



Highcon

August, 2021

# H1 2021 Results Investor Presentation

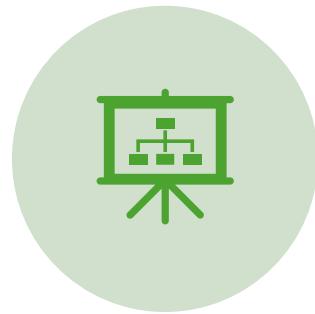
HIGHCON CONFIDENTIAL



# Agenda



**HIGHCON – FOR  
FIRST TIME VISITORS**



**ORGANIZATION**

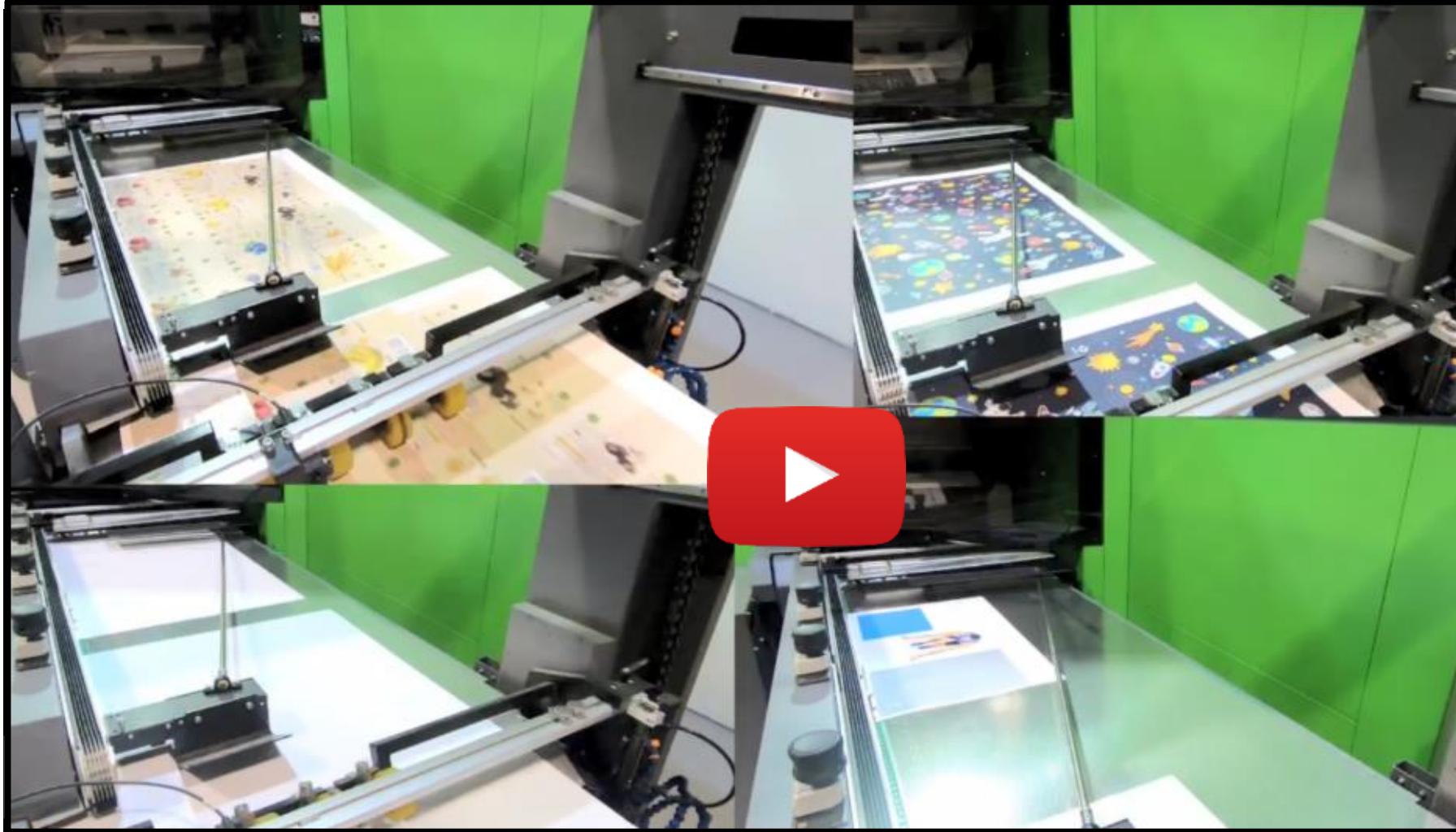


**RECENT  
INSTALLATIONS**



**FINANCIALS**

# AGILE PRODUCTION



# The Highcon **Vision**



To serve the world by  
making paperboard  
packaging and display  
more **agile,**  
**sustainable and**  
**impactful**

# 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!**

# Highcon At A Glance



**2009**  
Founded

**~125**  
Employees

**2020**

IPO – TASE: **HICN**  
**\$150M raised. \$120M invested**



Cumulative revenue  
**>\$65m**

2020 revenue **\$8.4m**

1H2021 revenue **\$6.5m**



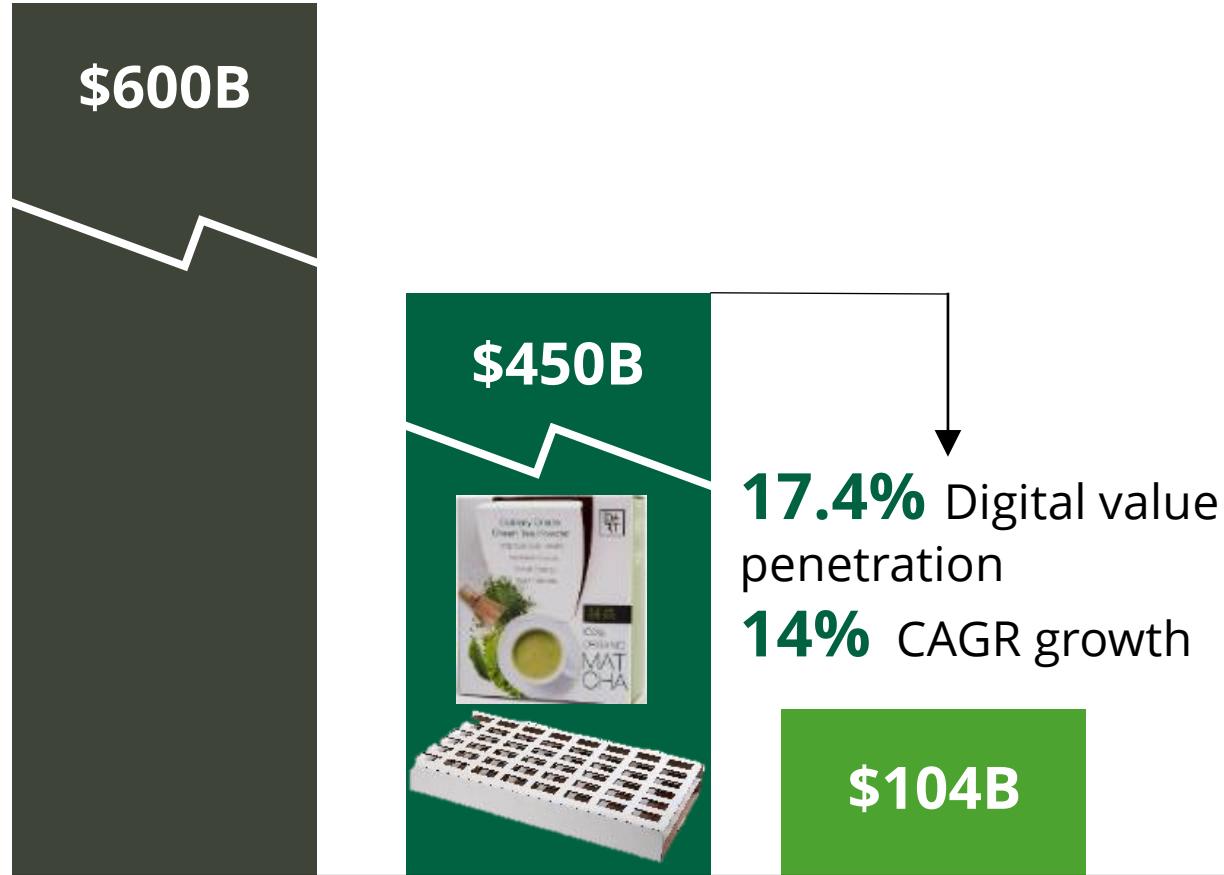
Cutting Edge, fully operative  
digital technology

Backed by **>60**  
global patents



**~65 installations**  
**Several multi-site customers**

# Huge Market In Early Transformation

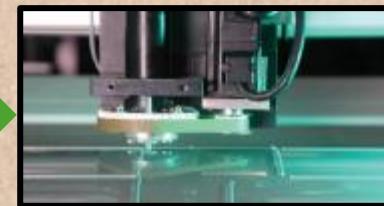


Commercial &  
Carton  
Packaging

Corrugated &  
Folding Carton

Digital Printing

Mega trends  
are moving the  
industry to  
Digital  
Finishing

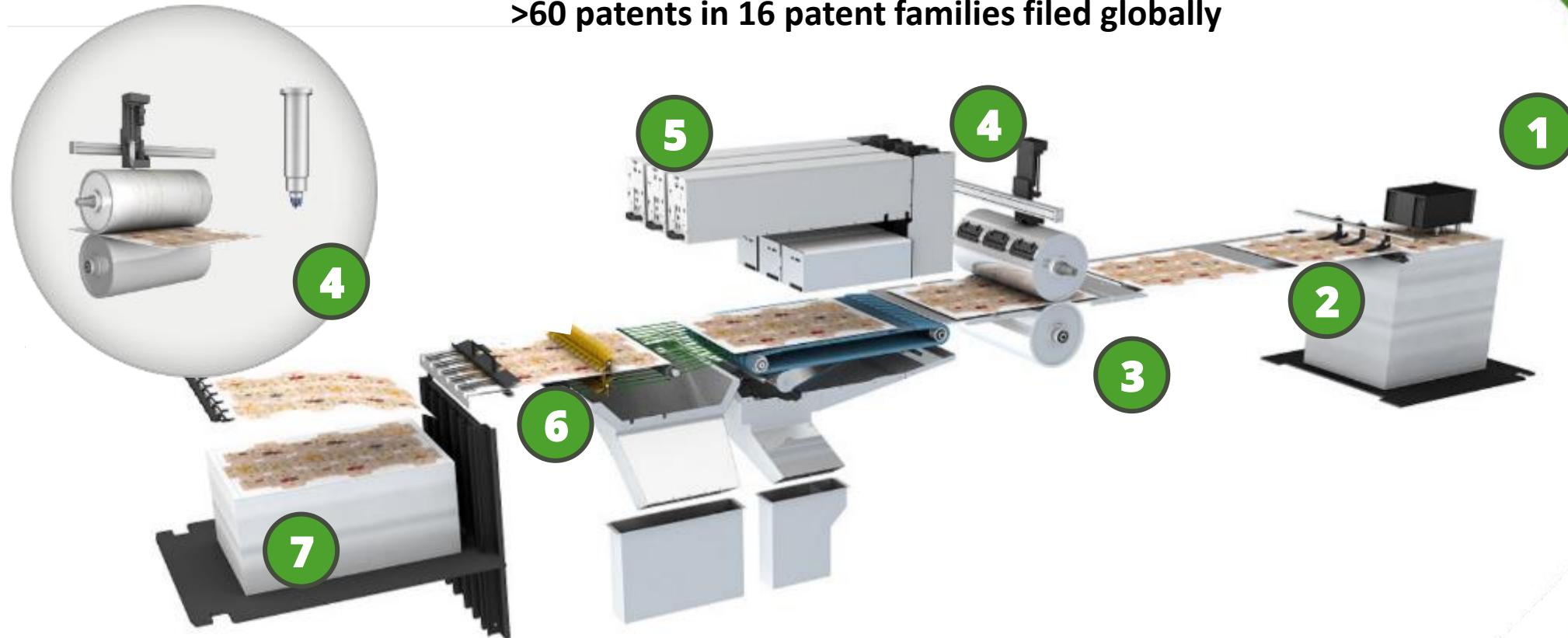


\$7B

Digital Finishing  
Equipment Opportunity

# Robust IP

>60 patents in 16 patent families filed globally



**1** Feeding system

**5** Laser system (cutting)

**2** Registration (mechanical)

**6** Digital stripping

**3** Advanced registration

**7** Stacking system

**4** DART station (creasing)

# Robust Solution Portfolio - ASP FROM \$600K - \$2.2M



## SHORT RUNS

### CORRUGATED



1mm - 3mm  
flutes

Highcon Euclid 5C  
2250 B1

### FOLDING CARTON

200 - 600  $\mu$



Highcon Euclid 5S  
2750 SPH B2

Highcon Euclid 5  
2250 SPH B1 / 2750 B2

## MEDIUM TO LONGER RUNS

Highcon  
Beam 2C

Highcon  
Beam 2C  
Nonstop



1mm - 4mm  
flutes

4000 SPH B1



200 $\mu$  - 2mm  
flutes



Highcon Beam 2  
5000 SPH B1

# 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

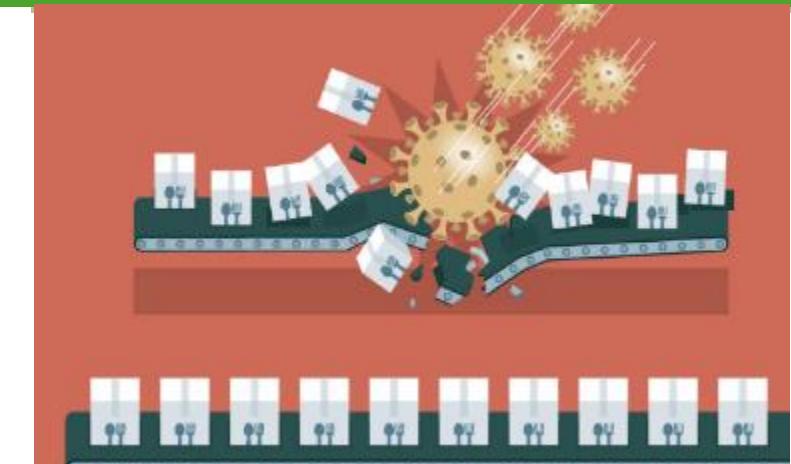
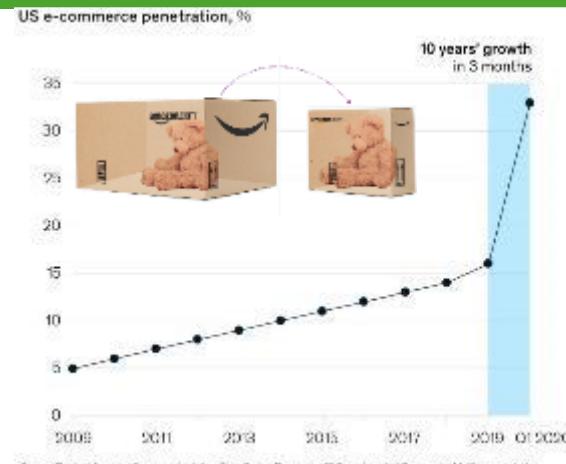
### 2. SUSTAINABILITY

- Supply chain efficiency
- Major companies commit to sustainable packaging



### 3. MANUFACTURING EFFICIENCIES

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



# 5 Mega Market Trends

## Driving The Need For A Disruptive Finishing Solution

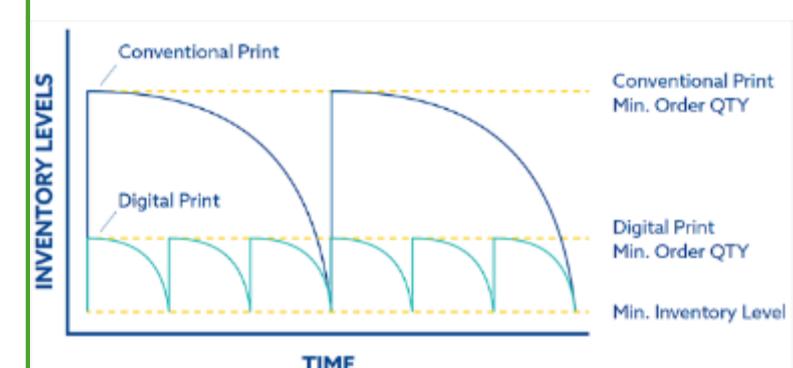
### 4. DESIGN CREATIVITY

- 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?](#)



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# STRONG ORGANIZATION



PRODUCTION

# Highcon Management



**Shlomo Nimrodi**  
CEO

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



**Michal Levi**  
CFO

Orbotech, NaanDanJain, Negevtech, PWC



**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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# CUSTOMER PERFORMANCE



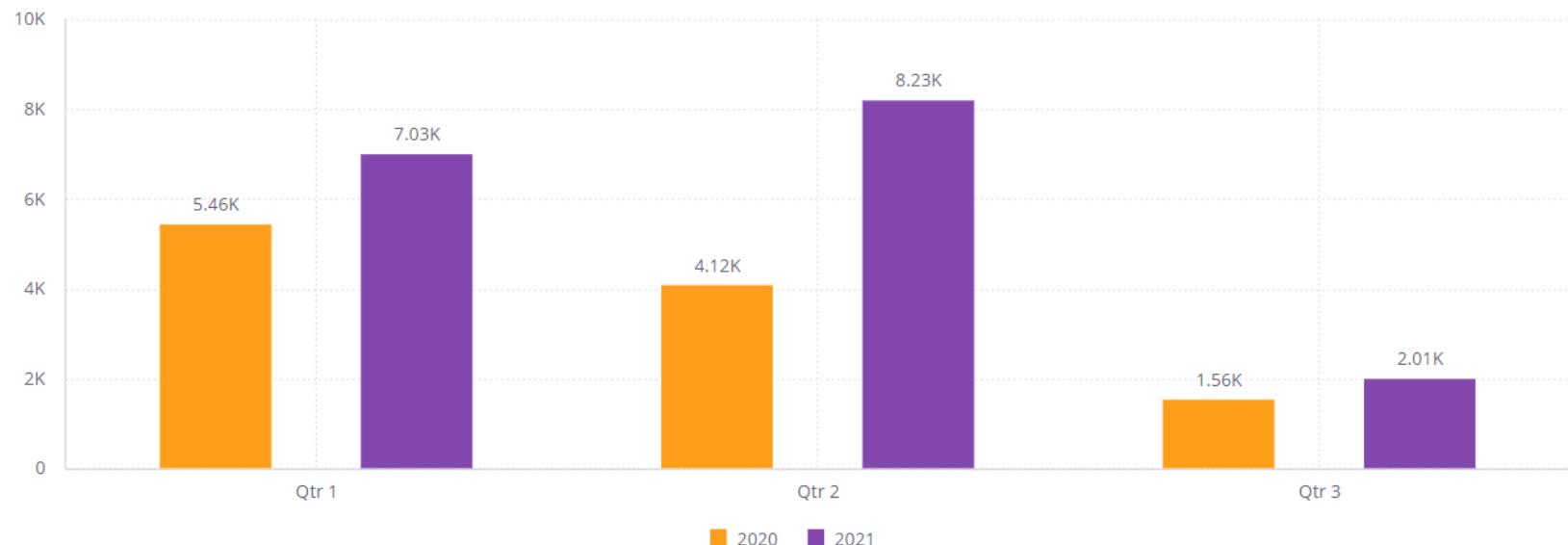
# # of Jobs Growth YTD

17,272 Jobs YTD

Jobs YTD vs Last Year

+55%

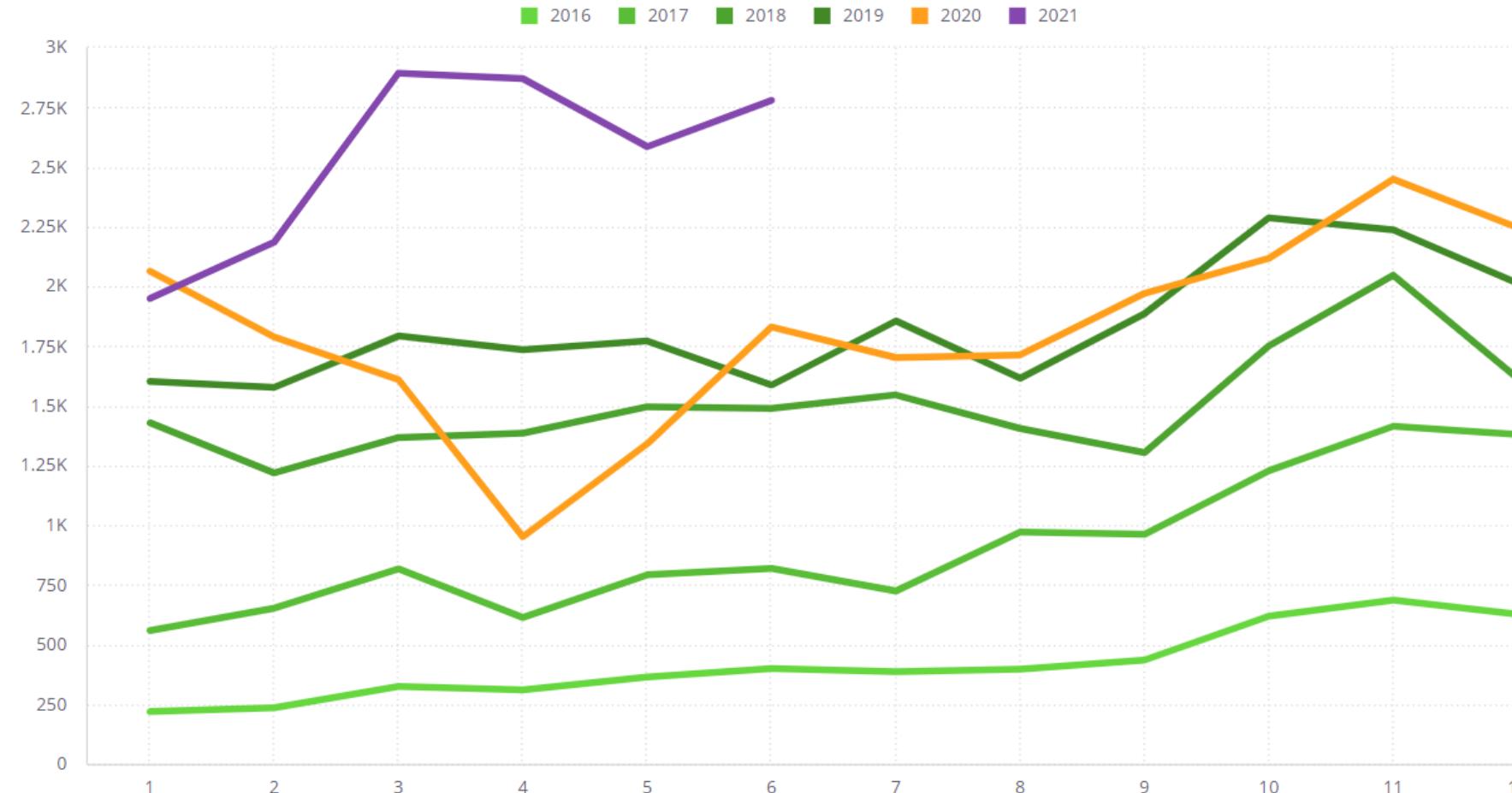
Production Trends YoY - Jobs#



# # of Jobs Growth Year over Year

## All Installed Base

Production Trends YoY Jobs



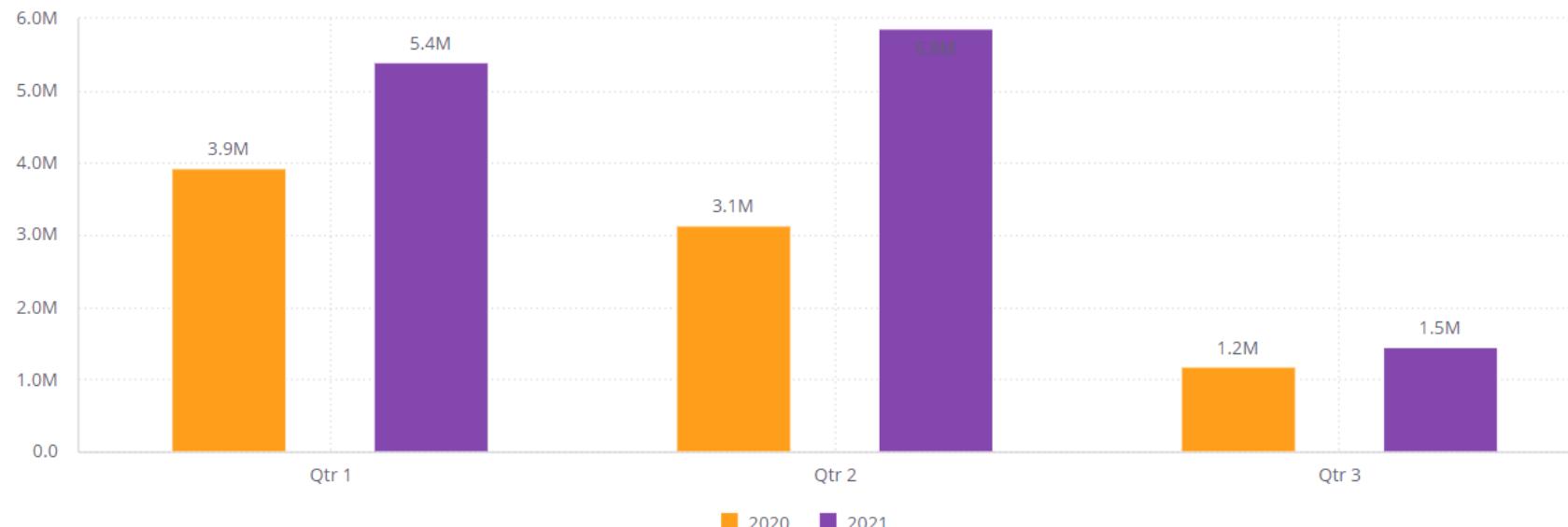
# # of Sheets Growth YTD

12,714,062 Sheets YTD

Sheets YTD vs Last year

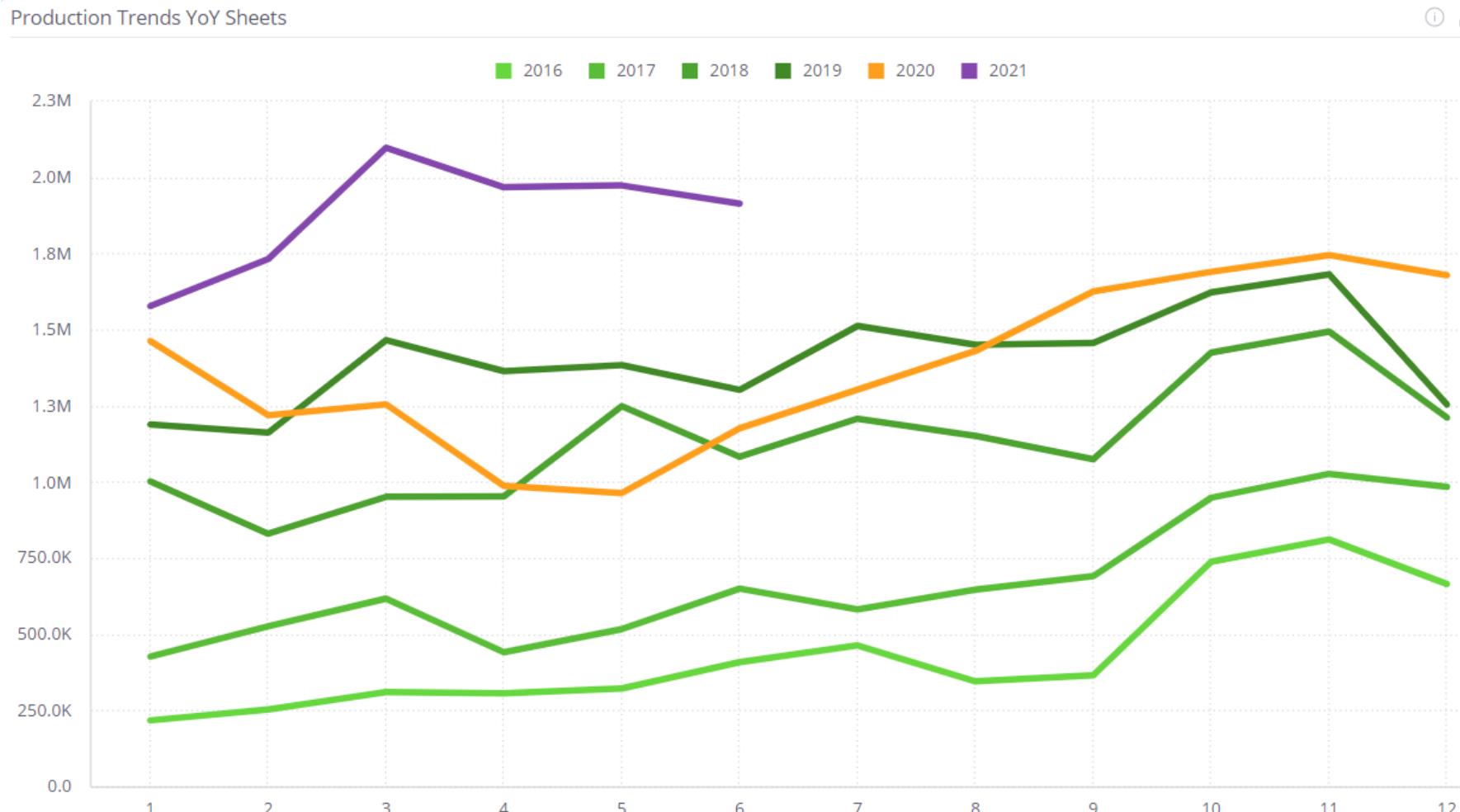
+54%

Production Trends YoY Sheets

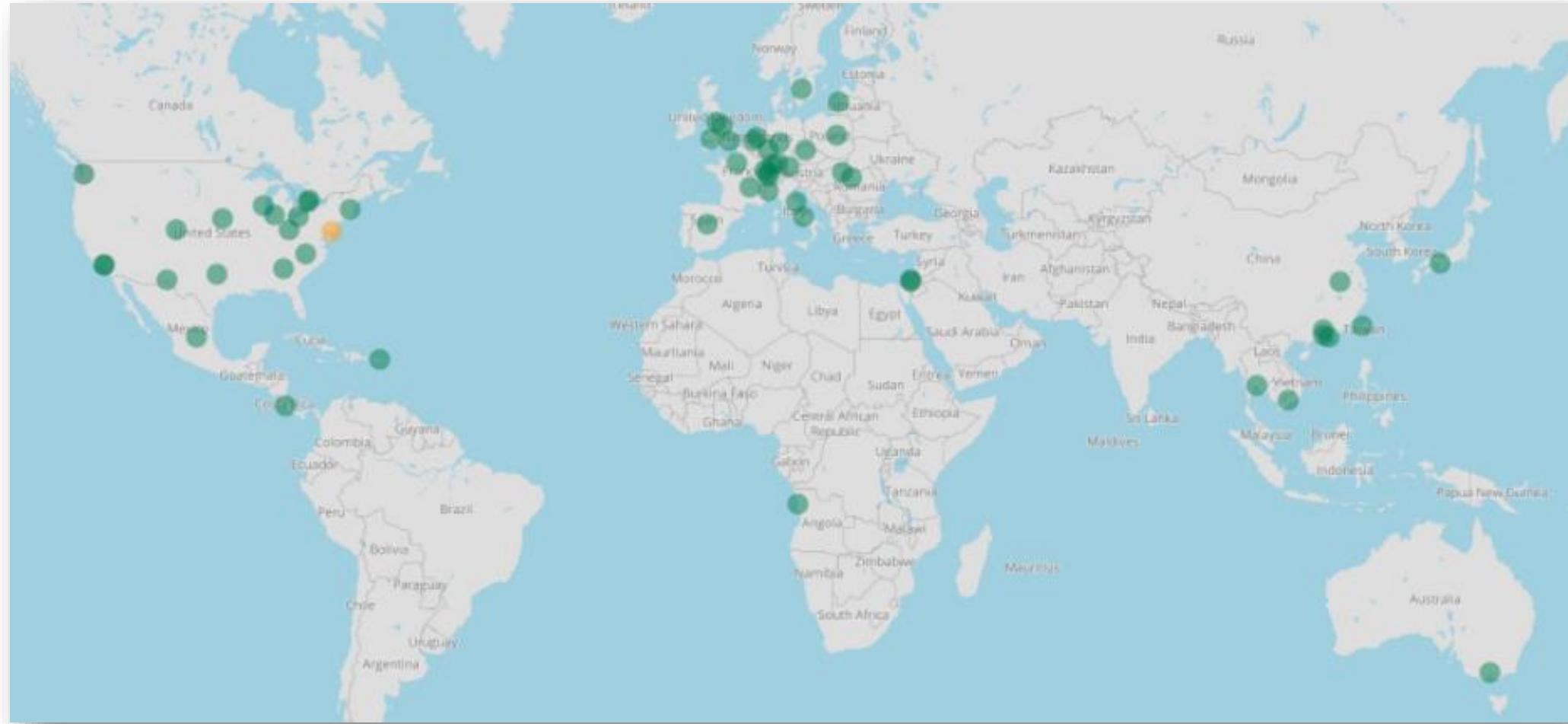


# # of Sheets Growth Year over Year

## All Installed Base



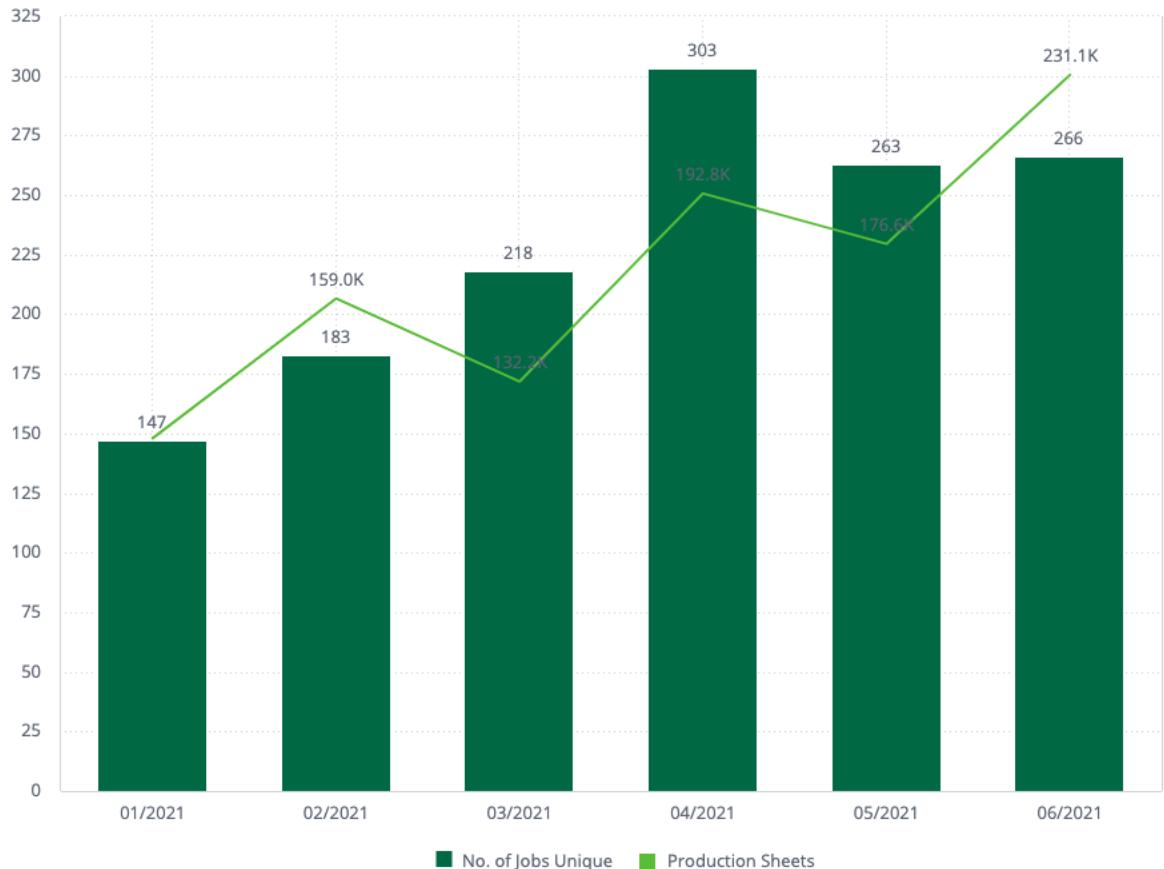
# Current Installed Base – World MAP



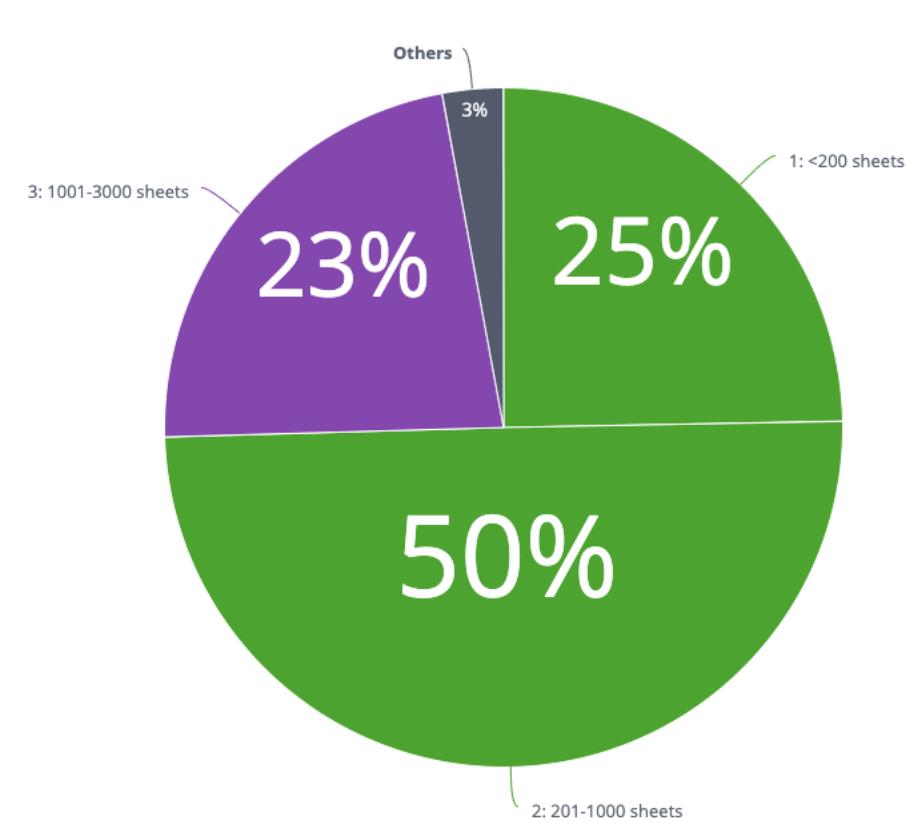
# Customer A - Beam2 FC - 6 locations in the US

Second machine in 12 months

## Volume Ramp Up



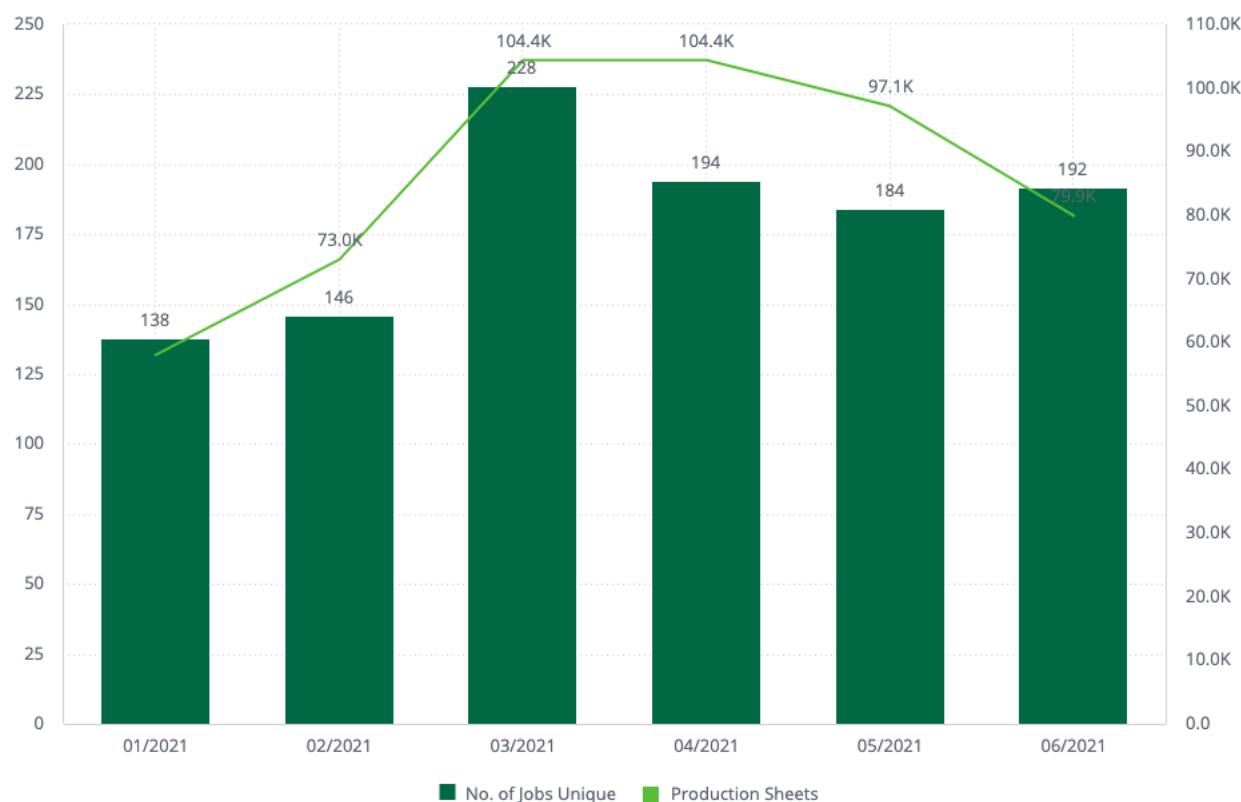
## Jobs Length Mix



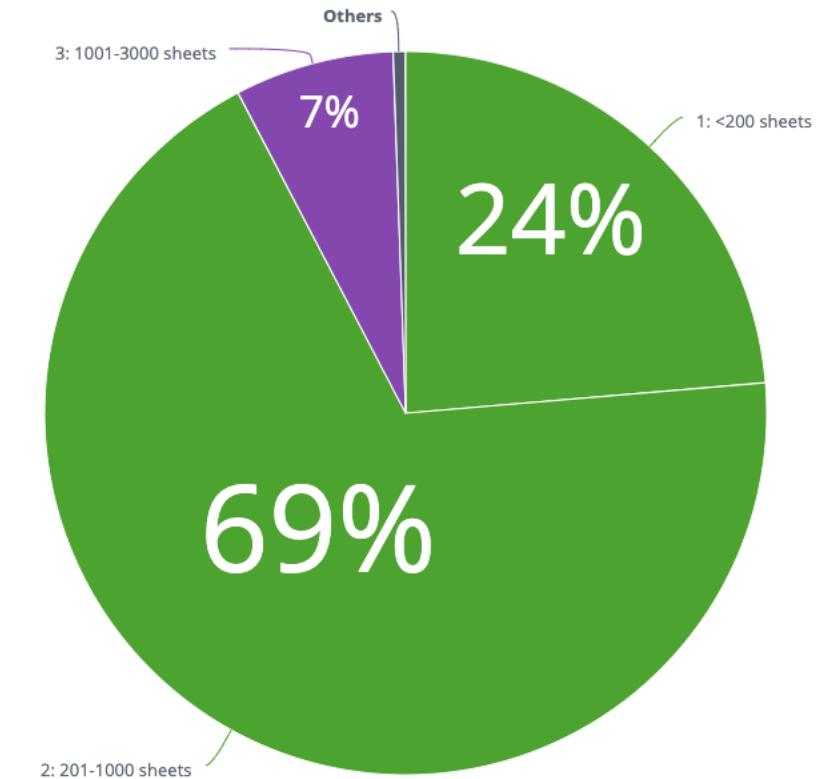


# Customer B - Beam 2 - UK

## Volume Ramp Up



## Jobs Length Mix



# Fast Ramp-up

Video: <https://youtu.be/ZIL-z5O86K0>



# Display



THIMM Pack'n'Display

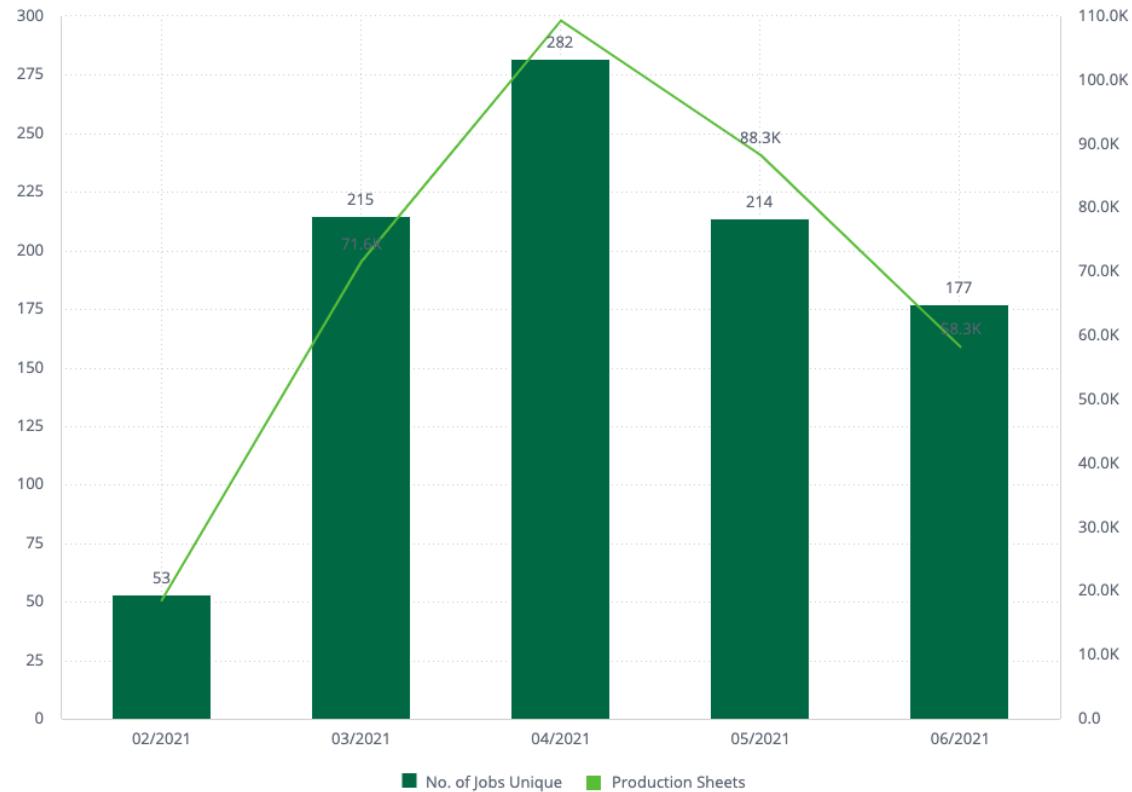


Linney

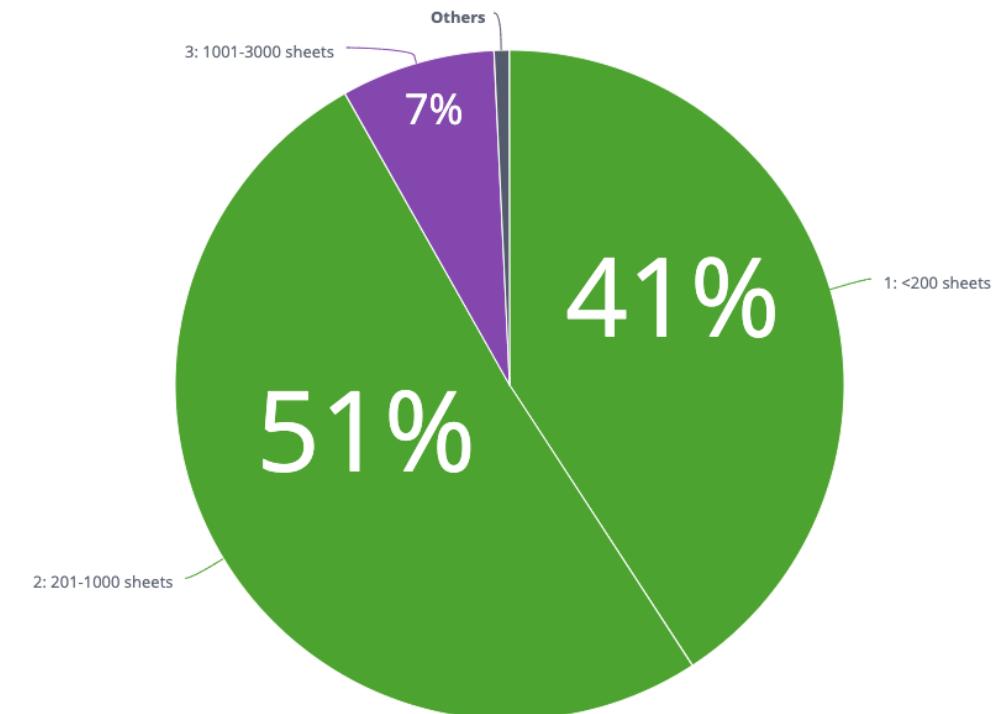
# Customer C - Euclid5C

Purchased Three Systems in 6 months - ~\$4M

Jobs Volume



Jobs length distribution





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# Customers - H1



Highcon Operator @ Boxes Inc



Customized inserts @ Boxes Inc



Aperture boxes @  
Delga Group



Highcon Team @ SuperCorrExpo  
August 2021

# Fireside Chats



*"We are pretty loyal actually. So if you have a look here, it's a big Heidelberg house. It's a big HP house. **You know hopefully it'll be a big Highcon house.**"*

Charles Linney, W&J Linney



*"Had we known how well it would all come together and how quickly, I think we would have made this decision at least a year ago. So the main learning is **I wish we had made the decision a year earlier.**"*

Richard Brown, The BoxMaker



***"The post-sale service & support we've had from Highcon is phenomenal. I don't think we've ever experienced that anywhere else with any other investment"***

Ian Conetta, Delga Group

# More quotes

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***“4-5 months in, Highcon is definitely a game changer. We’re even running a larger average order size than we originally anticipated.***

*Richard Brown, The BoxMaker*

***“It allows us to deliver on time, on quality and on cost”***

*Charles Linney, W&J Linney*

***“First & foremost the Highcon offers a reduction in waste, removes the need for mass production allowing customers to have shorter stock to hold... any machine that gives flexibility, versatility in a manufacturing environment has to have an impact on sustainability. (Sustainability) isn’t just a trend any more”***

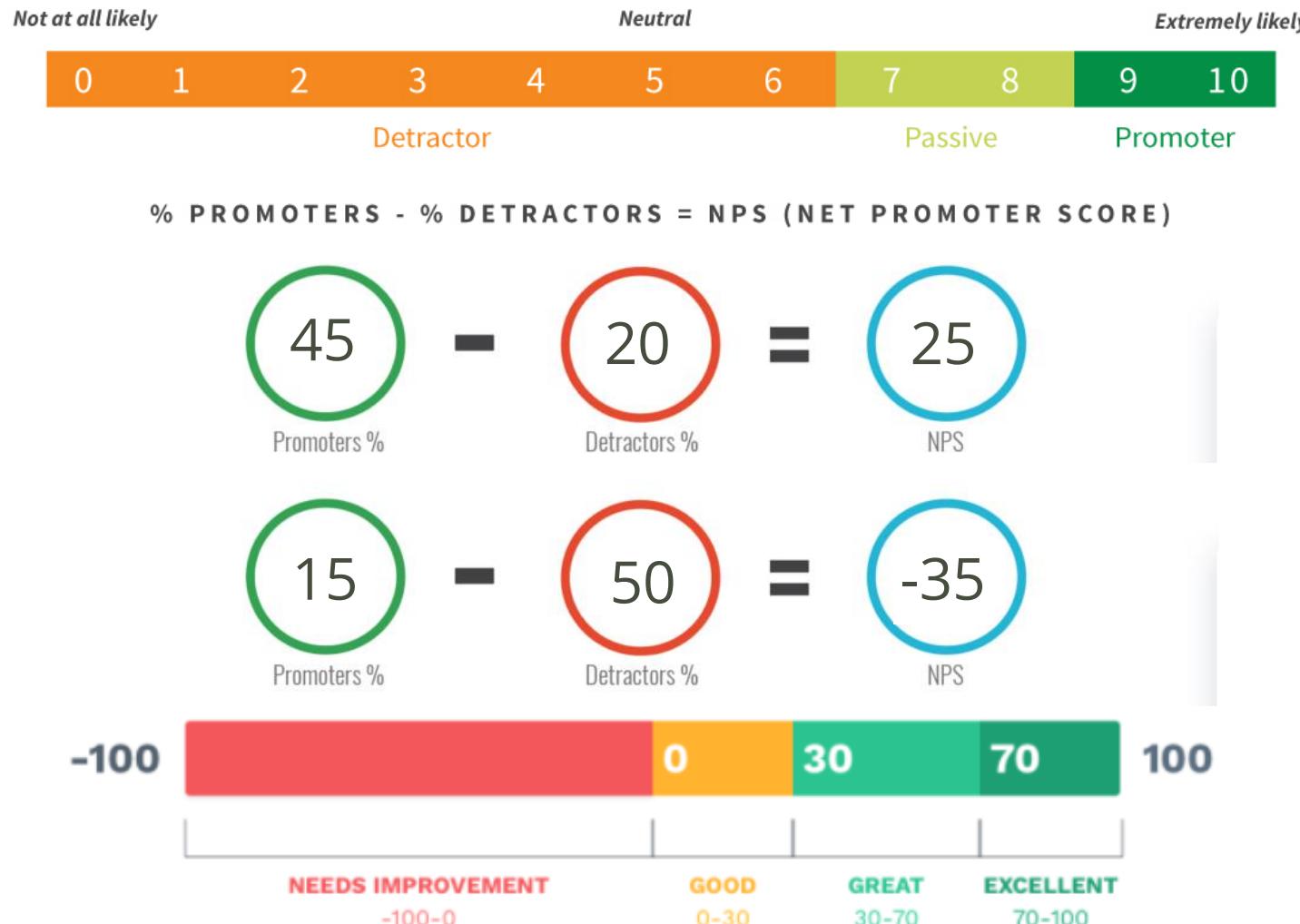
*Ian Conetta & Rob Austin, Delga Group*



# 2021 CUSTOMER SURVEY



# Net Promoter Score

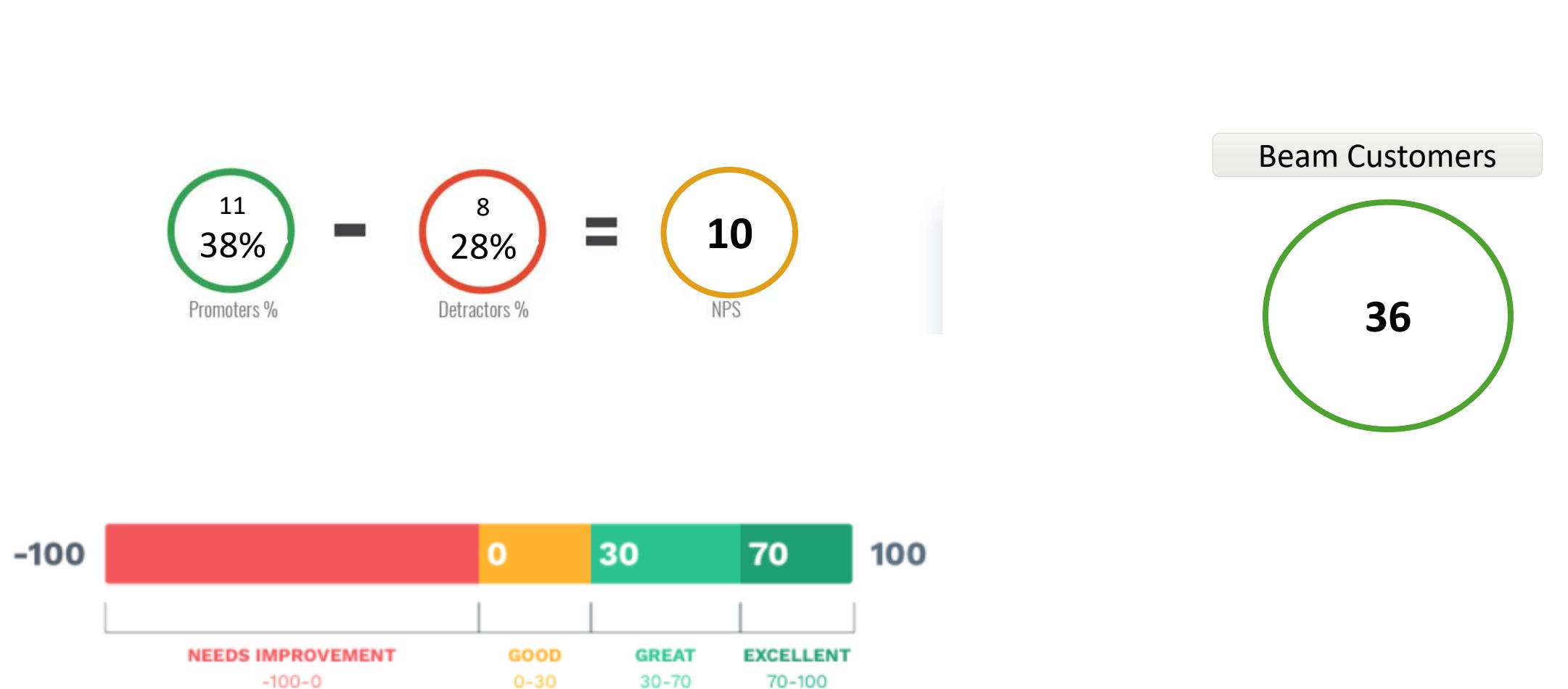


Net Promoter Score, or NPS, measures customer experience and predicts business growth. This proven metric transformed the business world and now provides the core measurement for customer experience management programs around the world

**How likely is it that you would recommend [brand] to a friend or colleague?**

# Highcon NPS Result

## Net Promoter Score





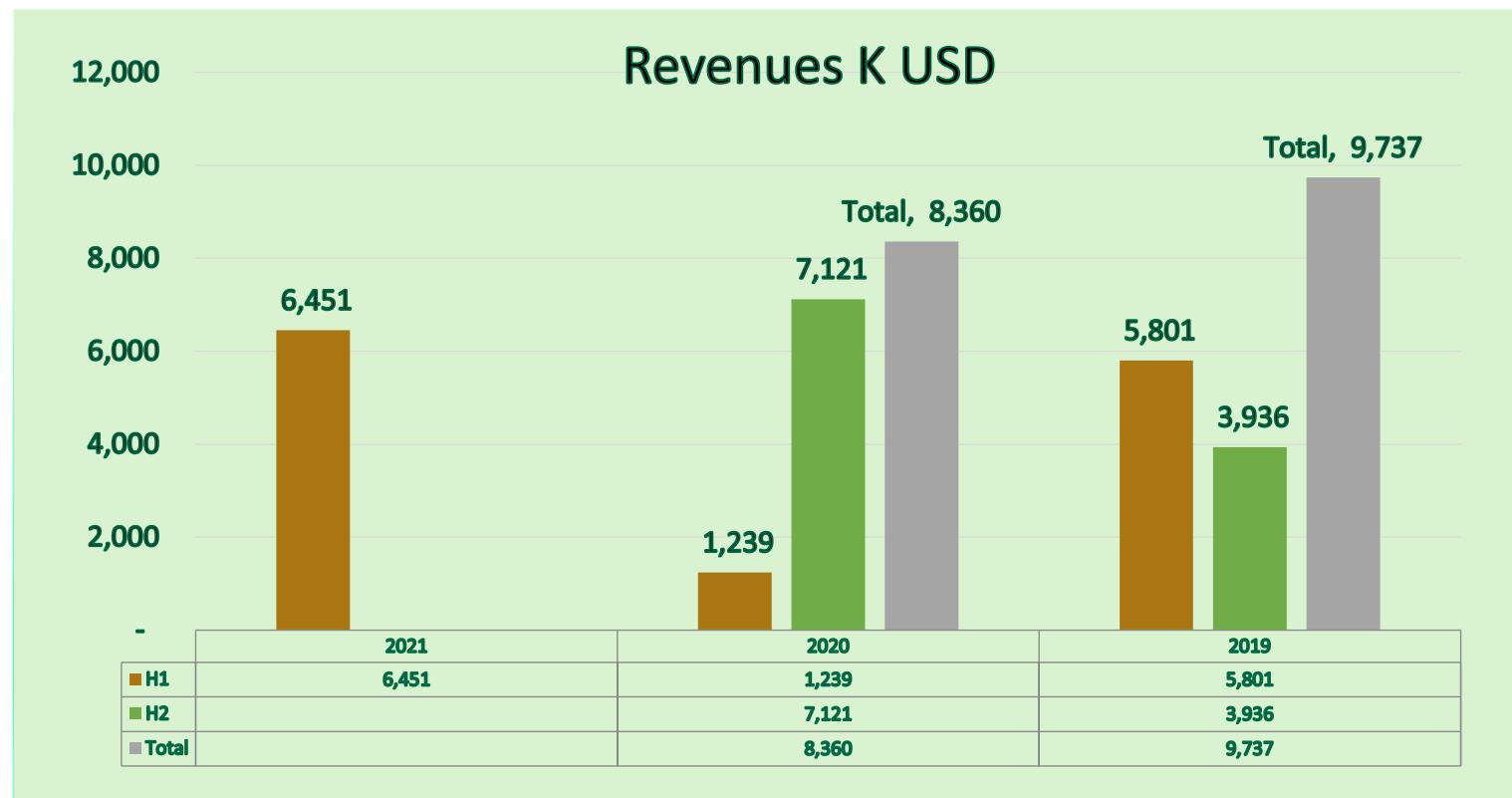
# H1 2021 FINANCIAL HIGHLIGHTS



# Revenues H1 2021 Compared to 2020/ 2019

Last 12 months Ended June 21 - \$13.6M

H1 2021 Compared to H1 2020 - Increase of 420%



# Profit & Loss Statement - NON-GAAP

NON-GAAP – Excluding ESOP Expenses - \$2.6M H1 21 compared to \$0.1M H1 20

	6 months ended June 2021	6 months ended June 2020
	USD' 000	
<b>Revenues</b>	6,451	1,239
Gross Profit (loss)	<b>553</b>	<b>-705</b>
% Margin	8.6%	-56.9%
<u>Operating Expenses:</u>	8,156	6,287
<b>Operating Loss</b>	<b>7,603</b>	<b>6,992</b>
<b>Net Loss</b>	<b>8,831</b>	<b>8,042</b>



# Profit & Loss Statement - IFRS

	6 months ended June 2021	6 months ended June 2020
	USD' 000	
<b>Revenues</b>	6,451	1,239
Gross Profit (loss)	<b>553</b>	<b>-713</b>
% Margin	8.6%	-57.5%
<b>Operating Expenses:</b>	10,738	6,363
<b>Operating Loss</b>	<b>10,185</b>	<b>7,076</b>
<b>Net Loss</b>	<b>11,413</b>	<b>8,126</b>



# Balance Sheet - Highlights

## Cash & Short Deposits

- June 21: \$32.3M
- June 20: \$1.6M



## Inventory

- June 21: \$6.4M
- June 20: \$8.2M



## Current Liabilities

- June 21: \$9M June 20: \$12.9M

## Long Term Liabilities

- June 21: \$4.1M June 20: \$7.2M



# Balance Sheet - Assets

- Year-end Dec 2020 cash reflects the IPO proceeds.
- CAPEX increased by \$1.5M, following an inventory allocation to R&D.
- Inventory - Reflects \$3.4M Raw materials; FG \$1.5M; WIP \$1.5M


  
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	6/30/21	12/31/20	6/30/20
	USD'000	USD'000	USD'000
	Reviewed	Audited	Reviewed
<b>CURRENT ASSETS</b>			
Cash and equivalents	24,549	47,535	1,604
Short term deposit	7,669	-	-
Account Receivable	1,360	1,053	854
Other Receivable	1,333	1,097	1,044
inventory	<u>6,443</u>	<u>8,223</u>	<u>11,833</u>
	41,354	57,908	15,335
<b>NON CURRENT ASSETS</b>			
Restricted cash	184	664	720
Property and equipment, net	3,170	1,613	1,586
Long-term receivables	-	82	-
Right of use assets	516	722	1,010
Long-term deposit	<u>90</u>	<u>79</u>	<u>76</u>
	3,960	3,160	3,392
<b>TOTAL ASSETS</b>	<b>45,314</b>	<b>61,068</b>	<b>18,727</b>

40

# Balance Sheet - Liabilities

- Overall reduction due to:
- Payments to suppliers
- Repayment of long-term loan - \$4M
- Share Capital – Decrease from \$41M to \$32M; Stock based compensation increase of \$2.6M and decrease due to net loss (GAAP) \$11.3M.



## CURRENT LIABILITIES

Trade payables  
Short-term benefits to employees  
Other payables & accrued expenses  
Short-term loans & current maturities of Long-term Loans  
IIA - liability Short term  
Deferred Grant (Corona loans) Short-term  
Current maturities of lease liability

## NON CURRENT LIABILITIES

Loans Long term  
IIA - liability Long-term  
Other non current liabilities  
Deferred Grant (Corona loans) Long-term  
convertible loan  
Lease Liability Long-term  
Convertible item  
Accrued severance pay

## SHAREHOLDERS' EQUITY (Deficit)

	6/30/21 USD'000 Reviewed	12/31/20 USD'000 Audited	6/30/20 USD'000 Reviewed
Trade payables	2,982	4,653	5,368
Short-term benefits to employees	1,348	1,454	1,155
Other payables & accrued expenses	2,544	2,978	1,872
Short-term loans & current maturities of Long-term Loans	1,454	2,955	1,883
IIA - liability Short term	194	214	156
Deferred Grant (Corona loans) Short-term	153	154	268
Current maturities of lease liability	341	473	501
	9,015	12,881	11,203
 NON CURRENT LIABILITIES			
Loans Long term	643	3,641	3,945
IIA - liability Long-term	2,650	2,526	2,346
Other non current liabilities	-	82	-
Deferred Grant (Corona loans) Long-term	441	518	499
convertible loan	-	-	3,901
Lease Liability Long-term	369	396	660
Convertible item	-	-	142
Accrued severance pay	-	-	24
	4,103	7,163	11,517
 SHAREHOLDERS' EQUITY (Deficit)	<u><u>13,118</u></u>	<u><u>20,044</u></u>	<u><u>22,720</u></u>
	<u><u>32,196</u></u>	<u><u>41,024</u></u>	<u><u>(3,993)</u></u>
	<u><u>45,314</u></u>	<u><u>61,068</u></u>	<u><u>18,727</u></u>



# Questions & Answers

