ECC VENTURES 5 CORP.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

For the nine months ended September 30, 2023 and 2022

ECC Ventures 5 Corp.

(the “Company” or “ECC5”)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the nine months ended September 30, 2023

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim consolidated financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

ECC VENTURES 5 CORP.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)
As at

		September 30, 2023		December 31, 2022
Assets				
Current Assets:				
Cash	**$**	**112,843**	$	169,464
GST receivable		**13,376**		9,592
Prepaid expenses		**1,434**		2,101
Total Assets	**$**	**127,653**	$	181,157
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts payable and accrued liabilities	**$**	**53,046**	$	27,358
		53,046		27,358
Shareholders' equity				
Share capital (Note 5)		**380,944**		380,944
Reserves (Note 5)		**65,233**		65,233
Deficit		**(371,570)**		(292,378)
		74,607		153,799
Total Liabilities and Shareholders' Equity	**$**	**127,653**	$	181,157

Nature of business and continuing operations (Note 1)
Proposed qualifying transaction (Note 9)

Approved on Behalf of the Board on November 27, 2023:

"Doug McFaul"
Doug McFaul – CEO/CFO/Director

"Peter Dickie"
Peter Dickie - Director

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

ECC VENTURES 5 CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the three months ended September 30,				For the nine months ended September 30,			
		2023		2022		**2023**		2022
Expenses								
Administration and bank charges	**$**	**3,018**	$	18	**$**	**9,054**	$	54
Professional fees		**33,579**		58,053		**57,292**		158,153
Transfer agent and filing fees		**2,087**		475		**12,846**		22,669
		(38,684)		(58,546)		**(79,192)**		(180,876)
Loss and comprehensive loss for the period	**$**	**(38,684)**	$	(58,546)	**$**	**(79,192)**	$	(180,876)
Weighted average number of shares outstanding – basic and diluted		**3,650,000**		3,650,000		**3,650,000**		3,650,000
Basic and diluted loss per share	**$**	**(0.01)**	$	(0.02)	**$**	**(0.02)**	$	(0.05)

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

ECC VENTURES 5 CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Share Capital				Total
	Number	Amount $	Reserves $	Deficit $	Shareholders' Equity $
Balance, December 31, 2021	5,650,000	380,944	65,233	(98,879)	347,298
Loss for the period	-	-	-	(180,876)	(180,876)
Balance, September 30, 2022	5,650,000	380,944	65,233	(279,755)	166,422
Balance, December 31, 2022	**5,650,000**	**380,944**	**65,233**	**(292,378)**	**153,799**
Loss for the period	-	-	-	(79,192)	(79,192)
Balance, September 30, 2023	**5,650,000**	**380,944**	**65,233**	**(371,570)**	**74,607**

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

ECC VENTURES 5 CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

		For the nine months ended September 30, 2023		For the nine months ended September 30, 2022
Cash provided by (used for)				
Operating Activities:				
Loss for the period	$	**(79,192)**	$	(180,876)
Net change in non-cash working capital items:				
Accounts payable and accrued liabilities		**25,687**		32,806
GST receivable		**(3,783)**		(8,691)
Prepaid expenses		**667**		667
		(56,621)		(156,094)
Change in cash for the period		**(56,621)**		(156,094)
Cash, beginning of the period		**169,464**		383,017
Cash, end of the period	$	**112,843**	$	226,923
Supplementary information with respect to cash flows:				
Income taxes paid	$	**-**	$	-
Interest paid	$	**-**	$	-

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

ECC Ventures 5 Corp. (the "Company") was incorporated on August 11, 2021 under the laws of British Columbia and is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V" or the "Exchange") Policy 2.4. The head office of the Company is located at 1600 – 609 Granville Street, Vancouver, British Columbia, V7Y 1C3, and the records and registered office is located at 2200 HSBC Building 885 West Georgia Street, British Columbia, V6C 3E8.

Since incorporation on August 11, 2021, the Company has had no active business operations. As a CPC, the Company's business objective is to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction ("QT"), as defined in Exchange Policy 2.4 subject, in certain cases, to shareholder approval and acceptance by the TSX-V.

As a CPC, the proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions will apply until completion of a QT by the Company as defined under the policies of the Exchange.

The Company has an accumulated deficit of $371,570 as at September 30, 2023. The Company's ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs. All the preceding indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY DISCLOSURE INFORMATION

Statement of compliance
These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, these condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited annual financial statements of the Company as at and for the year ended December 31, 2022, which is available on www.sedarplus.com.

Basis of preparation
These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. These Financial Statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY DISCLOSURE INFORMATION (CONTINUED)

Principles of consolidation

These consolidated financial statements include accounts of the Company and the following subsidiary:

Name of subsidiary	Province and Country of incorporation	Percentage ownership	Principal activity
1360621 B.C. Ltd.	B.C., Canada	100%	Inactive[1]

[1] Subsidiary was incorporated on May 2, 2022 and was inactive for the period ended September 30, 2023.

The condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

New and amended IFRS standards that are effective for the current year:

In the current year, the Company has applied the below amendment to IFRS Standards and Interpretations issued by the IASB that was effective for annual periods that begin on or after January 1, 2023. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The International Accounting Standards Board ("IASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY DISCLOSURE INFORMATION (CONTINUED)

The amendment was applied effective January 1, 2023 and did not have a material impact on the Company's Financial Statements.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 27, 2023.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses incurred during the period. Actual results could differ from these estimates. The preparation of these condensed consolidated interim financial statements requires management to make judgements regarding the going concern of the Company, as discussed in Note 1. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Deferred tax assets and liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Stock options

Determining the fair value of stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate, and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

4. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

During the nine months ended September 30, 2023, there was no key management compensation (nine months ended September 30, 2022 - $nil). There were no related party transactions during the period.

As of September 30, 2023, $nil (2022 - $nil) was due to related parties.

5. SHARE CAPITAL

a. Authorized

Unlimited number of common and preferred shares without par value.

b. Issued and outstanding

As at December 31, 2021 and 2022, and September 30, 2023, the issued share capital was comprised of 5,650,000 common shares.

The Company issued 1 common share for nominal consideration upon incorporation. The Company subsequently repurchased this share for the same amount.

5. SHARE CAPITAL (continued)

b. Issued and outstanding (continued)

On August 27, 2021, the Company completed a private placement financing and issued 2,000,000 common shares of the Company at a price of $0.05 per share for total proceeds of $100,000.

On August 27, 2021, the Company completed a private placement financing and issued 1,650,000 common shares of the Company at a price of $0.10 per share for total proceeds of $165,000.

On December 16, 2021, the Company completed an initial public offering ("IPO") of 2,000,000 common shares at a price of $0.10 per share for gross proceeds of $200,000. The Company paid a cash commission of $20,000, a corporate finance fee of $12,000, $7,500 in legal fees, and $7,809 in agent's expenses and granted to the agent, 200,000 agents' options with a fair value of $14,856. In addition, the Company incurred other share issuance costs of $21,891.

c. Escrowed shares

As at September 30, 2023, the 2,000,000 common shares issued at $0.05 per share are being held in escrow pursuant to the requirements of the Exchange. Twenty five percent of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional twenty five percent will be released on each of the dates which are six, twelve and eighteen months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers of the Company prior to completion of the QT, must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares acquired in the secondary market prior to completion of a QT by a Control Person (as defined in the policies of the Exchange), are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

d. Stock options

On August 25, 2021, the Company adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

(d) Stock options (continued)

The Stock Option Plan provides that the number of common shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by such an individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT must be deposited in escrow until the final exchange bulletin relating to a QT is issued.

On December 16, 2021, the Company granted stock options to directors of the Company to acquire up to an aggregate of 565,000 common shares. Each option is exercisable to acquire one common share at a price of $0.10 any time prior to December 16, 2031. This resulted in share-based payments expense of $50,377. This amount was also recorded as reserves on the statement of financial position. The fair value of stock options granted was determined using a Black-Scholes option pricing model with the following assumptions: share price – $0.10, exercise price – $0.10, risk free rate – 0.98%, expected life – 10 years, and annualized volatility – 100%.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2021, 2022, and September 30, 2023	**565,000**	**$0.10**

As at September 30, 2023, outstanding options were as follows:

Grant Date	Number of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (Years)
December 16, 2021	565,000	$0.10	December 16, 2031	8.21
Fully vested and exercisable, September 30, 2023	**565,000**	**$0.10**		

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

(e) Agent options

As part of the IPO on December 16, 2021, the Company granted the agent options to acquire 200,000 common shares at a price of $0.10 per common share until December 16, 2026. The agent's options were determined to have a fair value of $14,856 using a Black-Scholes option pricing model with the following assumptions: share price – $0.10, exercise price – $0.10, risk free rate – 0.98%, expected life – 5 years, and annualized volatility – 100%.

A summary of the Company's agent option activity is as follows:

	Number of Agent Options	Weighted Average Exercise Price
Balance, December 31, 2021, 2022 and September 30, 2023	**200,000**	**$0.10**

As at September 30, 2023, outstanding agent options were as follows:

Grant Date	Number of Agent Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (Years)
December 16, 2021	200,000	$0.10	December 16, 2026	3.21
Fully vested and exercisable, September 30, 2023	**200,000**	**$0.10**		

6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the nine months ended September 30, 2023 was based on the loss attributable to common shareholders of $79,192 (September 30, 2022 - $180,876) and the weighted average number of common shares outstanding of 3,650,000 (September 30, 2022 – 3,650,000).

Escrow shares are considered contingently returnable until the Company completes a QT. Accordingly, subsequent to the Company's listing on the TSX-V on December 16, 2021, the 2,000,000 shares held in escrow will not be considered to be outstanding for the purposes of the loss per share calculations.

7. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

There were no changes to management's approach to capital management during the period.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the policies of the Exchange.

8. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

(i) Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at September 30, 2023, the Company is not exposed to currency risk.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

8. FINANCIAL INSTRUMENTS (continued)

Market Risk (continued)

(iii) Price rate risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock markets to determine the appropriate course of action to be taken by the Company.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. The Company's maximum exposure to credit risk is equal to the carrying amount of cash and GST receivable. Management believes that the credit risk related to its cash is negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At September 30, 2023, the Company has a cash balance of $112,843 to settle current liabilities of $53,046.

The Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern. Consequently, the Company is exposed to liquidity risk as at September 30, 2023.

Fair Value Measurements

The fair value of cash is determined based on Level 1 inputs.

As at September 30, 2023, the Company's financial instruments consist of cash, and accounts payable and accrued liabilities. Accounts payable and accrued liabilities are classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature.

9. PROPOSED QUALIFYING TRANSACTION

The Company entered a binding LOI (the "LOI") dated effective February 24, 2022, with respect to a proposed acquisition (the "Acquisition") by the Company of all the issued and outstanding share capital of Shelfie-Tech Ltd. ("Shelfie"). On May 12, 2022, as amended August 30, 2023, the Company entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which it will acquire, through its newly formed subsidiary, 1360621 B.C. Ltd. ("Acquireco"), all the issued and outstanding share capital of Shelfie.

The Acquisition will constitute a reverse take-over and the Company's qualifying transaction under the policies of the TSX Venture Exchange (the "Exchange"). Upon closing, the Company will change its name to Shelfie-Tech Ltd.

Shelfie is a private company incorporated on November 18, 2021 pursuant to the laws of Israel. Shelfie's principal activities have been the development of an artificial intelligence powered real time shelf inventory analytics robotic platform. Shelfie's 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.

The Acquisition will be completed by way of a plan of arrangement, pursuant to which, inter alia, (i) the Company will complete a forward share split on a 1.375 to 1 basis (the "Forward Split"), and (ii) shareholders of Shelfie will be issued an aggregate of 77,861,993 post-Forward Split common shares of the Company at a deemed price of $0.35 per share, as consideration in exchange for their shares of Shelfie. Certain of the shares issued to Shelfie shareholders will be subject to escrow and resale restrictions pursuant to the policies of the Exchange.

The Company will also issue 150,000 post-Forward Split common shares to an arm's length party, in connection with the Acquisition, at a deemed price of $0.35 per share.

As a condition to completing the Acquisition, the parties intend to complete a financing or series of financings to raise aggregate gross proceeds of up to $7,175,000 at a price of $0.35 per Forward Split common share.

Completion of the Acquisition is subject to several conditions, including Exchange acceptance. There can be no assurance that the Acquisition will be completed as proposed or at all.