

SHEKEL BRAINWEIGH LTD.

Appendix 4D

Half-year report for the period ended June 30, 2022.

1. Entity details

Name of entity:	SHEKEL BRAINWEIGH LTD. ("the consolidated entity")
ARBN:	625 669 445
Reporting period:	For the half-year ended June 30, 2022.
Previous period:	For the half-year ended June 30, 2021.

2. Results for announcement to the market

All comparisons to Previous period.

Key information	Up/Down	Change	US Dollar in thousands
Revenues from ordinary activities	Up	23.49% to	13,117
Loss from ordinary activities after tax attributable to the owners of the consolidated entity	Up	27.17% to	(2,026)
Loss for the half-year attributable to the owners of the consolidated entity	Up	27.17% to	(2,026)

Dividends:

The Loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$2,026,000 (For the Previous period: \$2,782,000).

The loss in the reporting period for the consolidated entity is mainly due to the following:

- GM fell from 37.5% in the previous period to 35.5% mainly due to increase in Material and Logistic expenses, alongside the cost of the COO who was recruited at the end of H1-2021 and currency exchange (NIS-USD) influence.
- Selling and Marketing expenses increased by 21% compared to the previous period mainly due to recruitment of two additional sales employees in the France subsidiary + CMO in Shekel Scales, in addition to higher commissions paid to sales people as a result of the higher revenues and higher marketing costs due to rebranding of the Shekel-Scales, the active subsidiary of the company.
- Increase in share-based payment expenses compared to the previous year.
- Continued investment in R&D which, despite the drop from 17.5% in the previous year to 15%, is still a relatively high expense.

The decrease of the loss in the reporting period for the consolidated entity compared to the previous period is mainly due to the following:

- Growth of 23% in the group's revenue compared to the previous year.
- Financing income that results mainly from the translation of NIS to USD of financial obligations (loan from banks, convertible loan and obligations for future lease payments = IFRS16).

SHEKEL BRAINWEIGH LTD.

Appendix 4D

Half-year report for the period ended June 30, 2022.

3. Net tangible assets

	30 June, 2022	30 June, 2021
	USD	USD
Net tangible assets per ordinary security	<u>(0.007)</u>	<u>0.007</u>

4. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

The Interim Report of the consolidated entity for the half-year ended June 30, 2022 is attached.

6. Signed

Signed  _____

Barak Nir
CFO
Tel-Aviv

Date: August 31, 2022

SHEKEL BRAINWEIGH LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

UNAUDITED



SHEKEL BRAINWEIGH LTD.

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Review report on interim financial information
to the shareholders of
SHEKEL BRAINWEIGH LTD.

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Shekel Brainweigh Ltd. (the "Company") as of June 30, 2022 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022, and of its consolidated financial performance, and of its consolidated changes in equity and its consolidated cash flows for the six-month period then ended in accordance International Accounting Standard IAS 34.

Lior Shahr

Tel-Aviv, Israel

August 31, 2022

Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

Tel Aviv	Jerusalem	Haifa	Beer Sheva	Bnei Brak	Kiryat Shmona	Petah Tikva	Modiin Ilit	Nazrat Ilit
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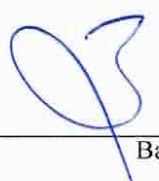
SHEKEL BRAINWEIGH LTD.**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(US Dollar in thousands)

	June 30, 2022	December 31, 2021
	Unaudited	
ASSETS		
Current Assets:		
Cash and cash equivalents	1,334	1,981
Trade accounts receivable, net	7,227	7,576
Other accounts receivable	1,085	799
Inventories	5,344	4,948
Loans to related parties	226	447
	<u>15,216</u>	<u>15,751</u>
Non-Current Assets:		
Right of use asset, net	6,342	6,293
Property, plant and equipment, net	843	803
Intangible assets, net	1,819	2,040
	<u>9,004</u>	<u>9,136</u>
Total Assets	<u>24,220</u>	<u>24,887</u>

The accompanying notes are an integral part of the financial statements.

SHEKEL BRAINWEIGH LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(US Dollar in thousands)

		June 30, 2022	December 31, 2021
	Note	Unaudited	
LIABILITIES AND EQUITY			
Current Liabilities:			
Short term loans	3	4,449	3,958
Trade accounts payable		3,382	2,769
Other accounts payable		3,110	3,617
Warrants	3,6	31	2
		<u>10,972</u>	<u>10,346</u>
Non-Current Liabilities:			
Lease liabilities		5,253	5,899
Convertible loan at fair value	4,6	6,222	6,312
Long term loans		350	404
Employee benefit liabilities		404	340
Liability for royalties payable		4	4
		<u>12,233</u>	<u>12,959</u>
Equity:	5		
Equity attributable to owners of the parent:			
Share capital and premium		12,004	9,926
Foreign exchange reserve		(8)	10
Share based payment reserve		2,350	2,955
Retained losses		<u>(13,842)</u>	<u>(11,805)</u>
		504	1,086
Non - controlling interest		511	496
Total Equity		<u>1,015</u>	<u>1,582</u>
Total Liabilities and Equity		<u>24,220</u>	<u>24,887</u>
 Arik Schor CEO	 Barak Nir CFO	August 31, 2022 Date of approval of financial statements	

The accompanying notes are an integral part of the financial statements.

SHEKEL BRAINWEIGH LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(US Dollar in thousands, except for basic and diluted loss per share)

	Six-month period ended June 30,	
	2022	2021
	Unaudited	
Revenue	13,117	10,622
Cost of revenue	8,462	6,642
Gross profit	4,655	3,980
Research and development expenses	2,015	1,879
Selling and marketing expenses	2,022	1,669
General and administrative expenses	2,998	2,848
Impairment of financial assets	171	214
Operating loss	(2,551)	(2,630)
Financial income	1,577	350
Financial expense	947	511
Loss before tax	(1,921)	(2,791)
Tax on income (benefit)	50	(37)
Loss for the period	(1,971)	(2,754)
Other comprehensive loss, net of tax:		
Items that will or may be reclassified to profit or loss:		
Exchange rate differentials pursuant to translation of foreign activities	(58)	(21)
Total comprehensive loss for the period	(2,029)	(2,775)
Income (loss) for the period attributed to:		
Owners of the parent	(2,026)	(2,782)
Non - controlling interest	55	28
	(1,971)	(2,754)
Total comprehensive income (loss) for the period attributed to:		
Owners of the parent	(2,044)	(2,788)
Non - controlling interest	15	13
	(2,029)	(2,775)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)

The accompanying notes are an integral part of the financial statements.

SHEKEL BRAINWEIGH LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(US Dollar in thousands)

For the six-month period ended June 30, 2022 (Unaudited):

	Equity attributable to owners of the parent					Non-controlling interest	Total equity
	Share capital and premium	Foreign exchange reserve	Share based payment reserve	Retained losses	Total		
Balance at January 1, 2022	9,926	10	2,955	(11,805)	1,086	496	1,582
Changes during the period:							
Profit (loss) for the period	-	-	-	(2,026)	(2,026)	55	(1,971)
Other comprehensive loss	-	(18)	-	-	(18)	(40)	(58)
Total comprehensive income (loss)	-	(18)	-	(2,026)	(2,044)	15	(2,029)
Share based payment		-	716	-	716	-	716
Issue of shares, net	754	-	-	-	754	-	754
RSU and Options	1,324	-	(1,321)	-	3	-	3
Interest on loans to related parties	-	-	-	(11)	(11)	-	(11)
Balance at June 30, 2022	<u>12,004</u>	<u>(8)</u>	<u>2,350</u>	<u>(13,842)</u>	<u>504</u>	<u>511</u>	<u>1,015</u>

The accompanying notes are an integral part of the financial statements.

SHEKEL BRAINWEIGH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(US Dollar in thousands)

For the six-month period ended June 30, 2021 (Unaudited):

	Equity attributable to owners of the parent					Non-	
	Share capital and premium	Foreign exchange reserve	Share based payment reserve	Retained losses	Total	controlling interest	Total equity
Balance at January 1, 2021	<u>7,739</u>	<u>25</u>	<u>2,089</u>	<u>(5,013)</u>	<u>4,840</u>	<u>489</u>	<u>5,329</u>
Changes during the period:							
Profit (loss) for the period	-	-	-	(2,782)	(2,782)	28	(2,754)
Other comprehensive loss	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>(15)</u>	<u>(21)</u>
Total comprehensive income (loss)	-	(6)	-	(2,782)	(2,788)	13	(2,775)
Share based payment	-	-	64	-	64	-	64
Issue of shares, net	1,247	-	-	-	1,247	-	1,247
Interest on loans to related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Balance at June 30, 2021	<u><u>8,986</u></u>	<u><u>19</u></u>	<u><u>2,153</u></u>	<u><u>(7,807)</u></u>	<u><u>3,351</u></u>	<u><u>502</u></u>	<u><u>3,853</u></u>

The accompanying notes are an integral part of the financial statements.

SHEKEL BRAINWEIGH LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(US Dollar in thousands)

	Six-month period ended June 30,	
	Unaudited	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	(1,971)	(2,754)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	826	808
Change in fair value of warrants	(2)	(150)
Decrease (increase) in trade accounts receivable, net	349	(93)
Decrease (increase) in other accounts receivable	(299)	114
Increase in inventories	(396)	(501)
Increase in trade accounts payable	613	235
Decrease in other accounts payable	(499)	(117)
Increase in employee benefit	64	19
Share based compensation	716	64
Financial income charged to equity	(11)	(12)
Change in fair value of convertible loan	614	(133)
Impairment of financial asset	171	214
Other income	-	(110)
Capital gain from sale of property, plant and equipment	(19)	
Financial income, net	(1,856)	(2)
Net cash used in operating activities	(1,700)	(2,418)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(188)	(203)
Proceeds from sale of property, plant and equipment	19	-
Capitalized development costs	(13)	(190)
Net cash used in investing activities	(182)	(393)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares and options, net	754	1,423
Issuance of Warrants	31	-
Exercise of options into shares	3	-
Principal paid on lease liabilities	(399)	(456)
Receipt (payment) of short-term loans, net	860	(283)
Receipt of long-term loans	73	-
Payment of long-term loans	(35)	-
Convertible notes issuance	-	5,021
Net cash provided by financing activities	1,287	5,705
Net increase (decrease) in cash and cash equivalents	(595)	2,894
Cash and cash equivalents at the beginning of the period	1,981	1,478
Effects of exchange rate changes on cash and cash equivalents	(52)	(20)
Cash and cash equivalents at the end of the period	1,334	4,352

The accompanying notes are an integral part of the financial statements.

SHEKEL BRAINWEIGH LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

APPENDIX A: NON-CASH ACTIVITIES

	Six-month period ended June 30,	
	Unaudited	
	2022	2021
Recognition of right of use asset	343	813
Recognition of lease liabilities	330	813
Derecognition of right of use asset	-	1,144
Derecognition of lease liabilities	-	1,254

APPENDIX B: AMOUNT PAID AND RECEIVED DURING THE PERIOD:

	Six-month period ended June 30,	
	Unaudited	
	2022	2021
Income tax paid	4	4
Income tax received	-	(195)
Interest paid	163	66

The accompanying notes are an integral part of the financial statements.

SHEKEL BRAINWEIGH LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 1 - GENERAL:

- Shekel Brainweigh Ltd. (hereinafter, the "Company") was incorporated in March, 2018 in Israel. The Company and its subsidiaries (together, the "Group") is one of the global leaders of digital weighing technology and engaged in the development, planning, assembly and marketing of electronic weighing systems.
- In August 2018, Shekel Scales (2008) Ltd., the Company's subsidiary (the "Subsidiary"), entered into a share exchange agreement (the "Share Exchange Agreement") with the Company and its shareholders. According to the Share Exchange Agreement, prior to the Company's listing on the Australian Securities Exchange ("ASX"), the Company acquired 100% of the issued shares of the Subsidiary and the shareholders of the Subsidiary received shares of the Company in consideration. The Company was admitted to the official list of the ASX on November 16, 2018, with its ordinary fully paid shares having commenced.
- The novel coronavirus ("COVID-19") has adversely impacted global commercial activity and contributed to significant volatility in financial markets. The COVID-19 pandemic has disrupted global supply chains and adversely impacted many different industries for most of 2020. COVID-19 could have a continued material adverse impact on economic and market conditions and trigger a period of continued global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the extent and the duration of the economic impact of COVID-19. COVID-19 therefore presents material uncertainty and risk with respect to the Group and its performance and could affect the Group's financial results in a materially adverse way.

Due to the continued COVID-19 pandemic spread and its variants during the 1st half of 2022, the Group continued to experience some changes in its operations among them, continued remote work as a matter of health precaution measures, worldwide crises regarding procurement of electronical components and delay in supply chain and delivery of goods. As of this date, the Group is unable to assess what, and for how long, any adverse changes may impact the Group business for the long term.

SHEKEL BRAINWEIGH LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2021 annual financial statements.

Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2021 annual financial statements. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in future financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

NOTE 3 – SHORT TERM LOANS:

1. During the years 2021 and 2020, the Subsidiary (Shekel Scales (2008) Ltd.) received two short-term loans from two different banks in Israel (7,000,000 NIS from each bank, approximately 2,120). The loans were received in NIS and NIS linked. It bears interest of 2.75%-3.2% per annum. During the year 2021, the Subsidiary repaid to each bank 1,000,000 NIS (approximately 303). As of June 30, 2022, the total amount of the two short-term loans is 3,433. During 2021 the Subsidiary entered into a new agreement with the banks for complying with the required covenants. The Subsidiary is required to comply with certain loan covenants in respect of minimum debt service coverage ratios, which are tested quarterly based on a ratio of: (i) capital ratio (ii) Operating working capital ratio, and (iii) Trade accounts receivable ratio.

As of the date of approval of financial statements, the Company complies with all the loans covenants.

2. In April 2020, Abilanx, the French subsidiary, received a loan in the amount of Euro 400 thousand from the French government due to COVID-19 pandemic. According to the terms of the loan, it will be repaid after 12 months from the funding date. The loan has a maturity of one year and bears interest rate of 0.55%. During the year 2021, Abilanx changed this loan's term to a long-term loan for 5 years and took another two loans for 3 years, Euro 21 thousand (0.8% interest) and Euro 29 thousand (0.94% interest).

During the first half of the year 2022, Abilanx took another two loans for 3 years, Euro 36 thousand (1.16% interest) and Euro 30 thousand (1.02% interest). As of June 30, 2022, the total amount of those loans is 492.

SHEKEL BRAINWEIGH LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 3 – SHORT TERM LOANS (CONT.):

3. In May 2022, the Company entered into a Loan and warrants agreement (the "Loan and Warrants Agreement") with four lenders. The Company received 900 from the lenders. According to the terms of the loan, it will be repaid after 12 months from the funding date. The loan has a maturity of one year and bears interest rate of 8% per annum (The effective interest rate is 3.6%).

As part of the agreement, the lenders were given an option to purchase the Company's ordinary shares (1.5 shares for every \$1 loan) no par value per share at a price per share equal to 75% of the volume weighted average price of the Company's shares on ASX the 30 trading days preceding the exercise date of the Warrants. The Warrants may be exercised within 24 months from the funding date.

The Warrants fair value will be measured at each cut-off date. As of June 30, 2022, the total amount of this loan is 874 and the Warrants fair value is 31.

NOTE 4 - CONVERTIBLE LOAN:

In May 2021, the Company issued convertible notes (the "Notes") in consideration of NIS 16,550 thousand (approximately 5,021). The Notes are nominated in NIS and bears 7% annum interest which will be paid on a quarterly basis. The Notes will be unsecured notes convertible into ordinary shares of the Company. The maturity date is four years after the issuance date. The investors will have the right to convert the Notes into ordinary shares of the Company starting two years after the issuance date and until the maturity date. The number of ordinary shares that will be issued to the investors will be calculated by dividing the face value of the Notes by 75% of the volume weighted average price of the Company's shares as traded on ASX during the last 25 trading days preceding the conversion of the Notes. The Company and the investors have the right for early repayment on agreed terms. The Company designated the convertible loan to be recognized at fair value through profit or loss. The convertible loan fair value will be measured at each cut-off date. As of June 30, 2022 the total amount of the convertible loan is 6,222.

SHEKEL BRAINWEIGH LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 5 – EQUITY:

In January 2022, the Company raised through a Share Placements and a Share Purchase Plan AUD 1,112,500 (approximately 792) by issuing of 5,562,500 fully paid ordinary shares of the Company at an issuance price of AUD 0.2 per share. Total issuance expenses amounted to 38 and were recognized against share premium.

Restricted Stock Units

- On July 1, 2021 the Group established a Restricted Stock Units plan (the "RSUs Plan"). Under the RSUs Plan a total of 17,139,517 RSUs have been granted to employees.

As for 11,716,017 RSUs - The vesting period is up to a year from the grant date, according to the following: 50% will vest immediately, only if the average Share Price equal to or exceeds 0.35 AUD and 50% will vest equally at the end of each quarter starting the following quarter.

Notwithstanding anything to the contrary above, all RSUs shall become fully vested upon the first anniversary of the vesting commencement date.

As for 5,423,500 RSUs - The vesting period is up to 4 years from the grant date, according to the following: 25% will vest within one year from grant date, 6.25% will vest equally at the end of each quarter starting the following quarter. Such RSUs will vest only if the Average Share Price shall be equal to or exceeds 0.35 AUD

The fair value of RSUs was estimated by using a Monte-Carlo simulation approach, which was aimed to model the value of the Company's assets over time. The simulation approach was designed to take into account the terms and conditions of the RSUs, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. The valuation performed by an external valuator based on management's assumptions.

- On March 29, 2022 the Group established additional Restricted Stock Units plan (the "RSUs Plan"). Under the RSUs Plan a total of 1,731,000 RSUs have been granted to employees.

As for 861,000 RSUs - The vesting period is up to a year from the grant date, according to the following: 50% will vest immediately and 50% will vest upon the first anniversary of the Vesting Commencement Date Subject to the Company meeting its 2022 revenue target.

The Company expects to meet this target.

SHEKEL BRAINWEIGH LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 5 – EQUITY (CONT.):

Restricted Stock Units (cont.):

As for 870,000 RSUs - The vesting period is up to 4 years from the grant date, according to the following: 25% will vest within one year from grant date, 6.25% will vest equally at the end of each quarter starting the following quarter. Such RSUs will vest only if the Average Share Price shall be equal to or exceeds 0.35 AUD

The fair value of RSUs was estimated by using a Monte-Carlo simulation approach, which was aimed to model the value of the Company's assets over time. The simulation approach was designed to take into account the terms and conditions of the RSUs, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. The valuation performed by an external valuator based on management's assumptions.

The RSUs were granted under section 102 of the Israeli tax ordinance which enables the employee to pay 25% of capital gain tax upon exercise.

Movement in number of shares:

	Date	Number of shares
		Unaudited
Opening balance as at January 1, 2022	-	160,000,000
Issuance of ordinary shares	01/2022	5,562,500
Exercise of options into shares	01/2022	20,000
Vested RSU	01/2022	8,845,366
Vested RSU	06/2022	11,716,017
Closing balance at June 30, 2022	-	186,143,883

SHEKEL BRAINWEIGH LTD.**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(US Dollar in thousands)****NOTE 6 – FINANCIAL INSTRUMENTS****Fair value of financial instrument:**

The fair value measurement of the Warrants and the Convertible loan as of June 30, 2022 in the table below was measured using the Monte-Carlo-simulation-based risk-neutral valuation model. The key inputs that were used in measuring the fair value of the Warrants were: risk free interest rate – 2.376%, expected volatility - 90%.

	Fair value measurements using input type			
	Unaudited			
	Level 1	Level 2	Level 3	Total
As of June 30, 2022				
Warrants	-	31	-	31
Convertible loan	-	6,222	-	6,222

NOTE 7 – SEGMENT INFORMATION:

Summarized financial information by segment, based on the Group's internal financial reporting system utilized by the Group's chief operating decision makers, follows:

For the six months ended June 30, 2022 (Unaudited)

	Retail	HealthCare	Industry	Total
Segment revenue	5,170	5,180	2,767	13,117
Segment operating profit (loss)	(2,263)	(846)	558	(2,551)
Financial income, net				630
Loss before tax				(1,921)

SHEKEL BRAINWEIGH LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 7 – SEGMENT INFORMATION (CONT.):

For the six months ended June 30, 2021 (Unaudited)

	<u>Retail</u>	<u>HealthCare</u>	<u>Industry</u>	<u>Total</u>
Segment revenue	3,850	4,099	2,673	10,622
Segment operating profit (loss)	(2,138)	(1,194)	702	(2,630)
Financial expenses, net				(161)
Loss before tax				(2,791)

As of 2022 the products of the retail innovation division are in their commercialization stage and therefore the company refers to it as part of the full retail solution it provides to the market and does not differentiate these products from its other retail solution products, resulting in the Group changing the internal reporting provided to the chief operating decision-maker, and the new reporting segments is by markets the products serve ,being: Retail, HealthCare and Industry.

In prior years, the Company analyzed its segments under the traditional division and the retail innovation division.

NOTE 8 - SUBSEQUENT EVENTS:

In July 2022, the Company entered into additional Loan and Warrants agreement (the "Loan and Warrants Agreement") with another three lenders. The Company received 1,400 from the lenders. According to the terms of the loan, it will be repaid after 12 months from the funding date. The loan has a maturity of one year and bears interest rate of 8% per annum.

As part of the agreement, the lenders were given an option to purchase the Company's ordinary shares (1.5 shares for every \$1 loan) no par value per share at a price per share equal to 75% of the volume weighted average price of the Company's shares on ASX the 30 trading days preceding the exercise date of the Warrants.

The Warrants may be exercised within 24 months from the funding date.

As of the date of approval of financial statements, all warrants (see also note 3) were converted into 3,450,000 ordinary shares of the Company.