

## CEO LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors of Shekel Brainweigh (Shekel), I wanted to thank you for your support during the Company's Initial Public Offer (IPO) and update you on our strategic initiatives for the coming 12 months.

Shekel has been developing, manufacturing, and selling advanced weighing technology solutions for the retail, healthcare, and manufacturing markets for over 40 years. Since our inception, Shekel has become a pioneer in electronic scales TEC and advanced weighing systems that can be found in self-checkouts at supermarkets, as well as hospital incubators and scales all around the world. We sell our weighing solutions to blue-chip customers including Toshiba, Fujitsu, Datalogic, Diebold-Nixdorf, and GE Healthcare. Our stable performance has led to a solid track record with regular and growing revenue (FY17, ending 31 December 2017: US\$18 million) and profitable core operations.

Aside from our core business operation, Shekel Scales, we have developed our Product Aware Technology, the cornerstone of our Retail Innovation Solutions Suite. We have done so by combining Artificial Intelligence (AI) and Deep Learning algorithms into our weighing technology to be offered to the retail sector.

Our latest products enable real-time visibility of Point of Purchase inventory; accurately identifying the quantity and location of individual products on the shelf in real-time and providing instant feedback when a product is added or removed from a retail shelf. We believe these solutions will address some of the key barriers to profitability and growth experienced by the global retail industry, such as overstock and out-of-stock issues, which are behind retail's global \$1.1 trillion inventory losses<sup>1</sup>, calling for smarter retail stocking solutions to recapture sales.

Our Product Aware Technology is currently at a pilot stage, but pleasingly we have already signed an agreement with a leading retail shelf manufacturer, Madix Inc (Madix). Madix is one of the largest manufacturers of store fixtures globally, with key customers including the world's largest retailer and grocery chains in the US. This partnership is aimed to integrate the Shekel technology into Madix's designs and develop new joint products to address retail inventory visibility. Madix is an excellent partner with deep industry roots that will help us accelerate our international go-to-market strategy for our new Retail Innovation Solutions Suite of products.

Going forward, in addition to expanding our core business line, our key focus for 2019 is to commence the commercialisation of our Product Aware Technology.

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<sup>1</sup> IHL, June 2015



## **National Retail Federation (NRF) Expo 13-15 January 2019**

As part of our strategic goals to raise visibility of our new products, Shekel attended the National Retail Federation (NRF), one of the world's largest retail conferences and expos, which was held on 13-15 January 2019 in New York City. NRF is the most prestigious retail show in North America and attracts over 38,000 attendees each year. Intel and Microsoft took centre stage to discuss the importance of technology in the fast-changing retail industry, and this was a perfect opportunity for us to demonstrate Shekel's game-changing technology and the role we can play in the retail sector.

We had the possibility to demonstrate our technology at NRF via key industry leaders:

- **Diebold Nixdorf**, the multi-billion-dollar revenue financial and retail technology company, introduced us to its key customers where our autonomous vending machine, Innovendi, was showcased in their booth on the show floor. Innovendi's unique feature consists in the communication of sales and inventory data in real time back to the vendor. The demonstration impressed Diebold's customers, and first steps towards broader cooperation are now underway.
- The 'Open Retail Initiative' was launched, a collaboration between industry partners led by **Intel** and joined by Dell, HP, JD.com, Verifone and other leading technology players. Intel invited Shekel to join this initiative and together with other industry partners help simplify the adoption of advanced Internet of Things (IoT) and AI technologies into the retail environment. At NRF we were invited to attend Intel's PR activities and spent time with key management figures.
- Lastly, we teamed up with **Deloitte** who gave us the opportunity to present our AI Smart Shelf ('The Bay') at its Deloitte Digital office in the city. Our AI Smart Shelf was the only technology demonstrated live and performed flawlessly. The technology was presented to top 20 Northern American based retailers who saw a full demonstration. We are confident that the relationship with Deloitte will translate into material progress for Shekel going forward.

Diebold Nixdorf, Intel, and Deloitte are key go-to-market partners for Shekel and provided us with introductions to potential new customers. We look forward to updating the market on the results of these strategic relationships after a very successful NRF.

## **Investor Presentation**

In addition to this shareholder letter, we have also released an Investor Presentation. This provides shareholders and the market with a more in-depth overview of Shekel, our products, and the opportunities ahead. We hope this document gives you a clear and insightful look into the Company.

## **Outlook for 2019**

Looking ahead, we have plans to strengthen our existing business line of core products by establishing new activities in the US and Australia to increase market penetration. We are also focused on building on the key partnerships we have in place to expand access to retailers and strengthen our strategic relationships.

In terms of our Retail Innovation Solutions Suite, our focus in 2019 is collecting real field data and building our own Big Data assets, the company's most important IP. This data is collected through a



few selected pilots in different territories and from our Micro Market commercial installations. This data collection is essential for the successful and accurate deployment of large-scale projects. The Board and I are confident this process will be successful, resulting in possible tactical contract wins for the Company, and accelerated growth when completed.

As a final note, on behalf of the Board, I would like to thank you for your support in Shekel as we have transitioned from a long-standing, profitable privately held business to a listed company on the Australian Securities Exchange. We look forward to updating you as we work to deliver on our strategic initiatives and propel Shekel forward.

Sincerely,

**Yoram Ben Porat**

CEO, Shekel Brainweigh

**Ends**

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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 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 their "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/>