EYEfi Group Technologies Inc.

Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of EYEFI Group Technologies Inc.:

Opinion

We have audited the consolidated financial statements of EYEFI Group Technologies Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended 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 Consolidated 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 consolidated 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the company incurred a loss during the year ended December 31, 2021 and as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

We also provide those charged with governance 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.

The engagement partner on the audit resulting in this independent auditor's report is Pierrette Dosanjh.

MNP LLP

Toronto, Ontario	Chartered Professional Accountants
April 28, 2022	Licensed Public Accountants

EYEfi Group Technologies Inc.
Expressed in Canadian Dollars
Contents
December 31, 2021

EYEfi Group Technologies Inc.
Expressed in Canadian Dollars
Consolidated statements of financial position
As at December 31, 2021

	Note	December 31, 2021 $	December 31, 2020 $
Assets			
Current assets			
Cash	7	354,947	654,666
Trade and other receivables	8	48,924	84,839
Research and development tax credits receivable	9	420,848	220,014
Income tax refund due		-	37,930
Total current assets		824,719	997,449
Non-current assets			
Derivative financial instruments	10	-	34,436
Property, plant and equipment	11	33,557	35,808
Right-of-use assets	12	231,391	12,743
Intangibles	13	41,329	50,594
Lease bond		29,379	31,554
Total non-current assets		335,656	165,135
Total assets		1,160,375	1,162,584
Liabilities			
Current liabilities			
Trade and other payables	14	178,070	176,839
Lease liabilities	15	70,175	18,968
Short-term employee benefits		88,831	124,126
Contract liabilities	18	308,345	331,203
Total current liabilities		645,421	651,136
Non-current liabilities			
Facility loan payable	19	-	853,672
Lease liabilities	15	171,630	-
Long-term employee benefits		3,020	-
Total non-current liabilities		174,650	853,672
Total liabilities		820,071	1,504,808
Equity			
Issued capital	20	5,292,160	3,649,090
Contributed surplus		113,761	50,180
Warrants	21	399,524	-
Cumulative translation adjustment		(60,015)	(8,874)
Accumulated deficit		(5,405,126)	(4,032,620)
Total equity/(deficiency)		340,304	(342,224)

Signed on behalf of the board:

"Simon Langdon"
Director

"James Hope"
Director

The above consolidated statements of financial position should be read in conjunction with the accompanying notes

EYEfi Group Technologies Inc.
Expressed in Canadian Dollars
Consolidated statements of loss and comprehensive loss
For the years ended December 31, 2021 and 2020

	Note	December 31, 2021 $	December 31, 2020 $
Revenue			
Sales	6	501,775	236,246
Cost of Sales		(523,299)	(189,435)
Gross Margin		(21,524)	46,811
Other income		5,768	6,472
Government subsidies	9	-	167,709
Research and development tax credits	9	376,797	220,014
Expenses			
Administration		(700,203)	(526,913)
Listing expense	22	-	(326,879)
Employee benefits expense		(695,856)	(367,168)
Finance costs	19	(44,279)	-
Interest expense		(59,847)	(46,217)
Depreciation and amortization expense	11,12,13	(98,712)	(57,688)
Marketing		(59,308)	-
Share based payments	24	(75,342)	-
Loss for the year		(1,372,506)	(883,859)
Other comprehensive loss			
Foreign currency translation		(51,141)	(29,900)
Total comprehensive loss for the year		(1,423,647)	(913,759)
Basic and diluted loss per share	25	$(0.05)	$(0.04)

The above consolidated statements of loss and comprehensive loss should be read in conjunction with the accompanying notes

EYEfi Group Technologies Inc.
Expressed in Canadian Dollars
Consolidated statements of changes in equity
For the years ended December 31, 2021 and 2020

	Number of shares	Issued capital $	Contributed surplus $	Cumulative translation adjustment $	Accumulated deficit $	Total equity/ (deficiency) $
Balance at January 1, 2020	2,500,014	2,378,763	-	21,026	(3,148,761)	(748,972)
Loss after income tax expense for the year	-	-	-	-	(883,859)	(883,859)
Other comprehensive loss for the year, net of tax	-	-	-	(29,900)	-	(29,900)
Share-based compensation (note 23)	46,249	22,083	-	-	-	22,083
Issue of share capital (note 23)	12,501	18,196	-	-	-	18,196
Conversion of preference shares (note 23)	625,003	909,800	-	-	-	909,800
Adjustment to reflect the shares issued to former shareholders of EYEfi (note 23)	(3,183,767)	-	-	-	-	-
Shares issued to former shareholders of EYEfi (note 23)	19,002,500	-	-	-	-	-
EYEFI common shares issued and outstanding (note 23)	4,003,100	320,248	-	-	-	320,248
Stock options (note 19)	-	-	50,180	-	-	50,180
Balance at December 31, 2020	23,005,600	3,649,090	50,180	(8,874)	(4,032,620)	(342,224)

	Number of shares	Issued capital $	Contributed surplus $	Cumulative translation adjustment $	Warrants $	Accumulated deficit $	Total equity/ (deficiency) $
Balance at January 1, 2021	23,005,600	3,649,090	50,180	(8,874)	-	(4,032,620)	(342,224)
Loss for the year	-	-	-	-	-	(1,372,506)	(1,372,506)
Cumulative translation losses	-	-	-	(51,141)	-	-	(51,141)
Exercised options (note 20)	150,000	26,761	(11,761)	-	-	-	15,000
Private placement (note 20)	4,400,000	1,764,151	-	-	435,849	-	2,200,000
Capital raising costs (note 20)	-	(147,842)	-	-	(36,325)	-	(184,167)
Share-based compensation (note 24)	-	-	75,342	-	-	-	75,342
Balance at December 31, 2021	27,555,600	5,292,160	113,761	(60,015)	399,524	(5,405,126)	340,304

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

EYEfi Group Technologies Inc.
Expressed in Canadian Dollars
Consolidated statements of cash flows
For the years ended December 31, 2021 and 2020

	Note	December 31, 2021 $	December 31, 2020 $
Cash flows used in operating activities			
Net loss for the year		**(1,372,506)**	**(883,859)**
Adjustments for items not affecting cash			
Depreciation and amortization		98,712	57,688
Share based payments	24	75,342	22,083
Listing expense	22	-	326,879
Accretion of derivative financial instruments		-	3,702
Financing costs		44,279	-
Interest on lease obligations	15	15,494	-
		(1,138,679)	(473,507)
Net changes in non-cash working capital balances			
Trade and other receivables		35,915	(42,480)
Research and development tax credits receivable		(200,834)	(220,014)
Income tax refund due		37,930	(37,930)
Lease bond		-	(31,554)
Trade and other payables		1,231	118,420
Income tax payable		-	(4,485)
Employee benefits provisions		(32,275)	(26,585)
Net cash used in operating activities		(1,296,712)	(718,135)
Cash flows used in investing activities			
Payments for property, plant and equipment	11	(10,317)	(3,045)
Payments for intangibles	13	-	(5,475)
Net cash used in investing activities		(10,317)	(8,520)
Cash flows from financing activities			
Cash acquired from acquisition	22	-	23,815
Proceeds for issue of common shares	23	-	18,196
Net proceeds from units issued in private placement	20	2,015,833	-
Proceeds from exercised stock options	20	15,000	-
Lease payments	15	(94,012)	(33,268)
Facility loan	19	(828,696)	865,480
Proceeds for issue of preference shares		-	412,615
Net cash from financing activities		1,108,125	1,286,838
Net increase/(decrease) in cash		(198,904)	560,183
Cash at the beginning of the financial year		654,666	111,053
Effects of exchange rate changes on cash		(100,815)	(16,570)
Cash at the end of the financial year	7	354,947	654,666

	December 31, 2021 $	December 31, 2020 $
Supplemental disclosure of cash flow information		
Interest paid on facility loan	-	86,548

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes

Note 1. Incorporation and operation

EYEfi Group Technologies Inc. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on October 4, 2018. The Company's registered office and principal place of business are: Registered Office #390-825 Homer Street, Vancouver BC, V6B 2W2 Canada and 17/71 Victoria Crescent, Abbotsford, Victoria 3067 Australia. The Company became a Reporting Issuer on November 10, 2020. On December 4, 2020, the Company commenced trading on the Canadian Stock Exchange under the symbol "EGTI" at a share price of $0.08 per common share.

On March 12, 2020, the World Health Organization declared the global outbreak of the COVID-19 virus as a pandemic. The outbreak has spread throughout Europe, the Middle East, Canada and the United States, causing companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Although the Company's operations have not been materially affected at this point, significant uncertainty remains as to the potential impact of the COVID-19 pandemic on its ability to access capital and on its results of operations and financial condition.

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.

The Company's financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities in the normal course of operations. The Company incurred a loss of $1,372,506 for the year ended December 31, 2021 and as of that date has an accumulated deficit of $5,405,126. To date, the Company has funded operations through the private placement and revenue from operations. On March 31, 2021, EYEFI closed a private placement offering of $2,200,000 with attached warrants (see notes 20 and 21). The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the company's ability to continue as a going concern. The financial statements do not reflect adjustments that would be necessary if the going assumption was not appropriate. These adjustments could be material.

The Board of Directors approved the financials on April 28, 2022.

Note 2. Basis of preparation

Statement of compliance
These audited consolidated 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").

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value.

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 consolidated 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 4.

Basis of consolidation
The consolidated financial statements include the consolidated results of all entities considered to be part of the consolidated entity due to their exposure to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. These entities include EYEfi Group Technologies Inc. ("EYEFI") 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. All intercompany transactions and balances are eliminated on consolidation. Pursuant to the RTO transaction, these financial statements are deemed to be a continuation of EYEfi.

Note 2. Basis of preparation (continued)

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the consolidated entity's functional and presentation currency. The functional currency of the subsidiaries is Australian Dollars.

Effective January 1, 2020, the Company changed its presentation currency to Canadian Dollars from Australian Dollars. The financial statements as of December 31, 2021 and for the year ended December 31, 2020, 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 and have been translated into Canadian Dollars using the period-end-exchange rate of 0.9156;
- Statements of profit or loss and other comprehensive income or loss have been translated using average exchange rates prevailing during the reporting period of 0.9417 for the year-to-date 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.

Foreign currency transactions
Foreign currency transactions are translated into the entities functional currency 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 recognized in profit or loss. For the purpose of the consolidated financial statements, assets and liabilities of the entities that have functional currencies other than the Canadian dollar are translated to Canadian dollars at the reporting date using the closing exchange rate. Revenue and expenses are translated at yearly average exchange rates that approximate those in effect at the transaction dates. Differences arising from these foreign currency translations are recognized in Cumulative Translation Adjustment ("CTA") and presented within equity.

Note 3. Summary of significant accounting policies

The following Accounting Standards and Interpretations are most relevant to the company:

Revenue from Contracts with Customers
Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: 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 recognizes 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.

The Company has two primary revenue streams:

- Software and hardware solution services; and
- Professional services

All revenue for services rendered to customers is billed over time.

Cost of sales
Cost of sales consists of the cost of hardware, labour costs associated with installation, development and maintenance of the software.

Note 3. Summary of significant accounting policies (continued)

Contract liabilities
Contract liabilities (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.

Income tax
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.

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.

Government grants
Government grants are recognized in the profit or loss on a systematic basis over the periods in which the consolidated entity recognizes, as expenses, the related costs for which the grants are intended to compensate. The consolidated entity uses the income approach and presents research and development 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 lodgment of those claims.

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 company'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 company'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
Cash 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.

Note 3. Summary of significant accounting policies (continued)

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 Company 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.

Compound financial instruments

Compound financial instruments with options and derivatives are evaluated to determine whether any embedded derivatives need to be separated from the host instrument. In accordance with IAS 32.31 for compound financial instruments, because equity instruments are defined as contracts evidencing a residual interest in the assets of an entity after deducting all of its liabilities, the options are assigned the residual amount of the consideration after deducting the fair value of the liability and derivative components and are subsequently not revalued.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

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.

Property, plant and equipment

Property, plant and equipment are 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 on a declining balance basis to write off the net cost of each item of property, plant and equipment (excluding land) as follows:

Equipment	40%
Motor vehicle	25%

Financial Instruments

IFRS 9 contains three principle classifications for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). Classification of financial assets under IFRS 9 is generally based on a business model and its contractual cash flow characteristics.

The following table shows the classification categories under IFRS 9 for each class of the Company’s financial assets and financial liabilities.

Asset/Liability	**Measurement Category**	**Subsequent Measurement**
Cash	FVTPL	Fair value
Trade and other receivables	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost
Facility loan payable	Amortized cost	Amortized cost
Derivative asset	FVTPL	Fair value

Note 3. Summary of significant accounting policies (continued)

Financial assets

Recognition and initial measurement
The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement
On initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash.

- Designated at fair value through profit or loss - On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business model assessment
The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment
The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Note 3. Summary of significant accounting policies (continued)

Derecognition of financial assets
The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities
Recognition and initial measurement
The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement
Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss

Derecognition of financial liabilities
The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost which comprises of the lease liability, lease payments made at or before the commence date, initial indirect costs and asset retirement obligations, less any lease incentives. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits for the Company.

The lease liability is initially measured at the present value of the future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company has elected to not apply IFRS 16 for short term leases that are 12 months or less and for leases of low value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

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 recognized at cost. Indefinite life intangible assets are not amortized and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortization and any impairment. The gains or losses recognized 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 amortization method or period.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortized over their remaining useful life, based on their expiry.

Note 3. Summary of significant accounting policies (continued)

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 company 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.

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.

Issued capital
Common 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. Where shares are issued in connection with warrants, the Company uses the appropriate option pricing model to apportion the fair value of consideration received between share capital and warrants.

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 statements of financial position.

Note 3. Summary of significant accounting policies (continued)

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.

Basic and diluted earnings (loss) per share

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 common shares outstanding during the financial period.

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 common shares; and
- the weighted average number of additional common shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in contributed surplus. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Note 4. 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 may not 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.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

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 Company 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.

Critical judgements and key sources of estimation and uncertainty
The preparation of these financial statements requires management to make estimates based on events and circumstances that existed at the statement of financial position date. Accordingly, actual results may differ from these estimates. Significant estimates made by management with a significant risk of material adjustment in the current year are discussed below:

- the analysis of historical bad debts and the judgement used to predict future economic conditions when estimating expected credit losses;
- the inputs and assumptions used in the allocation of the purchase price for bundled products and services;
- the inputs and assumptions used in the valuation and recognition of share-based payments;
- the inputs and assumptions used in the valuation and recognition of other discounts and incentives;
- the inputs and assumptions used in the valuation and recognition of derivative asset;
- the assessment of Company's ability to continue as going concern.

Income tax
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.

Recognition of Research and Development tax credits
Recognition of government grant income in relation to Research and development expenditure credits is made when the Company has reasonable assurance that all unfulfilled conditions and contingencies attached to those grants will be complied with. In making this assessment, Management has considered the following matters:

- 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 lodgment of those claims; and
- The expenditure is claimable through the Australian Taxation Office (ATO), which requires the submission of annual taxation returns. The Company has consistently met lodgment 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.

Employee benefits provision
As discussed in note 3, 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.

Facility loan payable
The facility loan payable included an option which can be settled in the entity's common shares. It required estimates with respect to the inputs and assumptions surrounding the derivative asset and the host debt, including determining a market rate of interest.

Expressed in Canadian Dollars

Note 5. 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 year ended December 31, 2021, 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 December 31, 2021, at least 53% (2020: At least 84%) 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.

Melbourne Water and A1 Roadlines both also contributed greater than 10% of revenue, contributing 26% and 11% respectively.

Note 6. Revenue

	December 31, 2021 $	December 31, 2020 $
IIoT Sensor Cloud	60,664	1,663
Spatial Video Platform	398,734	234,583
Consulting fees	42,377	-
	501,775	236,246

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

	December 31, 2021 $	December 31, 2020 $
The following customers contributed more than 10% of total revenue:		
Telstra	264,354	198,687
Melbourne Water	131,574	35,878
A1 Roadlines	57,350	-
	453,278	234,565

Note 7. Cash

	December 31, 2021 $	December 31, 2020 $
Cash at bank	354,947	654,666

Expressed in Canadian Dollars

Note 8. Trade and other receivables

	December 31, 2021 $	December 31, 2020 $
Trade receivables	48,924	31,216
Goods and services tax credits	-	6,911
Prepaid interest	-	46,712
	48,924	84,839

The Company has estimated and set its expected credit losses for the years ended December 31, 2021 and 2020 at nil based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate.

Note 9. Research and development tax credits receivable

	Total $
Balance at January 1, 2020	-
Amounts accrued	220,014
Balance at December 31, 2020	220,014
Amounts received	(150,344)
Amounts accrued	376,797
Exchange differences	(25,619)
Balance at December 31, 2021	420,848

Government subsidies
The consolidated entity also received other one-off COVID-19 grants during the year ended December 31, 2020 which have been disclosed as Government subsidies in the profit and loss. The consolidated entity received three types of government subsidies to ease financial pressure arising from the COVID 19 downturn.

- Australian Government cash flow boost at the total amount of $85,874
- Australian Government Jobkeeper payment at the total amount of $54,094
- Victorian Government business grant at the total amount of $27,741

$167,709 was included in the statement of loss and comprehensive loss during the year ended December 31, 2020.

There were no government subsidies received during the year ended December 31, 2021.

Note 10. Derivative financial instruments

	December 31, 2021 $	December 31, 2020 $
Derivative financial assets	-	34,436

For discussion on accounting for the facility loan payable that gave rise to this asset, refer to note 19. As a result of the settlement of the loan facility, $34,436 is included in the statement of loss and comprehensives loss under finance costs.

Expressed in Canadian Dollars

Note 11. Property, plant and equipment

Reconciliations
Reconciliations of the values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $	Vehicles $	Low value pool $	Total $
Balance at January 1, 2020	1,211	47,385	-	48,596
Additions	2,080	-	965	3,045
Exchange differences	131	2,282	-	2,413
Depreciation expense	(1,531)	(15,750)	(965)	(18,246)
Balance at December 31, 2020	1,891	33,917	-	35,808
Additions	10,317	-	-	10,317
Exchange differences	(48)	(2,136)	-	(2,184)
Depreciation expense	(2,995)	(7,389)	-	(10,384)
Balance at December 31, 2021	9,165	24,392	-	33,557

Note 12. Right-of-use assets

On December 21, 2020, the Company signed a new lease at 17/71 Victoria Crescent, Abbotsford VIC 3067 with a commencement date of February 1, 2021 and a term of four years.

The right-of-use asset is depreciated over four years and a lease liability is measured at the present value of the lease payments unpaid at commencement date, discounted using the consolidated entity's incremental borrowing rate of 6%.

The Company has one further option to extend the lease (for a further four years) with the last day to exercise the option being November 1, 2024.

Given the uncertainty as to whether or not the option will be exercised at the end of the lease term, this has not been factored into the lease liability calculation.

Due to the lease in current location no longer being extended, the Company adjusted the right-of-use asset carrying value for the year ended December 31, 2020.

	$
Balance at January 1, 2020	119,152
Exchange differences	2,393
Adjustment	(76,134)
Depreciation expense	(32,668)
Balance at December 31, 2020	12,743
Additions	308,730
Exchange differences	(7,131)
Depreciation expense	(82,951)
Balance at December 31, 2021	231,391

Expressed in Canadian Dollars

Note 13. Intangibles

Reconciliations

Reconciliations of the values at the beginning and end of the current and previous financial year are set out below:

	Total $
Balance at January 1, 2020	47,817
Additions	5,475
Exchange differences	4,076
Amortisation expense	(6,774)
Balance at December 31, 2020	50,594
Exchange differences	(3,888)
Amortisation expense	(5,377)
Balance at December 31, 2021	41,329

Note 14. Trade and other payables

	December 31, 2021 $	**December 31, 2020 $**
Trade payables	12,876	46,135
Post-employment benefits payables	24,567	14,213
Employee withholding taxes payables	73,938	55,455
Other payables	66,689	61,036
	178,070	176,839

Refer to note 26 for further information on financial instruments and risk management.

Note 15. Lease liabilities

	Total $
Balance at January 1, 2020	122,407
Payments towards lease	(33,268)
Accretion	6,325
Adjustment	(71,225)
Exchange differences	(5,271)
Balance at December 31, 2020	18,968
Additions	308,730
Payments towards lease	(94,012)
Accretion	15,494
Exchange differences	(7,375)
Balance at December 31, 2021	241,805

Refer to note 12 for further information on right-of-use assets.

Expressed in Canadian Dollars

Note 15. Lease liabilities (continued)

	December 31, 2021 $	December 31, 2020 $
Current lease liabilities	70,175	18,968
Non-current lease liabilities	171,630	-
	241,805	18,968

The undiscounted lease payments remaining are as follows:

No later than 1 year	82,788
Later than 1 year, but no later than 5 years	183,152
	265,940

Expressed in Canadian Dollars

Note 16. Income tax

For the years ended December 31, 2021 and 2020, the reconciliation of the consolidated Australian statutory income tax rate of 27% (2020 – 26%) is as follows:

	December 31, 2021 $	December 31, 2020 $
Net loss before tax	(1,372,506)	(883,859)

	December 31, 2021 $	December 31, 2020 $
Statutory tax rate		
Expected income tax recovery	(370,576)	(229,803)
Entertainment expenses	-	3,123
Penalties and fines	-	88
Timing differences that have not been recognized as deferred tax assets	-	(4,926)
R&D expenditure not deductible as applied in deriving R&D income credits	166,920	124,168
Non-deductible expenses	-	88,264
Share based payments	26,922	5,742
Non-assessable income	-	(22,327)
Change in tax benefits not recognized	250,477	35,671
Difference in foreign tax rates	(20,699)	-
Share issue costs	(53,044)	-
Income tax expense	-	-

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Note 17. Convertible preference shares

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 common 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 common shares held by new shareholders is equal to 20% of the total common 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 common shares held by the new shareholders is equal to 25% of the total common 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 common shares held by new shareholders is equal to 20% of the total common 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 common shares held by new shareholders is equal to 25% of the total common shares in the Company subsequent to the fundraising act.

The 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 common shares in accordance with the Agreement.

Note 18. Contract liabilities

Contract liabilities (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 center, 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.

	December 31, 2021 $	December 31, 2020 $
Contract liabilities	308,345	331,203

Note 19. Facility loan payable

In July 16, 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 Cheryl Hargrave-Hill, in the amount of AUD$300,000

Note 19. Facility loan payable (continued)

In accordance with the term of the facility, options were also issued alongside the debt to each of the debt holders outlined in the agreement. 640,000 options were granted, note that for Shape Capital, 200,000 options were granted for their role in facilitating the loan facility agreement.

- Shape Capital Pty Ltd granted 40,000 options
- Chajasa Pty Ltd (as trustee for Lorback Family Trust 2) granted 100,000 options
- Gilkat Pty Ltd granted 50,000 options
- 958 Consulting Pty Ltd granted 50,000 options
- Simon Langdon granted 50,000 options
- Cheryl Hargrave-Hill granted 150,000 options

Stock options have been granted with an exercise price of AUD$0.10 and have a 2-year contractual term. The stock options were granted on July 16, 2020 with an effective date on December 4, 2020. The options will expire on December 4, 2022.

The terms of the loan facility agreement are such that the debentures, denominated in AUD, have the option to be converted into common shares at CAD 10 day VWAP at the option of the borrower. This meets the definition of a derivative according to IAS, in that the settlement option represents a derivative that will not be settled for a fixed amount of cash for a fixed amount of shares as both the currency of the debt is in an amount that is different from the entity's functional currency and the settlement price is based on VWAP.

In accordance with IFRS, the derivative settlement option is separated from its host contract on the basis of its stated terms and initially measured at fair value, with the host debt contract being the residual amount after separation.

Consistent with the guidance in IAS for compound financial instruments, because equity instruments are defined as contracts evidencing a residual interest in the assets of an entity after deducting all of its liabilities, the options should be assigned the residual amount of consideration, after deducting the fair value of the liability components and subsequently should be carried at historical cost.

The derivative asset was valued by determining the market value of settlement option for the host debt. The value of the early settlement option was measured first which resulted in a derivative asset of $34,436. See note 10. The value of the host debt instrument was recognized second, with the fair value being the present value of the future cash flows, discounted at a rate of 12%, (representing similar debt with no prepayment option or options attached) which resulted in a value of $849,736. The Company then allocated the residual amount of $50,180 to the options.

The loan providers were paid 10% of the first-year interest (AUD$80,000) within 5 business days of the Commencement Date. The remaining prepaid expense was included in interest expense on the statement of loss and comprehensive loss.

Upon completion of the private placement, as part of the loan facility agreement, the Company was required to repay the loan within 10 business days after the placement closing date. On April 12, 2021, the company fully repaid the AUD$880,000 facility loan.

	December 31, 2021 $	December 31, 2020 $
Facility loan payable	-	853,672

Note 20. Issued capital

	December 31, 2021 Shares	December 31, 2020 Shares	December 31, 2021 $	December 31, 2020 $
Ordinary shares - fully paid	27,555,600	23,005,600	5,292,160	3,649,090

Expressed in Canadian Dollars

Note 20. Issued capital (continued)

Movements in ordinary share capital

Details	**Date**	**Shares**	**$**
Balance	January 1, 2020	2,500,014	2,378,763
Share-based compensation		46,249	22,083
Issue of share capital		12,501	18,196
Conversion of preference shares		625,003	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 per RTO		4,003,100	320,248
Balance	December 31, 2020	23,005,600	3,649,090
Private placement		4,400,000	1,764,151
Exercised options		150,000	26,761
Capital raising costs		-	(147,842)
Balance	December 31, 2021	27,555,600	5,292,160

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company 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. Refer to note 22 and 23 for further details on share capital transactions during the year ended December 31, 2020.

Private placement
On March 31, 2021, EYEFI closed a private placement offering of $2,200,000 with an offering of up to 4,400,000 units of the Company (the “Offering”) at $0.50 per unit (“Unit”). Each Unit consists of one common share (“Share”) and one Share purchase warrant to purchase one additional Share at a price of $0.75 per additional share for a one-year term from the date of closing (“Closing”) of the Offering (a “Warrant”). The Warrants are subject to an acceleration clause: If the volume weighted average closing price of the Shares on the CSE equals or exceeds $1.00 or more for a minimum of ten consecutive trading days at any time after Closing, then the Issuer may, by providing written notice (the “Acceleration Notice”), accelerate the Expiry Date of the Warrants to that date which is 30 days from the date of providing the Acceleration Notice. Total commissions paid were $176,000 (8% of funds raised).The fair value of the warrants issued during the year ended December 31, 2021 allocated to warrants as part of the Offering was $435,849. Refer to note 21 for further details.

Note 21. Warrants

On March 31, 2021, the Company issued 4,400,000 warrants in connection with the private placement transaction described in note 20. The fair value of the warrants was estimated using the Barrier option pricing model with the following estimated assumptions:

Stock price	0.85
Strike price	0.75
Term	1
Risk-free interest rate	0.23%
Dividend yield	0%
Volatility	140.87%
Barrier	1
Rebate	0.25

Note 21. Warrants (continued)

As the Company does not have sufficient history of past share prices, the expected volatility was calculated by taking the volatility of a comparable company.

The fair value of the warrants issued during the year ended December 31, 2021 was $435,849. -

Details of the warrants as at December 31, 2021 are as follows:

	Exercise price	Remaining life (Years)	Warrants outstanding
March 31, 2022	$0.75	0.25	4,400,000

On March 10, 2022, the Company amended the Warrants to extend the Exercise Term from March 31, 2022 to September 30, 2022. The Warrants are otherwise unaltered.

Note 22. Reverse take-over

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 the share price of $0.08 based on equity raised by EYEfi Group Technologies Inc. immediately prior to the RTO.

Cost of acquisition	
Shares of the resulting issuer issued to shareholder of EYEFI (see note 23)	320,248
Cost allocated as follows	
Net assets acquired:	
Cash	23,815
Other assets	35,032
Total net assets of EYEFI acquired	58,847
RTO expense*	261,401
Transactional Expense	65,478
Total listing expense	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 23. Share reconciliation after merger

	Number of shares pre-share swap	Number of shares effected for share consolidation	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
Share capital in EYEFI	23,005,600	23,005,600	3,649,090

Note 23. Share reconciliation after merger (continued)

2,500,014 EYEFi shares as at December 31, 2019, are effected for share consolidated 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.

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 common shares, as disclosed in note 17. 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 24. Stock options

Options from loan facility agreements
In July 2020, the Company granted stock options which were attached to the loan facility agreements. See note 19.

On January 12, 2021, Accelerative Investments Pty Ltd Exercised 50,000 options at $0.10 share price. The Company issued 50,000 shares and received gross proceeds on exercise of $5,000. The fair value of the options exercised was $3,920

On April 1, 2021, Sigaras Family Investments Pty Ltd Exercised 100,000 options at $0.10 share price. The Company issued 100,000 shares and received gross proceeds on exercise of $10,000. The fair value of the options exercised was $7,841

On May 5, 2021, EYEFI announced the appointment of Jeff Sharp to the Company's Australian based advisory board to assist with expansion activities. Jeff Sharp's remuneration included 20,000 options with an exercise price of $1.18, vested immediately with a 12 month expiry. An additional 100,000 options were granted with an exercise price of $1.30, with vesting conditions (remain as consultant for a minimum of one year and provide a minimum of 3 strategic referrals) with an 18 month expiry. The Black-Scholes fair value of the options granted was $12,298 and $64,868 respectively.

On June 23, 2021, EYEFI announced the appointment of Dr Ian Meredith to the Company's US based advisory board to assist with expansion activities. Dr Ian Meredith's remuneration included 20,000 options with an exercise price of $0.82, with vested immediately with a 12 month expiry. An additional 100,000 options were granted with an exercise price of $1.30, with vesting conditions (remain as consultant for a minimum of one year and provide a minimum of 3 strategic referrals) with an 18 month expiry. The Black-Scholes fair value of the options granted was $9,278 and $45,665 respectively.

On July 15, 2021, EYEfi retained Gale Capital Corporation to assist with investor relations activities, including communicating and marketing to potential investors, brokers, shareholders and media contacts. Under the terms signed, Gale was granted 100,000 incentive stock options to acquire common shares of the Company ("Shares") with an exercise price of $0.71 per share, with a 12 month expiry. The options vest evenly on a monthly basis over the 12-month term of the Investor Relations Agreement with no more than 25% of the options vesting in any three month period and expire on termination of the Agreement. The options have a fair value of $39,547 which was determined using a Black-Scholes model.

Expressed in Canadian Dollars

Note 24. Stock options (continued)

The consolidated entity recognized share-based compensation expenses of $75,342 for the year ended December 31, 2021 with a corresponding amount recognized to contributed surplus (December 31, 2020 - nil).

The stock options granted during the year ended December 31, 2021 were determined using Black-Scholes pricing model at the weighted average assumptions as follows:

Black-Scholes pricing model at the weighted average assumptions as follows:

	2021
Share price	$0.70 - $1.17
Expected volatility	130% -160%
Expected life	1 - 1.5 years
Expected dividends	-%
Risk-free interest rate	0.30% - 0.42%

Details		Number of Options
Opening balance	January 1, 2020	-
Issue of options	July 15, 2020	640,000
Opening balance	January 1, 2021	640,000
Exercise of options	January 15, 2021	(50,000)
Exercise of options	April 1, 2021	(100,000)
Issue of options	May 5, 2021	120,000
Issue of options	June 23, 2021	120,000
Issue of options	July 15, 2021	100,000
Forfeited options	October 11, 2021	(120,000)
Balance at December 31, 2021		710,000

Expiry date	Exercise price $	Remaining life (Years)	Options outstanding
December 4, 2022	$0.10	0.93	490,000
June 23, 2022	$0.82	0.48	20,000
July 15, 2022	$0.71	0.54	100,000
December 23, 2022	$1.30	0.98	100,000

Note 25. Loss per share

	December 31, 2021 $	**December 31, 2020 $**
Loss after income tax attributable to the owners of EYEfi Group Technologies Inc.	(1,372,506)	(883,859)
	Number	**Number**
Weighted average number of common shares used in calculating basic earnings per share	26,444,093	19,731,612
Weighted average number of common shares used in calculating diluted earnings per share	26,444,093	19,731,612

Expressed in Canadian Dollars

Note 25. Loss per share (continued)

Basic and diluted loss per share	$(0.05)	$(0.04)

Note 26. 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.

As at December 31, 2021, 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 cash, trade and other receivables, trade and other payables, facility loan payable and derivative asset. The carrying values of the Company's financial instruments approximate their fair value because of the short-term nature of these instruments.

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.

The consolidated 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 $
2021						
Trade and other payables	178,070	-	-	-	-	178,070
Lease liabilities	-	-	-	70,175	171,630	241,805

Expressed in Canadian Dollars

Note 26. Financial instruments and risk management (continued)

	0-30 Days $	30-60 Days $	30-90 Days $	90-365 Days $	1-5 Years $	Total $
2020						
Trade and other payables	176,839	-	-	-	-	176,839
Facility loan payable	-	-	-	-	853,672	853,672

Note 27. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	December 31, 2021 $	**December 31, 2020 $**
Salaries	549,536	217,280
Short-term benefits	(55,352)	(29,100)
Other long-term benefits	4,160	(16,141)
Post-employment benefits	44,532	20,642
	542,876	192,681

Note 28. 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 Advisory Pty Ltd ("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.

Key management personnel
Disclosures relating to key management personnel are set out in note 27.

Note 28. Related party transactions (continued)

Transactions with related parties
During the year ended December 31, 2021, the Company has approximately $NIL (2020 - $505) of accrued payables to a Director of the Company for expenses incurred on the Company's behalf and approximately $9,914 (2020 - $3,874) in loan receivables from a Director.

During the year ended December 31, 2020, two Directors of the Company entered into the loan facility agreement with the Company in the amount of AUD$200,000 which come with options. Refer to note 19 for further information on facilities loan payable and options.

Upon completion of the private placement, as part of the loan facility agreement, the Company was required to repay the loan within 10 business days after the placement closing date. On April 12, 2021, the company fully repaid the two directors the AUD$200,000 facility loan.

During the year ended December 31, 2021, the Company paid accountancy and advisory fees of $240,717 to DLK. DLK acts as the Company's CFO team and Tax advisory team. Ben Melin, who acts as the secretary/public officer of EYEfi Group Technologies Inc and its wholly-owned subsidiaries, is also a director at DLK.

During the year ended December 31, 2021, the Company paid legal fees of $23,109 to Hope Earle, a legal practice related to James Hope, a Director of the Company.

During the year ended December 31, 2021, the Company paid for administration services of $17,141 provided by Rosalie Langdon. Rosalie Langdon is related to Simon Langdon, CEO and a Director of the Company.

There were no other transactions with related parties during the year ended December 31, 2021.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Events after the reporting period

No other matter or circumstance has arisen since December 31, 2021 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.