



Highcon opening 2024 with a system backlog of \$7 million and expects to reach cash breakeven in the second half of 2024

The Company published preliminary financial results for 2023 with \$8.4 million in revenues and a loss of \$26.9 million, including \$5 million related to inventory and fixed assets write offs and impairments

- The Company completed a series of reorganizational activities that will allow it to save more than \$10 million on an annual basis and reach cash breakeven during the second half of 2024. Such activities included: funding round from existing and new shareholders, debt restructuring, temporary shutdown of major R&D projects and the respective reduction in force. In parallel to these measures the Company secured a strategic deal with BHS Corrugated, a world leader in corrugated board manufacturing, which is expected to impact on the company's go to market as well as its operational and manufacturing costs.
- The Company's customer base in its target markets of Folding Carton and Corrugated have demonstrated consistent growth in their number of jobs by more than 30% each year in the last two years. ~25% of the Company's installed base are at customers who have multiple units of the Company's products.
- The Company will be participating in drupa 2024 and sees it as an opportunity to ignite its business with the expected announcements. It should be noted that the Company managed to secure tens of millions of dollars in purchase orders and Letters of Intent at drupa 2016.
- The Company ended 2023 with \$7 million in systems backlog to be delivered in 2024, some of which was already delivered to customers and will be recognized as revenue in the first quarter of 2024. It should be noted that the Company's recurring revenues (consumables and services) increased by 20% to \$4.2 million in 2023 compared with 2022. The company expects such growth to continue in 2024. As such, the company expects significant growth in overall revenues in 2024 in comparison to 2023.
- The Company's cash balance at the end of 2023 was \$9.5 million including \$0.9 million of restricted cash. Following the company's actions related to cost reduction as well as its expected growth for 2024, the company expects to reach cash breakeven in the second half of 2024.

"2023 was a challenging year for Highcon as the global economy slow down, negatively impacted new order intake" commented Shlomo Nimrodi, CEO. "R&D costs increased as the company invested in the development of the new product platform for the corrugated market. While making good progress on this development, which resulted in multiple commitments from new customers to purchase the future product, the impact was that the company faced a cash crunch."

"Following multiple attempts to recover from the downturn, the company announced a series of actions in October 2023 that will result in a reduction of more than \$10 million in 2024 operating expenses compared with 2023" said Alon Bar-Shany, Chairman of the Board of Directors. "These actions included: an injection of



new capital by existing and new shareholders, restructuring of bank debt and significant reductions in activities and related headcount. In addition, the Company was able to secure strategic relations with BHS Corrugated, a world leading company in the Corrugated Packaging market. With the combination of these steps Highcon is back on track and with drupa around the corner and the building relations with BHS we are cautiously optimistic about the future.”

“In anticipation for drupa, we are pleased with the strong focus on Folding Carton we have seen in the last 12 months with ~\$8 million in order taking, all of which are in the Folding Carton space. Coupled with the consistent strong growth of >30% per year, demonstrated by our customers in both the Folding Carton and the Corrugated, we feel this puts us in a good position to approach such a critical event for us, drupa 2024.”, said Simon Lewis, Highcon’s SVP of Marketing, Strategy and Business Development.

The company’s audited full year results will be released on 21 March 2024.

About Highcon

Highcon develops, markets, sells and supports a portfolio of digital cutting and creasing systems that cover a wide range of formats, substrates and applications. The Highcon technology is transforming the industry, by providing cost effective solutions to the increasing manufacturing inefficiencies facing folding carton and corrugated carton manufacturers as the result of the emerging market trends of e-commerce, shorter time to market, lower job sizes and a drive to sustainability. Such requirements cannot be accommodated by the expensive and slow conventional die-making and setup process. The Highcon digital technology bridges the gap between agile production and design flexibility delivering improved responsiveness, JIT production, short runs, customization of structure and design, and the ability to perform a wide range of applications in-house. Highcon products are installed at customer sites around the world, including some multi-national companies, effectively supporting the needs of global and local brands. Highcon is a publicly traded Company in the Tel Aviv Stock Exchange (HICN) and its leading investors are Landa Ventures owned by Benny Landa and JVP led by Erel Margalit. For more details: www.highcon.net, or contact:

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