

The background of the slide is a photograph of the Earth from space, showing the horizon and a bright sun rising over the horizon, creating a lens flare effect. A yellow curved line is superimposed over the sun.

# INVESTOR PRESENTATION H1 19

SEPTEMBER 2019

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## Company Overview & H1 19 Results

# Corporate Overview

## Substantial Shareholders<sup>1</sup>

- Axcel Partners VI LLC: 37%
- Conseptia (2006) LTD: 25%
- Agricultural Cooperative Society LTD: 16%

## Corporate Overview

- **ASX Code:** SBW
- **Listed:** Nov 2018
- **Shares issued:** 139 million
- **Share price:** \$0.12<sup>1</sup>
- **Market Cap:** A\$18 million<sup>1</sup>

## Leadership Team with strong executional track record with listed companies



**Dave Sharma**  
**Non-Executive Chairman**  
Mr. Sharma served as **Australia's Ambassador to Israel** from 2013 to 2017.



**Yoram Ben Porat**  
**CEO & Executive Director**  
Co-founded NUR Macroprinters leading its listing on **NASDAQ** and subsequent sale to Hewlett Packard for US\$117.5m.



**Barak Nir**  
**Chief Financial Officer**  
Mr. Nir has over 25 years' experience serving as Chairman, CEO and CFO for several **international public companies**.



**Yedidia Yossef**  
**Deputy CEO**  
Over 25 years' experience in telecommunications, including at **Motorola**, taking products from development to international distribution.



**Guy Moshe**  
**Chief Technology Officer**  
Mr. Moshe brings expertise in **autonomous retail**, including overseeing the development of an algorithm for shopping carts to become instant checkouts.



**Udi Wiesner**  
**General Manager, Retail Innovation Division**  
Mr. Wiesner brings 20 years in technology leadership including as GM of the Israeli branch of **US multinational firm VeriFone**.

# Shekel's Business Overview

**Market leader in advanced weighing technology with profitable core business**



Market leader in the retail and healthcare industries	Selling to blue-chip customers	Recurring revenues and profitable operations
In retail (technology is used in self-checkouts) and in healthcare (in warmers and incubators)	Including Toshiba, Fujitsu, Diebold Nixdorf and GE Healthcare	H119: US\$8.4M* H118: US\$8.8M  A few orders finalised at the end of H1 with sales to be reflected in H2

Developing weighing technology to power retail automation	R&D and commercialisation of new products	Newly appointed GM to lead the division
Blue sky opportunity in autonomous retail to digitise on-shelf activity into valuable retail insights	Innovendi (autonomous vending machines), Smart Shelves (instant product recognition) and eventually micro market solution	To accelerate product development, business development and sales

\* historical sales acceleration in H2

# Major developments H1 19

- ✓ Continued strong profitable operation of Shekel Scales.
- ✓ Commercialisation of Innovendi with commencement of deliveries (for a total of 1,200 machines) and streamline production.
- ✓ Building the Retail Innovation Division and appointment of experienced CEO.
- ✓ Major cooperation with Edgify and development of new solution (Soter).
- ✓ Collaboration with Intel to advance IoT retail technologies.
- ✓ Commencing operations in Australia with Sydney office.

# H1 19 Financial Highlights

## Overall Group Highlights

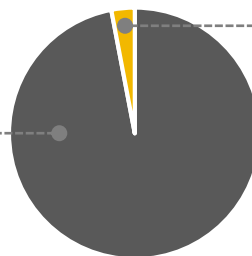
- Sales \$8.4m
- Loss \$2.0m
- Cash \$5.1m

## Shekel Scales

*Revenue driven primarily by long established and profitable division*

- Sales \$8.4m
- EBIT contribution \$843K
- R&D \$763K

## Sales Contribution



All figures in US dollars

## Retail Innovation Division

*New division to serve as future additional revenue stream*

- Sales \$0\* (Total Sales of \$103K)
- EBIT contribution (\$2.5m)
- R&D \$1.7m

\* Due to accounting rules, the revenue from Innovendi is classified as reduction to the R&D expense

Cogs	\$166K
Net Loss	\$63K

# H1 19 Financial Results

## Group Results by Division

[US Dollar in thousands)	Half Year ended June 30, 2019			Half Year ended June 30, 2018
	Shekel Scales	Retail Innovation Division	Total	
Revenues	8,399	0	8,399	8,750
Cost of revenues	4,579	0	4,579	5,495
<b>Gross Profit</b>	3,820	0	3,820	3,255
Research and development expenses	763	1,661	2,424	832
Selling and marketing expenses	734	135	869	1,133
General and administrative expenses	1,480	699	2,179	1,199
<b>EBIT/ operating profit (Loss)</b>	843	-2,495	-1,652	91
Finance expenses, Net	342	273	615	51
<b>Profit (loss) before tax on income</b>	501	-2,768	-2,267	40
Tax Expense/ (Income )	94	-293	-199	54
<b>Profit (loss) for the year</b>	407	-2,475	-2,068	-14

*Balance Sheet remains strong – capacity to fund development of Retail Innovation Division*



# H1 19 Financial Results

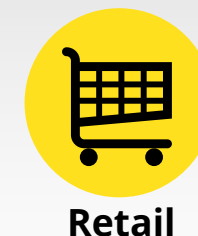
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***Balance Sheet remains strong – capacity to fund development of Retail Innovation Division***

## Shekel Scales – Strong Core Division

# Global self-checkout market



## Global opportunity multi-billion market

- The global self-checkout systems market is estimated to surpass US\$6.5 billion by 2024 from US\$3.7 billion in 2018<sup>2</sup>.
- The number of self-checkouts worldwide is expected to increase to 468,000 by 2021, up from 240,000 in 2016<sup>3</sup>.
- Supermarkets offer on average more than 35,000 different items and people are opting for the cashless self-checkout option on account of lesser complexity and lower price.
- Retailers are looking for greater efficiency, accuracy, reduced shrinkage (theft) and an enhanced customer experience.

### Top players in global self-checkout market<sup>4</sup>

1. NCR Corporation

**2. Toshiba TEC Corporation\***

**3. Diebold Nixdorf Incorporated\***

**4. Fujitsu Limited IBM Corp\***

*\*Customers of Shekel Brainweigh*

<sup>2</sup> PR Newswire, June 2018

<sup>3</sup> The Guardian, May 2018

<sup>4</sup> PR Newswire, June 2019

# Core Products – Retail



Retail

Shekel's core technology is widely recognised as best in class for its **accuracy** (2.5% error) and **speed** (10 times faster than competition).

Shekel as OEM<sup>5</sup> provides the **weighing technology** integrated into self-checkout systems supplied by:



**TOSHIBA**



**FUJITSU**



**DIEBOLD  
NIXDORF**



**DATALOGIC™**

**Revenue model:** one off payment.

# Significant Market Presence



Retail



**RETAIL**

Shekel Customers

**DIEBOLD  
NIXDORF**

**FUJITSU**

**DATALOGIC™**

**TOSHIBA**

Supply World's Largest Retailers

**MARKS &  
SPENCER**



**Walmart**



**Waitrose**

**Wegmans**

**real**  
Everyday. At its best.

**DOLLAR  
GENERAL**

**GIANT  
EAGLE**

**CVS**

**Morrisons**

Go to Market partners



**Deloitte.**

Introduction of new  
autonomous retail  
solutions to potential  
customers

# Core Products – Healthcare



## OEM

**Shekel** was among the first companies to have its precision weighing systems integrated into incubators and warmers for premature babies.



**Revenue model:** one off payment.

## Healthweigh®

**Shekel** offers a wide range of healthcare & fitness scales under its **Healthweigh®** brand, featuring unique designs.

**Healthweigh®**  
Physician Scales



**Healthweigh®**  
Special Needs Scales



**Healthweigh®**  
Baby & Neonatal Scales





Healthcare

# Significant Market Presence



**HEALTHCARE**

**HEALTHCARE OEM**

**Customers**

**Tier 1**



GE Healthcare



**Tier 2**



**HEALTHCARE LINE OF PRODUCTS**

**Customers**

- ✓ Hospitals
- ✓ Long Term Care
- ✓ Private Practices

## Retail Innovation Division – New Division



# Traditional Retail is moving to Retail Automation

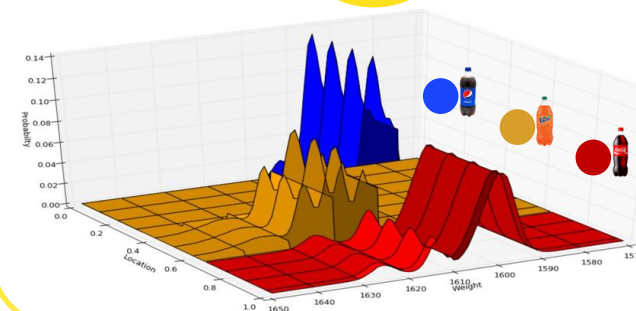
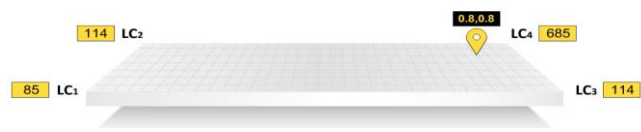
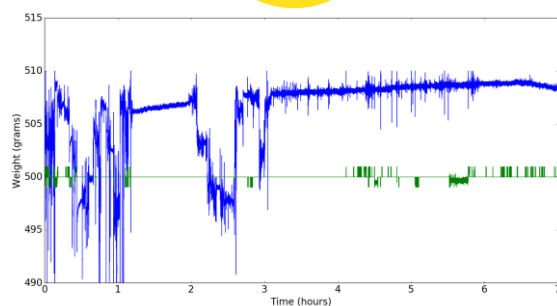
- Retailers' profitability is under pressure – declining margins and increased competition, mainly as a result of increased online shopping (e-commerce).
- Traditional retail is being disrupted by new technologies and customer demand for ease and speed of shopping.
- New trend of moving from hypermarkets to urban micro markets.
- US\$3.4 billion invested in 2018<sup>6</sup> by retailers on automated customer support to enhance store operations, store automation and customer experience.

# Global supermarket fit outs

- Retail shelves are considered “real estate” in supermarkets.
- Brands may pay for specific product location and multiple shelves at supermarkets to increase quantities sold.
- Eye level facing products typically sell better.
- Therefore using data to analyse shelf activity and consumer behaviour is critical for both retailers and brands/Consumer Packaged Goods (CPGs).
- **Shekel’s mission: Develop and seamlessly deploy state of the art weighing sensors and AI technologies to digitise on-shelf activity into valuable retail insights.**

# PRODUCT AWARE TECHNOLOGY

**ONE** weighing platform, **MULTIPLE** packed goods recognition



# Value proposition

Technology that enables “e-commerce benefits” for brick & mortar grocery stores

## AVAILABILITY



- 24/7 DIY shopping
- Frictionless shopping experience

## RETAIL INSIGHTS



- Real time inventory management
- Personalised and targeted information

## OPERATION EXCELLENCE



- Avoid out of shelf situation
- Better predict over-stock
- Reduce labor

# Scalable Product Line Roadmap

Product Aware  
Shelf Kit

Product  
Aware Bay



Innovendi



SOTER

Micro Market Capsule



# Innovendi

Innovative self-service **vending machine** solution

Benefits for retailers and CPGs: allows for products to be sold at any location anytime

**Watch demo:**



## Core benefits:

- Self-service automated solution for 24/7 availability.
- Automated replenishment plans.
- Sales, inventory status and consumer behaviour communicated in real-time.
- Smarter than traditional vending machines.

## Traction:

- First commercial order for a minimum of **1,200 machines** received from a subsidiary of **Tnuva**, Israel's largest dairy manufacturer, and subsidiary of Bright Food, China's second largest food manufacturer.
- Strong potential in Europe, Australia and the US with the growth of vending machines as a form of autonomous retail, or part of a micro market.
- Number of pilots underway.

## Revenue model:

- One off payment followed by SaaS monthly revenue model.

# The Bay and The Promotional Bay

Converting standard retail shelf into **AI Smart Shelf** by adding Shekel Brainweigh's ultra-thin weighing technology

**Watch demo:**



## **Core benefits:**

- Provides retailers with real-time data on shelf inventory levels (items removed or replaced from a retail shelf).
- Technology enables "grab-and-go" service for retailers.
- Out-of-stock situations are minimised by ensuring on shelf availability.
- Inventory shrinkage diminished by controlling stock quantities.
- Big data retail insights provided in real time on consumer behaviour.
- Durability of the scales.
- Can be integrated as a complementary solution in high scale autonomous store computer vision based projects.

## **Traction:**

- In pilot at large US retailer.
- Cooperation with Madix, a leading US retail shelf manufacturer for the integration of Shekel's technology.

## **Revenue model:**

- One off payment followed by SaaS monthly revenue model.

# New visual recognition technology in self-checkouts

- Collaboration with UK software company **Edgify** to develop **visual recognition technology in self-checkouts** for real-time fresh produce identification (fruit & vegetables).
- Capability to identify fresh produce automatically without shopper having to select the actual item at the self-checkout.
- Recent study of over 9,000 Australian and New Zealand retailers revealed a loss of more than \$3.3 billion in 2018 alone with half attributed directly to shoplifting<sup>7</sup>.

## Advantages:

- Technology does not require servers or cloud storage.
- Targeting up to 99% accuracy in detection compared to 50-60% from current market technologies.
- Allows for a faster checkout process for consumers.
- Reduce shrinkage.
- Reduce staff.
- Higher security for retailers.

## Fresh Goods Recognition



Sample picture of PC scale with camera by Edgify

<sup>7</sup> The Sydney Morning Herald, July 2019



# Goopi

## In-store customised video advertising

- Goopi creates automatically generated video advertising based on purchases (bar code scanning).
- Communicates instantaneously with the shopper to promote sales.
- For instance, if a high number of customers in a store are scanning chocolate bars, with Goopi retailers can create video advertisements for similar products to boost sales.
- Using purchasing data to drive future sales.

### Value Proposition for Retailers:

- Manual & automated video ad creation to in-store media displays.
- Targeted video coupons, sent directly to shopper's mobile.
- Product info and promotions triggered by barcode scanning.
- Promotions to capture audience standing in front of screens in delis/counters.



VIDEO AD GENERATOR



# Big Data Asset

## Exponential opportunity with data collection

- Technology and products enable to gather real time information on product performance and shelf events, with fairly low capital investment. No expensive computer vision solutions required, no privacy issues.
- Leverage and monetise the data into actionable retail insights.
- Shekel Brainweigh's unique competitive edge.

## Outlook

# Well positioned for continued growth

**Shareholders to benefit from recurring revenues and profitability of core *Shekel Scales***

- Growth of **Shekel Scales** to capture increased share in retail and healthcare industries.
  - **Self checkout Fast Track** – Shekel's software for implementation in security scales.
  - Progress collaboration with **Edgify** to develop unattended visual recognition technology for grocery checkout.
  - Launch of new products under the **Healthweigh** brand.

# Well positioned for continued growth

**And building on the significant opportunity in the new *Retail Innovation Division* to capture the global demand in retail store automation.**

- **Innovendi - game changing autonomous mirco market**
  - Penetrate large global markets for smart vending.
- **Product Aware Shelf**
  - Develop the scalable product line from Smart Shelf to micro market capsule.
  - Continued pilots of Smart Shelf as enabler for autonomous retail solutions.
  - Assistance of go to market partners such as Madix to develop presence in the US, Europe and Australia.
- **Goopi – automated interactive platform for video content**

# THANK YOU



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