

ASX Announcement

1 December 2023

Shekel Brainweigh draws down second tranche under loan and option agreement

As announced to the market on 7 February 2023, global weighing technology firm Shekel Brainweigh (**ASX: SBW**) (**Company**) together with its wholly-owned subsidiary Shekel Scales (2008) Ltd (**Shekel Scales** and together with the Company, **Shekel**), entered into a loan and option agreement (**Loan and Option Agreement**), pursuant to which Shekel intends to raise up to US\$6.25M from subscribing parties (**Lenders**) in two tranches (collectively, the **Loan**).

The Company is now pleased to announce that it is drawing down the second tranche of funds that the Lenders agreed to provide to Shekel under the Loan and Option Agreement (**Tranche 2**).

Under Tranche 2 of the Loan and Option Agreement, MTCP II, LLC, Trisib Capital Partners LLC, Weinberg Family Multi-Gen Trust, John Cohen Davidson TTEE, The Yehuda L Neuberger Revocable Trust (**Tranche 2 Lenders**) have agreed to advance to Shekel an unsecured loan in an amount of US\$3.2 million and the Company has agreed to grant the Tranche 2 Lenders an aggregate amount of 8,000,000 unlisted options in the Company (**Options**) (being an option to purchase 2.5 ordinary shares in the Company (**Share**) for every US\$1.00 loaned to the Company under Tranche 2).

Some of the Tranche 2 Lenders participated in February 2023 draw down under the Loan and Option Agreement and certain of these Tranche 2 Lenders have also been shareholders of the Company for many years, all of which the board of directors of the Company believes is a significant expression of confidence that these lenders have in the Company and the direction it has taken.

The Company has experienced strong growth in the last 12 months, and continue to have strong demand for its products and services.

In order to continue to support the growth and accelerate efforts to capitalize on business opportunities, the Company requires the additional funding the subject of Tranche 2.

Key terms of the Tranche 2 Loan

The key terms of the Tranche 2 Loan are as follows:

- (**use of funds**) funds advanced to Shekel under Tranche 2 of the Loan will be used for general working capital requirements of Shekel;
- (**interest**) Tranche 2 of the Loan will bear interest at a fixed rate of 12.5% per annum (accruing from the date the Tranche 2 Loan is advanced to Shekel until the Tranche 2 Loan is repaid by Shekel). In the event of default (see below), the Tranche 2 Lender, without notice or demand, from and after the occurrence of

the default, may raise the rate of interest accruing on the unpaid Tranche 2 Loan amount balance to 14.5%;

- **(date for repayment)** unless repaid earlier, the Tranche 2 Loan must be repaid, in cash, within 12 months of the date of the advance to Shekel (**Repayment Date**). Shekel may repay the Tranche 2 Loan (or any part of it), at any time prior to the Repayment Date, without any payment of penalty or premium. The Tranche 2 Loan is repayable in cash; and
- **(events of default)** the Tranche 2 Loan will immediately become due and payable to the Tranche 2 Lender upon the occurrence of customary events of default.

Key terms of Options

Each Option, upon exercise, will entitle the holder of the Option (**Holder**) to be issued one fully paid ordinary share in the Company (**Share**).

The Options have the following key terms:

- **Exercise period:** The Options may be exercised by the Holder for a period of 24 months from the date of advance of the Tranche 2 Loan to Shekel (**Exercise Period**). The Options may be exercised at any time during the Exercise Period.
- **Exercise price:** Each Option will have an exercise price per Option which is equal to 75% of the volume weighted average price of the Company's Shares (as traded on ASX) during the 30 trading days preceding the exercise date of the Option (**Exercise Price**).
- **Voting rights:** An Option does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise of such Option.
- **Participation in new issuances of the Company:** The Holder will not be entitled to participate in any new issue of securities to existing shareholders of the Company by virtue of holding the Option unless it first exercises the Option, and acquires the underlying Shares, prior to the record date for determining entitlements to participant in the new issuance.
- **Adjustments:** Any adjustments made to the Exercise Price or the number of Shares which may be issued on exercise of an Option will be in accordance with the ASX Listing Rules.

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

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

Shekel 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 has developed its Retail Tech product line, which is a suite of new products aimed at meeting the challenges that traditional retailers face today, such as store automation, operational efficiency including overstock and under--stock, inventory issues and enhancing the consumer experience.

The new products are sold in a model of one time unit sale and an on-going SAAS (Software as Service) fee.

Shekel’s patented combination of weighing technology with Artificial Intelligence (AI) has led to the development of its “Product Aware Technology”.

Shekel is committed to continue to innovate and expand into global markets.

To learn more about Shekel Brainweigh, visit www.shekelbrainweigh.com