

## Shekel Brainweigh Announces 2018 Full Year Results

28 February 2019 – Advanced weighing technology pioneer company **Shekel Brainweigh Limited** (“**Shekel**” or the “**Company**”) today announces results for the period ending 31 December 2018.

### 2018 Financial Overview:

**Note: All financials expressed in US dollars**

- Total group revenues \$18.7m (up from \$18.2m in FY17)
- Cost of revenues \$10.3m (down from \$10.5m in FY17)
- Gross profit at \$8.3m (up from \$7.4m in FY17)
- Research and development expenses up at \$2.5m to drive Shekel’s Retail Innovation Solutions Suite (up from \$912,000 in FY17)
- EBIT or operating loss of \$520,000 (down from \$2.5m in FY17)
- Underlying profit (excluding one-off IPO expenses of \$950k, granted performance shares and granted option expenses of \$1.1M) \$1.2m (down from NPAT of \$1.9m in FY17)

### Operational Highlights:

#### *Shekel Scales (Core operations)*

- In **Healthcare**, the Company developed and sold 9,827 precision weighing systems in FY18 to its long-standing client, GE Healthcare (up from 7,822 in FY17).
- In **Retail**, the Company sold to its core customers a total of 35,286 self-checkout units in FY18, including:
  - 18,816 units to **Toshiba’s** self-checkout systems (up from 12,891 in F717)
  - 12,461 units to **Fujitsu’s** self-checkout systems (up from 4,822 in FY17)
  - 4,010 units to **Diebold Nixdorf’s** self-checkout systems (up from 3,839 in FY17)
- The Company continued to grow its customer and distribution base and gained new clients in the following markets: Netherlands, Sweden, Poland and Uruguay.

#### *Retail Innovation Solutions Suite*

- Post year end, first commercial order received for Shekel’s fully autonomous vending machine – **Innovendi**. The order is for a minimum of 1,200 machines to be delivered over seven years to Israel’s largest food manufacturer **Tnuva**. The Company expects to see first revenues from this contract in FY19.
- Signed a strategic joint development and marketing agreement with leading retail and shelf manufacturer **Madix**, to design and develop new joint products integrating Shekel’s state-of-the-art technology with Madix state-of-the-art retail store fixtures.

- As part of ongoing commercialisation efforts for the Retail Innovation Solutions Suite, the Company is currently running pilots for the **Smart Shelf** with key retailers located in Israel and U.S. The Company is looking forward to updating the market on the status of these pilot programs throughout FY19.

#### *Business Development Activities*

- Post year end Shekel attended the National Retail Federation (NRF) Expo in New York. **Diebold Nixdorf, Deloitte** and **Intel** are the key go-to-market partners for Shekel and provided the company with introductions to their key customers.
- At the NRF Shekel was invited to join the 'Open Retail Initiative', a collaboration between industry partners led by Intel and joined by Dell to enable the rapid deployment of Internet of Things (IoT) based solutions to change the way retailers operate.

#### **Outlook**

##### *FY19 Priorities*

- Strengthen strategic relationships and further involvement in the design, implementation and certification of Shekel's products.
- Continue product pilots for The Bay, The Promotional Bay, and Innovendi and pursue additional pilot opportunities in key markets.
- Focus on building the key partnerships the Company has in place to expand access to retailers and strengthen our strategic relationships.
- In terms of the Company's Retail Innovation Solutions Suite, the focus in 2019 is to collect real field data and build our own 'Big Data' assets – the company's most important source of intellectual property.

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

*"This has been an exciting year for the Company marked by the admission to the Australian Securities Exchange (ASX) and the pursuit of our Retail Innovation Solutions Suite, in addition to continuing the growth of our core operations which are driven by continued sales growth and long-standing customer relationships. Utilising and growing our highly talented team at Shekel have given us the capacity to design and develop a new line of products aimed at addressing the challenges that traditional retailers face today.*

*"The Company's FY18 results are reflective of the transition we have experienced as a Company, both in becoming a publicly listed company and the expansion of our product offering. The shift from an operating profit to an operating loss stems from one-off IPO costs and salary and related expenses in the grant of options and performance shares. Considering these additional costs, coupled with the increase of Research and Development (R&D) to drive our Retail Innovation Solutions Suite, Shekel would have been profitable, in line with FY17 results.*

*"Since listing on the ASX, we have signed a strategic partnership with Madix, one of the largest shelf manufacturers in North America and we received our first commercial order for Innovendi post year-end from Tnuva. These are extremely positive steps towards commercialisation of our Retail offering*



*and ensure Shekel is well-positioned to execute our growth and expansion initiatives across key markets.”*

**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 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 their “Product Aware Surface 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/>