

Shekel Brainweigh invests in Retail Innovation Division during FY19

28 February 2020 – Advanced weighing technology pioneer company **Shekel Brainweigh Limited** (“**Shekel**” or the “**Company**”) today announces its results for the 12-month period ending 31 December 2019.

FY19 Overview:

Note: All financials expressed in US dollars

- Total group revenues of \$18.8m (up from FY18 \$18.6m)
- Gross profit at \$8.1m (down 1.6% from FY18 \$8.3m)
- EBIT loss of \$1.6m (down from EBIT loss of \$520,000 in FY18)
- Net loss after tax of \$3.1m (down from after tax loss of \$1.6m in FY18)
- Cash at period end of \$2.5m
- Stable revenue from core Shekel Scales business with 30,000 weighing technology units sold to customers including **Toshiba**, **Fujitsu** and **Diebold Nixdorf**; and 16,000 precision weighing systems sold to long-standing customers **GE Healthcare**, **Atom** and via global market distributors for the Company’s Healthweigh® line
- Strategic collaborations and joint product development advancing in the Retail Innovation Division with multinational firms including **Hitachi Europe** and **Intel**

Shekel Brainweigh Chief Executive Officer, Yoram Ben Porat, commented:

“Shekel’s FY19 results are reflective of the significant investment in our new Retail Innovation Division, both in Research & Development and talent acquisition. In addition we have invested in technological advancements in our core weighing capability and have delivered strong and stable results from the long standing Shekel Scales product line.

“Our new Retail Innovation Division is a separate operational business, and as part of this, we have appointed an experienced Managing Director, Mr Udi Wiesner, alongside a large R&D team to develop our smart vending and autonomous shopping solutions. We see increased revenue upside from the significant investments made in this division.

“During the year, we strengthened our brand at a global level, and this was achieved through high-profile strategic partnerships with multinational giants as Intel, Hitachi and UK-based Edgify. Among our extensive pipeline of projects, Shekel’s autonomous store, together with Hitachi is fundamental for the evolution of the traditional retail market.

“We are leveraging our 40+ years in weighing experience to create critical products that address the significant challenges retailers face today with retail automation, and we are receiving positive feedback both from the market, and from our trials currently underway. We are confident we can capitalise on the global retail movement towards in-store automation through our unique solutions.”

Shekel Scales

The Company continues to be a market leader in its long standing core business, Shekel Scales, with strong and stable sales to long-term blue chip clients, including Toshiba, Fujitsu and GE Healthcare.

Retail:

- In **retail**, Shekel sold over 30,000 weighing technology units integrated into self-checkout systems to core customers, including **Toshiba**, **Fujitsu** and **Diebold Nixdorf**.
- The Company continued to grow its customers and market share globally, and in FY19 gained new clients in the Netherlands, Sweden and Poland.
- Looking at collaborations, an agreement was signed with UK-based **Edgify** to develop the first of its kind self-checkout technology using visual recognition. To Shekel's knowledge, the technology is the world's first cloudless software that automatically recognises products at a retail self-checkout, solving a major issue for retailers and improving the efficiency of the retail supply chain. Pilots of the technology are expected in Israel and Europe in the next few months.
- As part of the 'Open Retail Initiative', Intel decided to adopt Shekel's and Edgify's technology for its EdgeX solution, which provides retailers access to data for real-time analytics.

Healthcare:

- In **healthcare**, the Company developed and sold over 16,000 precision weighing systems to long-standing customers **GE Healthcare** and **Atom**, and to its global market distributors for the Healthweigh® line. Shekel continues to grow its branded healthcare line with strong relationships in place with core customers. The Company is in the process of enhancing its technology, and in partnership with Atom, is designing a next generation incubator to be finalised by 2021.
- In response to an increase in market demand, Shekel also developed four new products for its own branded Healthweigh® collection, and the Company is adapting this collection to include wireless Bluetooth communication, following feedback from the US market.

Retail Innovation Division

Shekel made significant progress during FY19 with its newest Retail Innovation Division, established to lead the development and commercialisation of disruptive technologies in the growing autonomous retail space.

The division was bolstered by a number of new staff hires, alongside the appointment of General Manager, Mr Udi Wiesner, to lead the division, bringing a 20-year track-record implementing innovative technology solutions.

In FY19 the division increased its R&D spend to create a scalable line of products based on Shekel's Product Aware Technology, this included the development of the Smart Shelf Bays, Innovendi, the next generation of Micro Market / Smart vending units and the Capsule - a full Autonomous Micro Market store.

Innovendi:

- Early commercialisation from the first order for the Company's fully autonomous vending machine – **Innovendi**, with a minimum of 1,200 machines to be delivered over seven years

to a subsidiary of Israel's largest food manufacturer, **Tnuva**. The agreement is a positive testament to the Company's technology.

- FY19 also saw the delivery of the Company's first commercial order of Innovendi machines outside of Israel, with four machines sold to UK-based SV365 Technologies, a leading supplier of vending technologies to the European food service industry.

Developed Micro Market Capsule with Hitachi:

- Together with multinational technology firm, **Hitachi Europe**, the Company signed an R&D and commercial collaboration agreement for the joint development and marketing of the first of its kind autonomous micro-market store, known as the **Capsule**. The solution combines Hitachi Europe's world-class people tracking technology for the identification and tracking of shoppers, together with Shekel's Product Aware Shelves, which provide the most accurate product recognition technology detecting activity on retail shelves in real-time (product taken/returned or misplaced).
- In January 2020, a prototype of the Capsule was unveiled at the National Retail Federation (NRF) Big Show in New York, the world's largest retail conference and expo. The technology received extremely positive reception and the Capsule is expected to be fully operational in H1 CY20.

The Promotional Bay:

- In collaboration with one of the world's largest retail shelf manufacturers, **Madix**, Shekel launched **Soter** – a sophisticated new Smart Shelf and Smart Safe. Soter provides customers with real-time inventory visibility, reduced shrinkage and analytics of consumer behaviour. Pilots are expected during FY20.

Board Changes

Shekel was pleased to announce the appointment of Mr Michael Hughes as a Non-Executive Director of the Company in November. Based in Sydney, Mr Hughes brings a wealth of Australian financial-market expertise and is an experienced non-executive director on ASX-listed boards.

In late FY19, Mr Dave Sharma MP stepped down from his role as Non-Executive Chairman as a result of his increasing Parliamentary duties. Current Non-Executive Director, Mrs Tzipi Avioz is acting as Interim Chairman and is assisting the Shekel Board with the selection of an appropriate candidate.

Outlook

For the Retail Innovation Division, the Company will increase marketing efforts to penetrate large markets for smart vending and autonomous shopping solutions. Strengthening existing strategic relationships with multinational giants such as Hitachi, Intel and Madix will be key to Shekel's strategy.

Encouragingly, pilots are ongoing for the new technologies, alongside sales efforts with key retailers located in Israel, Europe and US.

The Company will also focus on improving gross profit of Shekel Scales through sales to its core customers, advancing its latest shelf checkout solution with Edgify and expanding its own Healthweigh® line.



Ends

This ASX announcement was authorised for release by the Shekel Brainweigh Limited Board.

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About Shekel Brainweigh

Shekel Brainweigh has for over 40 years been a global leader in developing scale and weighing technology. The company provides weighing solutions to the highly regulated retail and healthcare markets via global giants such as G.E Healthcare, Toshiba, Fujitsu, Diebold Nixdorf and others. Utilising its experience in weighing technology, Shekel Brainweigh is developing a suite of new products aimed at meeting the challenges that traditional retailers face today, such as store automation, operational efficiency including overstock and understock inventory issues and enhancing the consumer experience.

Shekel's patented combination of weighing technology with Artificial Intelligence (AI) and Internet of Things (IoT) technology has led to the development of its "Product Aware Technology". Shekel Brainweigh is committed to continuing to innovate and expand into global markets.

To learn more about Shekel Brainweigh, visit <http://www.shekelbrainweigh.com/>