

Shekel Brainweigh on track to deliver 35% YoY Retail revenue growth in 2022

Highlights

- **Shekel on track to deliver 8th consecutive quarter of revenue growth in Q4 CY22 and full-year significant growth in 2022 compared to 2021's US\$23.1 million**
- **Shekel has streamlined operations to reduce cash burn and move towards breakeven position**
- **Strong order book and outlook for Q1 2023 expected to continue revenue growth**
- **Shekel's Retail technology business segment is on track to deliver ~35% revenue growth in 2022 and continues to develop and commercialize new products.**

Shekel Brainweigh Ltd (ASX:SBW) (Shekel or the Company), an advanced weighing technology firm and artificial intelligence innovator, is pleased to provide an update on its 2022 sales results to the end of November 2022.

SBW is expected to deliver topline full-year sales growth in 2022 compared to 2021 and is on track to achieve record quarterly revenue of US\$7.5M in Q4 2022. This would equal eight consecutive quarters of growth for SBW, compared to the previous corresponding period ("pcp"). It also has a strong order book for Q1 2023, indicating the uptick in sales revenue will continue into its next financial year.

SBW has seen growth across all three market segments – Retail, Healthcare and Industry – with Retail on track to achieve 35% revenue growth over its 2021 result. The Company has achieved revenue increases across all its geographies in 2022 compared to the previous full-year result.

Shekel Scales General Manager Nir Leshem said: "The continued growth in revenues to date in the second half of 2022 brings the company closer to breakeven on the back of the trend we showed in the first half of 2022, of reducing losses and cash burn.

We are seeing that Q4 is becoming our strongest quarter of the year, on track for a new quarterly revenue record this quarter. Our strong Q4 in 2022 follows the 60% year-on-year revenue growth we achieved in Q4 2021. Alongside this, the Company has taken major steps to optimize its manufacturing and assembly capacity with a view to increase efficiency."

Product development and commercialization

SBW continues to improve its new product vitality index (NPVI) matrix, which compares sales of new products developed in the past five years to overall sales, to

ensure continued growth as the Company continues to focus and invest on technology for its Retail sector. SBW has achieved significant progress in 2022 in commercializing new products and technologies, including:

Smart Cart

- **Cus2mate scales system** for Smart Cart application: This system has received its first commercial order, which will be delivered in 2022+2023.
- Following this initial order, SBW has received further interest and demand in its Smart Cart solution, signalling a potential growth opportunity for the Company's Retail Innovation products. It will launch a **Smart Cart kit** at NRF in New York City in January 2023
- SBW's **Tavor** system, designed to provide a world-first technology for "legal for trade" and "security scale system" for smart shopping carts, is on track to finish development in mid-January and move to scalability phase in Q2 CY2023. Sales of the Tavor system are scheduled to commence mid-2023.

Smart Shelves

- Continued demand for **Innovendi & Hubz smart fridges** with deliveries of units in Europe, the US, Israel and Australia
- SBW's **smart shelves** is expected to generate revenue of ~US\$1.7M in 2022, compared to US\$900k in 2021.

Fast Track

Having completed a proof of concept in 2021, Shekel's **Fast Track** fresh product recognition system delivered a successful small-scale pilot in Israel in recent months and is now starting a broader pilot with a large Israeli point-of-sale provider. The pilot is estimated to finish by mid-year 2023 and this will qualify the Fast Track system for full commercialization.

Business integration

SBW's business division integration is now fully completed, as part of its consolidated organization structure, and this is expected to increase operational efficiencies, improve technology spread and knowledge usage across product development, and ramp up its development pipeline, particularly towards technology advance in the Retail segment.

COVID-19 continues to impact SBW's Ningbo plant and Truetech, its sub-contractor in China, with Truetech's plant operating at 20% capacity due to a recent lockdown.

Healthweigh® sale

SBW's sale of its Healthweigh® (HW) product line announced to the ASX on 23 November 2022 was completed on 12 December 2022. The HW sale represents 1.1x annual revenue of the business unit, and SBW will continue to distribute HW products in Israel, which accounts for about 30% of annual sales.

Sale of the business unit, is in line with its portfolio prioritization strategy, will improve Shekel's balance sheet and allow teams to focus on Retail technology and mobilize investment and innovation to deliver higher margin products.

Plans for early 2023

SBW teams are finalizing the 2023 strategic and operational plan and budget to present to SBW's Board by end of December 2022. Plans will include expansion of sales, marketing and support globally.

NRF New York January 2023

SBW will present its full range of advanced checkout solutions for the Retail tech market at the NRF show in New York City. NRF is the largest, prestigious retail exhibition globally and an excellent opportunity to demonstrate Shekel full range of solutions for the retail industry. NRF will be held between 15-17 January and SBW will be at booth #4045 with demonstrations and meetings across the three-day event.

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

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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