***This Prospectus is not related to a public offering. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.***

**PROSPECTUS**

**Non-offering Prospectus** **DATED: NOVEMBER 9, 2020**

# EYEFI GROUP TECHNOLOGIES INC.

**No securities are being offered pursuant to this Prospectus.**

This amended and restated non-offering prospectus (the "**Prospectus**") of EYEFI Group Technologies Inc. amending and restating the preliminary prospectus dated May 27, 2020 (the "Company" or "EYEFI") is being filed with the British Columbia Securities Commission (the "BCSC"). The filing is to comply with Policy 2 – *Qualifications for Listing of the Canadian Securities Exchange* (the "CSE") in order for the Company to meet one of the eligibility requirements for the listing of the Shares on the CSE by becoming a Reporting Company as defined herein, pursuant to the applicable securities legislation in the Province of British Columbia. Upon receipt of this Prospectus by the BCSC, the Company will become a Reporting Company in British Columbia.

No securities are being offered pursuant to this Prospectus. As such, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

The Company's wholly owned subsidiary, EYEFI Pty. Ltd. is a software and engineering company that has developed, patented and commercialized innovative spatial, predictive, approximation and radial convolution technology called SPARC and an associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system. SPARC solves critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets. As an example it has developed an Industrial Internet of Things (IIoT) hardware sensor (EYEfi Sensor) product and Cloud application called Smart Waste for waste bins and Smart Drain for storm water pits and is rolling out this technology in Australia and New Zealand.

**There is no market through which the securities of the Company may be sold and holders of the Company's securities may not be able to resell any such securities. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of Company regulation. See "*Risk Factors*".**

The CSE has conditionally approved the listing of the Shares on the CSE. Listing is subject to the Company fulfilling all the listing requirements of the CSE, including, without limitation, the distribution of the Shares to a minimum number of public shareholders and the Company meeting certain financial and other requirements.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

An investment in the securities of the Company is subject to a number of risks. Investors should carefully consider the risk factors described under the heading "*Risk Factors*" before purchasing any securities of the Company. **See "*Risk Factors*".**

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of its contents.

No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

**This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

Unless otherwise noted all currency amounts in this Prospectus are stated in Canadian dollars.

**Enforcement of Judgments**

EYEFI Group Technologies Inc.is incorporated pursuant to the British Columbia Corporation Act and is resident in Canada. Three of the directors and officers of the Company, Simon Langdon, James Hope and Benjamin ("Ben") Melin are residents of Australia. They have appointed the following agent for service of process in British Columbia:

| Name of Person or Company | Name and address of Agent |
|---|---|
| Joanne McClusky<br>Barrister & Solicitor | #390-825 Homer Street,<br>British Columbia V6B2W2 |

Investors are advised that although an officer and two directors have appointed Joanne McClusky as their agent for services of process, it may not be possible for investors to enforce and collect judgments obtained in courts in British Columbia predicated on the civil liability provisions of securities legislation.

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## IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Except as otherwise indicated or the context otherwise requires in this Prospectus, reference to "the Company" or "EYEFI" refers to EYEfi Group Technologies Inc. EYEfi refers to the subsidiary company EYEfi Pty Ltd.

Capitalized terms, except as otherwise defined herein, are defined in the section entitled "Glossary of Terms".

Investors should rely only on the information contained in this Prospectus. We have not authorized any other person to provide investors with additional or different information. If anyone provides investors with additional, different, or inconsistent information, including information or statements in media articles about the Company, investors should not rely on it. **The Company is not making an offer to sell or seeking offers to buy Shares or other securities of the Company.** Investors should assume that the information appearing in this Prospectus is accurate only as at its date, regardless of its time of delivery. The Company's business, financial conditions, results of operations and prospects may have changed since that date.

Third Party Information

This Prospectus includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry, and economic data are accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry, and economic data used throughout this Prospectus are not guaranteed and the Company does not make any representation as to the accuracy of such information.

## CURRENCY

Unless stated otherwise, all dollar amounts in this Prospectus are expressed in Canadian dollars. As at the date of this Prospectus the exchange rate is AUD$.93 for CAD$1.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements or information (collectively "forward-looking statements"). The Company is providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

In making these forward-looking statements, the Company has assumed that its innovative technology called SPARC with its many applications will continue to be adopted by new Channel Partners and other new customers in addition to its current Channel Partners who imbed SPARC in their software for resale to their customers. Refer to the "Glossary" for a definition of Channel Partner.

These forward-looking statements include, among other things, statements relating to the ability of the Company to continue to generate revenue; the disruptive effect of the Covid 19 virus on its supply chains in India and China for the EYEfi Sensors and electronic components which has affected the rollout of its project for waste bins in New Zealand (refer to "*General Description of the Business"* item 6 "*Material Agreements*" and its contract with Fujitsu Australia Limited; the duration of the supply chain disruption is unknown and could affect delivery of the EYEfi Sensor product/hardware to new customers where it is essential to the provision of services; there is no assurance that the supply chains can be change in a timely manner; the slow down of its services and products to customers due to the Covid 19 virus will likely disrupt its projections and plans in 2020 and perhaps beyond which will impact on its use of funds and plans to further develop, market and promote its services and products; there may be unanticipated cash needs arising from the Covid 19 virus disruptions and other unexpected contingencies and the possible need for additional financing which may not be on acceptable terns to the Company.

The Forward-looking statements are based on the reasonable assumptions, estimates, opinions and analyses of management made in light of its experience and perception of historical trends in the deliver of services through its Cloud, current conditions, expected future developments and other factors management of the Company believes are appropriate, relevant and reasonable in the circumstances at the date that such statements are made. All of these assumptions, estimates and opinions will necessarily be subject to change due to the effect of the Covid 19 virus. The Company has based the forward looking information in this Prospectus on various material assumptions, including: despite the threat of the Covid 19 virus, the Company will sustain or increase profitability although on a slower projection then previously planned, and will be able to fund its operations with existing capital and projected revenue from its current agreements with its Channel Partners; the Company will be able to attract and retain key personnel in future if required; the general business, economic, financial market, regulatory and political conditions in which the Company operates will remain positive as its services can be provided in the Company's Cloud although deliver of its hardware may be affect by supply chain disruptions; that the general regulatory environment will not change in a manner adverse to the business of the Company; the tax treatment of the Company and its subsidiary will remain constant and the Company will not become subject to any material legal proceedings; the economy generally; competition, and anticipated and unanticipated costs.

Additional assumptions are:

- that it will list on the CSE.
- that it will be able to fund its operations from revenue from current contracts with its existing Channel Partners.
- that its Cloud coding and firmware development will not be affected by the Covid 19 virus as teams are virtual and often work remotely using Cloud systems and online workflow management. Some aspects of this are outsourced to offshore teams, however EYEfi has local resources in Australia who can also provide these services.
- that it can address the supply chain issues of its hardware prototyping in India and China, now affected by the Covid 19 virus.
- its revised expectations arising from the Covid 19 virus, regarding its revenue, expenses and operations will be met.
- expectations about the success of its operations compared to competitors and that its competitive position relative to other companies in the same industry will improve.
- that it can address the impact of competition on the Company's operations.
- that the operating costs of the Company will be consistent in all material respects with the budgeted amounts.
- it will reach its expected business objectives over the next 12 months but acknowledging it will have to regularly adjust its business objectives.
- its expectations that revenue from its current agreements with Channel Partners and projected agreements under discussion with to new Channel Partners will be adequate to cover expenses during 2020 and the 12 months following listing on the CSE.
- that general economic and industry conditions in the jurisdictions of the subsidiary company will remain stable in relation to current general and industry conditions.
- the economic interest of the directors in the Shares.
- compensation arrangements for the directors and executive officers, employees and contractors.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. There are unknown risks, uncertainties and other factors, many of which are beyond our control. See "Risk Factors" for a full discussion of the risks. ,

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "*Risk Factors*" for a more detailed discussion of these risk factors and the disruptive effect of the Covid 19 virus.

**SUMMARY OF PROSPECTUS**

***The following is a summary of the principal features of the Company and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.***

| | |
|---|---|
| **The Company** | EYEFI Group Technologies Inc. was incorporated on October 4, 2018 under the "Act" with the name 1181950 B. C. Ltd. On January 8, 2020, the name was changed to the current name, EYEFI Group Technologies Inc. Its head office is located at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia and its registered office is at 390 – 825 Homer Street, Vancouver, B.C. V6B2W2. See "*Corporate Structure*".<br><br>The Company has two wholly owned subsidiary companies, EYEfi Pty Ltd. and Conxsme Pty Ltd.<br><br>EYEfi Pty Ltd was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on June 8, 2006 with incorporation number ACN (Australian Corporation Number) 114 673 684 with the name Landmark Security (AUS) Pty. Ltd. On January 4, 2007 its name was changed to its current name.<br><br>Conxsme Pty Ltd was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on February 17, 2010 with incorporation number ACN (Australian Corporation Number) 142 103 259.<br><br>Both of these subsidiary companies head offices are located at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia. Their registered office is located at C/- DLK Advisory Pty. Ltd., Level 10, 99 Queen Street, Melbourne, Victoria 3000, Australia. See "*Corporate Structure*". |
| **Business of the Company** | All of the business and operations of the Company are carried on by its wholly owned subsidiary, EYEFI Pty. Ltd. which is a software and engineering company that has developed, patented and commercialized an innovative spatial, predictive, approximation and radial convolution technology called SPARC and associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system. SPARC solves critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets. It has also developed an Industrial Internet of Things (IIoT) hardware sensor (EYEfi Sensor) product and Cloud application called Smart Waste for waste bins and Smart Drain for storm water pits and is rolling out this technology in Australia and New Zealand.<br>See "*Description of the Business*" and "*Risk Factors*" for a more detailed discussion of the business. |
| Market and Competition | The Company operates in Australia. For further details, *see "Description of the Business*" which contains information about its competitors and "*Risk Factors*". |
| Directors and Executive Officers | Simon Langdon –CEO and director<br>James Hope - director<br>Harold Forzley - director<br>Ben Melin – CFO and corporate secretary<br><br>*See* "*Directors and Executive Officers"* for more information. |

| | |
|---|---|
| **Use of Funds** | **Estimated Funds Available and Use of Funds**<br>No securities are offered pursuant to this Prospectus. This Prospectus is filed with the BCSC for the purpose of allowing the Company to become a reporting Company in British Columbia and to enable the Company to develop an organized market for its Shares by subsequently listing on the CSE. Since no securities are offered pursuant to this Prospectus, no proceeds will be raised. All expenses incurred in connection with the preparation and filing of this Prospectus are being paid by the Company from general corporate funds.<br>As of October 31, 2020, the Company had consolidated working capital of approximately CAD $873,234 comprised of cash $902,466, income tax receivable $203,436 and other $55,793 minus current liabilities of $288,461 (leave entitlements $183,510 and other $104,951). Note - based on AUD /CAD of $0.94 as at October 31, 2020. |

| **Estimated Funds Available:** The estimated funds available to the Company (Consolidated) in the next 12 months are as follows: | **Amount CAD $** |
|---|---|
| Working Capital of the Company *(3)* as of October 31, 2020 (AUD $928,972 CAD $873,234) *(4)* | 873,234 |
| **Total** | **873,234** |

Use of Available Funds: The intended uses of the estimated available funds are as follows:

| **Principal Purpose** | **Estimated Cost ($)** |
|---|---|
| Listing on the CSE | 10,000 |
| General and administrative expenses of the Company (See table 1 below for a detailed breakdown of these expenses) | 647,392 |
| CCP Technologies October to December, 2020 fees (AUD 4,200 per month) *(See "General Description of the Business* – Material Agreements*")* | 11,985 |
| *2020 expansion plans (See "General Description of the Business – 2020 Expansion Plans")* | 95,100 |
| **Unallocated** | **108,757** |
| **Total** | **873,234** |

***Table 1***

| **General and Administrative Expenses of the Company (Consolidated)** | **Monthly Amount AUD $** | **Annual Amount AUD $** |
|---|---|---|
| CEO fees (See "*Directors and Executive Officers*") | (1) 15,000 | 180,000 |
| CFO, corporate secretary fees (See "*Directors and Executive Officers*") | (1) 5,500 | 66,000 |
| Annual filing fees | 110 | 1,320 |
| Audit fees | 2,200 | 26,400 |
| CSE monthly listing fees | 825 | 9,900 |
| Accounting, tax compliance and bookkeeping services | 5,500 | 66,000 |
| CCP Technologies Limited (See "*General Description of the Business – Material Agreements*") | (2) 3,000 | 36,000 |
| Legal | 1,250 | 15,000 |
| Salaries and wages | 14,000 | 168,000 |
| Office, insurance, patent fees, compliance and miscellaneous | 6,900 | 82,800 |
| Travel | 1,000 | 12,000 |
| Rent | 4,000 | 48,000 |
| **Total AUD $** | **59,285** | **711,420** |
| **Total CAD $** | **54,040** | **647,392** |

| | |
|---|---|
| | [(1)] Simon Langdon, the CEO of the Company is paid AUD $180,000 per year pursuant to his employment contract. SPARC related development work currently occupies 15% of Simon's salary (AUD $27,000) and the current Spatial Video (used for bushfire monitoring, search and rescue, emergency management and incident response applications) pre-sales activities occupies 5% of Simon's time (AUD $9,000). Ben Melin, the CFO is paid AUD $5,500 per month pursuant to his contract. See *"Directors and Executive Officers*" and "*Executive Compensation*" for details.<br><br>[(2)] The fee for June is $12,000 and then will drop to approximately $3,000 a month. See "*General Description of the Business*".<br><br>[(3)] The working capital figure above excludes "income in advance" of AUD$336,760 due to the availability of R&D tax concession offsets. This "income in advance" represents deferred revenue relating to server licenses of EYEfi's Spatial Video/SPARC platform deployed in Telstra's data centre, which have not yet been activated or configured for customer use. This income in advance was received during March 2012 (AUD $116,800) and March 2015 (AUD$219,960). Telstra Corporation Limited is a tier-1 Telecommunications company in Australia, with whom EYEfi Pty Ltd has a Channel Partnership Agreement with. See Material Agreements – Clients and Channel Partners. There is further configuration required once Telstra starts connecting cameras and customers (subscriptions) to those servers. This activity, when it occurs, will take less than a week and will be a one-off exercise. The Company has the resources to finish this configuration work and does not expect there to be significant costs associated with completing this work.<br><br>[(4)] In July 2020, the Company entered into the following loan facility agreements (AUD), with an interest rate of 10% and a term of 2 years:<br>• Loan with Shape Capital Pty Ltd., in the amount of $80,000<br>• Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of $200,000<br>• Loan with Gilkat Pty Ltd., in the amount of $100,000<br>• Loan with 958 Consulting Pty Ltd., in the amount of $100,000<br>• Loan with Simon Langdon, in the amount of $100,000<br>• Loan with Cheryl Hargrave- Hill, in the amount of $300,000<br><br>The AUD 880,000 loan funds were received by the company in July 2020.<br><br>(See "Material Contracts", "Consolidated Capitalization", "Options and Other Rights to Purchase Securities" and "Directors and Executive Officers" for details.<br><br>*The actual amount that the Company spends in connection with each intended use of funds may vary significantly from the amounts specified above, and will depend on a number of factors including those listed under the heading "Risk Factors.* |
| **Summary Financial Information of the Company** | The Company's fiscal year end is December 31. The following is a summary of the financial data of the Company for the condensed, consolidated interim unaudited financial statement for the six months ended June 30, 2020 attached as Schedule A and the audited financial statements for the year ended December 31, 2019 attached as Schedule C. The summary should be read in conjunction with such statements and related notes and MD&A attached respectively as Schedules B and D. The audited annual financial statements of EYEFI Pty Ltd. for the year ended December 31, 2019 and the related MD&A are attached respectively as Schedules E and F. See "*Selected Financial Information and "Management's Discussion and Analysis*". |

| | Interim six months ended June 30, 2020 (unaudited) (CAD $) | Fiscal Year Ended Dec. 31, 2019 (audited) (CAD $) | Fiscal Year Ended Dec. 31, 2018 (audited) (CAD $) |
|---|---|---|---|
| **Statement of Operations of the Company** | | | |
| Revenue | 291,236 | - | - |
| Expense | (837,503) | (11,118) | (2,904) |
| Net income (loss) | (546,267) | (11,118) | (2,904) |
| Net income (loss) per Ordinary Share | (0.03) | (11,118) | (2,904) |
| Weighted average number of Shares outstanding | 16,431,700 | 100 | 100 |
| **Balance Sheet** | | | |
| Total assets | 633,345 | 976 | 2,483 |
| Short term liabilities | (540,229) | (14,997) | (5,386) |
| Long term liabilities | (78,182) | - | - |
| Shareholder’s equity | 14,934 | 14,021 | 2,903 |
| Cash dividends declared per Ordinary Share | - | - | - |

| | Fiscal Year Ended Dec. 31, 2019 (audited) (AUD $) | Fiscal Year Ended Dec. 31,2018 (audited) (AUD $) | Fiscal Year Ended Dec 31, 2017 (audited) (AUD $) |
|---|---|---|---|
| **Statement of Operations of the Combined results of Subsidiaries, EYEfi Pty Ltd and Conxsme Pty Ltd** | | | |
| Revenue | 275,314 | 559,965 | 578,705 |
| Cost of sales | (54,309) | (105,757) | (113,795) |
| Gross profit | 221,005 | 454,208 | 464,910 |
| Other income | 9,050 | 64,575 | (12,254) |
| Government grants | 507,212 | 594,702 | 388,889 |
| Expense | (795,651) | (565,642) | (627,012) |
| Net income (loss) from ordinary activities | (58,384) | 547,843 | 214,525 |
| Net income (loss) per Ordinary share | (0.00) | 0.03 | 0.01 |
| Weighted average number of Shares outstanding | 14,921,480 | 14,921,480 | 14,921,480 |
| **Balance Sheet** | | | |
| Total assets | 864,492 | 183,192 | 210,539 |
| Short term liabilities | (1,591,594) | (613,148) | (490,715) |
| Long term liabilities | (93,959) | - | - |
| Shareholder’s equity / (deficiency) | (821,061) | (429,956) | (280,176) |
| Cash dividends declared per Ordinary Share | - | - | - |

| | | |
|---|---|---|
| **Business Objectives** | Based on the estimated funds that the Company believes will be available to it over the next 12 months which includes the revenue set out in its projections in its Business Plan to achieve the business objectives set out below. | |
| *Business Objectives* | *Estimated Time* | *Estimated Cost ($)* |
| Obtain a listing of the Shares on the CSE<br><br>2020 Expansion Plans<br>(See "*General Description of the Business – 2020 Expansion Plans*" | One month from the date of issue of a Receipt by the BCSC for the Company's Final Prospectus.<br><br>Over the next 12 months | 10,000<br><br><br>$109,200 |
| | | |

| | |
|---|---|
| *Listing* | The CSE has conditionally approved the listing of the Shares on the CSE. Listing will be subject to the Company's fulfilling all of the listing requirements of the CSE, including, without limitation, the distribution of the Shares to a minimum number of public shareholders and the Company meeting certain financial and other minimum listing requirements. |
| *Risk Factors* | Investment in the Company involves a substantial degree of risk and must be regarded as highly speculative due to the nature of the Company's business and its present stage of development. Prospective investors should carefully consider, in addition to matters set forth elsewhere in this Prospectus, the risks described under "Risk Factors", which are summarized below.<br><br>• Global financial conditions over the last few years have been characterized by volatility and now with the Covid 19 virus, there is much more uncertainty.<br><br>• The supply chains of EYEfi: The Covid 19 virus is impacting our supply chain in terms of sensor production (China/India) and electronic component supply and delaying its product launch plans with one of its two large channel partners, Fujitsu Australia Limited.<br><br>• EYEfi is working on resolving its supply chain issues but no assurances can be given about the timelines to accomplish this.<br><br>• Cybersecurity is a risk as EYEfi Cloud is a public cloud application and is subject to threats and attacks and data breaches that could affect for example delivery of service and supply lines. Security data is controlled by the cloud provider which could make it difficult to distinguish between everyday computing events and security events. The Company is constantly monitoring for security events.<br><br>• The Company may experience an inability to attract or retain qualified personnel<br><br>• Subsequent issues of Shares by the Company will dilute your shareholdings.<br><br>• Future sales of Shares by existing shareholders could cause the share price to fall.<br><br>• There can be no assurance that the Company's business will enable it to sustain profitability in future periods.<br><br>• Legal proceedings may arise from time to time in the course of the Company's business.<br><br>• The Company may experience significant fluctuations in its quarterly and annual results of operations for a variety of reasons, some of which are outside of the Company's control, particularly the disruption caused by the Covid 19 virus.<br><br>• The Company's directors and officers may be subject to potential conflicts of interest. The CEO has signed an employment agreement which includes a non compete restrictive covenant and confidentiality covenant. |

| | |
|---|---|
| | • There can be no guarantee that an active and liquid trading market will develop or be maintained, the failure of which may have a material adverse effect on the value of the Shares and the ability of an investor to dispose of the Shares in a timely manner, or at all.<br><br>• There can be no assurance that the price of the Shares will not decrease after listing on the CSE.<br><br>• As a reporting Company, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies, which may divert management's attention.<br><br>This information is presented as of the date of this Prospectus and is subject to change, completion, or amendment without notice. See "*Description of the Business*", "*Directors and Executive Officers – Conflicts of Interest*", "*Use of* Funds" and "*Risk Factors*".<br><br>**An investment in the Shares is suitable for only those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Shares. See *"General Description of the Business" and "Risk Factors".*** |

**GLOSSARY**

**"AUD $"** means Australian dollars.

"**Act**" means the British Columbia Corporations Act.

**"API"** means a set of computing functions and procedures allowing the creation of applications that access the features or data of an operating system applications or other service. It is a tool set that programmers can use in helping them to create software. An example is the Apple (iOS) API that's used to detect touchscreen interactions.

"**Audit Committee"** means the audit committee of the Company in accordance with NI 52-110.

"**Auditors**" means MNP LLP

"**B.C**." means the province of British Columbia.

"**BCSC**" means the British Columbia Securities Commission.

"**Board**" means the Board of Directors of the Corporation.

"**CCP**" means Constellation Technologies Limited (formerly CCP Technologies Limited).

"**CEO**" means Chief Executive Officer.

"**CAD $**" means Canadian dollars.

"**CFO**" means Chief Financial Officer.

"**Channel Partners**" means resellers that can provide access to new customers and markets.

"**Cloud**" means cloud computing with on-demand availability of computer system resources, especially data storage and computing power, without direct active management by the user. The term is generally used to describe data centers available to many users over the Internet

**"Company"** means EYEFI Group Technologies Inc.

**"Conxsme"** means Conxsme Pty Ltd, a subsidiary of the Company.

"**CSE**" means the Canadian Securities Exchange.

"**Computershare"** means Computershare Investor Services Ltd., the registrar and transfer agent for the Company.

"**Escrow Agent**" means Computershare Investor Services Ltd.

"**Escrow Agreement**" means the Form 46-201 escrow agreement dated May 27, 2020 among the Company, the Escrow Agent and certain shareholders of the Company.

"**EYEfi**." means EYEFI Pty. Ltd., a subsidiary company of the Company.

"**EYEfi Sensor**" means EYEfi's industrial (IIoT) ultrasonic sensor device (hardware and firmware) capable of communicating across various public and private networks, and uses the Internet to communicate readings with the EYEfi Cloud platform.

"**Final Prospectus**" means the Prospectus of the Company for which a receipt is issued.

“**Financial Statements**” means the Company’s annual audited financial statements and the related notes thereto as at December 31, 2019, the unaudited interim quarterly financial statements and the related notes thereto as at June 30, 2020/.

“**IFRS**” means International Financial Reporting Standards.

**“IoT”** means the internet of things, a system of interrelated computing devices, mechanical and digital machines provided with unique identifiers (“UIDS”” and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.

“**IIoT**” means Industrial Internet of Things.

**“Listing**” means the date that the Shares are first listed for trading on the CSE.

“**Listing Date**” means the date of listing.

“**MD&A**” means Management’s Discussion and Analysis.

**“NEO**” means “Named Executive Officer”, and has the meaning ascribed by the BCSC in Form 51-102F6, as follows:

(a) a CEO;
(b) a CFO;
(c) each of the three most highly compensated executive officers of the company, including its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6), for that financial year; and
(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

**“NI 52-110**” means National Instrument 52-110 Audit Committees.

**“NI 58-101**” means National Instrument 58-101 Disclosure of Corporate Governance Practices.

“**NP 46-201**” means National Policy 46-201 Escrow for Initial Public Offerings.

**“NP 58-201**” means National Policy 58-201 Corporate Governance Guidelines.

“**Shares**” means the Shares of the Company. See “*Description of the Securities*” for a description of the rights and restrictions attached to the Shares.

“**Person**” means a Company or individual.

“**Prospectus**″ means this non ‑ offering prospectus dated as of the date on the cover page.

“**Reporting Issuer**” means, inter alia, a company that has issued securities in respect of which a prospectus was filed and a receipt was issued by a securities Commission of a province in Canada, has any securities that have been listed and trading on an exchange in Canada or completed a takeover with a listed issuer.

“**Receipt**” means a receipt issued by the BCSC providing approval to a prospectus.

**“SaaS**” means a method of software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

"**Two Year Loan Agreement**" means the two year loan agreement among the Company, EYEfi, two directors, James Hope and Simon Langdon and several arms-length investors.

"**Transfer Agent Agreement**" means the Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated May 27, 2020 between the Company and Computershare Investor Services Inc.

## CORPORATE STRUCTURE

### Name, address and Incorporation

The Company, EYEFI Group Technologies Inc. was incorporated on October 14, 2018 pursuant to the "Act" with the name 1181950 B.C. Ltd.

On January 8, 2020, the names was changed to the current name, EYEFI Group Technologies Inc. Its head office is located at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia and its registered office is located at 390 – 825 Homer Street, Vancouver, B.C. V6B2W2. See "*Corporate Structure*".

Subsidiary companies

EYEFI Pty Ltd. was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on June 8, 2006 with incorporation number ACN (Australian Corporation Number) 114 673 684. On January 4, 2007 its name was changed from Landmark Security (AUS) Pty. Ltd. to its current name. Its head office is located at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia. Its registered office is located at C/O - DLK Advisory Pty. Ltd., Level 10, 99 Queen Street, Melbourne, Victoria 3000, Australia. EYEFI Pty Ltd. "*EYEfi"* is the operating entity. See "*General Development of the Business*".

Conxsme Pty Ltd was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on February 17, 2010 with incorporation number ACN (Australian Corporation Number) 142 103 259. Its head offices are located at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia. Its registered office is located at C/ - DLK Advisory Pty. Ltd., Level 10, 99 Queen Street, Melbourne, Victoria 3000, Australia. This entity is now dormant. See: *"Related Party transactions."*

## GENERAL DEVELOPMENT OF THE BUSINESS

### Business of the Company and EYEfi

The Company's wholly owned subsidiary, EYEFI Pty. Ltd. is a software and engineering company that has developed, patented and commercialized innovative spatial, predictive, approximation and radial convolution technology called SPARC and an associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system. SPARC solves critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets. As an example it has developed an IoT hardware sensor (EYEfi Sensor) product and Cloud application called Smart Waste for waste bins and Smart Drain for storm water pits and is rolling out this technology in Australia and New Zealand.

### Three Year Operating History

**Acquisition**

During the period from incorporation on October 14, 2018 to March 4, 2020, 2020 the Company did not have any assets and was actively looking for a technology project to acquire. The Company signed an arms-length agreement dated October 1, 2019 with Shape Capital Pty. Ltd. of Melbourne, Victoria to provide acquisition targets for which Shape Capital Pty Ltd. was paid a success fee. See "*Material Contracts*". Management of the Company entered into discussions in the last months of 2019 with the management of EYEfi. Ltd. This led to the Company's name change on January 8, 2020 and on March 4, 2020, the Company signed an arms-length Share Swap Agreement with EYEfi and its shareholders the "*Share Swap Agreement*". The Company acquired all of the issued Shares of EYEfi in exchange for 19,002,500 Shares at an issue price of $0.08 per Share (the "*Transaction'*""). The Transaction closed on May 27, 2020 (the "Closing Date").

The insiders and shareholders of the Company were arms-length to the insiders and shareholders of EYEfi until the Closing Date. On the closing date, four of the then current directors of the Company resigned. They were Mark van der Horst of North Vancouver, B.C., Chris Haugen of Delta, B. C. and Ben Mumford and Dale Eckert of West Vancouver,

B. C. On the Closing Date, Simon Langdon and James Hope were appointed directors of the Company. Simon Langdon was appointed CEO and Ben Melin was appointed CFO and corporate secretary.

**Bankruptcy, Receivership, Receiverships, Restructuring**

There have not been any bankruptcy, receivership or similar proceedings against the Company or its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings, material restructuring transactions by the Company or any of its subsidiaries, any within the two most recently completed financial years.

**Social, Environmental Polices, Seasonal Issues**

There are no social and environmental policies or seasonal and environmental issues that have or are expected to affect the Company and its business.

**Material Restructurings**

There have not been any material restructuring of the Company since incorporation on October 14, 2018 to the date of this Prospectus other than the "Share Swap Agreement".

**Trends**

The Company is unaware of any particular trends that would affect its business, operations, products and service. Current global financial and economic conditions are currently very unpredictable due to the Covid 19 virus which is impacting businesses globally by disrupting supply chains, travel, production and consumption threatening operations and financial markets. Many industries are impacted by these market conditions. Additional key impacts of the current financial market turmoil include contraction in credit markets and the credit lines required by businesses, resulting in a widening of credit risk; devaluations and high volatility in global equity, commodity, foreign exchange and monetary markets and a lack of market liquidity. Such factors may significantly impact the Company's operations and future plans. The Company's services are provided through the internet. However the supply chain for its hardware products are being disrupted by the Covid 19 virus. If such supply chain disruption continues to affect the rollout of its products and services, resulting in a need to raise funds the Company's operations and financial condition could be adversely impacted. See "Risk Factors".

**Employees and Consultants**

As at the date of this Prospectus, EYEfi employs Simon Langdon, CEO to run its operations. EYEfi also employs a general manager of operations and an office administrator. It engages independent contractors from time to time to work on a project by project basis and has a contract with an independent third party which provides technical support to the operations.  Refer to "*Description of the Business*" and "*Directors and Executive Officers*".

## DESCRIPTION OF THE BUSINESS



### 1. OVERVIEW

EYEfi is an electronics and software engineering company that has developed an international patented technology, described as Spatial, Predictive, Approximation and Radial Convolution (SPARC). SPARC includes an ultra-small footprint proprietary algorithm that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system.

EYEfi has commercialised this core technology within its Spatial Video product suite, and continues to further develop the core technology so that it can also be licensed as a standalone piece of software (ie. SPARC algorithms packaged up as a software library).

EYEfi has also developed Industrial Internet of Things (IIoT) sensor hardware and associated cloud software, as s second pillar within its product offering. This product has been successfully trialed in Australia and New Zealand and is currently due for commercial release in August 2020, through our Channel Partner, Fujitsu.

### 2. Three Year Operating History

In 2017, EYEfi was approached by Downer Group (ASX:DOW) to find a solution to help them more efficiently manage their network of stormwater pits and drains across Australia. Downer wanted to significantly reduce the risk of flooding due to overflows from stormwater drains, and to conduct routine asset inspections more efficiently.

Over the past few years, the Company has heavily focused its R&D and product development efforts to adopt its products to be used in stormwater drains and water catchments.

In March 2018, EYEfi partnered with Fujitsu and Downer to complete a successful paid trial in the Yarra Ranges Council in Victoria, Australia. The trial used a network of EYEFi sensors to monitor drains in real time and showed it significantly reduces the labour associated with manual drain inspections and enables deployment of response and maintenance teams before a blocked drain causes flooding.

In March 2019, EYEfi and Fujitsu signed a Channel Partnership agreement to take the EYEfi smart drain solution to market. Since signing the reseller agreement, EYEfi and Fujitsu have been collaborating on further customisation to the smart drain product and also developing the marketing collateral and sales plans, systems and processes in order to successfully launch, sell and support the product.

In the last half of 2019, EYEfi secured a development services partner from CCP Network Australia Pty Ltd to assist EYEfi in product development of the smart drain sensor product. The initial development work is now complete. The engagement continues under a Maintenance Services Agreement signed on October 1, 2020. EYEfi has also been working with CCP to extend its engagement to include the manufacture of the final product, which was finalised under a separate Manufacturing License Agreement, signed on October 5, 2020. Fujitsu has launched the product internally across their Australian and New Zealand operations, and plans to officially launch the smart drain product in November 2020.

The Company has historically had a mix of small-to-medium direct customers and large corporate and government customers sold via Channel Partners (Resellers). Over the past 12-18 months, EYEfi has concentrated its efforts on Channel Partners to secure larger customer opportunities which have longer sales cycles, secured the Fujitsu reseller agreement, and development of the smart drain project.

In 2019 the Company maintained its IIOT cloud recurring and spatial video platform revenue. In 2019, it recorded a $239,331 reduction in revenue from one-off hardware and ad-hoc project work for trials with Fujitsu and EWS and new customer orders from Telstra. In 2018 the Company also had an abnormally high level of R&D activity for the smart drain project with a reduction in R&D activity and income in 2019 by $289,822.

The Company expects sales from Channel Partners Telstra and Fujitsu to continue to have a one-off sale related to hardware and project work plus the associated recurring monthly subscription fees from its cloud service. These large Channel Partners provide an opportunity to secure large enterprise and government clients. However the risk of long sales cycles and slow uptake will have an impact on revenue and future cash flows, whilst the Company transitions from being more reliant on R&D development revenue, and into the full commercialisation phase of the business plan.

From mid 2016 the Company has been selling its solutions to Channel Partners whilst at the same time engaged in R&D to develop new products and enhance existing offerings. The Company is now in a position to focus more on sales and marketing with its Channel partners and with less effort on product development activities.

Products such as the Spatial Video Solution by Telstra and Smart Drain Solution by Fujitsu are highly integrated and productised EYEfi solutions that are embedded into the Channel Partners product mix. Leveraging the sales network of the Channel Partners, enables EYEfi to gain access to customer opportunities that would not be possible under a direct sales model.

Similar to other telecommunication and managed IT solutions sold by Telstra and Fujitsu, EYEfi's go to market strategy fits into other complementary solutions sold by these partners. Customers with large scale infrastructure that need to monitor and better manage their assets can start with a small installation of devices and then scale up once they start deriving value from EYEfi’s solutions.

EYEfi revenues are also linked to the number of devices sold to each customer. Customers tend to start with a small number of units or a trial and only add more units after they are satisfied the solution works and makes commercial sense. The update and growth of customer orders takes time and will vary for each client. This may result in generating small revenue per customer until more devices are ordered by the customer.

## 3. BUSINESS MODEL

EYEfi has focused on strategically selling its products and technology to a select group of government and large corporate clients. To sell to these end-users, EYEfi utilises an indirect sales model and sells its solutions via Channel Partners (i.e. Resellers), such as Telstra and Fujitsu that have established relationships with our target end-customers. EYEfi provides a wholesale rate for our products and services, to the Channel Partners who then mark-up and/or bundle their services and sell to their end customer.

Some of EYEfi’s Channel Partners, including Telstra, Australia’s largest telecommunication carrier, which has productized EYEfi’s technology (eg. Telstra Spatial Video Solutions) to bundle and package the end-to-end offering for their customers, such as those involved in emergency management, incident response, asset and infrastructure protection.

Similarly, another large partner, Fujitsu, has internally launched Smart Drain/Smart Waste across it's Australian and New Zealand operations in preparation for it's external product launch to customers in late October and early November 2020, involving EYEfi's sensor hardware (IIoT) and EYEfi Cloud along with its Smart Drain and Smart Waste software plugins.

EYEfi is looking to identify and secure similar large Channel Partners in North America and eventually, other regions around the world. As such, our initial business development activities focused on:

i. Securing Channel Partners (ie. Resellers)
ii. Securing pilot customers for technology trials
iii. Migration of some legacy EYEfi customers (direct customers) and some existing trial/pilot opportunities, to long term contracts with those Channel Partners, and;
iv. Working with the Channel Partners on key target opportunities to assist them with the sales process and help them identify, cultivate and close those opportunities.

This model provides an efficient, streamlined and focused business development activity on a focused group of Channel Partners, rather than managing a large team of salespeople and thousands of end customers.

***Revenue Model:***

*IIoT product and EYEfi Cloud:*

EYEfi typically charges according to a tiered (volume) based pricing plan, involving a once-off activation fee per device, and an ongoing subscription fee per month / per device.

EYEfi has selected a preferred and authorized manufacturer, CCP Network Australia Pty Ltd (CCP), who our Channel Partners will procure our hardware from directly. EYEfi has finalized a non-exclusive manufacturing license agreement with CCP (see section 5 *Hardware Manufacturing and Assembly).*
This manufacturing model also means that EYEfi does not carry the capital costs of procuring its IIoT hardware, significantly reducing business overheads and improving its margins and profitability.

*EYEfi Spatial Video Product Suite:*

EYEfi procures Common Off The Shelf (COTS) hardware from large manufacturers, the principal one being AXIS which has not been impacted by the Covid 19 virus. The Company on-sells this hardware to customers as part of a bundled solution. Similar to EYEfi Cloud, EYEfi then typically charges according to a tiered (volume) based pricing plan, involving a once-off activation fee per device, and an ongoing subscription fee per month / per device.

The Spatial Video solution is bespoke and highly customizable based on customer requirements with many hardware and software options available. There are often professional services sold along with a deployment including configuration and software customization.

***Scalable:***
The hardware devices can be manufactured on scale in Asia and the cloud solution is delivered via either Amazon Web Services ("AWS") or deployed on a private cloud solution for the customer or reseller.

***Mission Critical Data & Long-Term Contracts:***
EYEfi collects and stores mission critical data from clients. Clients sign medium to long term contracts with the Channel Partner.

## 4. SPARC TECHNICAL DESCRIPTION

SPARC solves the challenge of locating a distant point of interest ("POI") being observed or pointed at in the field of view. Previously, establishing the location of a distant POI being observed or pointed at in the field of view often involved triangulation, requiring at least two, or ideally three overlapping views from known positions and at various angles. The result is then manually translated to a map, grid coordinates or geo-coded electronic topographic map. These conventional approaches can be time consuming, resource intensive or expensive and in some cases (i.e. triangulation) only provide rudimentary accuracy.

SPARC's small software footprint allows it to be installed on any mobile application or embedded into the firmware of any electronic device including industrial and military cameras, unmanned aerial vehicles and drones, and wearable technologies and can be used in any

SPARC determines the location of any object or POI you can see or point at in the real-world, over any distance, height and terrain, day or night, without the need for triangulation, pixel mapping or any other frame of reference, or the use of expensive or bulky hardware. EYEfi's solution is completely passive, covert and undetectable, requires no internet, GPS or satellite; and provides real-time geo-target acquisition and geo-pointing from a single device and provides real time spatial targeting and assessment.

SPARC's patented mathematical process involves:

1. Orientating a camera toward the POI.
2. Retrieving camera data including location relative to the three dimensional coordinate system (x,y,z), and a camera position including camera heading and camera tilt.
3. Querying an associated topographic map database to identify one or more coordinates located on the topographic map along the camera heading to form a first dataset.
4. Computing one or more coordinates located on a radial plane between the camera and the POI based on the camera heading and camera tilt to form the second database.
5. Comparing the first dataset with the second dataset to identify a pair of matching coordinates.
6. The matching coordinates represent the three-dimensional coordinate location of the POI.

The camera view is displayed on a graphic user interface provided on a client user terminal located remotely from the camera.

### *SPARC Additional Geo-Services*

EYEfi has developed several additional geo-services and supporting geo/math functions including:

***Calibration functions***
Spatial calibration processes that provide real-world orientation and compensation to the model that adjust for imperfections in the horizontal plane of a pointing device. The calibration processes can also work in with and strengthen data fusion and filtering used with IMU's.

***Geo services and math functions***
Several supporting spatial mathematics to support SPARC, including calculating the distance between two latitudinal and longitudinal points including ellipsoidal flattening, return of all x,y,z tuples (finite ordered list) between two points along a polyline or polygon, and calculate an x, y at a given distance from the origin.

***Geo server***
Geo Server hosts the Digital Terrain Model (DTM), Digital Elevation Model (DEM) ESRI GIS shape file data sets and other properties.

EYEfi is also in the process of building the next version of SPARC - as a standalone licensable API library to support embedded, native and web application developers with the necessary Geo-services (above) fully integrated including support for GeoTIFF/PNG GIS data sets. Simon Langdon is the chief architect and is currently leading this exercise and the associated R&D activities, with the cost covered under his existing salary compensation (AUD$180,000) and equates to approximately 15% of his time, therefore AUD $27,000. . See "*Executive Compensation*" and "*Directors and Executive Officers*" There is no additional compensation to Simon Langdon for this work.

## 5. EYEfi PRODUCTS

EYEfi has two key product pillars or groups:

- **EYEfi Spatial Video** (ESV) that is built and powered by EYEfi SPARC. ESV is a private cloud platform that provides spatial video, GPS tracking, SPARC functionality and incident management features, and;
- **EYEfi Cloud**, our next-generation public cloud product that supports EYEfi's IIoT sensor hardware, incident management and GPS tracking capabilities (EYEfi Cloud Plugins).

EYEfi Cloud is being actively developed and updated to replicate the EYEfi Spatial Video capabilities and will therefore ultimately replace ESV to be a single remote monitoring cloud platform containing all of EYEfi's capabilities (including SPARC) and our various customer offerings.

### EYEfi Spatial Video - Situational Awareness Technology

*EYEfi Spatial Video (ESV)* - is a situational awareness platform that provides users with real-time intelligence gathered from fixed, mobile and airborne cameras (HD/FLIR), sensors, telemetry and environmental monitoring equipment such as scientific-grade weather stations. ESV has an intuitive maps-based user interface, EYEfi Navigator, providing users with ease of navigation and control over field equipment and associated information and includes a suite of optional 'smart plugin' capabilities.

*EYEfi ESV Server* – is the main product component and cloud application (private cloud). It includes a maps-based user interface including spatial video tools that enable entirely new levels of situational awareness so that users can effortlessly locate, track and control their EYEfi site equipment and other data being aggregated within the system.

*EYEfi SPARC (plugin)* – a suite of geo-targeting and geo-pointing tools for tower operators, command centre staff and field crews, that enables operators to determine the location of fire, lightning, floods or any other objects using a single camera, within seconds – accurate within +/- 150m @ 15km as externally tested (2009) and validated by Victoria's leading spatial research institution, the Spatial CRC-SI. NOTE: SPARC has since been tested with industrial-spec PT camera heads and with accuracy of +/- 40m (DEM dependent) at >30km.

*EYEfi Very Early Detection (plugin)* – provides automatic real-time detection and visual tracking (using SPARC) of lightning events with notifications via an application program interface ("API"), email and SMS.

*EYEfi Automated Incident Management (plugin)* – integrated with EYEfi's emergency vehicle camera solution, provides real-time autonomous incident logging, live streaming video, GPS tracking, job dispatch, resource management and reporting.

*EYEfi embedded firmware/scripting* – EYEfi code that operates within select 3rd party hardware (such as a router/gateway device located at an EYEfi site in the field) enabling that hardware to communicate with a 3rd party device. e.g. weather stations, lightning detection devices and telemetry and communications equipment and connects these devices to the network and EYEfi ESV Server.

*EYEfi API (service)* – EYEfi Navigator has an API for integration with 3rd party applications and also supports the Axis IP Network Cameras via their custom API, VAPIX – allowing for full support of Axis Cameras and 3rd party cameras.

EYEfi Spatial Video can be configured as a shared system to enable multiple authorized users to control and share camera streams, sensor, environmental and spatial data.

This provides an entirely new level of intelligence gathering, situational awareness and collaboration across multiple users and stakeholders, including those involved in the management of wildfires, illegal vessel monitoring within marine and national parks, or the management of major assets and infrastructure.

**EYEfi Industrial IIOT Sensors**

EYEfi's IIoT Sensor hardware and platform can monitor important services and infrastructure in ways not previously possible.

EYEfi has been in development for several years and offers a variety of sensing options sonar and cloud analytics (leveraging EYEfi's existing spatial video technology) along with mesh networking slave sensors that can be used for a variety of use cases including;

- Monitoring the water levels in roadside stormwater pits/drains to warn response crews before inundation events, and to help proactively manage drain networks
- Monitoring the waste levels in bulk or skip bins by providing alerts to waste services
- Monitoring of public space litter bins
- Remote, automated periodic inspection of water, communications or other types of pits

EYEfi's sensors work on private and public LoRa networks and cellular networks such as NBIoT and LTE CAT M1.

EYEfi has successfully completed trials with Fujitsu and Downer in Australia (smart drain variant) and are being used by councils across New Zealand (smart waste variant) and planned for release by an external launch in November 2020 with Fujitsu Australia and New Zealand as a major Channel Partner.

**EYEfi Spatialeye® - Mobility Solution**

Spatialeye® is a native application being developed for mobile that is powered by EYEfi's core IP, EYEfi SPARC, and enables individuals to use their Smartphone as a geo-targeting device to pin-point real-world points of interest within the field of view. Target location results are displayed on the map, and can be easily annotated and shared in real-time via public or private cloud platforms, email and social media, enabling users to search, discover, connect and interact with the world around them in ways not previously possible.

**Spatialeye Pro for Government and Enterprise**

EYEfi is currently developing Spatialeye Pro (AR+) for Police, Search and Rescue, Emergency Services and Defence applications. The product includes Geo-sleeve – a custom smartphone case that tethers/connects to the Smartphone providing additional battery capacity, GPS/GNSS receiver and an industrial-grade IMU for improved accuracy

**EYEfi Cloud**

EYEfi Cloud is EYEfi's next generation remote monitoring, intelligence gathering and situational awareness platform for managing data between fixed, mobile, airborne and wearable technologies delivered to end users via the web browser, web app and mobile application.

EYEfi is in the process of replicating the EYEfi Spatial Video product capabilities within EYEfi Cloud, and will become the ultimate single platform for EYEfi's spatial, smart sensors and connected devices; combining all of our customers remote monitoring needs in one place, through the use of EYEfi Cloud's capability plugins.

- EYEfi Smart Waste
- EYEfi Smart Drain
- EYEfi Automated Incident Management
- EYEfi Spatialeye (Utilises EYEfi SPARC development and yet to be introduced as a product to EYEfi Cloud)
- EYEfi SPARC (under development and yet to be introduced as a product to EYEfi Cloud)

EYEfi Cloud 3rd party hardware support

EYEfi has worked with EWS to integrate the EWS Radiolert hardware with EYEfi Cloud, so that EWS customers can get the benefit of the many and varied existing product features of EYEfi Cloud, along with specific features for EWS contained within a new EYEfi Cloud capability plugin, Radiolert Fleet Manager.

This plugin is an add-on component to EWS's product offering, enabling their Radiolert hardware to be securely networked together (both wired and wireless) and controlled by authorized personnel, at any time and location using the centralized EYEfi Cloud application. For example, ambulance dispatch could monitor the status of their Radiolert units in real time, and to allow instant changes, including:

- Activation: Remotely switch one or more Radiolert devices to over-broadcast mode
- Audit Control: Review detailed system log files, including messages, location, time, date, frequency and language data
- Configuration: Instantly adjust pre-set verbal messages, languages, radio frequencies, system firmware and other parameters
- Live Authorization: Remotely authorize emergency crews to operate the Press-To-Talk LIVE microphone for a prescribed voice message
- Automatic Vehicle Location: Instantly see the real-time and precise position of any emergency vehicle within your fleet, overlaid on a map.

Government Authorities can also use Radiolert Fleet Manager to instantly control Fixed-Location Radiolert units to broadcast over wide areas during times of disaster.

EYEfi are working with other technology providers and, those that offer hardware solutions but require a cloud platform to manage the hardware. EYEfi will engage these organisations on a strategic basis as we did with EWS, to ensure that partnerships are mutually beneficial and synergistic in terms of the product, applications and target audience.

## 6. HARDWARE MANUFACTURING AND ASSEMBLY

EYEfi does not carry any stock or tie up capital in inventory. Components and sensors are ordered after receiving an order from a customer to the Channel Partner. The procurement process:

1. The end customer places an order with the Channel Partner
2. For the Spatial Video product, the Channel Partner orders the hardware and cloud software components from EYEfi, but;
3. For the EYEfi IIoT product, the Channel Partner procures the sensor hardware from our authorised manufacturer, and the EYEfi Cloud and software components from EYEfi

Hardware manufacturing and assembly involves Printed Circuit Board PCB production and electronic component supply, assembly and testing, conducted by any authorised manufacturer, such as CCP Network Australia Pty Ltd (CCP).

CCP is also our development partner, providing development and electronic engineering using providers in Australia, India and China, which are currently impacted by Covid19. The worst-case example of impacts is in the radio module manufacturer which has a lead time of eight to ten weeks.

EYEfi's Channel Partners are responsible for the purchase, warehousing and installation of hardware devices. EYEfi receives a fixed fee (See Business Model, *Revenue model)* per hardware device sold.

IIoT orders are a minimum of 1,000 devices, and then used for the Channel Partner to fulfil orders with their downstream customers.

Given the current situation with Covid19 and extended lead-times, we are working with Fujitsu to get them to place an initial order (once they officially launch the EYEfi Smart Drain and Smart Waste product to their customers) at the earliest opportunity, despite their customer demand, to ensure they have access to the product to fulfil their customer orders. See "Material Agreements" in this section of the Prospectus regarding the agreement with Fujitsu.

EYEfi devices utilise hundreds of components all of which are sourced from various electronic manufacturers ("ECM"). To the extent possible, EYEfi is actively working with CCP and the ECMs to ensure that all options available are being explored to mitigate against this risk, including alternate suppliers and countries, and local options.

None of the exiting recurring contracted revenue from Telstra is affected Covid19. No new hardware prototyping is required to maintain existing contracts. The EYEfi Cloud and supporting infrastructure is managed by EYEfi, CCP staff and platform/cloud infrastructure providers e.g. Amazon AWS.

## 7. CLOUD CODING AND FIRMWARE DEVELOPMENT

Coding is unaffected by the Covid 19 virus as teams are virtual and often work remotely to conduct this work, using cloud systems and online workflow (managed by EYEfi).

However, this is a service upon which EYEfi relies, and some parts of cloud coding and maintenance is outsourced to an offshore team and an arms-length third party, CCP over which EYEfi has no control. To counter this risk, EYEfi has local resources in Australia who have provided these services in the past and can be switched on and engaged in a short period of time, if needed.

## 8. MATERIAL AGREEMENTS – CLIENTS& CHANNEL PARTNERS

### 8. A Channel Partner Agreement with Telstra Corporation Limited ("Telstra")

Telstra, Australia's largest telecommunication company, has productized EYEfi's Spatial Video platform for use with their government and emergency services customers. Telstra customers can easily monitor assets and infrastructure in the public domain; providing timely intelligence on the location, rate and progress of fire, lightning, smoke plumes, the location of illegal vessels in marine parks, or for incident management for road authorities.

EYEfi signed an initial agreement with Telstra dated May 4, 2016 as amended on June 5, 2019 (the "Telstra Agreement") for the territory of Australia. EYEfi is a preferred supplier of Telstra SaaS/Cloud products hosted in the existing Telstra NAS hosting environment and the hardware products required to provide the SPARC Technology. Additional terms include:

- EYEfi is a preferred supplier of certain SaaS/Cloud and hardware products required for Telstra to use the SPARC Technology. Note that the EYEfi software is hosted in Telstra's existing NAS hosting environment.
- Each party provides a license to use the other's IP as required for EYEfi to provide its SPARC
- Technology and services.

- EYEfi to maintain professional indemnity insurance to AUS $10,000,000 per claim and in the annual aggregate and public liability insurance on an occurrence basis of not less than $10,000,000 per claim and workman's compensation.
- EYEfi is required to have systems of quality management, environmental management and occupational health and safety management consistent with New Zealand and Australia national ISO standards.
- EYEfi also must provide a design warranty for any designing defects that result in a continuing pattern of failure of the same type or create a risk to Telstra of suffering loss where the type of risk would not reasonably be expected from the use of the product being supplied.
- Parties will meet quarterly to discuss the technology and EYEfi's new product roadmap.
- Neither party can assign the agreement.
- Governing law is the state of Victoria, Australia.
- The agreement with Telstra is non-exclusive.

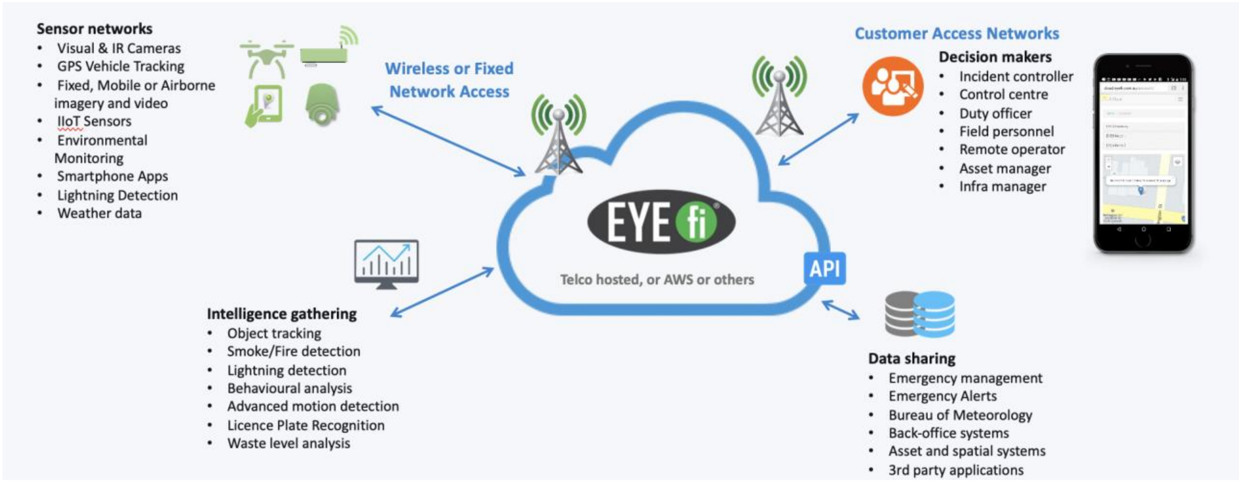
EYEfi's services provided to Telstra are key to the operations of Telstra's downstream customers, such as VicRoads who use the EYEfi technology to remotely manage in excess of 3000 incidents per month across Victoria's road network. The EYEfi service is a key component of a broader Telstra Managed Services contract with VicRoads, to provide managed networks, applications and other technologies key to VicRoads operations. For these reasons, EYEfi believes it to be very unlikely that Telstra would cancel its agreement with EYEfi.

If, however, Telstra did cancel (for some reason) then EYEfi could easily deliver the services directly to the customers via the EYEfi Cloud platform. Furthermore, EYEfi is progressively adding the functionality of both the spatial video product and IIoT sensors products, in our flagship EYEfi Cloud platform. Our public cloud application is accessible by any internet connected customer.

EYEfi's product provides real-time video, camera control, GPS tracking, lightning detection, and environmental monitoring using fixed or mobile HD or thermal cameras and sensors. The data is transmitted via EYEfi's ultra-low latency gateway devices over Telstra's mobile and fixed IP networks enabling carrier-grade security, hosted application and national network coverage.

*Telstra's Spatial Video Solutions as a Telco Cloud Service*

EYEfi enables Telstra to provide a fully hosted spatial video cloud platform (powered by EYEfi Spatial Video) including integration and connections of cameras and sensors to key decision makers, data sharing, intelligence gathering and API connections to 3rd party applications. The new Spatial Cloud will provide a single platform for Telstra's customers offering everything that EYEfi Spatial Video offers, adding support for EYEfi's Sensor products (IIoT), an advanced API and also provision for EYEfi's future products such as EYEfi Spatialeye (Smartphone App).




*VicRoads - Road Authority Incident Management*

VicRoads, a Telstra Spatial Video customer is a statutory corporation which is the road and traffic authority in the state of Victoria, Australia. VicRoads, utilizes the Automated Incident Management ("AIM") – available in EYEfi Cloud provided through in-vehicle, GPS enabled mobile camera units with automated incident logging capability. AIM supports automated and real-time tracking, job dispatch and management, resource management and reporting.

A good example of the system at work is with incident management vehicles operated by major road authorities. Every time an officer stops and turns on the vehicle hazard lights or arrow board, the system automatically logs the incident, capturing location and time along with images from the scene. Automatic HD recording of details improves reporting compliance and allows officers to focus on key tasks.

Meanwhile, operations staff have better real-time visibility of field activities to provide guidance or support officer safety. If there is a known danger or the officer has not responded, the vehicle camera can be activated and controlled remotely to scan the scene and assist in a response. The imagery can be used to support legal proceedings or processes should that be required.

Benefits:

- Improve workflow methodology and process of capturing incident information and dispatching and managing resources relating to the incident
- Improve the accuracy and completeness of data relating to incidents
- Compliancy with the Road Act and management reporting
- Location based information relating to the vehicles and resources servicing incidents on the road network
- Safety of incident management personnel and the travelling public

The VicRoads Incident Response Team operates a growing fleet of incident management vehicles that have incorporated camera/video, GPS and communications technologies provided by EYEfi Pty Ltd and managed within the EYEfi Spatial Video (cloud) system at Telstra.

**8. B Channel Partner Agreement with Fujitsu**

EYEfi has signed a reseller (channel partner) agreement dated March 7, 2019 with Fujitsu Australia Limited to distribute EYEfi products. Fujitsu provides services to its customers consisting of installing and managing Fujitsu hardware devices capable of the IIoT that create and transmit data from various locations and provides its customers access to the EYEfi Platform. EYEfi is working with Fujitsu on the Waste Bin Solution for New Zealand, discussed below.

Fujitsu terms include:

- Each hardware device of a customer must be approved by EYEfi as a device suitable for the EYEfi Platform
- Fujitsu must procure from an EYEfi Authorised Manufacturer
- Fujitsu owns/resells the hardware devices.
- EYEfi is licensed by Fujitsu to use the hardware devices to provide the Platform services.
- Fujitsu can request EYEfi to develop or implement EYEfi plugins. EYEfi is not required to do so. If provided they will be an additional cost to Fujitsu
- EYEfi can display its EYEfi trademark or other branding on the Platform.
- Fees are determined by an agreed Fee Schedule for services provided.
- Hardware purchased directly from EYEfi has a 12 month return to base warranty.
- EYEfi will provide support (Level 2 – 3) to the Channel Partner, to ensure they can adequately support the end-users and customers. Termination by either party on 180 days' notice and termination by EYEfi immediately if there is any breach by Fujitsu not rectified in 14 days or is not capable of rectification or becomes involvement. In this instance the parties have agreed that EYEfi can provides its services directly to Fujitsu's subscribers.
- If EYEfi's Platform suffers a serious degradation in services and Fujitsu and its users cannot access the EYEFfi Platform due to termination or for insolvency reasons, EYEfi will use its best efforts to continue to provide access to the Subscribers and users.
- If EYEfi is unable to provide its subscribers and users access to the EYEfi Platform, then if directed by Fujitsu, EYEfi can contract directly with the subscribers and end users.
- Disputes will be resolved by mediation.
- Fees: Fujtsu as with all Channel Partners, pay one-off and ongoing fees for the platform, however, the main fees are tiered pricing (in the pricing schedule of the partner agreement) for connections/subscription of devices.

EYEfi is working with Fujitsu on several customer opportunities to use the solution for roadside pits, drains and gully traps. There are over 2.5 million pits and drains in Australia that require regular maintenance and monitoring.

EYEfi has been working with local governments in New Zealand and bin manufacturers and has successfully rolled out the solution across New Zealand as part of an initial trial with ten local government authorities.
On expiry of each of the trial agreement, EYEfi will migrate these opportunities to Fujitsu who will be responsible for ordering the necessary sensors and hardware and selling and managing the Waste Management Solution in New Zealand.

The table below shows the current ongoing revenue of the trial in NZ. Once those trials run their course, those customers will be offered contracts by our Channel Partner, Fujitsu, along with the appropriate pricing at the time.

The revenue to EYEfi will be very similar to that of the current trial pricing, until unit volumes increase. The revenue in the table below has already been received as it was paid for 12 months in-advance.

| Council | Product | Number of devices/sites | Annual Cost/Revenue (trial $ only) NZD |
|---|---|---|---|
| Clutha District Council | EYEfi Sensor II (Waste bins) Trial | 30 | $3850 |
| Dunedin City Council | EYEfi Sensor II (Waste bins) Trial | 30 | $3850 |
| Gisborne District Council | EYEfi Sensor II (Waste bins) Trial | 28 | $3836 |
| Kapiti Coast District Council | EYEfi Sensor II (Waste bins) Trial | 6 | $550 |
| Mackenzie District Council | EYEfi Sensor II (Waste bins) Trial | 25 | $1710 |
| Marlborough District Council | EYEfi Sensor II (Waste bins) Trial | 26 | $2615 |
| New Plymouth District Council | EYEfi Sensor II (Waste bins) Trial | 26 | $3715 |
| Ruapehu District Council | EYEfi Sensor II (Waste bins) Trial | 6 | $822 |
| Wellington City Council | EYEfi Sensor II (Waste bins) Trial | 16 | $1866 |
| Whakatane District Council | EYEfi Sensor II (Waste bins) Trial | 36 | $4716 |
| | **Total** | **229** | **$27,530** |

EYEfi is working with Fujitsu on a timetable to implement the Waste Management Solution. The timetable has been affected by the disruption to supply chains.

### 8. C Channel Partner Agreement with Emergency Warning Systems Ltd. (EWS)

EYEfi has signed a Channel Partner (reseller) agreement dated January 30, 2019 with Emergency Warning Systems Ltd. (EWS) located in Balwyn, Victoria, Australia, to integrate and utilize the EYEfi Cloud platform so that EWS customers can manage EWS hardware in the field. EYEfi developed the Radiolert Fleet Manager (as a capability plugin) for EWS, which connects and manages the EWS hardware in the field. EWS has designed and built radio alert hardware that sends emergency warnings and messages to the public, using radio break-through technology to interrupt public transmissions, with emergency alert messages.

In this instance, EWS simply re-sells our EYEfi Cloud device subscriptions to their customers which enables their customers to gain access and manage EWS hardware devices that they procured from EWS. EWS are actively cultivating sales opportunities around the world including the middle-east, the US, Australia and Asia, with a pipeline involving many thousands of device connections.

Terms include:

- Each hardware device of a customer must be approved by EYEfi as a device suitable for the EYEfi Platform
- EWS and/or their customers owns the hardware devices (EYEfi does not sell EWS's hardware). EWS re-sell subscription access to EYEfi Cloud, to their customers.
- The EYEFI Platform has different permission levels which allows subscribers to access different types of information, reporting and/or different visual representations of information. EWS is responsible for setting and managing the permission levels.
- EYEfi has the authority to deny access to a subscriber if it causes EWS to be in breach of the agreement or harm to EYEfi's intellectual property, if the problem is not remedied within 30 days. For each device to be represented on the EYEfi Platform EWS must ensure the device is suitable for the EYEfi Platform and complete the installation process after which EYEfi will activate the device.
- EYEfi is licensed by EWS to use the hardware devices to provide the Platform services.
- EWS owns each device unless otherwise agreed to.
- EYEfi can display its EYEfi trademark or other branding on the Platform within the Radiolert Fleet Manager.
- Fees are determined by an agreed Fee Schedule for services provided.
- EWS, as with all EYEfi Channel Partners, provide Level 1 support to its customers for the application, with EYEfi providing more in-depth technical support to EWS directly when required
- EYEfi does not provide hardware helpdesk support for EWS hardware.
- Termination by either party is on 30 days' notice and EYEfi can terminate immediately if there is any breach by EWS not rectified in 30 days
- Termination can also be on 90 days' notice by either party.
- IF EWS is unable to provide its subscribers and users access to the EYEfi platform due to insolvency, administration, liquidation or bankruptcy, EYEfi must, if directed by EWS, continue to provide subscribers and users access to the EYEfi Platform, provided they enter into a direct contract with EYEfi.
- Disputes will first attempt to be resolved by mediation and in the event mediation is unsuccessful, legal disputes are subject to the laws of the state of Victorian and the federal laws of Australia.
- Fees: EWS as with all Channel Partners, pay one-off and ongoing fees for the platform, however, the main fees are tiered pricing (in the pricing schedule of the partner agreement) for connections/subscription of devices.

EWS customers get the benefit of the many and varied product features within the EYEfi Cloud platform, however we have developed EWS/Radiolert Fleet Manager as an add-on component to enable Radiolert units to be securely networked together (both wired and wireless) and controlled by authorized personnel, at any time and location. For example, Ambulance Dispatch could monitor the status of their Radiolert units in real time, and to allow instant changes, including:

- Activation: Remotely switch one or more Radiolert devices to over-broadcast mode
- Audit Control: Review detailed system log files, including messages, location, time, date, frequency and language data
- Configuration: Instantly adjust pre-set verbal messages, languages, radio frequencies, system firmware and other parameters
- Live Authorization: Remotely authorize emergency crews to operate the Press-To-Talk LIVE microphone for a prescribed voice message
- Automatic Vehicle Location: Instantly see the real-time and precise position of any emergency vehicle within your fleet, overlaid on a map.

Authorities will also use Radiolert Fleet Manager to instantly control Fixed-Location Radiolert units to broadcast over wide areas during times of disaster.

**8. D CCP Network Australia Pty. Ltd. (“CCP”)**

Pursuant to a six-month agreement dated November 4, 2019 EYEfi engaged CCP to underpin its hardware and cloud platform by providing a peer review of its software and to provide development resources to develop, maintain and manage EYEfi’s cloud and cloud applications. CCP provides development services (coding and electronics engineering) using resources located in Australia, China and India. CCP is an independent contractor.

The agreement provided for weekly meetings and task management. CCP provided a hardware design and electronic engineer, firmware developer, software engineer, hardware/firmware quality assurance (“QA”) engineer and a project coordinator. The QA engineer coordinated with EYEfi each month to allocate resources and manage the tasks with CCP’s resources in Australia. CCP was paid AUD $12,000 each month until May 31, 2020.

This engagement was for development product work relating to the EYEfi Sensor and EYEfi Cloud. The agreement was further extended on a month to month basis for three months ending August 31, 2020 so that the deliverables under the initial agreement could be completed. The fees for June, July and Aug continued at the agreed rate of AUD $12,000 per month. The agreement can be terminated on 30 days’ notice if a breach is not remedied or on three months’ notice. CCP has signed a confidentiality agreement with EYEfi. This development agreement has now expired.

EYEfi has also signed two new agreements with CCP;

1. Maintenance Services Agreement - This new agreement with CCP has replaced the existing Development Services Agreement and provides for product support and maintenance services (outsourced functions) commencing on October 1, 2020 (now effective) and continuing through until December 31, 2020 as the bulk of the development work has been done and the Company requires a period of time to monitory for any updates to the software.

The Company may renew the agreement at the end of December 2020, or assign these services to a different provider, or as the Company has the capability and skills to manage the solution in-house, this may be done. This is a commercial decision to ensure that maintenance services are being delivered in the most efficient and cost-effective manner, hence the decision to only sign up to a three month agreement.

This will be reviewed again in December and a decision made at that time.

The Company does not expect the rates or cost of delivery to change should it decide to renew.

Either party can terminate the agreement upon breach of contract if is not remedied within 30 days. The fee is AUD $4,300 per month, CAD $3,995.

2. Manufacturing, License Agreement - This agreement was finalized on October 7, 2020 (now effective) for a term of 12 months and appoints CCP as an authorized manufacturer (non -exclusive), so that CCP can produce EYEfi's IIoT sensor hardware. This agreement is for the production and manufacturing of EYEfi's sensor hardware only, and will enable EYEfi and our customers to procure the sensor hardware directly from CCP, as end-customer orders are placed.

CCP was also licensed to promote, market, distribute and sell the IIoT Sensors on a non-exclusive basis within Australia and New Zealand. A one time license fee of $20,000 is required to be paid by CCP within two business days of the date on which CCP receives orders that are accepted and placed by a Channel Partner (ie. Fujitsu) on CCP, equal to or exceeding 1,000 IIoT Sensors. To date CCP has not received any orders so the license has not yet been activated.

CCP is also appointed a non-exclusive distributor and a Channel Partner (subject to the parties executing a formal separate Channel Partner agreement) for the purposes of selling and marketing to other Channel Partners (not end-customers). CCP will have to sign a separate Channel Partner agreement to be able to re-sell to end customers, should they wish to do so. This decision has not been made yet and therefore there is no separate Channel Partner agreement in-place for CCP at this time.

Either party can terminate this Manufacturing, License Agreement on 60 day's notice, upon breach of contract if is not remedied within 30 days and immediately in the event a breach cannot be remedied, there are persistent breaches and CCP acts in a way that would damage the reputation of EYEfi and its products. The parties have agreed on the price of the items to be manufactured.

## 9. COMPETITION

***General***

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Company. Further, because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants.
To remain competitive, the Company will require execution of our business plan/strategy to Channel Partner with large brands to deliver our product through our Channel Partners, creating pull-through business for our Channel Partners and to give EYEfi access to a large customer base.

The Company believes it has an advantage because our technology is problem-solving, it is Cloud based, network agnostic, and the SPARC technology can operate in the Cloud, on mobile device, airborne platforms (UAV's/Drones), vehicles, and fixed locations (e.g. communications/fire towers) – making it more versatile and adaptable to many different industries, applications and use-cases than others on the market.

It is an industry-leading solution where we design and build the end-to-end solution (hardware and a small footprint software with minimal processing) to determine the location of a POI. The solution is supported by EYEfi's spatial patents and sensor solutions as an entirely unique end-to- end service.

***Competitor Comparison***

Based on management's knowledge of the active companies in sensory, intelligence gathering and spatial targeting, particularly those with a focus on government and emergency services, asset/infrastructure monitoring, the Company is of the view that the following businesses could potentially compete with "EYEfi" in its market.

| Competitor Name and location | Description of Business and Size of Assets | Comparison to SPARC |
|---|---|---|
| ForestWatch/ Envirovision solutions<br><br>South Africa/USA | http://evsusa.biz/productsservices/forestwatch/<br><br>An advanced wildfire detection system (stand alone not cloud based) that uses image analysis (using visual spectrum cameras located on communications or fire towers) to detect and locate wild fires, and provide alerts/notifications to emergency management personnel in a control room setting.<br><br>Private company revenue not known | Unlike SPARC, this solution focuses more on detection (eg. the presence of smoke), and has less emphasis on the targeting of the actual geographical location of that smoke.<br>To our understanding, ForestWatch does determine the location of the fire, but it does this by pixel mapping (at each individual camera view as the camera rotates in steps/preset positions) to real-world geographical coordinates. This means that a camera has to be calibrated to the surrounding terrain (at each preset position), making it suitable for only fixed locations/installations, and, susceptible to camera movement and/or entire knocks to the camera putting it out of calibration and therefore useless until corrected.<br><br>To our understanding, ForestWatch cannot be used on mobile or airborne cameras, and the overall system architecture limits its scalability |

| Competitor Name and location | Description of Business and Size of Assets | Comparison to SPARC |
|---|---|---|
| IQ Firewatch Germany | https://www.iq-firewatch.com/<br><br>IQ FireWatch is specifically manufactured for early wildfire and forest fire detection. IQ FireWatch is a multi-spectral sensor able to process data under conditions of chronological synchronism, which means it can be perfectly calibrated for all regions, vegetation as well as for all operating and weather conditions.<br><br>Private company revenue not known | Unlike SPARC, this solution focuses more on detection (eg. the presence of smoke) and has less emphasis on the targeting of the actual geographical location of that smoke.<br><br>To our understanding, Firewatch does determine the location of the fire, but it does this by triangulation, requiring overlapping views from two or more cameras in order to determine the real-world geographical coordinates. This method shares many of the issues that real-world fire spotters have to deal with, such as reduced accuracy if overlapping views cannot be utilized, or if cameras in other locations do not have line-of-sight view of a fire/smoke, or if bad weather or clouds obfuscate the fires location.<br><br>To our understanding, FireWatch cannot be used on mobile or airborne cameras, and the overall system architecture limits its scalability. |
| Enevo Inc. Finland | https://www.enevo.com/<br><br>Enevo is a progressive waste technology company, using its patented IoT tech suite to reduce waste-related costs.<br><br>It helps waste companies, smart cities, and commercial organizations across the U.S. and throughout the UK and Europe measure, analyse, and manage their waste – reducing their waste-related operational costs and increasing sustainability.<br>Private company revenue not known. | EYEfi's smart sensors are designed to be used in various applications (e.g. Drains/Pits, Waste, Water) whereas the Enevo technology is purpose built for waste applications only.<br><br>This combined with the affordability of our device (compared to our competitors) are two key factors that provide EYEfi significant differentiation. |
| Sensoneo Slovakia | https://sensoneo.com/<br><br>Sensoneo provides smart enterprise-grade waste management solutions for cities and businesses to cost-efficiently manage the waste lifecycle and improve the environment and well-being of people. It combines unique ultrasonic smart sensors that monitor waste in real time with software providing cities and businesses with data-driven decision making for optimization of waste collection routes, frequencies and vehicle load.<br><br>Private company revenue not known | As above for Enevo. |

## 10. INTELLECTUAL PROPERTY

*EYEfi's International Patents*

EYEfi has registered patents in USA, Canada, China, Japan, South Korea, Australia and New Zealand. EYEfi has also established large global resellers for its products. It is well positioned to expands its reseller network into new markets and also established licensing of its technology to large customers.

| PATENT NUMBER | COUNTRY | APPLICANT/ASSIGNEE | TITLE | FILING/EXP DATE | STATUS |
|---|---|---|---|---|---|
| 9,058,689 | USA | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 16 June 2015 |
| 2,727,687 | Canada | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 14 November 2017 |
| ZL 20098013199.4 | China | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 25 December 2013 |
| 5575758 | Japan | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 11 July 2014 |
| 10-1663669 | South Korea | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 30 September 2016 |
| 2009260182 | Australia | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 10 March 2016 |
| 590428 | New Zealand | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 4 March 2014 |

*EYEfi's Trademarks*

| TRADEMARK NUMBER | MARK | CLASS | DESCRIPTION | FILING DATE | STATUS |
|---|---|---|---|---|---|
| 1103375 | EYEFfi® | CLASS 9 and 38 | Class: 9 Camera system - mounted on pole, trailer, in ground or any other suitable structure, permanent or semi-permanent installation connected to network by wireless, Wi-Fi, mobile data network and/or fixed line or any other suitable communications network, standalone or hosted video switching control software with remote user access and content management service.<br><br>Class: 38 Communications by fibre (fibre) optic networks; net casting (broadcasting over a global computer network); providing telecommunications connections to a global computer network; providing user access to a global computer network (service providers); switching network services (telecommunications); telecommunications security (providing secure connections and access including to computers and the global computer network); web portal services (providing user access to a global computer network); webcasting (broadcasting over a global computer network) | 14 March 2006 | Registered |
| 1103370 | EYEfi | CLASS 9 and 38 | Class: 9 Camera system - mounted on pole, trailer, in ground or any other suitable structure, permanent or semi permanent installation connected to network by wireless, Wi-Fi, mobile data network and/or fixed line or any other suitable communications network, standalone or hosted video switching control software with remote user access and content management service.<br><br>Class: 38 Communications by fibre (fibre) optic networks; net casting (broadcasting over a global computer network); providing telecommunications connections to a global computer network; providing user access to a global computer network (service providers); switching network services (telecommunications); telecommunications security (providing secure connections and access including to computers and the global computer network); web portal services (providing user access to a global computer network); webcasting (broadcasting over a global computer network) | 14 March 2006 | Registered |
| 1553152 | Spatialeye ® | EYEfi Pty Ltd | Global positioning system (GPS) apparatus; Application software; Computer programmes (programs) and recorded software distributed online; Computer programs (downloadable software); Computer software downloaded from the internet; Personal computer application software; Target location apparatus (electronic); Distance measuring apparatus; Electronic distance measuring apparatus; Coordinate measuring apparatus | 3 May 2013 | Registered |

## 11. EMPLOYEES

**Employees**

The Company employs Simon Langdon, the CEO to run its operations. The Company also employees a general manager of operations and an office administrator. Refer to item 6.C of this section of the prospectus for discussion of its two contracts with CCP for: (i) maintenance and technical support to EYEfi for the IIoT sensor hardware and EYEfi Cloud development work, to the business as an outsourced function; and (ii) a manufacturing agreement.

It also engages independent contractors from time to time to work on a project by project basis.

## 12. 2020 EXPANSION PLANS

1. Smart Drain/Smart Waste.

EYEfi is working with Fujitsu (initially, and other partners as we identify them) to launch this product here in Australia and NZ, off the back of successful trials here in Australia (smart drain with Fujitsu/Downer) and in NZ (smart waste with various councils). Fujitsu had an internal launch across their Australian and New Zealand operations on August 27$^{th}$ 2020 in preparedness for their external launch of the product in late October 2020, subject to any change in that date required by Fujitsu. Fujitsu has already commenced actively marketing the solution to its customers and we expect will then firm up the initial sales pipelines and subsequent opportunities.

2. Spatial Video and SPARC technology

EYEfi is actively working with our existing channel partner (Telstra), prospective partners and government customers, to develop new opportunities for our Spatial Video product and SPARC technology, focusing on emergency management and incident response applications.

3. Emergency Warning Systems

EYEfi has partnered with EWS, who provide a radio alert hardware for proving emergency alert messages to the community via their radio break-through device that sends radio messages onto available frequencies such as those in your in-car radio.

EYEfi has integrated the EWS Radiolert hardware into the EYEfi Cloud platform, which has allowed them to network these devices and management them from a central location. This drives device subscription revenue through our cloud platform and is a very low-touch income generator as EWS manage the entire sale process with their customers buying their hardware.

4. New and Existing Customer Growth (Australia and New Zealand)

For our existing EYEfi Cloud product, and EYEfi Smart Waste and Smart Drain products, EYEfi plans to expand the number of units sold to councils in Australia and New Zealand for its waste management solution, through our channel partnership with Fujitsu, who had an internal launch EYEfi's IIoT product suite in Australia and New Zealand on August 27$^{th}$, 2020 and will externally launch the product to its customers later in October 2020

For our Spatial Video product, EYEfi also plans to expand the number of units sold to VICROADS and other customers and to grow these customers and their State and National counterparts through our channel partner, Telstra Corporation.

5. New Growth Opportunities

EYEfi is expecting to engage with new resellers in North America and is also open to exploring acquisition opportunities to help it build scale and distribute its products.

EYEfi will be employing Business Development Managers and consultants in Australia, NZ and North America to help secure and develop our Channel Partners, and targeted sales opportunities.

However, most of this activity during 2020 will be managed remotely from Australia, until Covid 19 restrictions are lifted, which will then enable the CEO to travel and manage these tasks, and then the bulk of the expansion on the ground in NZ, and NA will unfold in 2021.

Some strategic consultancy engagements will occur in 2020 but will mostly be remunerated through share options.

The budget for the 2020 expansion plans is estimated to be AUD $120,000, primarily consisting of:

| **Business Activity/Milestone** | **Timeframe** | **Amount AUD $** |
|---|---|---|
| General Sales and Marketing | Within 3 months of listing on the CSE | 15,000 |
| Fujitsu Product launch in New Zealand | Within 3 months of listing on the CSE | 15,000 |
| Launch EYEfi Cloud V2.0 | Within 8 months of listing on the CSE | 40,000 |
| Establish North American Channel Partner | Within 9-12 months of listing on the CSE | 30,000 |
| **Total estimated cost (AUD)** | | **100,000** |

Total estimated cost $95,100.

Below are some of the risks facing the Company. See the section entitled "*Risk Factors*" for a full discussion of all risks.

**Risk Management**
Any start-up or established business must continuously manage the risks by recognizing and mitigating the ambiguities and risks both in internal and external business environments that surround a company. The Company's management team manages risks proactively. Here are some of the risks that the Company faces:

**Technology Risk**
The Company is dependent upon network communication or internetworking for product connectivity. A disruption in the internetworking would have a serious impact on the Company's services to its customers.

**Cybersecurity Risk:** EYEfi Cloud is a public cloud application and is subject to threats and attacks and data breaches that could affect for example delivery of service and supply lines. Security data is controlled by the cloud provider which could make it difficult to distinguish between everyday computing events and security events. The Company is constantly monitoring for security events. The Company is also subject to attacks by ransomware and the encrypting of data and hardware attacks that could affect computer chips.

**The Covid 19 Virus and Supply Chains**
The Covid 19 virus is impacting our supply chain in terms of the EYEfi Sensor production (China/India) and electronic component supply. This is currently delaying our product launch plans with Fujitsu Australia Limited.

**Competitive Risks**
There are other well-established companies who are competitors to the Company providing services and products to the same kind of customers the Company is targeting. A discussion of these competitors is contained earlier in this section of the Prospectus.

**Legal and Regulatory Risks**

Some of the possible legal or regulatory issues are continuous reporting requirements by the Regulatory Authorities and Exchange, tax complications, user and privacy policy, customer complaints, etc. The Company has retained professional advisors with the requisite experience to deal with these matters and will consult with them to keep it informed of possible complications before they arise.

## USE OF AVAILABLE FUNDS

**Available Funds and Principal Purposes**

This is a non-offering Prospectus. The Company is not raising any funds in conjunction with this Prospectus, and accordingly there are no distributions of securities or resulting offering proceeds.

As of October 31, 2020, the Company had consolidated working capital of approximately CAD $883,234 comprised of cash $902,466, income tax receivable $203,436 and other $55,793 minus current liabilities of $288,461 (leave entitlements $183,510 and other $104,951). Note - based on AUD /CAD of $0.94 as at October 31, 2020.

**Use of Available Funds**: The intended uses of the estimated available funds are as follows:

| **Estimated Funds Available:** The estimated funds available to the Company (Consolidated) in the next 12 months are as follows: | **Amount CAD$** |
|---|---|
| Working Capital of the Company [(3)] as of October 31, 2020 *(AUD $928,972 CAD $873,234)* [(4)] | 873,234 |
| **Total** | 873,234 |

Use of Available Funds: The intended uses of the estimated available funds are as follows:

| **Principal Purpose** | **Estimated Cost ($)** |
|---|---|
| Listing on the CSE | 10,000 |
| General and administrative expenses of the Company (See table 1 below for a detailed breakdown of these expenses) | 647,392 |
| CCP Technologies October to December, 2020 fees (AUD 4,200 per month) *(See "General Description of the Business –* Material Agreements*")* | 11,985 |
| *2020 expansion plans (See "General Description of the Business – 2020 Expansion Plans")* | 95,100 |
| **Unallocated** | **108,757** |
| **Total** | **873,234** |

***Table 1***

| **General and Administrative Expenses of the Company (Consolidated)** | **Monthly Amount $ AUD** | **Annual Amount $ AUD** |
|---|---|---|
| CEO fees (See "*Directors and Executive Officers*") | (1) 15,000 | 180,000 |
| CFO, corporate secretary fees (See "*Directors and Executive Officers*") | (1) 5,500 | 66,000 |
| Annual filing fees | 110 | 1,320 |
| Audit fees | 2,200 | 26,400 |
| CSE monthly listing fees | 825 | 9,900 |
| Accounting, tax compliance and bookkeeping services | 5,500 | 66,000 |
| CCP Technologies Limited (See "*General Description of the Business – Material Agreements*") | (2) 3,000 | 36,000 |
| Legal | 1,250 | 15,000 |
| Salaries and wages | 14,000 | 168,000 |

| | | |
|---|---|---|
| Office, insurance, patent fees, compliance and miscellaneous | 6,900 | 82,800 |
| Travel | 1,000 | 12,000 |
| Rent | 4,000 | 48,000 |
| **Total AUD $** | **59,285** | **711,420** |
| **Total CAD $** | **54,040** | **647,392** |

(1) Simon Langdon, the CEO of the Company is paid AUD $180,000 per year pursuant to his employment contract. SPARC related development work currently occupies 15% of Simon's salary (AUD $27,000) and the current Spatial Video (used for bushfire monitoring and Automated Incident Management applications) pre-sales activities occupies 5% of Simon's time (AUD $9,000). Ben Melin, the CFO is paid AUD $5,500 per month pursuant to his contract. See *"Directors and Executive Officers*" and "*Executive Compensation*" for details.

(2) The fee for June is $12,000 and then will drop to approximately $3,000 a month. See "*General Description of the Business*".

(3) The working capital figure above excludes "income in advance" of AUD$336,000 due to the availability of R&D tax concession offsets. This "income in advance" represents deferred revenue relating to server licenses of EYEfi's Spatial Video/SPARC platform deployed in Telstra's data centre, which have not yet been activated or configured for customer use. This income in advance was received during the years ended December 31, 2014 (AUD $116,800) and December 31, 2015 (AUD$219,960). Telstra Corporation Limited are a tier-1 Telecommunications company in Australia, with whom EYEfi Pty Ltd has a Channel Partnership Agreement with. See Material Agreements – Clients and Channel Partners. There is further configuration required once Telstra starts connecting cameras and customers (subscriptions) to those servers. This activity, when it occurs, will take less than a week and will be a one-off exercise. The Company has the resources to finish this configuration work and does not expect there to be significant costs associated with completing this work.

(4) In July 2020, the Company entered into the following loan facility agreements (AUD), with an interest rate of 10% and a term of 2 years:

- Loan with Shape Capital Pty Ltd., in the amount of $80,000
- Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of $200,000
- Loan with Gilkat Pty Ltd., in the amount of $100,000
- Loan with 958 Consulting Pty Ltd., in the amount of $100,000
- Loan with Simon Langdon, in the amount of $100,000
- Loan with Cheryl-Hargrave Hill, in the amount of $300,000

The AUD 880,000 loan funds were received by the Company in July 2020.

(See "Material Contracts", "Consolidated Capitalization", "Options and Other Rights to Purchase Securities" and "Directors and Executive Officers" for details.

*The actual amount that the Company spends in connection with each intended use of funds may vary significantly from the amounts specified above, and will depend on a number of factors including those listed under the heading "Risk Factors.*

The actual amount that the Company spends in connection with each intended use of funds may vary significantly from the amounts specified above, and will depend on a number of factors including those listed under the heading "Risk Factors and the success of the Company's Business Plan. See "General Description of the Business".

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. The actual use of available funds will vary depending on the Company's operating and capital needs from time to time and will be subject to the discretion of the management of the Company.

**Business Objectives and Milestones**

The Company's business objective is to list on the CSE. The cost of covering administrative costs for the first 12 months following listing is estimated at:

| Event | Time Frame | $ |
|---|---|---|
| Listing on the CSE | Within four weeks of the date of this Prospectus | 10,000 |
| 2020 Expansion Plans | Continuously for 12 months post listing | 109,200 |

See "*General Description of the Business*" – 2020 Expansion Plans"

The Board may, in its discretion, approve asset or corporate acquisitions or investments based upon the Board's consideration of the qualitative aspects of the subject acquisitions, including risk profile, technical upside, asset quality and other factors. Such acquisitions may require shareholder or regulatory approval. See "*General Description of the Business*".

The Company intends to spend a significant portion of the funds available to it according to the "Use of Funds" as stated in this Prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary. See "*General Development of the Business*" and "*Risk Factor*"

The Company had negative cash flows for the six months ended June 30, 2020. The Company and EYEfi also had negative cash flows for the year ended December 31, 2019 and positive cash flows for the year ended December 31, 2018. Given the disruption of the Covid 19 virus, there is no assurance the Company will be able to generate a positive cash flow from its expected and planned operations for the next twelve months. As a result, the Company may be required to raise additional capital or other types of financing. There is no assurance that it will be available when needed or that these financings will be on terms favourable to the Company. Refer to:

(i) "*Executive Summary – Statement of Operations*":
(ii) "*Risk Factors".*
(iii) The Company's interim unaudited financial statements for the six months ended June 30, 2020 and the accompanying Management Discussion and Analysis attached to this Prospectus as Schedules A and B;
(iv) The Company's audited annual statements for the year ended December 31, 2019 and the accompanying Management Discussion and Analysis attached to this Prospectus as Schedules C and D;
(v) EYEfi's audited annual financial statements for the two years ended June 30, 2019 and June 30, 2018 and the accompanying Management Discussion and Analysis attached to this Prospectus as Schedules E and F.

**Brief Description of the Risk Factors**

There are certain risk associated with the business of the Company and with an investment in its securities including the following: future fluctuations in the Company's quarterly results of operations, supply chain disruption arising from the Covid 19 virus and the effect of this on completing installation terms in its current and future agreement with customers; limited market for the Company's securities, future dilution to existing and future shareholders, no history of paying dividends, competition, failure to address competitive challenges adequately; conflicts of interest; litigation; changes in laws; insurance coverage; market acceptance; acquisitions; and potential delay or future impairment. The risks and uncertainties described above are those the Company currently believes to be material, but they are not the only ones faced by the Company. There may be risks that the Company currently considers not to be material or of which the Company is not aware, that may become material risks which could materially and adversely impact the Company's operations. See "*Risk Factors*" for a full description of the risk factors affecting the Company.

**Estimated Funds Available and Use of Funds**

No securities are offered pursuant to this Prospectus. This Prospectus is filed with the BCSC for the purpose of allowing the Company to become a reporting Company in British Columbia and to enable the Company to develop an organized market for its Shares by subsequently listing on the CSE. Since no securities are offered pursuant to this Prospectus, no proceeds will be raised. All expenses incurred in connection with the preparation and filing of this Prospectus are being paid by the Company from general corporate funds.

## DIVIDEND RECORD AND POLICY

The Company has not declared any dividends or made any distributions since incorporation. The Board may declare dividends at its discretion but does not anticipate paying dividends in the near future. While there are no restrictions in the Company's constating documents or pursuant to any agreement or understanding which could prevent the Company from paying dividends or distributions, the Company anticipates using all available cash resources to fund working capital and grow its business. As such, the Company has no plans to pay dividends in the foreseeable future. Any decisions to pay dividends in cash or otherwise in the future will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions existing at the time a determination is made

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's MD&A for the for the condensed, consolidated, interim unaudited statements of the Company for the six months ended June 30, 2020 and the audited annual financial statements of the Company for the year ended December 31, 2019 are attached as Schedules "B" and "D" to this Prospectus.

EYEfi Pty Ltd.'s MD&A for the audited financial statements for the year ended December 31, 2019 are attached as Schedule "F to this Prospectus.

See "*Financial Statements*".

## DESCRIPTION OF THE SECURITIES

### Authorized and Issued Share Capital

The Issuer's authorized share capital consists of an unlimited number of Shares without par value of which 23,005,600 Shares are issued and outstanding at the date of this Prospectus. See "Consolidated Capitalization".

### Shares

All of the Shares of the Issuer rank equally as to voting rights, participation in a distribution of the assets of the Issuer on the liquidation, dissolution or winding-up of the Issuer and the entitlement to dividends. The holders of the Shares are entitled to receive notice of all meetings of shareholders and to attend and vote such shares at the meetings. Each Share carries with it the right to one vote. The Shares do not have pre-emptive rights, are not subject to redemption, have no sinking or purchase fund provisions, have no provisions restricting the issuance of additional securities or any other material restrictions, nor a requirement to contribute additional capital. Holders of the Shares are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor. In the event of dissolution or winding up of the affairs of the Issuer, holders of the Shares are entitled to share rateably in all assets of the Issuer remaining after payment of all amounts due to creditors.

Listing of the Shares is subject to the Company fulfilling all of the listing requirements of the CSE.

## PRIOR SALES

In the past 12 months the Company has issued the following securities.

| Date | Number of Shares | Issue Price per Share ($) | Aggregate Issue Price ($) | Consideration Received $ |
|---|---|---|---|---|
| February 27, 2020 | 3,000,000 | 0.02 | 60,000 | 60,000 |
| April 24, 2020 | 177,500 | 0.08 | 14,200 | 14,200 |
| April 30, 2020 | 825,500 | 0.08 | 66,040 | 66,040 |
| May 27, 2020 | 19,002,500 (1) | 0.08 | 1,520,200 | 0 |
| July | | | | |

(1) Pursuant to the Share Swap Agreement dated May 4, 2020, these Shares were issued in exchange for all of the issued shares of EYEfi. See "*General Development of the Business*", "*Escrow Securities and Securities Subject to Contractual Restrictions on Transfer*", "*Directors and Executive Officers*" and "*Material Contracts*".

The Company has also authorized the issue of 640,000 options to purchase Shares at a price of $0.10 per Share for a period of two years expiring on the expiration of the Two Year Loan Agreement. See "*Consolidated Capitalization*", "*Directors and Executive Officers*", "*Options and Other Rights to Purchase Securities*" and "*Material Contracts*".

## CONSOLIDATED CAPITALIZATION

The following table sets forth the share and loan capital of the Company as at the dates below. The table should be read in conjunction with and is qualified in its entirety by the Company's unaudited quarterly financial statement ended June 30, 2020 and the accompanying MD&A attached to this Prospectus as Schedules "A" and "B" and the comparative annual audited financial statements for the year ended December 31, 2019 and the accompanying MD&A attached to this Prospectus as Schedules "C" and "D".

| Description | Amount Authorized at the date of this Prospectus | Outstanding as at the date of this Prospectus (unaudited) | Outstanding as at June 30, 2020 (unaudited) | Outstanding as at December 31, 2019 (audited) | Fully diluted |
|---|---|---|---|---|---|
| Shares | Unlimited | 23,005,600 | 23,005,600 | 100 | 23,645,600 (1) |

Pursuant to the Two Year Loan Agreement, 640,000 options exercisable at $0.10 per Share are authorized to be granted effective the first day of trading on the CSE for a two year terms. Two directors, James Hope and Simon Langdon each have 50,000 of the options. See "*Material Contracts*", "*Options and Other Rights to Purchase Securities*" and "Directors and Executive Officers".

## OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES

**Stock Options**:

No options have been granted.

Stock Option Plan

The Company adopted a rolling 10% Stock Option Plan on May 27, 2020. The Stock Option Plan has not been approved by the Company's shareholders, but will be presented to the shareholders of the Issuer at the next Annual

General Meeting of shareholders.

The purpose of the Stock Option Plan is to provide for the acquisition of Shares by officers, employees, directors and consultants of the Corporation for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of officers, employees, directors and consultants of the Corporation and its affiliates and to secure for the Corporation and its shareholders the benefits inherent in the ownership of Shares by such persons, it being generally recognized that share incentive plans aid in attracting, retaining and encouraging such people due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

Under the Stock Option Plan, the Corporation can issue up to 10% of the issued and outstanding Shares as incentive Stock Options to directors, officers, employees and consultants to the Corporation. The Stock Option Plan limits the number of Stock Options which may be granted to any one individual to not more than 5% of the total issued Shares of the Corporation in any 12 month period. The number of Stock Options granted to any one consultant or a person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued Shares of the Corporation. As well, Stock Options granted under the Stock Option Plan may be subject to vesting provisions as determined by the Board of Directors. Other terms of the Stock Option Plan are:

(a) a condition that Stock Options are non-assignable and non-transferable;
(b) the term of a Stock Options cannot exceed ten years from the date of grant;
(c) a condition that no more than 5% of the issued Shares may be granted to any one individual in any 12 month period unless disinterested shareholder approval is obtained;
(d) a condition that no more than 2% of the issued Shares may be granted to any one consultant in any 12 month period;
(e) the Company will determine and set the vesting conditions and period for every grant of a Stock Option in addition to the minimum vesting period for Stock Options granted to Consultants.
(f) a condition that no more than an aggregate of 2% of the Shares may be granted to a person conducting investor relations activities in any 12 month period and shall vest over 12 months with no more than 25% of the Stock Options vesting in any three month period;
(g) upon termination an optionee has 180 days to exercise their Stock Options although this period may be extended at the discretion of the Issuer;
(h) the 180 day exercise period following termination may be terminated or shortened at the discretion of the directors for any stock options issued to persons other than directors, that have not vested at the date of termination.
(i) a director will have an additional 30 days to exercise the Stock Option for each year served as a director of the Company or its affiliates to a maximum of one year after the initial 180 day exercise period unless the director is convicted of a criminal or securities offence (a "Conviction"), is declared bankrupt or is terminated arising from a court order or shareholder resolution), the Options shall terminate on the date of such Conviction, date of bankruptcy, court order or shareholder resolution, and;
(j) the period in which an optionee's heirs or administrators can exercise any portion of its outstanding Stock Options is the earlier of: (a) one year from the optionee's death, or (b) the expiration of the option period.

The Stock Option Plan will be administered by the Board of Directors of the Issuer, or delegated to a committee of three directors of the Issuer which will have full and final authority with respect to the granting of all Stock Options thereunder. No such committee has been set up.

Other Rights to Purchase Securities

Pursuant to the Two Year Loan Agreement, the Company has granted 640,000 options to acquire one Share of the Company at a price of $0.10 per Share for a two-year period. The options are effective on the first day of trading on the CSE. Simon Langdon and James Hope each received 50,000 of the 640,000 options. See "*Material Contracts*", "Consolidated Capitalization" and "Directors and Executive Officers".

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

### Escrow under NP 46-201

As at the date of this Prospectus, the Shares subject to contractual restriction and escrow are as shown in the following table:

| Designation of class | Number of securities held in escrow or that are subject to a contractual restriction on transfer | Percentage of class | Fully diluted |
|---|---|---|---|
| Shares | 14,921,478 (1) | 64.86% (2) | 63.10% (3) |

(1) These Shares are owned by EYEFI R&D Pty. Ltd. which is owned by Simon Langdon, the CEO and a director of the Company.

Ben Melin, the CFO of the Company has an indirect interest in 373,035 Shares that are owned by DLK Investment Group Pty. Ltd as trustee for DLK Investments Unit Trust. There are three owners of this trust each owning one-third of the units. The other two unit holders are arms-length to Mr. Melin. Mr. Melin does not have a voting control of the trust. As a result the 373,035 Shares are not held in escrow.

(2) Based on 23,005,600 Shares issued and outstanding as at the date of this Prospectus.

(3) In the event the 640,000 outstanding Options are exercised the issued share capital would increase to 23,645,600. See "*Options and Other Rights to Purchase Securities*", "*Material Contracts*", "*Directors and Executive Officers"*.

The 14,921,478 Shares are held in escrow by the Company's Transfer Agent, Computershare Investor Services Inc. pursuant to an Escrow Agreement dated May 27, 2020. See "*Material Contracts"*.

In accordance with National Policy 46-201 Escrow for Initial Public Offerings ("NP 46-201"), all Shares of the Company held by a principal of the Company as of the date of this Prospectus are subject to escrow restrictions. A principal who holds securities carrying less than 1% of the voting rights attached to the Company's outstanding securities is not subject to the escrow requirements under NP 46-201. Under the NP 46-201, a "principal" is defined as:

(a) a person or company who acted as a promoter of the Company within two years before the Prospectus;
(b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of the Prospectus;
(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's IPO; or
(d) a 10% holder – a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's IPO and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries.

A principal's spouse and their relatives that live at the same address as the principal will also be treated as principals and any securities of the Company they hold will be subject to escrow requirements. A person who holds less than 1% of the outstanding Shares is not required to deposit their Shares in escrow.

A Company will be classified for the purposes of escrow as either an "exempt Company", an "established Company" or an "emerging Company" as that term is defined in NP 46-201. Uniform terms of automatic timed-release escrow apply to Principals of exchange listed companies, differing only according to the classification of the Company. The Company anticipates that on the Listing Date, it will be classified as an "emerging Company".

Assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, this will result in a 10% release on the listing date (as defined by NP 46-201), with the remaining escrow securities being released in 15% tranches every 6 months thereafter. All escrowed Shares are subject to the direction and determination of the CSE. Specifically, escrowed Shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the CSE. As such, the following automatic timed releases will apply to the securities held by its Principals:

| Date of Automatic Timed Release | Amount of Escrowed Securities Released |
|---|---|
| On the date the Company's securities are listed on the CSE **(**the "Listing Date") | 1/10 of the escrowed securities |
| 6 months after the First Release | 1/6 of the remaining escrowed securities |
| 12 months after the First Release | 1/5 of the remaining escrowed securities |
| 18 months after the First Release | 1/4 of the remaining escrowed securities |
| 24 months after the First Release | 1/3 of the remaining escrowed securities |
| 30 months after the First Release | 1/2 of the remaining escrowed securities |
| 36 months after the First Release | The remaining escrowed securities |

Pursuant to the terms of the Escrow Agreement, 1,491,952 Shares will be released from escrow on the Listing Date. 2,237,927 Shares will be released from escrow on each of the subsequent release dates.

## PRINCIPAL SECURITYHOLDERS

To the knowledge of the Company's directors and officers, the only person who beneficially own or exercise, directly or indirectly, control or direction over more than 10% of the votes attached to the Shares is as follows:

| Name of Shareholder | Type of Ownership | Number and % as at the date of this Prospectus | Number and % on a fully diluted basis [3] |
|---|---|---|---|
| EYEfi R&D Pty. Ltd [1] | Direct | 14,921,478 64.86% [2] | 14,921,478 63.10% [2] |
| Atom Jack Pty Ltd. [4] | Direct | 2,424,740 10.54% | 2,424,740 10.25% |

(1) EYEfi R&D Pty. Ltd. is owned by Simon Langdon, the CEO. The Shares are also held in escrow. See "*Officers and Directors*" and "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer.***"** and "*Material Contracts*".

(2) This percentage figure is based on the number of currently issued shares, 23,005,600 as the denominator.

(3) This percentage figure is based on a denominator of 23,005,600 is composed of the current issued Shares of 23,005,600. See "*Consolidated Capitalization*" and "*Options and Other Rights to Purchase Securities*".

This company is trustee of the Atom Jack Discretionary Trust, owned by Katie Bull and Scott Bull of the state of Victoria, Australia. They are not related parities to the Company.

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security Holding

| Name, Position with Company and Province and Country of Residence | Date of Appointment to Office | Principal Occupation for Past Five Years | Shares Held as of the Date of this Prospectus | Percent-age of Shares Currently Held |
|---|---|---|---|---|
| Simon Matthew Langdon<br>Director, CEO (1)<br><br>Victoria, Australia | May 27, 2020 | CEO and director of EYEfi since June 2006, director and officer of the Company since May 27, 2020. | 14,921,478 held indirectly<br>50,000 Options (2) | 64.86% |
| James Hope<br>Director (1)<br><br>Victoria, Australia | May 27, 2020 | Practising lawyer and principal of the law firm of Hope Earle Lawyers located in Melbourne, Australia. Director of the Company since May 27, 2020 | 50,000 Options (3) | 0 |
| Ben Melin<br>CFO, Corporate Secretary<br><br>Victoria, Australia | May 27, 2020 | Since July 2017, director of DLK Advisory Group Pty. Ltd., Melbourne, Australia, which is an active professional accounting practice specializing in business, tax and consulting services.<br>From July 2012 to June 2017 Mr. Melin was a partner/principal of Crowe Horwath which is still active; CFO of the Company since May 27, 2020 | 373,035 held indirectly (4) | 1.62% |
| Harold Forzley<br>Director (1)<br><br>British Columbia, Canada | May 4, 2020 | Since August 1986 Mr. Forzley has operated Harold Forzley Consulting which provides accounting services, business plans and corporate analysis; director of the Company since May 4, 2020 | 0 | 0 |

(1) Member of Audit Committee.

(2) Mr. Langdon's Shares are registered to EYEfi R&D Pty. Ltd. which is owned and controlled by Simon Langdon. They are subject to escrow. See "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*". Pursuant to the Two Year Loan Agreement Mr. Langdon has been granted options to acquire 50,000 Shares at a price of $0.10 per Share for a two year period from the date of listing of the Company's Shares on the CSE. *See "Material Contracts*", "*Options to Purchase Securities*", "*Consolidated Capitalization*".

(3) Pursuant to the Two Year Loan Agreement Mr. Hope has been granted options to acquire 50,000 Shares at a price of $0.10 per Share for a two year period from the date of listing of the Company's Shares on the CSE. *See "Material Contracts*", "*Options to Purchase Securities*", "*Consolidated Capitalization*".

(4) Mr. Melin's Shares are registered to DLK Investment Group Pty. Ltd. as trustee for DLK Investment Trust which is owned by Mr. Melin as to one-third and as a result does not have voting control of the trust. As a result these shares are not subject to escrow.

The term of office of the directors currently every year at the time of the Company's annual general meeting. The term of the office of the officers expires at the discretion of the Company's directors subject to any contractual terms.

**Aggregate Ownership of Securities**

The directors and officers of the Company, as a group, currently beneficially own, directly or indirectly, 15,202,600 Shares representing 66.47% of the issued and outstanding Shares of the Company. On a fully diluted basis they will own 15,302,600 Shares representing 64.72% of the issued and outstanding Shares of the Company.

**Management Experience**

The following is a brief description of the management and key personnel of the Corporation:

**Simon Matthew Langdon Age 50 – CEO and Director**

Education: Mr. Langdon received an Advanced Diploma/Associate Degree in Electronics Engineering in November of 1992 from Swinburne in Melbourne, Australia and has been a member of the Australian Institute of Company Directors, since February, 2018.

Prior business experience: Mr. Langdon is an electronics engineer and embedded software developer and has been designing and commercialising technology products for more than 25 years. As held senior positions with Telstra Corporation Limited and other large IT&T companies, and has completed numerous large projects for Telstra and received awards from Telstra and several levels of government in Australia.

Employment Contract: Mr. Langdon signed an employment contract with EYEfi dated September 1, 2019 employing him as CEO and Managing Director with an annual salary of AUD $180,000.

The employment agreement contains a non-disclosure/confidentially covenant and a covenant restricting Mr. Langdon from engaging in another business or employment and any activity that conflicts with EYEfi interest without the consent of EYEfi. The consent will not be given if the request would adversely affect his ability to do the job or bring the company into disrepute.

Termination by EYEfi: one weeks notice after one year of employment, two weeks notice for more than one year but less than three years of employment, three weeks for more than three years but less than five years of employment and four weeks for more than five years of employment. An additional two weeks notice is required upon completion of two years of service. Termination would be immediate if there were termination for cause.

Mr. Langdon will devote 100% of his time to the business of the Corporation.

Two Year Loan of AUD$880,000 to the Company from two directors and arms-length investors. Mr. Langdon has advanced AUD $100,000 of the Two Year Loan. See "*Material Contracts*" for full description of the Two Year Loan and "*Use of Funds*" as to its use to meet the working capital requirements of the Company.

**Ben Melin Age 43 CFO**

Mr. Melin is a Chartered Accountant and member of the Chartered Accountants Australia and New Zealand body since June 2002. He has been a Fellow of the Financial Services Institute of Australasia since March 2007. He is also Chartered Tax Advisor and member of The Tax Institute (Australia) since July 2012 and a registered tax agent since April 2014.

He received a Bachelor of Commerce – Major in Accounting and Finance (Granted December 1998) from the University of Melbourne located in Melbourne, Australia.

Mr. Melin has worked in the accounting and corporate finance professions for over 20 years and has extensive experience in business and corporate advisory, private client services, wealth management and tax consulting. He has been a director of DLK Advisory Pty Ltd. since July of 2017 and previously was partner at Crowe Horwath, Chartered Accountants of Melbourne, Australia from July 2012 to June 2017. He has also held senior positions at the Myer Family Office, a private investment company and Price Waterhouse Coopers.

He specializes in providing accounting, taxation, business advisory, estate, intergenerational and succession planning services to his clients. He works closely with emerging mid-market companies through their growth stages, assisting with their business strategies and advising on capital and debt funding solutions.

Mr. Melin will devote approximately 10% of his time to the business of the Corporation. He has not signed a non-disclosure and non-competition agreements.

Pursuant to an engagement letter dated May 27, 2020, EYEfi engaged DLK Advisory Pty Ltd. to provide accounting and tax, CFO and company secretary, book keeping and research and development specialist tax services for 15 hours per week for a period of 12 months for the Company and EYEfi. The monthly fee is AUD$11,000 plus disbursements with $5,500 specifically allocated for the provision of CFO and company secretary services. Once the Company's working capital exceeds AUD$1,000,000, the monthly fees will increase to AUD$13,000.

**Non- Management Directors**

**James Hope Age 52  Non-Executive Director**

Mr. Hope received a Bachelor of Economics in January 2000 from La Trobe University located in Melbourne, Australia and a Juris Doctor in December 2004 from the University of Melbourne also located in Melbourne. In addition to legal qualifications, James studied Economics in Oklahoma USA on an academic scholarship. Mr. Hope has also authored articles of Law of Australia and lectured at Swinburne University (Finance Law) located in Melbourne.

He is a practising lawyer and principal of the law firm of Hope Earle Lawyers located in Melbourne, Australia (Principal) and has been with the law firm as a senior practitioner since 2012.

Professional Affiliations:

- Member, Law Institute of Victoria
- Accredited Business Law Specialist

Mr. Hope will devote 10% of his time to the business of the Corporation contracted as general counsel. He has not signed non-disclosure or non-competition agreements.

Mr. Hope has extensive legal experience in the fields of intellectual property, information technology and commercial operations, particularly in fast growth industries and technology sectors within which the Company operates. He has advised many business clients, including Australian publicly listed companies and private commercial clients, in respect of software regulation, online market platforms, distribution licences and intellectual property commercialisation.

Directorships - Mr. Hope is currently a director of the Australian private company Gilkat Pty Ltd (Gilkat). Commenced in 1993, Gilkat is Mr. Hope's personal company of which Mr. Hope is the sole director and sole shareholder.

Legal Advisor - Mr. Hope discloses there are no conflict of interest or potential conflict of interest in acting for private or corporate clients. Mr. Hope acts for various listed and unlisted large corporate entities from time to time. Of those listed entities, the following are regular clients:

1. DKSH Holding AG (Australian and New Zealand divisions);
2. Karoon Energy Ltd;
3. Mettler-Toledo International Inc. (Australian division); and
4. John Swire & Sons Ltd (Australian division).

The law firm of Hope Earle, of which Mr. Hope is a founder and principle, acts for a number of private clients. The disclosure of these clients may be a breach of fiduciary obligations to those clients however Mr. Hope confirms there are no conflict of interest issues with respect to his appointment as a director of EYEfi Group Technologies Inc. The law firm of Hope Earle has received fees for legal services in the past three years. See "*Executive Compensation-*

*Compensation to Non-Executive Directors*"

Mr. Hope has been responsible for structuring key supplier and customer agreements for various technology business in Australia, including EYEfi Pty Ltd for which Mr. Hope provides these services along with commercial and legal support.

Two Year Loan of AUD$880,000 to the Company from two directors and arms-length investors.
Mr. Hope has indirectly advanced through his private company called Gilkat Pty Ltd., AUD $100,000 of the Two Year Loan. See "*Material Contracts*" for full description of the Two Year Loan and "*Use of Funds*" as to its use to meet the working capital requirements of the Company.

**Harold Forzley Age 68 Director**

Mr. Forzley was granted a B.A Commerce from Simon Fraser University, located in Burnaby, B.C. on May 1, 1978. He was licensed as a Certified Professional Accountant by Chartered Professional Accountants of British Columbia in December 1980. Since August 1986 he has operated Harold Forzley Consulting which provides accounting services, business plans and corporate analysis.

Other Reporting Company Experience

Mr. Forzley is and has been a director and officer of other reporting companies operating in a variety of industries as listed below:

| Name of Reporting Company | Name or Exchange or Market | Position | From | To |
|---|---|---|---|---|
| Pacific Cascade Minerals Inc. | TSX.V | Director and President | December 2006 | |
| Cabbay Holdings Corp. | CSE | Director | July 2018 | February 2020 |
| Grande Portage Resources Ltd. | TSX.V | Director and CFO | September 2006 | April 2016 |
| South Star Mining Corp. | TSX.V | Director | September 2005 | December 2012 |
| Canada Strategic Metals Inc. | TSX.V | Director | May 2010 | November 2012 |

Mr. Forzley will devote approximately 10% of his time to the business of the Corporation. He has not signed a non-disclosure or non-competition agreement.

None of the other directors, officers and promoters have been directors, officers or promoters of other companies that are or were a Reporting Company in any Canadian jurisdiction or elsewhere.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Cease Trade Orders

Mr. Forzley is a director of Pacific Cascade Minerals Inc. which had a cease trade order ("CTO") issued to it by the British Columbia Securities Commission on February 5, 2016 for failure to file annual audited financial statements. Pacific Cascade Minerals Inc. filed all the required financial statements. The CTO was revoked on April 27, 2020.

To the Corporation`s knowledge and other than as disclosed herein, no existing director or executive officer or a shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation is, as at the date of this Prospectus, or was within ten years prior to the date of this Prospectus, a director, Chief Executive Officer or Chief Financial Officer of any company including the Corporation that:

(i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
(ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in that capacity as director, chief executive officer or chief financial officer.

For the purposes herein "order" means:
(a) a cease trade order;
(b) an order similar to a cease trade order; or
(c) an order that denied the relevant company access to any exemption under securities legislation,
that was in effect for a period of more than 30 consecutive days.

None of the directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company. See "Principal Securityholders".

**Halt Trades, Bankruptcies**
To the Corporation`s knowledge and other than as disclosed herein, no existing director or executive officer or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Corporation:

(a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

**Penalties or Sanctions**

To the Corporation`s knowledge and other than as disclosed herein, no existing director or executive officer or a shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial or territorial securities regulatory authority or has entered into a settlement agreement with a provincial or territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

The directors of the Company will not be devoting all of their time to the affairs of the Company as they have employment outside of the Company and some of them are directors and officers of other companies, some of which are in the same business as the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

## EXECUTIVE COMPENSATION

During the three years ended December 31, 2019 and for the period from the date of incorporation on October 4, 2018 to December 31, 2018 the Company had one NEO: Mark van der Horst.

During the three years ended December 31, 2019, 2018 and 2017 EYEfi had one NEO: Simon Langdon.

**Compensation Discussion and Analysis**

In assessing the compensation of its executive officers, for the years ended December 31, 2019 and for the period from the date of incorporation on October 4, 2018 to December 31, 2018, the Company did not have in place any formal objectives, criteria or analysis, specified goals compensation package or remuneration strategy. Compensation payable is currently determined by the Board of Directors.

The compensation paid to the CEO recognizes his experience as the founder and developer of the Company's patented software and his work to bring it to commercial development. He is paid AUD$180,000 annually. The CFO is paid a monthly fee of AUD$5,500. See "*Directors and Executive Officers*".

As of the date of this Prospectus, the Company's directors have not established any benchmark, criteria, remuneration strategy or performance goals to be achieved or met by the Named Executive Officers, however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company.

The Company has an option plan. No options have been granted.

At this time, there are compensation agreements with the CEO and the CFO. See "*Directors and Officers*" for full details.

Option Based Awards: No option based awards were granted in 2019 and 2018 and 2017.

Compensation of Named Executive Officers of the Company: The following table sets forth the compensation of the Named Executive Officers and persons earning more than $150,000 annually for the three most recently completed fiscal years.

**Summary Executive Compensation Table of the Company**

| Name and principal position (a) | Year (b) | Salary ($) (c) | Ordinary Share based awards ($) (d) | Option based awards ($) (e) | Non-equity incentive plan compensation ($)(f) Annual incentive plans (f1) | Long-term incentive plans (f2) | Pension value ($) (g) | All other Compensation ($) (h) | Total Compensation ($) (i) |
|---|---|---|---|---|---|---|---|---|---|
| Mark Van der Horst | 2019 | 0 | Nil | Nil | Nil | Nil | Nil | 0 | 0 |
| | 2018 | 0 | Nil | Nil | Nil | Nil | Nil | 0 | 0 |

During the year ended December 31, 2019, the Company has approximately $7,538 (2018 - $5,386) of accrued payables to Mark van der Horst for expenses incurred on the Company's behalf. During 2019, the Company paid $1,200 related to an office lease to a private company owned by Mr. van der Horst.

**Summary Executive Compensation Table of EYEfi**

| Name and principal position (a) | Year (b) | Salary ($) (c) | Super annuation | Ordinary Share based awards ($) (d) | Option based awards ($) (e) | Non-equity incentive plan compensation ($)(f) Annual incentive plans (f1) | Long-term incentive plans (f2) | Pension value ($) (g) | All other Compensation ($) (h) | Total Compensation ($) (i) |
|---|---|---|---|---|---|---|---|---|---|---|
| Simon Langdon | 2019 | 91,742 | 8,715 | Nil | Nil | 117,869 | 34,291 | Nil | Nil | 252,717 |
| | 2018 | 66,560 | 6,322 | Nil | Nil | 44,655 | 15,473 | Nil | Nil | 133,010 |
| | 2017 | 65,280 | 6,202 | Nil | Nil | 41,985 | 14,236 | Nil | Nil | 71,482 |

**Incentive Plans Awards**

As at the year ended December 31, 2019 the Company had not granted any Stock Option based awards. See "*Options and Other Rights to Purchase Securities*".

**Pension Plans Benefits**

The Company does not have a pension plan or provide any benefits following or in connection with retirement for the NEOs.

**Termination and Change of Control Benefits**

The Company does not have written employment agreements with the NEO's, nor any plans or arrangements in place with any NEO that provide for payment following or in connection with any termination, resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

**Intended Changes to Compensation to the NEO.**

None.

**Related Party Transactions**

Conxsme Pty Ltd, a related party previously owned by Simon Langdon, joined the EYEFI Consolidated Group on June 30, 2020. Conxsme was originally set up for the purposes of research and development and has been dormant since the IIoT Sensor Cloud intellectual property was legally transferred to EYEfi on December 31, 2019 in accordance with the Preference Share Agreement dated August 12, 2019.

Pursuant to the Share Swap Agreement dated March 4, 2020, the reverse takeover of EYEfi was completed on May 27, 2020 with EYEfi becoming the wholly owned subsidiary of EYEfi Group Technologies Inc. On this date, the $909,800 preference shares were converted to ordinary shares in accordance with Clause 4 of Preference Share Agreement.

**Two Year Loan Agreement to the Company**

The Company has arranged a two year loan of AUD $880,000 commencing on July 16, 2020 with interest at the rate of 10% per annum, The first year interest of AUD$88,000 was payable up front. The second year's interest of AUD$88,000 is payable five days after the anniversary of listing on the CSE. The loan is not repayable until the two year anniversary of the loan and in the event the Company cannot repay it, the loan will be repaid by the issue of Shares at a price equal to the 30 day preceding volume weighted average price. The lenders were authorized to be granted 640,000 options for a term of two years, to purchase 640,000 Shares at a price of $0.10 per Share effective on the first day of trading on the CSE.

James Hope and Simon Langdon each have 50,000 of the options. See *Directors and Executive Officers*", "*Promoters*" and "*Material Contracts*".

**Intended Changes to the Compensation to Executive and Non-executive directors.**

Upon the earlier of the Company: (i) achieving a working capital of $1,000,000 for three consecutive months, or (ii) an equity raise of a minimum of $2,000,000 (net of all commissions and fees), then directors will receive an annual fee of AUD $60,000. A Chairman of the Board of directors and the Chairman of the audit committee will each receive an additional AUD $10,000 annually.

Currently the non executive directors do not receive any compensation for their position as a director.

**Compensation to Non-Executive Directors**

James Hope is a partner and principal of the law firm of Hope Earle Lawyers which is general counsel to EYEfi, Hope Earle Lawyers was paid:
AUD$16,845 including GST in 2017
AUD$20,142 including GST in 2018
AUD$$33,898.71 including GST in 2019 and
AUD$10,602.90 including GST for the first three months of 2020.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, no director, executive officer or employee of the Company or EYEfi is or has been indebted to the Company at any time.

## AUDIT COMMITTEE AND CORPORATE GOVERNANCE

**Audit Committee**

The primary purpose of the Audit Committee is to assist the Board of Directors in discharging its oversight and evaluation responsibilities. In particular, the Audit Committee oversees the financial reporting process to ensure the balance, transparency and integrity of our published financial information. The Audit Committee also reviews and reports to the Board of Directors on the quality and integrity of the Financial Statements and other financial information; compliance with legal and regulatory requirements related to financial reporting; the effectiveness of the systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Company and its subsidiaries; the proper maintenance of accounting and other records; annual and quarterly interim financial information; the independent audit process, including recommending the appointment and compensation of the external auditor, and assessing the qualifications, performance and independence of the external auditor; the performance and objectivity of our internal audit function; all non-audit services; the development and maintenance of procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by a director or officer of the Company and its subsidiaries of concerns regarding questionable accounting or auditing matters; the review of environment, insurance and other liability exposure issues relevant to the affairs of the Company; and any additional matters delegated to the committee by the Board of Directors.

The Audit Committee has the right, for the purposes of performing its duties, to maintain direct communication with the Company's external auditors and Board of Directors, to inspect all books and records of the Company and its affiliates, to seek any information it requires from any employee of the Company and its affiliates and to retain outside counsel or other experts.

The Audit Committee is required to meet at least once per quarter and is comprised of not less than three directors, a majority of whom are independent (as defined in NI 52-110) and all "financially literate" within the meaning of applicable Canadian securities laws. Simon Langdon, James Hope, and Harold Forzley are the members of the Audit Committee.

Composition of Audit Committee and Independence

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with a company, which could, in the view of that company’s board of directors, reasonably interfere with the exercise of the member’s independent judgment. Two of the members of the Audit Committee, James Hope and Harold Forzley meet the definition of “independence” provided in NI 52- 110. See “*Directors and Executive Officers*” and “*Executive Compensation*” for details regarding director’s fees and consulting fees paid to the directors directly and indirectly.

Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Financial Statements. All of the members of the Audit Committee are financially literate. For details regarding the education, experience and financial literacy of the members of the Audit Committee, see “*Directors and Executive Officers*”.

It is intended that the Audit Committee will establish a practice of approving audit and non-audit services provided by the external auditor. The Audit Committee intends to delegate to its Chair the authority, to be exercised between regularly scheduled meetings of the Audit Committee, to preapprove audit and non-audit services provided by the independent auditor. All such pre-approvals would be reported by the Chair at the meeting of the Audit Committee next following the pre-approval.

External Auditor Service Fee

The audit fees incurred to its external auditors, MNP, Chartered Professional Accountants, by the Company

| Nature of Service | The Company<br>Fees Paid (or accrued) to Auditor in respect of the financial year ended December 31, 2019 **($)** | The Company<br>Fees Paid (or accrued) to Auditor in respect of the financial year ended December 31, 2018 **($)** |
|---|---|---|
| Audit Fees (1) | 5,000 | 2,500 |
| Audit-Related Fees (2) | 0 | 0 |
| Tax fees (3) | 0 | 0 |
| All other fees (4) | 525 | 0 |
| Total | 5,525 | 0 |

(1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees include aggregate fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit-Related Fees” include fees for services that are traditionally performed by the auditor. These audit-related services may include aggregate fees for due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes aggregate fees for tax compliance, tax planning and tax advice.

(4) “All Other Fees” include all other non-audit services, in the aggregate.

*Exemption*

The Company is relying on an exemption provided in section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

**Audit Committee Charter**
The Board of Directors has adopted an Audit Committee charter that sets out the roles and responsibilities of the Audit Committee. A copy of the charter is attached hereto as Schedule "G".

**Corporate Governance**
Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with day- to-day management of the Company.

The Company has adopted a Corporate Governance Policy to ensure that effective corporate governance practices are followed and to ensure that the Board of Directors functions independently of management. The Corporate Governance Policy is attached hereto as Schedule "H" to this Prospectus.

The following sets forth the Company's disclosure of its corporate governance practices as they relate to the corporate governance guidelines set forth in National Policy 58-201. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board of Directors will monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the company, other than interests and relationships arising from holding Shares or securities in the company. In addition, where a company has a significant shareholder, NI 58 101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

Currently, the Board of Directors is comprised of three directors, namely Simon Langdon, James Hope and Harold Forzley. Mr. Langdon is not considered independent, as he is the CEO of the Company. See "*Directors and Executive Officers*" for details of the employment agreement with Mr. Langdon. James Hope and Harold Forzley are considered independent for the purposes of NP 58-201. The Board of Directors may meet independently of management as needed. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

Mr. Forzley has served as a director of other reporting issuers. None of the other directors or the CFO of the Company have served as a directors of a Reporting Issuer. See "*Directors and Executive Officer*s".

Position Descriptions
The Company does not currently have written position descriptions for the chairman of the Board of Directors, or for the chair of its committees.

Orientation and Continuing Education
Each new director of the Company is briefed about the nature of the Company's business, its corporate strategy and current issues within the Company. New directors will be encouraged to review the Company's public disclosure records as filed on SEDAR at www.sedar.com after the Company becomes a reporting Company. Directors are also provided with access to management to better understand the operations of the Company, and to the Company's legal counsel to discuss their legal obligations as directors of the Company.

Ethical Business Conduct
The Board of Directors is considering implementing a written code of ethical conduct for its directors, officers and future employees. The Board of Directors is also required to comply with the conflict of interest provisions of the Act and relevant securities regulation in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director

is required to declare the nature and extent of his interest and is not entitled to vote on any matter that is the subject of the conflict of interest. See "*Directors and Executive Officers -"Conflicts of Interest*" and "*Risk Factors*".

Nomination of Directors

The Company's management is in contact with individuals involved in the technology sector. From these sources management has made a number of contacts and in the event that the Company requires any new directors, such individuals will be brought to the attention of the Board of Directors. The Company will conduct reference and background checks on suitable candidates. New nominees generally must have a track record in business management, areas of strategic interest to the Company, the ability to devote the time required to carry out the obligations and responsibilities of a director and a willingness to serve in that capacity.

Other Board Committees

Other than as disclosed herein, there are no other committees of the Board of Directors as of the date of this Prospectus.

Assessments

Neither the Company nor the Board of Directors has developed a formal review system to assess the performance of the directors or the Board of Directors as a whole. The contributions of individual directors are monitored by other members of the Board of Directors on an informal basis through observation.

## RISK FACTORS

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects.

The Company's securities should be considered a highly speculative investment due to the nature of the Company's business and its present operations. An investor should carefully review the risk factors set out below and all of the information disclosed in this Prospectus before making an investment decision. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects.

**An investment in the Shares of the Company should only be made by persons who can afford a significant or total loss of their investment. There is no market through which the Shares may be sold.**

**No Market for the Shares: T**here is no market through which the Shares may be sold and there are no assurances that any market will develop in the future. This means that there is no central place, such as a stock exchange or stock quotation system, to purchase or resell the Shares. This means that even if you locate a buyer or seller and negotiate your own sale, you may still not be allowed to sell the Shares or to pledge the Shares as collateral for a loan. Accordingly, an investment in the Shares should only be considered by investors who are able to bear the economic risk of a long-term investment and do not require liquidity.

**Risk of No Return on Investment:** There is no assurance that the business of the Company will continue to be operated successfully, or that the business will continue to generate sufficient or any income to meet its obligations. There is no assurance that an investment in the Shares will earn a specified rate of return or any return over the life of the Company.

**Uncertainty of Additional Financing:** There are no assurances that the Company's future working capital will be adequate to execute its business plan or objectives as contemplated herein. The Company does not have any commitments to obtain additional financing and if required in future, there is no assurance that the Company will be able to arrange for such financing, or that such financing will be available on commercially reasonable terms. The failure to obtain such financing on a timely basis could have a material adverse effect on the Company. Equity financing and the additional issuance of equity securities will result in substantial dilution to the Company's shareholders.

**Global Financial Conditions:** Global financial conditions over the last few years have been characterized by volatility and the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. Now there is the universal threat of the COVID 19 virus and the severe disruptions it is causing in all aspects of life, for which there is no foreseeable end, to add to the financial uncertainty. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of the Shares may be adversely affected

***Risks Specific to the Company***

**Uncertainty of Use of Available Funds**: Although the Company has set out its intended use of available funds in this Prospectus, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds. See "*Use of Available Funds*".

**Negative Cash Flow**: The Company had a negative cash flow for the six months ended June 30, 2020 and the Company had a negative cash flow for the two years ended December 31, 2019 and December 31, 2018. Given the disruption of the Covid 19 virus, there is no assurance the Company will be able to generate a positive cash flow from its expected and planned operations for the next twelve months. As a result the Company may be required to raise additional capital or other types of financing. There is no assurance that it will be available when needed or that these financings will be on terms favourable to the Company. Refer to the "*Executive Summary*" for full details of the negative cash flow.

**Reliance on the Directors and Officers:** The Company has a small management team composed of the directors and the unexpected loss of any of these individuals would have a serious impact on the business. They are responsible for the successful operation of the Company. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel to develop the business and make appropriate decisions in respect of the management thereof could have a material adverse effect on the business of the Company.

**Conflicts of Interest:** Other than the CEO, the directors and officers of the Company are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others. The CEO has signed an employment contract with a confidential covenant and a non- compete covenant.. Future conflicts of interest will be dealt with in accordance with applicable laws, statutes and regulations.

**Operational Risks:** The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labour disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. To this list we now have to add the Covid 19 virus which is causing major disruption to international and national financial markets and the operations of many businesses.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. The Company may also be subject to or affected by liability or sustain loss risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

**Covid 19 Virus Disruption**

Impacts Resulting from Ongoing COVID-19 Crisis The respiratory illness COVID-19 (also referred to as the "coronavirus") has resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment; all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk. The continuing and additional business interruptions, expenses and delays relating to COVID-19, could have a material adverse impact on the Company's operations and its operating results, financial condition and the market for its securities. As at the date of this Prospectus, the duration of the business disruptions and related financial impact of COVID-19 cannot be reasonably estimated.

Some of the effects of the Covid 19 include:

- uncertainty of how long the Covid 19 virus will cause the current widespread disruption,
- timely and novel government fiscal policy to deal with: shutdown of non-essential businesses, high rates of unemployment, novel evolving wage programs for laid off workers, financial concessions to business, tax cuts and government spending,
- central banks monetary policy reaction to the novel problems caused by the Covid 19 Virus to ensure adequate credit facilities to banks and other lenders;
- the ability of non- essential businesses, in particular small businesses, to withstand a lengthy shut down,
- response of those sectors of the economy directly impacting business such as credit lines, interest rates and recurring expenses such as rent, property taxes,
- novel difficulties for business short and long term planning,
- disruptions to supply chains affecting the ability to manufacture and sell products,
- permanent loss of trained staff.

This list is not exhaustive and is also subject to the almost daily evolving response of governments and health authorities to the Covid 19 Virus.

**The Covid 19 Virus and Supply Chains**
The Company is subject to disruption in its supply chains as it has offshore manufacturing and some development work. The Covid 19 virus is impacting our supply chain in terms of the EYEfi Sensor production (China/India) and electronic component supply. This is currently delaying our product launch plans with Fujitsu. There is no certainly as to when the supply chain disruption will be resolved. See "General Description of the Business" for a more detailed discussion of alternate sources and current delays.

**Insurance Risk**: No claims have ever been made against the Company. There is always the possibility that the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. EYEfi has workman's compensation insurance and professional indemnity insurance to AUD $10,000,000 per claim and in the annual aggregate and public liability insurance on an occurrence basis of not less than $10,000,000 per claim. The Company does not have key man insurance for its CEO who is instrumental to the Company's operations and growth. The loss of his services would cause considerable disruption to the Company's operations.

**Intellectual Property**
The ability of the Company to maintain or increase sales will depend in part on its ability to maintain and grow its brand equity through the use of its registered domain names and intellectual property. A loss of any of these may result in the Company's brand equity being diminished and thus a loss of potential customers. As protection, the Company usually requires its employees and independent contractors to enter into confidentiality agreements, however it cannot be assured that the obligations therein will be maintained and honoured. In spite of confidentiality agreements and other methods of protecting trade secrets, the Company's proprietary information could become known to or independently developed by competitors.

Further, the Company's competitors may have been granted patents protecting various product features, including methods and designs. If the Company's products employ these processes, or other subject matter that is claimed under its competitors' patents, or if other companies obtain patents claiming subject matter that the Company uses, those companies may bring infringement actions against us. Whether a product infringes a patent involves complex legal and factual issues, the determination of which is often uncertain. In addition, because patent applications can take many years to issue, there may be applications now pending of which the Company is unaware, which might later result in issued patents that the Company's products may infringe. If any of the Company's products infringes a valid patent, it could be prevented from distributing that particular product, unless and until it can obtain a license or redesign the product in question to avoid infringement. A license may not be available or may require us to pay substantial royalties. Additionally, the Company may not be successful in any attempt to redesign the infringing product. Infringement and other intellectual property claims, with or without merit, can be expensive and time-consuming to litigate, and the Company may not have the financial and human resources to defend ourselves against any infringement suits that may be brought against us.

**Technology Risk:**
The Company is dependent upon network communication or internetworking for product connectivity. The network communication defines a set of protocols allowing application programs to talk to each other without regard to the hardware and operating systems where they are run. A disruption in the internetworking would have a serious impact on the Company's services to its customers.

**Cybersecurity Risk:** EYEfi Cloud is a public cloud application and is subject to threats and attacks and data breaches that could affect for example delivery of service and supply lines. Security data is controlled by the cloud provider which could make it difficult to distinguish between everyday computing events and security events. The Company is constantly monitoring for security events. The Company is also subject to attacks by ransomware and the encrypting of data and hardware attacks that could affect computer chips.

**Management of Growth**: The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and directors to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage additional future staff. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations regarding: funding product development to ensure timely release to the markets of its products and product iteration according to its plans; its ability to recruit and scale quickly to ensure we maintain our competitive gap and sales/adoption with customers; supporting Channel Partners like Telstra with business development managers to secure sales; planning for government sales cycles which are slow and require additional time and resources; recruiting personnel and independent contractors as required;.

**Increases in Competition:**
There is significant competition from other much larger well established successful software and engineering companies with larger staff and resources to develop software and hardware equal to or superior to the Company's. Any material deterioration in the Company's competitive position could materially adversely affect the Company's business, operating and financial performance. A list of some of the competitors is in "*General Description of the Business*".

**Exposure to Adverse Macroeconomic Conditions:** The Company is exposed to changes in general economic conditions in Australia and internationally and is affected by macroeconomic conditions such as tariffs and other trade barriers, economic recessions, downturns or extended periods of uncertainty or volatility, especially now with the Covid 19 virus, all of which may materially adversely affect the Company's business, operating and financial performance.

**Acquisition Risk and Associated Risk of Dilution:** The Company's possible expansion strategy does not now include pursuing acquisitions but that could change in the future. The successful implementation of acquisitions will depend on a range of factors including acquisition costs, funding arrangements, business cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with the Company's existing business, the financial performance of the Company could be materially adversely affected. Future acquisitions may involve the issue of Shares for consideration. In this event, Shareholders' interests will be diluted. Shares may also be issued for other purposes such as debt reduction. Effective due diligence by the Company is ongoing to minimize the risk in integrating acquisition targets although this cannot be guaranteed.

**Currency Exchange Risk**
The Company's operations are currently in Australia and New Zealand and are thus exposed to fluctuations in currency exchange rates, which could negatively affect its financial condition and results of operations. Fluctuations

in the U. S $ exchange rate will affect the Company with respect to its supply chain and sales. In the event the operations expand outside of Australia, the currency exchange risk could increase.

**Unforeseen Expenses**
All expenses that the Company is aware of are taken into account. There is a risk that unforeseen expenses may develop which could materially negatively affect the business operations.

**Permits and Government Regulations**
There are currently no permits or government regulations in Canada and Australia that affect the Company's operations beyond business license requirement and the requirements of the Act and Corporations Act, 2001 (Cth) Australia.

**Environmental and Safety Regulations and Risks, Climate Change**
There are currently no environmental laws and regulations affect the operations of the Company. None are anticipated as the Company's does not have physical operations other than business offices. The Company, like all other businesses and persons in the world is exposed to the effects of climate change. The direct effects on the Company's business is not foreseeable at this time. EYEfi has systems of quality management, environmental management and occupational health and safety management consistent with New Zealand and Australia national ISO standards.

**Dividends**
The Company does not anticipate paying any dividends on its Shares in the near future.

**List Not Exhaustive**
The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders. The above factors and others not specifically referred to above may in the future materially affect the financial performance of the Company and the value of the shares described by this Prospectus. Accordingly, the Shares under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Shares.

**Investors should consider that the investment in the Company is speculative, carefully consider the foregoing risk factors and should consult their professional advisers to assess income tax, legal and other aspects of an investment in the Shares before making financial decisions regarding a purchase of the Company's Shares.**

## PROMOTERS

"Simon Langdon is the promoter of the Company as he was the sole shareholder and director of EYEFi prior to March 4, 2020 the date of the Share Swap Agreement and was instrumental in the process leading to the signing of the Share Swap Agreement and its closing on May 27, 2020. He has also provided a two year AUD$100,000 Loan to the Company. See "*Directors and Executive Officers*", "*Related Party Transactions*" and "Interest of Management and Others in Material Transactions" and "Material Contracts".

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings, regulatory actions, pending legal proceedings, or regulatory actions to which the Company is or is likely to be a party.

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## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Simon Langdon, the CEO of the Company has provided a two year AUD $100,000 loan of to the Company. See "*Directors and Executive Officers*", "*Related Party Transactions*", "*Promoters*" and "*Material Agreements*". There are no material interests, direct or indirect, of officers, senior officers, any shareholders who beneficially own, directly or indirectly, more than 10% of the outstanding Shares or any known associate or affiliate of such persons, in any transaction since incorporation or in any proposed transaction, which has materially affected or is reasonably expected to materially affect the Company. See “*Business Description*” and the disclosure therein.

## AUDITOR, TRANSFER AGENTS AND REGISTRAR

### Auditor

The auditor of the Company is MNP LLP, Chartered Professional Accountants. They are located at suite 300, 111 Richmond Street West, Toronto, Ontario M5H 2G4. MNP was appointed the auditor of the Company on April 15, 2020.

### Registrar and Transfer Agent and Escrow Agent

The Transfer Agent and Registrar of the Company’s Shares and the Company’s Escrow Agent is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9 who will maintain the Company’s central securities register.

## MATERIAL CONTRACTS

The following are the material contracts of the Company and EYEfi that are outstanding as of the date of the Prospectus:

(a) Escrow Agreement dated May 27, 2020 between the Company, the Escrow Agent and certain shareholders of the Company. See “Escrowed Securities and Other Securities Subject to Resale Restrictions on Transfer”.

(b) Transfer Agent Agreement with Computershare Investor Services Ltd. dated May 27, 2020.

(c) Agreement with Telstra Corporation Limited dated May 4, 2016 as revised June 5, 2019. See “*General Description of the Business*”.

(d) Agreement with Fujitsu Australia Limited dated March 7, 2019. See “*General Description of the Business*”.

(e) Agreement with Emergency Warning Systems Ltd. dated January 30, 2019. See “*General Description of the Business*”.

(f) Agreements with CCP Network Australia Pty. Ltd.:

    (i) Development Services Agreement dated November 4, 2019.
    (ii) Maintenance Services Agreement dated October 1, 2020
    (iii) Manufacturing, License Agreement dated October 7, 2020.

See “*General Description of the Business*”.

(g) Two Year Loan Agreement for AUD $880,000 between the Company and two directors, Simon Langdon, James Hope, and several arms-length investors dated July 16, 2020. See “*Directors and Executive Officers*” and “*Use of Funds*”, “*Options and Other Rights to Purchase Securities*” and “*Consolidated Capitalization*”.

    The Company has arranged a Two Year Loan of AUD $880,000 commencing on July 16, 2020 with interest at the rate of 10% per annum. The first year interest of AUD$88,000 was payable up front. The second year’s interest of AUD$88,000 is payable within five days of the first anniversary of listing on the CSE. The Two Year Loan may be repaid early at any time by the Company, but is not repayable until the two year anniversary of the loan and in the event the Company cannot repay it, the loan will be repaid by the issue of Shares at a price equal to the 10 day volume weighted average price.

The Loan must be repaid as follows, and upon any of the following events occurring:

a) if the Company fails to list on the CSE (in this instance the amount to be repaid is the Full Loan amount minus the initial interest payment ie. AUD $792k)
b) if the working capital (excluding the Two Year Loan exceeds AUD$1,000,000, and;
c) the Company completes a financing of $2,000,000.

The lenders were granted 640,000 options for a term expiring on the second anniversary of the Listing Date to purchase 640,000 Shares at a price of $0.10 per Share effective on the first day of trading on the CSE. Each investor was granted one option for every $2.00 loaned. Shape Capital Ltd. was granted an additional 200,000 options for arranging the Two Year Loan.

The agreements are with the following:

Shape Capital Ltd - $80,000
owned by Anoosh Manzoori of Victoria, Australia
granted 240,000 options

Chajasa Pty Ltd. as trustee for Lorback Family Trust 2 - $200,000
The beneficiaries are Matthew and Chloe Lorback of Victoria, Australia
granted 100,000 options

Gilkat Pty. Ltd. – $100,000
owned by James Hope, a director of the Company
-granted 50,000 options

985 Consulting Ltd- $100,000
owned by Justin Hanka of Victoria, Australia
granted 50,0000 options

Simon Langdon – $100,000
Mr. Langdon is a director and CEO of the Company
granted 50,000 options

Cheryl Hargrave-Hill - $300,000
granted 150,000 options

(h) Share Swap Agreement dated March 4, 2020 between the Company and the shareholders of EYEfi. See "*General Description of the Business*".

(i) Agreement with Shape Capital Pty Ltd. dated October1, 2019 where by Shape Capital Pty. Ltd. was engaged to find acquisition targets for the Company. EYEfi was acquired and Shape Capital Pty. Ltd. was paid a success fee of $34,500 on March 24, 2020. Shape Capital Pty. Ltd. which is arms-length to the Company is owned by Anoosh Manzoori of Melbourne, Australia.

## EXPERTS

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the Prospectus as having prepared or certified a part of that document or a report of valuation described in the Prospectus:

MNP LLP, Chartered Accountants, audited the year-end audited financial statements ended December 31, 2019 and for the period from the date of incorporation on October 4, 2018 to December 31, 2018 and conducted a review engagement report of the six month interim unaudited financial statements ended June 30, 2020 of the Company. MNP LLP is a member of the Chartered Professional Accountants of British Columbia and as of the date of this Prospectus did not own or have any registered or beneficial interests, directly or indirectly, in any securities or other property of the Company.

William Buck Audit (Vic) Pty Ltd., Chartered Accountants, audited the two year-end financial statements ended December 31, 2019 and December 31, 2018. William Buck Audit (Vic) Pty Ltd. is a member of the Institute of Chartered Accountants of Australia and as of the date of this Prospectus did not own or have any registered or beneficial interests, directly or indirectly, in any securities or other property of the Company or EYEfi.

## OTHER MATERIAL FACTS

There are no further facts or particulars in respect of the Shares that are not already disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

## FINANCIAL STATEMENTS

The financial statements of the Company and its subsidiary, EYEfi Pty Ltd. and the MD&A for each financial statement attached to this Prospectus are:

| | Schedule |
|---|---|
| Condensed, consolidated, interim unaudited statements of EYEFI Group Technologies Inc. for the six months ended June 30, 2020 | A |
| MD&A of EYEFI Group Technologies Inc. for the six months ended June 30, 2020 | B |
| Audited annual financial statements of EYEFI Group Technologies Inc. for the year ended December 31, 2019 | C |
| Management's Discussion and Analysis of EYEfi Group Technologies Inc. for the year ended December 31, 2019 | D |
| Audited Financial Statement of EYEfi Pty. Ltd. for the year ended December 31, 2019 | E |
| Management's Discussion and Analysis of EYEfi Pty Ltd. for the year ended December 31, 2019 | F |

**Condensed, consolidated, interim unaudited statements**
**of EYEFI Group Technologies Inc. for the six months ended June 30, 2020 A**

# EYEfi Group Technologies Inc

## Condensed Consolidated Interim Unaudited Financial Statements

## For the Six Months Ended June 30, 2020

(Unaudited)

(expressed in Canadian Dollars)

**EYEfi Group Technologies Inc**
**Contents**
**June 30, 2020**



## General information

The financial statements cover EYEfi Group Technologies Inc ("EYEFI" or the "Company") as a Consolidated Entity with its wholly owned subsidiaries, EYEfi Pty Ltd ("EYEfi") and Conxsme Pty Ltd ("Conxsme"). EYEFi was Consolidated by a reverse takeover ("RTO") on May 27, 2020 and Conxsme was Consolidated on June 30, 2020. The financial statements are presented in Canadian Dollars, which is EYEFI's functional and presentation currency.

EYEFI is a Company limited by shares, incorporated and domiciled in Canada. Its registered office and principal place of business are:

| Registered office | Principal place of business |
|---|---|
| C/ - 390-825 Homer Street<br>Vancouver BC, V6B 2W2 Canada | Unit 1, 255-257 Wellington Street<br>Collingwood Vic 3066 Australia |

**EYEfi Group Technologies Inc**
**Condensed consolidated statements of financial position**
**Expressed in Canadian Dollars**
(Unaudited)

| | Note | June 30, 2020 $ | December 31, 2019 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash at banks | | 274,373 | 111,053 |
| Trade and other receivables | | 24,967 | 42,359 |
| Amounts receivable for the issue of preference shares | 3 | - | 419,612 |
| Investment tax credit receivable | 10 | 106,465 | - |
| Income tax receivable | | 33,840 | - |
| Total current assets | | 439,645 | 573,024 |
| **Non-current assets** | | | |
| Plant and equipment | | 41,483 | 48,596 |
| Right-of-use assets | | 105,041 | 119,152 |
| Intangibles | | 47,176 | 47,817 |
| Total non-current assets | | 193,700 | 215,565 |
| **Total assets** | | 633,345 | 788,589 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 16,181 | 40,566 |
| Lease liabilities | | 32,894 | 36,698 |
| Provision for income tax | | - | 4,485 |
| Employee benefits provisions | | 175,206 | 150,711 |
| Income in advance | 2 | 315,948 | 307,192 |
| Convertible preference shares | 3 | - | 912,200 |
| Total current liabilities | | 540,229 | 1,451,852 |
| **Non-current liabilities** | | | |
| Lease liabilities | | 78,182 | 85,709 |
| Total non-current liabilities | | 78,182 | 85,709 |
| **Total liabilities** | | 618,411 | 1,537,561 |
| **Net assets / (liabilities)** | | 14,934 | (748,972) |
| **Equity** | | | |
| Issued capital | 5 | 3,649,090 | 2,378,763 |
| Reserve of exchange differences on translation | | (112,117) | (106,721) |
| Accumulated losses | | (3,522,039) | (3,021,014) |
| **Total shareholder equity / (deficiency in equity)** | | 14,934 | (748,972) |

*"Simon Langdon"*
Simon Langdon

*"James Hope"*
James Hope

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

**EYEfi Group Technologies Inc**
**Condensed consolidated statements of profit or loss and other comprehensive income / (loss)**
**For the three and six month periods ended June 30, 2020 and 2019**
**Expressed in Canadian Dollars**
**(Unaudited)**

| | | 3 Months Ended June 30, | | 6 Months Ended June 30, | |
|---|---|---|---|---|---|
| | | **2020** | **2019** | **2020** | **2019** |
| | **Note** | **$** | **$** | **$** | **$** |
| **Revenue** | | | | | |
| Sales from rendering services | | 49,205 | 122,466 | 95,691 | 175,393 |
| Cost of sales | | (33,850) | (21,906) | (55,022) | (1,470) |
| Gross profit | | 15,355 | 100,560 | 40,699 | 173,923 |
| Other income | | 6,260 | 2,045 | 6,164 | 2,052 |
| Government subsidies | 10 | 68,676 | - | 87,592 | - |
| Research and development tax credits | 10 | 55,550 | 25,495 | 101,789 | 61,932 |
| **Expenses** | | | | | |
| Administration | | (75,783) | (32,241) | (164,245) | (73,852) |
| Listing expenses | 4 | (326,879) | - | (326,879) | - |
| Depreciation and amortization | | (19,725) | 1,162 | (26,576) | (3,835) |
| Employee benefits expense | | (91,261) | (74,590) | (177,307) | (96,188) |
| Marketing | | (13,198) | (18,859) | (20,149) | (94,133) |
| Share based payments | 5 | (11,937) | - | (22,083) | - |
| **Profit/(loss) from ordinary activities before debt forgiveness expense** | | (392,392) | 3,572 | (501,025) | (30,101) |
| Debt forgiveness expense | | - | - | - | (106,104) |
| **Profit/(loss) before income tax benefit / (expense)** | | (392,942) | 3,572 | (501,025) | (136,205) |
| Income tax benefit / (expense) | | - | (188,391) | - | (173,913) |
| **Profit/(loss) after income tax benefit / (expense)** | | (392,942) | (184,819) | (501,025) | (310,118) |
| Exchange differences on translation | | (11,048) | (18,111) | (5,396) | 7,922 |
| **Total comprehensive income / (loss) for the half-year** | | (403,990) | (202,930) | (506,421) | (302,196) |
| Basic earnings / (loss) per share | | (0.03) | (0.01) | (0.03) | (0.02) |
| Diluted earnings / (loss) per share | | (0.03) | (0.01) | (0.03) | (0.02) |

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

**EYEfi Group Technologies Inc**
**Condensed consolidated statements of changes in equity**
**For the interim six-month periods ended June 30, 2020 and 2019**
**Expressed in Canadian Dollars**
**(Unaudited)**

| | Number of shares | Issued capital $ | Reserve of exchange differences on translation $ | Accumulated losses $ | Total deficiency in equity $ |
|---|---|---|---|---|---|
| Balance, January 1, 2019 | 2,500,014 | 2,378,763 | - | (2,817,625) | (438,862) |
| Profit/(loss) after income tax (expense)/benefit for the period | - | - | - | (310,118) | (310,118) |
| Other comprehensive income/(loss) for the period, net of tax | - | - | 7,922 | - | 7,922 |
| Balance, June 30, 2019 | 2,500,014 | 2,378,763 | 7,922 | (3,127,743) | (741,058) |

| | Number of shares | Issued capital $ | Reserve of exchange differences on translation $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|---|
| Balance, January 1, 2020 | 2,500,014 | 2,378,763 | (106,721) | (3,021,014) | (748,972) |
| Share-based compensation | 46,249 | 22,083 | - | - | 22,083 |
| Issue of share capital | 12,501 | 18,196 | - | - | 18,196 |
| Conversion of preference shares | 625,003 | 909,800 | - | - | 909,800 |
| Adjustment to reflect the shares issued to former shareholders of EYEfi | (3,183,767) | - | - | - | - |
| Shares issued to former shareholders of EYEfi | 19,002,500 | - | - | - | - |
| EYEFI common shares issued and outstanding | 4,003,100 | 320,248 | - | - | 320,248 |
| Profit/(loss) after income tax (expense)/benefit for the period | - | - | - | (501,025) | (501,025) |
| Other comprehensive income/(loss) for the period, net of tax | - | - | (5,396) | - | (5,396) |
| Balance, June 30, 2020 | 23,005,600 | 3,649,090 | (112,117) | (3,522,039) | 14,934 |

**EYEfi Group Technologies Inc**
**Condensed consolidated statements of cash flows**
**For the interim six-month periods ended June 30, 2020**
**Expressed in Canadian Dollars**
**(Unaudited)**

| | June 30, 2020 $ | June 30, 2019 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers (inclusive of GST) | 67,862 | 54,085 |
| Payments to suppliers and employees (inclusive of GST) | (417,673) | (42,966) |
| Finance costs | (3,334) | (10,516) |
| Income taxes paid | - | (8,160) |
| Government subsidies | 68,676 | - |
| Other revenue | 4,254 | - |
| Net cash used in operating activities (see note 13) | (280,215) | (7,557) |
| **Cash flows from investing activities** | | |
| Payments for intangible assets | (2,611) | - |
| Net cash from investing activities | (2,611) | - |
| **Cash flows from financing activities** | | |
| Proceeds for issue of ordinary shares | 18,196 | - |
| Lease payments | (17,602) | - |
| Cash acquired from acquisitions | 23,815 | - |
| Proceeds for issue of preference shares | 412,615 | - |
| Net cash provided by financing activities | 437,024 | - |

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

| | | |
|---|---|---|
| Net Increase/(decrease) in cash | 154,198 | (7,557) |
| Effect of exchange rate changes on cash | 9,122 | (410) |
| Cash at the beginning of the financial period | 111,053 | 10,887 |
| Cash at the end of the financial period | 274,373 | 2,920 |

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the condensed consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### Basis of Presentation

These condensed interim financial statements for the interim six-month reporting period ended June 30, 2020 have been prepared in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as appropriate for for-profit oriented entities.

They do not include all the information required in annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2019.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

These condensed interim consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 9, 2020.

### New or amended Accounting Standards and Interpretations adopted

The Company has adopted no new or amended Accounting Standards and Interpretations issued by the International Financial Reporting Standards as no new standards or interpretations have a significant impact on the entity.

### Basis of consolidation

The condensed consolidated financial statements reflect the consolidated results of all entities considered to be part of the Consolidated entity due to their underlying common shareholding interest. These entities include EYEfi Pty Ltd and Conxsme Pty Ltd. EYEFi was consolidated by a reverse takeover ("RTO") on May 27, 2020 and Conxsme was consolidated on June 30, 2020.

The financial statements of the Consolidated entity is prepared for the same reporting period, using consistent accounting policies.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

### Nature and Continuance of Operations

The Company was incorporated under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia).

The Company's principal business activity is a software and engineering entity that has developed, patented and commercialized innovative spatial, predictive, approximation and radial convolution technology called SPARC and an associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Income in advance / unearned income*
Income in advance (refer to Consolidated Statements of Financial Position) represents deferred revenue relating to server licenses of EYEfi's Spatial Video/SPARC platform deployed in Telstra Corporation Limited ("Telstra") data centre, which have not yet been activated or configured for customer use. There is further configuration required once Telstra starts connecting cameras and customers (subscriptions) to those servers. This activity, when it occurs, will take less than a week and will be a one-off exercise. The Company has the resources to finish this configuration work and does not expect there to be significant costs associated with completing this work.

*Functional and presentation currency*
These condensed consolidated financial statements are presented in Canadian Dollars. References to $ are to Canadian Dollars, unless otherwise stated.

Effective January 1, 2020, the Company changed its presentation currency to Canadian Dollars from Australian Dollars. The financial statements as of June 30, 2020 and for the year ended December 31, 2019, have been translated into Canadian Dollars in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", as follows:

- Assets and liabilities presented and previously reported in Australian Dollars have been translated into Canadian Dollars using the period-end-exchange rate of 0.9382;
- Statements of profit or loss and other comprehensive income or loss have been translated using average exchange rates prevailing during the reporting period of 0.9110 for quarterly average and 0.8970 for half year average
- Shareholders' equity balances have been translated using historical exchange rates in effect on the date that transactions occurred; and
- Resulting exchange differences have been recorded to the reserve of exchange differences account on translation.

*Significant events and transactions*
The Company will be affected by operational disruptions caused by the COVID-19 virus which is causing disruption to international and national financial markets and the operations of many businesses.

*COVID-19 virus disruption*
The respiratory illness COVID-19 (also referred to as the "coronavirus") has resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment; all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk.

Despite the COVID-19 disruptions, the directors still believe the Company is a going concern due to the position of the Company's working capital (excluding preference shares and deferred revenue), and its ability to capture and fulfil its order book. Also refer to Note 12 of these condensed consolidated financial statements which describe additional financing obtained by the Company post quarter end. The Company's major customers have not been significantly disrupted by COVID-19 nor have they altered their contracts with the Company, as such the Company does not expect significant COVID-19 financial or operational disruptions. COVID-19 disruptions have had no impact on the Company's June 2020 quarter operations.

## Note 3. Convertible preference shares

| | Consolidated | |
|---|---|---|
| | June 30, 2020 $ | December 31, 2019 $ |
| Preference shares | - | 912,200 |

On August 12, 2019, the Company issued 1 million convertible preference shares with a par value of AUD$1 per share, of which:

- AUD$460,000 was paid on issue date;
- AUD$460,000 was deferred, and received on January 9, 2020 (AUD$325,000) and January 15, 2020 (AUD$135,000); and
- The remaining AUD$80,000 as non-cash share-based payments earned by corporate advisors for services rendered.

Conversion date of preference shares to ordinary shares is 3 years from the date of agreement or at any time before that date subject to the following:

- Either EBITDA or Revenue of the Company is equal to or greater than 75% of AUD$7,395,267 or AUD$11,329,217 respectively, such that the total of all ordinary shares held by new shareholders is equal to 20% of the total ordinary shares in the Company.
- Both EBITDA and Revenue of the Company are each less than 75% of AUD$7,395,267 or AUD$11,329,217 respectively, such that the total of all ordinary shares held by the new shareholders is equal to 25% of the total ordinary shares in the Company; or
- The Company completes a fundraising act on or before conversion date, with the Company or business being valued (immediately before the fundraising act) at:
  - Greater than or equal to $5 million (on an equity-based valuation), such that the total of all ordinary shares held by new shareholders is equal to 20% of the total ordinary shares in the Company subsequent to the fundraising act; or
  - Less than $5 million (on an equity-based valuation), such that the total of all ordinary shares held by new shareholders is equal to 25% of the total ordinary shares in the Company subsequent to the fundraising act.

These convertible preference shares have no cash redemption requirements.

Pursuant to the Share Swap Agreement dated March 4, 2020, the reverse takeover of EYEfi was completed on May 27, 2020 with the Company becoming the wholly owned subsidiary of EYEfi Group Technologies Inc. On this date, the $909,800 preference shares were converted to ordinary shares in accordance with the Agreement.

## Note 4. Reverse take-over

| | |
|---|---|
| **Cost of acquisition** | |
| Shares of the resulting Issuer issued to shareholder of EYEFI (see note 5) | 320,248 |
| | **320,248** |
| | |
| **Cost allocated as follows:** | |
| **Net assets acquired** | |
| Cash and cash equivalents | 23,815 |
| Other assets | 35,032 |
| **Total net assets of EYEFI acquired** | **58,847** |
| | |
| **RTO expense*** | **261,401** |
| **Transactional cost** | **65,478** |
| **Total listing cost** | **326,879** |

*EYEFI did not constitute a business as defined by IFRS 3. Accordingly, the excess of the consideration paid was recorded as share based payment under IFRS 2.

## Note 5. Share reconciliation after merger

| | Number of shares pre share swap | Number of shares (Restated) | Amount $ |
|---|---|---|---|
| Balance, December 31, 2019 | 2,500,014 | 14,921,480 | 2,378,763 |
| Share-based compensation | 46,249 | 276,040 | 22,083 |
| Issue of share capital | 12,501 | 74,613 | 18,196 |
| Conversion of preference shares | 625,003 | 3,730,367 | 909,800 |
| Adjustment to reflect the shares issued to former shareholders of EYEfi | (3,183,767) | (19,002,500) | - |
| Shares issued to former shareholders of EYEfi | 19,002,500 | 19,002,500 | - |
| EYEFI common shares issued per RTO | 4,003,100 | 4,003,100 | 320,248 |
| Balance, June 30, 2020 | 23,005,600 | 23,005,600 | 3,649,090 |

***Share capital in EYEFi***

2,500,014 EYEFi shares as at December 31, 2019 are restated to be 14,921,480 Company shares given the share swap agreement and conversion at a ratio of 5.9686:1.

*Issue of new share capital in EYEFi*

On May 27, 2020, EYEfi issued 33,750 shares to DLK Investments Group Pty Ltd ('DLK'). 33,750 EYEFi shares are restated to be 201,439 Company shares, given the share swap agreement and conversion at a ratio of 5.9686:1.

DLK paid $18,196 for 12,501 EYEFi shares (74,613 based on the post-consolidation ratio). 21,249 shares (126,826 based on the post consolidation ratio) were issued for professional services and were valued at the fair value of the equity given up of $10,146.

On May 27, 2020, EYEfi issued 25,000 shares to an employee as part of remuneration package at the total value of $11,937. 25,000 EYEFi shares are restated to be 149,214 Company shares (at $0.08 per share) given the share swap agreement and conversion at a ratio of 5.9686:1.

## Note 5. Share reconciliation after merger (continued)

*Conversion of preference shares in EYEFi*
On May 27, 2020, 625,003 preference shares at the total value of $909,800 were converted to EYEFi ordinary shares, as disclosed in note 3. The 625,003 EYEFi shares are restated to be 3,730,367 Company shares (at $0.24 per share) given the share swap agreement and conversion at a ratio of 5.9686:1.

***Share capital in the Company***

*Issue of new share capital per financing*

The Company completed the RTO on May 27, 2020 and issued 4,003,100 shares at share price of $0.08 based on equity raised by EYEfi Group Technologies Inc. immediately prior to the RTO.

## Note 6. Operating segments (continued)

## Note 6. Operating segments

The Company has one operating segment: software and electronics engineering services. In identifying the operating segment, management generally follows the Company's service line representing Spatial Video Platform and IIoT Sensor Cloud services. The Company aims to solve critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets. The Company operates in the Oceania region, which is situated in the Asia-Pacific region.

The operations of the segment are monitored by the Company's Chief Operating Decision Maker and strategic decisions are made based on reporting results. During the six-month period ended June 30, 2020, there have been no changes from prior periods to measurement methods used to determine the segment's profit or loss.

*Major customer*
During the period ended June 30, 2020, at least 90% (2019: At least 90%) of the Company's service revenue was derived from Telstra. Telstra is an Australian telecommunications company which builds and operates telecommunications networks and markets voice, mobile, internet access, pay television and other products and services.

## Note 7. Contingent liabilities

The Company had no significant contingent liabilities as at June 30, 2020.

### Note 8. Related party transactions

Conxsme Pty Ltd, a related party previously owned by Simon Langdon, joined the EYEFI Consolidated Group on June 30, 2020. Conxsme was originally set up for the purposes of research and development and has been dormant since the IIoT Sensor Cloud intellectual property was legally transferred to EYEfi on December 31, 2019 in accordance with the Preference Share Agreement dated August 12, 2019.

On May 27, 2020, the Company issued 33,750 shares to DLK (a company related to the CFO) at the total fair value of $28,342. As consideration, DLK paid $18,196 for 12,501 shares and the balance of $10,146 was taken as shares for professional services in lieu of cash.

### Note 9. Key management personnel remuneration

The aggregate compensation made to directors and key management personnel of the Consolidated entity is set out below:

| | 3 Months Ended June 30, | | 6 Months Ended June 30, | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| **Simon Langdon** | | | | |
| *Benefits* | | | | |
| Salaries | 37,438 | 15,583 | 71,677 | 31,342 |
| Annual leave | 3,120 | 3,158 | 8,838 | 6,351 |
| Long-service leave | 694 | 16,229 | 7,536 | 16,607 |
| Long-term benefits | 3,556 | 2,961 | 6,809 | 2,977 |
| Total benefits | 44,808 | 37,931 | 94,860 | 57,277 |

### Note 10. Investment tax credit receivable and other Government grants

*Government grants*

Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Consolidated entity recognises, as expenses, the related costs for which the grants are intended to compensate. The Consolidated entity uses the income approach and presents R&D grant income separately as part of the profit or loss as “research and development tax credits”. The Consolidated entity has been lodging research and development applications with the Australian governing bodies since 2014 and has reasonable assurance that all of the expenditures qualify for the grants and that all conditions have been met when they are recorded. There are no unfulfilled conditions or other contingencies attached to these grants.

The research and development expenditures are permitted as established by AusIndustry, the Australian government body that reviews and approves research and development claims. In considering this, the directors considered the methodology used in assessing such expenditures as qualifying expenditures to be consistent with the methodology applied to like-for-like claims it has lodged in previous years since 2014. The directors also considered the expertise and experience of the research and development consultant contracted to assist in the formulation and lodgement of those claims.

The Consolidated entity also received other one-off COVID-19 grants during the six months ended June 30, 2020 which have been disclosed as Government subsidies in the profit and loss.

| | June 30, 2020 $ | December 31, 2019 $ |
|---|---|---|
| Investment tax credit receivable | 106,465 | - |

## Note 11. Earnings (loss) per share

| | Quarter ended June 30, 2020 | Quarter ended June 30, 2019 | Half-year ended June 30, 2020 | Half-year ended June 30, 2019 |
|---|---|---|---|---|
| **Basic earnings (loss) per share** | | | | |
| Total basic earnings (loss) per share attributable to the ordinary equity of shareholders of the Company | (0.03) | (0.01) | (0.03) | (0.02) |
| **Diluted earnings (loss) per shares** | | | | |
| Total diluted earnings (loss) per share attributable to the ordinary equity of shareholders of the Company | (0.03) | (0.01) | (0.03) | (0.02) |
| **Reconciliation of earnings (loss) used in calculation of earnings per share** | | | | |
| Earnings (loss) used | (392,942) | (202,930) | (501,025) | (302,196) |
| **Weighted average number of shares used as denominator** | | | | |
| Weighted average number of ordinary shares used as the denominator in calculating both basic earnings (loss) per share and diluted earnings (loss) per share | 15,485,738 | 14,921,480 | 16,431,700 | 14,921,480 |

**Accounting policy**

*Basic earnings (loss) per share*

Basic earnings per share is calculated by dividing the profit/loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

*Diluted earnings (loss) per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## Note 12. Events after the reporting period

In July 2020, EYEfi received the following funds as “escrow agent” for EYEfi Group Technologies Inc relating to loan facility agreements, with an interest rate of 10% and a term of 2 years:

- Loan with Shape Capital Pty Ltd., in the amount of AUD$80,000
- Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of AUD$200,000
- Loan with Gilkat Pty Ltd., in the amount of AUD$100,000
- Loan with 958 Consulting Pty Ltd., in the amount of AUD$100,000
- Loan with Simon Langdon, in the amount of AUD$100,000
- Loan with Cheryl Hargrave-Hill, in the amount of AUD$300,000

Other than disruptions to operations caused by the COVID-19 virus, the reverse takeover and loan facility agreement mentioned above, no other matter or circumstance has arisen since June 30, 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

## Note 13. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

| | Consolidated | |
|---|---|---|
| | **June 30, 2020 $** | **June 30, 2019 $** |
| Profit/(loss) after income tax expense for the year | (501,025) | (310,118) |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | 26,576 | 3,835 |
| Share based payments | 22,083 | - |
| Listing expenses | 261,401 | - |
| Debt forgiveness expense | - | 106,104 |
| | | |
| Change in operating assets and liabilities: | | |
| Decrease / (increase) in trade receivables and other receivables | (89,073) | (47,393) |
| (Decrease) / increase in trade creditors and other payables | (45,268) | 181,360 |
| Movement in income taxes payable | 29,355 | 4,521 |
| Movement in provisions | (33,248) | 48,826 |
| Effect of exchange rate changes on cash | (17,512) | 5,308 |
| | | |
| Net cash from / (used in) operating activities | (280,215) | (7,557) |

# Management's Discussion and Analysis

**For the six months ended June 30, 2020**

***DISCLAIMER FOR FORWARD-LOOKING INFORMATION***

*Certain statements in this Management Discussion and Analysis are forward-looking statements or information (collectively "forward-looking statements"). The EYEFI Group is providing cautionary statements identifying important factors that could cause the Group's actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "objective", "goals" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Group has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Group. These forward- looking statements include, among other things, statements relating to the ability of the Group to generate revenue; use of funds; intentions to further develop, market and promote its operations by expansion of its merchant base and industries served in Australia; strategy for customer retention, growth, service development, market position and financial results; the success of marketing and sales efforts of the Group; the Group's efforts to continuously update its software to meet business requirements; future sales plans and strategies; the economy and other future conditions; the timeline to further develop and market future enhancements; unanticipated cash needs and the possible need for additional financing and the adoption of governance policies, committees and practices.*

*By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: a downturn in general economic conditions; the ability of the Group to continue to generate revenue adequate to fund its business plans and operations; the ability of the Group to expand its operations in Australia; competitive conditions in the industry which could prevent the Group from continuing to be profitable; competition from other payment process providers who are well established with the financial capacity to overwhelm the ability of the Group to operate in Australia, security risks; increasing costs of being a publicly traded company, the possibility that our services may become further regulated; the effectiveness and efficiency of advertising and promotional expenditures to generate market interest in the Company's products and services; the inability to list on a public market; volatility of the Group's share price following listing; liquidity and the inability to secure additional financing; the Group's intention not to pay dividends in the near future; claims, lawsuits and other legal proceedings and challenges; conflict of interest with directors and management and other factors beyond the Company's control.*

*These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of June 30, 2020, and, except as required by applicable law, the Group* *undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Group's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors and Risk Management".*

***Covid 19 Virus Disruption***

*These Forward-looking statements are also subject to the risks and disruptions arising from the Covid 19 Virus. Some of the effects of the Covid 19 include:*

- *uncertainty of how long the Covid 19 virus will cause the current widespread disruption,*
- *timely and novel government fiscal policy to deal with: shutdown of non-essential businesses, high rates of unemployment, novel evolving subsidy programs for laid off workers, financial concessions to business, tax cuts and government spending,*
- *central banks' monetary policy reaction to the novel problems caused by the Covid 19 Virus to ensure adequate credit facilities to banks and other lenders;*
- *timely government fiscal policy reaction to the novel problems caused by the Covid 19 Virus; and*
- *lack of a unified response and preparedness to the Covid 19 virus both within countries and by all countries.*

***Overview***

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations, financial position and financial performance of EYEfi Group Technologies Inc ("EYEFI") as a Consolidated Entity with its wholly owned subsidiaries, EYEfi Pty Ltd ("EYEfi") and Conxsme Pty Ltd ("Conxsme") for the six months ended June 30, 2020 ("the EYEfi Group" or Consolidated Entity"). EYEFi was consolidated by a reverse takeover ("RTO") on May 27, 2020 and Conxsme was consolidated on June 30, 2020. The condensed consolidated financial statements are presented in Canadian Dollars, which is the EYEfi Group's functional and presentation currency. It is supplementary information and should be read in conjunction with the EYEfi Group's unaudited condensed consolidated financial statements and accompanying notes for the interim six month periods ended June 30, 2020 and 2019.

These condensed interim financial statements for the interim six-month reporting period ended June 30, 2020 have been prepared in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as appropriate for for-profit oriented entities
This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is comprised of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

EYEFI was incorporated on October 4, 2018 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). Its head office is located at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia. Its registered office is located at C/O - 390 - 825 Homer Street, Vancouver BC, V6B 2W2 Canada.

EYEfi was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on June 8, 2006 with incorporation number ACN (Australian Corporation Number) 114 673 684. On January 4, 2007 its name was changed from Landmark Security (AUS) Pty. Ltd. to its current name. Conxsme was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on February 2, 2010 with incorporation number ACN (Australian Corporation Number) 142 103 259. EYEfi and Conxsme's head office is located at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia. Their registered office is located at C/O - DLK Advisory Pty. Ltd., Level 10, 99 Queen Street, Melbourne, Victoria 3000, Australia.

***Business of the Consolidated Entity***

The Consolidated Entity is a software and electronics engineering company that has developed, patented and commercialized an innovative spatial, predictive, approximation and radial convolution technology called SPARC and associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system. SPARC solves critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets.

It has also developed an Industrial Internet of Things (IIoT) hardware sensor (EYEfi Sensor) product and Cloud application called smart waste for waste bins and Smart Drain for storm water pits and is rolling out this technology in Australia and New Zealand.

***Overall Performance during the six months ended June 30, 2020***

The revenues of the Consolidated Entity decreased to $95,691, or 45%, during the six months ended June 30, 2020 compared to revenues of $175,393 during the six months ended June 30, 2019, due to there being some ad-hoc project income in the previous corresponding period. Cost of sales increased to 57.5% of revenue during the six months ended June 30, 2020 from 0.01% of revenue in the six months ended June 30, 2020. This was due to higher product development costs during the current six months period.

At June 30, 2020, the Consolidated Entity had cash at banks of $274,373 (December 31, 2019 – $111,053).

Pursuant to the Share Swap Agreement dated 4 March 2020, the reverse takeover of EYEfi was completed on 27 May 2020 with EYEfi and Conxsme becoming the wholly owned subsidiary of EYEfi Group Technologies Inc. On this date, the $909,800 preference shares were converted to ordinary shares in accordance with Clause 4 of the Preference Share Agreement.

***The EYEfi Business***

During the six months ended June 30, 2020, EYEFI initiated a plan to file a prospectus with the British Columbia Securities Commission (the “BCSC”). The non-offering prospectus (the “**Prospectus**”) of EYEFI Group Technologies Inc., the parent company of the Consolidated Group (“EYEFI”) is being filed with the British Columbia Securities Commission (the “BCSC”). The filing is to comply with Policy 2 – *Qualifications for Listing of the Canadian Securities Exchange* (the “CSE”) in order for the Company to meet one of the eligibility requirements for the listing of the Shares on the CSE by becoming a Reporting Company as defined herein, pursuant to the applicable securities legislation in the Province of British Columbia. Upon receipt of this Prospectus by the BCSC, the Company will become a Reporting Issuer in British Columbia.

No securities are being offered pursuant to this Prospectus. As such, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

An application has been filed by EYEFI to have its Shares listed for trading on the Canadian Securities Exchange (“CSE”). Listing will be subject to the Company fulfilling all the listing requirements of the CSE, including, without limitation, the distribution of the Shares to a minimum number of public shareholders and the Company meeting certain financial and other requirements.

During the last six months, the Consolidated Entity continued to develop its product suite and channel partner relationships.

EYEFI Group’s office of operations is at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia operates in Australia.

The primary business objectives for the EYEFI Group over the next 12 months is to grow our current business in Australia and New Zealand, and identify and secure more large resellers that can provide access to new customers and markets ("Channel Partners") in North America and eventually, other regions around the world. As such, our initial business development activities focused on:

(i) growing our existing customers and Channel Partners (ie. Resellers), including migration of existing legacy customers to new contracts via our Channel Partners;
(ii) new growth opportunities, such as securing new Channel Partners in North America;
(iii) employment of Business Development Managers (streamlined sales force) and consultants in Australia, NZ and North America to help secure and develop our Channel Partners, and to assist these partners in identifying and closing targeted sales opportunities;
(iv) launching of our latest (2020) product releases; and
(v) exploring acquisition opportunities to help build scale and distribute EYEfi's products.

The following is a summary of selected financial information for the EYEfi Group over the past three financial years ended December 31 extracted from the audited financial statements of the EYEfi Group.

| | **2019 $AUD** | **2018 $AUD** | **2017 $AUD** |
|---|---|---|---|
| Total Sales from Rendered Services | $275,314 | $559,965 | $578,460 |
| Gross Profit | $221,005 | $454,208 | $433,638 |
| Administration Expense | $193,971 | $233,107 | $278,051 |
| Comprehensive Income (loss) after tax | ($391,105) | $46,268 | ($206,026) |

The sales from rendering services of the EYEfi Group decreased to $AUD 275,314 or 50.83% in 2019 from $AUD 559,965 in 2018, primarily as a result of the following:

- Telstra Corporation Limited revenue reduced from $AUD 488,373 in 2018 to $AUD 193,645 in 2019 due to a reduction in one-off hardware sales.
- The EYEfi Group entering into the next phase of its business plan, which was to: (i) stop pursuing hundreds of small-medium sales opportunities (direct sales model), (ii) focus on establishing a few key large channel partners/resellers (indirect sales model), (iii) scaling our business for the long-term and to stop the resource intensive, short term sales approach by structuring our product development and sales channel model for scale and growth and (iv) on product development, all of which impacted sales revenue.

This approach involved the establishment of Channel Partners (Resellers) as sales channels, enabling the EYEfi Group to leverage the brand and sales staff of large partners, such as Telstra Corporation and Fujitsu, and only requiring a small team of Business Development Manager's to assist these Channel Partners with targeted sales opportunities and support.

The reduced revenue was anticipated during the period reflects the time taken by the EYEfi Group to execute these plans, and also to focus on securing capital (doing a small raise in August 2019) and positioning the company for a public listing – all of which was planned for and has been costly and time-consuming. Cost of sales also increased to 19.7% of sales revenue in 2019 from 18.9% of sales revenue in 2018. This was due to the above, with increased product development costs and reduce margins.The overall gross profit decreased to $AUD 221,005 (80.27% of sales revenue) in 2019 from $AUD 454,208 (81.11% of sales revenue) in 2018.

***Intellectual Property***

*EYEfi's International Patents*

EYEfi has registered patents in USA, Canada, China, Japan, South Korea, Australia and New Zealand. EYEfi has also established large global resellers for its products. It is well positioned to expands its reseller network into new markets and also established licensing of its technology to large customers.

| PATENT NUMBER | COUNTRY | APPLICANT/ASSIGNEE | TITLE | FILING/EXP DATE | STATUS |
|---|---|---|---|---|---|
| 9,058,689 | USA | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/<br>16 June 2029 | Granted on 16 June 2015 |
| 2,727,687 | Canada | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/<br>16 June 2029 | Granted on 14 November 2017 |
| ZL 20098013199.4 | China | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/<br>16 June 2029 | Granted on 25 December 2013 |
| 5575758 | Japan | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/<br>16 June 2029 | Granted on 11 July 2014 |
| 10-1663669 | South Korea | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/<br>16 June 2029 | Granted on 30 September 2016 |
| 2009260182 | Australia | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/<br>16 June 2029 | Granted on 10 March 2016 |
| 590428 | New Zealand | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/<br>16 June 2029 | Granted on 4 March 2014 |

*EYEfi's Trademarks*

| TRADEMARK NUMBER | MARK | CLASS | DESCRIPTION | FILING DATE | STATUS |
|---|---|---|---|---|---|
| 1103375 | EYEFfi® | CLASS 9 and 38 | Class: 9 Camera system - mounted on pole, trailer, in ground or any other suitable structure, permanent or semi-permanent installation connected to network by wireless, Wi-Fi, mobile data network and/or fixed line or any other suitable communications network, standalone or hosted video switching control software with remote user access and content management service.<br><br>Class: 38 Communications by fibre (fibre) optic networks; net casting (broadcasting over a global computer network); providing telecommunications connections to a global computer network; providing user access to a global computer network (service providers); switching network services (telecommunications); telecommunications security (providing secure connections and access including to computers and the global computer network); | 14 March 2006 | Registered |

| | | | | | |
|---|---|---|---|---|---|
| | | | web portal services (providing user access to a global computer network); webcasting (broadcasting over a global computer network) | | |
| 1103370 | EYEfi | CLASS 9 and 38 | Class: 9 Camera system - mounted on pole, trailer, in ground or any other suitable structure, permanent or semi-permanent installation connected to network by wireless, Wi-Fi, mobile data network and/or fixed line or any other suitable communications network, standalone or hosted video switching control software with remote user access and content management service.<br><br>Class: 38 Communications by fibre (fibre) optic networks; net casting (broadcasting over a global computer network); providing telecommunications connections to a global computer network; providing user access to a global computer network (service providers); switching network services (telecommunications); telecommunications security (providing secure connections and access including to computers and the global computer network); web portal services (providing user access to a global computer network); webcasting (broadcasting over a global computer network) | 14 March 2006 | Registered |
| 1553152 | Spatialeye® | EYEfi Pty Ltd | Global positioning system (GPS) apparatus; Application software; Computer programmes (programs) and recorded software distributed online; Computer programs (downloadable software); Computer software downloaded from the internet; Personal computer application software; Target location apparatus (electronic); Distance measuring apparatus; Electronic distance measuring apparatus; Coordinate measuring apparatus | 3 May 2013 | Registered |

The company is working on further developing its patents, core Intellectual Property (IP) and various algorithms and trade secrets, and will be registering further trademarks as it commercialises products with Channel Partners in various regions around the globe.

***Results of Operations***

For the six months ended June 30, 2020, the Consolidated Entity had sales from rendering services of $95,691 (June 30, 2019 – $175,393) and matching cost of sales of $55,022 (June 30, 2019 – $1,470) for a gross profit of $40,699 (June 30, 2019 – $173,923). The decrease in gross profit of $133,224 was mainly due to reduced one time IIoT Sensor Cloud project work during the six months ended June 20, 2020 and increase in cost of sales from 0.01% to 57.50% The high cost of sales during the six months ended June 30, 2020 was due to higher product development costs.

The Consolidated Entity's other source of revenue (expense) relates to the Australian Government’s COVID-19 cash flow boost and Jobkeeper for the six months ended June 30, 2020 of $87,592 (June 30, 2019 - $Nil) and car benefit reimbursements, interest and foreign exchanges movements of $6,164 (June 30, 2019 - $2,052).

The Consolidated Entity derived Government Grant income of $101,789 during the six months ended June 30, 2020 and $61,932 during the six months ended June 30, 2019 relating to the Australian Research and Development (“R&D”) tax concessions. Government Grants are recognised in the profit or loss on a systematic basis over the periods in which the Consolidated Entity recognises as expenses the related costs for which the grants are intended to compensate.

Listing expenses of $326,879 for the six months ended June 30, 2020 (June 30, 2019 - $Nil) related to the Reverse take-over listing costs in accordance with International Financial Reporting Standards.

Administrative expenses of $164,245 for the six months ended June 30, 2020 (June 30, 2019 - $73,852). The increase of $71,141 related to a increase in one-off accounting services of $60,000, legal expenses of $7,272 and other general expenses.

Employee benefits expense was $177,307 for the six months ended June 30, 2020 (June 30, 2019 – $96,188). The increase of $90,392 was due to an increase in salaries and employee entitlements in line with accounting standards.

Income tax expense was $Nil for the six months ended June 30, 2020 (June 30, 2019 - $173,913).

Exchange differences on translation of ($5,396) for the six months ended June 30, 2020 related to foreign currency exchange rate movements (June 30, 2019 - $7,922).

As a result of the foregoing, the Consolidated Entity recorded a net comprehensive loss after tax of $551,663 ($0.03 per share) for the six months ended June 30, 2020 compared to net comprehensive loss after tax of $302,196 ($0.02 per share) for the six months ended June 30, 2019.

***Summary of Quarterly Information***

| | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Sales from rendering services | 49,205 | 46,486 | 69,979 | 10,405 | 122,466 | 52,927 | 73,480 | 54,407 |
| Other income | 74,936 | 18,820 | 6,199 | - | 2,045 | 7 | - | 131 |
| Government Grants | 55,550 | 46,239 | 65,802 | 330,767 | 25,495 | 36,437 | 40,793 | 408,204 |
| Total Sales and other income | 179,691 | 111,545 | 141,980 | 341,172 | 150,006 | 89,371 | 114,273 | 462,742 |
| Exchange differences on translation income / (loss) | (11,048) | 5,652 | (4,821) | 4,204 | (18,111) | 26,034 | 1,807 | (10,129) |
| Net Comprehensive Income (Loss) | (428,445) | (123,218) | (134,235) | 72,041 | (202,930) | (99,266) | (48,790) | 209,125 |
| | | | | | | | | |
| Per Share* | (0.03) | (0.01) | (0.01) | 0.00 | (0.01) | (0.01) | (0.00) | 0.01 |
| Per Share diluted* | (0.03) | (0.01) | (0.01) | 0.00 | (0.01) | (0.01) | (0.00) | 0.01 |
| | | | | | | | | |

*Note*

** - 2,500,014 shares as at December 31, 2019 were restated to be 14,921,480 shares given the share swap agreement and conversion at a ratio of 5.9686:1.*

EYEfi's two main product revenue streams: Spatial Video / SPARC and EYEfi IIoT Sensor Cloud products are both subject to the influences of Australian economic conditions. The Spatial Video product is also subject to seasonal fluctuations, however, the EYEfi Cloud product is not seasonal and is project based.

Additionally, EYEfi's services revenue is generated from a combination of product sales and the corresponding subscriptions fees (recurring revenue), and, project related work which mostly involves professional services (eg. software development, project management etc). Therefore, quarterly revenue will consist of a baseline of fixed revenue from recurring fees, and, project related work which is variable. Both of these revenue sources are projected to grow in the future.

Accordingly, there are quarterly fluctuations in sales from rendering services over the two year period.

During the Q1 and Q2 2020 quarters, EYEfi only derived Spatial Video Platform recurring revenue from one of its main Channel Partners (Telstra).

During the 2019 year, EYEFi's service revenue fluctuated significantly over the quarters. Q4 2019 revenue related to Spatial Video Platform recurring services and one time IIoT Sensor Cloud project work. During Q3 2019 EYEfi's revenue fell due to reduced Spatial Video Platform work and limited IIoT Sensor Cloud project work. The increase in Q2 2019 related to increased Spatial Video Platform and IIoT Sensor Cloud product project work for two channel partners (Telstra and Fujitsu). In Q1 2019, EYEfi derived Spatial Video Platform service revenue and IIoT Sensor Cloud project work.
In Q4 2018, EYEfi performed one time IIoT Sensor Cloud project work and recurring Spatial Video Platform work. In Q3 2018, revenue was slightly lower due to reduced IIoT Sensor Cloud project work.

In difficult economic times, such as the disruption caused by the coronavirus pandemic in the first and second quarter of 2020, businesses have reduce discretionary spending and this has impacted the demand for EYEFfi's products.

Other income significantly increased during the March 31, 2020 and June 30, 2020 quarters due to the Australian Government COVID-19 Cash Flow Boost, Victorian Small Business Grants and Jobkeeper stimulus packages. It is not certain when these stimulus packages will end.

Government Grants are recognised in the profit or loss on a systematic basis over the periods in which the Consolidated Entity recognises as expenses the related costs for which the grants are intended to compensate. The Consolidated Entity uses the income approach and presents R&D grant income separately as part of the profit or loss as "research and development income". The Consolidated Entity has been lodging research and development applications with the Australian governing bodies since 2014 and has reasonable assurance that all of the expenditures qualify for the grants and all conditions have been met when they are recorded. There are no unfulfilled conditions or other contingencies attached to these grants.

The increase in Government Grant income in the September 30, 2019 and September 30, 2018 quarters were due to the fact that EYEfi Group received R&D cash refunds for Conxsme from the Australian Taxation Office of $AUD 298,780 in August 2019 and $AUD 397,817 in September 2018. Other quarters Government Grant income has fluctuated based on the level of eligible R&D expenditure incurred during the period.

*In Australia, entities under $AUD 20,000,000 revenue, and in a tax loss position, will receive a refundable R&D tax credit in cash. Once revenue exceeds $AUD 20,000,000, entities will receive a non-refundable R&D tax credit which is only realized against income taxes payable. For tax payable entities, the R&D tax credit is offset against income taxes payable. EYEfi is anticipated to be in a tax loss position for the year ended December 31, 2020, and accordingly, the R&D tax credit will be received in cash. Prior to December 31, 2019, there were two R&D claimants. Conxsme was in a loss position, and accordingly the entity received a cash refund for the R&D rebate. EYEfi was a taxable entity, and accordingly the R&D rebate was offset against tax payable. Conxsme became dormant on December 31, 2019, and all subsequent R&D claims, tax credits and cash refunds will be applied for by EYEfi.* ***Liquidity and Financial Position and Capital Resources***

The EYEFI Group's ability to generate sufficient cash to fund its operations and working capital requirements depends upon the ability of the EYEfi business to generate positive cash flow. EYEfi Group's ability to generate positive cash flow from its business requires it to have revenues in excess of its costs.

**Summary of Working Capital and Cash Flow**

As at June 30, 2020, the EYEFI Group had a working capital deficit of ($100,584). (December 31, 2019 – ($878,828)). Current assets were $439,645 (December 31, 2019 – $573,024) and current liabilities were $540,229 (December 31, 2019 – $1,451,852).

As at December 31, 2019, current liabilities included convertible preference shares of AUD $1,000,000 which were converted to ordinary shares on May 27, 2020 following completion of the Share Swap Agreement dated 4 March 2020. Current liabilities also includes income in advance of $315,948 as at June 30, 2020 (December 31, 2019 – $307,192) which will not effect working capital cash flows due the availability of the R&D tax concession offsets.

For the six months ended June 30, 2020, cash flow used in operating activities totalled $280,215 (June 30, 2019 – $7,557). This consisted primarily of cash provided by the receipts from customers of $67,862 for the six months ended June 30, 2020 (June 30, 2019 - $54,085). For the six months ended June 30, 2020, this was offset by cash used for payments to suppliers in the amount of $417,673 (June 30, 2019 - $42,966), cash used for finance costs in the amount of $3,334 (June 30, 2019 - $10,516), Government subsidies of $68,676 (June 30, 2019 - $Nil) and other revenue of $4,254 (June 30, 2019 - $Nil).

For the six months ended June 30, 2020, cash flows used in investing activities totalled $2,611 (June 30, 2019 - $Nil).

For the six months ended June 30, 2020, cash flow from financing activities consisted of proceeds of issue of ordinary shares of $18,196 (June 30, 2019 - $Nil), lease payments of $17,602 (June 30, 2019 - $Nil), cash acquired from acquisitions of $23,815 (June 30, 2019 - $Nil) and proceeds from the issuance of preference shares of $412,615 (June 30, 2019 – $Nil).

The cash and cash equivalents, receivables, both trade and from the issuance of preference shares and the income, if any, from the operations of the EYEFI Group, are used to fund the entity's financial requirements.

***Analysis of Financial Condition and Financial Performance***

The financial condition of the EYEFI Group is directly dependent on the performance of EYEfi. During the interim six month period June 30, 2020, sales from rendering services was $95,691 which was a decrease of 45% over the June 30, 2019 period sales revenue of $175,393.

***Related Party Transactions***

The following related party transactions occurred and were reflected in the condensed consolidated financial statements during the interim six month periods ended June 30, 2020 and 2019 as follows:

**Remuneration of key management**

| | **6 Months Ended June 30,** | |
|---|---|---|
| | **2020** | **2019** |
| Salary | 71,677 | 31,342 |
| Annual leave | 8,838 | 6,351 |
| Long service leave | 7,536 | 16,607 |
| Superannuation | 6,809 | 2,977 |
| | 94,860 | 57,277 |

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the EYEFI Group's Board of

Directors. The EYEfi Group considers key management to be the members of the Board of Directors and the Chief Executive Officer.

Conxsme Pty Ltd, a related party previously owned by Simon Langdon, joined the EYEFI Consolidated Group on June 30, 2020. Conxsme was originally set up for the purposes of research and development and has been dormant since the IIoT Sensor Cloud intellectual property was legally transferred to EYEfi on December 31, 2019 in accordance with the Preference Share Agreement dated August 12, 2019.

On May 27, 2020, the Company issued 33,750 shares to DLK Investments Group Pty Ltd (a company related to the CFO) at the total fair value of $49,129. As consideration, DLK paid $18,196 for 12,501 shares and the balance of $30,933 was taken as shares for professional services in lieu of cash.

### *Commitment*

EYEfi signed a new lease on July 1, 2019 for $43,173 per annum, including all outgoings and GST. The term is one by two years and rent is paid monthly in advance. In the year ended December 31, 2019, the Consolidated Entity, for the first time, applied IFRS 16 Leases, with an initial application date of 1 January 2019. The right-of-use asset is depreciated over 4 year and a lease liability are measured at the present value of the lease payments unpaid at commencement date, discounted using the Consolidated entity's incremental borrowing rate of 6%.

### *Internal Controls*

#### Disclosure controls and procedures

Management of EYEFI is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

#### Internal controls over financial reporting

Management of EYEFI is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's internal controls over financial reporting.

### *Outstanding Share Data*

The EYEFI Group has authorized an unlimited number of shares without par value. As at the date of this MD&A and as at June 30, 2020, there were 23,005,600 common shares issued. As at December 31, 2019, there were 14,921,480 shares (2,500,014 original common shares prior to conversion at a ratio of 5.9686:1).

On May 27, 2020, the Company exchanged 5.9686 new common shares for each original common share of EYEfi. All share amounts in these combined interim financial statements have been restated to reflect this exchange.

On May 27, 2020, the Company had the following transactions:

i) issued 126,826 shares to DLK Investments Group Pty Ltd ('DLK') at the total fair value of $10,146 for work undertaken for EYEFi;
ii) issued 74,613 shares to DLK for gross proceeds of $18,196;
iii) issued 149,214 shares to an employee at the total fair value of $11,937;
iv) preference shares at the total value of $909,800 were converted to EYEFi ordinary shares, in accordance with Note 3 and exchanged for 3,730,367 shares in the Company; and

v) issued 4,003,100 common shares to complete the RTO in accordance with the share swap agreement.

***Ongoing Financing and Convertible Preference Shares***

The EYEi Group's main objective is to grow the revenues of its EYEfi business and this has required investment of additional capital.

On 12 August 2019, EYEfi issued 1 million convertible preference shares with a par value of $1 per share, of which:

- AUD $460,000 was paid on issue date;
- AUD $460,000 was deferred and received on 9 January 2020 (AUD $325,000) and 15 January 2020 (AUD $135,000; and
- The remaining AUD $80,000 as non-cash share-based payments earned by corporate advisors for services rendered.

Conversion date of preference shares to ordinary shares is 3 years from the date of agreement or at any time before that date subject to the following:

- Either EBITDA or Revenue of the Company is equal to or greater than 75% of AUD $7,395,267 or AUD $11,329,217 respectively, such that the total of all ordinary shares held by new shareholders is equal to 20% of the total ordinary shares in the company.
- Both EBITDA and Revenue of the Company are each less than 75% of AUD $7,395,267 or AUD $11,329,217 respectively, such that the total of all ordinary shares held by the new shareholders is equal to 25% of the total ordinary shares in the company; or
- The company completes a fundraising act on or before conversion date, with the company or business being valued (immediately before the fundraising act ) at:
    - Greater than or equal to AUD $5 million (on an equity-based valuation), such that the total of all ordinary shares held by new shareholders is equal to 20% of the total ordinary shares in the company subsequent to the fundraising act; or
    - Less than AUD $5 million (on an equity-based valuation), such that the total of all ordinary shares held by new shareholders is equal to 25% of the total ordinary shares in the company subsequent to the fundraising act.

These convertible preference shares have no cash redemption requirements.

On 27 May 2020, the AUD $1,000,000 preference shares were converted to ordinary shares at an agreed equity-based valuation of AUD $5 million "unaudited" in accordance with the Preference Share Agreement dated 12 August 2019.

***Events after the reporting date***

In July 2020, EYEfi received the following funds as "escrow agent" for EYEfi Group Technologies Inc relating to loan facility agreements, with an interest rate of 10% and a term of 2 years:

- Loan with Shape Capital Pty Ltd., in the amount of AUD $80,000
- Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of AUD $200,000
- Loan with Gilkat Pty Ltd., in the amount of AUD $100,000
- Loan with 958 Consulting Pty Ltd., in the amount of AUD $100,000
- Loan with Simon Langdon, in the amount of AUD $100,000
- Loan with Cheryl Hargrave-Hill, in the amount of AUD $300,000

## *Risk Factors and Risk Management*

### *Negative Cash Flows*

During the six months ended June 30, 2020, the EYEfi Group has had negative cash flows from its operating activities and, as a result, has had to fund its operations with cash on hand. The EYEFI Group's cash on hand as at June 30, 2020 was $274,373. Although the Company has been successful in the past in raising the necessary funding to continue operations through increased sales, cost cutting and financing, there can be no certainty it will be able to do so in the future.

**Risk Management**

Any start-up or established business must continuously manage the risks by recognizing and mitigating the ambiguities and risks both in internal and external business environments that surround a company. The EYEfi Group's management team manages risks proactively. Here are some of the risks that the Company faces:

**Technology Risk**

The EYEfi Group is dependent upon network communication or internetworking for product connectivity. The network communication defines a set of protocols allowing application programs to talk to each other without regard to the hardware and operating systems where they are run. A disruption in the internetworking would have a serious impact on the EYEfi Group's services to its customers.

**Cybersecurity Risk:**

EYEfi Cloud is a public cloud application and is subject to threats and attacks and data breaches that could affect for example delivery of service and supply lines. Security data is controlled by the cloud provider which could make it difficult to distinguish between everyday computing events and security events. The EYEfi Group is constantly monitoring for security events. The EYEfi Group is also subject to attacks by ransomware and the encrypting of data and hardware attacks that could affect computer chips.

**Competitive Risks**

There are other well established companies who are competitors to the EYEfi Group providing services and products to the same kind of customers the EYEfi Group Company is targeting. A discussion of these competitors is contained earlier in this section of the Prospectus.

**Legal and Regulatory Risks**

Some of the possible legal or regulatory issues are continuous reporting requirements by the Regulatory Authorities and Exchange, tax complications, user and privacy policy, customer complaints, etc. The EYEfi Group has retained professional advisors with the requisite experience to deal with these matters and will consult with them to keep it informed of possible complications before they arise.

**Intellectual Property**

The ability of the EYEfi Group to maintain or increase sales will depend in part on its ability to maintain and grow its brand equity through the use of its registered domain names and intellectual property. A loss of any of these may result in the EYEfi Group's brand equity being diminished and thus a loss of potential customers. As protection, the EYEfi Group usually requires its employees and independent contractors to enter into confidentiality agreements, however it cannot be assured that the obligations therein will be maintained and honoured. In spite of confidentiality agreements and other methods of protecting trade secrets, the EYEfi Group's proprietary information could become known to or independently developed by competitors.

### *COVID-19 Virus Disruption*

Since June 30, 2020, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resuting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the EYEfi Group's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the EYEfi Group's business, operations or financial results, including the EYEfi Group ability to secure financing; however, the impact could be material.

### *Date and Other Available Information*

Unless otherwise indicated, the information contained in this MD&A is as of November 9, 2020.

***Signed***

*"Simon Langdon"*
Simon Langdon
CEO

**Audited annual financial statements of EYEFI Group Technologies Inc. for the year ended December 31, 2019** **C**

# EYEFI Group Technologies Inc.

## (formerly 1181950 B.C. Ltd.)

## Financial Statements

*For the Year Ended December 31, 2019 and for the period from*
*October 4, 2018 (Date of incorporation) to December 31, 2018*
*(Expressed in Canadian Dollars)*

# Independent Auditor's Report

To the Shareholders of EYEFI Group Technologies Inc. (formerly 1181950 B.C. Ltd.):

## Opinion

We have audited the financial statements of EYEFI Group Technologies Inc. (formerly 1181950 B.C. Ltd.) (the "Company"), which comprise the statements of financial position as at December 31, 2019 and December 31, 2018, and the statements of loss and comprehensive loss, changes in deficit and cash flows for the year ended December 31, 2019 and for the period from October 4, 2018 (date of incorporation) to December 31, 2018 , and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and for the period from October 4, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Toronto, Ontario | Chartered Professional Accountants

November 9, 2020 | Licensed Public Accountants

Expressed in Canadian Dollars

| | | **As at December 31, 2019** | | As at December 31, 2018 |
|---|---|---|---|---|
| **Assets** | | | | |
| Prepaid expenses | **$** | **976** | $ | 2,483 |
| **Total Assets** | | **976** | | 2,483 |
| | | | | |
| **Liabilities** | | | | |
| Cash overdraft | **$** | **31** | $ | – |
| Accounts payable and accrued liabilities | | **14,966** | | 5,386 |
| **Total Liabilities** | | **14,997** | | 5,386 |
| | | | | |
| **Deficit** | | | | |
| Share capital | **$** | **1** | $ | 1 |
| Accumulated deficit | **$** | **(14,022)** | $ | (2,904) |
| **Total Deficit** | | **(14,021)** | | (2,903) |
| | | | | |
| **Total Liabilities and Deficit** | **$** | **976** | $ | 2,483 |

Approved by the Board of Directors

"*Simon Langdon*"

Simon Langdon, Director

"*James Hope*"

James Hope, Director

*The accompanying notes are an integral part of these financial statements*

Expressed in Canadian Dollars

| | **2019** | 2018 |
|---|---|---|
| **Expenses** | | |
| Office and administration | **$ 726** | $ 187 |
| Rent | **1,200** | 200 |
| Professional fees | **9,192** | 2,517 |
| Total expenses | **11,118** | 2,904 |
| **Net and comprehensive loss** | **$ 11,118** | $ 2,904 |

*The accompanying notes are an integral part of these financial statements*

Expressed in Canadian Dollars

| | Share Capital | | | |
|---|---|---|---|---|
| | Shares | Amount | Accumulated deficit | Total Deficit |
| **Balance, October 24, 2018 (date of incorporation)** | **100** | **$ 1** | **$ –** | **$ 1** |
| Net loss for the period | – | – | (2,904) | **(2,904)** |
| **Balance, December 31, 2018** | **100** | **$ 1** | **$ (2,904)** | **$ (2,903)** |

| | Share Capital | | | |
|---|---|---|---|---|
| | Shares | Amount | Accumulated deficit | Total Deficit |
| **Balance, December 31, 2018** | **100** | **$ 1** | **$ (2,904)** | **$ (2,903)** |
| Net loss for the year | – | – | (11,118) | **(11,118)** |
| **Balance, December 31, 2019** | **100** | **$ 1** | **$ (14,022)** | **$ (14,021)** |

Statements of Cash Flows
For the year ended December 31, 2019 and
for the period from October 4, 2018 (date of incorporation) to December 31, 2018
Expressed in Canadian Dollars

| | | 2019 | | 2018 |
|---|---|---|---|---|
| **Cash flows related to the following activities:** | | | | |
| **Operating activities** | | | | |
| Net loss | **$** | **(11,118)** | $ | (2,904) |
| Change in non-cash operating items: | | | | |
| Cash overdraft | | **31** | | – |
| Accounts payable and accrued liabilities | | **9,580** | | 5,386 |
| Prepaid expenses | | **1,507** | | (2,483) |
| **Net cash flows used in operating activities** | | **-** | | **(1)** |
| **Financing activities** | | | | |
| Proceed from common share issuance | **$** | **-** | $ | **1** |
| **Net cash flows generated from financing activities** | | **-** | | **1** |
| **Net change in cash** | | **-** | | – |
| Cash, beginning of the year / period | | – | | – |
| **Cash, end of year / period** | **$** | **-** | **$** | – |

*The accompanying notes are an integral part of these financial statements*

## 1. Incorporation and operations

EYEFI Group Technologies Inc. (formerly 1181950 B.C. Ltd.) (the "Company") was incorporated on October 4, 2018 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) and changed its name from 1181950 B.C. Ltd. to EYEFI Group Technologies Inc. on January 8, 2020. The Company's registered and head office is #390 - 825 Homer Street, Vancouver, BC V6B 2W2. The company is a shell entity with no commercial or operational activity.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2019, the Company has not generated any revenues from operations and has an accumulated deficit of $14,022.

## 2. Basis of preparation

### Statement of compliance

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements of the Company for the year ended December 31, 2019 and for the period from October 4, 2018 (Date of incorporation) to December 31, 2018 were approved by the Board of Directors on November 9, 2020.

### Basis of presentation

The financial statements are presented in Canadian dollar ("CAD"), which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

### Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

### Significant estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

## 3. Summary of significant accounting policies

### Income taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

**3. Summary of significant accounting policies (continued)**

**Income taxes (continued)**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

**Going concern**

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

**Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

**Financial instruments**

The Company recognizes financial assets and financial liabilities at fair value on the date the Company becomes a party to the contractual provisions of the instruments.

The Company classifies its financial assets into the following categories: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost.

The Company classifies its financial liabilities at amortized cost. Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or accumulated other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's financial assets and financial liabilities are classified and measured as follows:

| Asset/Liability | Measurement Category | Subsequent Measurement |
|---|---|---|
| Bank overdraft | FVTPL | Fair value |
| Accounts payable and accrued liabilities | Amortized cost | Amortized cost |

**Leases**

Effective January 1, 2019 (hereafter referred to as the "date of initial application"), the Company adopted IFRS 16 Leases as issued by the IASB in January 2016. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

## 3. Summary of significant accounting policies

**Leases (continued)**

The Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations. On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases. The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

## 4. Income Taxes

As of December 31, 2019, the Company has non-capital losses carried forward for income tax purposes of $6,116 (2018 – $2,810).

## 5. Related Party Transactions

During the year ended December 31, 2019, the Company has approximately $7,539 (2018 - $5,386) of accrued payables to a Director of the Company for expenses incurred on the Company's behalf. During 2019, the Company has paid $1,200 related to an office lease to a related company owned by a Director.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the year ended December 31, 2019.

## 6. Financial Instruments and Risk Management

**Capital Management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes equity, comprised of share capital and deficit, in the definition of capital.

The Company's primary objective, with respect to its capital management, is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

**Fair value**

Fair value represents the price at which an asset and liability could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of assets and liabilities according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

## 6. Financial Instruments and Risk Management (continued)

As at December 31, 2019, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy. The Company's financial instruments consist of bank overdraft, and accounts payable and accrued liabilities. The carrying values of accounts payable and accrued liabilities approximate fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company will achieve this by maintaining sufficient cash and seeking equity financing when needed.

## 7. Subsequent events

Subsequent to December 31, 2019, financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 12, 2020. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.

On February 27, 2020, the Company issued 3,000,000 shares at a price of $0.02 per share and received subscription funds of $60,000.

On April 24, 2020 the Company issued 177,500 shares at a price of $0.08 per share and received subscription funds of $14,200.

On April 30, 2020 the Company issued 825,500 shares at a price of $0.08 per share and received subscription funds of $66,040.

The Company entered a Share Swap Agreement dated March 4, 2020, which will it allow it to acquire the issued and outstanding ordinary shares of EYEfi Pty Ltd., a software and engineering company that has developed, patented and commercialized innovative spatial, predictive, approximation and radial convolution technology called SPARC and an associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system.

The Share Swap Agreement closed on May 27, 2020. 19,002,500 shares were issued to the shareholders of EYEfi Pty. Ltd. In exchange for 100% of the ordinary shares of EYEfi Pty Ltd.

In July 2020 the Company entered into the following loan facility agreements (AUD), with an interest rate of 10% and a term of 2 years:

- Loan with Shape Capital Pty Ltd., in the amount of $80,000
- Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of $200,000
- Loan with Gilkat Pty Ltd., in the amount of $100,000
- Loan with 958 Consulting Pty Ltd., in the amount of $100,000
- Loan with Simon Langdon, in the amount of $100,000
- Loan with Cheryl Hargrave-Hill, in the amount of $300,000

**Management's Discussion and Analysis of EYEfi Group Technologies Inc.** **D**
**financial statements for the year ended December 31, 2019**

# EYEFI Technologies Group Inc.

MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2019

## 1.1 Date

This Management Discussion and Analysis ("MD&A") of EYEFI Technologies Group Inc. (the "Company") has been prepared by management as of December 31, 2019 and should be read in conjunction with the audited financial statements and related notes thereto of the Company for the period from January 1, 2019 to December 31, 2019, which was prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", believe", outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

All amounts in this MD&A are presented in Canadian dollars ("CAD"). The financial statements are presented for the period January 1, 2019 to December 31, 2019. The Company's fiscal year end is December 31.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations.

## 1.2 Overall Performance

The Company was incorporated on October 4, 2018 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia).

## 1.3 Selected Annual Information

| | For the period from incorporation on January 1, 2019 to December 31, 2019 |
|---|---|
| Loss for the year | $ (11,118) |
| Loss per share | $ (111.18) |
| Current assets | $976 |
| Total assets | $976 |
| Total current liabilities | $ 14,997 |

Current assets consist of prepaid expenses in the amount of $976.

Current liabilities consist of bank overdraft (fees to be reversed) of $31 and expenses to be reimbursed to director of $7,538 and audit accrual fees of $7,500, and GST input tax credits receivable by the government of Canada in the amount of $72.

## 1.4 Results of Operations

*Period from January 1, 2019 to December 31, 2019*

During the period from January 1, 2019 to December 31, 2019, the Company reported a loss of $11,118, which was comprised of legal fees of $1,447, business fees of $245, professional fees of $7,500, meals and entertainment of $623, office rental of $1,200, interest and bank charges of $31 and parking expense of $72.

## 1.5 Summary of Quarterly Results

Quarterly financial information for interim periods preceding the date of this MD&A have been omitted as the Company had no activity in the 2019 fiscal year.

## 1.6 Liquidity and Capital Resources

As at December 31, 2019, the Company had working capital deficit of $14,021 dollars. As at December 31, 2019, the Company had cash on hand of zero dollars and had current liabilities due only to the director of the company for out of pocket expenses.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

## 1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

## 1.8 Risk and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

- The Company has not generated any significant revenue and has incurred significant losses since inception.
- Although management of the Company is working diligently to complete the business transaction, there is no assurance that a definitive agreement will be entered into nor completed.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

The Company is exposed to credit risk by holding cash, which is held in trust with Canadian legal counsel, and in a Canadian bank account. Management believes there is no exposure to credit risk with respect to its cash balances.

*Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

### .1.8 Risk and Uncertainties - continued

*Interest rate risk*

Interest rate risk is the Company's exposure to changes in results of operations because of fluctuating interest rates. The Company has no variable interest-bearing financial instruments and is therefore not exposed to interest rate risk.

*Currency risk*

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

### 1.9 Transactions with Related Parties

During the year ended December 31, 2019, the Company has approximately $7,539 (2018 - $5,386) of accrued payables to a Director of the Company for expenses incurred on the Company's behalf. During 2019, the Company has paid $1,200 related to an office lease to a related company owned by a Director.

### 1.10 Subsequent Events

Subsequent to December 31, 2019, financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 12, 2020. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.

On April 24, 2020 the Company issued 177,500 shares at a price of $0.08 per share and received subscription funds of $14,200.

On April 30, 2020 the Company issued 825,500 shares at a price of $0.08 per share and received subscription funds of $66,040.

The Company entered a Share Swap Agreement dated March 4, 2020, which will it allow it to acquire the issued and outstanding ordinary shares of EYEfi Pty Ltd., a software and engineering company that has developed, patented and commercialized innovative spatial, predictive, approximation and radial convolution technology called SPARC and an associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system.

The Share Swap Agreement closed on May 27, 2020. 19,002,500 shares were issued to the shareholders of EYEfi Pty. Ltd. In exchange for 100% of the ordinary shares of EYEfi Pty Ltd.

In July 2020 the Company entered into the following loan facility agreements (AUD), with an interest rate of 10% and a term of 2 years:

- Loan with Shape Capital Pty Ltd., in the amount of $80,000
- Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of $200,000
- Loan with Gilkat Pty Ltd., in the amount of $100,000
- Loan with 958 Consulting Pty Ltd., in the amount of $100,000
- Loan with Simon Langdon, in the amount of $100,000

- Loan with Cheryl Hargrave-Hill, in the amount of $300,000

### 1.11 Fourth Quarter

Please refer to 1.4 Results of Operations.

### 1.12 Critical Accounting Estimates

Not applicable to venture issuers.

### 1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards.

### 1.14 Financial Instruments and Other Instruments

The Company classifies and measures its financial instruments as follows:

| Asset/Liability | Measurement Category | Subsequent measurement |
|---|---|---|
| Bank overdraft | FVTPL | Fair value |
| Accounts payable and accrued liabilities | Amortized cost | Amortized cost |

### 1.15 Other Requirements

Summary of Outstanding Share Data as of date of this MD&A:

Authorized: Unlimited number of common shares without par value.
Issued and outstanding: 100 common shares.

The board of directors approved this MD&A on November 9, 2020

*"Simon Langdon"*
Simon Langdon

**Audited Financial Statement of EYEfi Pty. Ltd. for the year ended December 31, 2019** **E**

# The EYEfi Group

**ABN 36 114 673 684**

## Combined Annual Report - 31 December 2019

**The EYEfi Group**
**Directors' report**
**31 December 2019**

This financial report is a general purpose financial report that has been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standard Board ('IASB') and Interpretations of the International Financial Reporting Interpretations Committee ('IFRIC').

The financial report includes the combined results of Eyefi Pty Ltd and Conxsme Pty Ltd. The combined financial reports reflect the combined results of both entities due to their underlying common shareholding interest.

## Directors

**Simon Langdon**
Adv.Dip/Assoc.Deg Elec. Eng, Member - AICD
Founder and Managing Director, 2006.

Simon has been developing and commercialising problem-solving technology for over 25 years in both senior technical and commercial roles within the ICT sector. Simon is a global patentee, and has successfully deployed EYEfi's products with large enterprise and government clients in Australia and New Zealand.

## Principal activities

The combined entity is a software and electronics engineering entity that has developed, patented and commercialised an innovative spatial technology (SPARC), IIoT hardware sensor product, cloud application (Smart Waste for waste bins and Smart Drain for stormwater pits) and associated product suite, that solves critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets.

## Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Review of operations

The loss for the combined entity after providing for income tax amounted to $391,105 (31 December 2018: profit of $46,268).

During the year ended 31 December 2019, EYEfi issued $1m convertible preference shares to provide working capital to grow the business.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the combined entity during the financial year.

## Matters subsequent to the end of the financial year

Since 31 December 2019, the respiratory illness COVID-19 (also referred to as the “coronavirus”) has resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment; all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk.

Management believes that the combined entity is well positioned to cope with a downturn in the economy.
Factors contributing to the combined entity’s strong position are:

- the combined entity has long-term contracts with a number of its existing customers
- the combined entity’s major customers have not experienced financial difficulties. All trade receivables on 31 December 2019 have been received prior to the issue of this report.

Despite the COVID-19 disruptions, the directors still believe the combined entity is a going concern due to the strong position of the combined entity’s working capital (excluding preference shares and deferred revenue), and its ability to capture and fulfil its order book. The combined entity’s major customers have not been significantly disrupted by COVID-19 nor have they altered their contracts with the combined entity, as such the combined entity does not expect significant disruptions to operations or financially. As at the issue of this report, the COVID-19 disruptions have had no impact on the combined entity’s operations.

The $460,000 deferred settlement for the preference shares was received by the Combined entity in January 2020 in accordance with the Preference Share Agreement dated 12 August 2019.

Pursuant to the Share Swap Agreement dated 4 March 2020, the reverse takeover of EYEfi was completed on 27 May 2020 with the Combined entity becoming the wholly owned subsidiary of EYEfi Group Technologies Inc. On this date, the $1,000,000 preference shares were converted to ordinary shares in accordance with Clause 4 of the Preference Share Agreement.

All of the shares in Conxsme were formally transferred to EYEfi on 30 June 2020. Conxsme is currently a dormant entity. From 30 June 2020, EYEfi Group Technologies Inc has two wholly owned subsidiaries, EYEfi (direct holding) and Conxsme (indirectly through EYEfi).

In July 2020, EYEfi received the following funds as “escrow agent “for EYEfi Group Technologies Inc relating to loan facility agreements, with an interest rate of 10% and a term of 2 years:

- Loan with Shape Capital Pty Ltd., in the amount of $80,000
- Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of $200,000
- Loan with Gilkat Pty Ltd., in the amount of $100,000
- Loan with 958 Consulting Pty Ltd., in the amount of $100,000
- Loan with Simon Langdon, in the amount of $100,000
- Loan with Cheryl Hargrave-Hill, in the amount of $300,000

Other than disruptions to operations caused by the COVID-19 virus, the reverse takeover and loan facility agreement mentioned above, no other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the combined entity's operations, the results of those operations, or the combined entity's state of affairs in future financial years.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the combined entity's operations, the results of those operations, or the combined entity's state of affairs in future financial years.

## Likely developments and expected results of operations

EYEfi is planning to list on the Canadian Securities Exchange in the second half of 2020 to assist the combined entity in achieving its growth objectives and provide further access to capital.

## Shares under option

No contingent equity instruments exist as at 31 December 2019, with the exception of the rights attached to convertible preference shares (refer note 10).

**Shares issued on the exercise of options**
There were no ordinary shares of the combined entity issued on the exercise of options during the year ended 31 December 2019 and up to the date of this report.

**Directors interests**

| | 31 December 2019 | 31 December 2018 |
|---|---|---|
| Eyefi (Simon Langdon indirect interest) | 2,500,012 | 2,500,012 |
| Conxsme (Simon Langdon indirect interest) | 2 | 2 |

This report is made in accordance with a resolution of directors and specifically for the Canadian listing and not for the Australian regulatory requirements.

On behalf of the directors

"*Simon Langdon*"

Simon Langdon

November 9, 2020

**The EYEfi Group**
**Contents**
**31 December 2019**



## General information

The financial statements include the combined results of Eyefi Pty Ltd and Conxsme Pty Ltd. The combined financial reports reflect the combined results of both entities due to their underlying common shareholding interest. The financial statements are presented in Australian dollars, which is combined entity's functional and presentation currency.

EYEfi Pty Ltd and Conxsme Pty Ltd are both companies limited by shares, incorporated and domiciled in Australia. Their registered offices and principal place of business are:

| **Registered office** | **Principal place of business** |
|---|---|
| C/ - DLK Advisory Pty Ltd<br>Level 10, 99 Queen Street<br>Melbourne Vic 3000 | Unit 1, 255-257 Wellington Street<br>Collingwood Vic 3066 |

A description of the nature of the combined entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 November 2020. The directors have the power to amend and reissue the financial statements.

**The EYEfi Group**
**Combined statement of comprehensive income**
**For the year ended 31 December 2019**

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| **Revenue** | | | |
| Sales from rendering services | 4 | 275,314 | 559,965 |
| Cost of sales | | (54,309) | (105,757) |
| Gross profit | | 221,005 | 454,208 |
| Other income | | 9,050 | 64,575 |
| Research & development tax credits | 18 | 507,212 | 594,702 |
| **Expenses** | | | |
| Administration | | (193,971) | (233,107) |
| Depreciation expense | | (27,156) | (19,004) |
| Employee benefits expense | | (265,386) | (106,009) |
| Marketing | | (229,138) | (207,522) |
| Share based payments | 10 | (80,000) | - |
| **Profit/(loss) from ordinary activities before loan forgiveness expense** | | (58,384) | 547,843 |
| Loan forgiveness expense | 16 | (112,666) | (139,570) |
| **Profit/(loss) before income tax expense** | | (171,050) | 408,273 |
| Income tax expense | 5 | (220,055) | (362,005) |
| **Profit/(loss) after income tax expense for the year attributable to the owners of The EYEfi Group** | | (391,105) | 46,268 |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year attributable to the owners of The EYEfi Group** | | (391,105) | 46,268 |
| | | **Cents** | **Cents** |
| Basic earnings/(losses) per share | 17 | (0.16) | 0.02 |
| Diluted earnings/(losses) per share | | (0.16) | 0.02 |

*The above combined statement of comprehensive income should be read in conjunction with the accompanying notes*

**The EYEfi Group**
**Combined statement of financial position**
**As at 31 December 2019**

| | Note | 31 December 2019 $ | 31 December 2018 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 121,742 | 11,866 |
| Trade and other receivables | 6 | 46,436 | 61,716 |
| Amounts receivable for the issue of preference shares | 10 | 460,000 | - |
| Total current assets | | 628,178 | 73,582 |
| **Non-current assets** | | | |
| Property, plant and equipment | | 52,847 | 58,819 |
| Right-of-use assets | 7 | 130,620 | - |
| Intangibles | 8 | 52,847 | 50,791 |
| Total non-current assets | | 236,314 | 109,610 |
| **Total assets** | | 864,492 | 183,192 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 44,471 | 143,631 |
| Lease liabilities | 9 | 40,229 | - |
| Income tax payable | | 4,917 | 67,561 |
| Employee benefit provisions | | 165,217 | 65,196 |
| Income in advance | 2 | 336,760 | 336,760 |
| Convertible preference shares | 10 | 1,000,000 | - |
| Total current liabilities | | 1,591,594 | 613,148 |
| **Non-current liabilities** | | | |
| Lease liabilities | 9 | 93,959 | - |
| Total non-current liabilities | | 93,959 | - |
| **Total liabilities** | | 1,685,553 | 613,148 |
| **Net liabilities** | | (821,061) | (429,956) |
| **Equity** | | | |
| Issued capital | 11 | 2,500,014 | 2,500,014 |
| Accumulated losses | | (3,321,075) | (2,929,970) |
| **Total deficiency in equity** | | (821,061) | (429,956) |

*The above combined statement of financial position should be read in conjunction with the accompanying notes*

**The EYEfi Group**
**Combined statement of changes in equity**
**For the year ended 31 December 2019**

| | Issued capital $ | Accumulated losses $ | Total deficiency in equity $ |
|---|---|---|---|
| Balance at 1 January 2018 | 2,500,014 | (2,976,238) | (476,224) |
| Profit after income tax expense for the year | - | 46,268 | 46,268 |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | 46,268 | 46,268 |
| Balance at 31 December 2018 | 2,500,014 | (2,929,970) | (429,956) |

| | Issued capital $ | Accumulated losses $ | Total deficiency in equity $ |
|---|---|---|---|
| Balance at 1 January 2019 | 2,500,014 | (2,929,970) | (429,956) |
| Loss after income tax expense for the year | - | (391,105) | (391,105) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | (391,105) | (391,105) |
| Balance at 31 December 2019 | 2,500,014 | (3,321,075) | (821,061) |

*The above combined statement of changes in equity should be read in conjunction with the accompanying notes*

**The EYEfi Group**
**Combined statement of cash flows**
**For the year ended 31 December 2019**

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 409,851 | 776,021 |
| Payments to suppliers and employees (inclusive of GST) | | (940,779) | (1,070,655) |
| Receipts from government grants | | 298,780 | 397,817 |
| Finance costs | | (19,743) | (8,760) |
| Income taxes paid | | (74,267) | (40,475) |
| Net cash from/(used in) operating activities | 20 | (326,158) | 53,948 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | - | (60,762) |
| Payments for intangible assets | 8 | (4,581) | (3,295) |
| Net cash used in investing activities | | (4,581) | (64,057) |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of preference shares | | 460,000 | - |
| Lease repayments | | (19,385) | - |
| Net cash from financing activities | | 440,615 | - |
| Net increase/(decrease) in cash and cash equivalents | | 109,876 | (10,109) |
| Cash and cash equivalents at the beginning of the financial year | | 11,866 | 21,975 |
| Cash and cash equivalents at the end of the financial year | | 121,742 | 11,866 |

*The above combined statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. Significant accounting policies

The following is a summary of significant accounting policies adopted by the combined entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

This financial report is a general purpose financial report that has been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standard Board ('IASB') and Interpretations of the International Financial Reporting Interpretations Committee ('IFRIC').

The financial report includes the combined results of Eyefi Pty Ltd and Conxsme Pty Ltd. The combined financial reports reflect the combined results of both entities due to their underlying common shareholding interest.

**New or amended Accounting Standards and Interpretations adopted**
The combined entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Financial Reporting Standards ('IFRS') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the combined entity.

The following Accounting Standards and Interpretations are most relevant to the combined entity:

*IFRS 16 Leases*
*General impact of application of IFRS 16 Leases*
In the current year, the combined entity, for the first time, applied IFRS 16 Leases, with an initial application date of 1 January 2019.

IFRS 16 introduces new requirements with respect to lease accounting by removing the distinction between operating and finance leases, requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases except for short-term leases, being those less than 12 months, and leases of low-value assets.

For contracts in place at the date of initial application, the combined entity has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019.

*Impact of the definition of a new lease*
The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The combined entity has applied this definition to all lease contracts currently held.

*Impact on lessee accounting*
Previously, under IAS 17 for the comparative period, all leases were classified as operating leases and were not recognised in the combined entity's statement of financial position. Payments under operating leases were recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

IFRS 16 changes how the combined entity accounts for leases previously classified as operating leases under IAS 17 including:
• Recognising right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; and
• Recognising depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income; and
• Lease incentives under IFRS 16 are recognised as part of the measurement of the right-of-use assets and lease liabilities.

**Note 1. Significant accounting policies (continued)**

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the combined entity has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of comprehensive income.

*Financial impact of initial application of IFRS 16*
The combined entity transitioned to IFRS 16 at 1 January 2019. On 1 July 2019, a new lease commenced and the combined entity recognised a right-of-use asset of $149,280 and $149,280 of lease liabilities (refer note 2).

When measuring lease liabilities, the combined entity discounted lease payments using the Combined entity's incremental borrowing rate, being 6%.

**Basis of preparation**
These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial report includes the combined results of EYEfi Pty Ltd and Conxsme Pty Ltd. The combined financial reports reflect the combined results of both entities due to their underlying common shareholding interest.

EYEfi Pty Ltd and Conxsme Pty Ltd are for-profit entities for the purpose of preparing the financial statements for the year ended 31 December 2019.

*Historical cost convention*
The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the combined entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Principles of consolidation**
The combined financial statements reflect the combined results of all entities considered to be part of the combined Entity due to their underlying common shareholding interest. These entities include EYEfi Pty Ltd and Conxsme Pty Ltd.

The financial statements of the combined entity is prepared for the same reporting period, using consistent accounting policies.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

**Foreign currency translation**
The financial statements are presented in Australian dollars, which is combined Entity's functional and presentation currency.

*Foreign currency transactions*
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Note 1. Significant accounting policies (continued)**

## Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the combined entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the combined entity identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue which has been invoiced and/or receipted in advance for which services are yet to be performed is recorded as income in advance or contract liabilities. Income in advance includes server licenses which have not yet been activated or configured for customer use.

The combined entity has two primary revenue streams:
- Software and hardware solution services; and
- Professional services

IIot Sensor Cloud, Spatial Video Platform and other consulting revenue have all been earned over the time the services have been rendered.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

*Government Grants*
Government grants are recognised in the profit or loss on a systematic basis over the periods in which the combined entity recognises as expenses the related costs for which the grants are intended to compensate. The combined entity uses the income approach and presents R&D grant income separately as part of the profit or loss as “research and development tax credits”. The EYEfi Group has been lodging research and development applications with the Australian governing bodies since 2014 and has reasonable assurance that all of the expenditures qualify for the grants and all conditions have been met when they are recorded. There are no unfulfilled conditions or other contingencies attached to these grants.

The research and development expenditure is permitted research and development expenditure as established by AusIndustry, the Australian government body that reviews and approves research and development claims. In considering this, the director(s) considered the methodology used in assessing such expenditures as qualifying expenditures, as to be consistent with the methodology applied to like-for-like claims it has lodged in previous years dating back to 2014. The director(s) also considered the expertise and experience of the research and development consultant it contracted to assist in the formulation and lodgement of those claims.

## Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**Note 1. Significant accounting policies (continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the combined entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the combined entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The combined entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Property, plant and equipment**
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated either on a straight-line or diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Plant and equipment | 3-10 years |
| Motor vehicle | 8 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the combined entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Note 1. Significant accounting policies (continued)**

**Right-of-use assets**
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

The right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the combined entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The right-of-use assets that meet the definition of investment property are measured at fair value where the combined entity has adopted a fair value measurement basis for investment property assets.

The combined entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Intangible assets**
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Patents and trademarks*
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

*Software*
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

**Impairment of non-financial assets**
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**
These amounts represent liabilities for goods and services provided to the combined entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Note 1. Significant accounting policies (continued)

### Employee benefits

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### Convertible preference shares
Convertible preference shares have variable share conversion rights based on EBITDA and revenue forecast targets or a fundraising event. As they have variable conversion rights, they have been classified as a financial liability in the financial statements and held at cost at initial recognition. This is the best approximation of their fair value at that date, and thereafter held at cost.

### Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted
Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the combined entity for the annual reporting period ended 31 December 2019. The combined entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Fair value measurement hierarchy*
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the combined entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financials statements is determined on such a basis.

*Income tax*
The combined entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The combined entity recognises liabilities for anticipated tax audit issues based on the combined entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recognition of Research and Development tax credits*
Recognition of government grant income in relation to Research and development expenditure credits is made when the Combined Entity has reasonable assurance that all unfulfilled conditions and contingencies attached to those grants will be complied with. In making this assessment, the director(s) have considered the following matters:

A) The research and development expenditure is permitted research and development expenditure as established by AusIndustry, the Australian government body that reviews and approves research and development claims. In considering this, the director(s) considered the methodology used in assessing such expenditures as qualifying expenditures, as to be consistent with the methodology applied to like-for-like claims it has lodged in previous years dating back to 2014. The director(s) also considered the expertise and experience of the research and development consultant it contracted to assist in the formulation and lodgement of those claims; and
B) The expenditure is claimable through the Australian Taxation Office (ATO), which requires the submission of annual taxation returns. The Combined entity has consistently met lodgement deadlines for submitting those tax returns in previous financial years and has no reason to expect this condition will not continue to be met in future reporting periods.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the combined entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Employee benefits provision*
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Income in advance / unearned income*
Income in advance (refer to Combined Statement of Financial Position) represents deferred revenue relating to server licenses of EYEfi's Spatial Video/SPARC platform deployed in client's data centre, which have not yet been activated or configured for customer use. There is further configuration required once client starts connecting cameras and customers (subscriptions) to those servers. This activity, when it occurs, will take less than a week and will be a one-off exercise. The combined entity has the resources to finish this configuration work and does not expect there to be significant costs associated with completing this work.

## Note 3. Segment Reporting

The combined entity has one operating segment: software and electronics engineering services. In identifying the operating segment, management generally follows the combined entity's service line representing Spatial Video Platform and IIoT Sensor Cloud services. The combined entity aims to solve critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets. The combined entity operates in the Oceania region, which is situated in Asia-Pacific region.

The operations of the segment are monitored by the Combined entity's chief operating decision maker and strategic decisions are made based on reporting results. During the year ended 31 December 2019, there have been no changes from prior periods to measurement methods used to determine the segment's profit or loss.

Major customers

During the year ended 31 December 2019, approximately 67% (2018: 72%) of the combined entity's service revenue was derived from sales to another major customer, being Telstra Corporation Limited (Telstra). Telstra is an Australian telecommunications company which builds and operates telecommunications networks and markets voice, mobile, internet access, pay television and other products and services.

## Note 4. Sales from rendering services

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| IloT Sensor Cloud | 58,717 | 93,709 |
| Spatial Video Platform | 216,597 | 466,256 |
| Revenue | 275,314 | 559,965 |

IIot Sensor Cloud, Spatial Video Platform and other consulting revenue have all been recognised over the time the services have been rendered.

### Major customer revenue contribution

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Telstra | | |
| Revenue amount | 193,645 | 405,300 |
| Revenue portion of total service revenue | 67% | 72% |

## Note 5. Income tax expense

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| *Income tax expense* | | |
| Current tax | 220,055 | 376,357 |
| Adjustment recognised for prior periods | - | (14,352) |
| Aggregate income tax expense | 220,055 | 362,005 |
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| Profit/(loss) before income tax expense | (171,050) | 408,273 |
| Tax at the statutory tax rate of 27.5% | (47,039) | 112,275 |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Entertainment expenses | 2,650 | 5,190 |
| Cost of issuing convertible preference shares | 22,000 | - |
| Penalties and fines | 252 | 344 |
| Timing differences that have not been recognised as deferred tax assets | 29,933 | 5,179 |
| Debt forgiveness | 30,983 | 38,382 |
| R&D expenditure not deductible as applied in deriving R&D income credits | 131,767 | 124,467 |
| Non-deductible expenses | 49,509 | 90,520 |
| | 220,055 | 376,357 |
| Adjustment recognised for prior periods | - | (14,352) |
| Income tax expense | 220,055 | 362,005 |

| | 31 December 2019<br>$ | 31 December 2018<br>$ |
|---|---|---|
| *Deferred tax assets not recognised* | | |
| Deferred tax assets not recognised arising from timing differences | 141,007 | 111,074 |
| Total deferred tax assets not recognised | 141,007 | 111,074 |

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

## Note 6. Trade and other receivables

| | 31 December 2019<br>$ | 31 December 2018<br>$ |
|---|---|---|
| *Current assets* | | |
| Trade receivables | 1,580 | 34,320 |
| GST receivable | 44,856 | 27,396 |
| | 46,436 | 61,716 |

As at 31 December 2019 no trade receivable was past due that was not impaired (31 December 2018: nil)

## Note 7. Right-of-use asset

In the current year, the combined entity, for the first time, applied IFRS 16 Leases, with an initial application date of 1 January 2019.

The right-of-use asset is depreciated over 4 year and a lease liability are measured at the present value of the lease payments unpaid at commencement date, discounted using the combined entity's incremental borrowing rate of 6%.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

The combined entity transitioned to IFRS 16 at 1 January 2019. On 1 July 2019, a new lease commenced and the combined entity recognised a right-of-use asset of $149,280 and $149,280 of lease liabilities (refer note 2). On 1 July 2019, a new two year lease commenced and the combined entity recognised a right-of-use asset of $149,280 and $149,280 of lease liabilities (refer note 2). The combined entity has two further options to extend the lease (2 x two years) with the last day to exercise the first option being 2 April 2021.

Given the uncertainty as to whether or not these options will be exercised at the end of the lease term, they have not been factored into the lease liability calculation.

## Note 8. Intangibles

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | **Patents and trademarks** | **Other intangible assets** | **Total** |
|---|---|---|---|
| | **$** | **$** | **$** |
| Balance at 1 January 2018 | 47,798 | 2,152 | 49,950 |
| Additions | 3,295 | - | 3,295 |
| Amortisation expense | (1,586) | (868) | (2,454) |
| Balance at 31 December 2018 | 49,507 | 1,284 | 50,791 |
| Additions | 4,582 | - | 4,582 |
| Amortisation expense | (1,670) | (856) | (2,526) |
| Balance at 31 December 2019 | 52,419 | 428 | 52,847 |

## Note 9. Lease liabilities

In the current year, the combined entity, for the first time, applied IFRS 16 Leases, with an initial application date of 1 January 2019.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Combined entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

**Note 9. Lease liabilities (continued)**

The right-of-use asset and a lease liability are measured at the present value of the lease payments unpaid at commencement date and lease extension options, discounted using the combined entity's incremental borrowing rate of 6%.

The combined entity transitioned to IFRS 16 at 1 January 2019. On 1 July 2019, a new two year lease commenced and the combined entity recognised a right-of-use asset of $149,280 and $149,280 of lease liabilities (refer note 2). The combined entity has two further options to extend the lease (2 x two years) with the last day to exercise the first option being 2 April 2021.

| **Lease commitments** | **Total $** |
|---|---|
| Within one year | 43,827 |
| Later than one year but not later than five years | 102,442 |
| | 146,269 |

| **Lease commitments present value** | **Total $** |
|---|---|
| No later than one year | 40,229 |
| Later than one year and not later than five | 93,959 |
| | 134,188 |

**Note 10. Convertible preference shares**

| | **31 December 2019 $** | **31 December 2018 $** |
|---|---|---|
| *Current liabilities* | | |
| Convertible preference shares | 1,000,000 | - |

On 12 August 2019, the combined entity issued 1 million convertible preference shares with a par value of $1 per share, of which:

- $460,000 was paid on issue date;
- $460,000 was deferred and received on 9 January 2020 ($325,000) and 15 January 2020 ($135,000); and
- The remaining $80,000 as non-cash share-based payments earned by corporate advisors for services rendered.

Conversion date of preference shares to ordinary shares is 3 years from the date of agreement or at any time before that date subject to the following:

- Either EBITDA or Revenue of the combined entity is equal to or greater than 75% of $7,395,267 or $11,329,217 respectively, such that the total of all ordinary shares held by new shareholders is equal to 20% of the total ordinary shares in the combined entity.
- Both EBITDA and Revenue of the combined entity are each less than 75% of $7,395,267 or $11,329,217 respectively, such that the total of all ordinary shares held by the new shareholders is equal to 25% of the total ordinary shares in the combined entity; or
- The combined entity completes a fundraising act on or before conversion date, with the combined entity or business being valued (immediately before the fundraising act ) at:

## Note 10. Convertible preference shares (continued)

(a) Greater than or equal to $5 million (on an equity-based valuation), such that the total of all ordinary shares held by new shareholders is equal to 20% of the total ordinary shares in the combined entity subsequent to the fundraising act; or
(b) Less than $5 million (on an equity-based valuation), such that the total of all ordinary shares held by new shareholders is equal to 25% of the total ordinary shares in the combined entity subsequent to the fundraising act.

These convertible preference shares have no cash redemption requirements.

On 27 May 2020, the $1,000,000 preference shares were converted to ordinary shares at an agreed equity-based valuation of $5 million in accordance with the Preference Share Agreement dated 12 August 2019.

## Note 11. Issued capital

| | 31 December 2019 Shares | 31 December 2018 Shares | 31 December 2019 $ | 31 December 2018 $ |
|---|---|---|---|---|
| Eyefi ordinary shares - fully paid | 2,500,012 | 2,500,012 | 2,500,012 | 2,500,012 |
| Conxsme ordinary shares - fully paid | 2 | 2 | 2 | 2 |
| | 2,500,014 | 2,500,014 | 2,500,014 | 2,500,014 |

*Ordinary shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the combined entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the combined entity does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Capital risk management*
The combined entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the combined entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## Note 12. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 13. Financial instruments

***Financial risk management objectives***
The combined entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk.

The only material financial risk is liquidity risk and cashflow budgeting is the tool used to manage this risk.

***Liquidity risk***
Vigilant liquidity risk management requires the combined entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

**Note 13. Financial instruments (continued)**

The combined entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

| | 0-30 Days | 30-60 Days | 60-90 Days | 90-365 Days | 1-5 Years | Total $ |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| Trade and other payables | 44,471 | - | - | - | - | 44,471 |
| Lease liability | 3,271 | 3,271 | 3,271 | 30,416 | 93,959 | 134,188 |
| | 47,742 | 3,271 | 3,271 | 30,416 | 93,959 | 178,659 |

| | 0-30 Days | 30-60 Days | 60-90 Days | 90-365 Days | 1-5 Years | Total $ |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| Trade and other payables | 143,631 | - | - | - | - | 143,631 |

Convertible preference shares have been excluded from the above liability profits analysis because there is no cash repayment requirement (refer note 10 Preference shares).

***Fair value of financial instruments***
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 14. Key management personnel remuneration**

The aggregate compensation made to directors and key management personnel of the combined entity is set out below:

| | 2019 $ | 2018 $ |
|---|---|---|
| **Simon Langdon** | | |
| *Benefits* | | |
| Salaries | 91,742 | 66,560 |
| Annual leave | 21,350 | 44,655 |
| Long-service leave | 34,391 | 15,473 |
| Long-term benefits | 8,715 | 6,322 |
| Loan forgiveness | 112,666 | 139,570 |
| Total benefits | 268,864 | 272,580 |

Prior to the years ended 31 December 2018 and 31 December 2019, amounts were advanced to Simon Langdon's affiliated entities and subsequently forgiven. Pursuant to the executed Preference Share Agreement dated 12 August 2019, all related party loans were forgiven by 31 December 2019 in accordance with the agreement. During the year ended 31 December 2018, the combined entity also resolved to forgive amounts advanced to Simon Langdon's affiliated entities.

The forgiveness of the amounts advanced in 2019 was made in accordance with the Preference Share Agreement as disclosed in Note 10.

**Note 15. Contingent liabilities**

The combined entity had no significant contingent liabilities as at 31 December 2019 and 31 December 2018.

## Note 16. Related party transactions

With the exception of the forgiveness of amounts advanced to the founder of both combined entities, as recorded in key management personnel remuneration (note 14), key management personnel remuneration and transactions between Conxsme and EYEfi Pty Ltd which have been eliminated in these combined financial statements, the combined entity had no other related party transactions during the year.

## Note 17. Earnings/(losses) per share

| | 31 December 2019 $ | 31 December 2018 $ |
|---|---|---|
| Reconciliation of earnings/(losses) used in calculation of earnings per share | | |
| Earnings/(losses) used | (391,105) | 46,268 |

| | 31 December 2019 | 31 December 2018 |
|---|---|---|
| Weighted average number of shares used as denominator | | |
| Weighted average number of ordinary shares used as the denominator in calculating both basic earnings/(losses) per share and diluted earnings/(losses) per share | 2,500,014 | 2,500,014 |

## Note 18. Investment tax credit receivable and other Government grants

*Government grants*
Government grants are recognized in the profit or loss on a systematic basis over the periods in which the Combined entity recognizes, as expenses, the related costs for which the grants are intended to compensate. The Combined entity uses the income approach and presents R&D grant income separately as part of the profit or loss as “research and development tax credits”. The Combined entity has been lodging research and development applications with the Australian governing bodies since 2014 and has reasonable assurance that all of the expenditures qualify for the grants and that all conditions have been met when they are recorded. There are no unfulfilled conditions or other contingencies attached to these grants.

*Research and Development*
The research and development expenditures are permitted as established by AusIndustry, the Australian government body that reviews and approves research and development claims. In considering this, the directors considered the methodology used in assessing such expenditures as qualifying expenditures to be consistent with the methodology applied to like-for-like claims it has lodged in previous years since 2014. The directors also considered the expertise and experience of the research and development consultant contracted to assist in the formulation and filing of those claims.

## Note 19. Events after the reporting period

Since 31 December 2019, the respiratory illness COVID-19 (also referred to as the “coronavirus”) has resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment; all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk.

Management believes that the combined entity is well positioned to cope with a downturn in the economy.
Factors contributing to the combined entity’s strong position are:
- the combined entity has long-term contracts with a number of its existing customers
- the combined entity’s major customers have not experienced financial difficulties. All trade receivables on 31 December 2019 have been received prior to the issue of this report.

Despite the COVID-19 disruptions, the directors still believe the combined entity is a going concern due to the strong position of the combined entity’s working capital (excluding preference shares and deferred revenue), and its ability to capture and fulfil its order book. The combined entity’s major customers have not been significantly disrupted by COVID-19 nor have they altered their contracts with the combined entity, as such the combined entity does not expect significant disruptions to operations or financially. As at the issue of this report, the COVID-19 disruptions have had no impact on the combined entity’s operations.

The $460,000 deferred settlement for the preference shares was received by the Combined entity in January 2020 in accordance with the Preference Share Agreement dated 12 August 2019.

Pursuant to the Share Swap Agreement dated 4 March 2020, the reverse takeover of EYEfi was completed on 27 May 2020 with the Combined entity becoming the wholly owned subsidiary of EYEfi Group Technologies Inc. On this date, the $1,000,000 preference shares were converted to ordinary shares in accordance with Clause 4 of the Preference Share Agreement.

All of the shares in Conxsme were formally transferred to EYEfi on 30 June 2020. Conxsme is currently a dormant entity. From 30 June 2020, EYEfi Group Technologies Inc has two wholly owned subsidiaries, EYEfi (direct holding) and Conxsme (indirectly through EYEfi).

In July 2020, EYEfi received the following funds as “escrow agent “for EYEfi Group Technologies Inc relating to loan facility agreements, with an interest rate of 10% and a term of 2 years:
- Loan with Shape Capital Pty Ltd., in the amount of $80,000
- Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of $200,000
- Loan with Gilkat Pty Ltd., in the amount of $100,000
- Loan with 958 Consulting Pty Ltd., in the amount of $100,000
- Loan with Simon Langdon, in the amount of $100,000
- Loan with Cheryl Hargrave-Hill, in the amount of $300,000

Other than disruptions to operations caused by the COVID-19 virus, the reverse takeover and loan facility agreement mentioned above, no other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the combined entity's operations, the results of those operations, or the combined entity's state of affairs in future financial years.

## Note 20. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Profit/(loss) after income tax expense for the year | (391,105) | 46,268 |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | 27,156 | 19,004 |
| Cost of issuing convertible preference shares | 80,000 | - |
| | | |
| Change in operating assets and liabilities: | | |
| Decrease / (increase) in trade receivables and other receivables | 15,280 | (16,401) |
| (Decrease) / increase in trade creditors and other payables | (79,775) | (3,330) |
| Movement in income taxes payable | 22,286 | 8,407 |
| | | |
| Net cash from/(used in) operating activities | (326,158) | 53,948 |

**The EYEfi Group**
**Directors' declaration**
**31 December 2019**

In the directors' opinion:

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the combined entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the combined entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors

On behalf of the director

*“Simon Langdon”*
Simon Langdon

November 9, 2020

# EYEfi Pty Ltd

## Independent auditor's report to members

# Report on the Audit of the Combined Financial Report

### Opinion

We have audited the financial report of the Combined Entity consisting of EYEfi Pty Ltd and Conxsme Pty Ltd (the Combined Entity), which comprises the combined statement of financial position as at 31 December 2019, the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Combined Entity is in accordance with International Financial Reporting Standards and presents fairly the Combined Entity's financial position as at 31 December 2019 and of its financial performance for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Combined Entity in accordance with the auditor independence requirements of the International Financial Reporting Standards and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The directors of the companies of the Combined Entity (the directors) are responsible for the other information. The other information comprises the information included in the Combined Entity's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

ACCOUNTANTS & ADVISORS
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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that presents fairly in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that presents fairly and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Combined Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Combined Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Combined Entity' internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Combined Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Combined Entity to cease to continue as a going concern.

We communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

**William Buck Audit (Vic) Pty Ltd**
ABN: 59 116 151 136

**N. S. Benbow**

Melbourne, 9th day of November 2020

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EYEFI PTY LTD AND CONXSME PTY LTD**

I declare that, to the best of my knowledge and belief during the year ended 31 December 2019 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

**William Buck Audit (Vic) Pty Ltd**
ABN 59 116 151 136

**N.S. Benbow**
Director

Dated this 9th day of November, 2020


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**Management's Discussion and Analysis of EYEfi Pty Ltd.** **F**
**Financial statements for the year ended December 31, 2019**

# Management's Discussion and Analysis

**For the year ended December 31, 2019**

***DISCLAIMER FOR FORWARD-LOOKING INFORMATION***

*Certain statements in this Management Discussion and Analysis are forward-looking statements or information (collectively "forward-looking statements"). The EYEFi Group is providing cautionary statements identifying important factors that could cause the Group's actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "objective", "goals" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Group has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Group. These forward- looking statements include, among other things, statements relating to the ability of the Group to generate revenue; use of funds; intentions to further develop, market and promote its operations by expansion of its merchant base and industries served in Australia; strategy for customer retention, growth, service development, market position and financial results; the success of marketing and sales efforts of the Group; the Group's efforts to continuously update its software to meet business requirements; future sales plans and strategies; the economy and other future conditions; the timeline to further develop and market future enhancements; unanticipated cash needs and the possible need for additional financing and the adoption of governance policies, committees and practices.*

*By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: a downturn in general economic conditions; the ability of the Group to continue to generate revenue adequate to fund its business plans and operations; the ability of the Group to expand its operations in Australia; competitive conditions in the industry which could prevent the Group from continuing to be profitable; competition from other payment process providers who are well established with the financial capacity to overwhelm the ability of the Group to operate in Australia, security risks; increasing costs of being a publicly traded company, the possibility that our services may become further regulated; the effectiveness and efficiency of advertising and promotional expenditures to generate market interest in the Company's products and services; the inability to list on a public market; volatility of the Group's share price following listing; liquidity and the inability to secure additional financing; the Group's intention not to pay dividends in the near future; claims, lawsuits and other legal proceedings and challenges; conflict of interest with directors and management and other factors beyond the Company's control.*

*These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of December 31, 2019, and, except as required by applicable law, the Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Group's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors and Risk Management".*

***Covid 19 Virus Disruption***

*These Forward-looking statements are also subject to the risks and disruptions arising from the Covid 19 Virus. Some of the effects of the Covid 19 include:*

- *uncertainty of how long the Covid 19 virus will cause the current widespread disruption,*
- *timely and novel government fiscal policy to deal with: shutdown of non-essential businesses, high rates of unemployment, novel evolving subsidy programs for laid off workers, financial concessions to business, tax cuts and government spending,*
- *central banks' monetary policy reaction to the novel problems caused by the Covid 19 Virus to ensure adequate credit facilities to banks and other lenders;*
- *timely government fiscal policy reaction to the novel problems caused by the Covid 19 Virus; and*
- *lack of a unified response and preparedness to the Covid 19 virus both within countries and by all countries.*

***Overview***

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations, financial position and financial performance of the combined results of EYEFI Pty Ltd ("EYEfi") and Conxsme Pty Ltd ("Conxsme") for the year ended December 31, 2019 ("the Combined Entity" or "EYEfi Group"). The combined financial reports reflect the combined results of both entities due to their underlying common shareholding interest. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. It is supplementary information and should be read in conjunction with the Company's financial statements and accompanying notes for the year ended December 31, 2019.

The EYEi Group's financial statements for the year ended December 31, 2019 and the comparative information presented in the financial statements for the year ended December 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is comprised of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

EYEfi was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on June 8, 2006 with incorporation number ACN (Australian Corporation Number) 114 673 684. On January 4, 2007 its name was changed from Landmark Security (AUS) Pty. Ltd. to its current name. Conxsme was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on February 2, 2010 with incorporation number ACN (Australian Corporation Number) 142 103 259. Their head offices are located at Unit 1, 255

Wellington Street, Collingwood, Victoria 3066 Australia. Their registered offices are located at C/O - DLK Advisory Pty. Ltd., Level 10, 99 Queen Street, Melbourne, Victoria 3000, Australia.

***Business of the EYEfi Group***

The combined entity is a software and electronics engineering entity that has developed, patented and commercialized an innovative spatial, predictive, approximation and radial convolution technology called SPARC and associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system. SPARC solves critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets.

It has also developed an Industrial Internet of Things (IIoT) hardware sensor (EYEfi Sensor) product and Cloud application called smart waste for waste bins and smarrt drain for storm water pits and is rolling out this technology in Australia and New Zealand

***Overall Performance in the Year 2019***

The sales from rendering services of EYEfi decreased to $275,314 or 49.16% in 2019 from $559,965 in 2018, primarily as a result of the following:

- Telstra revenue reduced from $488,373 in 2018 to $193,645 in 2019 due to a reduction in one-off hardware sales.
- The Company entering into the next phase of its business plan, which was to: (i) stop pursuing hundreds of small-medium sales opportunities (direct sales model), (ii) focus on establishing a few key large channel partners/resellers (indirect sales model), (iii) scaling our business for the long-term and to stop the resource intensive, short term sales approach by structuring our product development and sales channel model for scale and growth and (iv) on product development, all of which impacted sales revenue.

This approach involved increased development around the Company's cloud platform and sensor hardware, and, the establishment of Channel Partners as sales channels, enabling the Company to leverage the brand and sales staff of large partners, such as Telstra Corporation and Fujitsu, and only requiring a small team of Business Development Manager's to assist these Channel Partners with targeted sales opportunities and support.

The reduced revenue was anticipated during the period reflects the time taken by the Company to execute these plans, and also to focus on securing capital (doing a small raise in August 2019) and positioning the company for a public listing – all of which was planned for and has been costly and time-consuming. Cost of sales also increased to 19.7% of sales revenue in 2019 from 18.9% of sales revenue in 2018. This was due to the above, with increased product development costs and reduce margins.The overall gross profit decreased to $221,005 (80.27% of sales revenue) in 2019 from $454,208 (81.11% of sales revenue) in 2018.

The EYEfi Group derived Government Grant income of $507,212 in 2019 and $594,702 in 2018 relating to the Australian Research and Development ("R&D") tax concessions. Government Grants are recognised in the profit or loss on a systematic basis over the periods in which the combined entity recognises as expenses the related costs for which the grants are intended to compensate. This income also includes R&D cash refunds received of $298,780 in 2019 and $397,817 in 2018.

At December 31, 2019, the Company had cash and cash equivalents of $121,742.

***The EYEfi Business***

The combined entity is a software and electronics engineering entity that has developed, patented and commercialized an innovative spatial, predictive, approximation and radial convolution technology called SPARC and associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system. SPARC solves critical problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets.

It has also developed an Industrial Internet of Things (IIoT) hardware sensor (EYEfi Sensor) product and Cloud application called smart waste for waste bins and smarrt drain for storm water pits and is rolling out this technology in Australia and New Zealand

The EYEfi Group’s office of operations is at Unit 1, 255 Wellington Street, Collingwood, Victoria 3066 Australia operates in Australia.

The primary business objectives for EYEfi Group over the next 12 months is to grow our current business in Australia and New Zealand, and identify and secure more large resellers that can provide access to new customers and markets (“Channel Partners”) in North America and eventually, other regions around the world. As such, our initial business development activities focused on:

(i) growing our existing customers and Channel Partners (ie. Resellers), including migration of existing legacy customers to new contracts via our Channel Partners;
(ii) new growth opportunities, such as securing new Channel Partners in North America;
(iii) employment of Business Development Managers (streamlined sales force) and consultants in Australia, NZ and North America to help secure and develop our Channel Partners, and to assist these partners in identifying and closing targeted sales opportunities;
(iv) launching of our latest (2020) product releases; and
(v) exploring acquisition opportunities to help build scale and distribute EYEfi’s products.

The following is a summary of selected financial information for the EYEfi Group over the past three financial years ended December 31 extracted from the audited financial statements of EYEfi.

| | **2019** | **2018** | **2017** |
|---|---|---|---|
| Total Sales from Rendered Services | $275,314 | $559,965 | $578,460 |
| Gross Profit | $221,005 | $454,208 | $433,638 |
| Administration Expense | $193,971 | $233,107 | $278,051 |
| Comprehensive Income (loss) after tax | ($391,105) | $46,268 | ($206,026) |

The sales from rendering services of the EYEfi Group decreased to $275,314 or 49.16% in 2019 from $559,965 in 2018, primarily as a result of the following:

- Telstra revenue reduced from $488,373 in 2018 to $193,645 in 2019 due to a reduction in one-off hardware sales.
- The Company entering into the next phase of its business plan, which was to: (i) stop pursuing hundreds of small-medium sales opportunities (direct sales model), (ii) focus on establishing a few key large channel partners/resellers (indirect sales model), (iii) scaling our business for the long-term and to stop the resource intensive, short term sales approach by structuring our product development and sales channel model for scale and growth and (iv) on product development, all of which impacted sales revenue.

This approach involved the establishment of Channel Partners (Resellers) as sales channels, enabling the Company to leverage the brand and sales staff of large partners, such as Telstra Corporation and Fujitsu, and only requiring a small team of Business Development Manager's to assist these Channel Partners with targeted sales opportunities and support.

The reduced revenue was anticipated during the period reflects the time taken by the EYEfi Group to execute these plans, and also to focus on securing capital (doing a small raise in August 2019) and positioning the company for a public listing – all of which was planned for and has been costly and time-consuming. Cost of sales also increased to 19.7% of sales revenue in 2019 from 18.9% of sales revenue in 2018. This was due to the above, with increased product development costs and reduce margins.The overall gross profit decreased to $221,005 (80.27% of sales revenue) in 2019 from $454,208 (81.11% of sales revenue) in 2018.

***Intellectual Property***

*EYEfi's International Patents*

EYEfi has registered patents in USA, Canada, China, Japan, South Korea, Australia and New Zealand. EYEfi has also established large global resellers for its products. It is well positioned to expands its reseller network into new markets and also established licensing of its technology to large customers.

| PATENT NUMBER | COUNTRY | APPLICANT/ASSIGNEE | TITLE | FILING/EXP DATE | STATUS |
|---|---|---|---|---|---|
| 9,058,689 | USA | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 16 June 2015 |
| 2,727,687 | Canada | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 14 November 2017 |
| ZL 20098013199.4 | China | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 25 December 2013 |
| 5575758 | Japan | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 11 July 2014 |
| 10-1663669 | South Korea | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 30 September 2016 |
| 2009260182 | Australia | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ 16 June 2029 | Granted on 10 March 2016 |
| 590428 | New Zealand | EYEfi Pty Ltd | SPATIAL PREDICTIVE APPROXIMATION AND RADIAL CONVOLUTION | 16 June 2009/ | Granted on 4 March 2014 |

| | | | | | |
|---|---|---|---|---|---|
| | | | | 16 June 2029 | |

*EYEfi's Trademarks*

| TRADEMARK NUMBER | MARK | CLASS | DESCRIPTION | FILING DATE | STATUS |
|---|---|---|---|---|---|
| 1103375 | EYEFfi® | CLASS 9 and 38 | Class: 9 Camera system - mounted on pole, trailer, in ground or any other suitable structure, permanent or semi-permanent installation connected to network by wireless, Wi-Fi, mobile data network and/or fixed line or any other suitable communications network, standalone or hosted video switching control software with remote user access and content management service.<br><br>Class: 38 Communications by fibre (fibre) optic networks; net casting (broadcasting over a global computer network); providing telecommunications connections to a global computer network; providing user access to a global computer network (service providers); switching network services (telecommunications); telecommunications security (providing secure connections and access including to computers and the global computer network); web portal services (providing user access to a global computer network); webcasting (broadcasting over a global computer network) | 14 March 2006 | Registered |
| 1103370 | | CLASS 9 and 38 | Class: 9 Camera system - mounted on pole, trailer, in ground or any other suitable structure, permanent or semi-permanent installation connected to network by wireless, Wi-Fi, mobile data network and/or fixed line or any other suitable communications network, standalone or hosted video switching control software with remote user access and content management service.<br><br>Class: 38 Communications by fibre (fibre) optic networks; net casting (broadcasting over a global computer network); providing telecommunications connections to a global computer network; providing user access to a global computer network (service providers); switching network services (telecommunications); telecommunications security (providing secure connections and access including to computers and the global computer network); web portal services (providing user access to a global computer network); webcasting (broadcasting over a global computer network) | 14 March 2006 | Registered |
| 1553152 | Spatialeye® | EYEfi Pty Ltd | Global positioning system (GPS) apparatus; Application software; Computer programmes (programs) and recorded software distributed online; Computer programs (downloadable software); Computer software downloaded from the internet; Personal computer application software; Target location apparatus (electronic); Distance measuring apparatus; Electronic distance measuring apparatus; Coordinate measuring apparatus | 3 May 2013 | Registered |

The company is working on further developing its patents, core Intellectual Property (IP) and various algorithms and trade secrets, and will be registering further trademarks as it commercialises products with Channel Partners in various regions around the globe.

### *Results of Operations*

The EYEfi Group had sales from rendering services of $272,314 with matching cost of sales of $54,309 for a gross profit of $221,005 for 2019. Sales from rendering services for 2018 was $559,965 with cost of sales of $105,757 for a gross profit of $454,208. The reduction of sales of $284,651 was mainly due to Telstra revenue reducing in 2019 due to a reduction in one-off hardware sales. As channel partner activity increases, this revenue should be replaced over the next year and beyond.

The EYEfi Group derived Government Grant income of $507,212 in 2019 and $594,702 in 2018 relating to the Australian Research and Development (“R&D”) tax concessions. Government Grants are recognised in the profit or loss on a systematic basis over the periods in which the combined entity recognises as expenses the related costs for which the grants are intended to compensate. This income also includes R&D cash refunds received of $298,780 in August 2019 and $397,817 in September 2018.

The EYEfi Group's other source of revenue relates to car benefit reimbursements, interest, Conxsme debt waiver (in 2018) and a small profit on disposal of motor vehicle (in 2018) from its cash, which for 2019 was $9,050 (2018 - $64,575).

Administrative expenses was $193,971 for the the year ended December 31, 2019 (December 31, 2018 - $233,107). The decrease of $39,136 related to a decrease in rent and motor vehicle expenses of $11,000 and $10,000 respectively and other general expenses.

Employee benefits expense was $265,386 for the year ended December 31, 2019 (December 31, 2018 – $106,009). The increase of $159,377 was mainly due to an increase in salaries of $70,000 and the balance represented adjustments to annual and long service leave in line with accounting standards

Cost of issuing preference shares was $80,000 for the year ended December 31, 2019 (December 31, 2018 – $Nil). The increase is due to the issuance of preferred shares, and the related non-cash-based payments earned by corporate advisors for services rendered.

Loan forgiveness expense was $112,666 for the year ended December 31, 2019 (December 31, 2018 – $139,570). Prior to the years ended 31 December 2019, the combined entity advanced amounts to Simon Langdon’s affiliated entities and these amounts were subsequently written off. During the year ended 31 December 2018, the combined entity resolved to forgive amounts advanced to Simon Langdon’s affiliated entities ($139,570). The forgiveness of the amounts advanced in 2019 was made in accordance with the Preference Share Agreement as disclosed in Note 10.

Income tax expense was $220,055 for the year ended December 31, 2019 (December 31, 2018 - $362,005.

As a result of the foregoing, the Company recorded a net comprehensive loss after tax of ($391,106) ($0.16 per share) for the 2019 year compared to net comprehensive income after tax of $46,265 ($0.02 per share) for the 2018 year.

***Summary of Quarterly Information***

| | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Sales from rendering services | 76,582 | 10,491 | 128,078 | 60,163 | 77,535 | 56,915 | 240,427 | 185,088 |
| Other income | 6,867 | | 2,183 | - | - | - | 64,575 | - |
| Government Grants | 75,768 | 365,293 | 27,223 | 38,928 | 47,262 | 437,827 | 64,535 | 45,078 |
| Total Sales and other income | 159,316 | 375,784 | 157,484 | 99,091 | 124,797 | 494,742 | 369,537 | 230,166 |
| Net Comprehensive Income (Loss) after tax | (147,819) | 76,209 | (215,684) | (103,811) | 179,167 | (88,095) | (137,422) | 92,618 |
| | | | | | | | | |
| Per Share | (0.01) | (0.00) | (0.01) | (0.01) | 0.01 | (0.00) | (0.00) | 0.00 |
| Per Share diluted | (0.01) | (0.00) | (0.01) | (0.01) | 0.01 | (0.00) | (0.00) | 0.00 |

The EYEfi Group's two main product revenue streams: Spatial Video / SPARC and EYEfi IIoT Sensor Cloud products are both subject to the influences of Australian economic conditions. The Spatial Video product is also subject to seasonal fluctuations, however, the EYEfi Cloud product is not seasonal and is project based.

Additionally, EYEfi's services revenue is generated from a combination of product sales and the corresponding subscriptions fees (recurring revenue), and, project related work which mostly involves professional services (eg. software development, project management etc). Therefore, quarterly revenue will consist of a baseline of fixed revenue from recurring fees, and, project related work which is variable.

During the 2019 year, EYEFi's service revenue fluctuated over the quarters. Q4 2019 revenue related to Spatial Video Platform recurring services and one time IIoT Sensor Cloud project work. During Q3 2019 EYEfi's revenue fell due to reduced Spatial Video Platform work and limited IIoT Sensor Cloud project work. The increase in Q2 2019 related to increased Spatial Video Platform and IIoT Sensor Cloud product project work for two channel partners (Telstra and Fujitsu). In Q1 2019, EYEfi derived Spatial Video Platform service revenue and IIot Sensor Cloud project work.

During the 2018 year, EYEFi's service revenue fluctuated significantly over the quarters. In Q4 2018, EYEfi performed one time IIoT Sensor Cloud project work and recurring Spatial Video Platform work. In Q3 2018, revenue was slightly lower due to reduced IIot Sensor Cloud project work. In Q2 2018, EYEfi performed significant Spatial Video Platform project work and hardware sales resulting in a substantial increase in revenue. In Q1 2018, EYEfi also performed significant Spatial Video Platform project work and hardware sales resulting in the high revenue numbers during the period.

Other income earned during Q4 2019 and Q2 2018 related to employee and expense reimbursements. Other income earned during Q2 2018 related to a debt forgiven and employee reimbursements.

Government Grants are recognised in the profit or loss on a systematic basis over the periods in which the Combined Entity recognises as expenses the related costs for which the grants are intended to compensate. The Combined Entity uses the income approach and presents R&D grant income separately as part of the profit or loss as "research and development income". The EYEfi Group has been lodging research and development applications with the Australian governing bodies since 2014 and has reasonable assurance that all of the expenditures qualify for the grants and all conditions have been met when they are recorded. There are no unfulfilled conditions or other contingencies attached to these grants.

The EYEfi Group received R&D cash refunds for Conxsme from the Australian Taxtion Office of $AUD 298,780 in August 2019 and $AUD 397,817 in September 2018 . This is the reason for the increase in the Q3 2019 and Q3 2018 Government Grants figures. Other quarters Government Grant income has fluctuated based on the level of eligible R&D expenditure incurred during the period.

In Australia, entities under $AUD 20,000,000 revenue, and in a tax loss position, will receive a refundable R&D tax credit in cash. Once revenue exceeds $AUD 20,000,000, entities will receive a non-refundable R&D tax credit which is only realized against income taxes payable. For tax payable entities, the R&D tax credit is offset against income taxes payable. EYEfi is anticipated to be in a tax loss position for the year ended December 31, 2020, and accordingly, the R&D tax credit will be received in cash. Prior to December 31, 2019, there were two R&D claimants. Conxsme was in a loss position, and accordingly the entity received a cash refund for the R&D rebate. EYEfi was a taxable entity, and accordingly the R&D rebate was offset against tax payable. Conxsme became dormant on December 31, 2019, and all subsequent R&D claims, tax credits and cash refunds will be applied for by EYEfi.

### *Liquidity and Financial Position and Capital Resources*

The EYEfi Group's ability to generate sufficient cash to fund its operations and working capital requirements depends upon the ability of the business to generate positive cash flow. EYEfi Group's ability to generate positive cash flow from its business requires it to have revenues in excess of its costs.

**Summary of Working Capital and Cash Flow**

At December 31, 2019, the Company had a working capital deficiency of $963,416. At December 31, 2018, the Company had working capital deficiency of $539,566.

Current assets were $628,178 as at December 31, 2019 (December 31, 2018 - $73,582) and current liabilities were $1,591,594 (December 31, 2018 - $613,148).

As at 31 December 2019, please note current liabilities included convertible preference shares of $1,000,000 and income in advance of $336,000. Pursuant to the Share Swap Agreement dated 4 March 2020, the reverse takeover of EYEfi Group was completed on 27 May 2020 with the Combined entity becoming the wholly owned subsidiary of EYEfi Group Technologies Inc. On this date, the $1,000,000 preference shares were converted to ordinary shares in accordance with Clause 4 of the Preference Share Agreement. The income in advance of $336,000 will not effect working capital cash flows due the availability of the R&D tax concession offsets. As at 31 December 2018, current liabilities also included income in advance of $336,000.

For the year ended December 31, 2019 cash flow used in operating activities totalled $326,158 compared to cash provided by operating activities of $53,989 for the year ended December 31, 2018. This consisted primarily of cash provided by the receipts from customers of $406,851 for the year ended December 31, 2019 (December 31, 2018 - $776,021). For the year ended December 31, 2019, this was offset by cash used for payments to supplier and exployees in the amount of $641,999 (December 31, 2018 - $672,838), cash used for finance costs in the amount of $19,743 (December 31, 2018 - $8,760), and cash used for income taxes in the amount of $74,267 (December 31, 2018 - $40,475).

For the year ended December 31, 2019 cash flows used in investing activities totalled $4,581 (December 31, 2018 - $64,057). For the year ended December 31, 2019, this was comprised of payments for plant and equipment of $Nil (December 31, 2018 - $60,762) and payments for intangible assets of $4,581 (December 31, 2018 - $3,295).

For the year ended December 31, 2019 cash flow from financing activities consisted of proceeds from the issuance of preference shares of $460,000 (December 31, 2018 – $Nil) and lease payments of $19,385 (December 31, 2019 - $Nil)

The cash and cash equivalents, receivables, both trade and from the issuance of preference shares and the income, if any, from the operations of EYEfi, are used to fund EYEfi's financial requirements.

### *Analysis of Financial Condition and Financial Performance*

The financial condition of the EYEfi Group is directly dependent on the performance of the EYEfi business. In 2019, EYEfi Group's sales from rendered services were $275,314 which was a decrease of 37% over the previous year.

The decrease in sales in 2019 from 2018 was primarily a result of one customer reducing its purchases by 60% in the year.

### *Related Party Transactions*

The following related party transactions occurred and were reflected in the financial statements during the years ended December 31, 2019 and 2018 as follows:

**Remuneration of key management**

| | Years Ended December 31, 2019 $ | Years Ended December 31, 2018 $ |
|---|---|---|
| Salaries | 91,742 | 66,560 |
| Annual leave | 21,350 | 44,655 |
| Long Service leave | 34,391 | 15,473 |
| Superannuation | 8,715 | 6,322 |
| Loan forgiveness | 112,666 | 139,570 |
| Total | $ 268,864 | $ 272,580 |

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the Chief Executive Officer.

Prior to the years ended 31 December 2019, the combined entity advanced amounts to Simon Langdon's affiliated entities and these amounts were subsequently written off ($112,666). During the year ended 31 December 2018, the combined entity resolved to forgive amounts advanced to Simon Langdon's affiliated entities ($139,570). The forgiveness of the amounts advanced in 2019 was made in accordance with the Preference Share Agreement as disclosed in Note 10.

***Analysis of Fourth Quarter***

Sales from rendering service for the three months ended December 31, 2019 was $76,582 (December 31, 2018 - $77,535). Cost of goods sold for the three months ended December 31, 2019 was $12,915 (December 31, 2018 - $23,000) Gross profit/(loss) for the three months ended December 31, 2019 was $64,667 (December 31, 2018 – $54,535) Operating expenses were $115,169 in the fourth quarter 2019 compared with $50,692 in the fourth quarter of 2018. The main changes in operating expenses for the quarter ending December 31, 2019 was the increase in salary and wages expenses of $60,633 and annual leave increase of $38,644. Income tax expense for the quarter ended December 31, 2019 was $28,305 (December 31, 2018 - $2,697).

As a result of the foregoing, the EYEfi Group recorded a net loss and comprehensive loss before taxes of $147,819 ($0.01 per share) for the fourth quarter of 2019 (net income and comprehensive income of $179,167) ($0.01 per share) for the fourth quarter of 2018).

***Commitment***

The EYEfi Group signed a new lease on July 1, 2019 for $43,173 per annum, including all outgoings and GST. The term is one by two years and rent is paid monthly in advance. In the current year, the Combined Entity, for the first time, applied IFRS 16 Leases, with an initial application date of 1 January 2019. The right-of-use asset is depreciated over 4 year and a lease liability are measured at the present value of the lease payments unpaid at commencement date, discounted using the combined entity's incremental borrowing rate of 6%.

***Internal Controls***

**Disclosure controls and procedures**

Management of the EYEi Group is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

**Internal controls over financial reporting**

Management of the EYEi Group is responsible for designing internal controls over financial reporting for the EYEi Group as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The EYEi Group as a venture issuer is not required to certify the design and evaluation of the issuer's internal controls over financial reporting.

***Ongoing Financing and Convertible Preference Shares***

The EYEi Group's main objective is to grow the revenues of its EYEfi business and this has required investment of additional capital.

On 12 August 2019, EYEfi issued 1 million convertible preference shares with a par value of $1 per share, of which:

- $460,000 was paid on issue date;
- $460,000 was deferred and received on 9 January 2020 ($325,000) and 15 January 2020 ($135,000; and
- The remaining $80,000 as non-cash share-based payments earned by corporate advisors for services rendered.

Conversion date of preference shares to ordinary shares is 3 years from the date of agreement or at any time before that date subject to the following:

- Either EBITDA or Revenue of the Company is equal to or greater than 75% of $7,395,267 or $11,329,217 respectively, such that the total of all ordinary shares held by new shareholders is equal to 20% of the total ordinary shares in the company.
- Both EBITDA and Revenue of the Company are each less than 75% of $7,395,267 or $11,329,217 respectively, such that the total of all ordinary shares held by the new shareholders is equal to 25% of the total ordinary shares in the company; or
- The company completes a fundraising act on or before conversion date, with the company or business being valued (immediately before the fundraising act ) at:
    - Greater than or equal to $5 million (on an equity-based valuation), such that the total of all ordinary shares held by new shareholders is equal to 20% of the total ordinary shares in the company subsequent to the fundraising act; or
    - Less than $5 million (on an equity-based valuation), such that the total of all ordinary shares held by new shareholders is equal to 25% of the total ordinary shares in the company subsequent to the fundraising act.

These convertible preference shares have no cash redemption requirements.

On 27 May 2020, the $1,000,000 preference shares were converted to ordinary shares at an agreed equity-based valuation of $5 million in accordance with the Preference Share Agreement dated 12 August 2019.

***Outstanding Share Data***

The EYEi Group has authorized an unlimited number of shares without par value. As at the date of this MD&A, and as at December 31, 2019 and December 31, 2018, there were 2,500,014 common shares issued and outstanding.

***Events after the reporting date***

The $460,000 deferred settlement for the preference shares was received by the EYEfi Group in January 2020 in accordance with the Preference Share Agreement dated 12 August 2019.

Pursuant to the Share Swap Agreement dated 4 March 2020, the reverse takeover of EYEfi Group was completed on 27 May 2020 with the Combined entity becoming the wholly owned subsidiary of EYEfi Group Technologies Inc. On this date, the $1,000,000 preference shares were converted to ordinary shares in accordance with Clause 4 of the Preference Share Agreement.

In July 2020, EYEfi received the following funds as "escrow agent "for EYEfi Group Technologies Inc relating to loan facility agreements, with an interest rate of 10% and a term of 2 years:

- Loan with Shape Capital Pty Ltd., in the amount of $80,000
- Loan with Chajasa Pty Ltd. (as trustee for Lorback Family Trust 2), in the amount of $200,000
- Loan with Gilkat Pty Ltd., in the amount of $100,000
- Loan with 958 Consulting Pty Ltd., in the amount of $100,000
- Loan with Simon Langdon, in the amount of $100,000
- Loan with Cheryl Hargrave-Hill, in the amount of $300,000

***Risk Factors and Risk Management***

***Negative Cash Flows***

During the year ended December 31, 2019, the EYEfi Group has had negative cash flow from its operating activities and, as a result, it has had to fund its operations with cash on hand. The Company's cash on hand as at December 31, 2019 was $121,742. The EYEfi Group is constantly working to increase sales, cut costs and improve cash flows

**Risk Management**

Any start-up or established business must continuously manage the risks by recognizing and mitigating the ambiguities and risks both in internal and external business environments that surround a company. The Company's management team manages risks proactively. Here are some of the risks that the Company faces:

**Technology Risk**

The EYEfi Group is dependent upon network communication or internetworking for product connectivity. The network communication defines a set of protocols allowing application programs to talk to each other without regard to the hardware and operating systems where they are run. A disruption in the internetworking would have a serious impact on the Company's services to its customers.

**Cybersecurity Risk**

EYEfi Cloud is a public cloud application and is subject to threats and attacks and data breaches that could affect for example delivery of service and supply lines. Security data is controlled by the cloud provider which could make it difficult to distinguish between everyday computing events and security events. The business is constantly monitoring for security events. The EYEfi Group is also subject to attacks by ransomware and the encrypting of data and hardware attacks that could affect computer chips.

**Competitive Risks**

There are other well established companies who are competitors to the EYEfi Group providing services and products to the same kind of customers the EYEfi Group is targeting. A discussion of these competitors is contained earlier in this section of the Prospectus.

**Legal and Regulatory Risks**
Some of the possible legal or regulatory issues are continuous reporting requirements by the Regulatory Authorities and Exchange, tax complications, user and privacy policy, customer complaints, etc. The EYEfi Group has retained professional advisors with the requisite experience to deal with these matters and will consult with them to keep it informed of possible complications before they arise.

**Intellectual Property**
The ability of the EYEfi Group to maintain or increase sales will depend in part on its ability to maintain and grow its brand equity through the use of its registered domain names and intellectual property. A loss of any of these may result in the EYEfi Group's brand equity being diminished and thus a loss of potential customers. As protection, the EYEfi Group usually requires its employees and independent contractors to enter into confidentiality agreements, however it cannot be assured that the obligations therein will be maintained and honoured. In spite of confidentiality agreements and other methods of protecting trade secrets, the EYEfi Group's proprietary information could become known to or independently developed by competitors.

***COVID-19 Virus***
Since December 31, 2019, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resuting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

***Date and Other Available Information***

Unless otherwise indicated, the information contained in this MD&A is as of November 9, 2020.

***Signed***

*"Simon Langdon"*

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*Simon Langdon* CEO

## Schedule G - AUDIT COMMITTEE CHARTER

### Audit Committee Charter

Mandate and Purpose of the Committee
The Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of EYEFI Group Technologies Inc. (the "**Issuer"**) is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- the integrity of the Issuer's financial statements;
- the Issuer's compliance with legal and regulatory requirements, as they relate to the Issuer's financial statements;
- the qualifications, independence and performance of the Issuer's auditor;
- internal controls and disclosure controls;
- the performance of the Issuer's internal audit function; and
- performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

**Authority**
The Committee has the authority to:

- engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- communicate directly with the Issuer's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

**Composition and Expertise**
The Committee shall be composed of a minimum of three members, each whom is a director of the Issuer. The Committee shall be comprised of members, a majority of whom are not officers, employees or control persons (as such term is defined in the policies of the Canadian Securities Exchange and any other publicly listed exchange on which the shares of the Issuer may be listed) of the Issuer. They are also independent as that term is defined in National Instrument 52-110 Audit Committees. Briefly, an audit committee member is independent if he or she has no director or indirect material relationship with the Company and does not receive compensation from the Company other than fees for acting as a director.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Issuer.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting. James Hope is the chairman of the Audit Committee.

**Meetings**
Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least once per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Issuer's auditor shall be given notice of every meeting of the Committee and, at the expense of the Issuer, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Issuer's auditor shall attend every meeting of the Committee held during the term of office of the Issuer's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facility that permits all persons participating in the meeting to communicate adequately with each other during the meeting.

The Committee may invite such directors, officers and employees of the Issuer and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Issuer. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

**Committee and Charter Review**

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the CSE and shall recommend changes to the Board thereon.

**Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

**Duties and Responsibilities**

**Financial Reporting**

The Committee is responsible for reviewing and recommending approval to the Board of the Issuer's annual and interim financial statements, MD&A and related news releases, before they are released.

The Committee is also responsible for:

(a) being satisfied that adequate procedures are in place for the review of the Issuer's public disclosure of financial information extracted or derived from the Issuer's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
(b) if deemed appropriate by the Committee, engaging the Issuer's auditor to perform a review of the interim financial statements and receiving from the Issuer's auditor a formal report on the auditor's review of such interim financial statements;
(c) discussing with management and the Issuer's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability thereof;
(d) discussing with management any significant variances between comparative reporting periods; and
(e) in the course of discussion with management and the Issuer's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

**Auditor**

The Committee is responsible for recommending to the Board:

(a) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Issuer; and
(b) the compensation of the Issuer's auditor.

The Issuer's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Issuer's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Issuer, including the resolution of disagreements between management and the Issuer's auditor regarding financial reporting.

**Relationship with the Auditor**
The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

(a) establishing effective communication processes with management and the Issuer's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
(b) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;
(c) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
(d) meeting in camera with the auditor whenever the Committee deems it appropriate.

**Accounting Policies**
The Committee is responsible for:

(a) reviewing the Issuer's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
(b) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
(c) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
(d) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
(e) discussing with management and the auditor the clarity and completeness of the Issuer's financial disclosures.

**Risk and Uncertainty**
The Committee is responsible for reviewing, as part of its approval of the financial statements:

(a) uncertainty notes and disclosures; and
(b) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Issuer's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board and, once approved by the Board, overseeing the implementation and ongoing monitoring of such policies.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Issuer and how effectively they are managed or controlled.

**Controls and Control Deviations**
The Committee is responsible for reviewing:

(a) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
(b) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

**Compliance with Laws and Regulations**
The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Issuer's compliance with financial related laws and regulations, such as: tax and financial reporting laws and regulations; legal withholdings requirements; environmental protection laws; and other matters for which directors face liability exposure.

**Non-Audit Services**
All non-audit services to be provided to the Issuer or its subsidiary entities by the Issuer's auditor must be pre-approved by the Committee.

**Submission Systems and Treatment of Complaints**

The Committee is responsible for establishing procedures for:

(a) the receipt, retention and treatment of complaints received by the Issuer regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Issuer of concerns regarding questionable accounting or auditing matters.

The Committee is responsible for reviewing and approving the Issuer’s hiring policies regarding partners, employees and former partners

## SCHEDULE H - CORPORATE GOVERNANCE POLICY

### Corporate Governance

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices,* the Issuer is required to and hereby disclose its corporate governance practices as follows.

The mandate of the Board is to supervise the management of the Issuer and to act in the best interests of the Issuer. The Board acts in accordance with:

(a) the B.C. Business Corporations Act;
(b) the Issuer's articles of incorporation; and
(c) other applicable laws and Issuer policies.

**Board of Directors**
The Board of Directors of the Issuer facilitates its exercise of independent supervision over the Issuer's management through frequent meetings of the Board.

The Board approves all significant decisions that affect the Issuer before they are implemented. The Board supervises their implementation and reviews the results. The Board is actively involved in the Issuer's strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management.

The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the business. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan. The Board periodically reviews the Issuer's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Issuer's internal control and management information systems. The Board also monitors the Issuer's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board periodically discusses the systems of internal control with the Issuer's external auditor.

The Board is responsible for choosing the Chief Executive Officer and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board approves all the Issuer's major communications, including annual and quarterly reports, financing documents and press releases. The Board approves the Issuer's communication policy that covers the accurate and timely communication of all important information. It is reviewed annually. This policy includes procedures for communicating with analysts by conference calls.

The Board, through its Audit Committee, examines the effectiveness of the Issuer's internal control processes and management information systems. The Board consults with the internal auditor and management of the Issuer to ensure the integrity of these systems. The internal auditor submits a report to the Audit Committee each year on the quality of the Issuer's internal control processes and management information systems.

The Board is responsible for determining whether or not each director is an independent director. Directors who also act as officers of the Issuer are not considered independent. Directors who do not also act as officers of the Issuer, do not work in the day-to-day operations of the Issuer, are not party to any material contracts with the Issuer, or receive any fees from the Issuer other than directors fees are considered independent.

The Issuer's Board consists of three directors, two of whom are independent based upon the tests for independence set forth in NI 52-110.

**Orientation and Continuing Education**
Each new director of the Issuer is briefed about the nature of the Issuer's business, its corporate strategy and current issues within the Issuer. New directors will be encouraged to review the Issuer's public disclosure records as filed on SEDAR at www.sedar.com after the Issuer becomes a reporting issuer. Directors are also provided with access to management to better understand the operations of the Issuer, and to the Issuer's legal counsel to discuss their legal obligations as directors of the Issuer.

**Ethical Business Conduct**
The Board has found that the fiduciary duties placed on individual directors by the Issuer's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Issuer.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Issuer and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Issuer or an affiliate of the Issuer, (ii) is for indemnity or insurance for the benefit of the director in connection with the Issuer, or (iii) is with an affiliate of the Issuer. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Issuer at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Issuer for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Issuer and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

**Nomination of Directors**
The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Issuer, the ability to devote the time required, shown support for the Issuer 's mission and strategic objectives, and a willingness to serve.

**Compensation**
The Board of Directors as a whole shall determine the compensation of the Issuer's Chief Executive Officer and Chief Financial Officer with reference to industry standards and the financial situation of the Issuer. The Board of Directors has the sole responsibility for determining the compensation of the directors of the Issuer.

Given the Issuer's size, operating history and revenue, the Board of Directors does not plan to form a compensation committee to monitor and review the salary and benefits of the executive officers of the Issuer at the present time. The Board of Directors will carry out these functions until such time as it deems the formation of a compensation committee is warranted.

**Other Board Committees**
The Board of Directors shall ensure there is an audit committee at all times in compliance with regulatory requirements. Additional committees may be formed as required.

**Assessments**
The Board of Directors shall monitor the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees.

## CERTIFICATES

Date: November 9, 2020

**CERTIFICATE OF THE COMPANY**

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of the province of British Columbia.

"*Simon Langdon*"

Simon Langdon
Chief Executive Officer

"Ben *Melin"*

Ben Melin
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

"*James Hope*"

James Hope
Director

"*Harold Forzley*"

Harold Forzley
Director

**ON BEHALF OF THE PROMOTER**

"Simon Langdon"

Simon Langdon