

**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 | 12 months ended | Increase/  | Amount  |
|---|-----------------|-----------------|------------|---------|
|   | 31 Dec 2023     | 31 Dec 2022     | (decrease) | 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)

|   | Note | Year ended<br>December 31,<br>2023 | Year ended<br>December 31,<br>2022 |
|---|------|------------------------------------|------------------------------------|
| Revenues  | 5    | 27,192                             | 26,355                             |
| Cost of revenues  | 6    | <u>19,126</u>                      | <u>17,392</u>                      |
| <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)  |      | <u>(8)</u>                         | <u>239</u>                         |
| <b>Operating loss</b>   |      | (4,297)                            | (2,404)                            |
| Financial income  | 10   | 291                                | 1,756                              |
| Financial expense   | 11   | <u>1,455</u>                       | <u>2,018</u>                       |
| <b>Loss before tax</b>  |      | (5,461)                            | (2,666)                            |
| Tax on income   |      | <u>114</u>                         | <u>279</u>                         |
| <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  |      | <u>137</u>                         | <u>115</u>                         |
|   |      | <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  |      | <u>159</u>                         | <u>90</u>                          |
|   |      | <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,<br/>2023</u> | <u>December 31,<br/>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)**

|  | <u>Note</u> | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|--|-------------|------------------------------|------------------------------|
| <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>                |

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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 |                          |                             |                 | Non-controlling interest | Total Shareholders' equity (deficit) |                |
|---|---|--------------------------|-----------------------------|-----------------|--------------------------|--------------------------------------|----------------|
|   | Share capital and premium                             | Foreign exchange reserve | Share based payment reserve | Retained losses |                          |                                      | Total          |
| <b>Balance at January 1, 2022</b>       | 9,926   | 10                       | 2,955                       | (11,805)        | 1,086                    | 496                                  | 1,582          |
| <b>Changes during 2022:</b>             |   |                          |                             |                 |                          |                                      |                |
| Profit (loss) for the year              | -   | -                        | -                           | (3,060)         | (3,060)                  | 115                                  | (2,945)        |
| Other comprehensive loss                | -   | (115)                    | -                           | -               | (115)                    | (25)                                 | (140)          |
| Total comprehensive income (loss)       | -   | (115)                    | -                           | (3,060)         | (3,175)                  | 90                                   | (3,085)        |
| Issue of shares, net                    | 754   | -                        | -                           | -               | 754                      | -                                    | 754            |
| Share based payment                     | -   | -                        | 739                         | -               | 739                      | -                                    | 739            |
| Exercise of options, RSU's and warrants | 2,483   | -                        | (2,167)                     | -               | 316                      | -                                    | 316            |
| Benefit to owners                       | -   | -                        | -                           | (22)            | (22)                     | -                                    | (22)           |
| <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>                           | <u>284</u>     |
| <b>Changes during 2023:</b>             |   |                          |                             |                 |                          |                                      |                |
| Profit (loss) for the year              | -   | -                        | -                           | (5,712)         | (5,712)                  | 137                                  | (5,575)        |
| Other comprehensive loss                | -   | 16                       | -                           | -               | 16                       | 22                                   | 38             |
| Total comprehensive income (loss)       | -   | 16                       | -                           | (5,712)         | (5,696)                  | 159                                  | (5,537)        |
| Share based payment                     | -   | -                        | 61                          | -               | 61                       | -                                    | 61             |
| Dividend to non-controlling interest    | -   | -                        | -                           | -               | -                        | (38)                                 | (38)           |
| Exercise of RSU's and warrants          | 489   | -                        | (227)                       | -               | 262                      | -                                    | 262            |
| Benefit to owners                       | -   | -                        | -                           | (26)            | (26)                     | -                                    | (26)           |
| <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>                           | <u>(4,994)</u> |

**SHEKEL BRAINWEIGH LTD.**

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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<br/>December 31,<br/>2023</b> | <b>Year ended<br/>December 31,<br/>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>                                |

**SHEKEL BRAINWEIGH LTD.**

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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<br/>December 31,<br/>2023</b> | <b>Year ended<br/>December 31,<br/>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<br/>December 31,<br/>2023</b> | <b>Year ended<br/>December 31,<br/>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>                                |

**SHEKEL BRAINWEIGH LTD.**

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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<br/>December 31,<br/>2023</b> | <b>Year ended<br/>December 31,<br/>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  |
| <br>   |   |   |
|  | <b>Year ended<br/>December 31,<br/>2023</b> | <b>Year ended<br/>December 31,<br/>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           |

**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 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:**

|                                  | <u>Internally<br/>generated<br/>capitalized<br/>development<br/>costs</u> | <u>Acquired<br/>technology</u> | <u>Goodwill</u> | <u>Total</u> |
|----------------------------------|---|--------------------------------|-----------------|--------------|
| <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> |

**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 5 - REVENUES:**

**Revenues arises from:**

|               | <b>Year ended<br/>December 31,<br/>2023</b> | <b>Year ended<br/>December 31,<br/>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<br/>31, 2023</b> | <b>Year ended December<br/>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<br/>31, 2023</b> | <b>Year ended December<br/>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<br/>31, 2023</b> | <b>Year ended December<br/>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>                            |

**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 9 - GENERAL AND ADMINISTRATIVE EXPENSES:**

|                             | <b>Year ended December<br/>31, 2023</b> | <b>Year ended December<br/>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<br/>December 31,<br/>2023</b> | <b>Year ended<br/>December 31,<br/>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>                              |

**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 11 - FINANCIAL EXPENSES:**

|   | <b>Year ended<br/>December 31,<br/>2023</b> | <b>Year ended<br/>December 31,<br/>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>                                |