

SHELFIE-TECH LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024
(Expressed in United States Dollars)

SHELFIE-TECH LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024
(Expressed in United States Dollars)

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SHELFIE-TECH LTD
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)
(Unaudited)

	Note	September 30, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash		\$ 5,079	\$ 9,616
VAT receivable		229	5,520
Prepaid expenses		92,725	90,749
Total Current Assets		98,033	105,885
Total assets		\$ 98,033	\$ 105,885
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current Liabilities			
Accounts payable		\$ 263,669	\$ 273,831
Related parties	4	100,738	53,197
Accrued expenses		6,705	13,752
Total Current Liabilities		371,112	340,780
Total liabilities		371,112	340,780
Shareholders' Deficit			
Share Capital	5	51	51
Additional paid in capital	5	2,200,790	2,158,439
Accumulated deficit		(2,473,920)	(2,393,385)
Total Shareholders' Deficit		(273,079)	(234,895)
Total Liabilities And Shareholders' Deficit		\$ 98,033	\$ 105,885

“Joseph Ben Tsur”

Director, Chief Executive officer
Joseph Ben Tsur

Date of approval of condensed interim financial statements: December 4, 2024.

The accompanying notes are an integral part of the condensed interim financial statements.

SHELFIE-TECH LTD
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in United States Dollars)
(Unaudited)

	Note	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Operating Expenses					
Research and development costs	7	\$ -	\$ 198,179	\$ 13,615	\$ 438,639
General and administration costs	8	17,860	14,608	67,249	68,283
Sales and marketing expenses		-	-	2,000	32,676
Operating Loss		(17,860)	(212,787)	(82,864)	(539,598)
Other income (expenses)					
Interest income		659	-	1,976	-
Foreign exchange gain (loss)		(3)	(1,126)	353	(5,946)
Total other income (expenses)		656	(1,126)	2,329	(5,946)
Loss and comprehensive loss for the period		\$ (17,204)	\$ (213,913)	\$ (80,535)	\$ (545,544)
Basic and fully diluted loss per share		\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.03)
Weighted average number of shares outstanding		20,065,548	19,617,485	19,971,570	19,597,620

The accompanying notes are an integral part of the condensed interim financial statements.

SHELFIE-TECH LTD
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

(Expressed in United States Dollars)

(Unaudited)

	Ordinary share capital		Additional paid in capital		Accumulated deficit		Total Shareholders' equity (Deficit)
	Ordinary shares						
	Number of shares	Amount					
Balance -December 31, 2022	19,557,225	\$ 49	\$ 1,940,556	\$ (1,804,241)	\$ 136,364		
Issuance of shares	60,256	1	60,234	-	60,235		
Issuance of shares	237,897	1	157,649	-	157,650		
Loss and comprehensive loss for the period	-	-	-	(545,544)	(545,544)		
Balance - September 30, 2023	19,855,378	\$ 51	\$ 2,158,439	\$ (2,349,785)	\$ (191,295)		
Balance -December 31, 2023	19,855,378	\$ 51	\$ 2,158,439	\$ (2,393,385)	\$ (234,895)		
Issuance of shares (note 5c (i))	144,622	(*)	-	-	-		
Issuance of shares (note 5c (ii))	65,548	(*)	42,351	-	42,351		
Loss and comprehensive loss for the period	-	-	-	(80,535)	(80,535)		
Balance - September 30, 2024	20,065,548	\$ 51	\$ 2,200,790	\$ (2,473,920)	\$ (273,079)		

(*) Less than \$1.00

The accompanying notes are an integral part of the condensed interim financial statements.

SHELFIE-TECH LTD
CONDENSED INTERIM STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2024 and 2023

(Expressed in United States Dollars)
(Unaudited)

	<u>Nine months ended September 30,</u>	<u>Nine months ended September 30,</u>
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Net loss for the period	\$ (80,535)	\$ (545,544)
Adjustments for		
Interest income	(1,976)	-
Changes in non-cash working capital:		
Decrease in VAT receivable	5,291	19,969
Decrease in in amounts owed to related parties	(4,708)	(27,514)
Increase (decrease) in accounts payable	(10,162)	132,744
Decrease in prepaid expenses	-	14,390
Decrease in accrued expenses	(7,047)	(22,158)
	<u>(99,137)</u>	<u>(428,113)</u>
Cash flows from financing activities		
Amounts received from related parties	52,249	-
Proceeds from issuance of shares	42,351	217,885
	<u>94,600</u>	<u>217,885</u>
Decrease in cash	(4,537)	(210,228)
Cash, beginning of period	9,616	214,178
Cash, end of period	<u>\$ 5,079</u>	<u>\$ 3,950</u>

The accompanying notes are an integral part of the condensed interim financial statements.

SHELFIE-TECH LTD
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2024

(Expressed in United States Dollars)

(Unaudited)

NOTE 1 - GENERAL

- a. SHELFIE- TECH LTD ("Shelfie" or the "Company") was incorporated on November 18, 2021 in Israel. The Company's robotic retail shelf monitoring system uses advanced machine learning and image processing algorithms to automatically optimize inventory management and retail store shelf filling while ensuring an enhanced customer experience. The Company's head office is located at 94, Yigal Alon St, Tel Aviv, Israel.
- b. Since its inception, the Company had invested majority of its funds in development of the Shelfie platform resulting in accumulated losses amounting to approximately \$2,474,000. The continuance of the Company's operations is subject to continued financing from its shareholders and other investors. These circumstances raise a substantial doubt about the Company's ability to continue as a going concern Management's plan in this regard include continued development, marketing and selling of its products and services as well as seeking additional financial arrangements. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining financing with terms acceptable by the Company. In the event that the Company is unable to increase revenue and achieve profitability or obtain additional financing, operations will need to be scaled back or discontinued. The financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.
- c. On October 7, 2023, an unprecedented attack was launched against Israel by terrorists from the Hamas terrorist organization that infiltrated Israel's southern border from the Gaza Strip and in other areas within the state of Israel attacking civilians and military targets while simultaneously launching extensive rocket attacks on the Israeli population. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. In response, the Security Cabinet of the State of Israel declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks. To date, the State of Israel continues to be at war with Hamas.

Since the war broke out on October 7, 2023, the Company's operations have not been adversely affected by this situation, and we have not experienced disruptions to our activities. However, at this time, it is not possible to predict the intensity or duration of the war, nor can we predict how this war will ultimately affect Israel's economy in general and we continue to monitor the situation closely and examine the potential disruptions that could adversely affect our operations.

SHELFIE-TECH LTD
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2024 and 2023
(Expressed in United States Dollars)

(Unaudited)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Company prepares its unaudited condensed interim financial statements in accordance with International Financial Reporting Standards (“IFRS”) using the accounting policies described herein as issued by International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting. The unaudited condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2023.

The policies applied in these condensed interim consolidated financial statements are based on IFRS effective as of September 30, 2024.

Basis of Presentation

These condensed interim financial statements are prepared on a going concern basis and have been presented in United States dollars which is the Company’s functional and reporting currency.

Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value.

Significant Accounting Judgments and Estimates

The significant accounting policies used in the preparation of these Interim Financial Statements are consistent with those described in the notes to the Company’s audited annual financial statements for the prior year end.

SHELFIE-TECH LTD
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2024 and 2023
(Expressed in United States Dollars)

(Unaudited)

NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company is exposed to a variety of financial risks such as: market risks (mainly currency risks), credit risks and liquidity risks. The Company's overall risk management plan focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Company's financial performance.

Risk management is performed by the finance department according to the policy authorized by the board of directors.

a) Market risk - Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risks due to exposure to foreign currencies. Foreign exchange risk arises from future commercial transactions, assets or liabilities denominated in foreign currency.

The Company's policy to reduce the exposure to changes in exchange rates is based on maintaining, where possible, the balances of current monetary assets, according to the currency of the current liabilities.

As of September 30, 2024, if the Company's functional currency (USD) had strengthened/ weakened by 5% against the ILS, with all other variables held constant, the loss for the period would decrease /increase by approximately \$350.

b) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period.

Credit risks are treated at the Company level. Credit risks arise typically from cash and cash equivalents, trade receivables and other current assets.

No credit limits were exceeded during the reported periods and Company's management does not expect any losses from non-performance of these parties.

SHELFIE-TECH LTD
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2024 and 2023
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NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity risk

Liquidity risk exists where the Company might encounter difficulties in meeting its financial obligations as they become due. The Company monitors its liquidity in order to ensure that sufficient liquid resources are available to allow it to meet its obligations.

Cash flow forecasting is performed by the Company's finance department. The finance department monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities, so that the Company does not breach any of its credit facilities. The table below presents the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	<u>Carrying amount</u>
Accounts payable	\$ 263,669
Related parties	100,738
Accrued expenses	6,705
	<u>\$ 371,112</u>

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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NOTE 4 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Compensation to key management personnel

- a. On February 1, 2022, a CEO services consulting agreement was signed between the Company and Mida Consulting and Investments Ltd (“Mida”), a company controlled by the CEO of the Company, pursuant to which the Company shall pay the CEO of the Company NIS 50,000 per month (approximately \$13,500) (“2022 CEO Compensation Agreement”). From the month following the completion of an IPO, RTO or listing of the Company’s shares for trade on an international stock exchange or a similar transaction the fee shall increase to NIS 100,000 per month (approximately \$27,000). On February 1, 2023, the Company and the CEO verbally agreed to terminate the agreement. A new agreement was signed on January 1, 2024, pursuant to which the Company shall pay the CEO \$5,000 per month. On June 3, 2024 an amendment to the new agreement was signed between the Company and Mida, pursuant to which Mida, will not be paid any compensation until such time as Shelfie is a publicly listed company and has raised an additional \$1,000,000 post such listing.
- b. On February 1, 2022, the Company entered into a rental agreement with A2Z Cust2Mate Solutions Corp, (“A2Z”), a company controlled by the CEO of the Company. The rental agreement expired on January 31, 2023 and was renewed for a further 12 months. The Company’s base rent is ILS2,000 per month (\$590) The Company has elected to not recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and for leases of low-value assets.
- c. On April 1, 2022, the Company and the CFO of the Company entered into a CFO services consulting agreement pursuant to which the CFO shall receive \$2,000 per month. From the month following the completion of an IPO, RTO or listing of the Company’s shares for trade on an international stock exchange or similar transaction, the amount shall increase to \$3,000 per month.
- d. On November 1, 2022, the Company and the President of the Company entered into an agreement pursuant to which the President of the Company shall receive NIS 50,000 per month (approximately \$13,500). The Company also paid the president one month fee as a signing bonus. On February 1, 2023, the Company and the President verbally agreed to terminate the agreement. A formal agreement to this effect was signed on May 22, 2024.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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NOTE 4 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Compensation to key management personnel (continued)

- e. The compensation to key management personnel for consulting services they have provided to the Company is as follows:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
CEO	\$ -	\$ -	\$ -	\$ 14,388
CFO	6,000	6,000	18,000	18,000
President	-	-	-	14,328
	\$ 6,000	\$ 6,000	\$ 18,000	\$ 46,716

- f. Balances with related parties:

	September 30, 2024	December 31, 2023
Amounts owed to the CFO	\$ 42,000	\$ 24,000
Amounts owed to a company controlled by the CEO	58,738	29,197
	\$ 100,738	\$ 53,197

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NOTE 5 - SHARE CAPITAL

a. Composition of share capital:

	September 30, 2024		December 31, 2023	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares		Number of shares	
Ordinary shares of NIS 0.0000075 par value each ("Shares")	1,600,000,000	20,065,548	1,600,000,000	19,855,378

On July 27, 2023, the Company effected a 1-for-5,294 share split of its issued and outstanding shares and on April 15, 2024, the Company effected a 1-for-3.96901 share consolidation of its issued and outstanding shares. All share amounts have been retroactively restated for all periods presented. See note 9.a.

b. Rights attached to shares

Voting rights at the general meeting, right to dividend, rights upon liquidation and right to nominate the directors in the Company.

c. Transactions during the period:

- i. On April 10, 2024, the Company issued 144,622 shares to certain existing shareholders of the Company to compensate them for financing rounds that took place after their investment, at a lower valuation. The fair value of the issuance is \$93,441.
- ii. On June 18, 2024, the Company and A2Z agreed to convert \$42,351 of amounts owing by the Company to A2Z, to shares and issued 65,548 Shares.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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NOTE 6 – CAPITAL MANAGEMENT

The Company's capital comprises share capital, share based payment reserve, warrant reserve, and accumulated other comprehensive loss. The Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company in order to support the Company's business activities. The Board of Directors does not establish quantitative return on capital criteria for management; it relies on the expertise of the Company's management to sustain future development of the business.

The intellectual property in which the Company currently has an interest is in the development stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned research and development and pay for administrative costs, the Company intends to raise additional amounts as needed (Note 1).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

NOTE 7 – RESEARCH AND DEVELOPMENT COSTS

	<u>Three months ended</u> <u>September 30,</u> <u>2024</u>	<u>Three months ended</u> <u>September 30,</u> <u>2023</u>	<u>Nine months ended</u> <u>September 30,</u> <u>2024</u>	<u>Nine months ended</u> <u>September 30,</u> <u>2023</u>
Hardware engineering- subcontractors	\$ -	\$ 177,372	\$ -	\$ 345,677
Professional and consulting fees	-	17,031	-	55,593
Patent	-	-	11,752	-
Software development- subcontractors	-	3,776	1,863	37,369
	<u>\$ -</u>	<u>\$ 198,179</u>	<u>\$ 13,615</u>	<u>\$ 438,639</u>

NOTE 8 – GENERAL AND ADMINISTRATION COSTS

	<u>Three months ended</u> <u>September 30,</u> <u>2024</u>	<u>Three months ended</u> <u>September 30,</u> <u>2023</u>	<u>Nine months ended</u> <u>September 30,</u> <u>2024</u>	<u>Nine months ended</u> <u>September 30,</u> <u>2023</u>
Professional and consulting fees	\$ 16,139	\$ 11,487	\$ 60,537	\$ 58,138
Office rental and other related expenses	1,721	3,121	6,712	10,145
	<u>\$ 17,860</u>	<u>\$ 14,608</u>	<u>\$ 67,249</u>	<u>\$ 68,283</u>

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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NOTE 9 – SUBSEQUENT EVENTS

- a. On October 8, 2024, the Company effected a 1-for-1.0004 share split of its issued and outstanding shares.
- b. During November 2024, the Company received \$1,143,860 from investors to be held by the Company (“Restricted Funds”). The Restricted Funds are in respect of subscription receipts to issue 1,733,121 Shares at \$0.66 per share (“Underlying Shares”). The Restricted Funds will be released by the Company upon (a) the receipt by the Company of a final receipt from the Ontario Securities Commission (or such other securities regulator as the Company selects as its principal regulator) for a final long form prospectus qualifying the Underlying Shares; and (b) the Company being conditionally approved for listing on the CSE.
- c. On December 2, 2024, the Company received \$200,000 in respect of a private placement and issued 303,030 Shares, representing a price per share of \$0.66.

