

29 August 2021

## 1H21 Results: Shekel Brainweigh increases revenue by 34% as Retail Innovation momentum grows

**Shekel Brainweigh (ASX:SBW)**, an advanced weighing technology firm and artificial intelligence innovator, is pleased to announce US\$10.6 million revenue for the first half of FY2021, demonstrating strong growth of 34% compared to the same period in FY2020.

Shekel operates within two distinct business divisions: the well-established, profitable core business Shekel Scales, which provides weighing solutions to the retail and healthcare markets; and its Retail Innovation Division, which drives Shekel's new product development for autonomous and frictionless shopping experiences.

Six months ended June 30 (US \$ million)	Shekel Scales		Retail Innovation		Shekel Brainweigh Group		
	1H21	1H20	1H21	1H20	1H21	1H20	Change %
Revenue	10.24	7.8	0.38	0.1	10.6	7.9	34%
Cost of Revenue	(5.8)	(4.6)	(0.8)	(0.5)	(6.6)	(5.0)	32%
<b>Gross Profit</b>	<b>4.4</b>	<b>3.3</b>	<b>(0.425)</b>	<b>(0.4)</b>	<b>4.0</b>	<b>2.9</b>	<b>38%</b>
<i>Gross margin</i>	43%	42%	(110%)		37.5%	36.8%	0.7%
Operating Expenses	(3.7)	(3.1)	(2.9)	(2.0)	(6.6)	(5.1)	(27%)
<b>EBIT</b>	<b>0.6</b>	<b>0.1</b>	<b>(3.3)</b>	<b>(2.4)</b>	<b>(2.6)</b>	<b>(2.3)</b>	<b>(13%)</b>
Finance expenses net		(0.2)		-	(0.16)	(0.2)	150%
Tax on income		-		-	.035	-	
<b>NPAT</b>	<b>0.6</b>	<b>(0.1)</b>	<b>(3.3)</b>	<b>(2.4)</b>	<b>(2.75)</b>	<b>(2.5)</b>	

### H1 FY21 Business Highlights

#### Group

- **Revenue** increased 34% from \$7.9 million in 1H20 to \$10.6 million in 1H21 due to strengthening global demand for self-checkout weighing solutions and partial recovery of demand for the Healthweigh products, following the pandemic.
- **Gross Profit** increased 38% from \$2.9 million in 1H20 to \$4.0 million in 1H21
- **Gross Margin** demonstrated a slight increase with rising material and shipping costs affecting this result
- **Cash position** at 30 June 2021 was US\$4.35 million compared to US\$1.47m at 31 December 2020, after completing successful capital raise.

- **R&D expenditure** remained at similar levels to the corresponding period
- **Operating Expenses** increased due to additional expenditure on product development in Retail Innovation and in sales and marketing. In addition, **G&A expenses** increased due to one-off expenses related to capital raising and severance payment
- **Marketing and sales** costs increased, as SBW expanded its team and added a VP of Marketing at Shekel Scales
- **Total Assets** increased by 15% from \$17 million in 1H20 to \$19.5 million in 1H21.

### **Shekel Scales division**

- **Record 1H revenue of US\$10.2 million and Gross Profit of US\$4.4 million**
- **Fast Track – SBW’s improved self-checkout operation launch planned for H2 2021 after successful completion of proof-of-concept phase**

### **Retail Innovation division**

- **Momentum continues to build with 1H revenue of US\$380,000, which is 24% more than it achieved in full year CY2020**
- **Continuous orders from Tnuva, Israel's largest food manufacturer, the first company to adopt SBW’s smart cooler systems on a large scale.**
- **First commercial order of SBW’s smart cooler systems in the US, in partnership with Par-level and Imbera.**
- **Launch of second autonomous store in Paris, post 1H end with large French grocery retailer.**

### **H2 FY21 Outlook**

- **Planned launch of Shekel Scales’ Fast Track self-checkout system**
- **Plan to launch first autonomous store in Israel**
- **Plan to launch first autonomous store in the US**
- **First order expected to be received and delivered for a new key retail customer in the checkout market**
- **Continued growing demand for global retail self-checkout and a backlog of existing orders indicates continued growth in self-checkout sales**
- **Continuous commercial orders and deliveries of smart cooler systems in the US**

### **Organisational Restructure**

SBW Board of Directors has 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.

Mr Leshem's focus will be to accelerate the go-to-market, sales and marketing efforts of the Retail Innovation division.

### **Shekel Brainweigh CEO and Executive Chairman, Mr. Arik Schor, commented:**

"It's pleasing to see Shekel Brainweigh deliver strong revenue growth in 1H FY21 as the initial impacts of the global pandemic ease, allowing many of our operations and sales to rebound.

"Our Scales division reported improvements across key metrics including revenue, gross profit, gross margin and EBIT while the momentum demonstrated by our Retail Innovation division is very encouraging, with first half revenue increasing by 280% over the same period last year and achieving 24% more than the division did for the full 2020 calendar year. It highlights the growing demand for contactless shopping experiences that our products can provide.

"We are positioned for further growth in 2H CY21 and beyond, with a stronger balance sheet and expect a significant decrease in cash burn rate. We are experiencing stronger demand for our products and we are excited to be launching our Fast Track scales innovation in 2H CY21.

"The appointment of Nir Leshem as GM of both divisions will continue to drive momentum across our business. We believe his extensive business experience, together with the synergy in retail market operation currently, best positions him to succeed in leading the growth of our exciting Retail Innovation in addition to the Scales division."

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 has for over 40 years been 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](http://www.shekelbrainweigh.com)