



FY23 H1 (January to June 2023) Financial Results Presentation

SEPTEMBER 2023

Approved for release by the CFO

www.shekelbrainweigh.com

ASX: SBW

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CORPORATE OVERVIEW

**A GLOBAL MARKET LEADER
IN ADVANCED WEIGHING
TECHNOLOGIES
AIMING TO IMPROVE
EVERYDAY LIFE BY SUPPORTING
CUSTOMERS' NEEDS**

SHEKEL BRAINWEIGH (ASX: SBW)

Global Industry Classification Standard	Information Technology sector, Software & Services industry group
Market cap ¹	A\$19.3 million ¹
Employees	140
Markets	Europe, UK, USA, Australia, Japan, China, Israel
Shares issued	~ 203 million
Share price	\$0.095 (05 September 2023)
Shareholders	<ul style="list-style-type: none"> • Axcel Partners – 27% • Concepta – 17% • Beit-Keshet – 12% • Sophisticated Investors – 17% • Others – 27%

¹ Based on share price at 05 September 2023

H1 FY23 RESULTS HIGHLIGHTS

- Record Group revenue of **US\$ 13.4 million** in H1 FY23, **up 12%** on H1 FY22 on a comparable basis (reducing Healthweigh revenue).
- Retail solutions grew to US\$ 6.83 million in H1 FY23, representing 32% growth compared to FY 22 revenue, underlining the success of the company strategy to focus on retail smart solutions.
- **Group revenue growth represents 5 consecutive half yearly periods growth.**
- **16% reduction** in operating loss to US\$ 2.137 million (FY22: US\$ 2.551 million)
- First time since 2019, company returns to positive cash flow from operational activities of US\$ 0.3 million, compared to negative US\$ 1.7million for the same period in FY22.

“Our H1 FY23 results are really pleasing and demonstrate the company’s ability to execute on our ambitious business plan to grow revenue, while monitoring our cash, with a goal to achieve positive EBITA in Q4, 2023”

– Shekel CEO and Executive Chairman Arik Schor

H1 FY23 PROFIT & LOSS

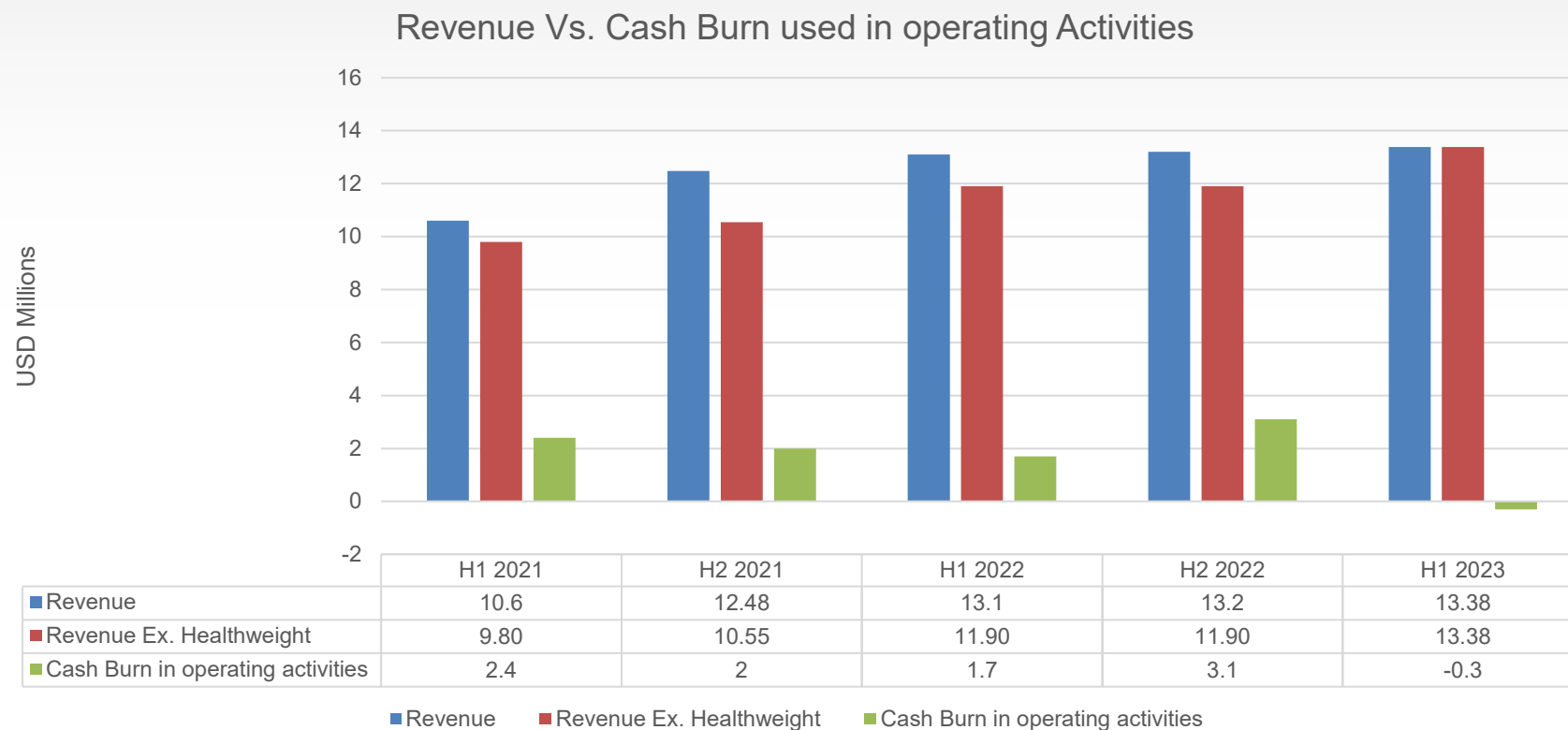
	June 30, 2023	June 30, 2022
Revenues	13,386	13,117
Cost of revenues	9,121	8,462
Gross profit	4,265	4,655
Research and development expenses	2,113	2,015
Selling and marketing expenses	2,014	2,022
General and administrative expenses	2,283	2,998
Expected credit losses (benefit)	(8)	171
Operating loss	(2,137)	(2,551)
Financial income	968	1,577
Financial expense	662	947
Loss before tax	(1,831)	(1,921)
Tax on income	63	50
Loss for the period	(1,894)	(1,971)
Other comprehensive income (loss), net of tax:		
Items that will or may be reclassified to profit or loss:		
Exchange gains (losses) arising on translation of foreign operations	17	(58)
Total comprehensive loss for the period	(1,877)	(2,029)

H1 FY23 BALANCE SHEET

	June 30, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	1,309	1,892
Trade accounts receivable, net	7,710	8,186
Other accounts receivable	1,996	1,957
Inventories	5,052	5,114
Loan to related parties	156	157
	16,223	17,306
Non-Current Assets:		
Right of use assets, net	6,042	6,132
Property, plant and equipment, net	936	825
Intangible assets, net	803	1,400
	7,781	8,357
Total Assets	24,004	25,663

	June 30, 2023	December 31, 2022
LIABILITIES AND EQUITY		
Current Liabilities:		
Short term loans and current portion of long-term loans	5,066	6,301
Trade accounts payable	3,957	2,294
Other accounts payable	4,167	4,480
Convertible loan at fair value	5,695	6,499
Warrants	66	-
	18,951	19,574
Non-Current Liabilities:		
Lease liabilities	4,814	5,052
Long term loans	1,259	292
Employee benefit liabilities	606	457
Liability for royalties payable	4	4
	6,683	5,805
Equity (deficit):		
Equity attributable to owners of the parent:		
Share capital and premium	13,390	13,163
Foreign exchange reserve	(99)	(105)
Share based payment reserve	1,314	1,527
Retained losses	(16,873)	(14,887)
Total deficiency attributable to owners of the parent	(2,268)	(302)
Non - controlling interest	638	586
Total Equity (deficit)	(1,630)	284
Total Liabilities And Equity (deficit)	24,004	25,663

CASH USED IN OPERATING ACTIVITIES DECREASING WITH REVENUE GROWTH



Note: For comparison purpose, the revenue figures are total revenue (Blue Column), and revenue excluding the Healthweigh line which was sold in H2 2022.

DEBT SITUATION ANALYSIS - Loans (in US\$)

Current Debt of the company comprises of the following:

Convertible Note (Yavne Group)

- Current Outstanding - US\$ 5.736m
- Terms – Conversion any time before May 15-2025, or repayment on that date. If repayment, outstanding amount is NIS16.55M (currently equal US\$ 4.4m, the current outstanding value of the loan in the books includes the conversion fair value).
- Risk Analysis – loan could have converted into shares starting in mid-May 2023 under very good conditions for the lender, as the share price is relatively low, however the lender does not convert. The company estimates that there is a low chance that the lender will convert the full amount soon, and in the meantime the company is negotiating with the lender in order to remove the uncertainty regarding the lender's desire to either convert the loan or receive their funds back at the aforementioned date.

Loan from HNW investors

- Current Outstanding – US\$ 3.1m
- Terms – One year loan to be repaid by the end of January 2024.
- Risk Analysis – The lenders are mostly existing longstanding shareholders of the company, since the company's IPO. These shareholders have a vested interest in the company's success, as major shareholders, and have been supportive of the company's growth and progress.

The risk of these shareholders calling a forced repayment of the loan is low.

The company and the lenders are in discussions to formalize the above in order to further reduce the financial risk.

DEBT SITUATION ANALYSIS – Operational Credit (in US\$)

Operational credit from Israeli Banks (On going)

- Current Outstanding – US\$ 2.845m
- Terms –US\$ 1.38m renewed every 12 months (on March 31).
US\$ 1.255m will be repaid on a monthly basis till March 31-2028.
\$0.21M will be repaid till March 31-2024.
- Risk Analysis – If the company is not able to meet its bank covenants (which had never happened so far) the banks might decide not to renew the \$1.38M

Operational credit to the French subsidiary from French Bank

- Current Outstanding – US\$ 0.376m
- Terms –Monthly payments till December 2025.

OUR RETAIL AUTOMATION SOLUTIONS



RETAIL MARKET – SHEKEL’S HOLISTIC SOLUTION



RETAIL PRODUCTS ECOSYSTEM

SHEKEL product lines

Shelf Checkout, Smart Vending, Smart Cart



Our customers

Hardware and software tech vendors
Integrators & Operators

TOSHIBA



Our End-users

Retailers, CPGs, Integrators and Space owners



New Technology in AI & ML Enables Retail Automation Solutions

Smart Carts



A light weight solution that combines legal for trade capabilities with security and product recognition.

Smart Cooler



The next generation of secure unattended retail, based on Shekel's Product Aware Technology.

Smart Shelves



Bays

Typically made of 4-5 shelves, & providing real time product recognition.

SELF CHECKOUT – IN THE MARKET SINCE 2010



CUSTOMERS INCLUDING:

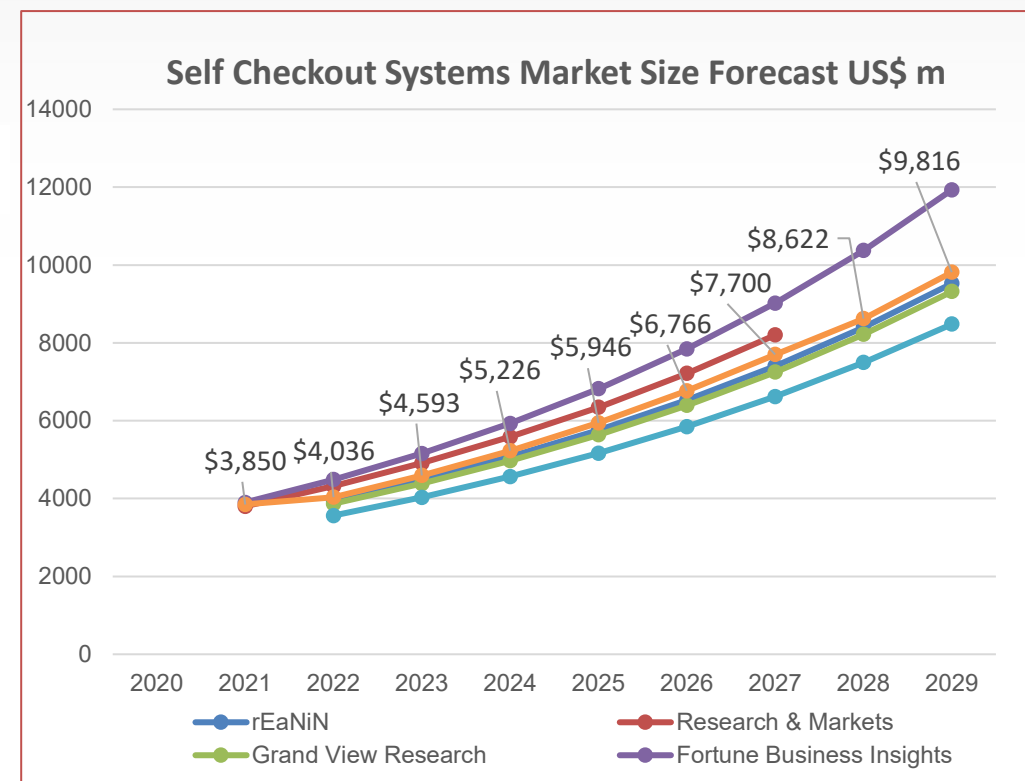


SUPPLYING THE WORLD'S LARGEST RETAILERS



H1 FY2023 Sales: US\$6.83 m

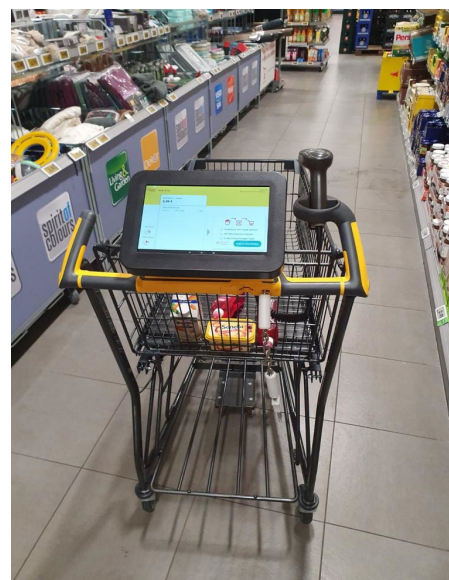
32% Growth compared to H1 2022



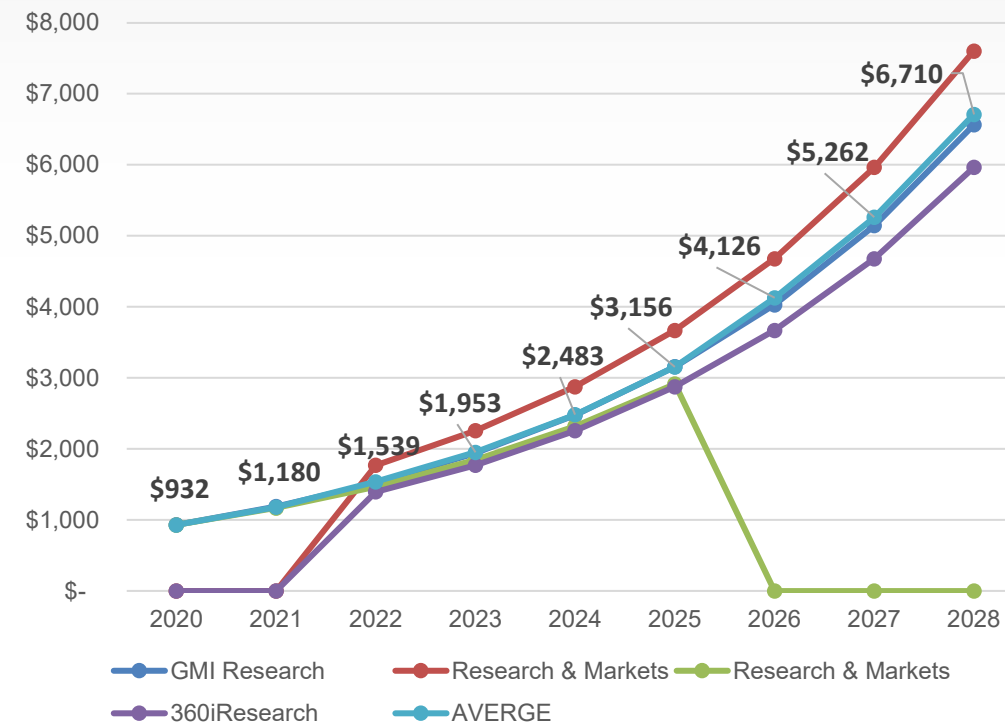
<https://www.grandviewresearch.com/industry-analysis/self-checkout-systems-market>
<https://www.marketresearch.com/Grand-View-Research-v4060/Self-checkout-Systems-Size-Share-33728799/>
<https://www.grandviewresearch.com/industry-analysis/self-checkout-systems-market>
<https://www.psmarketresearch.com/market-analysis/self-checkout-systems-market>

Smart Cart – Momentum Growing

- Shekel weighing application for smart cart shopping experience
- Self-checkout embedded in cart
- Big Data capabilities help prevent fraud and automatically issue re-stocking alerts
- Received first order for Smart Cart application weighing units
- We continue to develop an all-in-one Smart Cart device with “legal for trade” and security weighing ability



Global Smart Shopping Carts Market Size US\$ M



<https://www.gmiresearch.com/report/smart-shopping-cart-market>
https://www.researchandmarkets.com/report/smart-shopping-cart?clid=Cj0KCQjw6KunBhDxARIsAKFUGs_CxUGzmLtevcXZBbjelyUYUBBZ9ws1qxXRG1wAivKKWMJr9X4XB80aAtLBEALw_wcB

SMART COOLERS

The Product:

- Innovendi (1st generation) Hubz (2nd generation) Micro Market Smart Fridges
- New Variety of Products
- Higher revenue per machine

The Market:

- High-end Smart Fridges
- Targeting USA / Europe

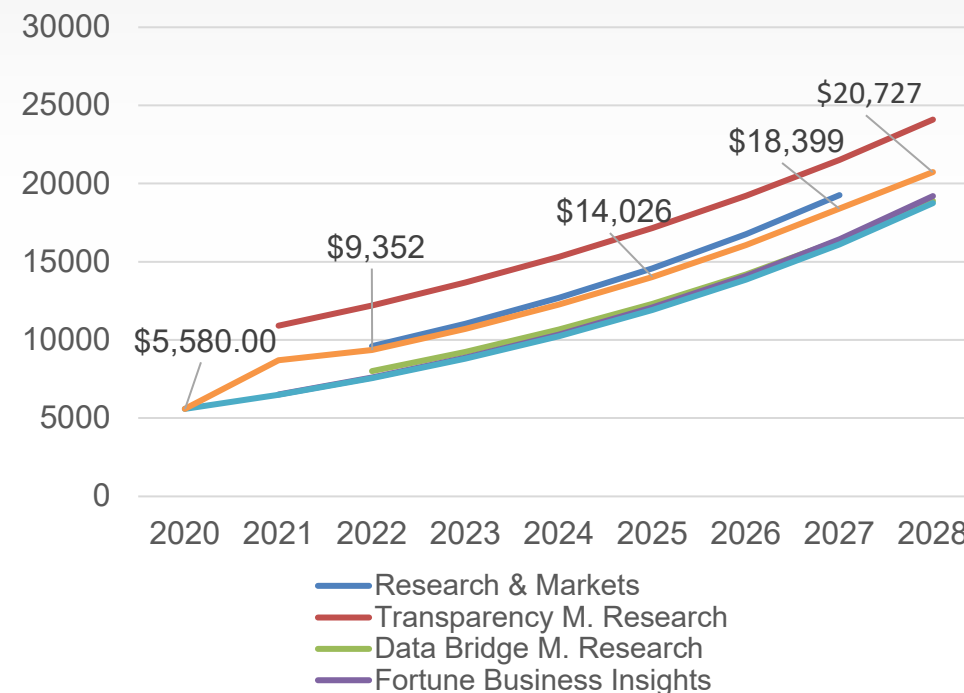
Business Model:

- One time payment for hardware and equipment
- Monthly SAAS revenue for data collection

Innovendi achieved Market Ready IoT Solutions certification by Intel®



Smart Coolers Market Size Forecast US\$ m



<https://www.transparencymarketresearch.com/intelligent-vending-machine.html>
<https://www.databridgemarketresearch.com/news/global-smart-vending-machine-market>
<https://www.fortunebusinessinsights.com/intelligent-vending-machine-market-107360>
<https://www.verifiedmarketresearch.com/product/smart-vending-machines-market/>

AUTONOMOUS STORES

The Product:

- Equipment for fully autonomous retail stores
- Single shopper, multiple shoppers and “store within a store” configurations
- Frictionless 24/7 shopping experience

The Market:

- New concept in early days of adoption by retailers, esp. micro market operators
- Expected hundreds of store solutions

Business Model:

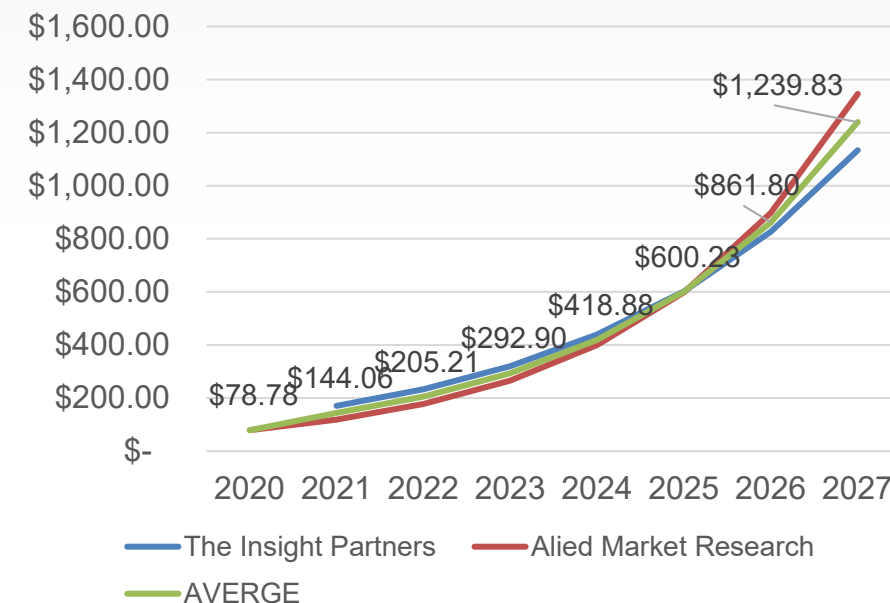
- One time payment for hardware and equipment
- Monthly SAAS revenue for data collection



HITACHI

USTGlobal®

Frictionless Stores Market Size Forecast US\$ m



Frictionless Retail – Number of Autonomous Stores (Global, CAGR 91%)

2020	2021	2022	2023	2024	2025
480	917	1,751	3,344	6,387	12,200

https://www.glassdoor.com/Reviews/Insight-Partners-Reviews-E198028.htm?filter.iso3Language=eng&filter.employmentStatus=REGULAR&filter.employmentStatus=PART_TIME&filter.searchKeyword=AI-Powered+Checkout+Market+Forecast+to+2027%C2%A0
<https://www.alliedmarketresearch.com/autonomous-last-mile-delivery-market>

Movie at: <https://youtu.be/h-TEdSgCX3g>

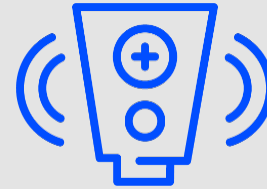
SHEKEL COMPETITIVE EDGE



Weight

Unique weighing method

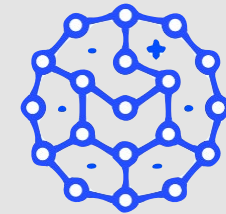
- Low Cost
- High sampling rate > 500 Hz
- Fast settling time
- Class III Approved
- Simultaneous multi-Channel



Recognition

Weight based SKU recognition

- Single scale, multiple SKUs
- Real-Time
- Trained by real data
- Location extrapolation
- Easy to operate



Data

Data Monetisation (Future)

- Inventory management
- Planogram compliance
- Shelves heat map
- SKU conversion rate
- Optimal planogram

PRODUCT AWARE TECHNOLOGY—COMPETITIVE TECHNOLOGY ADVANTAGE

ONE weighing platform with **MULTIPLE** products recognition

ACCURACY

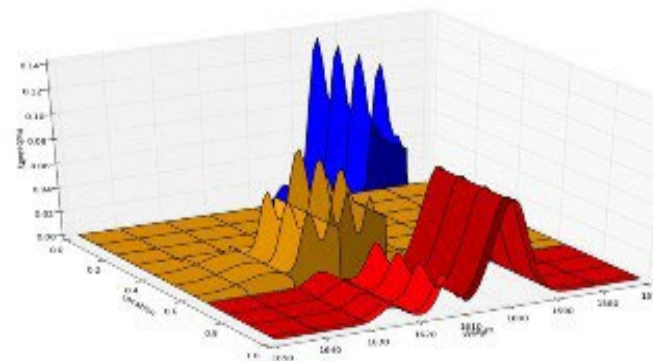
- More than 99.8% accuracy reported
- Huge database of grocery weights
- Differentiating between similar products

FLEXIBILITY

- 10 SKUs per shelf
- Remote planogram control

AFFORDABILITY

- More cost effective than Computer Vision or RFID systems



Awarded “Gold Partner” status by Intel for Capsule, Innovendi, Hubz and as an OEM Supplier*

*<https://www.intel.com/content/www/us/en/search.html?ws=text#q=shekel%20brainweigh&t=All>

HEALTHCARE SOLUTIONS

HEALTHCARE

H1 FY23 Sales: US\$4.227M

**5% Growth compared to
H1 2022**

**Market opportunity:
Healthcare budgets returning
to elective care following
COVID pandemic**

Healthcare OEM

As a leading OEM provider, our precision weighing systems are integrated into incubators and warmers for premature babies



GE Healthcare

INDUSTRIAL SOLUTIONS & SERVICE PROVIDING- ISRAEL

INDUSTRIAL PROJECTS + CUSTOMER SERVICES

H1 FY23 Sales: US\$2.3M

Local market leader in Israel

Shekel provides force measurement weighing and scale solutions for industrial needs:

- Agricultural – silos, livestock, dairy applications
- Manufacturing
- Military
- Airport baggage scales



SENIOR MANAGEMENT TEAM



Arik Schor

CHAIRMAN AND CEO

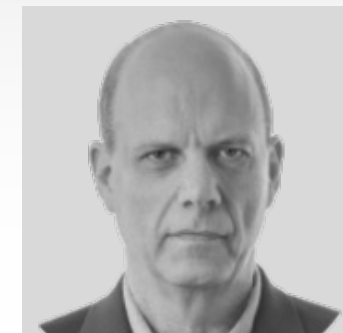
- Independent Director at Paz Oil Company Ltd
- Chairman of Tadbik, a global leader in packaging solutions.
- Director at Afimilk, a global leader in computerized systems for the dairy industry
- Former CEO of Tnuva Group (2009 to 2016), Israel's largest food conglomerate
- Former CEO of Holga Kimberly (a subsidiary of Kimberly Clarke)



Nir Leshem

GENERAL MANAGER

- Former Managing Director for 3M Israel, global business director for 3M Public Security and US business director for Traffic Safety division.
- Extensive experience in leading global sales and marketing initiatives across multiple regions and countries.
- Expertise in managing C-level relationships, developing business strategies, portfolio roadmaps, system service models for customers, and generating new business.
- Holds MBA focused on Marketing from Ono Academic College in Israel



Barak Nir

CHIEF FINANCIAL OFFICER

- More than 25 years' experience as Chairman, CEO and CFO for several organizations, including international public companies, Israeli private companies and Israeli Kibbutzim.
- Experienced in various fields of business activity's including: hotels, traditional industry, high-tech industry, capital markets, agriculture and real estate.

WHY INVEST IN SBW

POTENTIAL TO REVOLUTIONISE RETAIL USING DATA

1

'BEST IN CLASS' TECHNOLOGY, UNIQUE INTELLECTUAL PROPERTY

- SBW competitive edge: 'best in class' technology – highest accuracy
- IP engineered by 'genius-lab'
- Forefront application of AI-enabled technology and leveraging IoT
- Validated by global technology leader Intel

2

VISIONARY LEADERSHIP WITH A TRACK RECORD OF INNOVATION & COMMERCIALISATION

- Highly experienced management team with a vision for the future
- Strong culture delivering R&D excellence
- Successful track record of commercialisation in an extremely high barrier market

3

SENSOR TECHNOLOGY TO ENABLE RETAIL AI-BASED APPLICATIONS AND DATA COLLECTION

- Significant income
- Established supply chain: global blue-chip customers with long-standing and long-term contracts
- Effective and active cost management

THE FUTURE

BUILDING BIG DATA ASSETS PLATFORM FOR GROWTH

- Strong growth opportunities in the autonomous retail space.
- New products and services focussed recurring fees sales model.
- Monetize big data assets and 4.0 shopping revolution



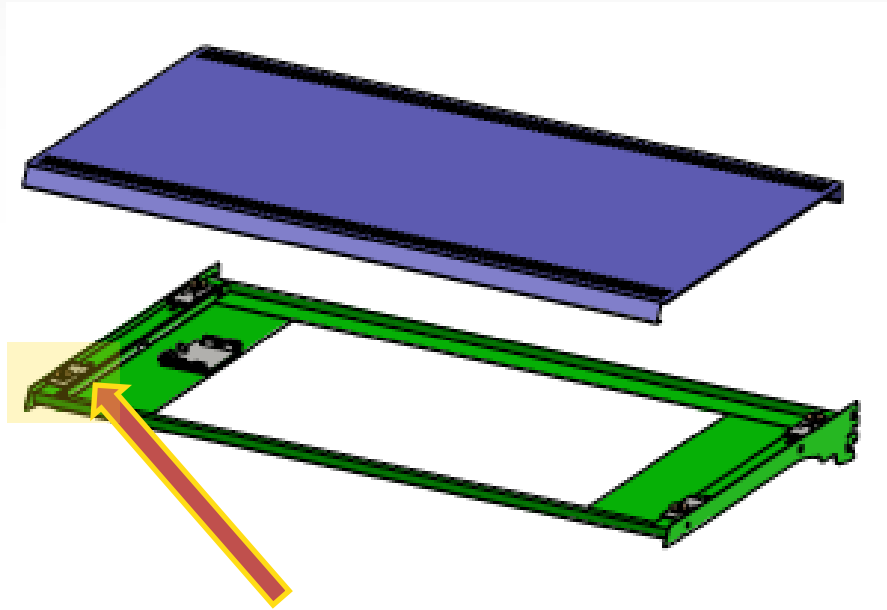
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APPENDICES

1. Shekel Advanced Technology
2. Shekel Board of Directors

4 IOT LOAD SENSORS UNDER EACH SHELF'S TOP-PLATE



Ultra Thin Sensors - Covered

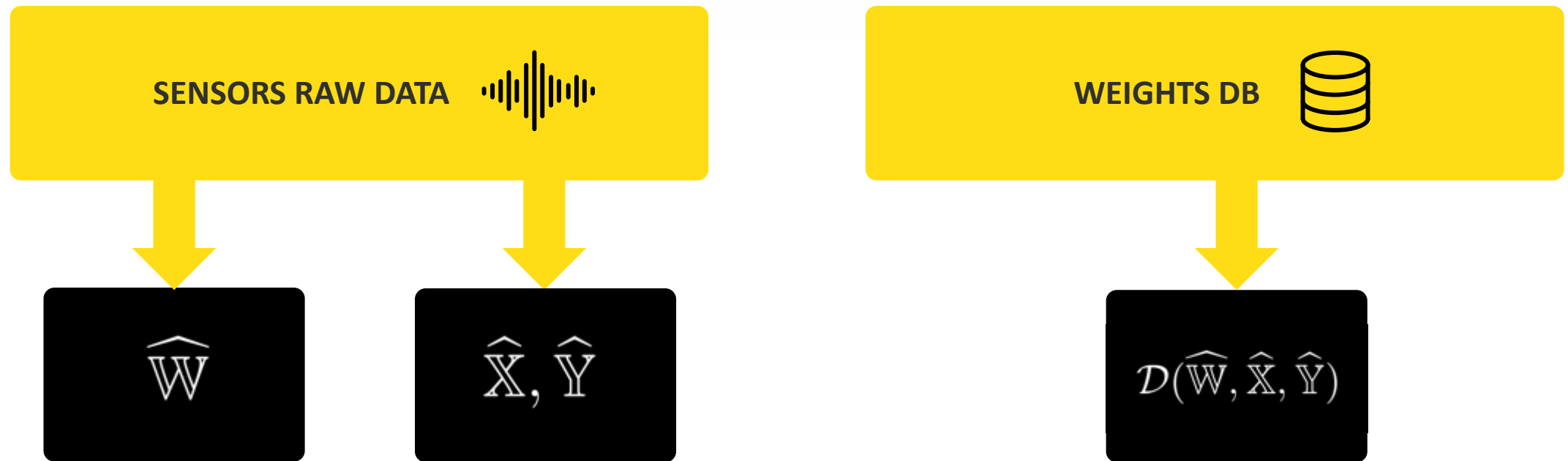


Ultra Thin Sensors - Uncovered

SHEKEL'S PRODUCT AWARE TECHNOLOGY

4D RECOGNITION

ONE weighing platform. MULTIPLE products recognition.

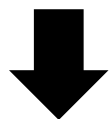


HD WEIGHT ACCURACY



3000 Divisions

700 ms



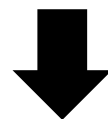
$$e = \frac{3000 \text{ gr}}{3,000} \simeq 1 \text{ gr}$$



HW

10,000 Divisions

200 ms

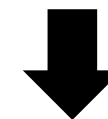


$$e = \frac{3000 \text{ gr}}{10,000} \simeq 0.3 \text{ gr}$$

IoT Load Sensors

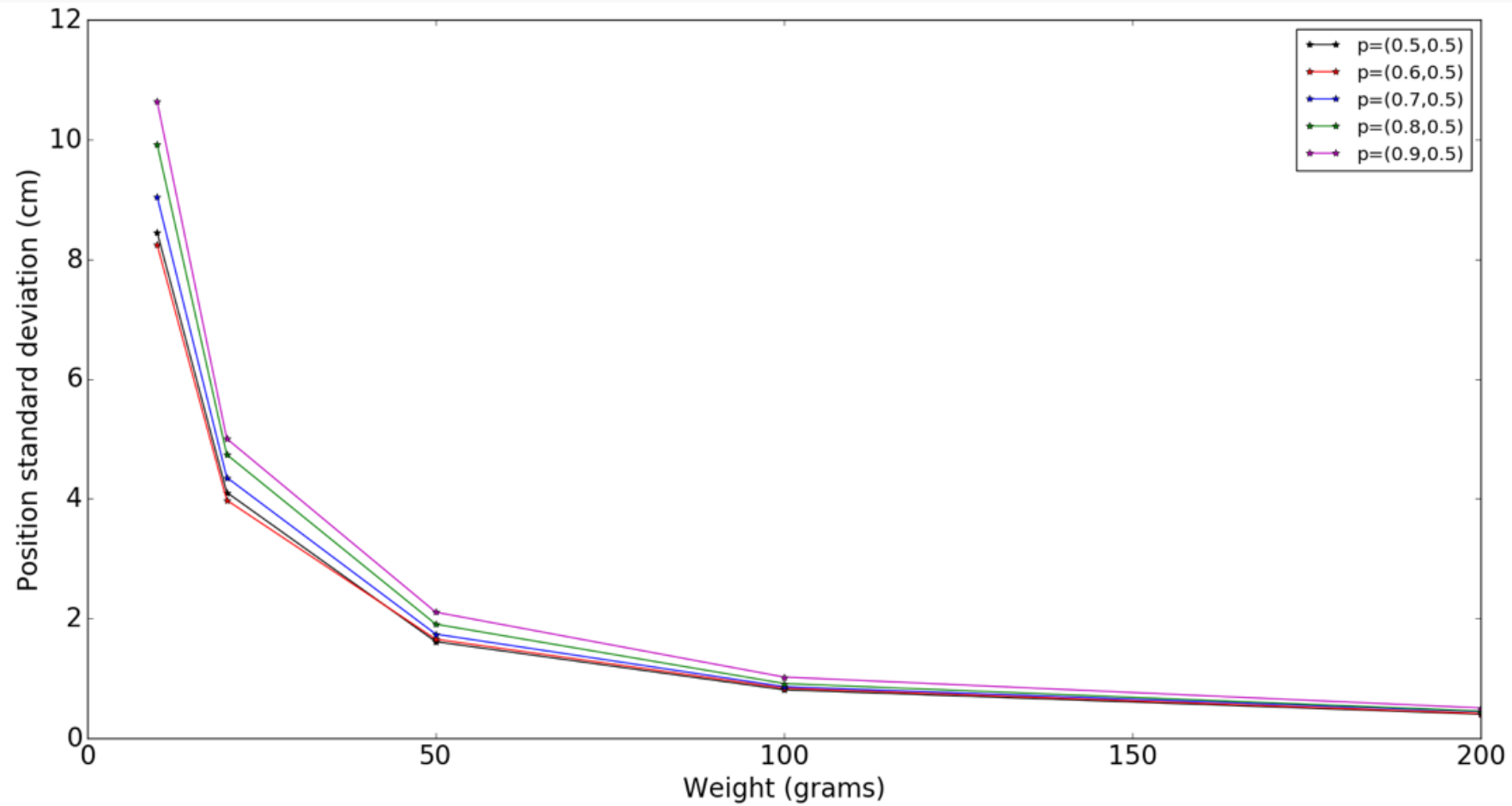
500,000 Divisions

200 ms

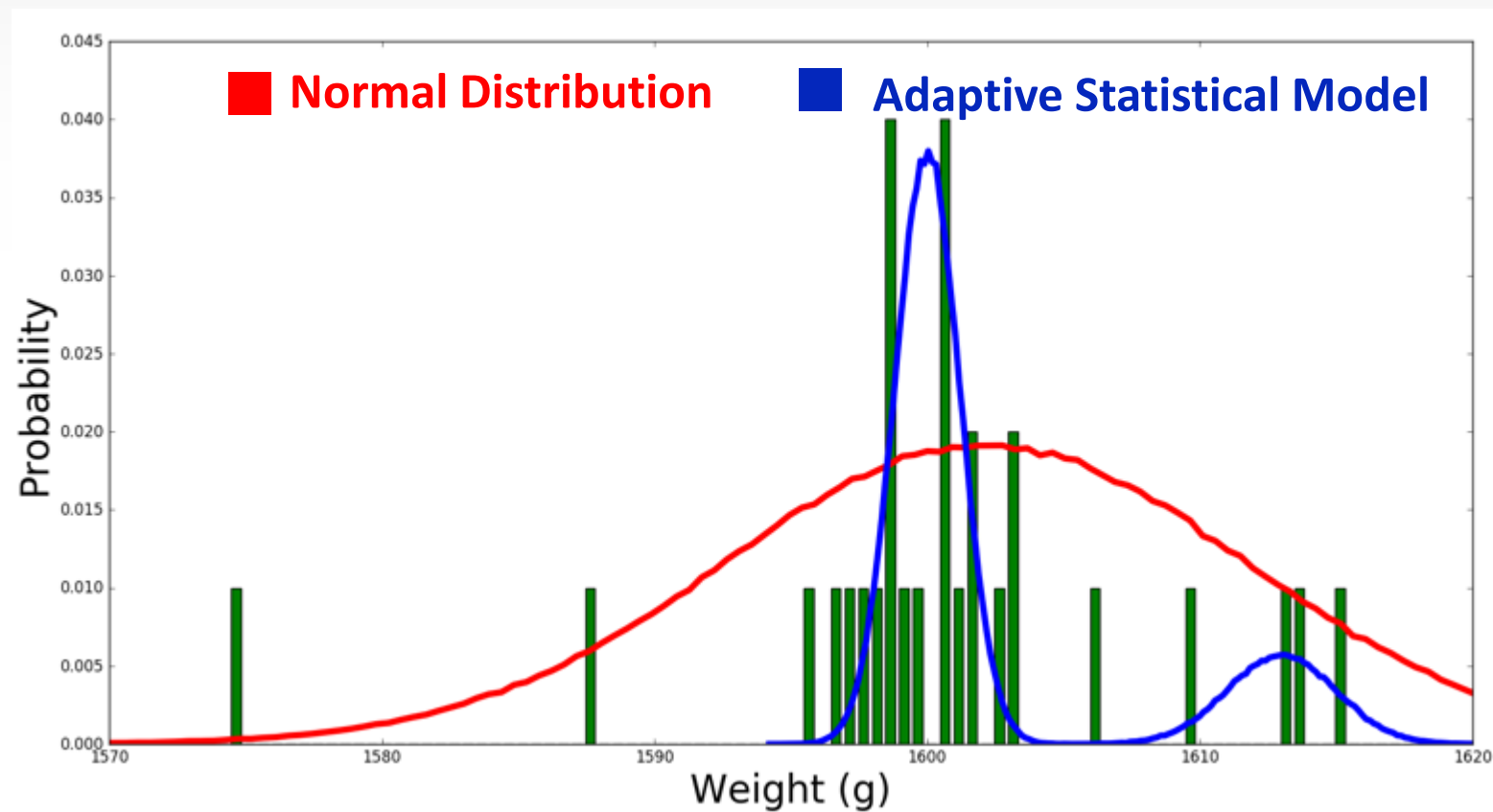


$$e = \frac{3000 \text{ gr}}{500,000} \simeq 0.006 \text{ gr}$$

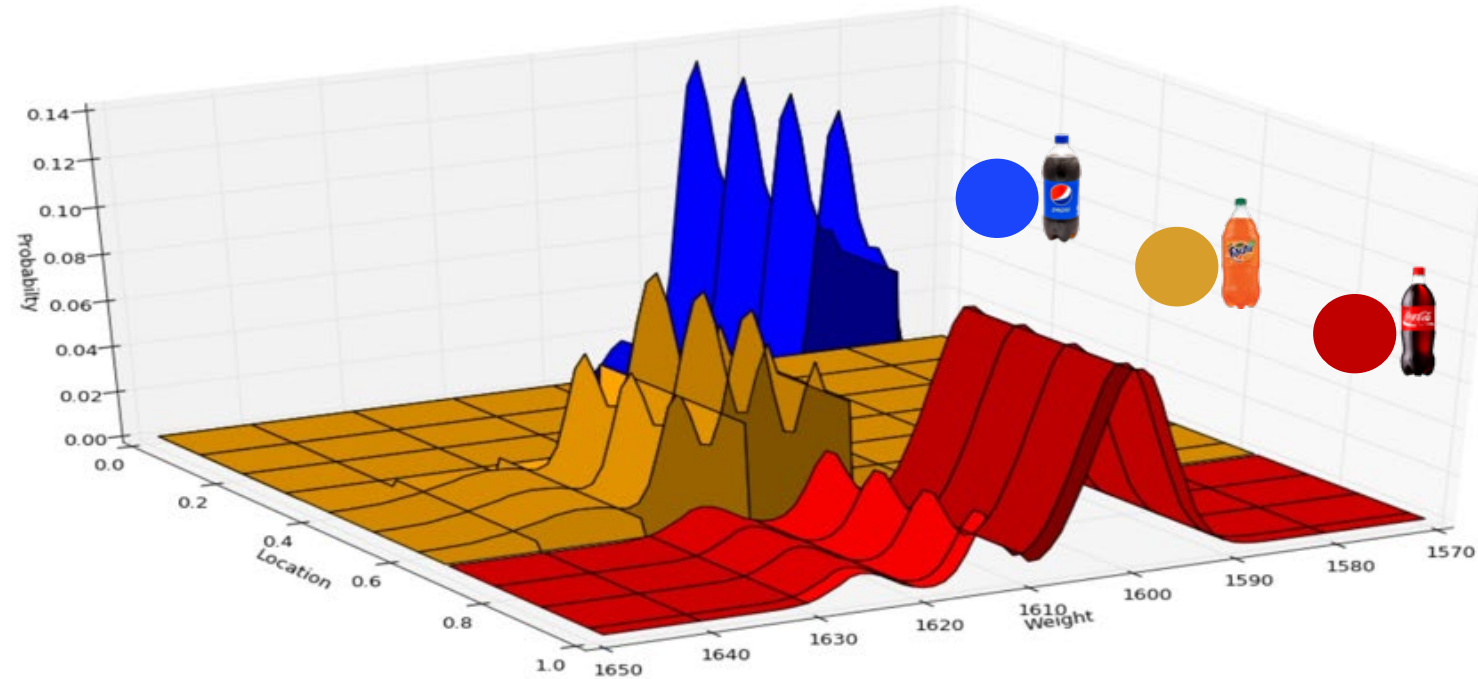
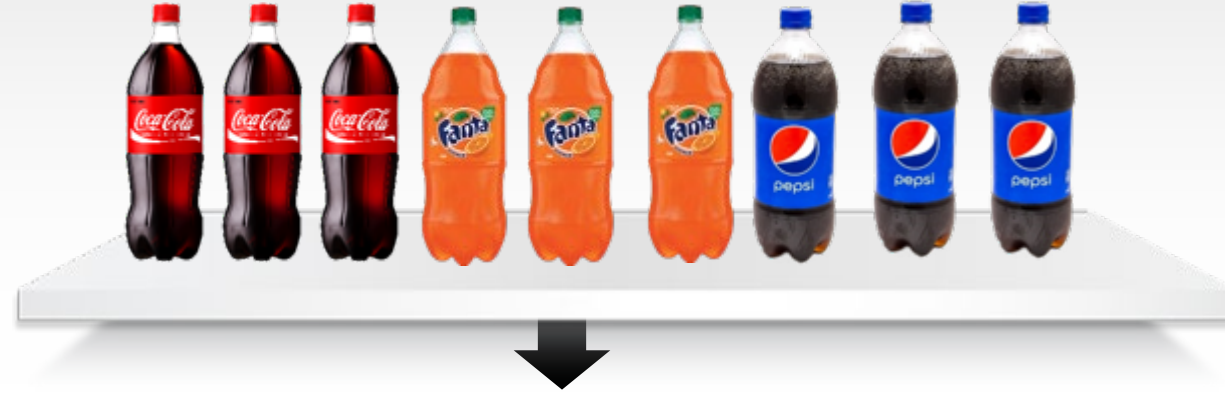
LOCATION DETECTION ACCURACY



PRODUCTION

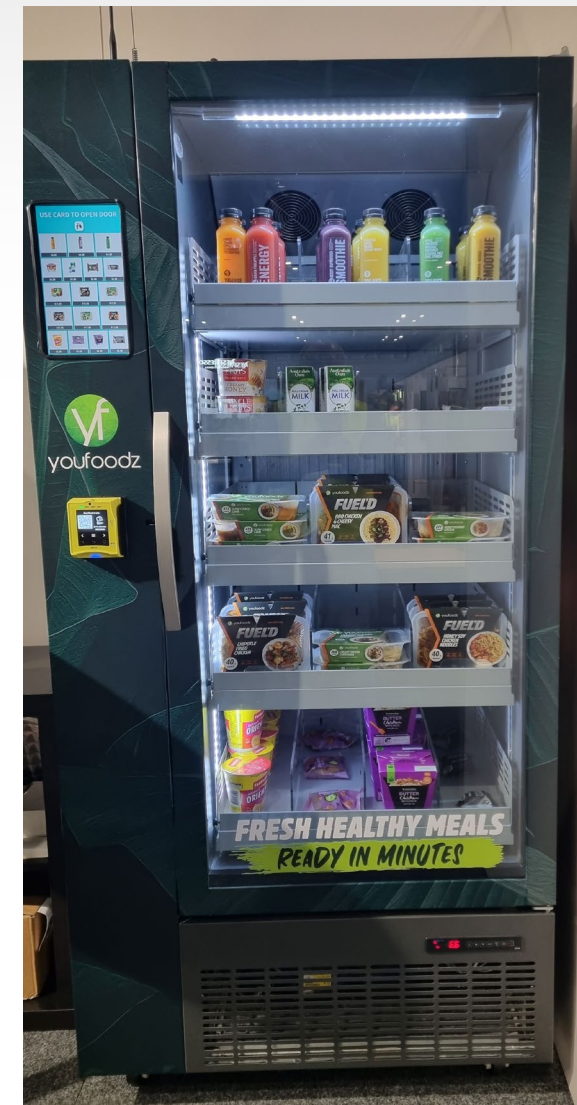
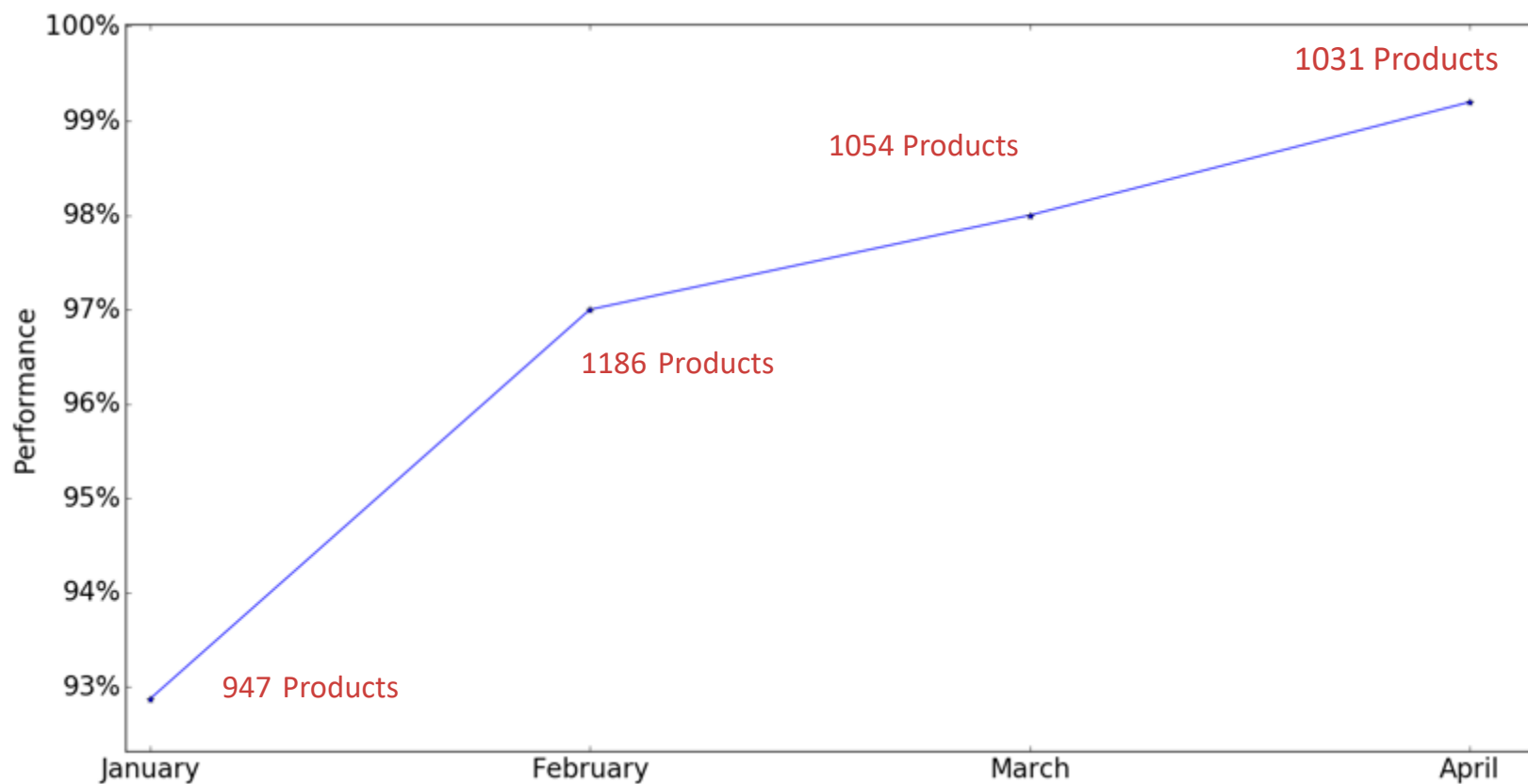


PRODUCT AWARE TECHNOLOGY - EXAMPLE



TOTAL PERFORMANCE ACCURACY

REAL LIFE PERFORMANCE RESULTS



AN EXPERIENCED BOARD



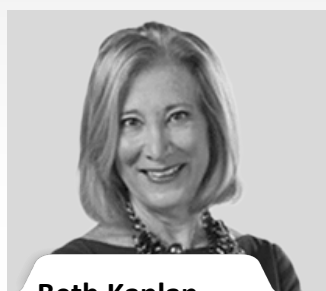
Arik Schor
CHAIRMAN AND
CEO

- Independent Director at Paz Oil Company Ltd
- Chairman of Tadbik, a global leader in packaging solutions.
- Director at Afimilk, a global leader in computerized systems for the dairy industry
- Former CEO of Tnuva Group (2009 to 2016), Israel's largest food conglomerate
- Former CEO of Holga Kimberly (a subsidiary of Kimberly Clarke).



Gilead Sher
NON-EXECUTIVE
DIRECTOR

- Founding senior partner in Gilead Sher & Co., Law Offices where he practices corporate law; project finance; administrative and constitutional law; and dispute resolution.
- Senior researcher and head of the Center for Applied Negotiations at the Tel Aviv Institute for National Security Studies (INSS).
- Former PM Chief of Staff and Policy Coordinator to former Prime Minister Ehud Barak.



Beth Kaplan
NON-EXECUTIVE
DIRECTOR

- Venture partner and managing member at Axcel Partners LLC for over 10 years
- Experienced director and manager of retail and tech companies
- Deep knowledge in marketing, logistics and optimising retail operations
- Director of Crocs (footwear), Howard Hughes Corporation (real estate), Rent The Runway (apparel), Brilliant Earth (luxury jewelry) and five private companies.



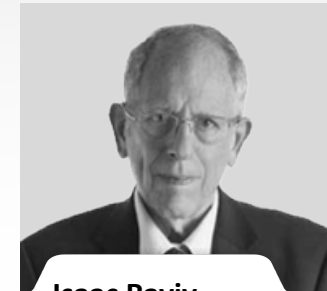
Shlomo Anikser
NON-EXECUTIVE
DIRECTOR

- 23 years of experience in leadership and executive roles across production, inventory, logistics and operation management.
- Held senior positions at Kvutzat Yavne Food Industry, GAASH Diamond Tools and Sales, Century Company and Haaretz Chicken businesses.
- Holds a unique set of skills, possessing a deep and trusted network, and depth of experience in production and inventory management.



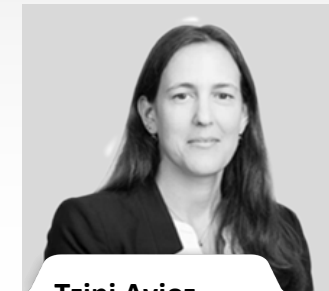
Michael Hughes
NON-EXECUTIVE
DIRECTOR

- More than 30 years experience across the finance sector including investment management, investor relations and commercial banking. Former commercial director of Sealink Travel Group, a leading transport and tourism company listed on the ASX.
- Chairman of Wiseway Group (ASX: WWG), a freight and logistics company.



Isaac Raviv
EXTERNAL DIRECTOR

- More than 30 years' managerial experience across the technology sector for private and public Israeli and international companies.
- Has served as chairman and CEO of various companies
- Played an important role in mergers and acquisitions and fundraising initiatives, with a hi-tech focus.



Tzipi Avioz
EXTERNAL DIRECTOR

- +25 years' experience in business consulting and technology, with a focus on data analytics and digital transformation.
- GM APAC and Global Delivery for Mirakl. Inc
- Former IT customer solutions director for AMP
- 10 years at Woolworths LTD leading digital commerce transformation
- NED at Jayride (Jay.AX)