



FY20 RESULT

Year ended 31 December 2020

ASX: SBW

26 February 2021

Contents

FY20 END YEAR RESULT

3

COMPANY OVERVIEW

11

Contacts

Danny Nadri – Country Manager Australia

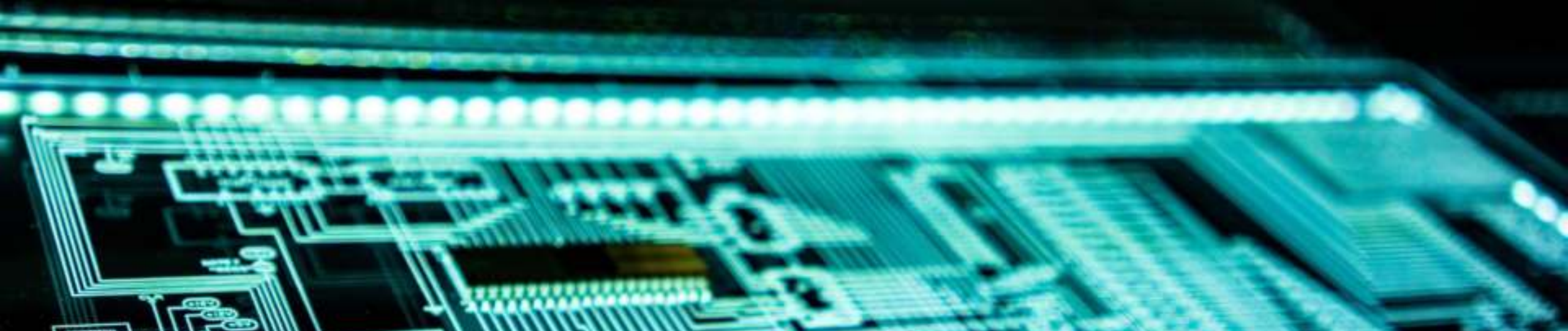
danny@shekelbrainweigh.com

+61 434 680 391

Barak Nir - CFO

barak@shekelbrainweigh.com

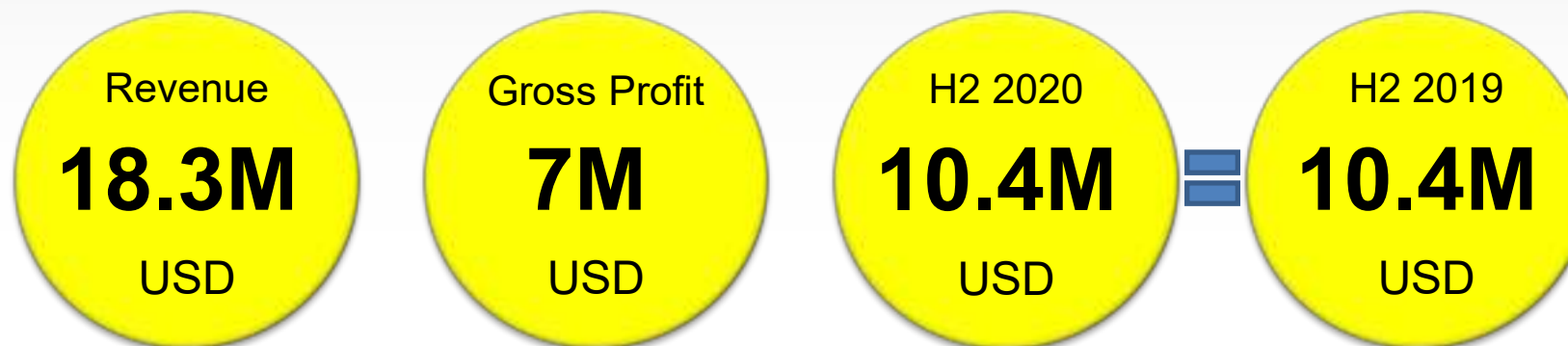
+972 50 538 6090



FY20 RESULTS



Resilient revenue in a volatile and uncertain environment. Successful introduction of new retail solutions.



Shekel Group

- The Company continued operating during challenging times and lockdown (2 in Israel, 1 in Asia), keeping its workforce safe and delivering products globally.
- H2 2020 revenue is **USD 10.4m** compared to USD 10.4m in H2 2019, marking return pre COVID revenue in H2.
- Appointment of Mr. Arik Schor as Executive Chairman and CEO
- Retail Innovation Division started commercialization and recorded revenue for the first year
- Continued investment in Research and Development for the 2 business divisions. Both Divisions are positioned for growth in 2021.
- R&D expenses contributed to product readiness to market, and new solutions (net loss of USD 4.4 m)

The 2 Business Divisions positioned for Growth.

Shekel Scales

- **Revenue** of core business unit continued with sustainable demand at USD 18m. The Scales division continued manufacturing in Asia and delivering products globally even during challenging periods. Gross Profit at USD 7m.
- **Chief Executive Officer**- appointment of Mr. Nir Leshem as CEO of Shekel-Scales, the traditional division of the business.
- **New Customers** – the division acquired new clients in Europe with a promising growth opportunities.
- **Fast Track** - development of a new solution for Self Check Out based on SaaS business model. The Fast Track will assist retailers to streamline and improve SCO operation. Commercialisation is expected in second half of 2021.
- **Smart Kart** – Mobile Self Check Out . Development of a new solution for smart kart, allowing mobile self check out on the kart itself.



Retail Innovation Division – Accelerating commercialization

Retail Innovation

- Flagship micro-market project **Capsule** launched in Paris together with Casino (MonoPrix) on November 2020. First fully autonomous store of its kind, with an exciting prospects in a competitive landscape.
- Launch of Hubz, the second generation smart vending solution together with Imbera (US) and Parlevel (US), targeting the North America and Latin America markets. Sales expected to start in Q2 2021.
- Retail Division records first year revenue of USD 268,288 from sales of Innovendi and autonomous retail solutions. Innovendi achieved certification as Market Ready IoT Solutions by Intel®.
- Seven paid product pilots being currently undertaken with very positive feedback from customers, including first order from Australia received during the first half of the year.

Capsule (Black Box)
autonomous store in Paris.



Profit and loss by business divisions

- Total revenue of **US\$18.3 million**, down US\$ 0.5 million or 2.7% from 2019; as a result of reduction in distribution activity of Healthweigh line due to COVID-19 affecting the healthcare sector, but compensated by stronger project activities and stronger medical OEM sales.
- The Retail Innovation division recorded USD 268 K as its first revenues for the new technology, including US\$163K in proceeds from product and Proof of Concept pilots and US\$105K from the sale of Innovendi machines and software services payments.
- Cost of revenue was US\$11.3 million, up US\$0.74 million or 7 per cent, driven mainly by erosion of the US dollar against the NIS and Increase in depreciation due to the start of sales of an intangible asset.
- Operating costs of US\$10.7 million, up \$0.2 million or 2 per cent, R&D costs grew in both divisions to allow accelerating revenues growth in 2021
- Statutory net loss after tax was US\$4.4 million, up from US\$3.3 in FY19.

FY 2020 ended 31 December 2020 (US\$ million)	Group		
	FY20	FY19	Change %
Revenue	18.3	18.8	-3%)
Cost of revenue	(11.3)	(10.6)	7%
Gross profit/(loss)	7	8.2	-15%
<i>Gross margin %</i>	38%	44%	-16%
R&D and operating expenses	(10.7)	(10.5)	2%
EBIT	(3.7)	(2.35)	-65%
Finance expenses	(0.7)	(0.7)	0%
Tax on income	0	(0.25)	X%
NPAT	(4.4)	(3.3)	-33%

Note: Numbers may not add up down the columns due to rounding of individual line items

Balance sheet

US\$ million	31 DEC 2020	31 Dec 2019	Change %
Current assets:			
Cash and cash equivalents	1.5	2.6	-57.6%
Trade accounts and other receivables	6.7	7.1	-0.6%
Inventories	3.5	3.5	0
Loans to related parties	0.4	0.2	+150%
Total current assets	12.1	13.4	-9.8%
Non-current assets:			
Right of use assets	2.0	2.4	-16.6%
Property, plant and equipment	0.5	0.5	0%
Intangible assets	2.3	3.2	-3.3%
Total non-current assets	4.9	6.2	20.9%
Total assets	17	19.6	-15.3%
Liabilities:			
Short term loans	4.85	4.1	+17.0%
Trade accounts and other payables	4.95	4.0	+25%
Total current liabilities	9.8	8.1	-19.7%
Non-current liabilities:			
Lease liabilities	1.6	1.8	-11.1%
Employee benefits and other liabilities	0.3	0.3	0%
Total non-current liabilities	1.9	2.1	-9.5%
Total liabilities	11.7	10.2	+15.7%
Total Shareholders' Equity	5.3	9.4	-56%

- Cash balance of US\$1.47 million* as at 31 December 2020.
 - Includes €400,000 loan under a COVID-19 support scheme from the French government to Shekel's subsidiary in France.
- Besides the above loan of the French subsidiary, liabilities include a \$4.4 million short-term loan, a short-term credit facility for managing working capital and to cover initial direct costs for materials. The growth of these loans vs. 2019 is due to erosion of the US dollar against the NIS.

Note: Numbers may not add up down the columns due to rounding of individual line items

Business continuity during COVID-19

Business continuity

- After declining revenue in the first half of 2020, the Company recorded a healthy return finishing 2020 with USD18.3m.
- Maintaining safe COVID environment and resilient of staff in Israel and Asia.
- Proactive measures to strengthen the financial position through furloughs and salary reductions.
- Capital Raising activities in early 2021 to strengthen balance sheet.

Production

- In the healthcare market, orders for Shekel's proprietary incubator sensor weighing technology rose by 6%, following increased orders from Atom and GE Healthcare. This was offset by COVID19 induced disruption to distribution of Healthweigh products, which went down by 45%.
- In the retail market, demand for the Company's self-checkout technology fell by 10% due to a change in ordering policy of one of the OEM customers.

Markets

- Retail Market – increased demand for new solutions and autonomous store resulted in 7 paid pilot projects globally with overall excellent results.
- Launch of first autonomous store in Paris, followed by a project for pharmaceutical company in Israel.
- Orders rebound in the second half in the healthcare sector, predominantly through partial return of distributors activities.
- Maintain share and increase sales (7%) in the Israeli market cross all segments with significant increase in the Industrial special project's activity, which are highly profitable.

2021 outlook: Both Divisions positioned well for growth

- There were strong signs of recovery in Shekel's core markets in Europe and US in H2 2020. Shekel Scales acquired 3 new clients, for its self check out scales, received early orders with a potential orders of a few millions USD. The Company expects the trend to continue during 2021 for both retail and healthcare segments.
- Hubz introduction, together with continued Innovendi sales, is expected to grow significantly in 2021 compared to launch year. Together with the strong marketing reach of our partners Imbera and Parlevel in the US and Latin America, the division plans to accelerate marketing activities in Europe and Asia.
- Fast Track – an innovative solution for Self Check Out, already a market segment of the company, is expected to launch during H2-2021 and present a growth opportunity based on SaaS model.
- Shekel continues to be rigorous in its cash management and prudent investing in R&D. Company took steps to strengthen its balance sheet with capital raising activities.





Company overview



Shekel Brainweigh

Technology innovator start-up underpinned by a stable business

- A precision technology company developing market leading IP in a 'genius-lab' based in Israel
- Global markets: supplies to leading global blue-chip customers in the healthcare and retail markets – GE Healthcare, Toshiba, Fujitsu, Atom
- 'Intel inside' equivalent 'Shekel smart' in the self-checkout market

Ready for the future of contactless shopping in a post-covid world

- Retail needs IoT now more than ever
- Launched AI Retail Innovation platform – to leverage proven sensor technology to enable retail AI applications
- Commercialisation of new products in several markets

Shekel Brainweigh (ASX: SBW)

Global Industry Classification Standard	Information Technology sector, Software & Services industry group
Market cap ¹	A\$23.7 million ¹
Employees	150
Markets	Europe, UK, USA, Australia, Japan, China, Israel
Shares issued	~ 153 million
Share price	\$0.15.5 (Feb 24, 2021)
Financial year-end	31 December
Shareholders	<ul style="list-style-type: none"> • Axel Partners 33.7% • Consepta – 23% • Agriculture Cooperative – 15% • Others – 28.3%

¹ As of 24 February 2021

'Shekel smart' technology enables contactless 'scan and go' shopping experience and 'walk out, check out' autonomous stores

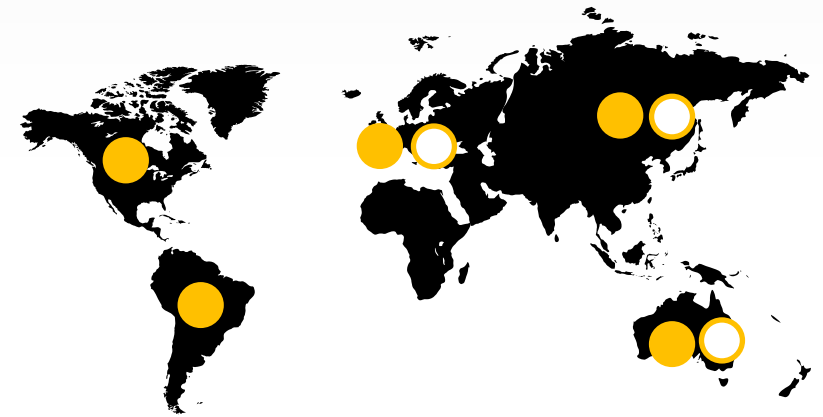
Global presence of Shekel products

Shekel presence:

- ✓ **Long-term clients** of Shekel Scales Healthcare in Israel, the US, Europe and the UK, Japan, Brazil
- ✓ **Global distribution** of Healthweigh including the US, Europe/UK, Asia and Australia
- ✓ **New orders** in Sweden, Poland and the Netherlands
- ✓ **Commercialisation** of Innovendi and Product Aware Bays in Israel, UK, Europe and Australia
- ✓ **Paid pilots** in the US, France and Israel.

Products & services:

- ✓ Healthcare: precision weighing systems integrated into incubators and warmers for premature babies
- ✓ Healthweigh® line
- ✓ Retail self-checkout technology
- ✓ AI-enabled retail technology for contactless shopping



- **Our operations:**
Operations in China (factories) and Hungary (third party)
Offices in Israel (HQ), the European Union, and Australia
- **Our clients and distributors:**
North America, South America, Asia, Australia, Europe, UK

Corporate changes

New management in place:

- Appointment of Mr Arik Schor as Chairman and CEO of Shekel Brainweigh on 31 July 2020.
- Mr Schor has immense experience specialising in highly intricate operations and logistics systems, and was previously CEO of Tnuva Group (US\$2 billion of revenues) and Hogla Kimberly.
- Founder and inaugural CEO Mr Yoram Ben-Porat will remain an Executive Director responsible for all business development.
- Mr. Nir Leshem was appointed as Chief Executive Officer of the Shekel Scales Division. Previously, Mr Leshem was at 3M, a multinational engineering conglomerate, as Director of Transportation Safety Division in the US.

Board changes:

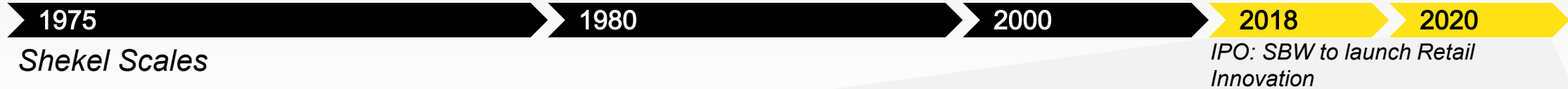
- Mrs Sophie Raven is stepping down from the Board of Shekel Brainweigh effective 31 August 2020 in order to focus on other business interests.



Arik Schor
CEO & Chair of the Board

Mr. Schor has **immense experience** specialising in highly intricate operations and logistics systems and was previously CEO of **Tnuva Group** and **Hogla Kimberly**.

Major milestones since IPO



Putting in place building blocks for Shekel Retail Innovation:

Retail Innovation - platform for growth established

- ✓ Appointed a CEO and more than doubled the R&D team
- ✓ Opened the Australian office
- ✓ Strategic partnership with Intel, Hitachi, Imbera and Parlevel

Acceleration & commercialisation of key products

- ✓ Commercialisation progress of Innovendi in Israel and UK, and entry to Australian market
- ✓ Successful commercialisation of Innovendi with over 80 machines deployed in Israel
- ✓ Autonomous micro store Capsule
- ✓ Strategic cooperation with Madix

Continued earnings from the core business support the business

- ✓ Gaining new clients in Sweden, Poland and the Netherlands
- ✓ Revenue from the sale of Innovendi (machines and SaaS)
- ✓ Proceeds from product and Proof of Concept pilots

Retail Division - What problem do we solve?

- *Need for automated product recognition as foundation for autonomous retail*
 - *Need for shelf insights*
 - *Current solutions do not deliver! (Computer vision, RFID, etc.)*
- What do we do different ? Better?
- Accuracy
 - Flexibility
 - Ease of use
 - Real time shelf insights
 - Total cost of ownership

Market validation– Product Aware shelf applied

TARGET MARKET SEGMENTS



SMART COOLER



MICRO MARKETS

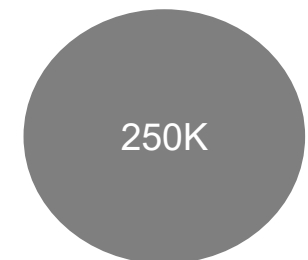
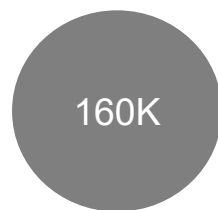
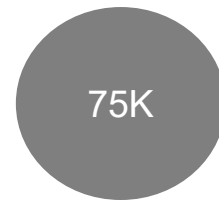
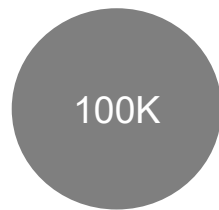


AUTONOMUS MICRO STORE



AUTONOMUS CONVINIEECE

POTENTIAL UNITS



ADDRESABLE 2021-2022

25,000

5,000

50

20

Why invest in SBW: potential to revolutionise retail

1 'Best in class' technology, unique intellectual property

- SBW competitive edge: 'best in class' technology – highest accuracy
- IP engineered by 'genius-lab'
- Forefront application of AI-enabled technology and leveraging IoT

2 Visionary leadership with a track record of innovation & commercialisation

- Highly experienced management team with a vision for the future
- Strong culture delivering R&D excellence
- Successful track-record of commercialisation in an extremely high-barrier market

3 Leverage proven sensor technology to enable retail AI -based applications and data collection

- Significant income
- Established supply chain: global blue-chip customers with long-standing and long-term contracts
- Effective and active cost management

The future: building big data assets platform of growth

- Strong growth opportunities in the autonomous retail space
- New products and services focussed recurring fees sales model
- Monetise big data assets and 4.0 shopping revolution

Disclaimer

This presentation has been prepared by **Shekel Brainweigh Ltd.** ("Shekel Brainweigh" or the "Company") based on information available to it as at the date of this presentation. The information in this presentation is provided in summary form and does not contain all information necessary to make an investment decision.

This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security in Shekel Brainweigh, nor does it constitute financial product advice or take into account any individual's investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this presentation but must make its own assessment of Shekel Brainweigh and conduct its own investigations. Before making an investment decision, investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Shekel Brainweigh is not licensed to provide financial product advice in respect of its securities or any other financial products. Cooling off rights do not apply to the acquisition of Shekel Brainweigh securities.

Although reasonable care has been taken to ensure that the facts stated in this presentation are accurate and that the opinions expressed are fair and reasonable, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Shekel Brainweigh its officers, directors, employees and agents, nor any other person, accepts any responsibility and liability for the content of this presentation including, without limitation, any liability arising from fault or negligence, for any loss arising from the use of or reliance on any of the information contained in this presentation or otherwise arising in connection with it.

The information presented in this presentation is subject to change without notice and Shekel Brainweigh does not have any responsibility or obligation to inform you of any matter arising or coming to their notice, after the date of this presentation, which may affect any matter referred to in this presentation.

The distribution of this presentation may be restricted by law and you should observe any such restrictions.

This presentation contains certain forward looking statements that are based on the Company's management's beliefs, assumptions and expectations and on information currently available to management. Such forward looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results or performance of Shekel Brainweigh to be materially different from the results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the political and economic environment in which Shekel Brainweigh will operate in the future, which are subject to change without notice. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast. To the full extent permitted by law, Shekel Brainweigh and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this presentation (including, but not limited to, any assumptions or expectations set out in the presentation).