

# **SHEKEL BRAINWEIGH LTD.**

**ARBN 625 669 445**

**APPENDIX 4E**

**PRELIMINARY REPORT**

**AS OF DECEMBER 31, 2023**

# **SHEKEL BRAINWEIGH LTD.**

## **PRELIMINARY REPORT**

Shekel Brainweigh Ltd. (the "Company") was established on 18 March, 2018 as an Israeli company. Its wholly owned subsidiary, Shekel Scales 2008 Ltd. (hereinafter, the "Subsidiary"), is also domiciled in Israel and was established in 2008.

The Company, the Subsidiary and its underlying subsidiaries (together, the "Group") are among the global leaders of digital weighing technology and engaged in the development, planning, manufacturing, assembly and marketing of electronic weighing systems.

### **Highlights of the year:**

- Record Group revenue of US\$27.2 Million for FY2023, 3% growth Vs FY2022 result.  
Total growth of 12% excluding the sale of Healthweigh products line in the in FY2022.
- In January 2023, the Company entered into a Loan and warrants agreement (the "Loan and Warrants Agreement") with seven lenders. The Company received a total of 2,953 from the lenders out of which 653 were received in cash and 2,300 were a renewal of the "Loan and Warrants Agreement" principal loan amount. According to the terms of this loan, it will be repaid after 12 months from funding date of each installment.

The loan has a maturity of one year and bears interest rate of 8% per annum (the effective interest rate is approximately 11%). As part of the Additional Loan and Warrants Agreement, the lenders were given an option (the "Warrants") to purchase the Company's ordinary shares (1.5 shares for every USD 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.

In July 2023, all Warrants were converted into 4,429,500 ordinary shares of the Company.

During 2023, the Company entered into an additional Loan and warrants agreement (the "Additional Loan and Warrants Agreement") with seven lenders. The Company received a total of 3,000 from the lenders. The loan has a maturity of one year and bears interest rate of 12.5% per annum (the effective interest rate is approximately 17%). As part of the Additional Loan and Warrants Agreement, the lenders were given an option (the "Additional Warrants") to purchase the Company's ordinary shares (2.5 shares for every USD 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 Additional Warrants. The Additional Warrants may be exercised within 24 months from the funding date. The Additional Warrants were measured in fair value at the funding date. As of December 31, 2023, the total amount of the Additional Warrants fair value is 116. In January 2024, all Warrants were converted into 7,500,000 ordinary shares of the Company.

## APPENDIX 4E

### PRELIMINARY REPORT

#### 1. DETAILS OF REPORTING PERIOD

Name of Entity	SHEKEL BRAINWEIGH LTD. (the "Company")
ARBN	625 669 445
Reporting Period	12 months ended 31 December 2023
Previous Corresponding Period	12 months ended 31 December 2022
Currency	All figures are in thousands USD, unless mentioned otherwise

#### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information	12 months ended 31 Dec 2023	12 months ended 31 Dec 2022	Increase/ (decrease) %	Amount change
Revenues from ordinary activities	27,192	26,355	3.18%	837
Loss from ordinary activities after tax attributable to members	(5,712)	(3,060)	86.67%	(2,652)
Net loss for the year attributable to members	(5,712)	(3,060)	86.67%	(2,652)

#### 3. STATEMENT OF COMPREHENSIVE INCOME

Refer to attached financial statements.

#### 4. STATEMENT OF FINANCIAL POSITION

Refer to attached financial statements.

#### 5. STATEMENT OF CASH FLOWS

Refer to attached financial statements.

#### 6. STATEMENT OF CHANGES IN EQUITY (DEFICIT)

Refer to attached financial statements.

**7. NET TANGIBLE ASSETS PER SHARE**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Net tangible asset backing per ordinary security	(0.03) USD	(0.006) USD

**8. ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE COMPANY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION**

Refer to attached financial statements.

**9. FOREIGN ENTITIES**

Refer to Note 2

**10. COMMENTARY ON RESULTS FOR PERIOD AND EXPLANATORY INFORMATION**

Refer to commentary on pages 1 and 2 of the attached Preliminary Report

**11. AUDIT**

This report is based on accounts which are in the process of being audited.

Barak Nir

**Chief Financial Officer**



**SHEKEL BRAINWEIGH LTD.**

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**Appendix 4E Preliminary Report****PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2023**

(US Dollars in thousands, except for loss per share)

	<b>Note</b>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Revenues	5	27,192	26,355
Cost of revenues	6	19,126	17,392
<b>Gross profit</b>		8,066	8,963
Research and development expenses	7	3,811	3,966
Selling and marketing expenses	8	3,644	3,803
General and administrative expenses	9	4,916	5,561
Other income		-	(2,202)
Expected credit loss (benefit)		(8)	239
<b>Operating loss</b>		(4,297)	(2,404)
Financial income	10	291	1,756
Financial expense	11	1,455	2,018
<b>Loss before tax</b>		(5,461)	(2,666)
Tax on income		114	279
<b>Loss for the year</b>		<u>(5,575)</u>	<u>(2,945)</u>
<b>Other comprehensive income (loss), net of tax:</b>			
Items that will or may be reclassified to profit or loss:			
Exchange rate differentials pursuant to translation of foreign operations		38	(140)
<b>Total comprehensive loss for the year</b>		<u>(5,537)</u>	<u>(3,085)</u>
<b>Loss for the year attributed to:</b>			
Owners of the parent		(5,712)	(3,060)
Non - controlling interest		137	115
		<u>(5,575)</u>	<u>(2,945)</u>
<b>Total comprehensive loss for the year attributed to:</b>			
Owners of the Company		(5,696)	(3,175)
Non - controlling interest		159	90
		<u>(5,537)</u>	<u>(3,085)</u>
Basic and diluted loss per share		<u>\$(0.03)</u>	<u>\$(0.02)</u>

**SHEKEL BRAINWEIGH LTD.**

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**Appendix 4E Preliminary Report****PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS OF 31 DECEMBER 2023****(US Dollars in thousands)**

	<u>Note</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents		1,724	1,892
Trade accounts receivable, net		7,607	8,186
Other accounts receivable		882	1,957
Inventories	3	4,628	5,114
Loans to related party		<u>160</u>	<u>157</u>
		<u>15,001</u>	<u>17,306</u>
<b>Non-Current Assets:</b>			
Right of use assets, net		5,693	6,132
Property, plant and equipment, net		980	825
Intangible assets, net	4	<u>569</u>	<u>1,400</u>
		<u>7,242</u>	<u>8,357</u>
<b>Total Assets</b>		<u><u>22,243</u></u>	<u><u>25,663</u></u>

**SHEKEL BRAINWEIGH LTD.**

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**Appendix 4E Preliminary Report****PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS OF 31 DECEMBER 2023****(US Dollars in thousands)**

	<b>Note</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>LIABILITIES AND EQUITY (DEFICIT)</b>			
<b>Current Liabilities:</b>			
Short term loans and current portion of long-term loans		8,292	6,301
Trade accounts payable		3,713	2,294
Other accounts payable		2,996	4,480
Convertible loan at fair value		6,098	6,499
Warrants		116	-
		<u>21,215</u>	<u>19,574</u>
<b>Non-Current Liabilities:</b>			
Lease liabilities		4,860	5,052
Long term loans		1,136	292
Employee benefit liabilities		22	457
Liability for royalties payable		4	4
		<u>6,022</u>	<u>5,805</u>
<b>Equity (deficit):</b>			
<b>Equity (deficiency) attributable to owners of the parent:</b>			
Share capital and premium		13,652	13,163
Foreign exchange reserve		(89)	(105)
Share based payment reserve		1,361	1,527
Retained losses		(20,625)	(14,887)
		<u>(5,701)</u>	<u>(302)</u>
Non - controlling interest		707	586
<b>Total Equity (deficit)</b>		<u>(4,994)</u>	<u>284</u>
<b>Total Liabilities and Equity (deficit)</b>		<u>22,243</u>	<u>25,663</u>



# SHEKEL BRAINWEIGH LTD.

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## Appendix 4E Preliminary Report

### PRELIMINARY STATEMENT OF CHANGES IN EQUITY (DEFICIT)

(US Dollars in thousands)

	Equity (deficit) attributable to owners of the parent					
	Share capital and premium	Foreign exchange reserve	Share based payment reserve	Retained losses	Total	Non-controlling interest
						Total Shareholders' equity (deficit)
<b>Balance at January 1, 2022</b>	<u>9,926</u>	<u>10</u>	<u>2,955</u>	<u>(11,805)</u>	<u>1,086</u>	<u>496</u>
<b>Changes during 2022:</b>						
Profit (loss) for the year	-	-	-	(3,060)	(3,060)	115
Other comprehensive loss	-	(115)	-	-	(115)	(25)
Total comprehensive income (loss)	<u>-</u>	<u>(115)</u>	<u>-</u>	<u>(3,060)</u>	<u>(3,175)</u>	<u>90</u>
Issue of shares, net	754	-	-	-	754	-
Share based payment	-	-	739	-	739	-
Exercise of options, RSU's and warrants	2,483	-	(2,167)	-	316	-
Benefit to owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>(22)</u>	<u>-</u>
<b>Balance at December 31, 2022</b>	<u>13,163</u>	<u>(105)</u>	<u>1,527</u>	<u>(14,887)</u>	<u>(302)</u>	<u>586</u>
<b>Changes during 2023:</b>						
Profit (loss) for the year	-	-	-	(5,712)	(5,712)	137
Other comprehensive loss	-	16	-	-	16	22
Total comprehensive income (loss)	<u>-</u>	<u>16</u>	<u>-</u>	<u>(5,712)</u>	<u>(5,696)</u>	<u>159</u>
Share based payment	-	-	61	-	61	-
Dividend to non-controlling interest	-	-	-	-	-	(38)
Exercise of RSU's and warrants	489	-	(227)	-	262	-
Benefit to owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>(26)</u>	<u>-</u>
<b>Balance at December 31, 2023</b>	<u>13,652</u>	<u>(89)</u>	<u>1,361</u>	<u>(20,625)</u>	<u>(5,701)</u>	<u>707</u>

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**Appendix 4E Preliminary Report****PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023****(US Dollars in thousands)**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss for the year	(5,575)	(2,945)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	2,002	1,666
Change in fair value of warrants	28	(29)
Decrease (increase) in trade accounts receivable, net	579	(610)
Decrease (increase) in other accounts receivable	94	(197)
Decrease (increase) in inventories	486	(849)
Increase (decrease) in trade accounts payable	1,419	(475)
Increase (decrease) in other accounts payable	(870)	361
Increase (decrease) in employee benefits	(435)	117
Financial income charged to equity	(26)	(22)
Change in fair value of convertible loan	(198)	925
Financial expenses, net	(152)	(1,769)
Capital loss from sale of property, plant and equipment	(15)	(19)
Capital gain from sale of Healthweigh products line	-	(2,183)
Impairment of intangible assets	-	184
Expected credit loss (income)	(8)	239
Share based payment	61	739
<b>Net cash used in operating activities</b>	<b>(2,610)</b>	<b>(4,867)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES:</b>		
Purchase of property, plant and equipment	(356)	(357)
Proceeds from sale of Healthweigh products line	961	1,964
Proceeds from sale of property, plant and equipment	-	19
Deposit for a new lease agreement	(17)	(19)
Capitalized development costs	-	(11)
<b>Net cash provided by investment activities</b>	<b>588</b>	<b>1,596</b>

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**Appendix 4E Preliminary Report****PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023****(US Dollars in thousands)**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of shares, net	-	754
Issuance of warrants	195	85
Payment (receipt) of short-term finance	(354)	503
Exercise of options and warrants into shares	154	258
Principal paid on lease liabilities	(810)	(810)
Receipt of long-term loans	1,474	85
Payment of long-term loans	(364)	(107)
Dividend to non-controlling interest	(38)	-
Receipt of short-term loans, net	1,527	2,552
<b>Net cash provided by financing activities</b>	<b>1,784</b>	<b>3,320</b>
	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(238)</b>	<b>49</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,892</b>	<b>1,981</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>70</b>	<b>(138)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,724</b>	<b>1,892</b>

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**Appendix 4E Preliminary Report**

**PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**(US Dollars in thousands)**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
<b>APPENDIX A - NON-CASH ACTIVITIES:</b>		
Recognition of right of use asset	469	569
Recognition of lease liabilities	469	569
Rice Lake receivables due to sale of Healthweigh products line	-	961
Exercise of warrants into shares	108	58

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
<b>APPENDIX B - AMOUNT PAID DURING THE YEAR FOR:</b>		
Income tax paid	24	10
Interest paid	1,013	811

**SHEKEL BRAINWEIGH LTD.**

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**Appendix 4E Preliminary Report**

**PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2023**  
**(US Dollars in thousands)**

**NOTE 1 - BASIS OF PREPARATION:**

The preliminary report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with International Financing Reporting Standards (IFRS) and the Corporations Act 2001. The preliminary consolidated financial statements have been prepared on an actuals basis and are based on historical cost convention.

The attached unaudited accounts are being provided on a preliminary basis. Final audited results may differ from these preliminary accounts.

**NOTE 2 - SUBSIDIARIES:**

The principal subsidiaries of Company, all of which have been consolidated in these consolidated financial statements, are as follows:

Entity name	Country of incorporation	Proportion of ownership interest at December 31		Held by
		2023	2022	
Shekel Scales 2008 Ltd.	Israel	100%	100%	Shekel Brainweigh Ltd.
Shekel EU S.A	Luxemburg	100%	100%	Shekel Scales 2008 Ltd.
Shekel (Ningbo) Scales Ltd.	China	100%	100%	Shekel Scales 2008 Ltd.
Abilanx	France	60%	60%	Shekel EU S.A

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**Appendix 4E Preliminary Report**

**PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2023**  
**(US Dollars in thousands)**

**NOTE 3 - INVENTORIES:**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	2,871	2,744
Work in process	-	218
Finished goods	1,757	2,152
	<u>4,628</u>	<u>5,114</u>

**NOTE 4 - INTANGIBLE ASSETS, NET:**

	<b>Internally generated capitalized development costs</b>	<b>Acquired technology</b>	<b>Goodwill</b>	<b>Total</b>
<b>Cost:</b>				
<b>As of January 1, 2023</b>	2,337	546	102	2,985
Additions	-	-	-	-
Disposals	-	(546)	-	(546)
<b>As of December 31, 2023</b>	<u>2,337</u>	<u>-</u>	<u>102</u>	<u>2,439</u>
<b>Accumulated depreciation:</b>				
<b>As of January 1, 2023</b>	(1,401)	(184)	-	(1,585)
Additions	(469)	(362)	-	(831)
Disposals	-	546	-	546
<b>As of December 31, 2023</b>	<u>1,870</u>	<u>-</u>	<u>-</u>	<u>1,870</u>
<b>Net Book Value:</b>				
<b>As of December 31, 2023</b>	<u>467</u>	<u>-</u>	<u>102</u>	<u>569</u>
<b>As of December 31, 2022</b>	<u>936</u>	<u>362</u>	<u>102</u>	<u>1,400</u>

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**Appendix 4E Preliminary Report**

**PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2023**  
**(US Dollars in thousands)**

**NOTE 5 - REVENUES:**

**Revenues arises from:**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Sale of goods	23,618	22,671
Services	3,574	3,684
	<u>27,192</u>	<u>26,355</u>

**NOTE 6 - COST OF REVENUES:**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Purchase of scales and raw materials	13,724	12,305
Salary and related expenses	3,325	3,779
Depreciation	621	564
Change in inventories	486	(166)
Intangible asset amortization	469	467
Vehicle maintenance	346	308
Office maintenance	106	112
Others	49	23
	<u>19,126</u>	<u>17,392</u>

**SHEKEL BRAINWEIGH LTD.**

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**Appendix 4E Preliminary Report****PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2023**  
**(US Dollars in thousands)****NOTE 7 - RESEARCH AND DEVELOPMENT EXPENSES:**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Salary and related expenses	2,822	3,016
Intangible asset amortization	362	-
Office maintenance	233	43
Depreciation	187	227
Materials, subcontractors and related expenses	146	191
Vehicle maintenance	54	26
Share based payment	7	279
Impairment of Intangible assets	-	184
	<u>3,811</u>	<u>3,966</u>

**NOTE 8 - SELLING AND MARKETING EXPENSES:**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Salary and related expenses	2,095	2,295
Exhibitions, materials and promotions	772	751
Vehicles maintenance	200	252
Transportation and deliveries	191	153
Travel abroad	177	155
Depreciation	164	140
Office maintenance	35	57
Royalties expenses	10	-
	<u>3,644</u>	<u>3,803</u>



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**Appendix 4E Preliminary Report****PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2023**  
**(US Dollars in thousands)****NOTE 9 - GENERAL AND ADMINISTRATIVE EXPENSES:**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Salary and related expenses	2,369	2,188
Professional fees	1,394	1,571
Office maintenance	321	340
Management fees	254	279
Directors' fees	206	223
Depreciation	199	268
Vehicles maintenance	94	64
Share based payment	46	385
Travel abroad	41	45
VAT	(40)	191
Others	32	7
	<u>4,916</u>	<u>5,561</u>

**NOTE 10 - FINANCIAL INCOME:**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Convertible loan's change in fair value	(198)	(29)
Exchange rate differences, net	(67)	(1,705)
Dividend benefit to owners	(26)	(22)
	<u>(291)</u>	<u>(1,756)</u>

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**Appendix 4E Preliminary Report**

**PRELIMINARY CONSOLIDATED NOTES FOR THE YEAR ENDED 31 DECEMBER 2023**  
**(US Dollars in thousands)**

**NOTE 11 - FINANCIAL EXPENSES:**

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Bank fees and interests	470	300
Linkage and interest	378	161
Convertible loan's interest	312	344
Leases	267	288
Change in fair value of warrants	28	-
Convertible loan's change in fair value	-	925
	<u>1,455</u>	<u>2,018</u>