



Highcon August, 2021

H1 2021 Results Investor Presentation

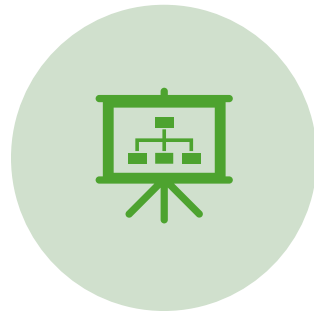
HIGHCON CONFIDENTIAL



Agenda



**HIGHCON – FOR
FIRST TIME VISITORS**



ORGANIZATION

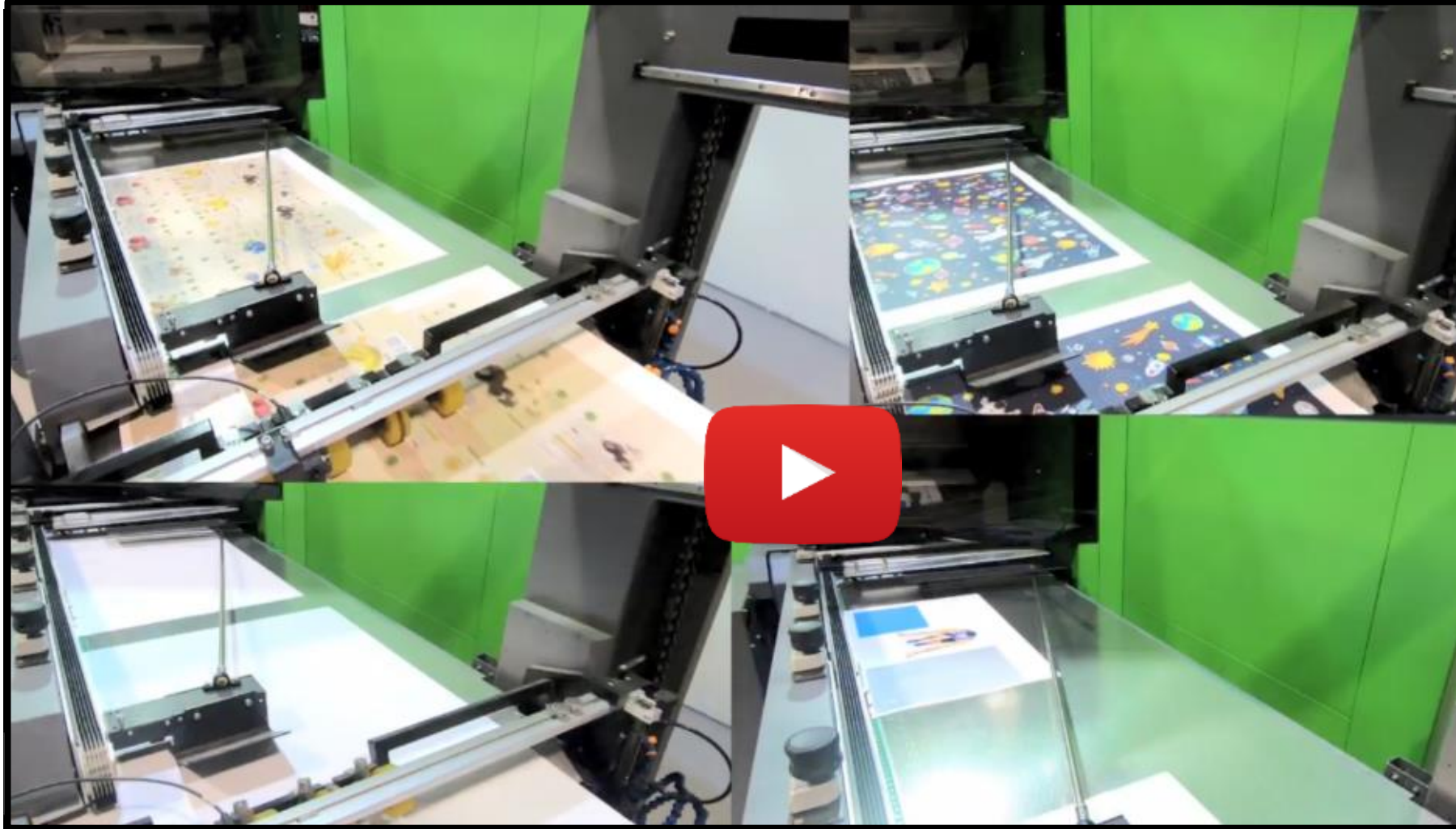


**RECENT
INSTALLATIONS**

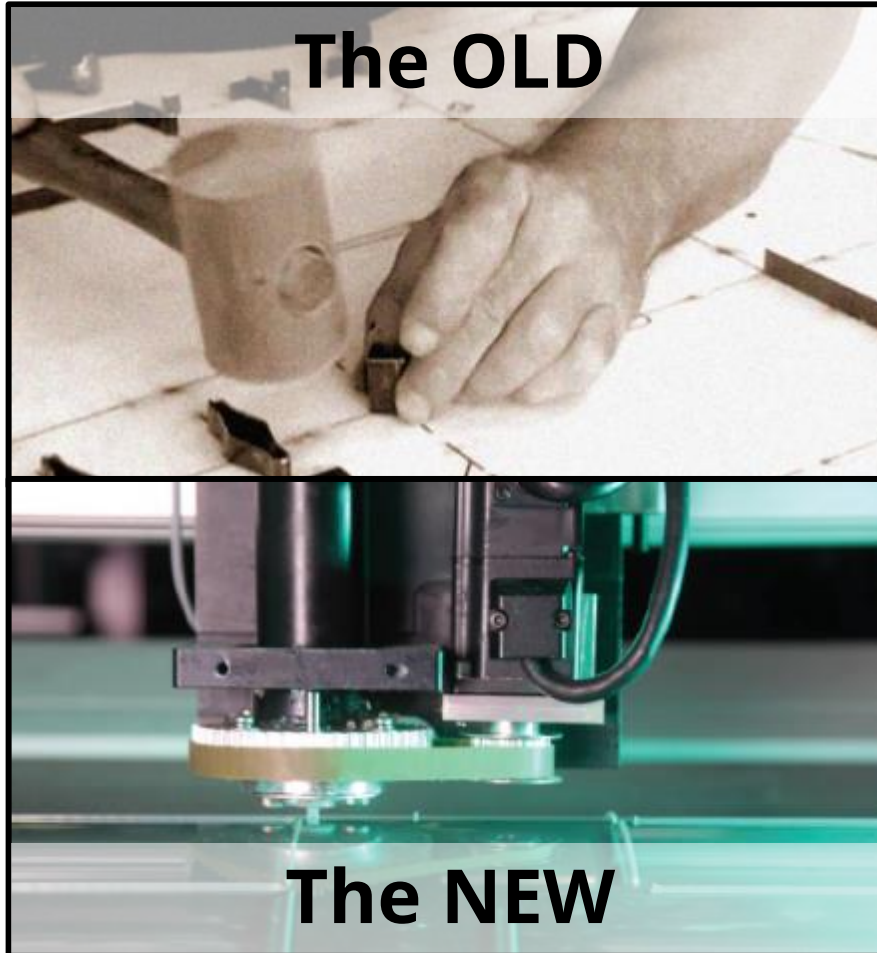


FINANCIALS

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

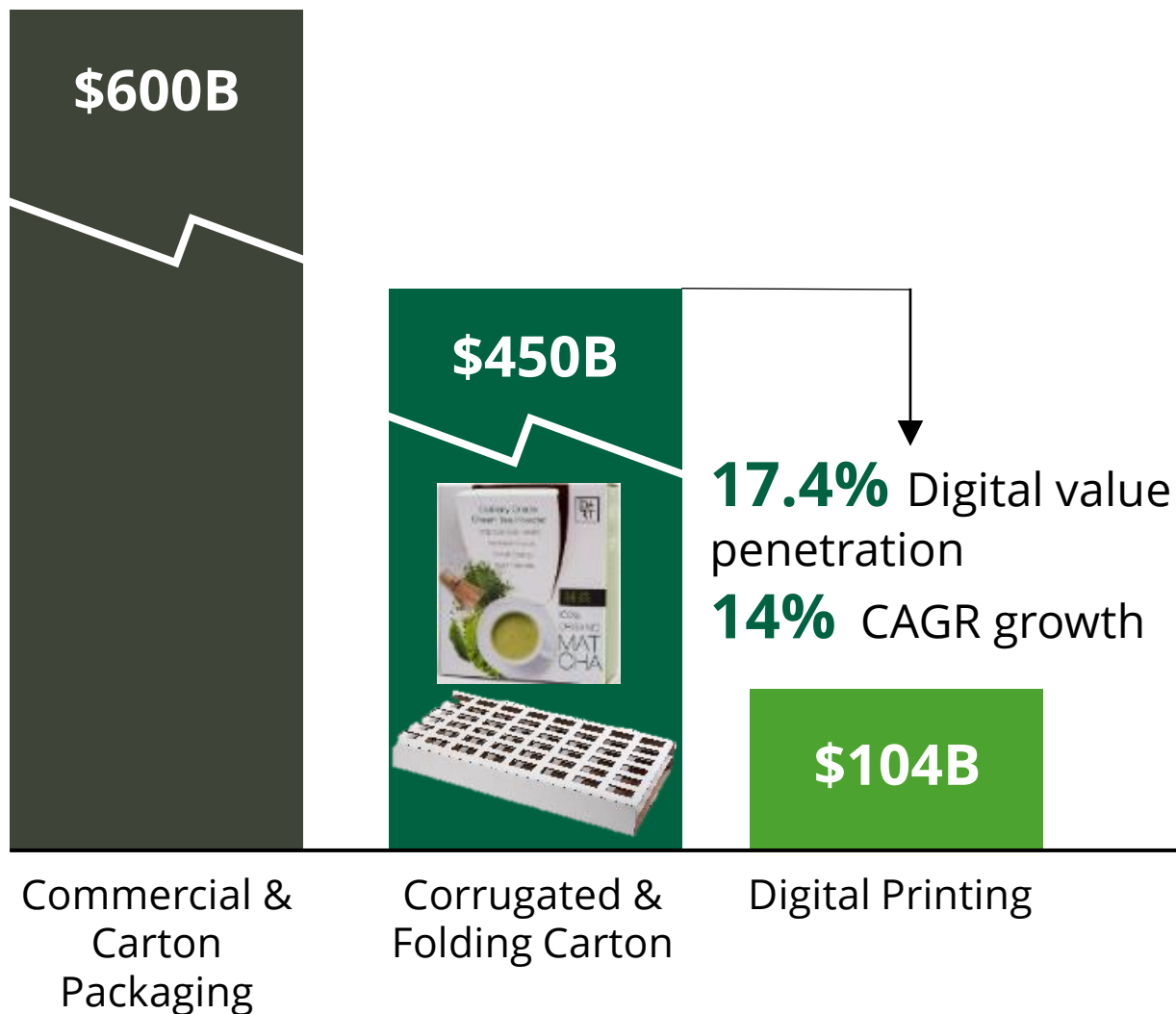
Backed by **>60**
global patents



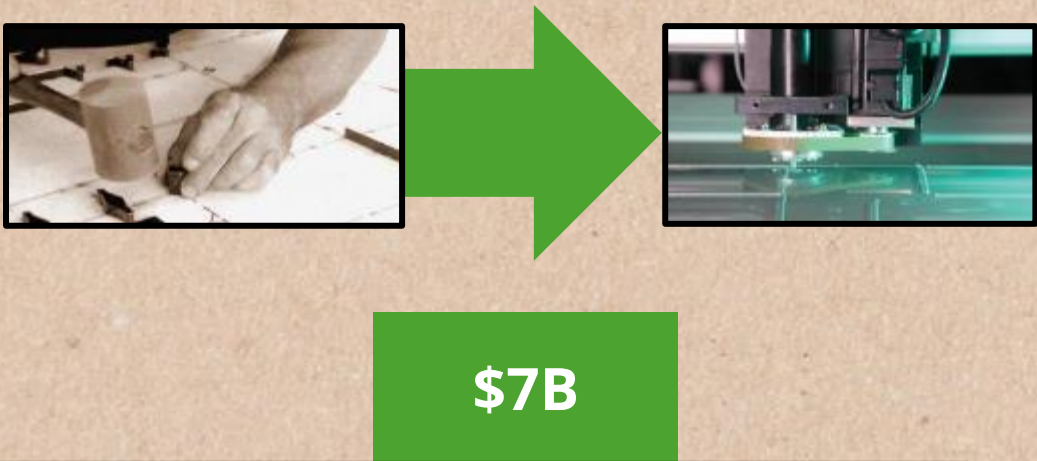
~65 installations

**Several multi-site
customers**

Huge Market In Early Transformation



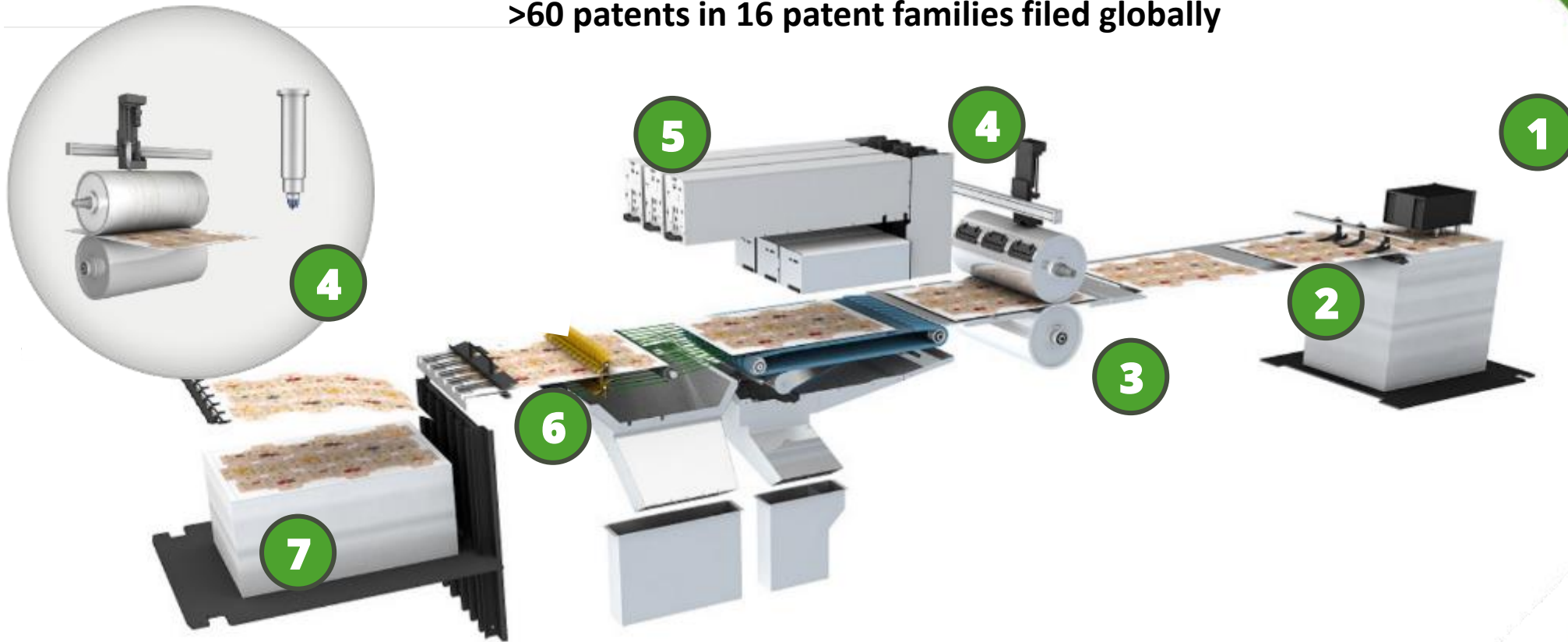
Mega trends
are moving the
industry to
Digital
Finishing



Digital Finishing
Equipment Opportunity

Robust IP

>60 patents in 16 patent families filed globally



1 Feeding system

2 Registration (mechanical)

3 Advanced registration

4 DART station (creasing)

5 Laser system (cutting)

6 Digital stripping

7 Stacking system

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



SHORT RUNS

CORRUGATED

1mm – 3mm
flutes



Highcon Euclid 5C
2250 B1

MEDIUM TO LONGER RUNS

1mm – 4mm
flutes

Highcon
Beam 2C



Highcon
Beam 2C
Nonstop



4000 SPH B1

FOLDING CARTON

200 – 600 μ



Highcon Euclid 5S
2750 SPH B2



Highcon Euclid 5
2250 SPH B1 / 2750 B2

200 μ – 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

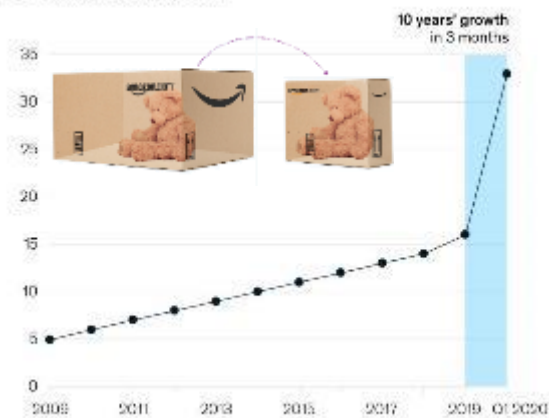
- Supply chain efficiency
- Major companies commit to sustainable packaging



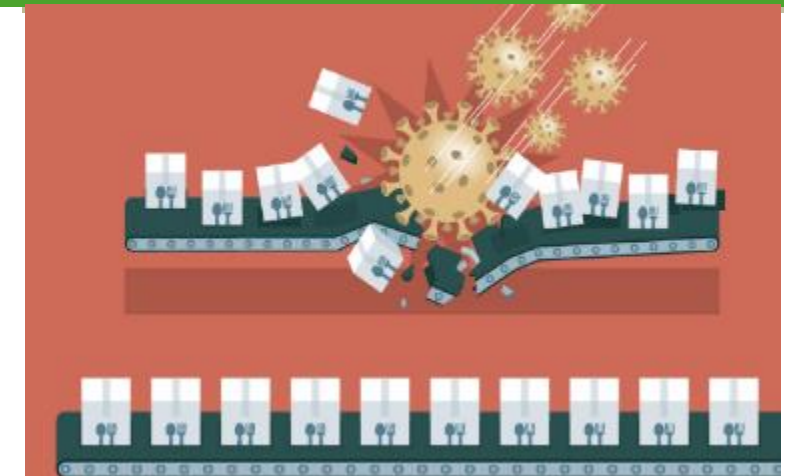
3. MANUFACTURING EFFICIENCIES

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

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

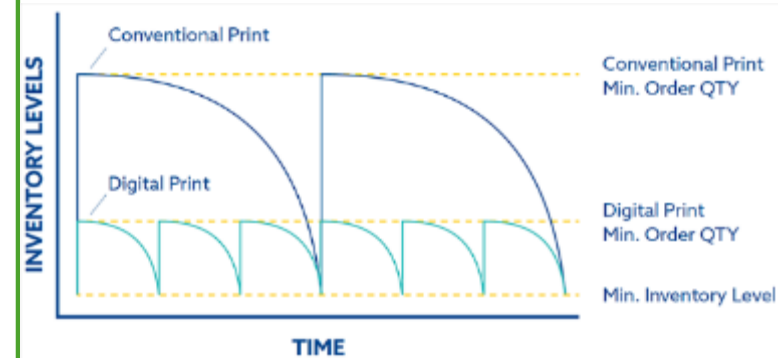
4. DESIGN CREATIVITY

- 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?](#)



Highcon

STRONG ORGANIZATION



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, Converse, 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.



CUSTOMER PERFORMANCE



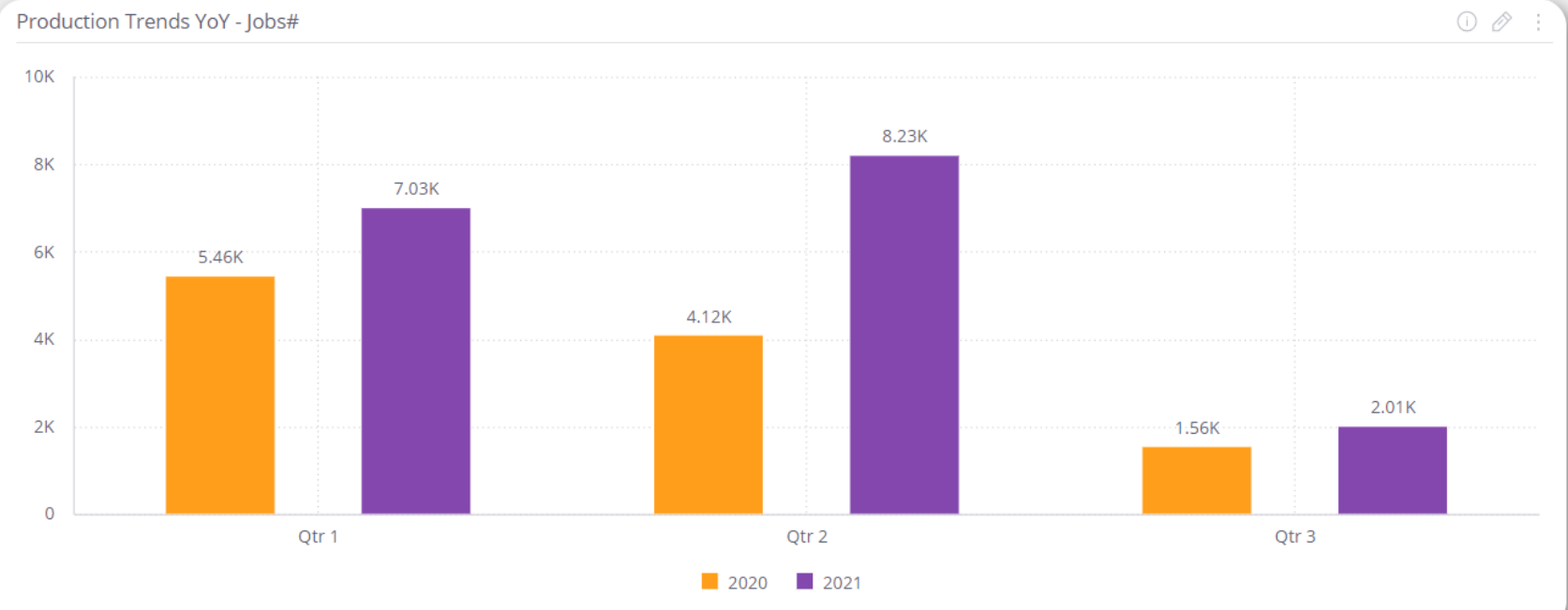
of Jobs Growth YTD



17,272 Jobs YTD

Jobs YTD vs Last Year

+55%

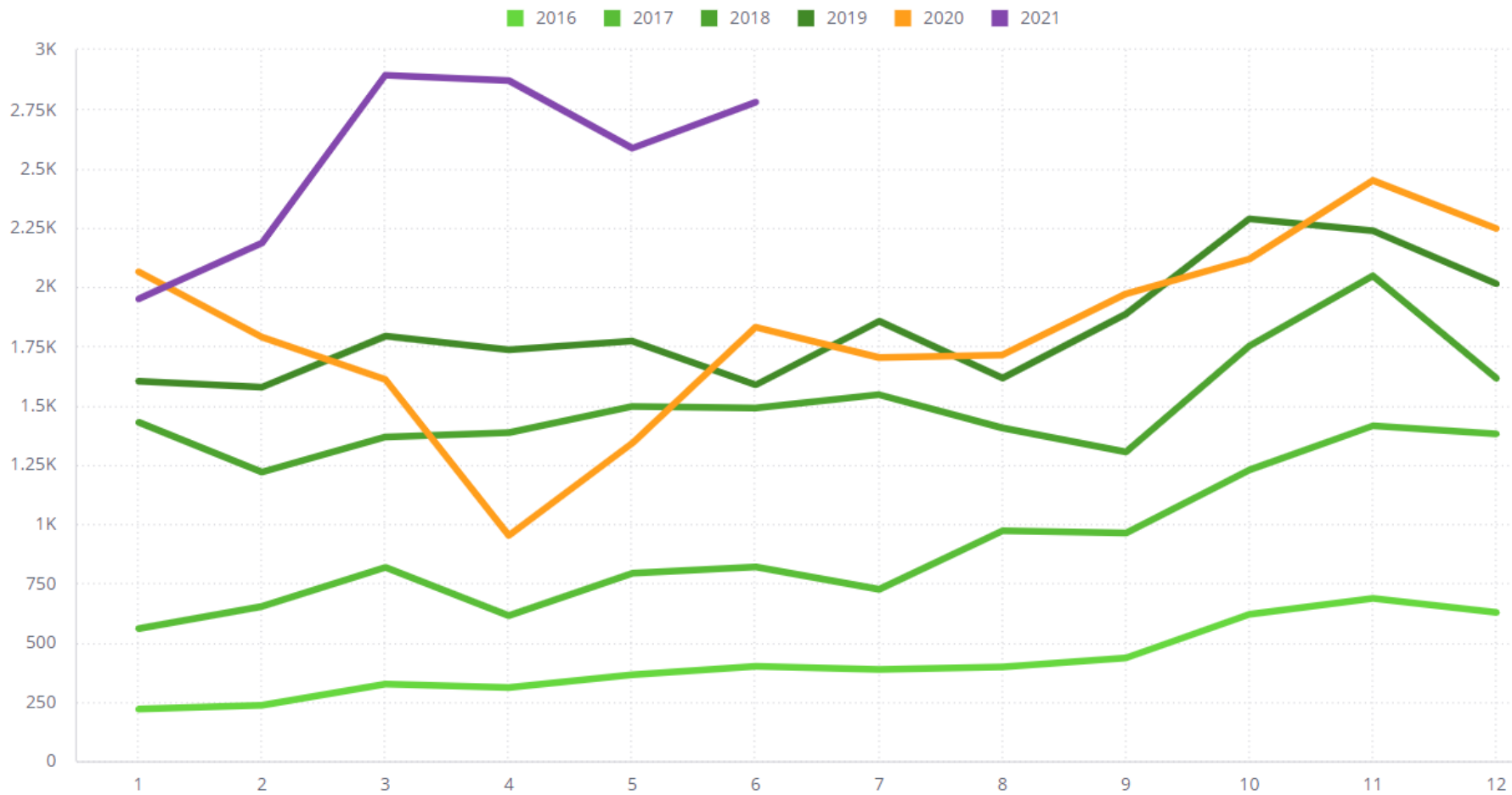


of Jobs Growth Year over Year

All Installed Base



Production Trends YoY Jobs



of Sheets Growth YTD



12,714,062 Sheets YTD

Sheets YTD vs Last year

+54%

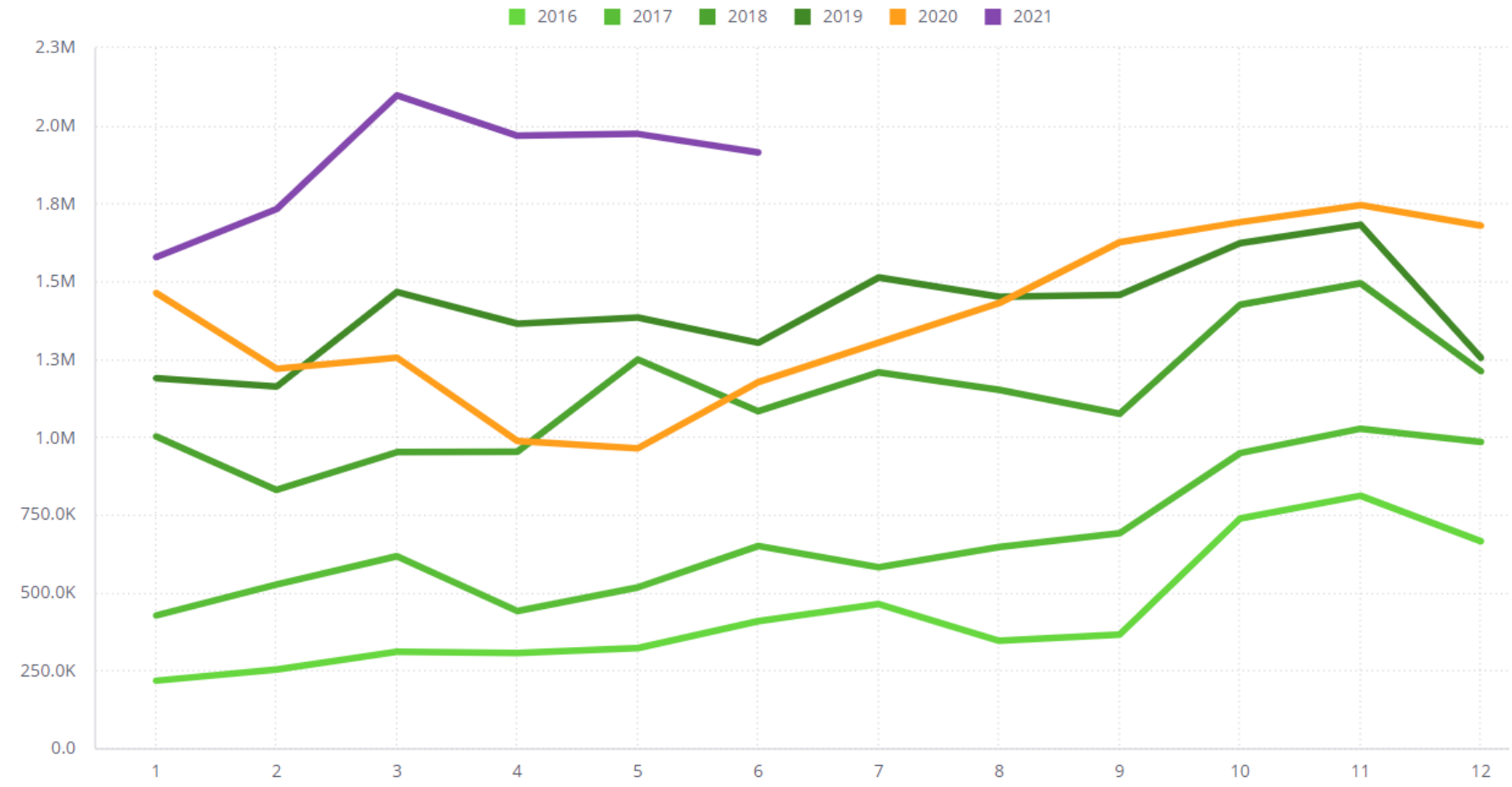


of Sheets Growth Year over Year

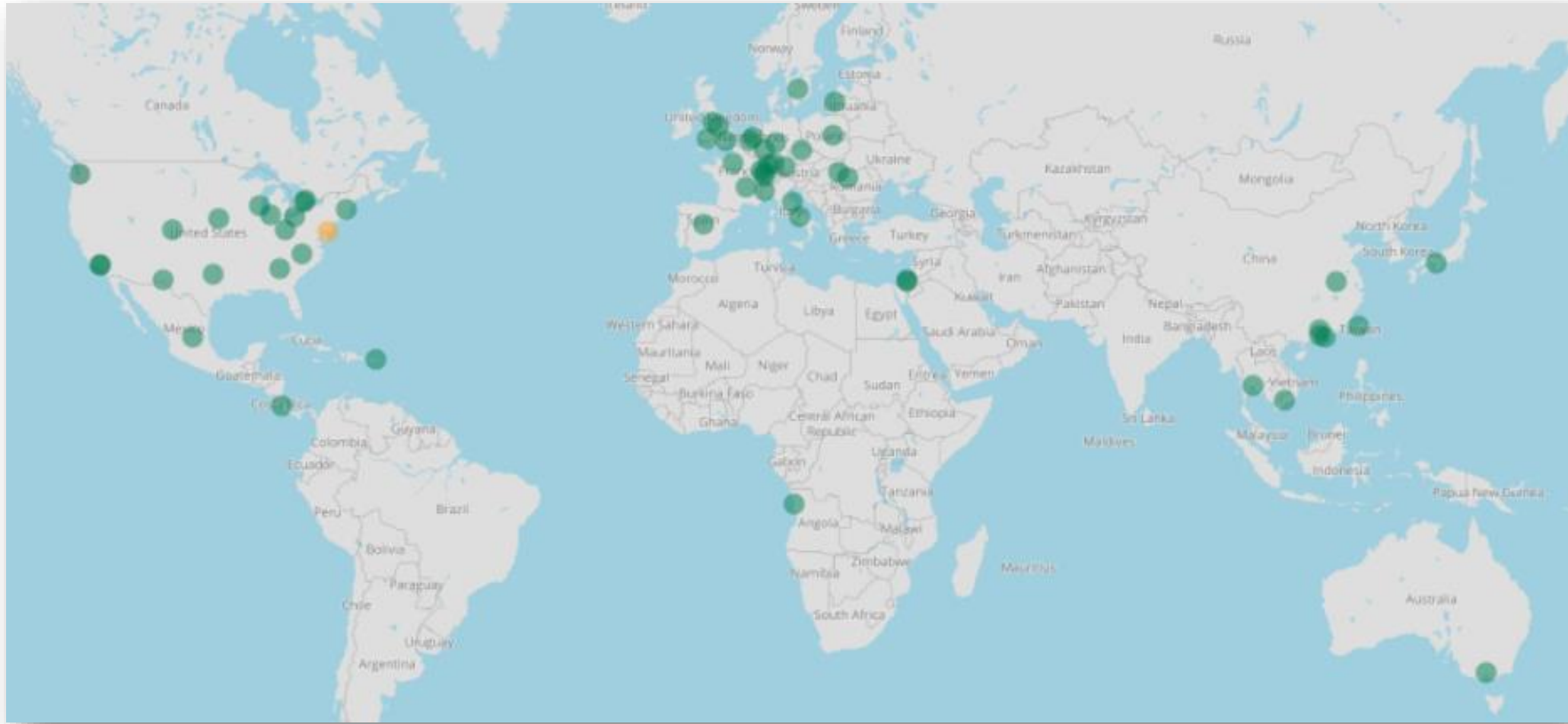
All Installed Base



Production Trends YoY Sheets



Current Installed Base – World MAP

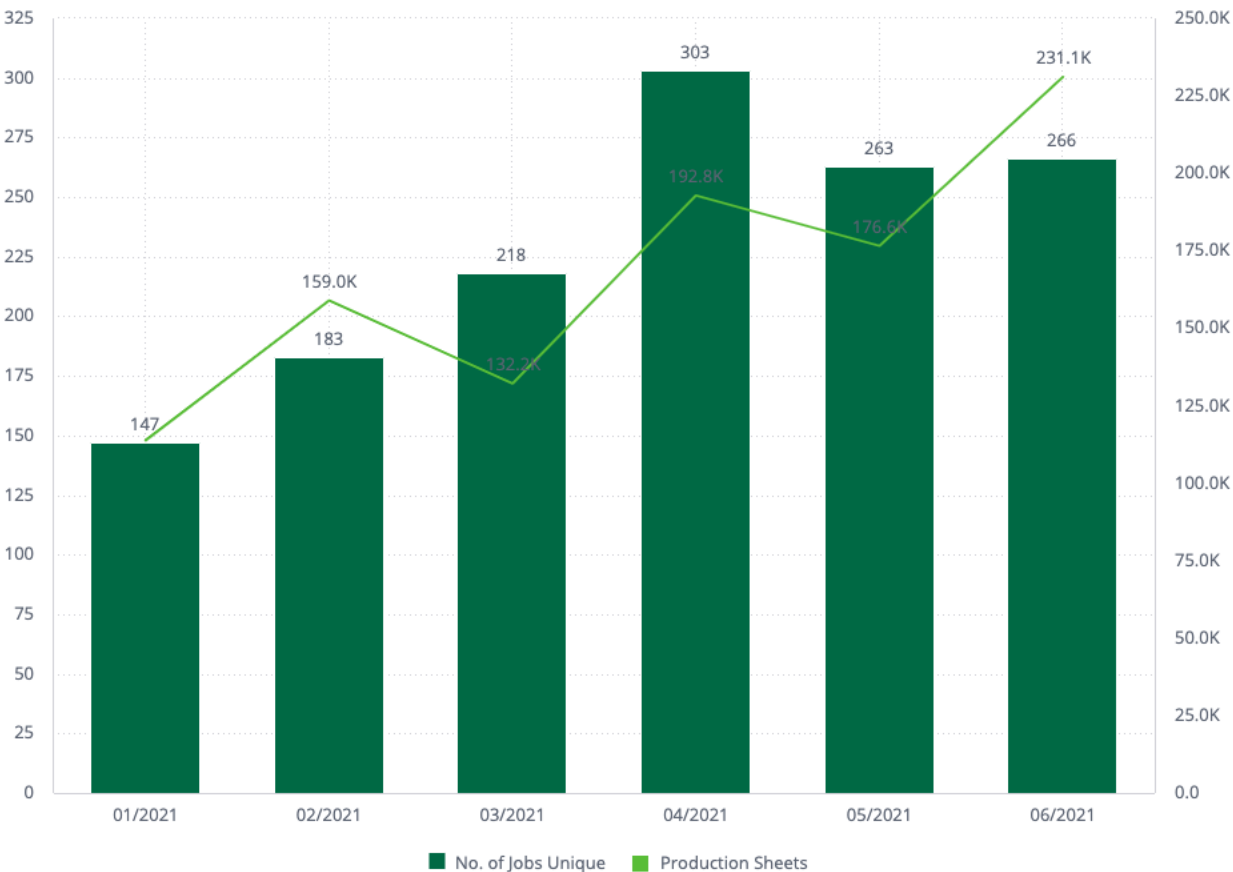


Customer A – Beam2 FC – 6 locations in the US

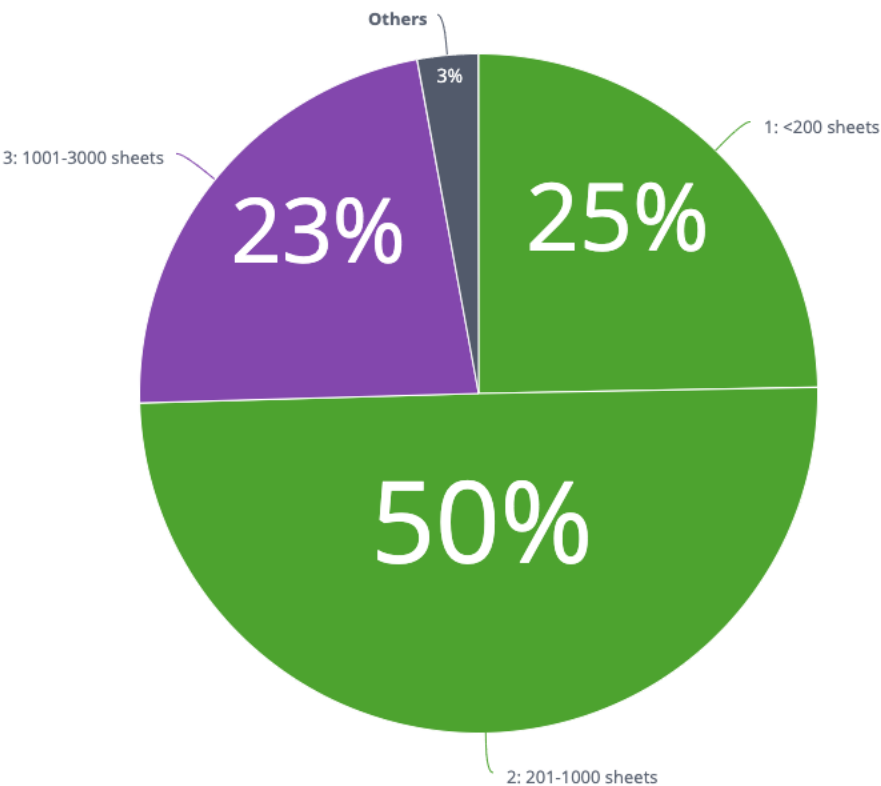


Second machine in 12 months

Volume Ramp Up



Jobs Length Mix

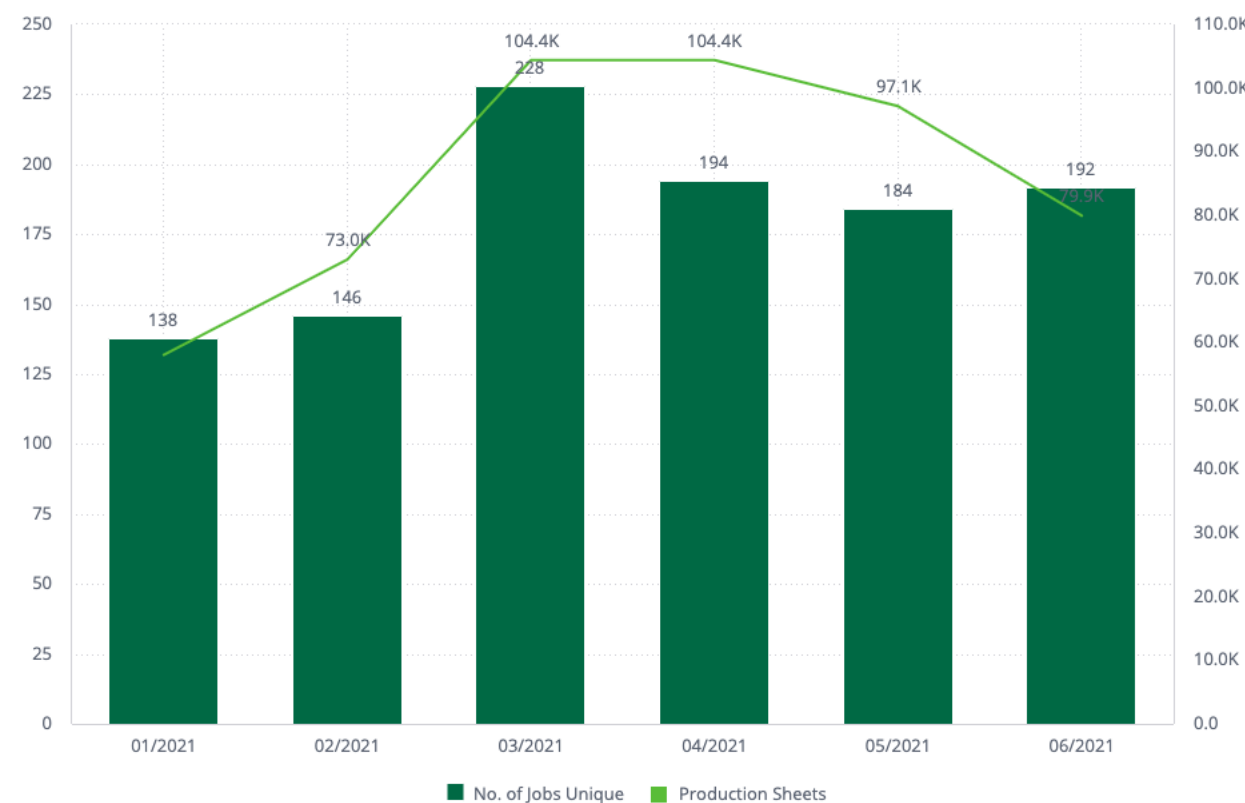




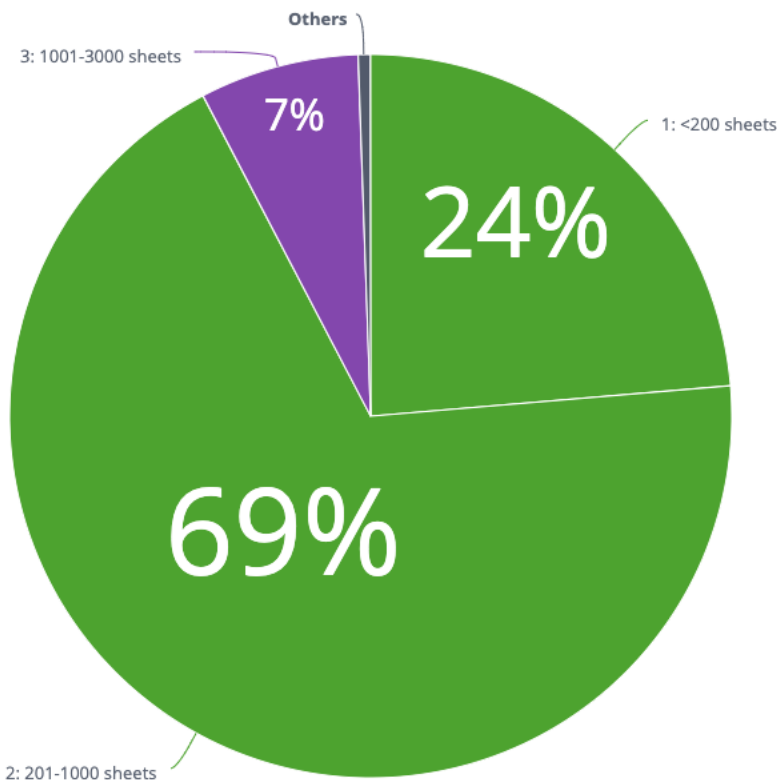
Customer B – Beam 2 - UK



Volume Ramp Up



Jobs Length Mix



Fast Ramp-up

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



HIGHCON CONFIDENTIAL

Display



THIMM Pack'n'Display

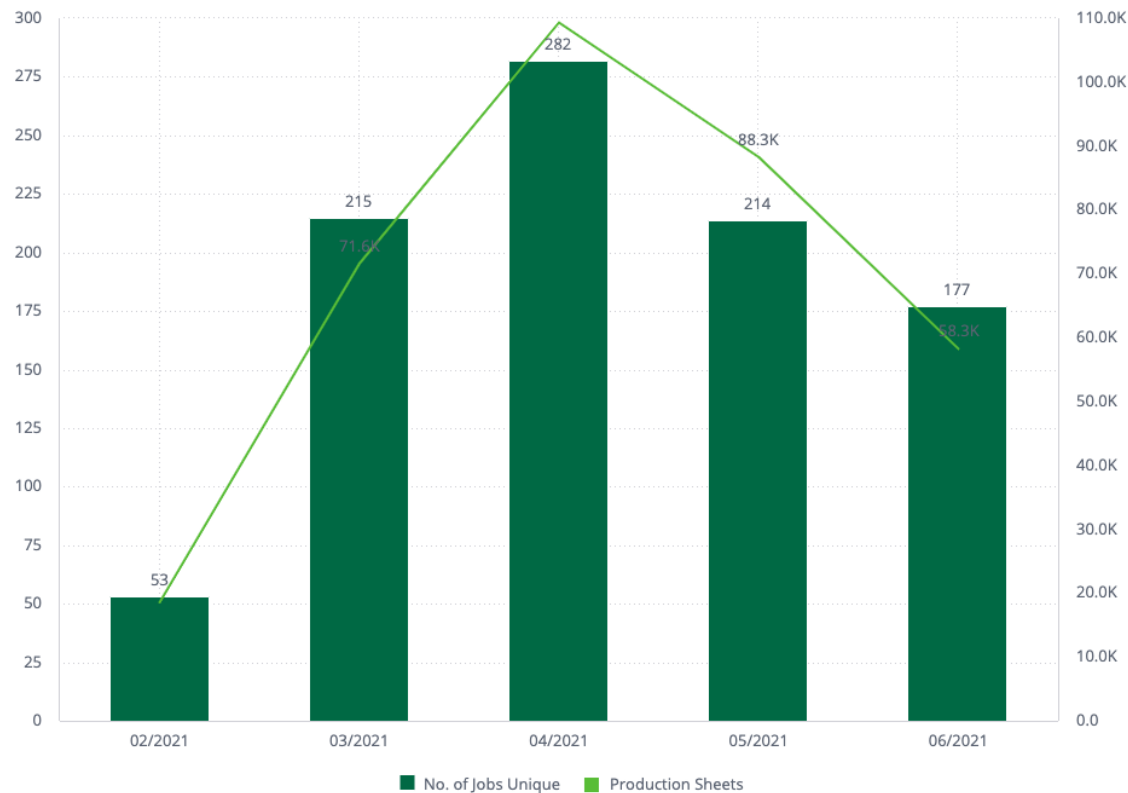


Linney

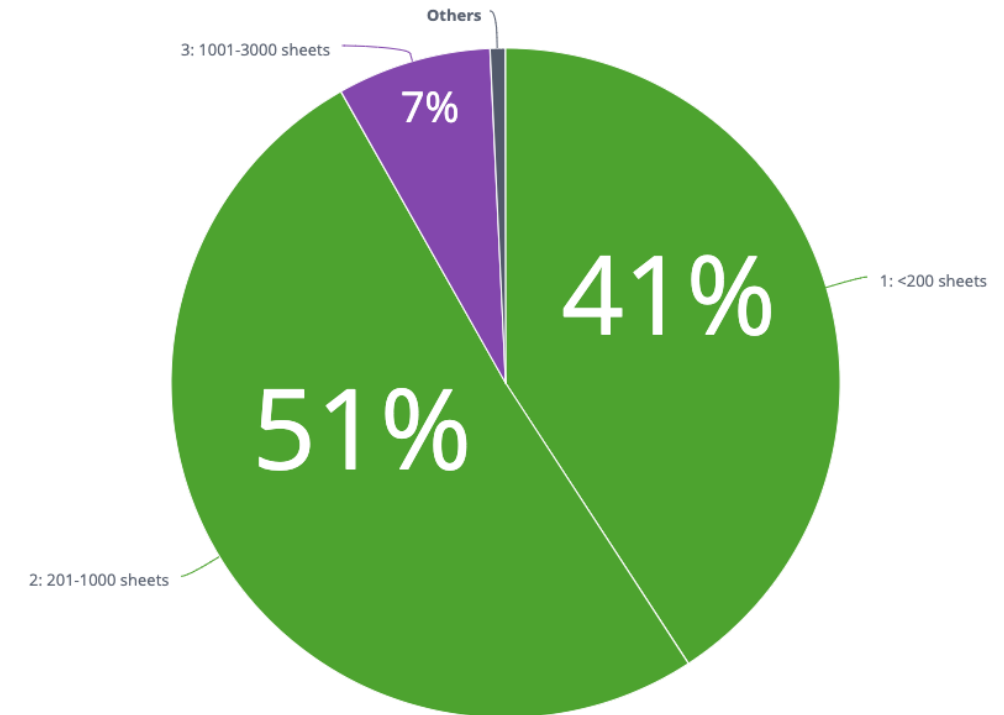
Customer C – Euclid5C

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

Jobs Volume



Jobs length distribution





HIGHCON CONFIDENTIAL



Customers – H1



Highcon Operator @ Boxes Inc



Customized inserts @ Boxes Inc



Aperture boxes @
Delga Group



Highcon Team @ SuperCorrExpo
August 2021

HIGHCON CONFIDENTIAL

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



“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



NPS

Net Promoter Score



% PROMOTERS - % DETRACTORS = NPS (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

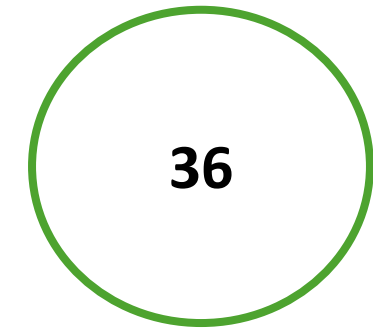
How likely is it that you would recommend [brand] to a friend or colleague?

Highcon NPS Result

Net Promoter Score



Beam Customers





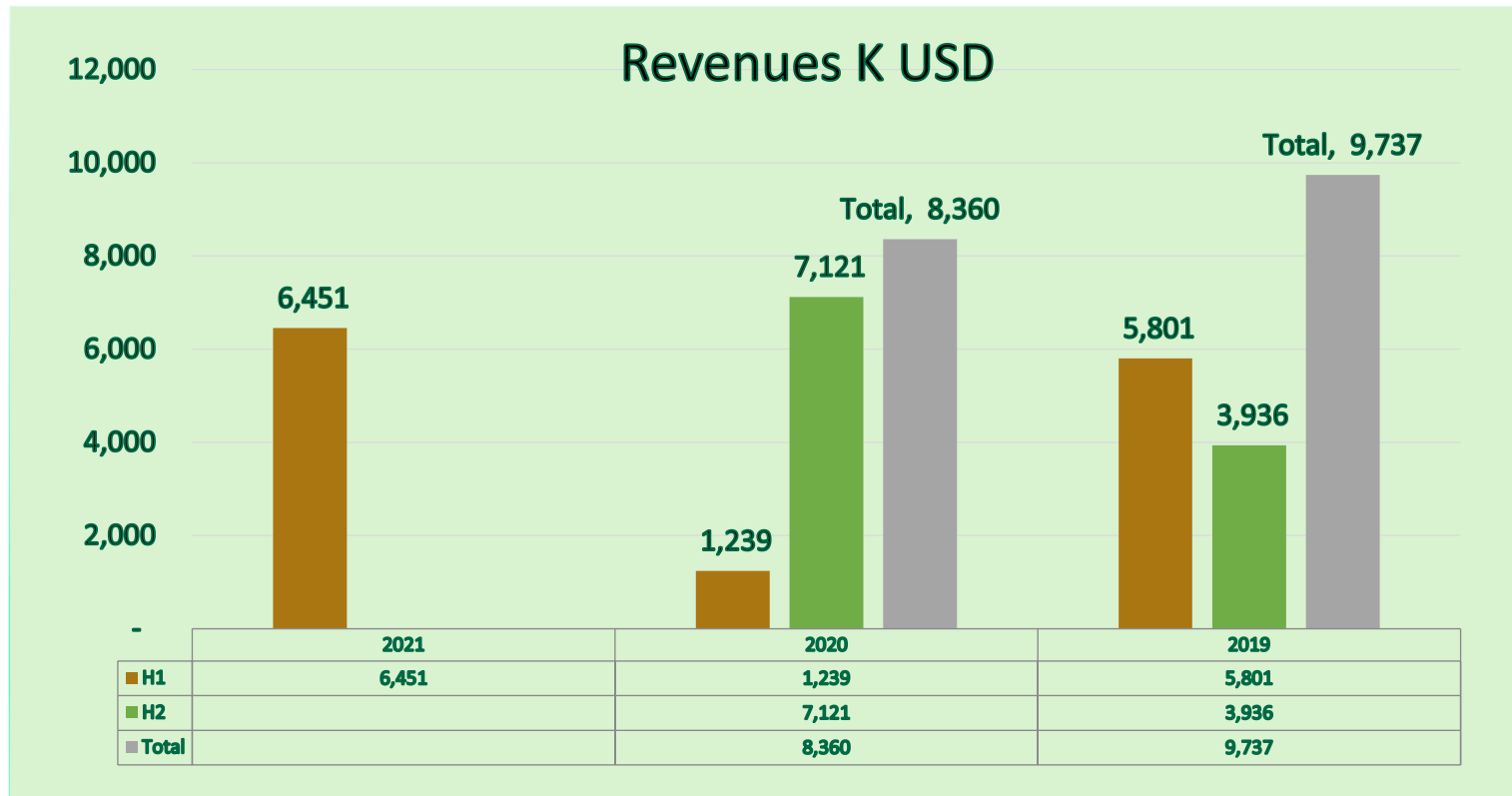
H1 2021 FINANCIAL HIGHLIGHTS



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 | |
| Revenues | 6,451 | 1,239 |
| Gross Profit (loss) | 553 | -705 |
| % Margin | 8.6% | -56.9% |
| <u>Operating Expenses:</u> | 8,156 | 6,287 |
| Operating Loss | 7,603 | 6,992 |
| Net Loss | 8,831 | 8,042 |



Profit & Loss Statement - IFRS

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



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



CURRENT ASSETS

Cash and equivalents
Short term deposit
Account Receivable
Other Receivable
inventory

NON CURRENT ASSETS

Restricted cash
Property and equipment, net
Long-term receivables
Right of use assets
Long-term deposit

TOTAL ASSETS

| 6/30/21 | 12/31/20 | 6/30/20 |
|----------|----------|----------|
| USD'000 | USD'000 | USD'000 |
| Reviewed | Audited | Reviewed |
| 24,549 | 47,535 | 1,604 |
| 7,669 | - | - |
| 1,360 | 1,053 | 854 |
| 1,333 | 1,097 | 1,044 |
| 6,443 | 8,223 | 11,833 |
| 41,354 | 57,908 | 15,335 |
| 184 | 664 | 720 |
| 3,170 | 1,613 | 1,586 |
| - | 82 | - |
| 516 | 722 | 1,010 |
| 90 | 79 | 76 |
| 3,960 | 3,160 | 3,392 |
| 45,314 | 61,068 | 18,727 |

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 | 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 |

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 |

SHAREHOLDERS' EQUITY (Deficit)

| 6/30/21 | 12/31/20 | 6/30/20 |
|----------|----------|----------|
| USD'000 | USD'000 | USD'000 |
| Reviewed | Audited | Reviewed |
| 2,982 | 4,653 | 5,368 |
| 1,348 | 1,454 | 1,155 |
| 2,544 | 2,978 | 1,872 |
| 1,454 | 2,955 | 1,883 |
| 194 | 214 | 156 |
| 153 | 154 | 268 |
| 341 | 473 | 501 |
| 9,015 | 12,881 | 11,203 |
| 643 | 3,641 | 3,945 |
| 2,650 | 2,526 | 2,346 |
| - | 82 | - |
| 441 | 518 | 499 |
| - | - | 3,901 |
| 369 | 396 | 660 |
| - | - | 142 |
| - | - | 24 |
| 4,103 | 7,163 | 11,517 |
| 13,118 | 20,044 | 22,720 |
| 32,196 | 41,024 | (3,993) |
| 45,314 | 61,068 | 18,727 |

A close-up photograph of several brown cardboard boxes. The boxes are partially open, revealing their internal structure. Some of the flaps are secured with bright yellow tape, while one flap is secured with bright green tape. The lighting is warm, highlighting the texture of the cardboard.

Questions & Answers

