

## 2019 Annual General Meeting Chairman's Address

Ladies and Gentlemen, welcome to Shekel Brainweigh's 2019 Annual General Meeting, our first as an ASX listed company. I acknowledge this AGM is being held on the traditional lands of the Gadigal people. I pay my respects to their elders past and present.

Prior to moving to the formal business of today's meeting, I would like to share an overview of the Company's performance over the 2018 financial year, our major developments and outlook for the next 12 months.

Shekel Brainweigh is a market leader in weighing sensor technology, providing advanced weighing products to the retail, healthcare and manufacturing markets. Shekel's advanced weighing systems can be found in self-checkouts at supermarkets globally, as well as hospital incubators and weighing scales for the healthcare industry. Our solutions are sold to blue-chip customers, including Toshiba, Fujitsu, Diebold-Nixdorf, and GE Healthcare.

### 2018 Financial Year

FY18 marked the Company's Initial Public Offering (IPO) and admission to the Australian Securities Exchange on 20 November 2018, after successfully raising A\$10.15 million.

Shekel's established core business, Shekel Scales, has a long track record in generating consistent revenue and earnings. The decision to become a publicly listed company provided Shekel with the capital to establish a new business segment, our Retail Innovations Division.

The focus here is on the development and deployment of our exciting new line of weighing products to enhance retail store automation, and we will re-invest earnings from Shekel Scales into this area. We see a tremendous opportunity for our weighing technologies to address global inventory issues faced by retailers today, and we are confident that our investment will drive future revenue and earnings growth.

### Operations

#### **Shekel Scales**

Looking back at FY18, Shekel Scales continued its track record of revenue and sales growth with an increase in units sold across both our retail and healthcare segments, reflecting strong demand for our core technology. Shekel's core load cell technology is widely recognised as best in class for its accuracy (2.5% error) and speed (10 times faster than competition).

Revenues for the year were US\$18.7 million, up from US\$18.2 million in FY17. Gross Profit was US\$8.3 million up from US\$7.7 million in FY17. Core units sold to our long-standing blue-chip customers all increased in number compared to the previous year.



In Retail, sales were strong with 35,286 self-checkout units sold in FY18 to customers Toshiba, Fujitsu and Diebold Nixdorf.

In Healthcare, the Company sold over 9,800 units to long-standing blue chip client GE Healthcare. Shekel as an Original Equipment Manufacturer (OEM) provides its precision weighing systems which are integrated into incubators and warmers by GE Healthcare.

We are experiencing continued demand for our technology from our long-standing clients, led by increased industry demand, and we will continue our efforts to grow sales in this division.

### **Retail Innovation Division**

In addition to driving the existing business line, FY18 was a significant year as the Company established its new Retail Innovations Division with products including Innovendi, Smart Shelf and The Promotional Bay.

This new line of products is aimed at addressing major challenges faced by global retailers today, such as overstock and out-of-stock issues, resulting in \$1.1 trillion globally in annual inventory losses.

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.

Since the establishment of the Retail Innovations Division, the Company has made significant progress. In FY18 we signed a strategic marketing and development agreement with Madix Inc., one of the largest manufacturers of store fixtures in North America. Shekel and Madix will design and develop new joint products integrating the Company's existing technology and Madix's retail store fixtures.

Of significant importance, post year end, Shekel signed its first commercial order for 1,200 of its fully autonomous vending machines, Innovendi, to be delivered to Tnuva, Israel's largest dairy manufacturer. Streamlined production of Innovendi has commenced, and the first batch of machines have been delivered to Tnuva.

We are also honoured to have been invited by Intel to collaborate in an industry partnership to help simplify the adoption of advanced Internet of Things (IoT) and AI technologies into the retail environment. Our focus also lies in the collection of real field data and building our own Big Data assets, the Company's most important source of intellectual property. The data collection is essential to understand customer behavioural patterns.

The Company continues to conduct pilots for the Innovendi and Smart Shelf technology in Israel, Germany and the US. Currently, we have an ongoing pilot with one of the world's largest retailers, and we look forward to updating the market on the progress of these pilots throughout the year.

### **Conclusion**

Shekel has entered FY19 in an exciting and strong position as we have now defined the two pillars of our business. Looking ahead, we will continue to invest in R&D in the new Retail Innovations division while commercialising our products. We will leverage existing customer channels and relationships to expand our presence in the US, Europe and Australia. The Board and I are very excited about the impact that Shekel's technologies can have in this space.



We also have plans to strengthen our existing business line of core products, Shekel Scales, to capture increased market share in the retail and healthcare industries. We are seeing increased demand for self-checkout systems globally and believe Shekel is in an advantageous position to capitalise on this demand.

In closing, on behalf of the Shekel Board, I would like to thank our senior management and employees for their commitment and hard work during the year. I would also like to thank our shareholders for their support throughout the IPO and the ongoing support for the Company.

**Dave Sharma**  
**Non-Executive Chairman**  
**Shekel Brainweigh Limited**