

23 November 2022

Shekel Brainweigh sells Healthweigh® scales product line for US\$3.4 million

Highlights

- **Shekel to sell its Healthweigh® line of medical scales products to US-based Rice Lake Weighing Systems for US\$3.425 million**
- **Sale represents 1.1x annual revenue of the Healthweigh business unit**
- **Rice Lake distributes Healthweigh products in the US and accounts for ~40% of the business unit's annual sales**
- **Shekel will continue to distribute Healthweigh products in Israel**
- **The decision to sell the Healthweigh line is part of Shekel's strategy to increase focus on its advanced retail-tech self-checkout solutions**
- **Sale of Healthweigh line will improve SBW's balance sheet and allow its focus to remain on retail automation solutions and OEM products.**

Shekel Brainweigh Ltd (ASX:SBW) (Shekel or the Company), an advanced weighing technology firm and artificial intelligence innovator, is pleased to announce it has agreed to sell its Healthweigh® (**HW**) line of health scales products to US-based Rice Lake Weighing Systems for US\$3.425 million in cash.

Rice Lake has been the US distributor of the Healthweigh product line for Shekel for 12 years and is the largest distributor of the product line globally, with its sales equating to about 35% of the line's annual revenue.

The sale to Rice Lake only includes Shekel's medical scales products sold under the Healthweigh brand, **and not Shekel's OEM weighing products such as those used in neonatal incubators.**

Under the agreement, Shekel will continue to distribute Healthweigh products in Israel, which accounts for about 30% of all annual sales.

Shekel General Manager Nir Leshem said: "Healthweigh is one of our five business areas but it represents a relatively small product line and relies on a large portion of sales by Rice Lake to remain profitable. It is a very competitive market for these types of products and we feel the business unit would need considerable investment from Shekel to continue to grow. Rice Lake is looking to expand its business and this sale will allow it to do that.

Divesting the Healthweigh product line for US\$3.425 million represents 1.1 x annual revenue and is well aligned with the company portfolio prioritization strategy to center Shekel's focus on its advanced self-checkout solutions to the retail-tech market, where

we can continue to innovate and deliver new products that offer higher profitability and will drive our growth.

We will continue to distribute the Healthweigh products in Israel, where we have a strong market presence.”

The transaction is expected to close on or before 5 December 2022 and the agreement provides that Shekel will continue to manufacture and assemble the Healthweigh products for Rice Lake at the Shekel plant in China for an agreed period until Rice Lake may transfer the production to one of its production plants.

The agreement provides that Shekel will transfer to Rice Lake the ownership of HW brand, the production files of the HW products and the various certificates and licenses that will allow Rice Lake to manufacture and sell the products. Rice Lake will also receive a license to use for the production of the HW products, some of the electronic devices and software used by Shekel for both the HW products and Shekel's other products.

The agreement includes representations, warranties and indemnities from Shekel that are customary for a transaction of this type.

Authorised for ASX release by the Board of Shekel Brainweigh Limited.

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About Rice Lake Weighing Systems

Rice Lake Weighing Systems is a family-owned, ISO 9001:2015 certified corporation, based in Rice Lake, Wisconsin, USA. It has been manufacturing and distributing weight-related products and supplies since 1946 and offers more than 40,000 products across its business.

About Shekel Brainweigh

Shekel Brainweigh is 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 has established its Retail Innovation Division, which 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 www.shekelbrainweigh.com