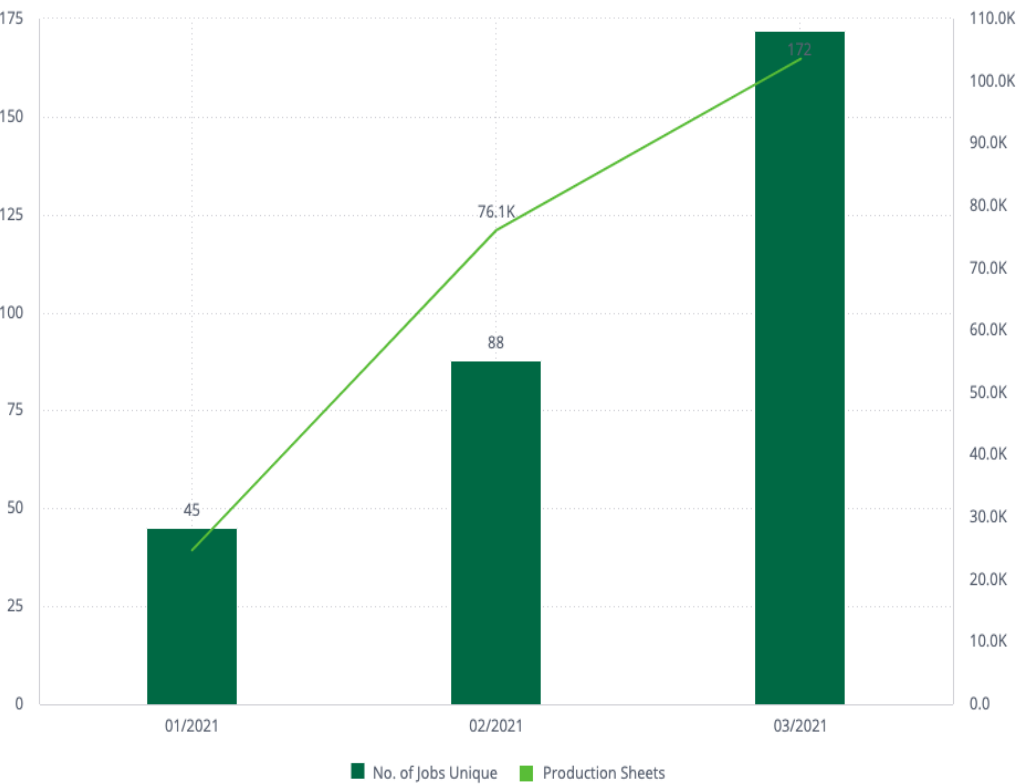


Customer D – Euclid III – UK

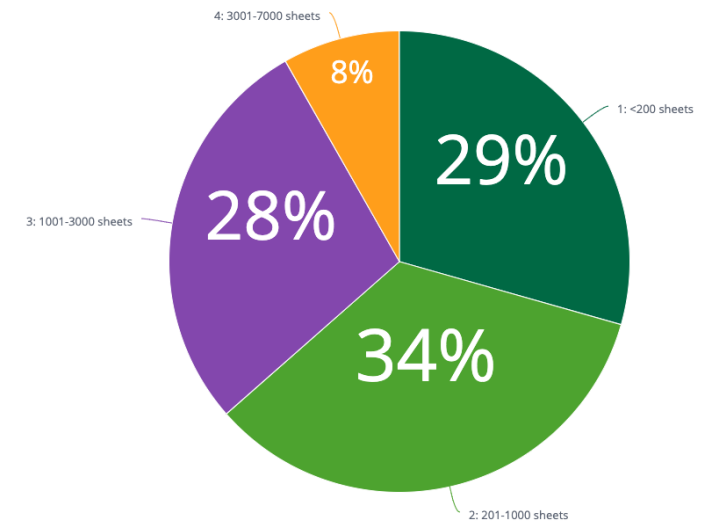
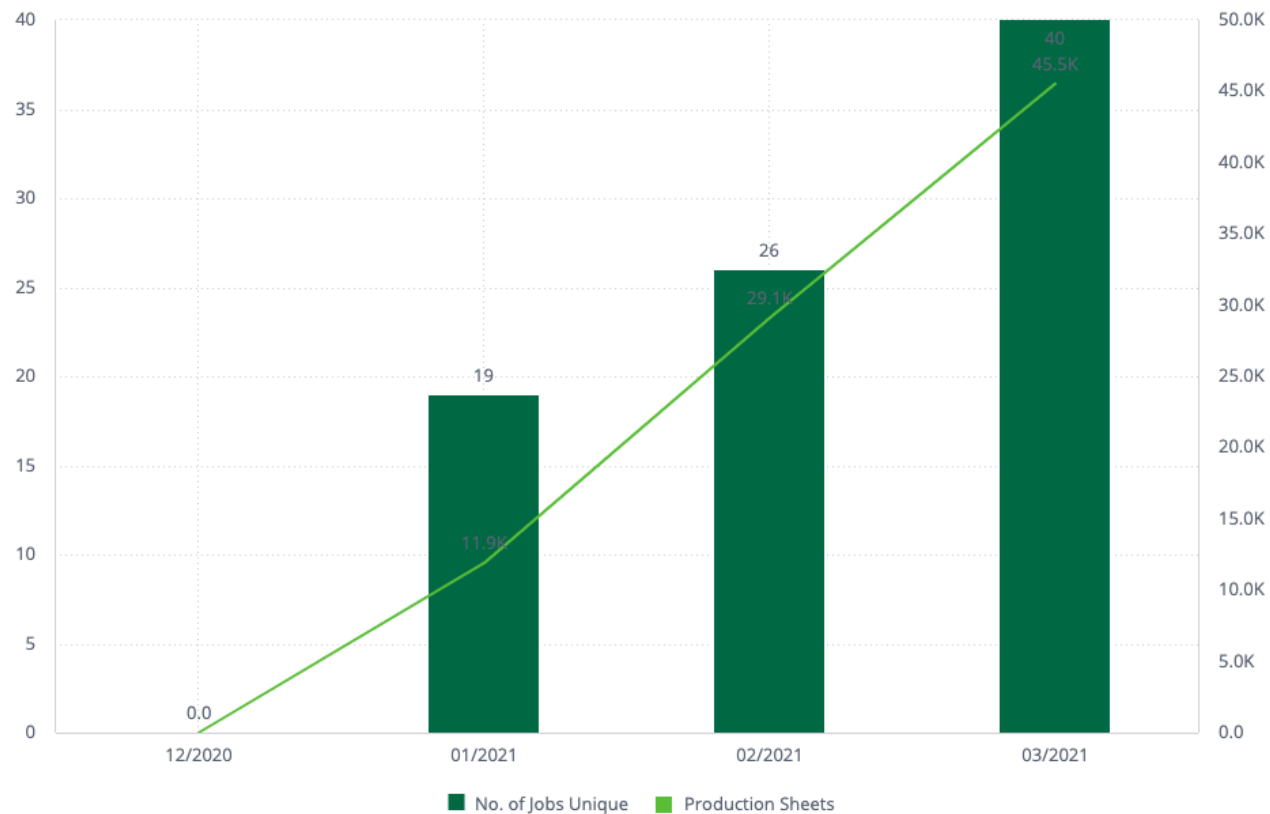




Customer E – Beam 2C - Corrugated USA – Web-To-Pack – Multiple Locations



Customer F – Beam 2 – Eastern Europe



Replacing Plastic Insert With Board

Sustainable solutions

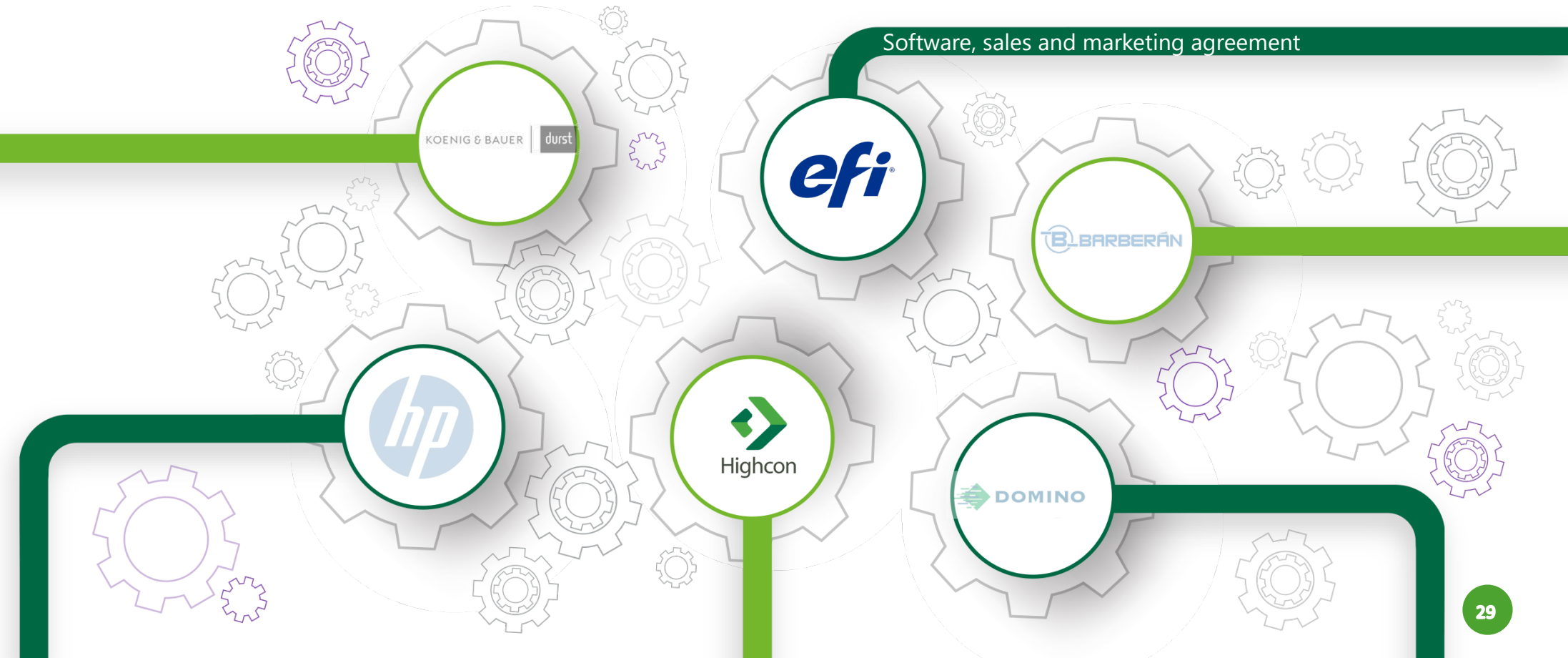






OTHER DEVELOPMENTS

Building Relationships with Key Industry Players



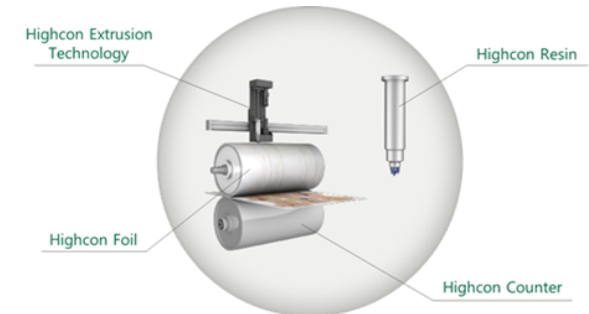
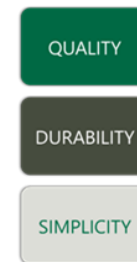
Demonstrating Our Commitment To The Customer Base

Full Deployment in 2021



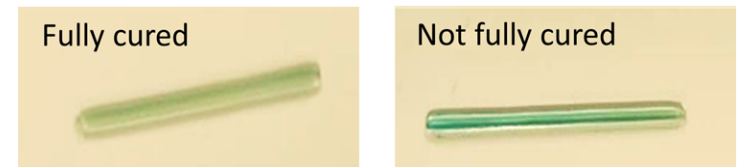
- **5th Generation Consumables:**

- Increased application range
- Improved quality
- Reduced setup time



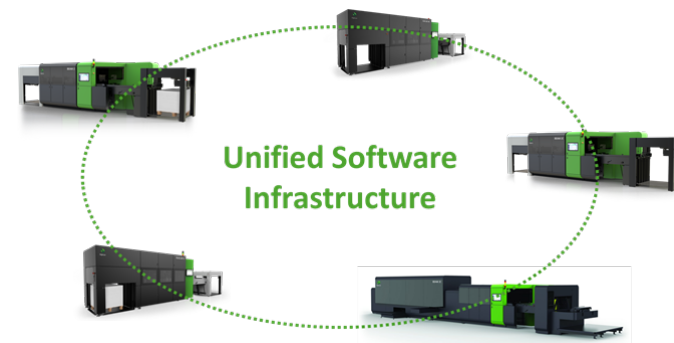
- **Unified software across platforms:**

- Protecting the customers' investments by full fleet upgrade
- Efficient R&D investment to build volume and lower our service costs



- **New pricing model:**

- "Bundling" service and consumables





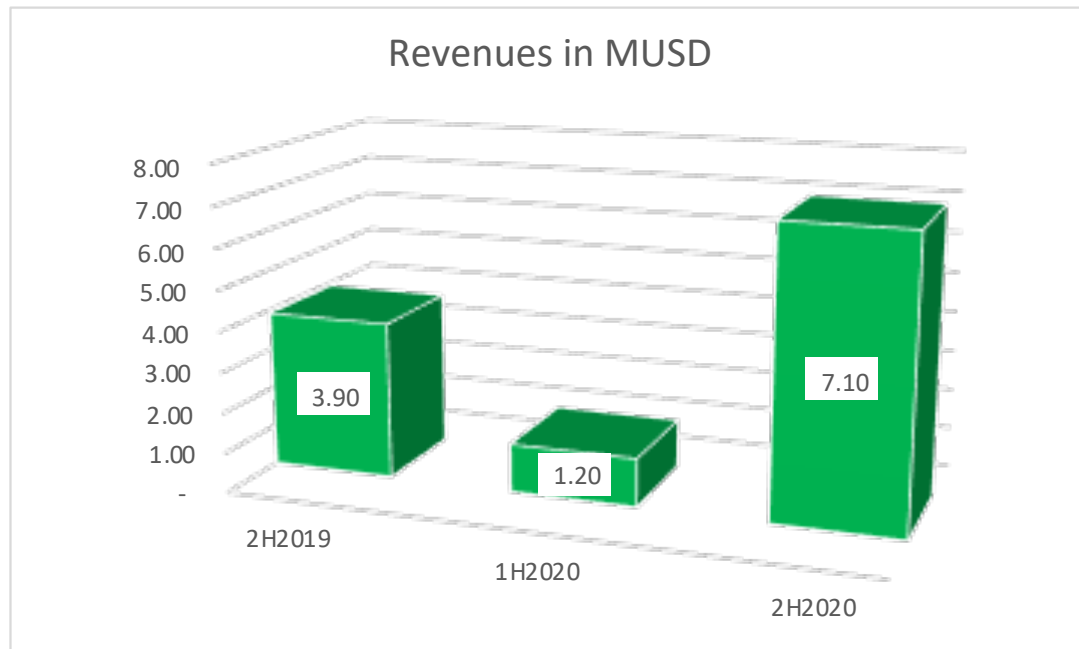
2020 FINANCIAL HIGHLIGHTS



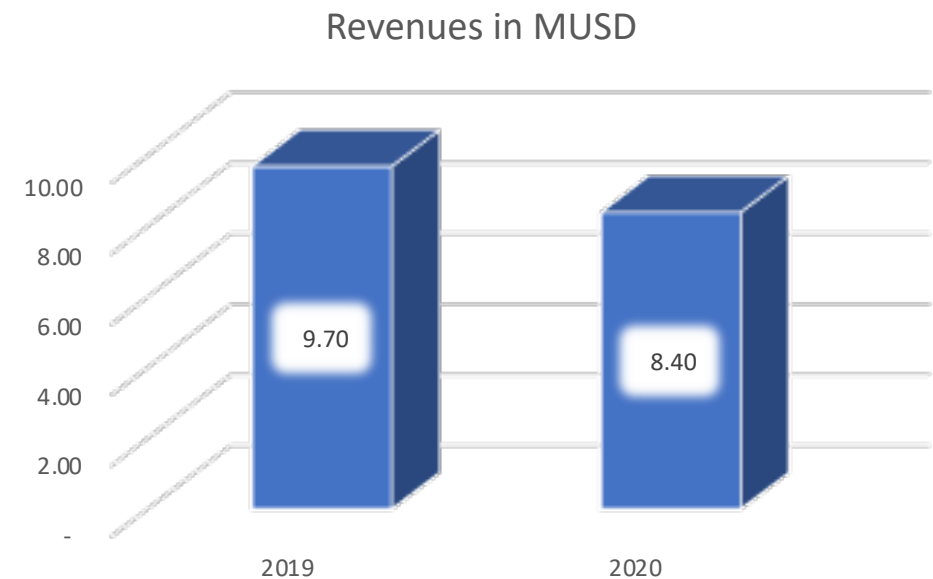
PRODUCTION

Revenues

In Millions USD



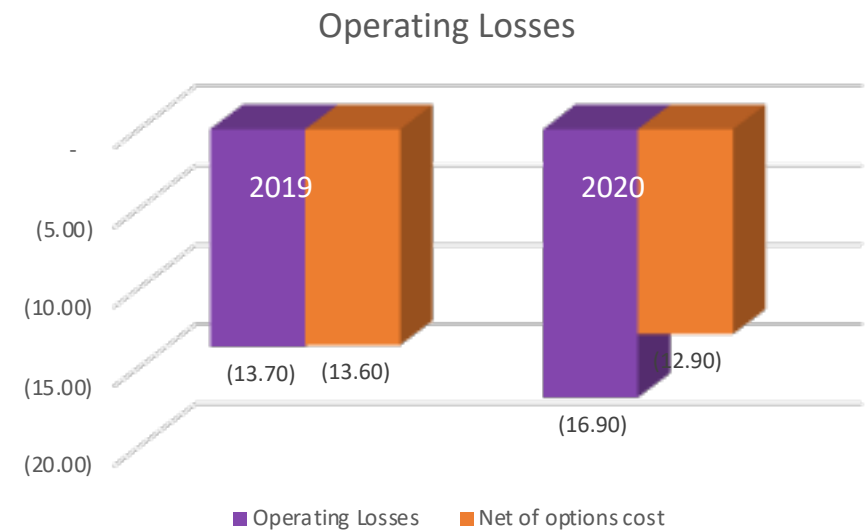
- 80% increase versus 1H2019
- ~490% increase versus 1H2020



- Met revised plan objectives for 2020

Operating Losses

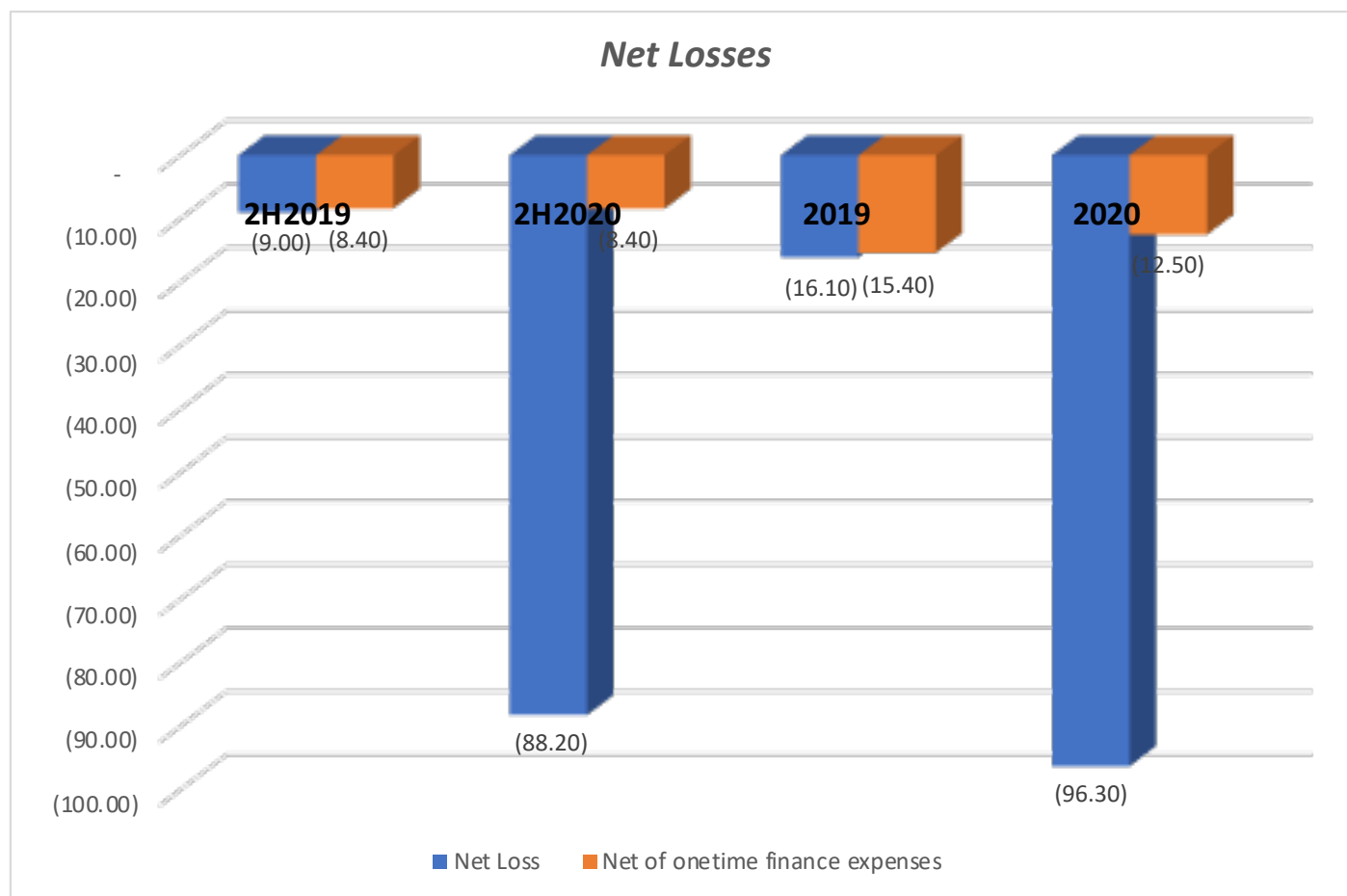
In Millions USD



(*) \$4M option expenses in 2H2020 and 2020

Net Losses

In Millions USD



- \$79.8M onetime financial expenses due to the convertible loan in 2020 versus \$0.7M in 2019

Profit & Loss Statement

In US\$,000

	GAAP			Non GAAP		
	2019	2020	Change	2019	2020	Change
Total Revenue	9,737	8,360	(1,377)	9,737	8,360	(1,377)
Gross Profit	961	943	(18)	961	943	(18)
Operating Loss	13,743	16,951	3,209	13,665	12,882	(783)
Financial expenses (Income) Net	2,330	79,381	77,051	1,649	-377	(2,026)
Net Loss	16,073	96,332	80,259	15,314	12,505	(2,809)
	GAAP			Non GAAP		
	H2 2019	H2 2020	Change	H2 2019	H2 2020	Change
Total Revenue	3,936	7,121	3,185	3,936	7,121	3,185
Gross Profit	116	1,656	1,540	116	1,656	1,540
Operating Loss	8,123	9,629	1,506	8,067	5,560	(2,507)
Financial expenses (Income) Net	924	78,577	77,653	243	(1,118)	(1,361)
Net Loss	9,047	88,206	79,159	8,310	4,442	(3,868)

Balance Sheet

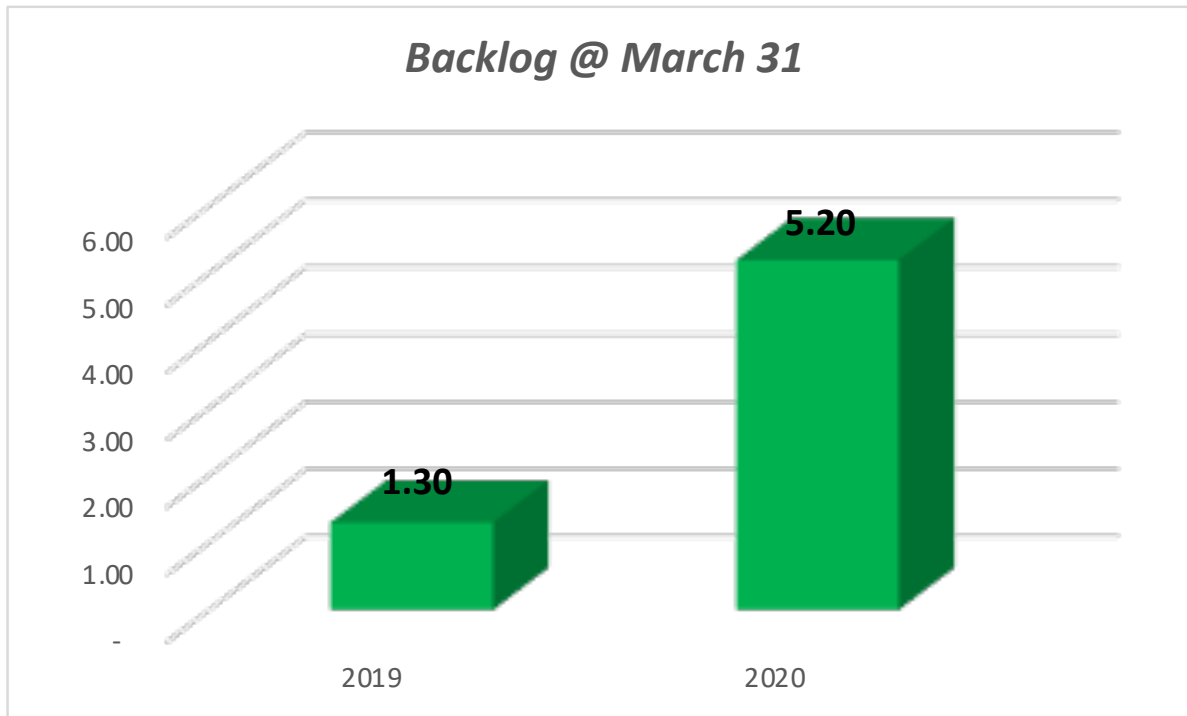
In US\$,000



	2019	2020	Change
Cash and equivalents	3,363	47,535	44,172
Account Receivable	1,405	1,053	(352)
Inventory	10,671	8,223	(2,448)
Trade Payable	4,132	4,653	521
Net Working Capital	11,307	52,158	40,851
Total Liabilities	16,102	20,044	3,942
Total Equity	2,462	41,024	38,562
Operating Cash flow	(12,977)	(10,297)	2,680

Backlog For Revenue In 2021

In Millions USD



- 300% increase
- \$1.2M rent to buy Euclid III systems
- \$4.0M Beam2 & 3xEuclid5C
- Solid pipeline is being built
- Expanding the sales organization
- Expanding to new sales territories



Questions & Answers

