

A background image showing a bright sun rising over the horizon of the Earth as seen from space. The sun is positioned in the center, with its rays creating a starburst effect. The Earth's surface is visible below the horizon, showing clouds and landmasses. A yellow curved line, matching the one in the logo, is positioned below the sun.

# RESULTS PRESENTATION FY18

FEBRUARY 2019

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# **2018 Financial Year Results**

For financial year ending 31 December 2018

# FY18 Overview

## Operational

- In healthcare the Company developed and sold 9,327 precision weighing systems in FY18 to its long-standing client, GE Healthcare (up from 7,822 in FY17);
- Retail sales were strong with a total sale of 35,286 self-checkout units to Shekel's core customers (customers include Toshiba, Fujitsu & Diebold Nixdorf);
- First commercial order received for Shekel's fully autonomous vending machine – **Innovendi**. The order is for a total of 1,200 to be delivered over seven years to Israel's largest food manufacturer **Tnuva**.
- Signed a strategic joint development and marketing agreement with leading retail and shelf manufacturer **Madix**, to design and develop new joint products integrating Shekel's existing technology with Madix state-of-the-art retail store fixtures.

## Financial

- Total group revenues \$18.7m (up from \$18.2m in FY17)
- Cost of revenues \$10.3m (down from \$10.5m in FY17)
- Gross profit at \$8.3m (up from \$7.7m in FY17)
- Research and development expenses \$2.5m to drive Shekel's Retail Innovation Solutions Suite (up from \$912,000 in FY17)
- EBIT or operating loss of \$520,000 (down from \$2.5m in FY17)
- Underlying profit (excluding one-off IPO expenses of \$950k, granted performance shares and granted option expenses of \$1.1M) \$1.2m (down from \$1.9m in FY17)

## Outlook

- Strengthen strategic relationships and further involvement in the design, implementation and certification of Shekel's products;
- Continue product pilots for The Bay, The Promotional Bay, and Innovendi and pursue additional pilot opportunities in key markets;
- Focus on building the key partnerships we have in place to expand access to retailers and strengthen our strategic relationships;
- 2019 focus for Retail Innovation Solutions Suite is to collect real field data and building our own 'Big Data assets' – the Company's most important source of intellectual property.

# Financial highlights

[US Dollar in thousands)	Year ended December 31, 2018	Year ended December 31, 2018
Revenues	18,657	18,221
Cost of revenues	10,349	10,486
<b>Gross Profit</b>	8,308	7,735
Research and development expenses	2,451	912
Selling and marketing expenses	2,427	2,056
General and administrative expenses	3,950	2,316
<b>EBIT/ operating profit</b>	(520)	2,451
Financial income	33	21
Financial expenses	737	246
<b>Profit (loss) before tax on income</b>	(1,224)	2,226
Tax on income	(325)	287
<b>Profit (loss) for the year</b>	(899)	1,939
Underlying profit (excluding one-off IPO expenses of \$950k, granted performance shares and granted option expenses of \$1.1M)	1,201	1,939

# Operational highlights

## Shekel Scales

- In **Healthcare**, the Company developed and sold 9,827 precision weighing systems in FY18 to its long-standing client, GE Healthcare (up from 7,822 in FY17).
- In **Retail**, the Company sold to its core customers a total of 35,286 shelf-checkout units in FY18, including:
  - 18,816 units to **Toshibas'** self-checkout systems (up from 12,891 in F717)
  - 12,461 units to **Fujitsu's** self-checkout systems (up from 4,822 in FY17)
  - 4,010 units to **Diebold Nixdorf's** self-checkout systems (up from 3,839 in FY17)
- The Company continues to grow its customer and distribution base and gained new clients in the following markets: Netherlands, Sweden, Poland and Uruguay.

## Innovative Retail Solutions Suite

- Post year end, first commercial order received for Shekel's fully autonomous vending machine – **Innovendi**. The order is for a minimum of 1,200 to be delivered over seven years to Israel's largest food manufacturer **Tnuva**. The Company expects to see first revenues from this contract in FY19.
- Signed a strategic joint development and marketing agreement with leading retail and shelf manufacturer **Madix**, to design and develop new joint products integrating Shekel's existing technology with Madix state-of-the-art retail store fixtures.
- As part of ongoing commercialisation efforts for the Retail Innovation Solutions Suite, the Company is currently running pilots for the **Smart Shelf** with key retailers located in Israel, Germany and U.S. The Company is looking forward to updating the market on the status of these pilot programs throughout FY19.

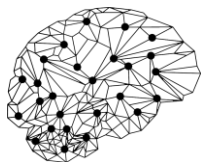
## Who we are

# Core Business

Weighing technology is the **CORNERSTONE** of the Shekel business.



Shekel develops, manufactures, sells and distributes **advanced weighing technology** for the retail, healthcare and industrial markets.



Shekel is combining Artificial Intelligence with its unique weighing technology to offer customers and partners autonomous retail solutions. These solutions address long-term inventory management challenges faced by retailers, by identifying the quantity and location of individual products on retail shelves in real time.



Shekel is aiming to be a global provider of data analytics using weighing technology for top retail and CPG (Consumer Packaged Goods) customers.



# Corporate Overview

<b>ASX Code</b>	<b>SBW</b>	<b>Board of Directors</b>	
Share Price (as at 26 Feb)	\$0.29	Dave Sharma	Non-Executive Chairman
<b>Market Capitalisation</b> (as at 26 Feb)	<b>\$40.3 million</b>	Yoram Ben Porat	CEO and Executive Director
Net Cash <sup>(1)</sup>	A\$8.7 million	Beth Kaplan	Non-Executive Director
<b>Enterprise Value</b>	<b>A\$49 million</b>	Tzipi Avioz	Non-Executive External Director
		Isaac Raviv	Non-Executive External Director
<b>Total shares on issue</b>	<b>139,000,000</b>	Sophie Raven	Non-Executive Director

<b>Major Shareholders</b>	<b>Holding</b>	<b>% IC</b>
AXCEL PARTNERS VI LLC	51,718,791	37.21%
CONSEPTA (2006) LTD	35,221,200	25.34%
BEIT KESHET AGRICULTURAL COOPERATIVE SOCIETY	23,060,009	16.59%

<sup>1</sup> Pro forma AUD/USD 0.72 on USD cash balance of 6.3 million. Figures are rounded.

# Leadership Team

Multidisciplinary team, Leaders in Business, Technology and Artificial Intelligence

**Dave Sharma**  
Non-Executive  
Chairman



Served as Australia's Ambassador to Israel from 2013 to 2017.

**Yoram Ben Porat**  
CEO & Executive  
Director



Mr. Ben Porat co-founded NUR Macroprinters in 1988, leading the company to its listing on NASDAQ and subsequent sale to Hewlett Packard for US\$117.5m.

**Barak Nir**  
CFO



Mr. Nir has over 25 years' experience serving as Chairman, CEO and CFO for several international private and public companies.

**Yedidia Yossef**  
Deputy CEO



Mr. Yossef has over 25 years' experience in telecommunications, including at Motorola, taking products from engineering & development through to international distribution.

**Guy Moshe**  
CTO



Mr. Moshe has extensive expertise in autonomous retail, including overseeing the development of an algorithm for shopping charts to become instant checkouts.

# Outlook

# Strategic priorities in the next 24 months

## Growth strategy for existing business line

- Strengthen strategic relationships and further involvement in the design, implementation and certification of a client product.
- Build business ecosystem in APAC including new OEM for Healthcare and Retail.
- Establish activities in the US and Australia to increase penetration.
- Leverage key partnerships to expand access to retailers.

## Growth strategy for Retail Innovation Solutions Suite

- Continue product pilots for The Bay, The Promotional Bay, Goopi and Innovendi.
- Commercial discussions underway for further pilots.
- Use AI to generate insights from big data for comprehensive retail grocery chain solutions.
- Top tier first commercial strategic customer for new technologies.

## Growth strategy channels

- Support existing worldwide distributors.
- Form new strategic alliances with go-to-market partners.
- Generate sales through relationships with leading international consulting firms.

# THANK YOU



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