

FY2021 Result: Shekel Brainweigh positioned to continue growth momentum in 2022

Highlights

- **Record Group revenue of US\$23.1 million for FY2021, achieving 26% growth on FY2020 result with revenue growth across the business**
- **Achieved gross margin growth (up from 38% to 39%) despite cost increases for components and transport and foreign exchange rate differences**
- **Launch of new autonomous stores using Shekel's smart solutions for product identification, including first US store in January 2022.**
- **Commercialization of Hubz smart cooler vending solution achieved, with order of 67 units in Belgium.**
- **Since January 2021 raised A\$4.57M through two Share Placements and a Share Purchase Plan and secured a US\$5M convertible loan to accelerate commercialization, expand manufacturing capacity and build on growth momentum.**

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 2021, including its achievement of record Group revenue of US\$23.1 million, a 26% increase on the previous corresponding period.

Shekel Brainweigh CEO and Executive Chairman Arik Schor commented:

"To achieve record revenue of \$23.1 million, an all-time top line sales record, in FY21 with revenue growth across all areas of our business was a major accomplishment amid continued challenges and uncertainty. Our business continued to be directly impacted by COVID-19 in terms of product shortages, shipment delays and increased employee leave. Our strong revenue result demonstrates the continued demand for our products and our ability to meet our customers' needs, despite significant headwinds.

Both business divisions achieved record revenue for the year. We are particularly pleased with the growth in our Retail Innovation division, driven by demand for our data-driven retail solutions such as autonomous stores and vending machines. Our first US autonomous store opened early in 2022, attracting wide media interest. We expect to see greater demand for our frictionless retail solutions over the next 12 months particularly in the US, EU and Asia.

We see vast potential for our technology in a range of applications and ways in which we can pair our hardware with our Data analytics-as-a-Service (DaaS) and Software-as-a-Service (SaaS) capabilities to provide our customers with more accurate and valuable tools."

FY21 Financial Results

- **Revenue** of US\$23.1 million for FY2021, representing growth of 26% on the FY2020 result of US\$18.3 million. Scales business division reported record FY2021 revenue of \$22.2 million and the **Retail Innovation division reported record revenue of US\$921,000, which represented 244% growth on FY2020.**
- **Gross profit** of US\$9.03 million, up nearly 30% on the FY2020 result of US\$6.97 million.
- **Gross margin** grew to 39% compared to 38% in FY2020 despite increase costs for materials such as electronic components, international transport and foreign exchange rates.
- **Operating loss** increased by US\$343,000 to US\$4.07 million in FY2021 due to one-time cash expenses such as fundraising costs and one-time non-cash expenses, such as impairment of an intangible asset and granting restricted share units to employees. Without these one-time expenses, SBW's operating loss decreased by ~US\$300,000.
- **Net loss** grew to US\$6.46 million, up from US\$4.45 million in FY2020 due to one-off financial expenses. These were mostly non-cash expenses from accounting rules and included IFRS16 implications, a loan revaluation and exchange rate differences.

Business Overview

COVID-19

Shekel Brainweigh continued to experience impact from the COVID-19 pandemic in 2021.

As part of the macroeconomic consequences, the shortage in electronic devices drove significant cost increases for raw materials as well as slowing down manufacturing. Shekel incrementally increased prices in few key products to maintain margins and sought alternative microchips to open additional procurement channels to ensure it could meet growing demand.

During the Omicron wave of the pandemic, Shekel Brainweigh experienced a high rate of infected employees, leading to increased sick leave. However, the company managed to maintain its operations with no significant impact on the deliverables or performance of the company.

From a market perspective in 2021, the pandemic continued to play a major role in strengthening the retail market in general, and the frictionless shopping trend in particular, as consumers became more aware and moved to contactless experiences where possible.

Continued New Product Development

Fast Track, Shekel's fresh product recognition system, delivered successful proof-of-concept (POC) in November 2021 and continue development towards minimum viable product phase in February to April 2022, followed by planned pilot in Q3 2022.

Development of Shekel Smart Cart device which enables smart carts "legal for trade" and security weighing inside the carts will reach a concept phase in February and is expected to be ready for pilot in Q4 2022.

Shekel's Product Aware shelves technology, which is undergoing additional development and expenditure to progress through previously announced strategic partnerships such as the cooperation with Hitachi in the multi shopper autonomous stores and the cooperation with Imbera and Paralevel in the smart coolers, will continue in accelerated mode in 2022.

Shekel business division integration

During the year, Shekel Brainweigh's Board appointed Mr. Nir Leshem as General Manager for both business divisions following his strong performance leading the Scales division to growth within a short time. His focus is on accelerating the go-to-market, sales and marketing efforts of the Retail Innovation division.

As a result of this appointment, Shekel Brainweigh integrated the activities of two business divisions under one organization structure and unified the business plan. The integration drive synergies and leverage the operational strength of Shekel to support the commercialization process of the new shelf aware technology to the marketplace.

Fundraising

Since January 2021, the company raised A\$4.57M through two Share Placements and a Share Purchase Plan to existing investors, in addition to securing a US\$5M convertible loan.

Shekel Brainweigh is using the funds to accelerate Retail Innovation and Fast Track technology commercialization in the USA and Europe; commercialize its autonomous solutions in Asia, particularly Japan; and enlarge manufacturing and system assembly capacity as part of its plans to accelerate growth.

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

Investor relations enquiries:

Danny Nadri
Country Manager – Australia
+61 (0)434 680 391
danny@shekelbrainweigh.com

Barak Nir
CFO
+972 50 538 6090
barak@shekelbrainweigh.com

Media enquiries:

Andrew Emmett
NWR Communications
+61 (0)405 355 405
andrew@nwrcommunications.com.au

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