

31 August 2022

1H2022 results: Strong revenue performance as Retail Innovation products significantly add to Shekel Brainweigh's value proposition

Highlights

- **Shekel Brainweigh grows 1H2022 revenue to US\$13.1 million , up 23% on US\$10.6 million in 1H2021**
- **Gross profit up 17% to US\$4.7 million compared to 1H2021 result of US\$3.9M**
- **Retail Innovation products achieve 165% growth compared to 1H20Y21, driven by autonomous stores and Smart Fridge orders**
- **Shekel Brainweigh reduces cash burn by 30% vs 1H2021 recording US\$1.7M of net operating cash expenses**

Shekel Brainweigh (ASX:SBW) ('Shekel' or the 'Company'), an advanced weighing technology firm and artificial intelligence innovator, is pleased to announce strong financial performance for 1H2022 including a 23% increase in revenue up from US\$10.6m.

Business highlights:

- Shekel achieved revenue of US\$13.1 million for the period, compared to US\$10.6 the same period last year
- Gross profit increased by 17% to US\$4.7M in 1H2022, compared to US\$3.9M in 1H2021
- Reduced cash burn to US\$1.7M for the period, equating to US\$283,000 per month, compared to US\$403,000 per month in 1H2021
- Healthcare revenue of US\$5.18 million up 26% compared to the same period in 1H2021
- Retail revenue of US\$5.17 million up 34% compared to the same period in 1H2021
- First order received from Atos, the fourth largest IT integrator in the world
- Positive operational change as R&D efforts stabilize and revenues continue to grow

Shekel Brainweigh General Manager Nir Leshem said: "Our ability to deliver continued revenue growth demonstrates that our business is on the right path and we

are continuing to gain sales momentum. This is particularly true for our Retail Innovation products, where demand is growing fast. We experienced solid growth in our Healthcare, Industrial and Retail segments for the period.

At the same time, we have achieved a significant decrease in our cash expenses despite the resources needed to achieve revenue growth and ongoing material and logistic price increases. This is a result of optimisation measures and demonstrates progress towards a more sustainable business in the long-term."

Shekel's Retail Innovation products experienced 165% growth from US\$382,000 in 1H2021 to US\$1.01million in 1H2022. Orders for Smart Fridges and autonomous stores led this increase.

Shekel Brainweigh Chairman Arik Schor said: "It is extremely pleasing to see the Company continue to grow across all sectors of our business, especially on the innovation side. When we decided to start the innovation venture of the business in 2016 we knew the significant investment we were making would result in growth of the business benefiting our shareholders. We are now beginning to witness the gains of the Company's investment with our first major order for the Smart cart application and a returning order from Smart Technics BV a subsidiary Coloruyt Group (EBR:COLR) for 40 Hubz smart cooler units (following an initial order of 67 units during Q42021), which further highlights the success and adoption of our innovative technology."

During 1H2022 Shekel received an order for more than 60 Hubz smart fridge units in the United States including an order for two test units from a major retailer. During 1H2022 Shekel opened its first US autonomous store at Nourish + Bloom, followed by an order indication for a second store to be launched in 2H022.

Shekel has faced challenges with the impacts of COVID and supply chain disruptions, as such some orders could not be delivered in full due to a shortage of electronic components and have had delivery moved to Q3 2022.

Shekel continues to be committed to driving growth via its innovative product suite. During 1H2022 Shekel received its first purchase order from Atos (the fourth largest IT integrator in the world), for an autonomous store in Belgium. Adoption for the Company's Smart Fridges and autonomous stores demonstrates the recognition of Shekel's technology globally.

To gain greater traction in the market for its product suite, Shekel participated in major exhibitions globally including NRF New York, Eurocis Germany, NAMA Chicago, Venditalia and more recently at AVA Sydney in July. The opportunity to show case its retail innovation products has led to greater awareness of Shekel's unique technology.

Outlook

Shekel continues to be committed to grow the business, having invested quite heavily in the technology and development of its products, and expects to continue the commercialization of the retail innovation products and the growth of revenue in all the company's activities in 2H2022.

This announcement has been approved for release by the Board of Directors.

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About Shekel Brainweigh (“Shekel” or “the Company”)

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