

ASX Announcement

23 May 2022

Shekel Brainweigh enters into loan and option agreement

Global weighing technology firm Shekel Brainweigh (ASX: SBW) (**Company**) is pleased to announce that it, and its wholly-owned subsidiary Shekel Scales (2008) Ltd (**Shekel Scales** and together with the Company **Shekel**), have today entered into a loan and option agreement with MTCP II LLC, Trust FBO Zachary D Hurwitz, William Sholk, LHJ Capital Partners II LLC, Howard and Susan Goode (together, the **Lenders**) (**Loan and Option Agreement**), pursuant to which the Lenders have agreed to advance to Shekel an unsecured loan in an amount of up to US\$3 million (**Loan**) and the Company has agreed to grant to the Lenders an aggregate amount of up to 4.5 million unlisted options in the Company (**Options**).

The Company has experienced strong growth over the last 12 months, and continues to receive strong demand for its products and services. In order to support the continued growth of the Company's business and to seek to accelerate efforts to capitalize on business opportunities, the Company requires additional funding.

Key terms of the Loan

The key terms of the Loan are as follows:

- **(use of funds)** funds advanced to Shekel under the Loan must be used for general working capital requirements of Shekel;
- **(interest)** amounts drawn down under the Loan will bear interest at a fixed rate of 8% per annum (accruing from the date the relevant amount is drawn down under the Loan until the Loan is repaid in full by Shekel). In the event of default (see below), the Lenders, without notice or demand, from and after the occurrence of the default, may raise the rate of interest accruing on the unpaid Loan amount balance to 10%;
- **(date for repayment)** unless repaid earlier, all amounts advanced to Shekel under the Loan must be repaid, in cash, within 12 months of the date the first amount is advanced to Shekel under the Loan (**Repayment Date**). Shekel may repay the Loan (or any part of it), at any time prior to the Repayment Date, without any payment of penalty or premium. The Loan is repayable in cash; and
- **(events of default)** the Loan will immediately become due and payable to the 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 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 Brainweigh has been a global leader in developing scale and weighing technology for more than 40 years. 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