

ECC VENTURES 5 CORP. ENTERS LETTER OF INTENT WITH SHELFIE-TECH LTD. FOR QUALIFYING TRANSACTION

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VANCOUVER, BC, Feb. 24, 2022 /CNW/ - **ECC Ventures 5 Corp.** (the "**Company**" or "**ECC5**") (TSXV: ECCV.P) is pleased to announce that it has entered into a binding letter of intent (the "**LOI**") dated effective February 24, 2022, outlining the general terms and conditions with respect to a proposed acquisition (the "**Acquisition**") by ECC5 of all the issued and outstanding share capital of Shelfie-Tech Ltd. ("**Shelfie**").

The Acquisition of Shelfie will constitute a reverse takeover and ECC5's Qualifying Transaction under Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). Assuming completion of the Acquisition, it is anticipated that ECC5 will graduate to Tier 2 of the Exchange as a technology issuer.

Shelfie is a private company incorporated in November 2021 pursuant to the laws of Israel. As of December 31, 2021 (unaudited), Shelfie had assets of US\$1,153,385, a working capital position of approximately US\$1,108,000, and had incurred a net loss of US\$665,000, including research and development costs of US\$645,000. Research and development of Shelfie's product has been ongoing since 2018. As commercial sales of Shelfie's product has not yet commenced, Shelfie had \$nil revenue during the period.

Shelfie's principal activities have been the development of an artificial intelligence ("AI") powered real time shelf inventory analytics robotic platform. Shelfie's innovative solution consists of a digital image capturing system and a centralized management system that provides real-time visibility into the retail shelf supply, pinpointing the exact products running low on inventory, allowing for rapid remediation and an enhanced customer experience.

For more information regarding Shelfie, please visit its website at www.shelfietech.com. Additional financial information relating to Shelfie will be released when available.

Terms of the Acquisition

Shelfie currently has 16,497 common shares (the "**Shelfie Shares**") outstanding, and no convertible securities or shareholders loans outstanding. Bentsur Joseph, founder and CEO of Shelfie, owns 10,000 (60.62%) Shelfie Shares.

Under the terms of the Acquisition, ECC5 will complete a consolidation of its share capital on a 1.5 for 1 basis (the "**Consolidation**"), and holders of Shelfie Shares will be issued an aggregate of 87,338,348 post Consolidation common shares of ECC5 (the "**Consideration Shares**"), at a deemed price of \$0.42 per share, in exchange for all Shelfie Shares. Certain of the Consideration Shares will be subject to escrow and resale restrictions pursuant to the policies of the Exchange.

The Company will also issue 150,000 post Consolidation common shares to The Hayde Family Revocable Trust (the "**Hayde Trust**"), a trust controlled by William Hayde, in connection with the Acquisition, at a deemed price of \$0.42 per share. The Hayde Trust and William Hayde are not non-arm's length parties to the Company or Shelfie. The payment of the finder's fee remains subject to Exchange acceptance.

Following completion of the Acquisition, it is anticipated that there will be 91,255,015 post

Consolidation common shares issued and outstanding in the Resulting Issuer (defined below) (excluding securities issued pursuant to the QT Financing defined and described below), of which shareholders of Shelfie will own 87,338,348 (95.7%) and shareholders of ECC5 will own 3,766,667 (4.1%). Convertible securities outstanding in ECC5 will be subject to the Consolidation, resulting in 133,333 agent's options being exercisable at \$0.15 per share until June 14, 2026, and 376,667 stock options being exercisable at \$0.15 until the date that is ninety days after closing of the Acquisition, subject to the provisions of the Company's stock option plan. It is also anticipated that ECC5 will change its name to Shelfie-Tech Ltd. in connection with completion of the Acquisition.

Financing

As a condition to completing the Acquisition, the parties intend to complete a non-brokered private placement financing (the "**QT Financing**") of subscription receipts of Shelfie (the "**Subscription Receipts**"), to raise a minimum of US\$2,000,000 (≈\$CAD2,565,220), through the issuance of a minimum of 6,107,668 Subscription Receipts at a price of \$0.42 per Subscription Receipt, which may include the issuance of warrants.

The proceeds of the QT Financing will be held in escrow, pending the Company receiving all applicable regulatory approvals, and completing all matters and conditions relating to the Acquisition, including the Consolidation. Immediately prior to the completion of the Acquisition, on satisfaction of the escrow conditions, each Subscription Receipt will automatically be exchanged, for no further consideration and with no further action on the part of the holder thereof, to acquire securities of Shelfie. The Shelfie securities issuable on exercise of the Subscription Receipts will be exchanged for economically equivalent securities of the issuer resulting from the Acquisition (the "**Resulting Issuer**") in connection with the Acquisition. The Company may pay a commission in connection with the QT Financing. Once released from escrow, the Resulting Issuer will use the proceeds of the QT Financing for commercialization of the technology platform, and for general working capital purposes.

All securities issued by the Resulting Issuer in connection with the QT Financing will be free trading upon completion of the Acquisition.

Board of Directors and Management Changes

On completion of the proposed Acquisition, the Company's Board of Directors and management team will be reconstituted to include four directors and management comprised of individuals from the current Shelfie team, including the individuals listed below. Further details of the full management team will be provided in subsequent press releases.

Bentsur Joseph, CEO, Chairman and Director

Bentsur Joseph is a serial entrepreneur with vast experience establishing successful companies and expanding them into new markets and industries. Among other roles, he has served as Chairman of the international Elad Hotels chain, Director of MARLAZ Holdings, with a portfolio of publicly traded industrial, real estate, communications, and hi-tech companies, and as CEO of DIG Ltd., which produces, and markets electric components sold throughout Israel. With several patents to his name, Bentsur Joseph is also currently the CEO and a director of A2Z Smart Technologies Corp. (TSXV: A2Z, NASDAQ: AZ), a leading vendor of advanced retail technologies.

Gadi Levin, CFO and Corporate Secretary

Gadi Levin has extensive experience in capital markets, and has filled executive positions and directorships in companies listed on Canadian, USA, and London stock exchanges. His wide-ranging expertise ranges from finance, treasury, accounting and investor relations to human resources and information technology.

The Acquisition is not a Non-Arm's Length Qualifying Transaction under the policies of the Exchange and therefore is not expected to require approval of ECC5's shareholders. Sponsorship of a qualifying transaction of a capital pool company is required by the Exchange unless an exemption from sponsorship requirement is available. ECC5 intends to apply for a waiver from sponsorship requirements. However, there is no assurance that ECC5 will obtain this waiver.

The Acquisition will be completed through a definitive agreement (the "**Definitive Agreement**") that is to be negotiated by the parties, which will contain customary representations and warranties for similar transactions. It is currently anticipated that the Acquisition will be completed by way of a plan of arrangement, pursuant to which a subsidiary of ECC5 will merge with Shelfie to form the Resulting Issuer.

In connection with the Acquisition and pursuant to the requirements of the Exchange, ECC5 will file on SEDAR (www.sedar.com) a filing statement which will contain details regarding the Acquisition, ECC5, Shelfie, and the Resulting Issuer.

Completion of the Acquisition is subject to a number of conditions, including Exchange acceptance, the execution of the Definitive Agreement, and completion of the QT Financing. Trading of ECC5's common shares will remain halted pending further filings with the Exchange.

On Behalf of the Board of Directors of ECC Ventures 5 Corp.

Doug McFaul
Director

Completion of the Acquisition is subject to a number of conditions, including, among others, Exchange acceptance and if applicable pursuant to TSXV Requirements, majority of the minority shareholder approval. Where applicable, the Acquisition cannot close until the required approvals are obtained. There can be no assurance that the Definitive Agreement will be executed or that the Acquisition will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the disclosure document to be prepared in connection with the Acquisition, any information released or received with respect to the Qualifying Transaction, or the Acquisition may not be accurate or complete and should not be relied upon. Trading in the securities of ECC5 should be considered highly speculative. The TSXV has in no way passed upon the merits of the proposed Acquisition and has neither approved nor disapproved the contents of this news release.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

Statements included in this announcement, including statements concerning our and Shelfie's plans, intentions, and expectations, which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements". Forward-looking statements include, among other matters, the terms and timing of the Acquisition (including the entering into of the Definitive Agreement) and the QT Financing, the growth plans of Shelfie and statements concerning the Company following the Acquisition, including the composition of the Company's board of directors and management team. Forward-looking statements may be, but are not always, identified by words including "anticipates", "believes", "intends", "estimates", "expects" and similar expressions. The Company cautions readers that forward-looking statements, including without limitation those relating to the Company's and Shelfie's future operations and business

prospects, are subject to certain risks and uncertainties (including risks that the Acquisition does not proceed, or proceed on the expected terms, geopolitical risk, regulatory, Covid-19 and exchange rate risk) that could cause actual results to differ materially from those indicated in the forward-looking statements. There can be no assurance that any forward-looking statement will prove to be accurate or that management's assumptions underlying such statements, including assumptions concerning the Acquisition or future developments, circumstances or results will materialize. The forward-looking statements included in this news release are made as of the date of this new release and the Company does not undertake to update or revise any forward-looking information included herein, except in accordance with applicable securities laws.

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For further information: please contact the Company at 778-331-8505 or email: dmcfaul@emprisecapital.com

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