

31 March 2020

Trading Update and Covid-19 Impact

Highlights

- No reported incidence of Covid-19 among staff
- Both factories in China remain fully operational
- Supply chain not materially affected
- Activated business continuity measures
- Undertaking proactive measures to strengthen the financial position
- Cash balance of US \$1.9 million (A\$3.1 million) as at 30 March 2020

Shekel Brainweigh (ASX: SBW) ('Shekel' or 'the Company'), the advanced digital weighing technology company, would like to provide an update to the market on the current status and trading condition of the business, given the likely impact of the Covid-19 pandemic.

Business continuity measures

At this time, the Company's priority is supporting its employees, customers and communities through these unprecedented times. The Company is taking strong preemptive measures to protect employees, whilst also monitoring required capacity. The Company would like to thank its staff and partners, whose commitment and resolve in these trying times is vital to the Company's ongoing success.

The Company is also undertaking a range of measures to ensure that its costs are reduced to better match the short-term environment, and to ensure the business' sustainability into the future. Measures include:

- 22 per cent of employees in Israel are on unpaid leave as of 19 March 2020.
- Except for employees on the production line, remaining employees have cut working time and salaries to 60-80 per cent.
- Some of the remaining staff are working from home.
- Management and Board members have taken a 30 per cent voluntary pay cut for 60-90 days.

Proactive financial measures

Mr Yoram Ben-Porat, Chief Executive Officer of Shekel, said, *"As a technology and AI driven company, it is imperative that we retain our highly specialized workforce to ensure we can emerge from this global crisis in the same competitive position we entered it in."*

The Company has a cash balance of US\$1.9 million (A\$3.1 million) as at 30 March 2020.

To strengthen its financial position and working capital facilities, Shekel is applying for a business long term loan offered by the Israeli Government in an eligible amount of US\$1.25 million. The Company reasonably believes that it fulfils the criteria for the provision of the loan although it is subject to a formal approval process.

This pre-emptive and decisive action is to fortify the Company's balance sheet with a significant additional liquidity injection to ensure that Shekel remains in a flexible and sustainable position during this period of extreme uncertainty. The outcome of this application is expected to be known by the end of April 2020.

Current performance and operations moving forwards

Mr Ben-Porat commented, *"So far, disruptions to the markets we serve have been as follows: the Retail market has seen minor disruptions, however, the Medical market has seen material disruptions throughout the different geographies. In order to be prudent and with an understanding that R&D and new technology development will likely slow at this time, management is working under the assumption that there will be a large reduction in sales volume for the duration of the pandemic crisis."*

Production of existing orders remains ongoing. Both of the Company's factories in China (Beijing and Ningbo) are operational and working to complete orders for delivery in April-May.

Mr Ben-Porat further added, *"Our major blue chip clients are still supporting the company with orders. Revenues in the core business, Shekel Scales, in Q1 FY20 were similar to Q1 2019."*

The Retail Innovation division has received orders for its Product Aware Technology solutions, including a trial of the Capsule in Europe, and a first order for a trial in Australia.

The Company recognizes the potential for Covid-19 to impact the business throughout 2020, although given Shekel's global reach, we do not yet know the full impact of this situation. As the Company gains further clarity, it will update the market in due course.

This ASX announcement was authorized 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/>