

19 November 2024

Voluntary Delisting of Shekel Brainweigh Ltd from ASX

Global weighing technology firm Shekel Brainweigh Ltd (**ASX: SBW**) (**Shekel** or **the Company**) submitted a formal application (**Application**) for the removal of Shekel from the Australian Securities Exchange (**ASX**) official list (**Official List**) pursuant to ASX Listing Rule 17.11 (**Delisting**).

Following this formal request, on Monday, 18 November 2024, ASX confirmed that it had agreed to remove Shekel from the Official List, subject to certain conditions being satisfied (described below).

The Delisting would mean that the Shekel's ordinary shares (**Shares**) would no longer be quoted on the ASX.

The Delisting will be put forward for Shekel shareholder (**Shareholder**) approval, by special resolution, at a general meeting of Shekel which is expected to be held on 5.00pm on Tuesday, 7 January 2025.

Reasons for Delisting

Shekel's Board of Directors (**Board**) considers the Delisting to be in the best interests of the Company and its Shareholders for the reasons summarised below:

1. **Valuation:** The Share price is A\$0.04 as at close of trading on ASX on Monday, 18 November 2024. The Board considers that the trading price of the Company's Shares in recent years implies a valuation that is not reflective of the Company's inherent value having regard to the recent technological breakthroughs the Company has had including its Sentinel Smart Bay, Smart Cart and Smart Cooler solutions (where these smart cooling systems integrate effortlessly into existing retail infrastructures and enhance both operational effectiveness and customer experience) and the Company's recent establishment of strategic partnerships with blue-chip customers and key channel partners for its products in the United States and European Union. In addition, the valuation does not accurately reflect the continuous improvement of the business over the last 3 years.
2. **Liquidity:** The Company has consistently suffered from poor liquidity and low trading volumes. Between 1 September 2023 and 20 September 2024:
 - 2.1 the average daily volume was 25,445 (being less than A\$1,700);
 - 2.2 the median daily volume was 0;
 - 2.3 the Shares did not trade (zero volume) for 157 days;
 - 2.4 the Shares traded below a daily volume of 10,000 for 31 days;
 - 2.5 the total trading volume of the Shares for the abovementioned period was approximately 4% of the average market capitalisation of the Company for the same period.

Having regard to the above, the Company is of the view that there is no liquid market in its Shares. Furthermore, the poor liquidity and low trading volumes of the Company's Shares has resulted in a decline in the Share price (most recently trading at A\$0.04 on Monday, 18 November 2024).

Given the Company's most recently reported FY23 revenue growth, the Board believes that the prices at which its Shares are trading on ASX are materially lower than the underlying value of the Company's business.

3. **Fundraising difficulties:** The Company requires funding to meet its ongoing operational and working requirements. However, Australian institutional and retail investor interest in the Company is low and remains low despite efforts by the Company to attract investors in Australia. The Company has experienced significant fundraising difficulty in Australia and has not benefited from being an ASX listed entity in this sense.
4. **Costs of remaining listed on the ASX:** The Board estimates that costs attributable to the Company's ASX listing are approximately A\$0.84 million per annum. In addition, there are indirect costs associated with the need to devote management time attending to matters relating to the ASX listing and other ongoing administrative and compliance obligations.

The Board believes that the funds currently used to maintain the Company's ASX listing, together with managements time, could be directed toward the ongoing focus and development of the Company's operations if the Company is delisted from the ASX, in particular where the Company sees little tangible benefit from being an ASX-listed company at present.

5. **Customer, strategic and corporate opportunities:** The Board considers that the Company will have greater flexibility to pursue and execute value enhancing customer contract, strategic opportunities and corporate transactions as an unlisted entity.
6. **Encumbrance on the Board and management:** The complexity, operating requirements and obligations associated with operating an ASX listed entity of Shekel's size generates a significant burden on the Board and management's time. The Board believes the Company will benefit from the Board and management focusing on growing the business in a private company context.

Conditions for the Delisting

ASX's decision to approve the Delisting is subject to Shekel's compliance with the following conditions:

1. The request for removal of Shekel from the Official List is approved by a special resolution of Shareholders.
2. The notice of meeting seeking Shareholder approval for Shekel's removal from the Official List must include the following information, in form and substance satisfactory to ASX:
 - a. a timetable of key dates, including the time and date at which Shekel will be removed from ASX if that approval is given;
 - b. a statement to the effect that the removal will take place no earlier than one month after approval is granted;
 - c. a statement to the effect that if holders wish to sell their securities on ASX, they will need to do so before the entity is removed from the Official List; and if they do not, details of the processes that will exist after Shekel is removed from the Official List to allow Shareholders to dispose of their holdings and how they can access those processes; and
 - d. the information prescribed in section 2.11 of ASX Guidance Note 33.

3. The removal of Shekel from the Official List must not take place any earlier than one month after Shareholder approval is obtained so that Shareholders have at least that period to sell their Shares should they wish to do so.
4. Shekel must apply for its securities to be suspended from quotation at least two business days before its proposed removal date.
5. Shekel releases the full terms of ASX's decision to the market upon making a formal application to ASX to remove Shekel from the Official List.

The Company intends to comply with the above conditions (together, the **Conditions**).

Proposed timetable for Delisting

The proposed timetable for the satisfaction of Conditions and the expected date for the removal of Shekel from the Official List are as follows:

Event	Date*
Announcement to be removed from the Official List	Tuesday, 19 November 2024
Dispatch Notice of Extraordinary General Meeting (EGM) seeking Shareholder approval for the Delisting	Wednesday, 27 November 2024
Record date for eligibility to vote at the EGM	5.00pm, Tuesday, 31 December 2024
Time and date of the EGM	5.00pm, Tuesday, 7 January 2025
Announcement of results from the EGM	Tuesday, 7 January 2025
Shares are suspended from trading on the Official List (Suspension Date)	5.00pm on Thursday, 6 February 2025
Removal from the Official List (Delisting Date)	Tuesday, 11 February 2025

*Dates and times are indicative only and subject to change by Shekel or ASX without notice.

The Delisting will not take place any earlier than one month after Shareholder approval has been obtained. Shares may continue to be traded on ASX up until the Suspension Date, after which trading will be suspended until the Delisting Date.

The Company is not intending to offer its Shareholders the opportunity to sell their holdings through a share buy-back or other facility. The Company notes that Shareholders will be given an opportunity to sell their Shares on the ASX in the one-month period between the date Shareholder approval is obtained for the Delisting and the Suspension Date, if they do not wish to remain Shareholders.

Following the Delisting, the Company's Shareholders will be able to dispose of their shareholdings in private transactions, in accordance with the Company's Articles of Association (**Articles**) and Israeli *Companies Law*, 5759-1999 (**Israeli Companies Law**).

Consequences of Removal from the Official List

Some of the key consequences for Shekel and its Shareholders if Shekel is removed from the Official List include:

1. The Company's Shares will no longer be quoted and traded on ASX and Shareholders will have their CHESS holdings converted to the certificated sub-register on the Company's register. No action will be required by Shareholders to effect this conversion.
2. There will no longer be a readily available indicator of market price for Shares and Shares will only be capable of sale via off-market private transactions which will require Shareholders to identify and agree to terms with potential purchasers of the Shares in accordance with the Company's Articles and the Israeli Companies Law.
3. As the Company is incorporated in Israel and not in Australia under the *Corporations Act 2001* (Cth) (**Corporations Act**), it is not generally governed by the requirements of the Corporations Act but instead by Israeli Companies Law, and when listed on the ASX, the requirements of the ASX Listing Rules. Should the Delisting occur, the Company will operate as an unlisted incorporated corporation, governed by the requirements of the local laws of Israel which includes filing of certain reports with the Israeli Registrar of Companies (including, among others, changes in the Board, changes in the Company's name or registered address, mergers and liquidation, dissolution or voluntary winding up of the Company) , together with the Company's Articles. In addition, should the Delisting occur, the Company will remain subject to corporate governance requirements applicable to public companies under Israeli Companies Law (subject to certain exceptions), including, among others, mandatory nomination of external (independent) directors, interested parties' transactions approval mechanisms and adoption of directors and officers remuneration policy.
4. After the Delisting Date, the Company will no longer be subject to the ASX Listing Rules and the Company will no longer be a disclosing entity for the purposes of the Corporations Act (being a foreign entity, the Company is only required to be a disclosing entity for the purposes of the Corporations Act while it is listed on the ASX).

The reduction of obligations associated with a listing on the ASX will include relief from certain reporting and disclosure requirements (excluding those applicable to the Company under Israeli Companies Law only), removal of restrictions on the issue of Shares by the Company, requirements concerning significant changes to the Company's activities and relief from requirements to address ASX Corporate Governance Principles and Recommendations.

5. The Company also confirms that as it is not generally governed by the provisions of the Corporations Act, Part 2F.1 and Part 6.10 Division 2 Subdivision B of the Corporations Act, do not apply to the Company.
6. The Articles and, therefore, Shareholders' rights under the Articles will remain unchanged immediately following the Delisting, such that Shareholders will continue to have the right to:
 - 6.1 receive notices of meetings and other notices issued by the Company;
 - 6.2 exercise voting rights attached to shares; and
 - 6.3 receive dividends payable by the Company from time to time.

7. While the Board believes the Company will have better access to potential capital and on more favourable terms than would otherwise be available if the Company was to remain listed on the ASX, there is no certainty that the Company will in fact obtain better access to capital and/or on more favourable terms post-delisting.

Options for Shareholders

Shareholders have the following options with respect to their Shares in conjunction with the Delisting of Shekel from the Official List:

1. **Option 1: Sell Shares on the ASX before the Suspension Date**

Before close of trading on the Suspension Date, a Shareholder can elect to sell their Shares on the ASX through their stockbroker, financial advisor or other share trading platform. If a Shareholder elects to sell their Shares on ASX prior to the Suspension Date, they will be responsible for any costs associated with the sale as is customary, including any broker commission. Shareholders must ensure that the trade occurs prior to the Suspension Date at which point the register will be moved from Australia to Israel. After the Suspension Date, a Shareholder will not be able to sell its Shares on the ASX.

2. **Option 2: Do not sell Shares before the Suspension Date**

A Shareholder may choose to do nothing in which case on or after the Delisting Date the process will commence to convert each Shareholder's Shares from the register in Australia to Israel. After the conversion, Shares will only be capable of sale via off-market private transactions.

Shekel does not make any recommendation or give any advice as to which option Shareholders should select. This is because the option that is most appropriate for each Shareholder will depend on the personal circumstances of that Shareholder. Shekel strongly encourages Shareholders to read this document in full and to consult their financial and tax advisors in relation to the options available to each Shareholder.

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This announcement has been approved for release by the Company Secretary.

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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 established its Retail Innovation suite of products, which is 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 Retail Innovation suite of 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 continuing to innovate and expand into global markets.

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