

# **SHEKEL BRAINWEIGH LTD. CONTINUOUS DISCLOSURE POLICY**

Updated as of 17 August 2018

## **OBJECTIVE**

Shekel Brainweigh Ltd. and its subsidiaries (the “Company”) are committed to a consistent continuous disclosure policy (“Disclosure Policy”) that covers all communications with applicable regulatory authorities, the investment community, business and industry community and the media.

The purpose of this Disclosure Policy is to:

- ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act 2001 (*Cth*) and ASX Listing Rules and as much as possible seeks to achieve and exceed best practice;
- provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
- promote investor confidence in the integrity of the Company and its securities.

This Disclosure Policy contains all continuous disclosure requirements under the ASX Listing Rules and the Corporations Act, and incorporates best practice guidelines.

## **WHOM AND WHAT DOES THIS POLICY COVER**

This Disclosure Policy applies to all employees and contractors of the Company, its directors and officers and those authorized to speak on its behalf. It will be posted on the Company’s website at <http://www.shekelbrainweigh.com>.

This policy covers material disclosure in all documents and statements communicated in writing, orally, and electronically with analysts, investors, journalists, market professionals and the public.

This Disclosure Policy prohibits all employees, contractors, directors, officers and those authorized to speak on its behalf from discussing material, non-public information with anyone outside the Company (including family members, relatives or friends), except as permitted by this Disclosure Policy.

Any employee who violates this Disclosure Policy may face disciplinary action, including termination of his or her employment with the Company. The violation of this Disclosure Policy may also violate certain securities laws. If it appears that an employee has violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities or other law enforcement authorities.

This Disclosure Policy should be considered together with the Company’s Securities Trading Policy.

## **LEGAL REQUIREMENTS**

The Company is a public company and to be listed on Australian Securities Exchange (“ASX”). It will be subject to continuous disclosure requirements under the Corporations Act and the ASX Listing Rules (which are given legislative force under section 674 of the Corporations Act), in addition to the periodic and specific disclosure requirements.

**The Rule:** The primary continuous disclosure obligation is contained in Listing Rule 3.1, which states that:

*"Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information."*

**The Exception:** Listing Rule 3.1A contains the only exception to Listing Rule 3.1:

*"Listing Rule 3.1 does not apply to particular information while all of the following are satisfied:*

3.1A.1 *One or more of the following 5 situations applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerned an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.*

**Disclose to ASX first:** Listing Rule 15.7 further requires that an entity must not release information that is for release to the market to anyone until it has given the information to ASX, and has received an acknowledgement from ASX that the information has been released to the market.

**What is material price sensitive information?:** Section 677 of the Corporations Act states that, a reasonable person would be taken to expect information to have a "material effect on the price or value" of securities if the information "*would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of*" those securities.

**Correction of false market:** Listing Rule 3.1B provides that if ASX considers that there is, or is likely to be, a false market in an entity's securities, and requests information from the entity to correct or prevent the false market, the entity must give ASX the information needed to correct or prevent the false market.

## **DISCLOSURE PRINCIPLE**

The Company will immediately notify ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless exempted by the Listing Rules. The Company's securities include all shares and options issued and granted by the Company.

### **Disclosure of material price sensitive information**

Any information concerning the Company which would, or would be likely to, influence investors in deciding whether to acquire or sell the Company's securities (material price sensitive information) must be disclosed to ASX in accordance with this Policy.

The Chief Executive Officer ("**CEO**") and the Company Secretary are initially responsible for determining what information is to be disclosed. Where there is doubt as to whether certain information should be disclosed, the Company's board of directors ("**Board of Directors**") will be consulted, and if necessary, seek external advice. The following provides a guide as to the type of information that is likely to require disclosure. This is not an exhaustive list. The determination of whether certain information is material price sensitive information which is subject to continuous disclosure necessarily involves the use of judgment. There will inevitably be situations where the issue is less than clear.

Matters which generally require disclosure include:

- Financial results
- Projections of future earnings or losses

- A change in the Company's financial forecasts or expectations. As a guide, a variation in excess of 10% may be considered material. If the Company has not made a forecast, a similar variation from the previous corresponding period may be considered material
- News of a pending or proposed merger or acquisition
- New product or project announcements of a significant nature
- Expansion or curtailment of operations or the gain or loss of a substantial customer
- Major new contracts, orders, or changes in suppliers or customers
- Changes in control of the Company or in the Board of Directors or senior management
- Significant new joint ventures, alliances, or strategic partnerships or material developments in existing arrangements
- Giving or receiving a notice of intention to make a takeover offer
- A transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets (an amount of 5% or more would normally be significant but a smaller amount may qualify in a particular case)
- Impending bankruptcy or financial liquidity problems
- Significant product defects or modifications
- Significant pricing changes
- Events regarding the Company's securities (e.g. stock splits, repurchases, or changes in dividend policy)
- Changes in auditors or auditor notification that the Company may no longer rely on an audit report
- A change in the Company's accounting policy
- A significant purchase or sale of assets or disposition of a subsidiary or division
- New equity or debt offerings, significant borrowings, or other material financial transactions
- Events regarding the Company shares, securities, financing or any default on any securities (e.g. under or over subscriptions to an issue of securities, share repurchase program)
- Legal proceedings against or allegation of any breach of the law, whether civil or criminal, by the Company
- Significant actions by regulatory bodies
- Receipt, cancellation or deferral of significant purchase orders
- Proposed payment of a dividend or distribution, or a decision one will not be declared
- An agreement between the Company (or a related party or subsidiary) and a director (or a related party of the director)
- The appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by the Company or any of its subsidiaries
- Any of the above with respect to a subsidiary, or other affiliate of the Company

One category of material information is material nonpublic information. This is information which is material and that has not been previously disclosed to the general public and is otherwise not available to the general public. It is important to note that information is not necessarily public merely because it has been

discussed in the press, which will sometimes report rumors. Information is nonpublic unless it was officially released by the Company in at least one of the following ways:

- Information contained in publicly available documents filed with securities regulatory authorities (e.g. filings with the ASX)
- Issuance of press releases
- Meetings with members of the press and the public

## **SELECTIVE DISCLOSURE**

Selective disclosure is the disclosure of material, non-public information to any individual or group prior to the broad public dissemination of that information. It is against the law, ASX Listing Rules and Company policy to selectively disclose material, non-public information to people or groups outside of the Company at any time.

## **THE ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AS DISCLOSURE COMMITTEE**

Due to the size of the Company, the Board of Directors will assume the role and responsibilities of, and act as, a disclosure committee to oversee the Company's disclosure controls and procedures. .

In addition to assessing the accuracy and completeness of the annual report, other reports and news releases reporting corporate financial information and performance, and the process for public dissemination of information, the Board of Directors will decide when information is required to be disclosed under the Company's continuous disclosure obligations under the ASX Listing Rules and make recommendations to the CEO on disclosure policies.

The Board of Directors will periodically review and update this policy, if needed.

## **COMMUNICATION WITH SHAREHOLDERS**

The Company respects the rights of its shareholders and, to facilitate the effective exercise of those rights, the Company is committed to:

- Communicating effectively with shareholders;
- Providing shareholders with ready access to balanced and understandable information about the Company and corporate proposals; and
- Making it easier for shareholders to participate in general meetings of the Company.

The Company provides communication options to security holders via its share registry on becoming a member of the register as well as via the Company's website at .

The Company's communications are intended to ensure regular and timely release of information about the Company to shareholders by way of:

- Releases to the market via the Company Announcements Platform of ASX to comply with continuous and periodic disclosure requirements;
- Quarterly, Half Yearly and Annual Reports;
- Presentations at Annual General and General Meetings;
- Information directly provided to shareholders; and
- Information posted on the Company's website.

The Company sees its website <http://www.shekelbrainweigh.com> as an important tool for effective communication and all information disclosed to ASX is posted on the Company's website as soon as practicable after disclosure.

The Board of Directors encourages full participation of shareholders at Annual General and General Meetings and uses these meetings to assist shareholders in understanding the Company's objectives and strategies in relation to its business activities.

The Board of Directors encourages shareholders to discuss Company issues with authorized Company contacts, and to facilitate this contact provides details of such authorised Company contacts on all disseminated information.

## **AUTHORIZED SPOKESPERSONS**

The Company designates a limited number of spokespersons responsible for communication of material information or commenting on material developments, as follows:

- The CEO, Chief Financial Officer (“CFO”) and Chief Operations Officer (“COO”) with respect to all matters, including financial matters;
- The Company Secretary with respect to all communications with ASX and the Australian Securities and Investments Commission; and
- The VP Marketing with respect to marketing, technical and other such matters, including speaking with industry media and analysts.

These designees are the only people who may communicate with the press on behalf of the Company. From time to time, the CEO, CFO or the COO may designate other executives, directors, employees or consultants to speak on behalf of the Company or to respond to specific inquiries from the investment community or the media.

## **INSTRUCTIONS TO EMPLOYEES WHO ARE NOT AUTHORIZED SPOKESPERSONS**

Employees are instructed not to initiate contact with or to respond to inquiries from the investment community or the news media under any circumstances, unless specifically authorized to do so.

Employees who are not authorized spokespersons, who receive inquiries from investors, analysts or the media must refer all such inquiries to the CEO or the Company Secretary.

Employees who are not authorized spokespersons are reminded that they should never discuss the performance of the Company, their business unit, new contracts or other significant non-public information outside the Company in any forum, such as casual conversations, discussions with potential or existing customers or other contacts and while using any communication means, including and not limited to internet chat rooms, blogs or Twitter.

When responding to information requests (“RFIs”) in the routine course of business, employees are instructed to refer strictly to information the Company publicly and officially disclosed, such as the Company’s ASX filings and news releases. Such public information is available on the Company’s website at <http://www.shekelbrainweigh.com>.

Accidental disclosure of material nonpublic information should be reported immediately to the CEO.

Any information about the Company which is published by a third party (media, analyst report, Internet message board, non-Company blog or third party posting on a Company blog, etc.) is not considered public information and **should not be repeated**, unless it was publicly announced by the Company through a news release or ASX filing.

## **NEWS RELEASES**

A news release will be issued on new material developments, unless the CEO, the Company Secretary and/or the Board of Directors determines that such developments are not required to be disclosed under the ASX Listing Rules and appropriate control of that insider information is instituted along with ensuring that insider trading on such information is prohibited.

News releases will be disseminated through a news wire service that provides widespread distribution and will be posted on the Company's Web site promptly after their release over the wire.

News releases will be preceded by any applicable periodic or current report filings or other applicable regulatory filings as required.

Annual and interim financial results will be publicly released following their approval by the board of directors or an authorized committee thereof. The Company's financial results are announced on a consolidated basis.

The Company may reconcile non-GAAP information to GAAP equivalent information in the earnings release.

## **CONFERENCE CALLS**

Teleconferences with analysts and investors may be held in conjunction with the Company's quarterly earnings releases and other significant events.

Access to the teleconference is open to all interested parties over the phone as well as through an Internet Webcast.

Normally, with regularly scheduled conference calls, the Company will issue a news release at least one week in advance announcing the date, time of the call and how to access the call.

An audio recording of the call will be made available through the Company's Web site promptly after the call. All recordings retained on the Web site are to be considered time-dated material and not a current representation of the Company views or forecasts.

## **RESPONDING TO MARKET RUMORS**

The Company does not comment on rumors in the marketplace, or speculation on acquisitions, divestitures, clients, or unusual activity in the stock, unless required in order to comply with the continuous disclosure obligations under the ASX Listing Rules.

So long as it is clear that the Company is not the source of a market rumor, and subject to compliance with the ASX Listing Rules, the Company's spokespersons will respond consistently to rumors saying, "It is our policy not to comment on market rumors or speculation."

Should exchanges where its securities are traded request the Company to make a definitive public statement in response to a market rumor that is causing significant volatility in the stock, the Company will do so.

Rumors about the Company that are posted on Internet chat rooms or message boards are covered by this policy. Employees should not respond to rumors about the Company found in the Internet, and all rumors should be reported to the designated Company authorized spokespersons.

## **PROVIDING ACCESS TO ANALYSTS AND INVESTORS**

The Company will provide fair access to Company information and officials within the limits of its time and resources. All analysts and investors will at least have access to the Company's CFO.

Requests for meetings with senior management will be met as schedules permit and may be determined by such criteria as the number of shares an investor holds in the Company's securities, an analyst's or investor's knowledge of the Company and the industry in which the Company operates, and how often the analyst or investor has met with top officials in the Company.

Under no circumstances will the Company deny an analyst or investor access to Company information or officials on the basis of a negative recommendation on the Company's stock or a decision to sell the Company's stock.

## **TALKING TO ANALYSTS AND INVESTORS**

The Company, through its authorized spokespersons, makes a practice of responding to inquiries from analysts, portfolio managers and professional investors in the form of phone conversations, individual or group meetings and investor conferences.

In these conversations, the authorized spokespersons may provide more detailed information regarding the Company's performance and prospects, so long as that information is not material, non-public information and is not withheld from other investors, analysts or the media if requested. The Company is not obligated to forward such information to others who have not specifically asked for it.

In the event any material, non-public information is disclosed inadvertently during meetings or phone calls, the Company will immediately issue a news release or file a report with the ASX containing that information.

## **QUIET PERIODS**

The Company observes a "quiet period" beginning two weeks before the end of the last month of each calendar quarter and ending two trading days following the date the quarterly results are publicly announced. The objective of the quiet period is to minimize the potential for misinterpretation and the spread of any rumors prior to the Company's earnings announcement.

During the "quiet period", the Company refrains from discussing financial results and certain other information. The authorized spokespersons may choose to participate in investor phone calls, meetings or conferences, but will not discuss current operations or results of the business or projections for future business.

## **FORWARD-LOOKING STATEMENTS**

Should the Company choose to disclose projections with respect to future business or other material forward-looking information, the following guidelines will be observed:

The material forward-looking information will be broadly disseminated via news release, in accordance with this Disclosure Policy.

The information will be identified as forward-looking and accompanied (including if disclosed in oral statements) by a "safe harbor statement" that is accompanied by meaningful cautionary language that either identifies the risks and uncertainties that may cause the actual results to differ materially from those projected or directs persons to publicly available documents (such as a prospectus or an annual report) that describe such risks and uncertainties.

The information will be accompanied (including if disclosed in oral statements) by a statement that disclaims the Company's intention or obligation to update or revise the forward-looking information other than as required by law.

Notwithstanding this disclaimer, should subsequent events be material, in and of themselves, then that information must be disseminated in accordance with this Disclosure Policy.

#### **REVIEWING ANALYSTS' DRAFT MODELS OR REPORTS**

The Company may, upon request, review analysts' draft research reports for the sole purpose of pointing out errors in fact based on publicly disclosed information. The Company will limit its comments to non-material or public information.

#### **DISTRIBUTING OR ENDORSING ANALYSTS' REPORTS**

The Company will not endorse analyst conclusions, particularly earnings forecasts, financial projections or recommendations. The Company will not confirm or deny any of the reports' statements regarding future predictions or projections nor will the Company confirm the accuracy of the earnings models.

Furthermore, the Company will not distribute any research reports at the request of individuals nor include them in its investor relations packages. Instead, the Company may post on the investor relations section of its Web site the names and firms of all analysts known to it who are currently covering the Company. If any analyst names are posted then all known analysts covering the Company will be posted, regardless of their recommendations.

#### **CERTAIN COMPANY SPONSORED ELECTRONIC MASS COMMUNICATION MEDIA**

The Company maintains or otherwise sponsors a Web site and may also from time to time maintain other electronic communication media ("ECM") that are generally open to the public, including chat rooms, Twitter, Facebook and similar venues. The term ECM shall include, also, electronic communication means that might be identified with the Company, for instance because an employee of the Company, identified as such, manages or monitors it (e.g., blog).

Every ECM will be approved in advance by the CEO or the Board of Directors, and identify the community(ies) to which it aims to reach out to (for example, customers or suppliers). As part of such an approval, the Board of Directors may, among other things, set guidelines and policies (such as a privacy policy, if required for such an ECM) or put in place terms of use and limitation of liability. In all cases the Company will be authorized to edit or otherwise change or delete statements of entries posted on an ECM on a nondiscriminatory basis.

Only authorized spokespersons or their designees will be authorized to communicate in an ECM on behalf of the Company. Any party making statements on an ECM will be identified, either as a Company employee or as one that is not a Company employee.

The employees authorized to communicate in an ECM will get the approval, in advance, of statements to be made public, of the CEO or the Board of Directors. However, if obtaining such an approval is not practical, such employees will consult with the CEO or the Board of Directors, either before, or after, making such public statements. In no event will any post publish non-public proprietary or confidential information without prior approval of any authorized spokesperson. Employees permitted to post entries on ECMs under this disclosure policy are required to be extra cautious when making statements which by their nature cannot be monitored closely by the CEO or the Board of Directors ("Fast Interaction ECM", chat rooms, comments to blogs or Twitter for example) and notify the CEO or the Board of Directors immediately of any occurrence that might be in violation of this policy or otherwise harmful to the Company. Employees who make statements on Fast Interaction ECMs are specifically directed to refrain from making any statement of the nature of the ones listed under the caption 'Material Information' above. In all cases, Company employees

making statements on ECMs will make sure the statements are accurate, complete under the circumstances, not misleading and that they are not unsubstantiated rumors or statements. Users of any Company ECM may not post any material that is obscene, defamatory, profane, libelous, threatening, harassing, abusive, hateful or embarrassing to another person or any other person or entity. This includes, but is not limited to, comments regarding the Company's employees, partners and competitors.

The provisions under the caption 'Certain Company Sponsored Electronic Mass Communication Media' do not derogate from the other provisions of this disclosure policy, and specifically do not apply to the caption 'Conference Calls' above.

The Company may from time to time adopt additional policies to address the use of ECMs by people affiliated with the Company. All such policies are intended to work together. In the event of a conflict between this policy and another policy addressing the use of ECMs, this Disclosure Policy shall prevail.

**ADDITIONAL INFORMATION**

Any questions regarding the Company's Disclosure Policy should be directed to the CEO or to the Company Secretary. The Board of Directors shall make all necessary interpretations regarding this Disclosure Policy.

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