SHELFIE-TECH LTD

MANAGEMENT’S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the year ended December 31, 2025

Management's Discussion and Analysis

The following is management’s discussion and analysis of the activities, results of operations and financial condition of **SHELFIE-TECH LTD** (“**Shelfie**”, “**Shelfie Tech**”, “**we**”, “**our**”, “**us**”, or the “**Company**”) for the year ended December 31, 2025, which has been prepared on the basis of information available up until April 30,2026. This Management’s Discussion and Analysis (“**MD&A**”) should be read in conjunction with the Company’s financial statements for ended December 31, 2025, together with the notes thereto.

All monetary amounts are reported in US dollars and in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) unless otherwise noted. This MD&A is dated April 30, 2026.

Forward-Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under RISKS AND UNCERTAINTIES in this MD&A.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Description of Business

SHELFIE-TECH LTD 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.

Significant developments during the period

During January 2025, the Company received an additional investment of Restricted Funds in the amount of $47,618. These Restricted Funds were in respect of subscription receipts to issue 72,148 Shares at $0.66 per share. The Restricted Funds were released by the Company following receipt of final approval from the CSE, see below.

On April 28, 2025, the Company received conditional approval from the Canadian Securities Exchange (the "CSE") to list its common shares for trading on the CSE.

On April 29, 2025, following receipt of final approval, the Restricted Funds, including funds received in 2024, were released to the Company and the Company issued the Underlying Shares. The total amount of Restricted Funds released were $1,230,648.

The Company's sharers commenced trading on the CSE from May 26, 2025.

During the last past three months, the Company has been developing its software and expending its application to a variety of different uses. In addition, the Company is developing hardware solutions to more efficiently generate data.

On November 6, 2025, the Company announced a non-brokered private placement for up to $2,000,000 at $1.00 per shares. In December 2025, the Company received $1,179,990 from the non-brokered private placement.

Business of the Company

- The Company is a technological company focused on providing retail automation solutions, focused on large grocery stores and supermarkets.
- The Company estimates that the total global addressable market for the Company is approximately $27 billion per year, based on the intended subscription revenue model.

Using innovative patented technology, the Company’s robotic retail shelf monitoring system uses advanced machine learning and image processing algorithms to automatically optimize inventory management while ensuring an enhanced customer experience. In addition, the Company’s software application (“App”) ensures that supermarket employees do shelf filling efficiently and on-time.

Product and Technology

- The Company’s robotic retail shelf monitoring system is designed to take the guesswork out of inventory management by improving visibility into the retail shelf supply.
- The Company’s innovative solution consists of a digital image capturing system mounted on a shelf that automatically captures an image of all products on the shelf, a transportation system that moves the camera along the shelf, and a centralized inventory management system.
- The artificial intelligence (“AI”) and computer vision-based system is equipped with advanced machine learning and image processing algorithms that analyze the images, determine the number of units on the shelf, and calculate the required number of items to be restocked. The innovative system can deliver item-level alerts in real-time to in-store personnel, pinpointing the exact products running low, allowing for rapid remediation and an enhanced customer experience.

The key features include:

- Suitable for multiple shelf types - unit can be mounted on a variety of shelving units, including those with fixed shelves or shelves that can be rearranged and adjusted.
- Flexible image capture options - unit can be configured to capture images at a defined time interval or a specified distance, ensuring complete coverage of the scanned shelf.
- Flexible product identification options - solution can capture an image of the barcode or use AI and computer vision to identify the products and count the number of units on each shelf.
- Unobtrusive operation - system recognizes if a shopper is standing in front of or in the vicinity of a shelf and can halt its operations accordingly. This prevents any interference with the customer shopping experience.

Selected Financial Information

The following financial data prepared in accordance with IFRS Accounting Standards in US dollars, is presented for the years ended December 31, 2025, and December 31, 2024.

	Year ended December 31, 2025	**Year ended December 31, 2024**
Operating Expenses		
Research and development costs	**$ 130,886**	$ 14,571
General and administration costs	**515,954**	106,969
Sales and marketing expenses	**-**	2,000
Listing expenses	**90,614**	-
Operating Loss	**(737,454)**	(123,540)
Other income		
Interest income	**296**	1,976
Foreign exchange gain	**46,259**	10,242
Total other income	**46,555**	12,218
Loss and comprehensive loss for the period	**$ (690,899)**	$ (111,322)
Basic and fully diluted loss per share	**$ (0.03)**	$ (0.01)
Weighted average number of shares outstanding	**22,321,861**	20,060,126

Year ended December 31, 2025, compared to the year ended December 31, 2024

Research and development costs

For the year ended December 31, 2025, research and development costs amounted to $130,886 compared to $14,571 for the year ended December 31, 2024. The increase in 2025 is a result the recommencement of research and development activities following the private placement at the end of 2025 and the listing and concurrent financing that took place during the forth quarter of 2025.

General and administrative expenses

For the year ended December 31, 2025, general and administrative expenses amounted to $515,954 compared to $106,969 for the year ended December 31, 2024. The increase in 2025 is due to increased professional expenses incurred in respect of the Company's listing on the CSE.

Sales and marketing expenses

For the year ended December 31, 2025, sales and marketing expenses amounted to $nil compared to $2,000 for the year ended December 31, 2024.

Listing expenses

For the year ended December 31, 2025, listing expenses amounted to $90,614 compared to $nill for the year ended December 31, 2024.

Net loss

The Company reported a loss and comprehensive loss for the year ended December 31, 2025 of $690,899 compared to $111,322 for the year ended December 31, 2024. The increase in the net loss in 2025 is primarily due to the increase in general and administrative expenses following the Company's listing on the CSE.

Inflation

During the year ended December 31, 2025 and the year ended December 31, 2024, inflation has not had a material impact on the Company's operations.

Summary of Quarterly Results

	Quarter ended		
	31-Dec-25	30-Sep-25	30-Jun-25
	Canadians dollars in thousands, except per share data		
Net income	$ -	$ -	$ -
Net loss and comprehensiv loss	$ (197,175)	$ (185,849)	$ (307,875)
Net profit (loss) per share	$ (0.009)	$ (0.008)	$ (0.014)

The Company does not have quarterly results prior to March 31, 2025 as it is was not a public issuer during those periods. During the last three quarters, the Company has a net losses from its research and developments activities.

Liquidity

Liquidity is a measure of a company's ability to meet potential cash requirements. The Company has historically met its capital requirements through the issuance of common shares.

Financial position

As at December 31, 2025, the Company had total assets of $2,076,414 and an equity position of $1,735,262 This compares with total assets of $1,629,218 and an equity position of $155,409 as at December 31, 2024.

As at December 31, 2025, the Company had working capital of $1,733,012 compared to $155,409 as at December 31, 2024. The Company had cash on hand of $1,771,104 as December 31, 2025, compared with $426,321 as at December 31, 2024.

As at December 31, 2025, the Company has an accumulated deficit of $3,195,606 compared to $2,504,707 as of December 31, 2024.

Year ended December 31, 2025

During the year ended December 31, 2025, the Company's overall position of cash increased by $1,344,783. This increase can be attributed to the following activities:

Cash used in operating activities was $917,473. The cash was used to pay research and development and general administrative expenditures.

Cash used in investing activities for the year ended December 31, 2025 of $12,572 was the result of the purchase of fixed assets and an increase in short-term deposits.

Cash flow from financing activities for the year ended December 31, 2025 of $$2,274,828 was the result of the receipt of funds from the two financings completed during the year.

Year ended December 31, 2024

During the year ended December 31, 2024 the Company's overall position of cash decreased by $416,705. This decrease can be attributed to the following activity:

Cash flows used in operating activities were $55,236. The cash was used to pay research and development and general administrative expenditures.

Cash flow used in investing activities for the year ended December 31, 2024 was $1,183,030

Cash flow from financing activities for the year ended December 31, 2024 was the result of an issuance of shares and repayment of amounts owed to a related party for a net amount of $1,654,971. In addition, the Company held $1,183,030 in Restricted Funds, as detailed above.

Capital Resources

As of December 31, 2025, the Company has a working capital of $1,733,012 compared to $155,409 for December 31, 2024.

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.

Disclosure of Outstanding Share Data

As of the date of this report, the Company has 24,019,247 ordinary shares outstanding (December 31, 2024 – 20,974,640). There are no warrants or options outstanding at this date.

Management of Capital

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 may be dependent on external financing to fund its activities beyond the next 18 months. During November, December 2024 and January 2025, the Company raised approximately $1.8 million which will be used to carry out the planned research and development and pay for administrative costs for at least the next 18 months.

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

Off-Balance Sheet arrangements

See "Commitments" above.

Transactions with Related Parties

The following are the expenses incurred with related parties for the year ended December 31, 2025 and for the year ended December 31, 2024, and the balances owing as of December 31, 2025 and December 31, 2024:

	Year ended December 31,	
	2025	**2024**
Directors	**$ 19,640**	$ -
CEO	**-**	-
CFO	**32,000**	24,000
	$ 51,640	$ 24,000

Balances with related parties:

	December 31,	
	2025	**2024**
Amounts owed to the CFO	**$ (6,000)**	$ (36,000)
Amounts owed to the Company by a company controlled by the CEO	**$ (16,355)**	$ (11,964)
Amounts owed by a company controlled by the CEO	**$ 126,052**	$ 29,685
Amounts owed by shareholders	**$ 125,227**	$ -

a. On January 1, 2024, a CEO services consulting agreement (“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 will not receive any compensation until such time as the Company 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 an occupancy rental agreement with A2Z Cust2Mate Solutions Corp, (“A2Z”), a company controlled by the CEO of the Company (“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 shall receive an amount of $2,000 per month. Following the Company’s listing on the CSE, the amount shall increase to $3,000 per month.

Critical Accounting Policies and Estimates

Our results of operation and financial condition are based on our financial statements, which are presented in accordance with IFRS. Certain accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at that time. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments or assumptions and actual results, our financial statements will be affected.

The significant accounting policies and estimates that we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

- Management expenses the costs directly associated with research and development activities, unless the development asset recognition criteria is met. Indirect costs are estimated using management’s calculation of the amount of the activity that is deemed to be associated with research and development.
- In order to assess whether it is appropriate for the company to continue as a going concern, management is required to apply judgment and make estimates with respect to future cash flow projections. In arriving at this judgment, there were a number of assumptions and estimates involved in calculating these future cash flow projections. This includes making estimates regarding the timing and amounts of future expenditures and the ability and timing to raising additional financing.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

There were no changes to the Company’s internal controls over financial reporting during the year ended December 31, 2025, which have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Risks and Uncertainties

Credit risk

The Company manages credit risk, in respect of cash, by holding them at major Israeli financial institutions in accordance with the Company's investment policy. The Company places its cash with high credit quality Israeli financial institutions. Concentration of credit risk exists with respect to the Company's cash. The Company's exposure as of December 31, 2025 was $2,074,164 which consisted of $1,771,104 in cash held in bank accounts, $9,700 in short term deposit, $25,754 in VAT receivable, $251,279 in amounts due from related parties and $16,327 in prepaid expenses (December 31, 2024 - $1,629,218, which consisted of $426,321 in cash held in bank accounts, $1,183,030 in restricted cash, $5,615 in VAT receivable and $14,252 in prepaid expenses).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet current obligations and future commitments. The Company's approach to managing liquidity risk is to forecast cash requirements to provide reasonable assurance that it will have sufficient funds to meet its liabilities when due. As of December 31, 2025, the Company had available cash of $1,771,104 to settle current liabilities in the amount of $341,152 (December 31, 2024 – cash of $426,321 to settle current liabilities in the amount of $290,779 and Restricted Cash of $1,183,030 and reflected a current liability $1,183,030 in respect of the Restricted Cash).

The tables below present the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As of December 31, 2025:

	Carrying amount		Within 1 year	
Accounts payable	$	306,674	$	306,674
Accrued expenses		12,123		12,123
Related parties payable		22,355		22,355
	$	**341,152**	**$**	**341,152**

As of December 31, 2024:

	Carrying amount		Within 1 year	
Receipt on account of shares	$	1,183,030	$	1,183,030
Accounts payable		256,048		256,048
Related parties		18,279		18,279
Accrued expenses		16,452		16,452
	$	**1,473,809**	**$**	**1,473,809**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of two types of risk: interest rate risk, and foreign currency risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its cash equivalents.

(ii) Foreign currency risk

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 December 31, 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 $1,000.

Development Stage Company

The Company has only a limited history upon which one can evaluate its business and prospects as its technologies are still at an early stage of development and thus The Company has limited experience and has not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields. The likelihood of the success of the Company must be considered in light of the risks inherent in, and the difficulties, costs and complications associated with the early growth stages of a business enterprise, as well as with the development and marketing of new products.

Future Capital Needs

During November, December 2024 and January 2025 the Company raised approximately $2.2 million which will be used to carry out the planned research and development and pay for administrative costs for at least the next 18 months. The Company may not be able to fully implement and execute its long-term business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favorable or reasonable commercial terms or that it will not result in substantial dilution to its shareholders. If additional funds are raised through the issuance of equity or equity-linked debt securities, the percentage ownership in The Company of the shareholders will be reduced, and such securities may have rights, preferences, or privileges senior to or equal to those of the Company's shares held by the current shareholders, or any other securities outstanding on the date hereof.

If adequate funds in the future are not available to satisfy ongoing capital requirements, the Company may be required to curtail its operations significantly or to obtain funds, if available, through arrangements with strategic partners or others that may require the Company to relinquish material rights to certain technologies or potential markets. There is no certainty that financing will be available in amounts or on acceptable terms, if at all.

Any failure to raise additional funds on favorable terms is likely to have a material adverse effect on the Company's liquidity and financial condition.

Dependence on Key Personnel

The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Company is dependent on the services of its senior management team. The loss of any of the members of the Company's senior management team could have a material adverse effect on the Company's results of operations, business and prospects. The Company's future success also depends, to a significant extent, on its ability to attract and retain talented personnel. Recruiting and retaining talented personnel, particularly those with the expertise required for the Company's business is vital to the Company's success and may prove difficult.

Applicability of Patents and Proprietary Technology

Competitors may have filed patent applications, or hold issued patents, relating to products or processes competitive with those the Company has developed or will develop in the future. The Company's patent applications for a product may not be approved or approved as desired. The patents of the Company's competitors may impair its ability to do business in a particular area. Competitors may independently develop similar products or duplicate any of the Company's unpatented products or technologies. The Company's success will depend, in part, on its ability in the future to obtain patents, protect trade secrets and other proprietary information and operate without infringing the proprietary rights of others. Patent protection is uncertain and involves many complex legal, scientific and technical questions. The degree of legal protection afforded under patents is unclear. As a result, the scope of patents issued to the Company, or their partners may not successfully prevent third parties from developing similar or competitive products.

The Company has and will continue to enter into confidentiality agreements with its employees, suppliers and vendors. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Others may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology belonging to the Company. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner.

In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued. Also, the Company faces the following intellectual property risks: (i) some or all patent applications may not result in the issuance of a patent; (ii) patents issued may not provide the holder with any competitive advantages; (iii) patents could be challenged by third parties; (iv) the patents of others could impede our ability to do business; (v) competitors may find ways to design around our patented products; and (vi) competitors could independently develop products which duplicate our products.

Economic and military instability in Israel and in the Middle East

The Company’s operational offices are located in Israel. In addition, a majority of the Company’s employees, officers and directors are residents of Israel. Accordingly, political, economic and military conditions in the Middle East may directly affect the business. Since October 2023, Israel has been at war with Hamas a terrorist designated organization. The Company is continuing with its operations in Israel. In June 2025, following escalating threats and intelligence reports of imminent attacks, Israel conducted preemptive strikes on military and nuclear infrastructure in Iran. Iran responded with drones and missiles attacks, some of which caused civilian casualties and infrastructure damage. While a ceasefire was reached between Israel and Iran in June 2025 after 12 days of hostilities, on February 28, 2026, the United States and Israel launched coordinated military strikes against Iran, including attacks on strategic military infrastructure and leadership targets, with the stated aim of degrading Iran’s capacity to conduct or support hostile operations against them.

The Company continues to assess the effects of the state of war on its financial statements and business. The intensity and duration of Israel's current war against Hamas is difficult to predict at this stage, as are such war's economic implications on our business and operations and on Israel's economy in general. If the war extends for a long period of time or expands to other fronts, such as Lebanon, Syria and the West Bank, our operations may be adversely affected.

Continued hostilities between Israel and its neighbors and any future armed conflict, terrorist activity or political instability in the region could adversely affect our operations in Israel and adversely affect the market price of our ordinary shares. An escalation of tensions or violence might result in a significant downturn in the economic or financial condition of Israel, which could have a material adverse effect on our operations in Israel and our business.

Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could adversely affect our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

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