

EYEfi Group Technologies Inc.

Unaudited Condensed Interim Consolidated Financial Statements – March 31, 2022

For the Three Months Ended March 31, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

EYefi Group Technologies Inc.**Expressed in Canadian Dollars****Contents****For the three-months ended March 31, 2022 and 2021**

Unaudited condensed interim consolidated statements of financial position	3
Unaudited condensed interim consolidated statements of profit or loss and other comprehensive income	4
Unaudited condensed interim consolidated statements of changes in equity	5
Unaudited condensed interim consolidated statements of cash flows	6
Notes to the unaudited condensed interim consolidated financial statements	7

General information**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards and reviewed by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Unaudited condensed interim consolidated statements of financial position
As at March 31, 2022

	Note	March 31, 2022 \$	December 31, 2021 (Audited) \$
Assets			
Current assets			
Cash		76,739	354,947
Trade and other receivables	7	60,024	48,924
Research and development tax credits receivable	8	527,795	420,848
Total current assets		<u>664,558</u>	<u>824,719</u>
Non-current assets			
Property, plant and equipment		31,612	33,557
Right-of-use assets	9	217,987	231,391
Intangibles		40,327	41,329
Lease bond		30,046	29,379
Total non-current assets		<u>319,972</u>	<u>335,656</u>
Total assets		<u>984,530</u>	<u>1,160,375</u>
Liabilities			
Current liabilities			
Trade and other payables		272,351	178,070
Lease liabilities	10	73,936	70,175
Short-term employee benefits		77,210	88,831
Contract liabilities	11	308,345	308,345
Total current liabilities		<u>731,842</u>	<u>645,421</u>
Non-current liabilities			
Lease liabilities	10	156,757	171,630
Short-term employee benefits		4,179	3,020
Total non-current liabilities		<u>160,936</u>	<u>174,650</u>
Total liabilities		<u>892,778</u>	<u>820,071</u>
Equity			
Issued capital	12	5,292,160	5,292,160
Contributed surplus		115,738	113,761
Warrants	13	399,524	399,524
Cumulative translation adjustment		(53,287)	(60,015)
Accumulated deficit		(5,662,383)	(5,405,126)
Total equity		<u>91,752</u>	<u>340,304</u>
Total liabilities and shareholder's equity		<u>984,530</u>	<u>1,160,375</u>
On behalf of the Board:			
<u>"Simon Langdon"</u> Director		<u>"James Hope"</u> Director	

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

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Unaudited condensed interim consolidated statements of profit or loss and other comprehensive income
For the three-months ended March 31, 2022 and 2021

	Note	March 31, 2022 \$	March 31, 2021 \$
Revenue			
Sales from rendering services	6	157,408	232,604
Cost of Sales		<u>(89,423)</u>	<u>(146,266)</u>
Gross profit		<u>67,985</u>	<u>86,338</u>
Research and development tax credits	8	95,442	83,528
Expenses			
Administration		(171,742)	(123,443)
Employee benefits expense		(187,142)	(85,116)
Depreciation and amortization expense		(22,744)	(21,742)
Interest expense		(5,136)	(22,828)
Marketing		<u>(33,920)</u>	<u>-</u>
Loss before income tax expense		(257,257)	(83,263)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the period attributable to the owners of EYefi Group Technologies Inc.		(257,257)	(83,263)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>6,728</u>	<u>(11,408)</u>
Other comprehensive income for the period, net of tax		<u>6,728</u>	<u>(11,408)</u>
Total comprehensive loss for the period attributable to the owners of EYefi Group Technologies Inc.		<u>(250,529)</u>	<u>(94,671)</u>
Basic and Diluted loss per share	14	\$(0.009)	\$(0.004)

The above unaudited condensed interim consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Unaudited condensed interim consolidated statements of changes in equity
For the three-months ended March 31, 2022 and 2021

	Number of shares \$	Issued capital \$	Contributed surplus \$	Warrants \$	Cumulative translation adjustment \$	Accumulated deficit \$	Total equity \$
Balance at January 1, 2021	23,005,600	3,649,090	50,180	-	(8,874)	(4,032,620)	(342,224)
Loss after income tax expense for the period	-	-	-	-	-	(83,263)	(83,263)
Other comprehensive loss for the period, net of tax	-	-	-	-	(11,408)	-	(11,408)
Exercised options	50,000	5,000	(3,920)	-	-	-	1,080
Private Placements	4,400,000	1,764,151	-	435,849	-	-	2,200,000
Capital raising costs	-	(141,132)	-	(34,868)	-	-	(176,000)
Balance at March 31, 2021	<u>27,455,600</u>	<u>5,277,109</u>	<u>46,260</u>	<u>400,981</u>	<u>(20,282)</u>	<u>(4,115,883)</u>	<u>1,588,185</u>
	Number of shares \$	Issued capital \$	Contributed surplus \$	Warrants \$	Cumulative translation adjustment \$	Accumulated deficit \$	Total equity \$
Balance at January 1, 2022	27,555,600	5,292,160	113,761	399,524	(60,015)	(5,405,126)	340,304
Loss after income tax expense for the period	-	-	-	-	-	(257,257)	(257,257)
Other comprehensive income for the period, net of tax	-	-	-	-	6,728	-	6,728
<i>Transactions with owners in their capacity as owners:</i>							
Share-based compensation	-	-	1,977	-	-	-	1,977
Balance at March 31, 2022	<u>27,555,600</u>	<u>5,292,160</u>	<u>115,738</u>	<u>399,524</u>	<u>(53,287)</u>	<u>(5,662,383)</u>	<u>91,752</u>

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

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Unaudited condensed interim consolidated statements of cash flows
For the three-months ended March 31, 2022 and 2021

	Note	March 31, 2022 \$	March 31, 2021 \$
Cash flows from operating activities			
Net loss for the period		(257,257)	(83,263)
<i>Adjustments for items not affecting cash:</i>			
Depreciation and amortization		22,744	21,742
Share based payments		1,977	-
Accretion of derivative financial instruments		-	1,498
Interest on lease obligations	10	4,088	-
		(228,448)	(60,023)
Change in operating assets and liabilities:			
Increase in trade and other receivables		(11,100)	(22,056)
Research and development tax credits receivable		(106,947)	(83,528)
Right-of-use assets		-	(313,811)
Increase in trade and other payables		94,281	357,231
Decrease in employee benefits		(10,462)	(101,445)
Net cash used in operating activities		(262,676)	(223,632)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(5,464)
Payments for intangibles		-	(3,441)
Net cash used in investing activities		-	(8,905)
Cash flows from financing activities			
Proceeds from exercised stock options		-	5,000
Lease payments	10	(21,303)	(21,655)
Proceeds from private placements	19	-	2,024,000
Net cash from/(used in) financing activities		(21,303)	2,007,345
Net increase/(decrease) in cash and cash equivalents		(283,979)	1,774,808
Cash at the beginning of the financial period		354,947	654,666
Effects of exchange rate changes on cash and cash equivalents		5,771	(42,579)
Cash at the end of the financial period		<u>76,739</u>	<u>2,386,895</u>

The above unaudited condensed interim consolidated statement of cash flows should be read in conjunction with the accompanying notes

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 1. Incorporation, operation and going concern

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.

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.

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. Although effective vaccines are currently being distributed worldwide, the emergence of new and more infectious variants of the virus could slow the relaxing of restrictions and the recovery of the global economy. While these effects are expected to be temporary, significant uncertainty still remains as to the potential impact on the Company's ability to access capital and on its results of operations and financial condition. To date, the Company's operations have remained stable as the pandemic continues to progress and evolve.

The Company's condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis of the 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 \$257,257 for the 3 months period ended March 31, 2022, and as of that date has an accumulated deficit of \$5,662,383. To date, the Company has funded operations through private placement and revenue from operations. 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 condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going assumption was not appropriate. These adjustments could be material.

Note 2. Basis of preparation

Statement of compliance and functional currency

These condensed interim consolidated financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

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

These condensed interim consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 24, 2022.

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

Effective January 1, 2020, the Company changed its presentation currency to Canadian Dollars from Australian Dollars. The condensed interim consolidated financial statements as of March 31, 2022 and for the year ended December 31, 2021, have been translated into Canadian Dollars in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", as follows:

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 2. Basis of preparation (continued)

- Assets and liabilities presented and previously reported in Australian Dollars and have been translated into Canadian Dollars using the period-end-exchange rate of 0.9364;
- Statements of profit or loss and other comprehensive income or loss have been translated using average exchange rates prevailing during the reporting period of 0.9176 for the period-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 Canadian 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Note 3. Summary of significant accounting policies

These condensed interim consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed interim consolidated financial statements are to be read in conjunction with the annual report for the year ended December 31, 2021.

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

Note 4. Accounting policies

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the condensed interim consolidated 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. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

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. For the three months period ended March 31, 2022, there have been no changes from prior periods to measurement methods used to determine the segment's profit or loss.

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 5. Operating segments (continued)

Major customers

For the three months period ended March 31, 2022, 35.47% of the Company's service revenue was derived from Telstra and 64.53% from Melbourne Water. Compared to the three months period ended March 31, 2021, 27.16% of the Company's service revenue was derived from Telstra, 38.70% from Melbourne Water, and 34.15% from VicRoads.

Telstra is an Australian telecommunications company that builds and operates telecommunications networks and markets voice, mobile, internet access, pay television, and other products and services.

Melbourne Water is a statutory authority owned by the State of Victoria in Australia. It manages and protects Melbourne's major water resources, including the water storage reservoirs and how drinking water is supplied.

VicRoads is an agency owned by the State of Victoria in Australia, it manages and regulates the arterial road network, delivers road safety initiatives, and provides customer-focused registration and licensing services.

Note 6. Revenue

	March 31, 2022 \$	March 31, 2021 \$
<i>Sales from rendering services</i>		
IIoT Sensor Cloud	-	17,529
Spatial Video Platform	157,408	215,075
	<u>157,408</u>	<u>232,604</u>

IIoT Sensor Cloud, Spatial Video Platform and other consulting revenue have all been recognized over the time the services have been rendered.

	March 31, 2022 \$	March 31, 2021 \$
<i>Major customer recognition</i>		
Telstra	55,829	63,167
Melbourne Water	101,579	90,010
VicRoads	-	79,427
	<u>157,408</u>	<u>232,604</u>

Note 7. Trade and other receivables

	March 31, 2022 \$	December 31, 2021 (Audited) \$
<i>Current assets</i>		
Trade and other receivables	59,018	48,924
Goods and services tax credits	1,006	-
	<u>60,024</u>	<u>48,924</u>

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 8. Research and development tax credits receivable

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 lodgement of those claims.

	Total \$
Balance at January 1, 2021	220,014
Amounts Received	(150,344)
Amounts Accrued	376,797
Exchange Differences	(25,619)
Balance at December 31, 2021	<u>420,848</u>
Amounts Accrued	95,442
Exchange Differences	<u>11,505</u>
Balance at March 31, 2022	<u><u>527,795</u></u>

Note 9. 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 term of four years.

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%.

	Total \$
Balance at January 1, 2021	12,743
Additions	308,730
Exchange Differences	(7,131)
Depreciation Expense	(82,951)
Balance at December 31, 2021	<u>231,391</u>
Exchange Differences	5,398
Depreciation Expense	<u>(18,802)</u>
Balance at March 31, 2022	<u><u>217,987</u></u>

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 10. Lease liabilities

	Total \$
Balance at January 1, 2021	18,968
Additions	308,730
Payments towards lease	(94,012)
Accretion	15,494
Exchange Differences	(7,375)
Balance at December 31, 2021	<u>241,805</u>
Payments towards lease	(21,303)
Accretion	4,088
Exchange Differences	<u>6,103</u>
Balance at March 31, 2022	<u><u>230,693</u></u>

Refer to note 9 for further information on right-of-use assets.

	March 31, 2022 \$	December 31, 2021 (Audited) \$
Current lease liabilities	73,936	70,175
Non-current lease liabilities	<u>156,757</u>	<u>171,630</u>
	<u><u>230,693</u></u>	<u><u>241,805</u></u>

Note 11. 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.

	March 31, 2022 \$	December 31, 2021 (Audited) \$
<i>Current liabilities</i>		
Contract liabilities	<u>308,345</u>	<u>308,345</u>

Note 12. Issued capital

	March 31, 2022 Shares	December 31, 2021 (Audited) Shares	March 31, 2022 \$	December 31, 2021 (Audited) \$
Ordinary shares - fully paid	<u>27,555,600</u>	<u>27,555,600</u>	<u>5,292,160</u>	<u>5,292,160</u>

Movements in ordinary share capital

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 12. Issued capital (continued)

Details	Shares	\$
Balance - January 1, 2021	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	<u>27,555,600</u>	<u>5,292,160</u>
Balance - March 31, 2022	<u>27,555,600</u>	<u>5,292,160</u>

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.

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.

Note 13. Warrants

On March 31, 2021, The Company issued 4,400,000 warrants in connection with the private placement transaction described in . 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

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

	March 31, 2022 \$	December 31, 2021 (Audited) \$
Warrants	<u>399,524</u>	<u>399,524</u>

The balance of warrants outstanding as at March 31, 2022 is as follows:

Expiry Date	Exercise Price	Remaining Life (Years)	Warrants Outstanding
September 30, 2022	\$0.75	0.5	4,400,000

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 13. Warrants (continued)

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 14. Loss per share

	March 31, 2022 \$	March 31, 2021 \$
Loss after income tax attributable to the owners of EYefi Group Technologies Inc.	<u>(257,257)</u>	<u>(83,263)</u>
	Number	Number
Weighted average number of common shares used in calculating basic earnings per share	<u>27,555,600</u>	<u>21,735,166</u>
Weighted average number of common shares used in calculating diluted earnings per share	<u>27,555,600</u>	<u>21,735,166</u>
Basic and Diluted loss per share	\$(0.009)	\$(0.004)

Note 15. 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 March 31, 2022, 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 and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and facility loan payable. The carrying values of the Company's financial instruments approximate 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.

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 15. Financial instruments and risk management (continued)

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 \$
March 31, 2022						
Trade and other payables	272,351	-	-	-	-	272,351
Lease liabilities	-	-	-	73,936	156,757	230,693
	0-30 Days \$	30-60 Days \$	30-90 Days \$	90-365 Days \$	1-5 Years \$	Total \$
December 31, 2021						
Trade and other payables	178,070	-	-	-	-	178,070
Lease liabilities	-	-	-	70,175	171,630	241,805

Note 16. 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:

	March 31, 2022 \$	March 31, 2021 \$
Salaries	94,471	119,117
Short-term benefits	41,149	4,537
Other long-term benefits	1,203	928
Post-employment benefits	6,465	11,316
	<u>143,288</u>	<u>135,898</u>

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 17. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

Transactions with related parties

For the three months ended March 31, 2022, the Company paid accountancy and advisory fees of \$47,715 to DLK Advisory (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.

For the three months ended March 31, 2022, the Company paid legal fees of \$6,721 to Hope Earle, a legal practice related to James Hope, a Director of the Company.

For the three months ended March 31, 2022, the Company paid for administration services of \$3,652 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 for the three months period ended March 31, 2022.

Terms and conditions

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

Note 18. Stock options

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.

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the three-months ended March 31, 2022 and 2021

Note 18. Stock options (continued)

Details	Date	Number of Options
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		<u>710,000</u>
Balance at March 31, 2022		<u><u>710,000</u></u>

Expiry date	Exercise Price \$	Remaining life (Years)	Options outstanding
December 4, 2022	\$0.10	0.68	490,000
June 23, 2022	\$0.82	0.23	20,000
July 15, 2022	\$0.71	0.29	100,000
December 23, 2022	\$1.30	0.73	100,000

Note 19. Events after the reporting period

No matter or circumstance has arisen since March 31, 2022 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.