

Shekel Brainweigh Ltd
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Shekel Brainweigh Ltd

Addendum to Notice of 2020 Annual General Meeting Explanatory Statement | Proxy Form

Date: Thursday, 30 July 2020

Time: 4.00pm (AEST)

Venue: Level 5, 126 Phillip Street, Sydney, NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Addendum to Notice of Annual General Meeting

Notice is hereby given that in relation to the Notice of Annual General Meeting dated 2 July 2020 (**Notice of Meeting**) in respect of the Annual General Meeting of Shareholders of Shekel Brainweigh Ltd ABRN 625 669 445 (**Company**) to be held at 4.00pm (AEST) on Thursday, 30 July 2020 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000, the directors have determined to issue this addendum to the Notice of Meeting (**Addendum to Notice of Meeting**), for the purposes set out below.

By this Addendum to Notice of Meeting, Resolution 2 and 3 are added to the Notice of Meeting as detailed below.

The Explanatory Statement to this Addendum to Notice of Meeting provides additional information on the additional resolution to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Addendum to Notice of Meeting.

Terms and abbreviations used in this Addendum to Notice of Meeting have the same meaning as in the Notice of Meeting.

Replacement Proxy Form

Annexed to this Addendum to notice of Meeting is a replacement Proxy Form.

Shareholders who intend to vote by proxy in relation to Resolution 2 and 3 in this Addendum to Notice of Meeting MUST use the replacement Proxy Form to vote on ALL Resolutions. In the event that a Shareholder provides a replacement Proxy Form, any Proxy Form dispatched with the original Notice of Meeting which has been completed by the Shareholder will be disregarded.

The Company reserves the right to accept Proxy Forms dispatched with the original Notice of Meeting received from Shareholders in the event that a new Proxy form is not provided by the relevant Shareholder.

In accordance with section 66(b) of the Israeli Companies Law, 1999, a shareholder who holds at least 1% of the voting rights can request to include a matter in the agenda of the meeting. Such matter must be submitted to the Company within seven days of this Addendum being issued. A shareholder can make such request by contacting the Company Secretary at sinead.teague@automicgroup.com.au

Additional Resolutions

Resolution 2 – Election of Arik Shor as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“That Arik Shor be elected as an executive director of the Company.”

Resolution 3 – ASX Listing Rule 7.1A Approval of Future Issue of Securities

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

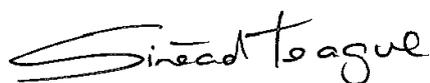
Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

BY ORDER OF THE BOARD



Sinead Teague
Company Secretary

Explanatory Statement

The Explanatory Statement in the Notice of Meeting is supplemented with the following information in relation to Resolution 2 and 3 as follows:

Resolution 2 - Election of Arik Shor as an Executive Director

The Company's Board of Directors have undertaken an extensive search for a candidate who they believe can successfully perform the combined role of Executive Director who will hold the position of Chair of the Board and Chief Executive Officer. The Board believes that Mr Shor has the experience and capabilities to take on this role and succeed.

This Resolution is brought for the approval of the shareholders of the Company in accordance with section 59 of the Israeli Companies Law, 1999, which requires the nomination of a director to be approved by shareholders at a General Meeting of the Company.

If Mr Shor is successfully appointed to the Board of the Company by Shareholders at the Meeting, Mr Shor will be appointed as Chairman of the Board. Mrs Tzipi Avioz had undertaken the role of Interim Chair of the Board following Mr Sharma's resignation at the end of last year. The Board wishes to extend its thanks to Mrs Avioz who will continue in her role as an External Director. Mr Shor will be appointed as Chief Executive Officer, if approved by shareholders, and Mr Ben-Porat will stand down from this role but remain in his capacity as an Executive Director.

Under this Resolution, Arik Shor, being eligible, seeks election as an Executive Director of the Company at this Meeting.

Mr Shor is an experienced senior executive with a successful track record of increasing revenue, profit and business growth objectives within large and complex growing organisations. Mr Shor has extensive experience with highly intricate operations and logistics systems.

Mr Shor is an independent Director at Paz Oil Company Ltd, which is a publicly listed company on the Tel-Aviv stock exchange. Mr Shor is also Chairman of the Board of Tadbik, a global leader in packaging solutions and Afimilk, a global leader in developing, manufacturing and marketing advanced computerised systems for the modern dairy farm and herd management.

Mr Shor served as Chief Executive Officer of Tnuva Group from 2009 to 2016, which is the largest food conglomerate in Israel. Prior to this Mr Shor was the Chief Executive Officer of Holga Kimberly (a subsidiary of Kimberly Clarke).

Mr Shor holds a Bachelor of Arts in Computer Science and a Bachelor of Science in Civil Engineering from Technion, Israel Institute of Technology.

Directors' recommendation

The Directors recommend that Shareholders in favour of this Resolution.

Resolution 3 – ASX Listing Rule 7.1A Approval of Future Issue of Securities

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation less than the amount prescribed by ASX (currently \$300 million).

As of the date of this Notice of Meeting, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capital of \$15.29m. If at the time of the Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

This Resolution seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

Information Required by ASX Listing Rule 7.3A

The following information is provided to Shareholder for the purposes of Listing Rule 7.3A.

Period for which the approval will be valid

An approval under this Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (a) the date which is 12 months after the date of the annual general meeting at which the approval is obtained;
- (b) the time and date of the entity's next annual general meeting; and
- (c) the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Minimum price at which the equity securities may be issued under Listing Rule 7.1A

Any equity securities issued under Listing Rule 7.1A.2 must be an existing quoted class of the Company's equity securities and issued for cash consideration.

The issue price per equity security must not be less than 75% of the volume weighted average market price of the equity securities in that class, calculated over 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at the equity securities are to be issued is agreed by the Company and the recipient of the equity securities; and

- (b) if the equity securities are not issued within 10 trading days of the date in paragraph (a), the date on which the equity securities are issued.

Purposes for which the funds raised by an issue of equity securities under Listing Rule 7.1A may be used

As noted above, any equity securities issued under Listing Rule 7.1A.2 must be issued for cash consideration. Accordingly, every issue of equity securities under Listing Rule 7.1A.2 will have an accompanying proposed use of funds at the time of issue.

As at the date of this Notice, the Company is currently considering capital raising options however no agreement to issue securities has been agreed upon at this point in time. However, if Shareholder approved this Resolution and the Company did raise funds from the issue of equity securities under Listing Rule 7.1A, based on the Company's existing plans, the Company considers that the funds may be used for the following purposes:

- (a) Finalizing the development of the Company's Retail Innovation Division products for Innovendi and Capsule and the financing of their GoToMarket activities; and

- (b) General working capital

Risk of economic and voting dilution to existing ordinary Securityholders

If this Resolution is approved, and the Company issues equity securities under Listing Rule 7.1A, the existing Shareholders' economic and voting power in the Company will be diluted.

There is a risk that:

- (a) the market price for the Company's equity securities in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
- (b) the equity securities may be issued at a price that is at a discount (as described above) to the market price for the Company's equity securities on the issue date;

which may have an effect on the amount of funds raised by the issue of equity securities under Listing Rule 7.1A.

The table below shows the potential dilution of existing Securityholders on the basis of 3 different assumed issue prices and values for the variable "A" in the formula in rule 7.1A.2:

Variable "A" ASX Listing Rule 7.1A.2		Potential Dilution and Funds Raised		
		\$0.043 50% decrease in issue price	\$0.085 issue price (b)	\$0.17 100% increase in issue price
"A" is the number of shares on issue, being 139,000,000 (a)	10% voting dilution (c)	13,900,000	13,900,000	13,900,000
	Funds raised	\$590,750	\$1,181,500	\$2,363,000
"A" is a 50% increase in shares on issue, being 208,500,000 shares***	10% voting dilution (c)	20,850,000	20,850,000	20,850,000
	Funds raised	\$886,125	\$1,772,250	\$3,544,500
"A" is a 100% increase in shares on issue, being 278,000,000 shares***	10% voting dilution (c)	27,800,000	27,800,000	27,800,000
	Funds raised	\$1,181,500	\$2,363,000	\$4,726,000

Notes:

- (a) Based on the total number of fully paid ordinary Shares on issue as at 8 July 2020.
- (b) Based on the closing price of the Company's Shares on ASX as at 8 July 2020.
- (c) The table assumes that the Company issues the maximum number of ordinary Shares available to be issued under Listing Rule 7.1A.
- (d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of equity securities under Listing Rule 7.1A based on that Shareholder's holding at the date of this Explanatory Statement.
- (e) The table shows the effect of an issue of equity securities under Listing Rule 7.1A only, not under the Company's 15% placement capacity under Listing Rule 7.1.

Allocation policy for issues under Listing Rule 7.1A

The Company's allocation policy and the identity of the allottees of equity securities under Listing Rule 7.1A will depend on a number of factors, including:

- (a) the Company's intentions in relation to the possible issue of equity securities (for cash consideration) during the Listing Rule 7.1A mandate period;
- (b) the structure and timeframe of the capital raising opportunities available to the Company and any alternative methods for raising funds that are available to the Company (such as a pro rata offer or an offer under a share purchase plan);
- (c) the potential effect on the control of the Company;
- (d) the Company's financial position and the likely future capital requirements; and
- (e) advice from the Company's corporate or financial advisors.

Based on the Company's historical cashflow reports and capital raising activities in the past 12 months, the Company considers that it may raise funds during the Listing Rule 7.1A mandate period, although this cannot be guaranteed. The Board is currently considering various capital raising options, one of which could be a placement which may utilise Listing Rule 7.1A capacity, if approved by shareholders. However nothing has been agreed at this point in time and the Board will update the market when it is in a position to do so. Subject to the requirements of the Listing Rules and the Corporations Act, the Board of Directors reserve the right to determine at the time of any issue of equity securities under Listing Rule 7.1A, the allocation policy that the Company will adopt for that issue.

If and when the determination is made to proceed with an issue of equity securities during the Listing Rule 7.1A mandate period, details regarding the allottees and purposes of issue will be disclosed pursuant to the Company's obligations under Listing Rules 3.10.3 and 7.1A.4.

Offers made under Listing Rule 7.1A may be made to parties (excluding any related parties) including professional and sophisticated investors, existing Shareholders of the Company, clients of Australian Financial Service Licence holders and/or their nominees, or any other person to whom the Company is able to make an offer of equity securities.

The Company has not previously sought Shareholder approval under Listing Rule 7.1A and therefore has not issued or agreed to issue equity securities under Listing Rule 7.1A.2 in the 12 months preceding the AGM.

This Resolution is a Special Resolution. For a Special Resolution to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of ordinary shares) must be in favour of this Resolution.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Enquiries

Shareholders are asked to contact Sinead Teague, Company Secretary, on +61 2 8098 1163 if they have any queries in respect of the matters set out in these documents.

AGM Replacement Registration Card

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Vote by Proxy: SBW

Your proxy voting instruction must be received by **4.00pm (AEST) on Tuesday 28 July 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided.

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



