

# CLEANSING NOTICE UNDER SECTION 708A(12C)(e) OF THE CORPORATIONS ACT 2001 (CTH)

## 1. Summary

- 1.1 This cleansing notice (**Cleansing Notice**) is issued by Shekel Brainweigh Ltd ARBN 625 669 445 (**Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Notes) Instrument 2016/82* (**ASIC Instrument**).
- 1.2 This Cleansing Notice is important and should be read in its entirety.
- 1.3 Neither ASIC nor ASX take responsibility for the contents of this Cleansing Notice.

## 2. Background

- 2.1 As announced to ASX on 26 March 2021, the Company has secured funding for US\$5,000,000 from Kvutzat Yavne, Hapoel Hamizrahi Group for Cooperative Settlement Ltd (**Investor**) by way of the issue of convertible notes to the Investor.
- 2.2 On 25 March 2021, the Company entered into a convertible loan agreement with the Investor which set out the terms on which the convertible notes (**Notes**) would be issued to the Investor (**Convertible Loan Agreement**).
- 2.3 The Directors of the Company consider that the entry into the Convertible Loan Agreement and the issue of the Notes is in the best interests of shareholders of the Company (**Shareholders**) as it enables the Company to meet its business goals for FY2021 and which have been set to allow the Company to continue to grow both its Retail Innovation Division and its Shekel Scales Division.
- 2.4 The Company chose to fund its needs through the issue of the Notes to the Investor as this offer structure best balances the Company's capital needs against the Company's objective of seeking to ensure that any capital raising minimised the dilutory effect on Shareholders.
- 2.5 On 6 April 2021, the Company obtained Shareholder approval to issue the Notes, following which the Company issued the Convertible Notes to the Investor on 14 May 2021.
3. The Notes have been issued without disclosure under Part 6D.2 of the Corporations Act.
4. The purpose of this Cleansing Notice is to enable the fully paid ordinary shares in the capital of the Company (**Shares**) that may be issued on conversion of the Notes to be on-sold without further disclosure.

## 5. Contents of this Cleansing Notice

This Cleansing Notice sets out:

- (a) in relation to the Notes:
  - (i) the effect of the issue on the Company; and
  - (ii) a summary of the rights and liabilities attaching to both the Notes and the Shares that will be issued on conversion of the Notes.
- (b) any information that:
  - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
  - (ii) is reasonably required by investors or their professional advisers to make an informed assessment of:
    - (A) the Company's assets and liabilities, profits and losses, financial position, performance, and prospects; and
    - (B) the rights and liabilities attaching to the Notes; and

- (c) other information relating to the Company's status as a disclosing entity.

## 6. Overview of the effect of the issue on the Company

The principle effect of the issue of the Notes on the Company is as follows:

- (a) the Company's cash reserves will be increased by US\$5,000,000 (A\$6,524,435)<sup>1</sup> (before costs associated with the issue of the Notes to the Investor);
- (b) the number of convertible notes on issue in the Company will increase from nil to 5,000,000;
- (c) the Company's indebtedness will be increased by an aggregate face value of the Notes (US\$5,000,000 (A\$6,524,435)),<sup>2</sup> plus all capitalised and accrued but uncapitalized interest; and
- (d) if the Notes are converted, this will dilute the holdings of existing Shareholders. The effect of the conversion of the Notes on the Company's capital structure is shown in section 9 below.

## 7. Pro-forma statement of financial position after the issue of Notes

7.1 Set out below is a pro-forma statement of the Company's financial position as at 31 December 2020, based on the Company's financial statements included in the Company's annual financial report for the year ended 31 December 2020, lodged with ASX on 31 March 2021 (**Annual Financial Report**), adjusted to reflect the issue of the Notes, and the \$2.1 million equity raising undertaken by the Company (details of which were announced on the ASX on 18 January 2021).

7.2 The pro-forma statement of financial position:

- (a) has been prepared in accordance with the Company's usual accounting policies under International Standards on Auditing;
- (b) is presented in abbreviated form in so far as it does not include all the disclosures required by the International Financial Reporting Standards as issued by the International Accounting Standard Board applicable to annual financial statements;
- (c) is not audited and is based on financial statements that have been reviewed by the Company's auditor;
- (d) has been prepared on the basis that the Notes include embedded derivatives (the conversion component for which the Note terms adjust the security into a variable number of Shares in the Company). The debt host component of the Notes is initially recognised as financial liabilities at fair value (with fair value equating to the proceeds received) and subsequently, the debt is measured at amortised cost. Any movements in the fair value of the embedded derivative and effective interest associated with the debt host component will be recognised in the Company's statement of profit or loss has been provisionally prepared for the Notes, accordingly, the allocations between liabilities and equity detailed therein are subject to future change.

7.3 Pro-forma statement of financial position:

|                                | December 31, 2020<br>(Proforma) | December 31, 2020<br>(Original) |
|--------------------------------|---------------------------------|---------------------------------|
| <b>ASSETS</b>                  |                                 |                                 |
| <b>Current Assets</b>          |                                 |                                 |
| Cash and cash equivalents      | 7,897                           | 1,478                           |
| Trade accounts receivable, net | 5,432                           | 5,432                           |
| Other accounts receivable      | 1,287                           | 1,287                           |
| Inventories                    | 3,464                           | 3,464                           |

<sup>1</sup> Foreign exchange rate for conversion is US\$1.00 to A\$1.30.

<sup>2</sup> Foreign exchange rate for conversion is US\$1.00 to A\$1.30.

|  | December 31, 2020<br>(Proforma) | December 31, 2020<br>(Original) |
|--|---------------------------------|---------------------------------|
| Loan to related parties                                  | 454                             | 454                             |
|  | <b>18,534</b>                   | <b>12,115</b>                   |
| <b>Non-Current Assets</b>                                |                                 |                                 |
| Right of use assets, net                                 | 2,044                           | 2,044                           |
| Property, plant and equipment, net                       | 567                             | 567                             |
| Intangible assets, net                                   | 2,304                           | 2,304                           |
|  | <b>4,915</b>                    | <b>4,915</b>                    |
| <b>Total Assets</b>                                      | <b>23,449</b>                   | <b>17,030</b>                   |
| <b>LIABILITIES AND EQUITY</b>                            |                                 |                                 |
| <b>Current Liabilities</b>                               |                                 |                                 |
| Short term loans   | 4,847                           | 4,847                           |
| Trade accounts payable                                   | 2,190                           | 2,190                           |
| Other accounts payable                                   | 2,743                           | 2,743                           |
|  | <b>9,780</b>                    | <b>9,780</b>                    |
| <b>Non-Current Liabilities</b>                           |                                 |                                 |
| Convertible Loan   | 5,000                           | -                               |
| Lease liabilities  | 1,621                           | 1,621                           |
| Employee benefits, net                                   | 290                             | 290                             |
| Liability for royalties payable                          | 10                              | 10                              |
|  | <b>6,921</b>                    | <b>1,921</b>                    |
| <b>Equity</b>  |                                 |                                 |
| <i>Equity attributable to owners of the parent</i>       |                                 |                                 |
| Share capital and premium                                | 9,158                           | 7,739                           |
| Foreign exchange reserve                                 | 25                              | 25                              |
| Share based payment reserve                              | 2,089                           | 2,089                           |
| Retained losses  | (5,013)                         | (5,013)                         |
| <b>Total equity attributable to owners of the parent</b> | <b>6,259</b>                    | <b>4,840</b>                    |
| Non-controlling interest                                 | 489                             | 489                             |
| <b>Total Equity</b>                                      | <b>6,748</b>                    | <b>5,329</b>                    |
| <b>Total Liabilities and Equity</b>                      | <b>23,449</b>                   | <b>17,030</b>                   |

**8. Purpose of the Notes and their impact on the Company's future prospects**

8.1 The Notes are being issued to provide the Company with the funds necessary to seek to meet its business goals for FY2021 and which have been set to allow to the Company to continue to grow both its Retail Innovation Division and its Shekel Scales Division.

8.2 Funds raised from the issue of the Notes will be used by the Company in the following manner:

| Amount        | Use of funds  |
|---------------|---|
| US\$1,800,000 | Recruitment of Project Manager, Dev-Ops and support engineers to support the expending sales of the Company's Retail Innovation Division. |
| US\$1,200,000 | Recruitment of marketing and sales employees globally to lead the global expansion of sales of the Company's Retail Innovation Division.  |
| US\$800,000   | Strengthening the global marketing team of the Shekel Scales division.  |
| US\$1,200,000 | On-going business activities and working capital.   |

## 9. Impact on the Company's capital structure

9.1 The capital structure of the Company as at the date of this Cleansing Notice, before the issue of Notes, is set out below:

| Type of security                |                    | Number on issue          |
|---------------------------------|--------------------|--------------------------|
| Shares                          |                    | 153,175,000 <sup>3</sup> |
| Options <sup>4</sup>            |                    |                          |
| <i>Grant Date</i>               | <i>Expiry Date</i> |                          |
| 11 March 2018                   | 22 March 2028      | 19,427,064               |
| 16 November 2018                | 16 November 2021   | 4,170,000                |
| 25 January 2021                 | 25 January 2022    | 6,652,502                |
| Performance rights <sup>5</sup> |                    | 11,563,732               |
| Notes                           |                    | Nil                      |

9.2 The Notes are convertible to Shares based on the conversion formula set out in section 10.2 below. The number of Shares issued to the Investors will therefore depend on a number of factors, including whether the Investor elect to convert the Notes or in the event the Investor has not notified the Company in writing prior to the maturity date of the Notes that it will be converting the Notes, the Company is to pay in full to the Investor, the face value of the Notes and any accrued and outstanding interest.

9.3 The below table is provided to illustrate the number of Shares that may be issued on conversion of the Notes at various price points (and particularly if the prevailing market price on the day prior to conversion is lower than \$0.10 per share). The below table assumes that US\$5 million of the face value of the Notes is converted (and no interest has accrued on the Notes).

| VWAP of the Shares (expressed in USD) | Number of Shares issued on conversion of the Notes (Face Value ÷ 75% of the VWAP of the Shares) | Percentage of issued capital which the Investor will hold <sup>6</sup> |
|---------------------------------------|---|--|
| \$0.07                                | 95,238,095  | 38.3%  |
| \$0.14 (last traded price as of 28    | 47,619,047  | 23.7%  |

<sup>3</sup> Being, the total number of Shares on issue as at 28 March 2021, being 153,175,000 Shares.

<sup>4</sup> Annual Financial Report, page 9.

<sup>5</sup> Annual Financial Report, page 9.

<sup>6</sup> This has been calculated on the basis of the total number of Shares on issue as at 28 March 2021, being 153,175,000 Shares.

| VWAP of the Shares (expressed in USD) | Number of Shares issued on conversion of the Notes (Face Value ÷ 75% of the VWAP of the Shares) | Percentage of issued capital which the Investor will hold <sup>6</sup> |
|---------------------------------------|---|--|
| March 2021)                           |   |  |
| \$0.20                                | 33,333,333  | 17.8%  |
| \$0.25                                | 26,666,666  | 14.8%  |

9.4 If the prevailing market price of the Company's Shares falls substantially during the period in which the Investor may convert the Notes to Shares, the issue of Shares on conversion of the Notes may be highly dilutive to existing shareholders.

9.5 The table below shows the potential effect of the conversion of all Notes, as at the date of this Cleansing Notice, based on a conversion price of \$0.07.<sup>7</sup>

|                     | Shares                   | % Shares    | Options                 | Performance Rights       | Notes      |
|---------------------|--------------------------|-------------|-------------------------|--------------------------|------------|
| Existing securities | 153,175,000 <sup>8</sup> | 61.661%     | 30,249,566 <sup>9</sup> | 11,563,732 <sup>10</sup> | 0          |
| Conversion of Notes | 95,238,095               | 38.338%     | 0                       | 0                        | -5,000,000 |
| <b>Total</b>        | <b>248,413,095</b>       | <b>100%</b> | <b>30,249,556</b>       | <b>11,563,732</b>        | <b>0</b>   |

## 10. Rights and liabilities attaching to the Notes

10.1 The following is a broad summary of the rights, privileges and restrictions attaching to the Notes.

10.2 The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Investor.

|   | Item                                  | Description   |
|---|---------------------------------------|---|
| 1 | <b>Class of security to be issued</b> | The Notes will be unsecured notes convertible into new ordinary shares in the Company ( <b>Shares</b> ).  |
| 2 | <b>Status</b>                         | The Notes will be unsecured obligations of the Company and will rank equally in all respects with all other unsecured indebtedness of the Company and senior to all subordinated indebtedness as at their date of issue ( <b>Issue Date</b> ).<br>Shares issued on conversion of a Note will be fully paid and will rank pari passu in all respects with the Shares on issue in the Company as at the date of conversion. |
| 3 | <b>Face Value</b>                     | Each Note will have an issue price of US\$1.00 and a face value of US\$1.00.  |
| 4 | <b>Number of Notes to be issued</b>   | 5,000,000   |
| 5 | <b>Who can convert the Notes</b>      | Each Note can be converted by the Investor in accordance with the terms of the Convertible Loan Agreement.  |
| 6 | <b>Maturity Date</b>                  | Four years after the Issue Date.  |
| 7 | <b>Interest</b>                       | 7% per annum payable quarterly.   |
| 8 | <b>Repayment</b>                      | Bullet repayment of principal on the Maturity Date (unless the Notes are converted or redeemed earlier in accordance with the terms of the Convertible Loan Agreement). See items 9 and 10 below for further information.<br>Interest owing by the Company on the Notes will be required to be paid to the Investor on a quarterly basis.   |

<sup>7</sup> Assumes all Notes are issued and that no additional shares are issued prior to the conversion of the Notes.

<sup>8</sup> Being, the total number of Shares on issue as at 28 March 2021, being 153,175,000 Shares.

<sup>9</sup> Annual Financial Report, pages 9 – 10.

<sup>10</sup> Annual Financial Report, pages 9 – 10.

|    | Item                                | Description   |
|----|-------------------------------------|---|
| 9  | <b>Redemption / early repayment</b> | <p>The Company will have a right to repay the Face Value of the Notes together with unpaid interest which has accrued on the Notes (<b>Redemption Amount</b>) in circumstances where the existence of the Notes prevents the Company from raising at least US\$500,000 of equity or debt financing, provided that such redemption does not prejudice the Investor's rights to convert the Notes (as set out in Item 10 below).</p> <p>The Investor may call for repayment of the Redemption Amount where an Event of Default occurs (see item 13 below).</p>  |
| 10 | <b>Conversion by the Investor</b>   | <p>The Investor will have the right to convert all (and not some only) of the Notes into Shares based on the Conversion Ratio (defined in item 11 below) (<b>Conversion</b>) on and from:</p> <ul style="list-style-type: none"> <li>the date which is two years after the Issue Date; or</li> <li>in the period between the Issue Date and the date which is two years after the Issue Date, the date on which any of the following transactions are completed (i) a transaction involving the sale of all or substantially all of the Company's shares or assets; (ii) the Company undertaking a fundraising in conjunction with which the Company's shareholders may sell at least 5% of the Company's then issued share capital; (iii) the distribution of a dividend by the Company to shareholders using the proceeds received from the Company from sale of the Company's retail innovation division; (iv) the delisting of the Company's shares from the ASX.</li> </ul> <p>The Investor will not, however, be entitled to effect a Conversion in any:</p> <ul style="list-style-type: none"> <li>60 day period before release by the Company of its annual results to ASX; or</li> <li>30 day period before release by the Company of its half year results to ASX.</li> </ul> |
| 11 | <b>Conversion ratio and price</b>   | <p>Conversion of the Notes obliges the Company to issue to its holder a number of Shares to be calculated in accordance with the following formula:</p> $\frac{FV}{SP}$ <p>where:<br/> <i>FV</i> = Face Value;<br/> <i>SP</i> = 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 or the closing of the event giving the Investor the right to convert the Notes,<br/> being the <b>Conversion Ratio</b>.</p>   |
| 12 | <b>Events of default</b>            | <p>An Event of Default will occur where:</p> <ol style="list-style-type: none"> <li>The Company fails to timely repay the face value of the Notes, the interest accrued thereon or any other amount payable to the Investor in accordance with the Convertible Loan Agreement;</li> <li>A loan, credit or debt in an amount exceeding 1 million NIS (A\$~390,000), provided to the Company by a third party, is called for immediate repayment;</li> <li>The standing order, given by the Company for the purposes of repayment of interest, is terminated;</li> <li>The Company or any of its subsidiaries violates the negative pledge provision (as set forth in Item 13 below);</li> <li>Any of the Company's representations and warranties in the Convertible Loan Agreement is incorrect and adversely affects the Company or any of its subsidiaries in aggregate amount of NIS 250,000 (A\$ ~98,000);</li> </ol>   |

|    | Item                           | Description   |
|----|--------------------------------|---|
|    |                                | <p>(f) Any proceeding, plan or other action for the bankruptcy, rearrangement, reorganization, insolvency, dissolution or liquidation of the Company or any of its subsidiaries is filed or commenced, and not terminated within 45 days;</p> <p>(g) The Company or any of its subsidiaries stops payments to its creditors;</p> <p>(h) The Company or any of its subsidiaries is subject to foreclosure or execution proceedings due to a debt exceeding NIS 750,000 (A\$ ~295,000) and such proceedings are not terminated within 45 days;</p> <p>(i) The Company or any of its subsidiaries stops its business activities;</p> <p>(j) The Company does not approve and file its financial statements within the legally required periods;</p> <p>(k) The Company's or any of its subsidiaries financial statements include a 'going concern' note, which is not removed within the next 6 months;</p> <p>(l) A legal claim in an amount exceeding US\$ 750,000 is filed against the Company or any of its subsidiaries;</p> <p>(m) The Company's subsidiary, Shekel Scales (2008) Ltd. is in non-compliance with any of the financial covenants imposed by its financiers;</p> <p>(n) Breach of the Convertible Loan Agreement, which is not cured within 21 days following the date on which the Company received the Investor's written notice on same.</p>          |
| 13 | <b>Negative covenants</b>      | <p>As long as the Notes are outstanding, the Company (and each of its subsidiaries) must not take certain customary actions without the Investor's prior written consent, including:</p> <ul style="list-style-type: none"> <li>• incur any indebtedness or create any encumbrances over any of its assets other than those arising from refinance activities or from purchase money security interest;</li> <li>• effect change in the Company's issued share capital resulting in change in control of the Company or any change in the issued share capital of any subsidiary of the Company (subject to certain exceptions);</li> <li>• effect any related party transaction;</li> <li>• effect any structural change, other than spin off of the Company's Retail Innovation Division; or</li> <li>• change the nature of the business activities carried on by the Company or its subsidiaries.</li> </ul> <p>In addition, as long as the Notes are outstanding (i) the Company shall continue preparing its half annual and annual financial statements in accordance with IFRS, also in the event its securities are delisted from ASX; and (ii) shall comply with the financial covenants imposed by its financiers, and, to the extent such covenants are amended by the financiers, shall submit such amended covenants for the Investor's prior approval.</p> |
| 14 | <b>Board nomination rights</b> | <p>As long as the Notes are outstanding, the Investor will have the right (i) to nominate at least one non-executive director for appointment to the board of the Company and (ii) to appoint an observer to attend Board meetings of the Company and any of its subsidiaries.</p>  |
| 15 | <b>Quotation</b>               | <p>The Notes will not be listed.<br/>Any Shares issued on Conversion will be quoted on ASX.</p>   |

|    | Item                              | Description  |
|----|-----------------------------------|--|
| 16 | <b>Voting rights</b>              | The Notes will not carry any voting rights.  |
| 17 | <b>Warranties and indemnities</b> | Following conversion to Shares, the Company shall indemnify the Investor for the damages actually incurred by the Investor and resulting from (i) breach of any representation contained in the Convertible Loan Agreement and not known to the Investor prior to the conversion of Notes; (ii) any claim against, or any debt of, the Company or any subsidiary originating from the activities preceding the date of the Convertible Loan Agreement, not disclosed to the Investor. The aforesaid warranties shall be limited for 24 months following the conversion; the indemnification amount shall not exceed the amount of Notes actually converted and shall be subject to de minimis threshold of damages of NIS 350,000 (A\$~135,000). |
| 18 | <b>Restrictions on transfer</b>   | Any transfer of Notes or assignment by a party of rights and/or obligations under the Convertible Loan Agreement, shall be subject to prior written approval of the other party.   |

## 11. Rights and liabilities attaching to the Shares issued on conversion of the Notes

- 11.1 The Shares issued to the Investor on the conversion of the Notes under the Convertible Loan Agreement will rank equally in all respects with all of the Company's existing Shares.
- 11.2 The rights attaching to Shares, including new Shares to be issued to the Investors on the conversion of the Notes, are set out in the Company's amended and restated Articles of Association (**Articles**), and in certain circumstances are regulated by the Israeli Companies Law (**Companies Law**), the ASX Listing Rules and the general law of Israel.
- 11.3 The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Shares. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. The summary is qualified by the full terms of the Articles (a full copy of which can be obtained from the Company on request free of charge). These rights and liabilities can involve complex questions of law arising from an interaction of the Articles with statutory and general law requirements. For a shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the shareholder should seek legal advice.

| Item                   | Comments  |
|------------------------|---|
| <b>Voting</b>          | <p>Subject to the Articles and the Companies Law:</p> <p>A. every shareholder shall have one vote for each Share held by such shareholder of record or in his name with an "exchange member" and held of record by a "nominees company" (as such terms are defined under Section 1 of the Companies Law), on every resolution, without regard to whether the vote thereon is conducted by a show of hands, by written ballot or by any other means; and</p> <p>B. two or more shareholders (not in default in payment of any sum referred to in the Articles), present in person or by proxy and holding shares conferring in the aggregate at least 25% of the voting power of the Company, shall constitute a quorum at general meetings.</p> <p>General meetings may be held telephonically or by any other means of communication, provided that each shareholder participating in such meeting can hear all of the other shareholders participating in such meeting.</p> |
| <b>Dividends</b>       | <p>Subject to the Companies Law, the ASX Listing Rules, and the Articles, the board of directors (<b>Board</b>) may declare and cause the Company to pay, interim, special or final dividends as, in their judgment, the financial position of the Company justifies and as permitted by applicable law.</p> <p>Subject to any special terms and conditions of issue, the amount which the Board of Directors from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the amounts paid up on the Shares held by them. Interest is not payable by the Company in respect of any dividend.</p>   |
| <b>Issue of shares</b> | <p>Subject to the Articles, the Companies Law, the ASX Listing Rules and the operating rules of ASX Settlement Pty Ltd (<b>ASX Settlement Operating Rules</b>), the Board has the right to issue unissued shares of the Company or</p>  |

|                                     |   |
|-------------------------------------|---|
|                                     | grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions, either at par or at a premium, or subject to the provisions of the Companies Law, at a discount and/or with payment of commission, as they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Board thinks fit.  |
| <b>Variation of class rights</b>    | The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied with the written consent of the holders of more than 50% of the shares of the relevant class.  |
| <b>Transfers of shares</b>          | <p>Subject to the Articles and to the rights or restrictions attached to any shares or class of shares, holders of shares may transfer them by a proper transfer effected in accordance with the ASX Settlement Operating Rules and an instrument in writing in any form and substance satisfactory to the Board which has been submitted to the Company (or its transfer agent), together with such other evidence of title as the Board may reasonably require.</p> <p>The Board may decline to register a transfer of shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the ASX Listing Rules or the ASX Settlement Operating Rules.</p> |
| <b>Small holdings</b>               | The Board may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Articles are followed. A non-marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.   |
| <b>Restricted Securities</b>        | In the event of a breach of the ASX Listing Rules or a breach of a restriction agreement entered into by the Company under the ASX Listing Rules relating to Restricted Securities (as defined in the ASX Listing Rules), the Shareholder holding the Restricted Shares in question shall cease to be entitled to any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.  |
| <b>General meetings and notices</b> | Subject to the Articles and to the rights or restrictions attached to any shares or class of shares, each shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Articles or the Companies Law. Shareholders may requisition meetings in accordance with the Companies Law and the Articles.  |
| <b>Winding up</b>                   | Subject to any special or preferential rights attaching to any class or classes of shares, shareholders will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution. Any amount unpaid on a share is the property of the Company and may be required to be contributed to the Company in the event of a winding up.   |
| <b>Alteration of share capital</b>  | Subject to the ASX Listing Rules, the Articles and the Companies Law, the Company may alter its share capital.  |
| <b>Preference shares</b>            | The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Articles.   |
| <b>Variation of the Articles</b>    | In accordance with the Companies Law, the Articles can only be amended by a resolution passed by the majority of shareholders present and voting at a general meeting of the Company. The Company must give a written notice of its intention to propose a resolution as a special resolution as required by the provisions of the Companies Law, related regulations and other applicable laws.  |
| <b>Share buy-backs</b>              | The Company may buy back shares in accordance with the provisions of the Companies Law.   |
| <b>ASX Listing Rules</b>            | As the Company is listed on ASX, the Articles provide that notwithstanding anything in the Articles, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Articles prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the   |

Articles to contain a provision or not to contain a provision, the Articles are deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Articles is or becomes inconsistent with the ASX Listing Rules, the Articles are deemed not to contain that provision to the extent of the inconsistency.

- 11.4 The Company is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations. These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of making that information available to the market.
- 11.5 As at the date of this Cleansing Notice, the Company has complied with:
- (a) the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
  - (b) section 674 of the Corporations Act, as it applies to the Company.
- 11.6 Copies of any documents in relation to the Company which are lodged with ASIC may be obtained from, or inspected at, an ASIC office. Copies of all documents announced to the ASX can be found at: <https://www.shekelbrainweigh.com/>
- 11.7 The Company will provide free of charge to any person who requests it during normal business hours:
- (a) the Annual Financial Report;
  - (b) any continuous disclosure notices given after lodgement of the Annual Financial Report and before lodgement of this Cleansing Notice.
- 11.8 A list of the continuous disclosure documents lodged by the Company with the ASX after the Annual Financial Report and before the lodgement of this Cleansing Notice is set out below:

| Date          | Announcement                                    |
|---------------|---|
| 6 April 2021  | Shekel Brainweigh Q1 2021 Business Update       |
| 7 April 2021  | Results of Meeting                              |
| 13 April 2021 | Appendix 3G                                     |
| 29 April 2021 | Notice of Annual General Meeting and Proxy Form |
| 13 May 2021   | Addendum to Notice of Annual General Meeting    |

## 12. Information excluded from continuous disclosure obligations

As at the date of this notice, other than as set out in the Cleansing Notice, there is no information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require to make an informed assessment of:
  - (i) the Company's assets and liabilities, profits and losses, financial position, performance and prospects; and
  - (ii) the rights and liabilities attaching to the Notes or underlying Shares.

This document was approved for release by the Board of Directors of the Company.