

FY22 Result: Shekel Brainweigh annual revenue up 14% YOY; with reduced operating and net loss

Highlights

- **Record Group revenue of US\$26.4 million (unaudited) for FY2022, up 14% on the FY21 result of US\$23.1M**
- **Achieved 57%¹ reduction in net loss and 47% reduction in operating loss in FY22 compared to FY21**
- **Gross profit of US\$9.0 million (unaudited), steady on FY21 result of US\$9.0 million**
- **35% growth across Retail market segment revenue to US\$11.1 million (unaudited), driven by Retail Innovation products (up 116% to US\$2.0M) and Retail Self-Checkout sales (up 25% to US\$9.1M)**

Shekel Brainweigh (ASX:SBW), an advanced weighing technology firm and artificial intelligence innovator, is pleased to announce its preliminary financial report for the year ended 31 December 2022, with the Company achieving record annual revenue of US\$26.4 million (unaudited) while reducing its operating and overall losses by 47% and 57% respectively.

Annual revenue was up 14% on FY21's result of US\$23.1 million, driven by strong results from Shekel's Retail market segment.

The Company has continued to improve its operations, reducing its overall loss for the year by 57% to US\$2.9 million (unaudited), down on the FY21 result of a US\$6.8 million loss. Its operating loss also improved by 47% to US\$2.2 million, down from the loss of US\$4.1 million recorded in FY21.

Shekel Brainweigh CEO and Executive Chairman Arik Schor commented:

"Our FY22 results demonstrate our ability to improve our revenue while reducing our overall costs and moving closer to a breakeven position, despite challenging market conditions and ongoing cost impacts due to Covid-19.

Our Retail market segment achieved an overall revenue increase of 35%, demonstrating further year-on-year and we will continue to invest in and develop new products and strategies that can help us build our position as a leader in this field, shifting our revenue matrix from our original weighing products to our high-tech Retail Innovation products.

We also attribute our improvement to our decision about 18 months ago to integrate our two business divisions under one organizational structure and business plan to drive synergies and leverage our operational strength to accelerate commercialization of new products. This has created a more streamlined operation with a reduced cash burn that will help us maximize opportunities for growth."

¹ Based on unaudited FY22 results

FY22 Financial Results

Year ended 31 December	FY22 (US\$M)	FY21 (US\$M)	Change (%)
Revenue	26.4	23.1	14%
Gross profit	9.0	9.0	0%
Gross margin (%)	34%	39%	-13%
Operating loss	(2.2)	(4.1)	-47%
Net loss after tax	(2.9)	(6.8)	-57%

Retail market segment revenue of US\$11.1 million, up 35% on FY2021 with **Retail Innovation products** up 116% to US\$2 million revenue and **Retail self-checkout** up 25% to US\$9.1 million revenue.

COVID-19

Shekel continued to experience impact from the COVID-19 pandemic in 2022, albeit to a lesser degree than in 2020 and 2021. This has resulted in cost increases, labor shortages, and issues with logistics and suppliers.

The increase in COVID19 in China in 2022 and specifically in Q4 impacted the ability of the company to deliver a stronger sale results in Q4-2022.

Continued New Product Development

Fast Track, Shekel's fresh product recognition system, delivered successful proof-of-concept (POC) in November 2021 and is starting a pilot program with a large Israeli point-of-sale provider. This is expected to be complete by mid-2023 which will allow commercialization to commence. As the market is now evolving towards a smart self-checkout tray concept, Shekel is looking at a different roadmap for the Fastrack system to allow differentiation and more robust go-to-market strategy of this technology.

Shekel's **Tavor system**, designed to provide a world-first technology for "legal for trade" and "security scale system" for smart shopping carts was presented at NRF in New York in January 2023 following strong demand and interest in the Smart Cart solution.

The development of the system is still ongoing , nevertheless, the security scale system is now commercialized with live projects and sales. During 2022 Shekel received and supplied hundreds of smart carts security and LFT kits to A2Z Smart Technologies Corp (Nasdaq/TSXV: AZ) to use in the Cust2Mate Smart Cart and the project continues into 2023 with more orders and development of the system to additional C2M carts.

Healthweigh sale

Following its sale of the Healthweigh® product line to US-based Rice Lake Weighing Systems, completed in December 2022, FY22 revenue from the product line was down 11% on FY2021.

Shekel continues to act as the distributor for the Healthweigh products in Israel, which accounts for about 30% of sales and will continue to generate revenue for the company.

Fundraising

Following the repayment of a previous loan of US\$3M which was taken in May 2022, Shekel announced earlier this year a loan and option agreement to raise up to US\$6.25 million on the same terms as the previous loan, from subscribing parties in two tranches.

Under Tranche 1, subscribing parties agreed to advance to Shekel an unsecured US\$2.953M loan and the Company agreed to grant the Lenders an aggregate amount of 4,429,500 unlisted options in the Company (Options) being an option to buy 1.5 shares per every 1US\$ loaned to the company.

Shekel intends to raise an additional US\$3.297 million under the Loan and Option Agreement (Tranche 2) and will inform the market upon execution.

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 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