

SHELFIE-TECH LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025
(Expressed in United States Dollars)

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SHELFIE-TECH LTD

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 - *Continuous Disclosure Obligations*, of the Canadian Securities Administrators, the Company (as defined herein) discloses that its auditors have not reviewed the accompanying unaudited condensed interim financial statements.

The accompanying unaudited condensed interim financial statements of SHELFIE- TECH LTD (“Shelfie”, or the “Company”) for the three and six months ended June 30, 2025, have been prepared by and are the responsibility of the Company’s management and have not been reviewed by the Company’s auditors.

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

	Note	June 30, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash		\$ 1,016,122	\$ 426,321
Short term deposit		8,897	-
Restricted cash	1.c	-	1,183,030
VAT receivable		53,540	5,615
Prepaid expenses		10,323	14,252
Related parties receivable	4	113,893	-
Total Current Assets		1,202,775	1,629,218
Fixed assets		2,789	-
Total non- current assets		2,789	-
Total assets		\$ 1,205,564	\$ 1,629,218
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Receipt on account of shares	1.c	\$ -	\$ 1,183,030
Accounts payable		185,363	256,048
Related parties payable	4	21,743	18,279
Accrued expenses		19,867	16,452
Total Current Liabilities		226,973	1,473,809
Total liabilities		226,973	1,473,809
Shareholders' Equity			
Share Capital	5	53	53
Additional paid in capital	5	3,890,711	2,660,063
Accumulated deficit		(2,912,173)	(2,504,707)
Total Shareholders' Equity		978,591	155,409
Total Liabilities And Shareholders' Equity		\$ 1,205,564	\$ 1,629,218

“Joseph Ben Tsur”
Director, Chief Executive officer
Joseph Ben Tsur

“Alan Rootenberg”
Director, Chief Financial Officer
Alan Rootenberg

Date of approval of condensed interim financial statements: August 28, 2025.

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)

		Three months ended June 30,		Six months ended June 30,	
	Note	2025	2024	2025	2024
Operating Expenses					
Research and development costs	7	\$ 44,565	\$ -	\$ 85,091	\$ 13,615
General and administration costs	8	<u>269,218</u>	<u>26,218</u>	<u>\$ 324,454</u>	<u>49,389</u>
Operating Loss		(313,783)	(26,218)	(409,545)	(65,004)
Other income (expenses)					
Foreign exchange gain (loss)		<u>5,908</u>	<u>(48)</u>	<u>2,079</u>	<u>356</u>
Total other income (expenses)		5,908	610	2,079	1,673
Loss and comprehensive loss for the period		\$ (307,875)	\$ (25,608)	\$ (407,466)	\$ (63,331)
Basic and fully diluted loss per share		\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.00)
Weighted average number of shares outstanding		22,273,587	19,992,751	21,616,897	19,924,065

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, 2023	19,855,378	\$ 51	\$ 2,158,439	\$ (2,393,385)	\$ (234,895)		
Issuance of shares	144,622	(*)	-	-	-		
Issuance of shares	65,548	(*)	42,351	-	42,351		
Loss and comprehensive loss for the period	-	-	-	(63,331)	(63,331)		
Balance - June 30, 2024	20,065,548	\$ 51	\$ 2,200,790	\$ (2,456,716)	(255,875)		
Balance -December 31, 2024	20,974,640	\$ 53	\$ 2,660,063	\$ (2,504,707)	\$ 155,409		
Loss and comprehensive loss for the period	-	-	-	(407,468)	(407,468)		
Issuance of shares (note 5c(ii))	1,864,617	-	1,230,648	-	1,230,648		
Balance -June 30, 2025	22,839,257	\$ 53	\$ 3,890,711	\$ (2,912,175)	\$ 978,589		

(*) 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 six months ended June 30, 2025 and 2024

(Expressed in United States Dollars)
(Unaudited)

	Six months ended June 30,	
	2025	2024
Cash flows from operating activities		
Net loss for the period	\$ (407,466)	\$ (63,331)
Adjustments for:		
Depreciation	83	-
Changes in non-cash working capital:		
Decrease (increase) in VAT receivable	(47,925)	3,632
Decrease (increase) in in amounts owed to related parties	(110,429)	39,926
Decrease in accounts payable	(70,685)	(25,600)
Decrease in prepaid expenses	3,929	-
Increase (decrease) in accrued expenses	3,415	(484)
	(629,078)	(47,174)
Cash flows from investing activities		
Purchase of fixed assets	(2,872)	-
Short term deposit	(8,897)	-
	(11,769)	42,351
Cash flows from financing activities		
Proceeds from issuance of shares	1,230,648	-
	1,230,648	-
Increase (decrease) in cash	589,801	(4,823)
Cash, beginning of period	426,321	9,616
Cash, end of period	\$ 1,016,122	\$ 4,793

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 six months ended June 30, 2025 and 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 4 Ariel Sharon, Givatayim, Israel.
- b) Since its inception, the Company has invested the majority of its funds in the development of its robotic retail shelf monitoring system, resulting in accumulated losses amounting to \$2,912,173. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. Management's plans in this regard include continued development, marketing and selling of its products and services as well as seeking additional financing arrangements. Although management continues to pursue these plans, these circumstances raise substantial doubt about the Company's ability to continue as a going concern. In the event that the Company is unable to 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) During November and December 2024, the Company received \$1,183,030 ("Restricted Funds") from investors to be held by the Company pending release as noted below. The Restricted Funds are in respect of subscription receipts to issue 1,792,469 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.

During December 2024, the Company received \$600,000 in respect of a private placement and issued 909,092 shares, representing a price per share of \$0.66. Net proceeds from the private placement were \$459,273.

On April 28, 2025, the Company received a letter from the Canadian Securities Exchange (the "CSE") confirming conditional approval to list its common shares for trading on the CSE. The conditional approval follows the receipt by the Company of a receipt for its Final Long Form Prospectus dated April 22, 2025 relating to the securities of the Company. On April 29, 2025, the Restricted Funds were released to the Company and the Company issued the Underlying Shares. The Company's shares commenced trading on the CSE from May 26, 2025.

SHELFIE-TECH LTD
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and six months ended June 30, 2025 and 2024
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NOTE 1 – GENERAL (continued)

- d) 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 have not experienced disruptions to its activities. However, at this time, it is not possible to predict the intensity or duration of the war, nor can the Company predict how this war will ultimately affect Israel's economy in general and it continues to monitor the situation closely and examine the potential disruptions that could adversely affect operations.

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, 2024.

The policies applied in these condensed interim financial statements are based on IFRS effective as of June 30, 2025.

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 six months ended June 30, 2025 and 2024
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(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 Company's finance department according to the policies 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 is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company operates in Israel and most of the Company's expenditures are currently incurred in USD. However, the Company also has expenditures in NIS. The Company has not hedged its exposure to currency fluctuations. As of June 30, 2025, 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 \$33,000.

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 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.

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. The table below presents the Company's financial liabilities based on contractual undiscounted payments, the maturities of which are within one year.

	Carrying amount	Within 1 year
Accounts payable	185,363	185,363
Accrued expenses	21,743	21,743
Related parties payable	19,867	19,867
	\$ 226,973	\$ 226,973

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NOTE 4 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Compensation to key management personnel

- a) On January 1, 2024, a CEO services consulting agreement (the “CEO 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 \$5,000 per month. On June 3, 2024 the Company and Mida signed an amendment to the CEO Agreement, pursuant to which the CEO would not receive any compensation until such time as the Company was publicly listed company and has raised an additional \$1,000,000 post such listing.
- b) On February 1, 2022, the Company entered into an occupancy rental agreement with A2Z Cust2Mate Solutions Corp, (“A2Z”), a company controlled by the CEO of the Company (the “Rental Agreement”). The Rental Agreement expired on January 31, 2023 and was renewed several times and most recently, on June 3, 2025, through to December 31, 2025. 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 agreement pursuant to which the CFO would receive an amount of \$2,000 per month. Following the Company’s listing on the CSE as noted in Note 1c, the amount shall increase to \$3,000 per month.
- d) The compensation to key management personnel for consulting services they have provided to the Company is as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
CFO	8,000	6,000	14,000	12,000
	\$ 8,000	\$ 6,000	\$ 14,000	\$ 12,000

- e) Balances with related parties:

	June 30,	December 31,
	2025	2024
Amounts owed to the CFO	\$ (6,130)	\$ 36,000
Amounts owed to the Company by a company controlled by the CEO	\$ (15,613)	\$ (11,964)
Amounts owed by a Company controlled by the CEO	\$ 113,893	\$ 29,685

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NOTE 5 - SHARE CAPITAL

a) Composition of share capital:

	June 30, 2025		December 31, 2024	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares		Number of shares	
Ordinary shares of NIS 0.0000075 par value each ("Shares")	<u>1,600,000,000</u>	<u>22,839,257</u>	<u>1,600,000,000</u>	<u>20,974,640</u>

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) During January 2025, the Company received an additional \$47,618 of Restricted Funds. The Restricted Funds are in respect of subscription receipts to issue 72,148 Shares at \$0.66 per share.
- (ii) On April 29, 2025, the Restricted Funds were released to the Company and the Company issued 1,864,617 shares as detailed in Note 1c.

NOTE 6 – STOCK OPTIONS

On January 6, 2025, the shareholders of the Company approved the Omnibus Equity Incentive Plan, the "Omnibus Plan". Pursuant to the Omnibus Plan, the Company is authorized to grant options or RSUs to officers, directors, employees and consultants enabling them to acquire, together with "Options", "Awards" or "Stock Options" as defined, up to 20% of the Company's issued and outstanding Common Shares (after taking into account existing awards from the Company's 2021 stock option plan). The Awards can be granted for a maximum of 10 years and vest as determined by the Board.

The maximum number of common shares reserved for issuance in any 12-month period to a related party consultant may not exceed 5% of the issued and outstanding common shares at the date of the grant (and may not exceed 15% in total, to all related parties). The maximum number of common shares reserved for issuance in any 12-month period to any investor relations service provider may not exceed 2% of the issued and outstanding common shares at the date of the grant

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NOTE 7 – CAPITAL MANAGEMENT

The Company's capital comprises share capital 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 8 – RESEARCH AND DEVELOPMENT COSTS

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Professional and consulting fees	6,473	-	\$ 17,809	\$ -
Software development- subcontractors	38,092	-	67,282	1,863
	<u>\$ 44,565</u>	<u>\$ -</u>	<u>\$ 85,091</u>	<u>\$ 13,615</u>

NOTE 9 – GENERAL AND ADMINISTRATION COSTS

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Professional and consulting fees	\$ 262,422	\$ 23,127	\$ 315,412	\$ 44,398
Office rental and other related	6,715	3,091	8,961	4,991
Depreciation	83	-	83	-
	<u>\$ 269,220</u>	<u>\$ 26,218</u>	<u>\$ 324,456</u>	<u>\$ 49,389</u>

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NOTE 10 – COMMITMENTS

On October 30, 2022, the Company entered into an agreement with Buchwalter Presentation and Storage Ltd. (“Buchwalter”) under which Buchwalter, a leading supplier of products, fixtures and technologies to supermarkets in Israel will serve as exclusive representatives of the Company in Israel. Buchwalter will have exclusive distribution rights for the Company’s products in Israel until March 31, 2026 based on Buchwalter achieving specified sales targets.

