



# Highcon 2020 Investors Presentation

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

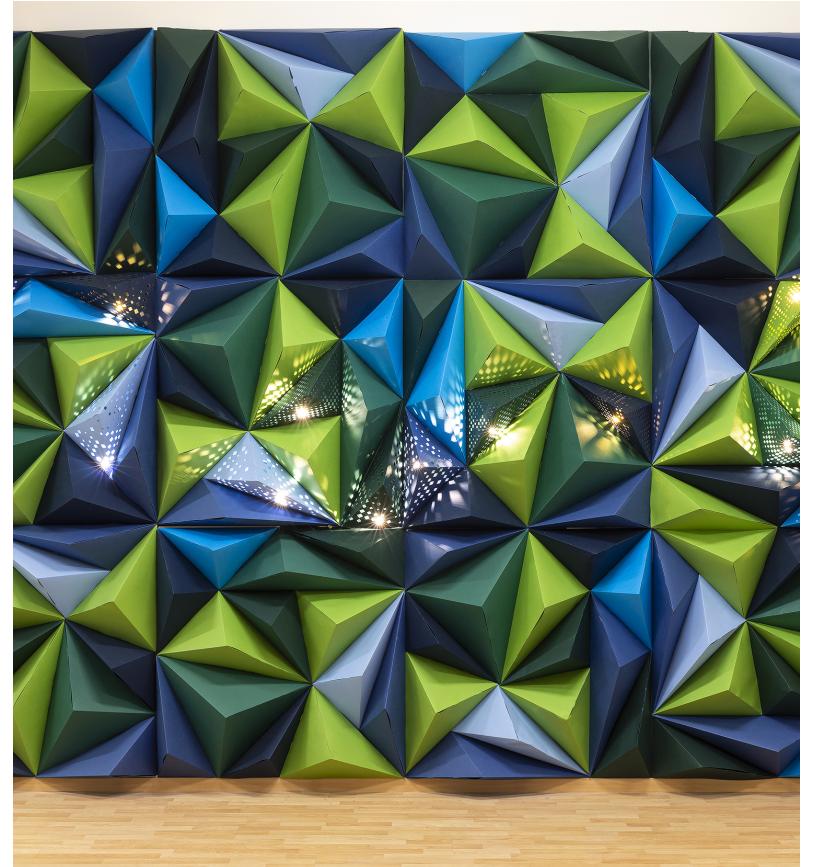


**Eitan Varon**  
CFO

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



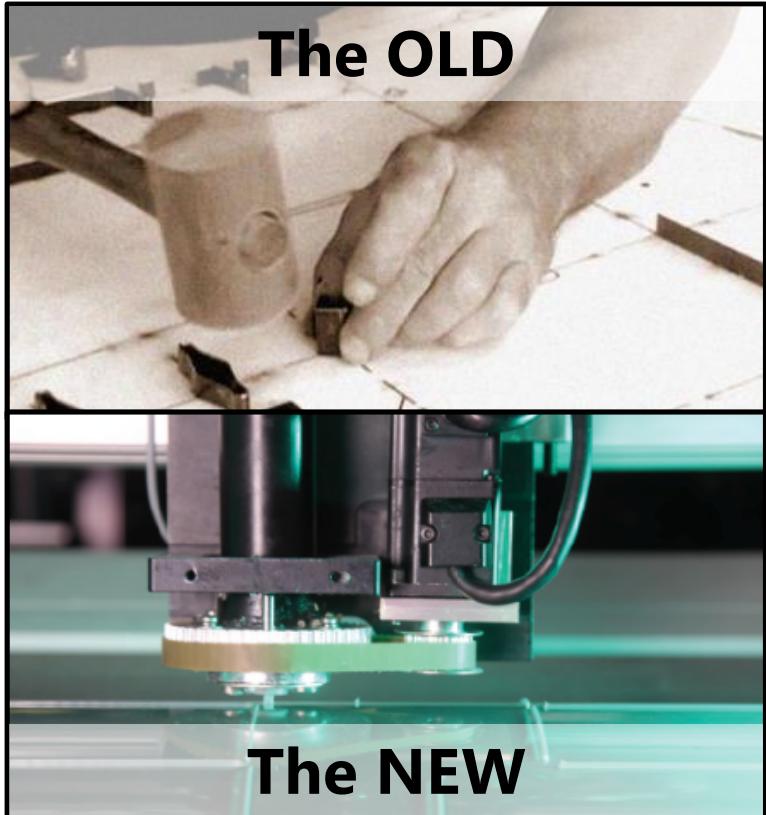


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# WHO WE ARE & WHAT WE STAND FOR



# 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



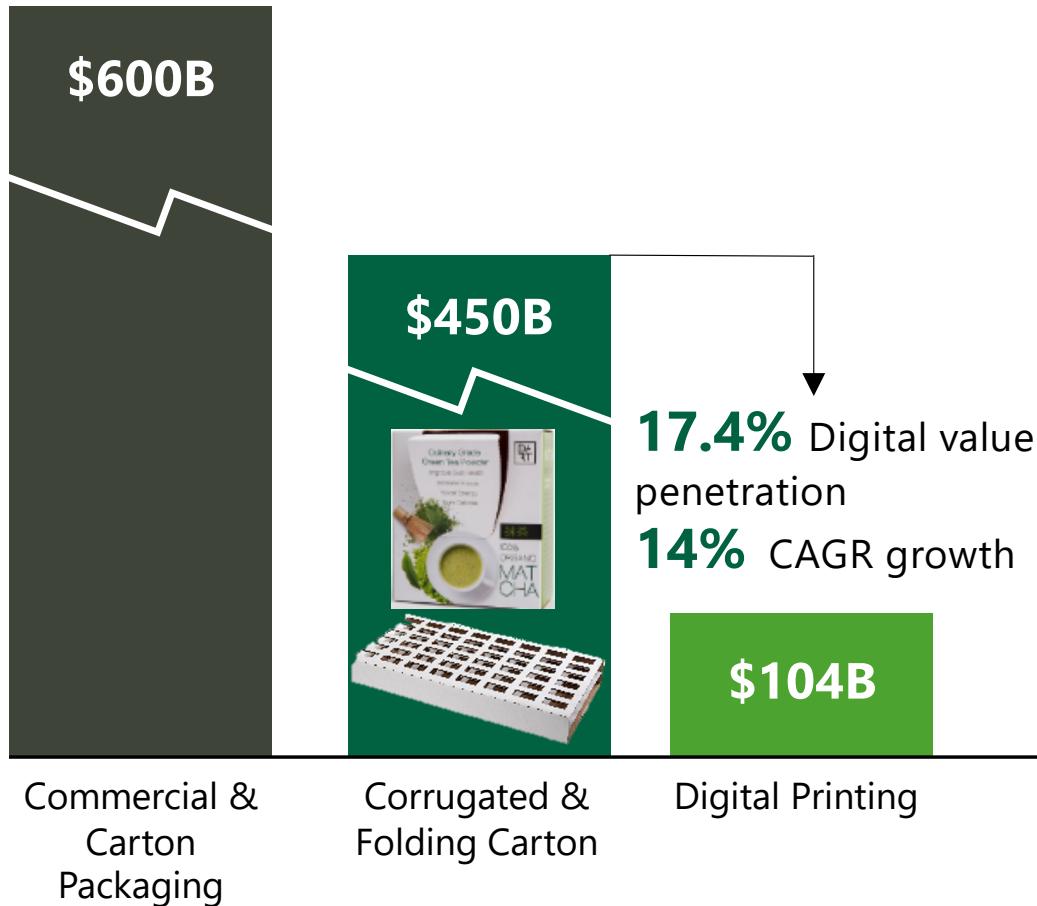
Digital  
Solution Growing  
**14%**  
/ year

### FINISHING



Going Digital  
**NOW!**

# Huge Market In Early Transformation



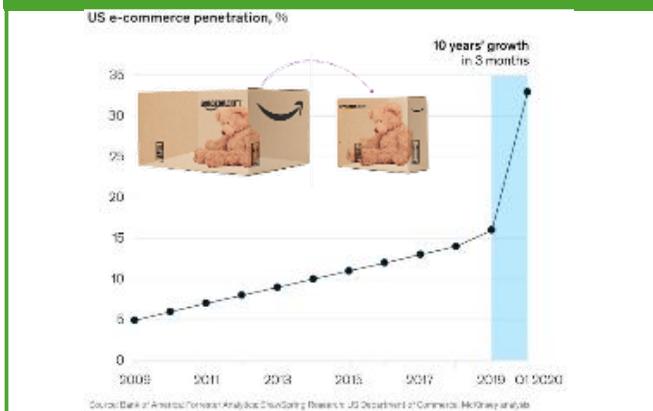
Sources: Smithers Pira, Karstedt Partners LLC.

# 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



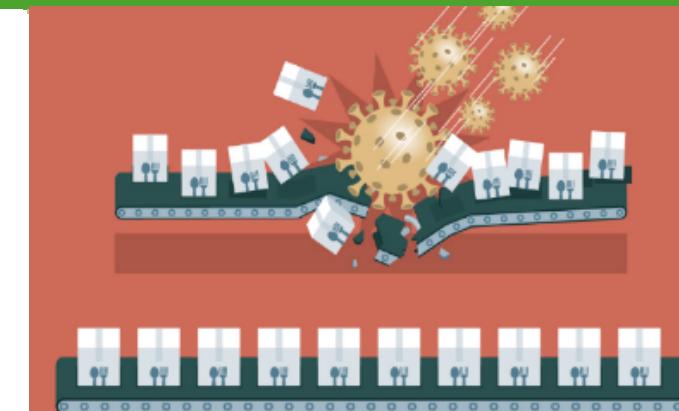
### 2. SUSTAINABILITY

- Supply chain efficiency
- Major companies commit to sustainable packaging



### 3. MANUFACTURING EFFICIENCIES

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



(1) DS Smith.

# 5 Mega Market Trends

## Driving The Need For A Disruptive Finishing Solution

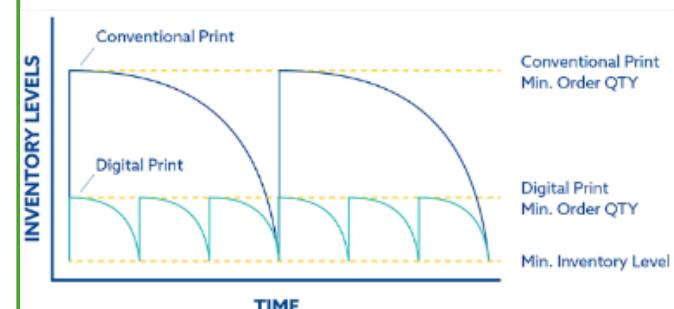
### 4. DESIGN CREATIVITY

- 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 <sup>(1)</sup>
- 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.



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# BUSINESS HIGHLIGHTS



# 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**





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# STRONG ORGANIZATION

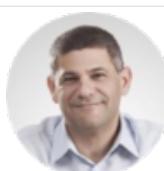


# Highcon Management



**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.



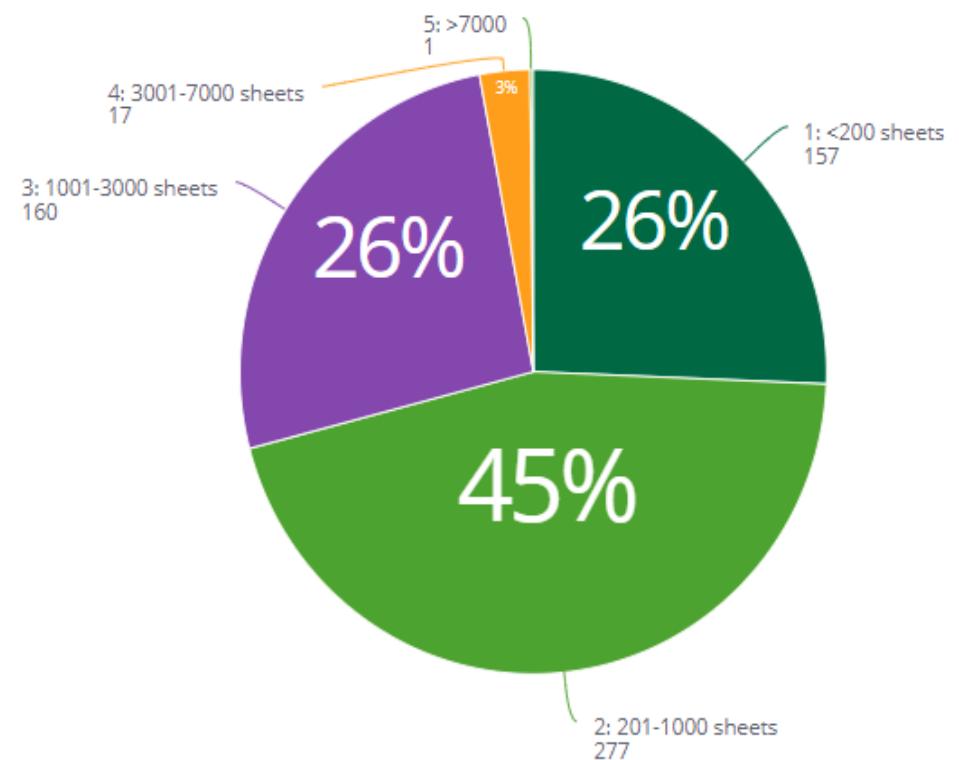
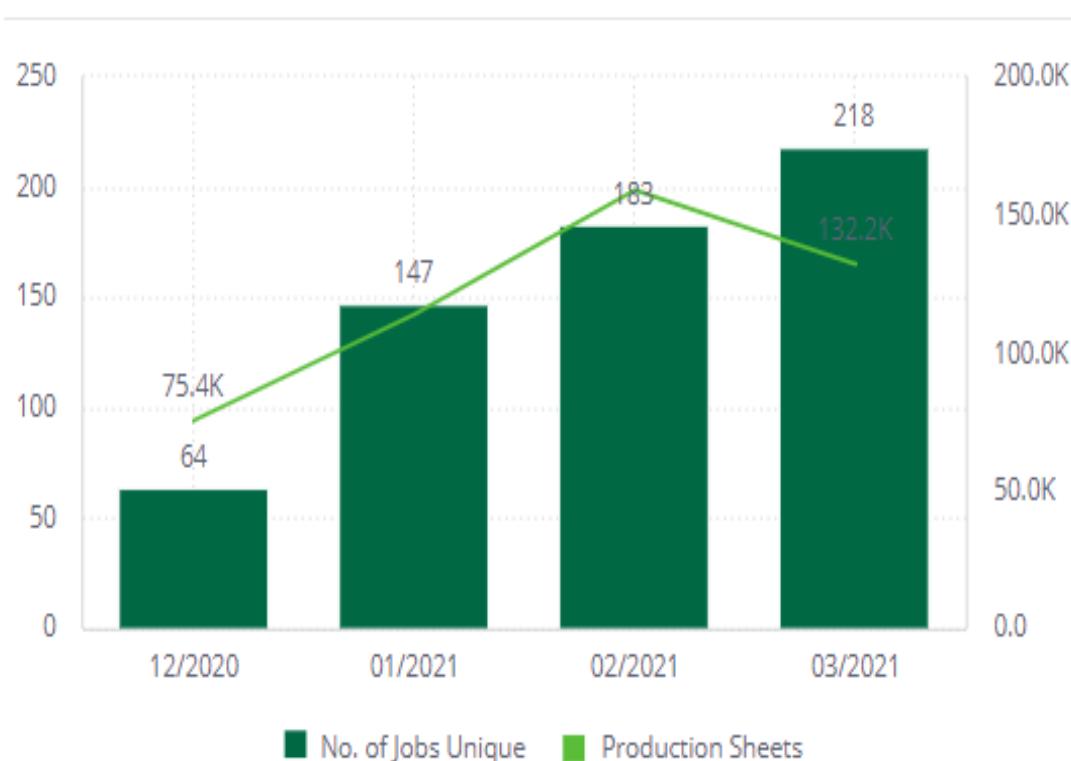
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## RECENT INSTALLATIONS

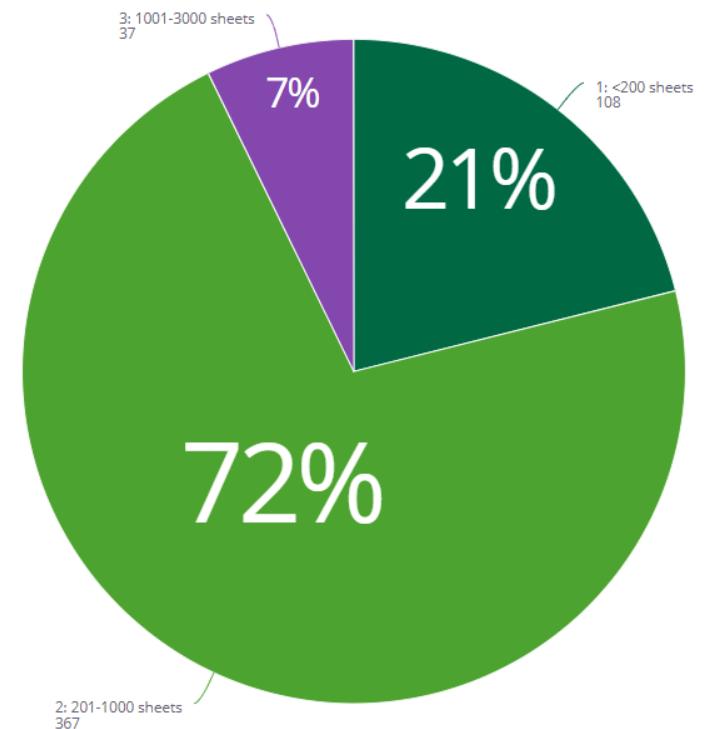
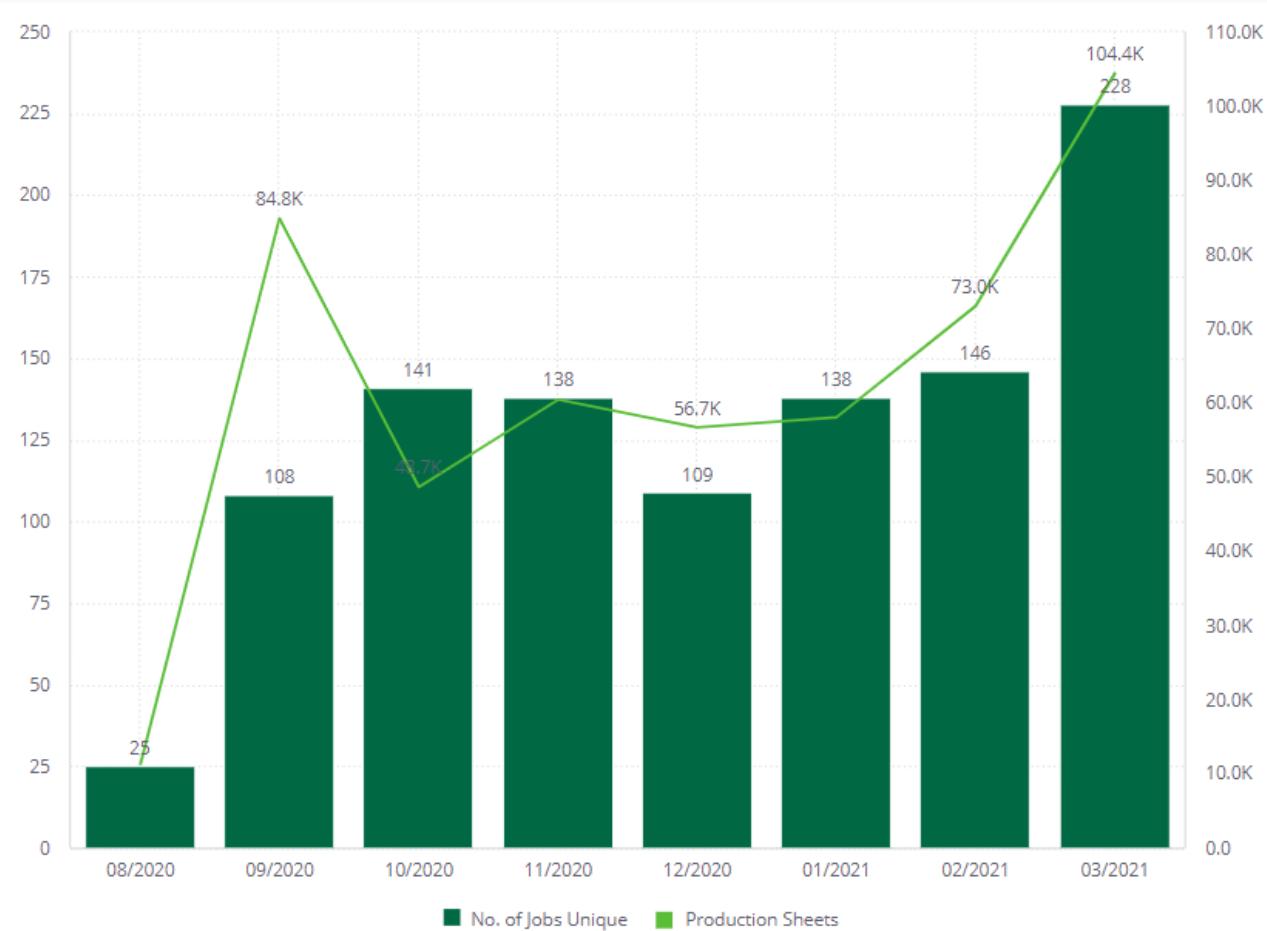


## Customer A – Multiple Locations – Beam 2 - USA

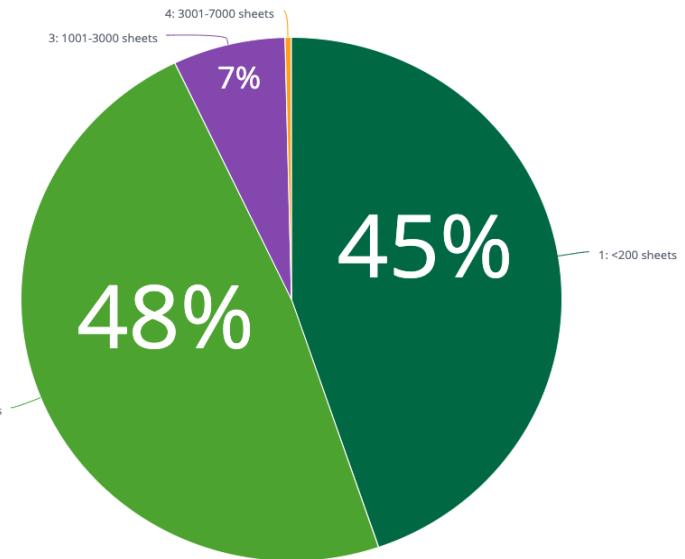
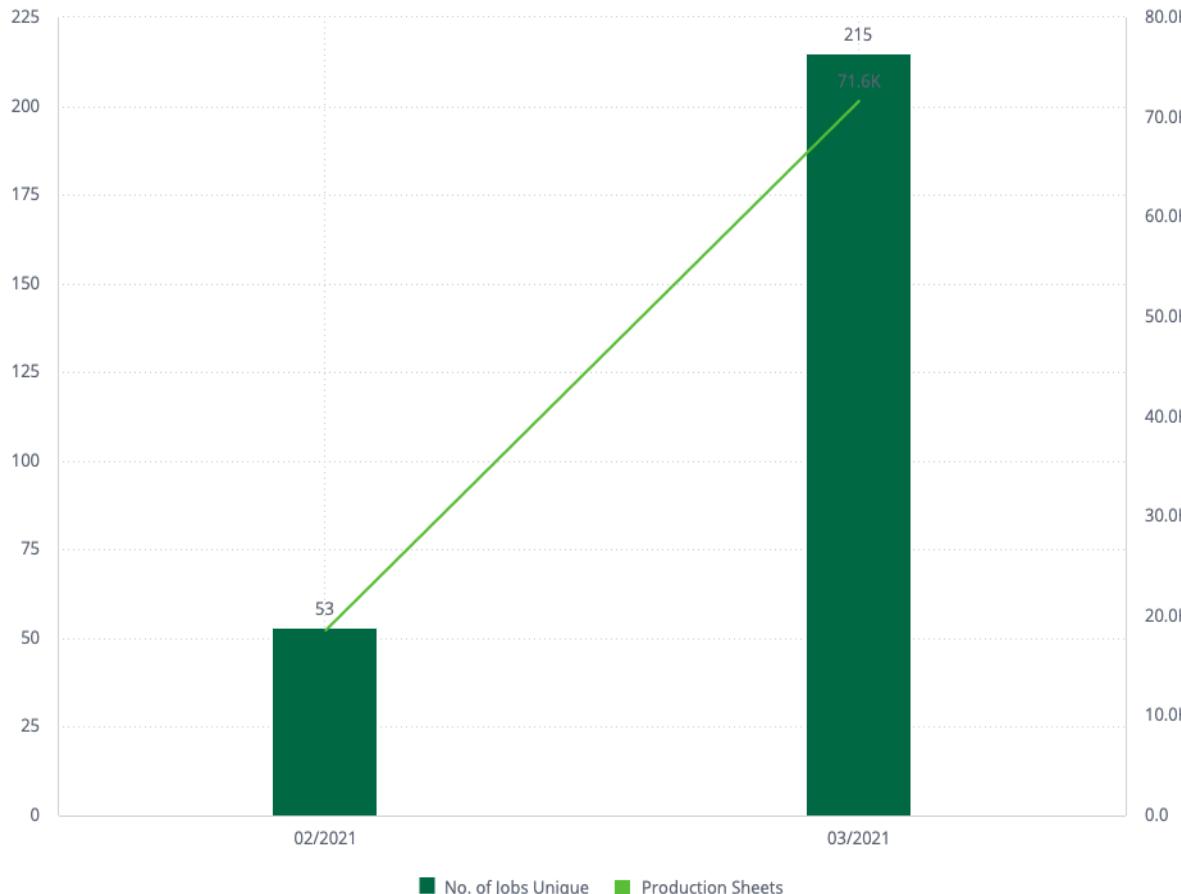
Purchased 1<sup>st</sup> machine 12 months earlier – Euclid 5C

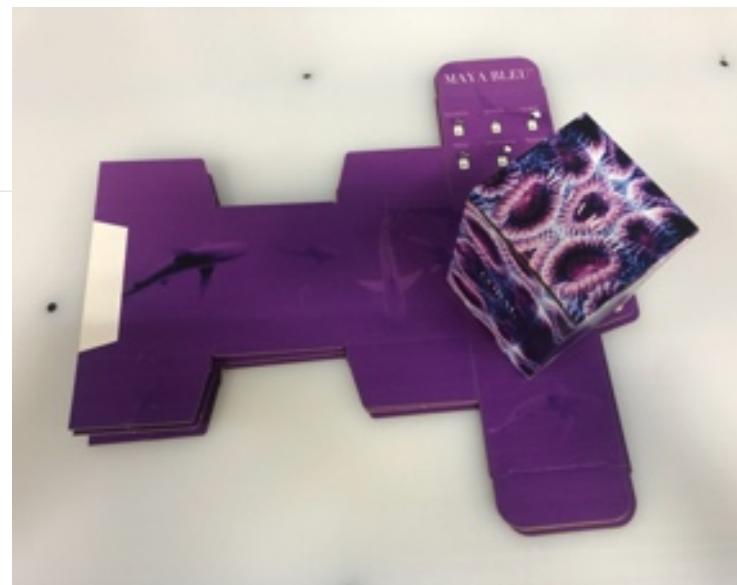


# Customer B – Beam2 - UK

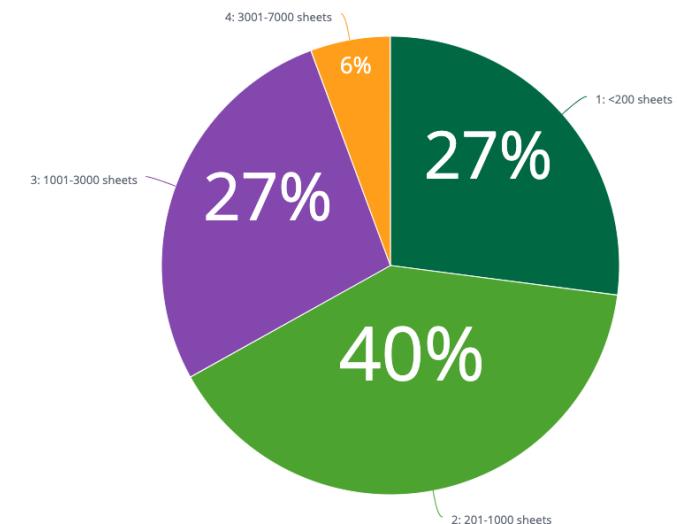
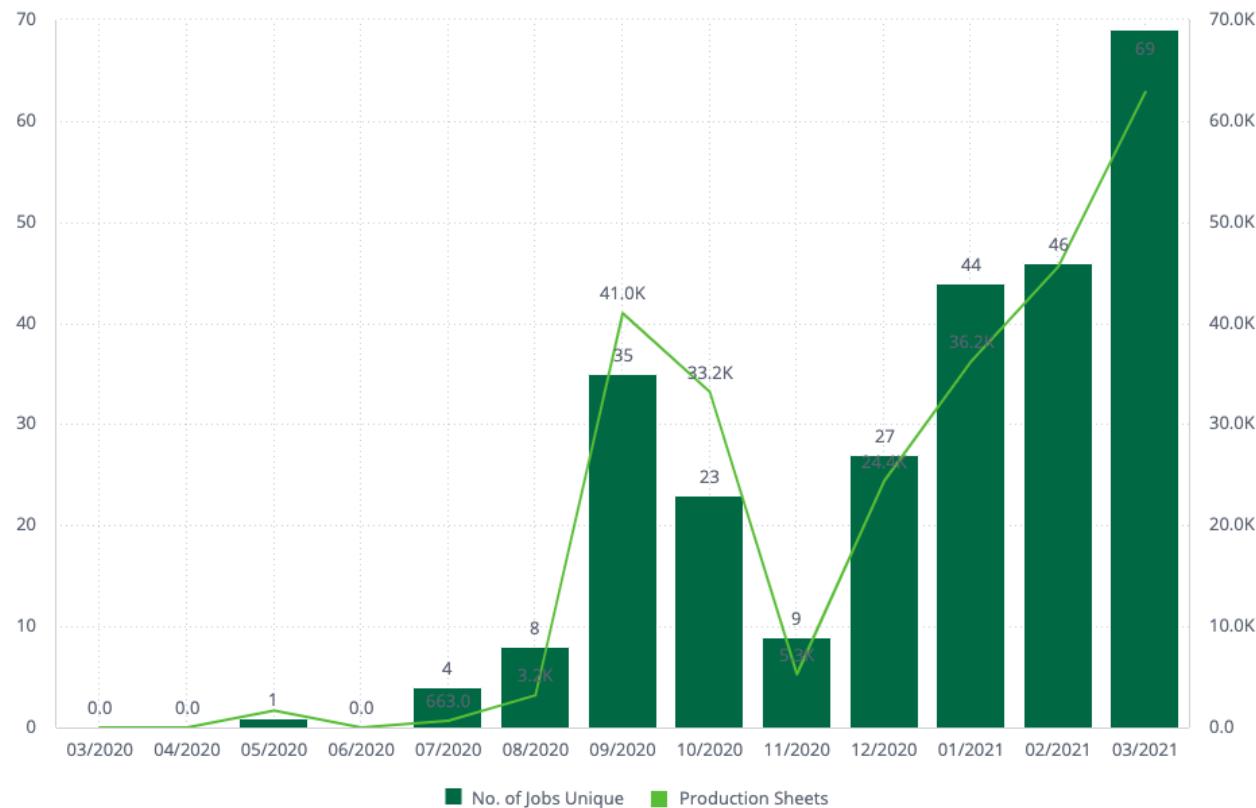


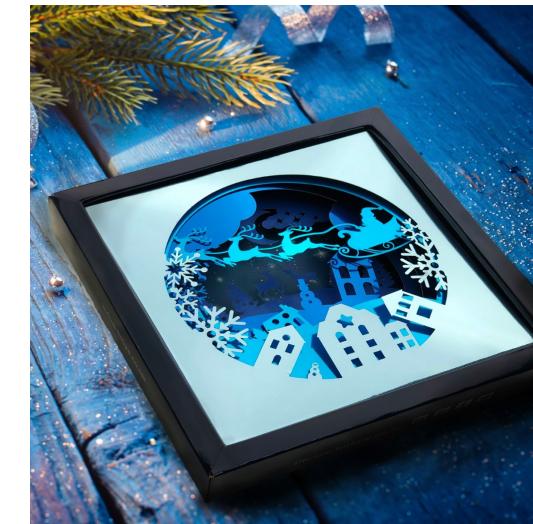
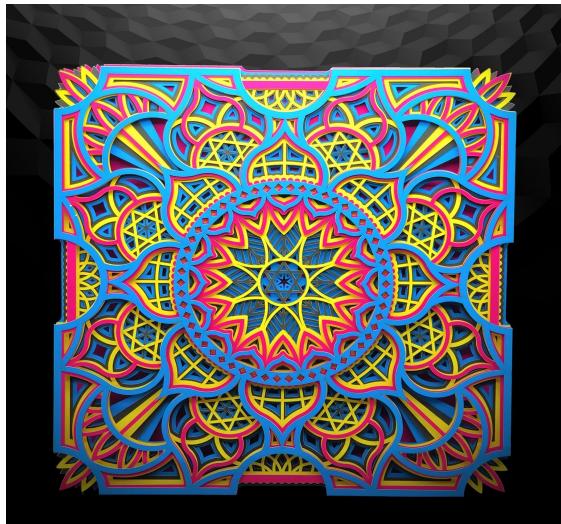
# Customer C – Euclid 5C - Corrugated – Web-To-Pack – Multiple Locations USA – 2nd Euclid 5C in Q2/2020





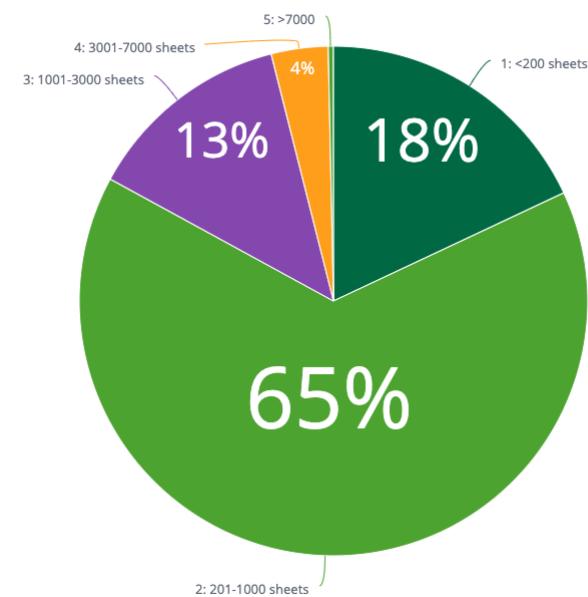
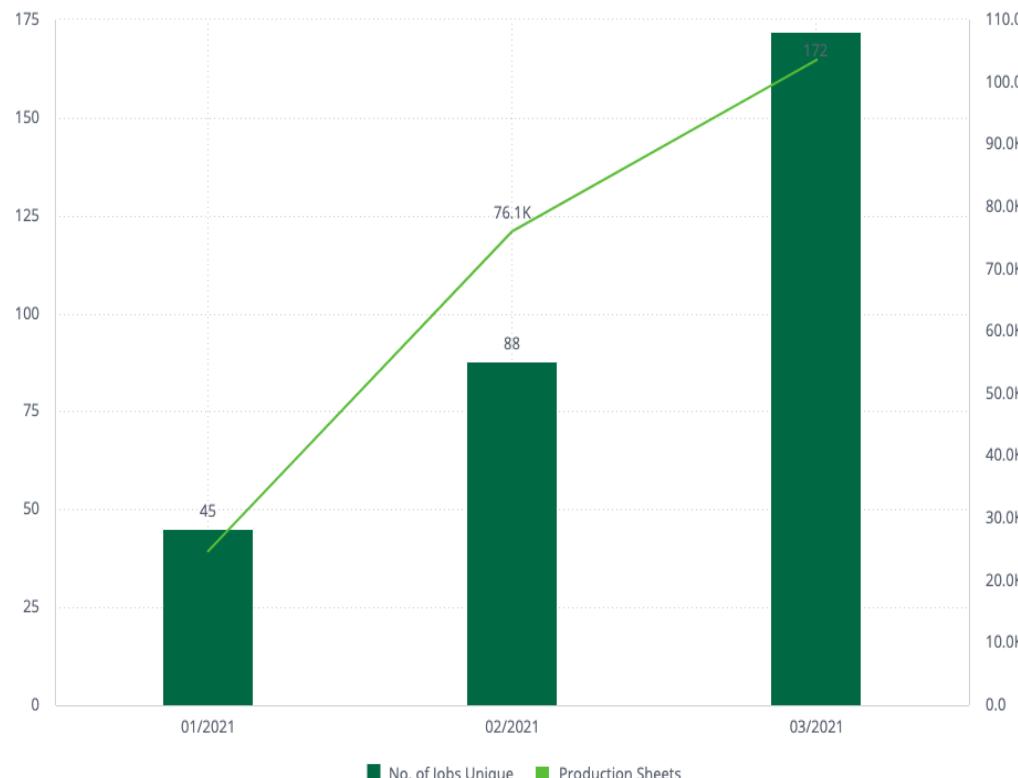
# Customer D – Euclid III – UK



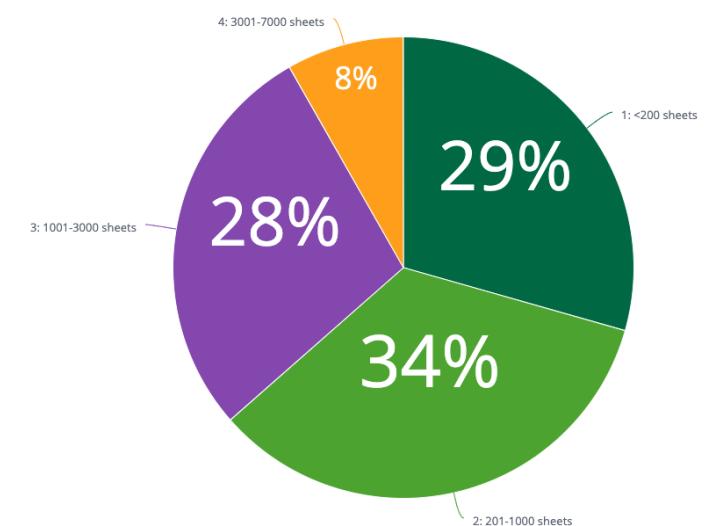
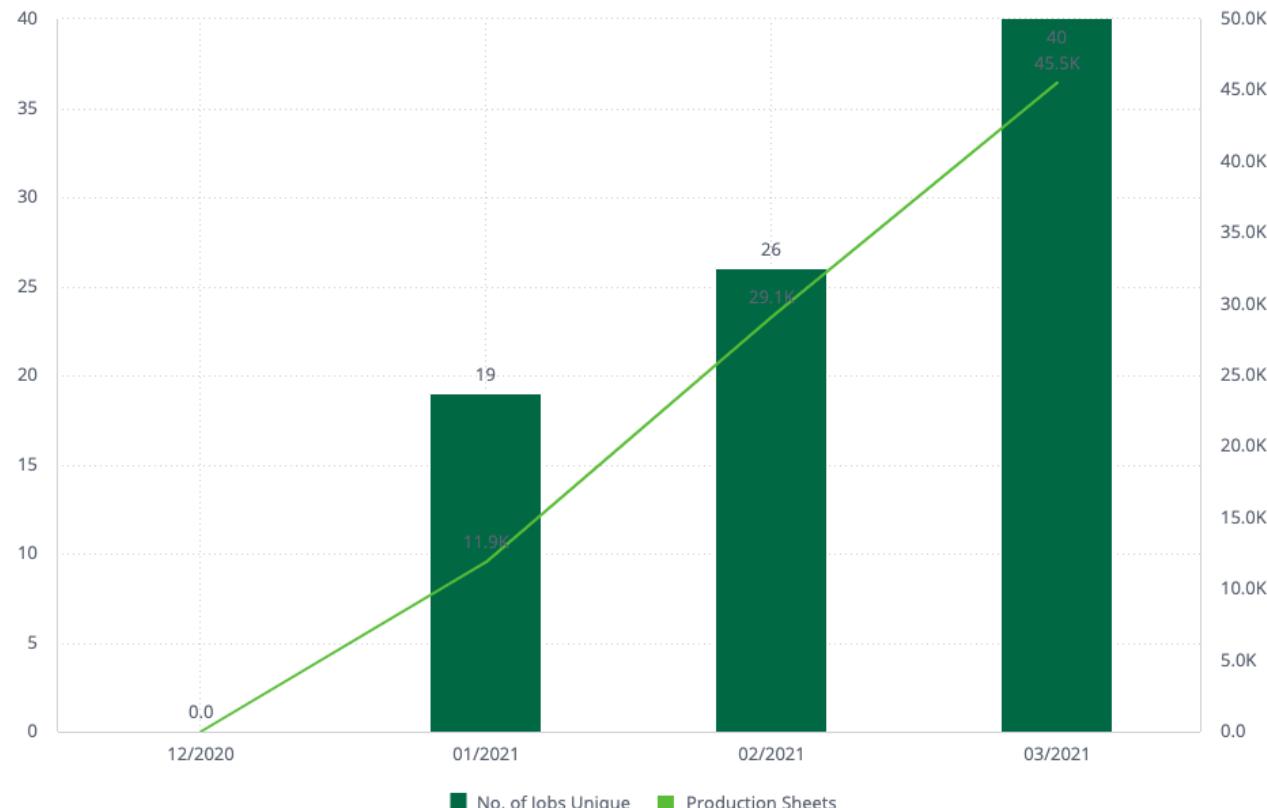


# Customer E – Beam 2C - Corrugated USA – Web-To-Pack

– Multiple Locations



# Customer F – Beam 2 – Eastern Europe



# Replacing Plastic Insert With Board

## Sustainable solutions



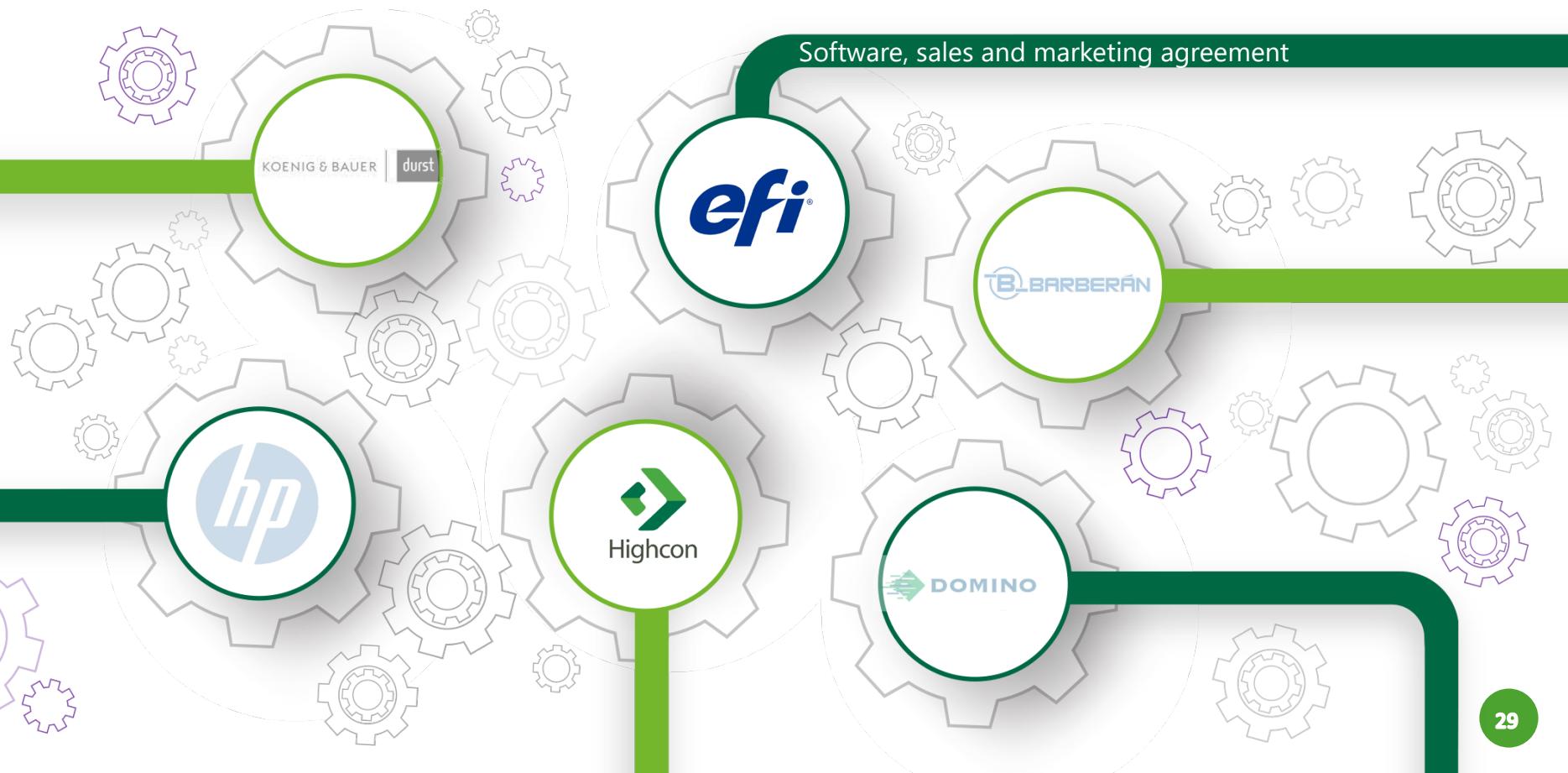




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# OTHER DEVELOPMENTS

# Building Relationships with Key Industry Players



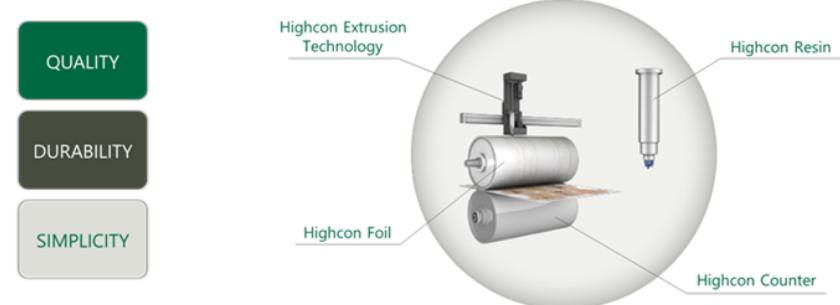
# Demonstrating Our Commitment To The Customer Base



## Full Deployment in 2021

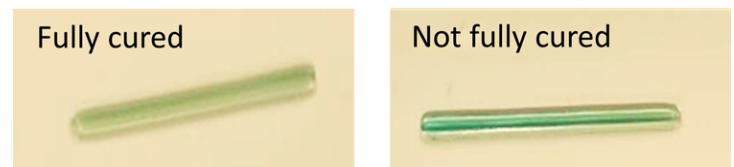
- **5<sup>th</sup> Generation Consumables:**

- 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





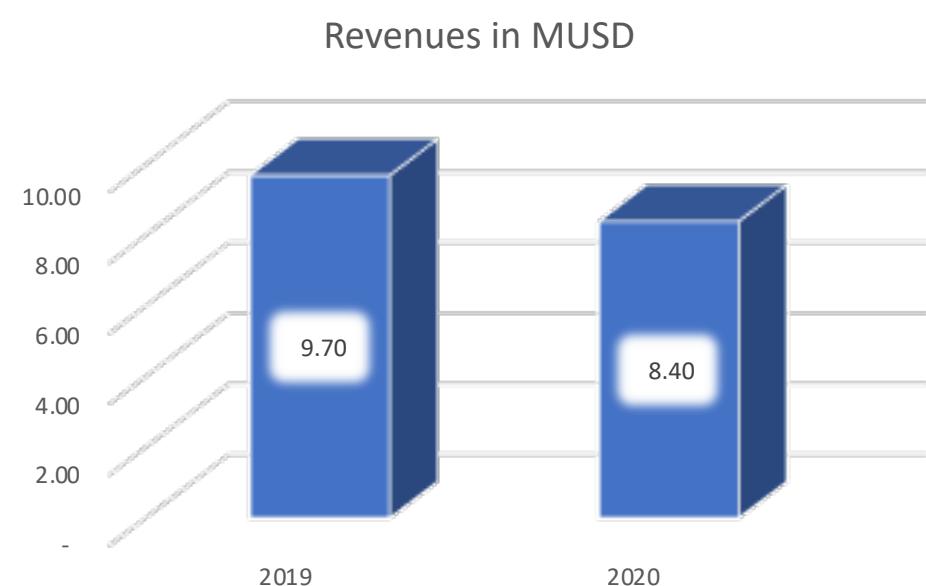
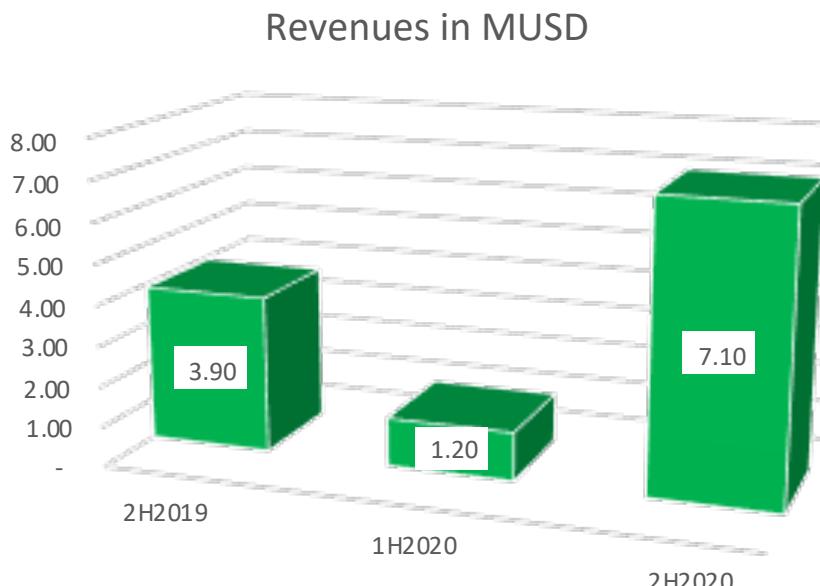
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# 2020 FINANCIAL HIGHLIGHTS



# Revenues

## In Millions USD

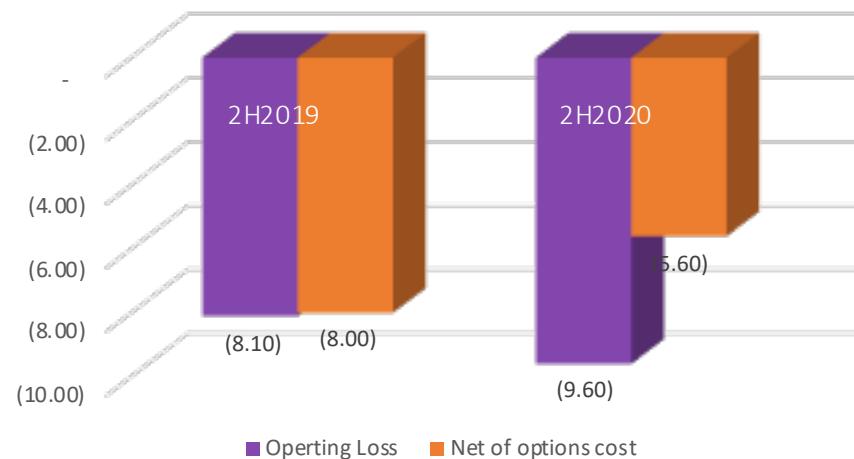


- 80% increase versus 1H2019
- ~490% increase versus 1H2020
- Met revised plan objectives for 2020

# Operating Losses

## In Millions USD

Operating Losses



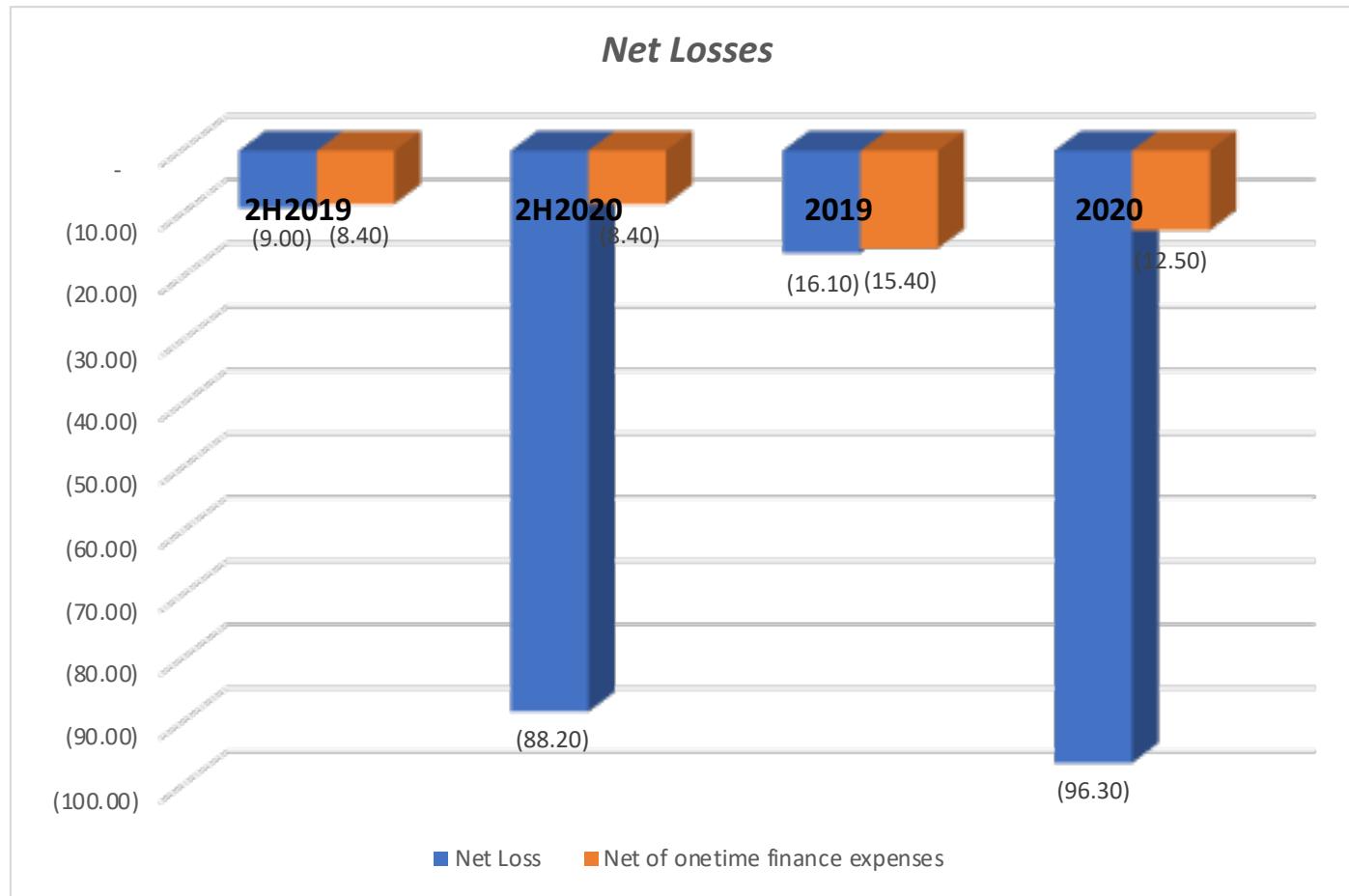
Operating Losses



(\*) \$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)

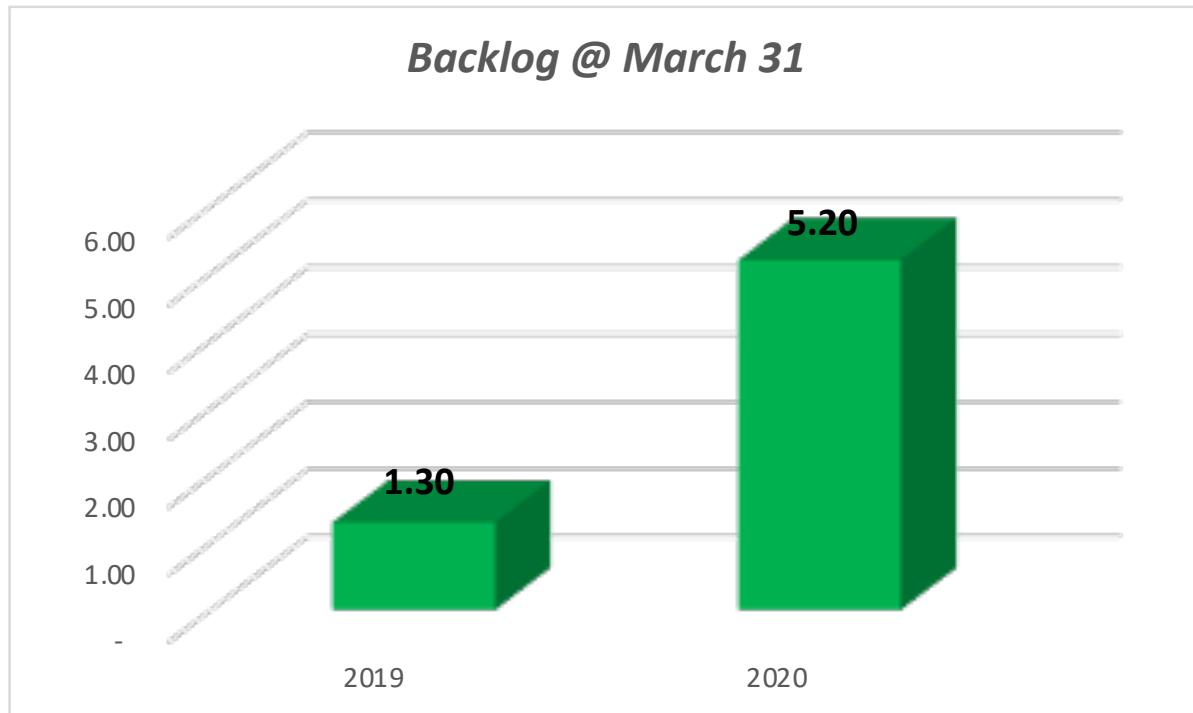
# Balance Sheet

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

