

# **EYEfi Group Technologies Inc.**

## **Unaudited Condensed Interim Consolidated Financial Statements – June 30, 2022**

**For the Three and Six Months Ended June 30, 2022 and 2021**

(Unaudited)

(Expressed in Canadian Dollars)

**EYefi Group Technologies Inc.**

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**Expressed in Canadian Dollars**

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**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 June 30, 2022**

	Note	June 30, 2022 \$	December 31, 2021 (Audited) \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		276,692	354,947
Trade and other receivables	7	2,560	48,924
Research and development tax credits receivable	8	175,262	420,848
Total current assets		<u>454,514</u>	<u>824,719</u>
<b>Non-current assets</b>			
Plant and equipment		6,718	33,557
Right-of-use assets	9	188,780	231,391
Intangibles		40,674	41,329
Lease bond		28,533	29,379
Total non-current assets		<u>264,705</u>	<u>335,656</u>
<b>Total assets</b>		<u><u>719,219</u></u>	<u><u>1,160,375</u></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		186,722	178,070
Lease liabilities	10	71,837	70,175
Short-term employee benefits		81,361	88,831
Contract liabilities	11	368,631	308,345
Total current liabilities		<u>708,551</u>	<u>645,421</u>
<b>Non-current liabilities</b>			
Lease liabilities	10	129,757	171,630
Short-term employee benefits		4,538	3,020
Total non-current liabilities		<u>134,295</u>	<u>174,650</u>
<b>Total liabilities</b>		<u><u>842,846</u></u>	<u><u>820,071</u></u>
<b>Equity</b>			
Issued capital	12	5,308,335	5,292,160
Contributed surplus		113,814	113,761
Warrants	13	399,524	399,524
Cumulative translation adjustment		(52,521)	(60,015)
Accumulated deficit		<u>(5,892,779)</u>	<u>(5,405,126)</u>
<b>Total equity</b>		<u><u>(123,627)</u></u>	<u><u>340,304</u></u>
<b>Total liabilities and equity</b>		<u><u>719,219</u></u>	<u><u>1,160,375</u></u>

Signed on behalf of the Board:

“Simon Langdon”  
Director

“James Hope”  
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 operations and other comprehensive income (loss)**

For the three and six months ended June 30, 2022 and 2021

	Note	3 Months Ended June 30, 2022 \$	3 Months Ended June 30, 2021 \$	6 Months Ended June 30, 2022 \$	6 Months Ended June 30, 2021 \$
<b>Revenue</b>					
Sales from rendering services	6	88,259	64,394	245,428	296,998
Cost of sales		<u>(154,734)</u>	<u>(145,806)</u>	<u>(176,949)</u>	<u>(292,073)</u>
Gross margin		<u>(66,475)</u>	<u>(81,412)</u>	<u>68,479</u>	<u>4,925</u>
Other income		26,954	3	27,047	3
Research and Development tax credits	8	93,805	179,119	189,238	262,647
<b>Expenses</b>					
Administration		(165,613)	(326,487)	(335,359)	(448,343)
Employee benefits expense		(100,368)	(249,895)	(354,638)	(335,011)
Depreciation and amortisation expense		(20,536)	(29,133)	(43,809)	(50,875)
Interest expense		(3,326)	(30,467)	(7,923)	(53,295)
Marketing		<u>(6,140)</u>	<u>-</u>	<u>(39,966)</u>	<u>-</u>
<b>Loss before income tax expense</b>		<u>(241,699)</u>	<u>(538,272)</u>	<u>(496,931)</u>	<u>(619,949)</u>
Income tax (expense)/benefit		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the period</b>		<u>(241,699)</u>	<u>(538,272)</u>	<u>(496,931)</u>	<u>(619,949)</u>
<b>Other comprehensive income/(loss)</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		<u>2,791</u>	<u>(29,457)</u>	<u>7,494</u>	<u>(39,278)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>2,791</u>	<u>(29,457)</u>	<u>7,494</u>	<u>(39,278)</u>
<b>Total comprehensive loss for the period</b>		<u><u>(238,908)</u></u>	<u><u>(567,729)</u></u>	<u><u>(489,437)</u></u>	<u><u>(659,227)</u></u>
Basic and diluted loss per share	14	\$ (0.001)	\$ (0.002)	\$ (0.002)	\$ (0.003)

The above unaudited condensed interim consolidated statements of operations 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 and six month ended June 30, 2022 and 2021**

<b>6 Months Ended</b>	<b>Number of shares \$</b>	<b>Issued capital \$</b>	<b>Contributed surplus \$</b>	<b>Warrants \$</b>	<b>Cumulative translation adjustment \$</b>	<b>Accumulated deficit \$</b>	<b>Total equity \$</b>
Balance at January 1, 2021	23,005,600	3,649,090	50,180	-	(8,874)	(4,034,207)	(343,811)
Loss after income tax expense for the period	-	-	-	-	-	(619,949)	(619,949)
Other comprehensive loss for the period, net of tax	-	-	-	-	(39,278)	-	(39,278)
Stock options	-	-	-	-	-	-	-
Exercised options	150,000	26,761	(11,761)	-	-	-	15,000
Private placement	4,400,000	1,764,151	-	435,849	-	-	2,200,000
Capital raising costs	-	(141,944)	-	(34,868)	-	-	(176,812)
	-	-	-	-	-	-	-
<b>Balance at June 30, 2021</b>	<b>27,555,600</b>	<b>5,298,058</b>	<b>38,419</b>	<b>400,981</b>	<b>(48,152)</b>	<b>(4,654,156)</b>	<b>1,035,150</b>

<b>6 Months Ended</b>	<b>Number of shares \$</b>	<b>Issued capital \$</b>	<b>Contributed surplus \$</b>	<b>Warrants \$</b>	<b>Cumulative translation adjustment \$</b>	<b>Accumulated deficit \$</b>	<b>Total deficiency in equity \$</b>
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 for the period	-	-	-	-	-	(496,931)	(496,931)
Other comprehensive income for the period, net of tax	-	-	-	-	7,494	-	7,494
Exercised options	90,000	16,175	(7,175)	-	-	-	9,000
Vesting charge - stock options	-	-	16,506	-	-	-	16,506
Forfeited options	-	-	(9,278)	-	-	9,278	-
<b>Balance at June 30, 2022</b>	<b>27,645,600</b>	<b>5,308,335</b>	<b>113,814</b>	<b>399,524</b>	<b>(52,521)</b>	<b>(5,892,779)</b>	<b>(123,627)</b>

Please see note 12 and note 13 for further information.

*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 six months ended June 30, 2022**

	Note	6 Months Ended June 30, 2022 \$	June 30, 2021 \$
<b>Cash flows from operating activities</b>			
Net Loss for the period		(496,931)	(619,949)
<i>Adjustments for items not affecting cash:</i>			
Depreciation and amortisation	9	43,809	50,875
Share based payments		16,506	-
Interest expense from leases		6,911	7,610
Gain on disposal of plant & equipment		(27,041)	-
		<u>(456,746)</u>	<u>(561,464)</u>
<i>Net changes in non-cash working capital balances:</i>			
Decrease / (increase) in trade and other receivables		46,364	(74,356)
(Decrease) / increase in trade creditors and other payables		68,938	22,781
Research and development tax receivable	8	245,586	(241,731)
Increase/(decrease) in employee benefits		(5,952)	(66,229)
Income tax refund/(payable)		-	2,081
		<u>-</u>	<u>2,081</u>
Net cash used in operating activities		<u>(101,810)</u>	<u>(918,918)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(6,984)
Payments for intangibles		-	(3,441)
Proceeds from disposal of plant and equipment		49,881	-
		<u>49,881</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>49,881</u>	<u>(10,425)</u>
<b>Cash flows from financing activities</b>			
Proceeds from exercised stock options	12	9,000	15,000
Lease payments		(41,873)	(53,235)
Net proceeds from private placements	12,13	-	2,023,188
Facility loan		-	(853,672)
		<u>-</u>	<u>(853,672)</u>
Net cash from/(used in) financing activities		<u>(32,873)</u>	<u>1,131,281</u>
Net increase/(decrease) in cash and cash equivalents		(84,802)	201,938
Cash and cash equivalents at the beginning of the financial period		354,947	654,666
Effects of exchange rate changes on cash and cash equivalents		6,547	(19,594)
		<u>276,692</u>	<u>837,010</u>
Cash and cash equivalents at the end of the financial period		<u><u>276,692</u></u>	<u><u>837,010</u></u>

*The above unaudited condensed interim consolidated statements 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 and six months ended June 30, 2022 and 2021**

**Note 1. Incorporation, operation and going concern**

EYefi Group Technologies Inc. (the “Company” or “EYefi”) 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.

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, United States and Australia, 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 \$496,931 for the 6 months period ended June 30, 2022, and a loss of \$241,699 for the 3 months period ended June 30, 2022 and as of that date has an accumulated deficit of \$5,892,779. 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**

*Statements 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 Internal Accounting Standard (“IAS”) 34, Interim Financial Reporting.

These condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency. The functional currency of the Company’s subsidiaries is the Australia dollar.

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

Effective January 1, 2020, the Company changed its presentation currency to Canadian Dollars from Australian Dollars. The financial statements as of June 30, 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:

- Assets and liabilities presented and previously reported in Australian Dollars and have been translated into Canadian Dollars using the period-end-exchange rate of 0.8892;
- Statements of profit or loss and other comprehensive income or loss have been translated using average exchange rates prevailing during the reporting period of, for the six-month period, 0.9145 and for the three-month period, 0.9114, using 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.

**EYefi Group Technologies Inc.**  
**Expressed in Canadian Dollars**  
**Notes to the unaudited condensed interim consolidated financial statements**  
**For the six months ended June 30, 2022 and 2021**

**Note 2. Basis of preparation (continued)**

*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 financial year ended December 31, 2021 and corresponding interim reporting period, unless otherwise stated.

**Note 4. Critical accounting judgements, estimates and assumptions**

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. All of the Company's non-current assets are located in the Oceania 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 six months period ended June 30, 2022, there have been no changes from prior periods to measurement methods used to determine the segment's profit or loss.

*Major customers*

For the six months period ended June 30, 2022, 45.34% of the Company's service revenue was derived from Telstra Corporation Limited ("Telstra") and 54.66% from Melbourne Water. Compared to the six months period ended June 30, 2021, 41.83% of the Company's service revenue was derived from Telstra, 29.80% from Melbourne Water, and 19.72% from VicRoads.

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

VicRoads is an agency that 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.



**EYefi Group Technologies Inc.**  
**Expressed in Canadian Dollars**  
**Notes to the unaudited condensed interim consolidated financial statements**  
**For the six months ended June 30, 2022 and 2021**

**Note 6. Revenue**

	<b>6 Months Ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	<b>\$</b>	<b>\$</b>
IIoT Sensor Cloud	-	15,601
Spatial Video Platform	245,428	257,157
Consulting fees	-	24,240
	<u>245,428</u>	<u>296,998</u>
Revenue from rendering services	<u>245,428</u>	<u>296,998</u>

IIoT Sensor Cloud and Spatial Video Platform revenue have all been recognised over the time the services have been rendered.

	<b>6 Months Ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Major customer revenue contribution		
Revenue portion of total service revenue		
Telstra	111,276	122,229
Melbourne Water	134,152	88,510
VicRoads	-	55,577
	<u>245,428</u>	<u>266,316</u>

**Note 7. Trade and other receivables**

	<b>June 30, 2022</b>	<b>December 31, 2021 (Audited)</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	1,066	48,924
GST receivable	1,096	-
Prepaid interest	398	-
	<u>2,560</u>	<u>48,924</u>

**EYefi Group Technologies Inc.**  
**Expressed in Canadian Dollars**  
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**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 lodgment of those claims.

<b>Balance at January 1, 2021</b>	<b>220,014</b>
Amounts Received	(150,344)
Amounts Accrued	376,797
Exchange Differences	(25,619)
Balance at December 31, 2021	<u>420,848</u>
Amounts Received	(417,452)
Amounts Accrued	184,011
Exchange Differences	(12,145)
<b>Balance at June 30, 2022</b>	<u><u>175,262</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	(5,135)
Depreciation expense	(37,476)
Balance at June 30, 2022	<u><u>188,780</u></u>

**EYefi Group Technologies Inc.**  
**Expressed in Canadian Dollars**  
**Notes to the unaudited condensed interim consolidated financial statements**  
**For the six months ended June 30, 2022 and 2021**

**Note 10. Lease liabilities**

	<b>Total \$</b>
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	(41,873)
Accretion	6,911
Exchange Differences	(5,249)
Balance at June 30, 2022	<u><u>201,594</u></u>

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

	<b>June 30, 2022 \$</b>	<b>December 31, 2021 (Audited) \$</b>
<i>Current liabilities</i>		
Lease liability	<u>71,837</u>	<u>70,175</u>
<i>Non-current liabilities</i>		
Lease liability	<u>129,757</u>	<u>171,630</u>
	<u><u>201,594</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 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 (\$308,345). The balance of \$60,286 is for Income received in advance for services to provided in the September 2022 quarter to Telstra.

	<b>6 Months Ended June 30, 2022 \$</b>	<b>December 31, 2021 (Audited) \$</b>
Contract liabilities	<u><u>368,631</u></u>	<u><u>308,345</u></u>

**EYefi Group Technologies Inc.**  
**Expressed in Canadian Dollars**  
**Notes to the unaudited condensed interim consolidated financial statements**  
**For the six months ended June 30, 2022 and 2021**

**Note 12. Issued capital**

	June 30, 2022 Shares	December 31, 2021 (Audited) Shares	June 30, 2022 \$	December 31, 2021 (Audited) \$
Common shares - fully paid	27,645,600	27,555,600	5,301,160	5,292,160

*Movements in common share capital*

<b>Details</b>	<b>Shares</b>	<b>\$</b>
Balance at 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 at December 31, 2021	<u>27,555,600</u>	<u>5,292,160</u>
Exercised options	<u>90,000</u>	<u>16,175</u>
Balance at June 30, 2022	<u><u>27,645,600</u></u>	<u><u>5,308,335</u></u>

*Common shares*

Common 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 common 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 fund raised). See note 13.

**Note 13. Warrants**

On March 31, 2021, the Company issued 4,400,000 warrants in connection with the private placement transaction described in note 12. 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	181.64%
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 a comparable company.

**EYefi Group Technologies Inc.**  
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**Note 13. Warrants (continued)**

	<b>June 30, 2022</b>	<b>December 31, 2021 (Audited)</b>
	<b>\$</b>	<b>\$</b>
Warrants	<u>399,524</u>	<u>399,524</u>

The balance of the warrants as at June 30, 2021 is as follows:

Expiry date	Exercise price	Remaining life (Years)	Warrants outstanding
September 30, 2022	\$0.75	<u>0.25</u>	<u>4,400,000</u>

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**

	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of EYefi Group Technologies Inc.	<u>(241,699)</u>	<u>(538,272)</u>	<u>(496,931)</u>	<u>(619,949)</u>
	Number	Number	Number	Number
Weighted average number of common shares used in calculating basic earnings per share	27,568,600	27,554,501	27,562,100	25,314,164
Weighted average number of common shares used in calculating diluted earnings per share	27,568,600	27,554,501	27,562,100	25,314,164
Basic and diluted loss per share	\$(0.001)	\$(0.002)	\$(0.002)	\$(0.003)

**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 operations. 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.

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**Note 15. Financial instruments and risk management (continued)**

*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 June 30, 2022, the fair value of cash and cash equivalents 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, trade receivables, employee benefits, contract liabilities, accounts payable and accrued liabilities, and lease liabilities. The carrying values of accounts payable and accrued liabilities 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 cash at bank is subject to credit risk where the bank cannot repay the principal and interest to the Company. The Company mitigates this risk by using the major banks in Australia and Canada. 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 \$
<b>June 30, 2022</b>						
Trade and other payables	186,722	-	-	-	-	186,722
Lease liabilities	-	-	-	71,837	129,757	201,594
	<u>186,722</u>	<u>-</u>	<u>-</u>	<u>71,837</u>	<u>129,757</u>	<u>388,316</u>
	0-30 Days	30-60 Days	60-90 Days	90-365 Days	1-5 Years	Total \$
<b>December 31, 2021</b>						
Trade and other payables	178,070	-	-	-	-	178,070
Lease liabilities	-	-	-	70,175	171,630	241,805
	<u>178,070</u>	<u>-</u>	<u>-</u>	<u>70,175</u>	<u>171,630</u>	<u>419,875</u>

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**Note 16. Key management personnel**

*Compensation*

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

	<b>6 Months Ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	<b>\$</b>	<b>\$</b>
Salaries	207,851	212,077
Short-term benefits	39,598	8,472
Other-long term benefits	715	17,055
Post-employment benefits	12,529	17,178
	<u>260,693</u>	<u>254,782</u>

**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 six months ended June 30, 2022, the Company paid accountancy and advisory fees of \$99,219 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 six months ended June 30, 2022, the Company advanced a short-term loan of \$8,892 to Simon Langdon, CEO and Director of the Company.

For the six months ended June 30, 2022, the Company paid legal fees of \$13,751 to Hope Earle Lawyers and Advisors ("Hope Earle"), a legal practice related to James Hope, a Director of the Company. James Hope is a Partner at Hope Earle.

For the six months ended June 30, 2022, the Company paid for administration services of \$7,595 provided by Rosalie Langdon. Rosalie Langdon is the mother of Simon Langdon, CEO and a Director of the Company. From July 1, 2022, Rosalie will no longer be providing administrative services.

There were no other transactions with related parties for the six months period ended June 30, 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.

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**Note 18. Stock options (continued)**

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 June 2023, 2022, the 20,000 options with an exercise price of \$0.82 were forfeited.

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 stock options 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.

On June 17, 2022, Polygon Fund Pty Ltd ATF Polygon Fund Unit Trust Exercised 90,000 options at \$0.10 share price. The Company issued 90,000 shares and received gross proceeds on exercise of \$9,000. The fair value of the options exercised was \$7,175.

Details	Date	Number of Options
Balance at December 31, 2021		710,000
Exercise of options	June 17, 2022	(90,000)
Forfeited options	June 23, 2022	(20,000)
Balance at June 30, 2022		<u>600,000</u>

Expiry Date	Exercise Price \$	Remaining life (Years)	Options outstanding
December 4, 2022	\$0.10	0.43	400,000
July 15, 2022	\$0.71	0.04	100,000
December 23, 2022	\$1.30	0.48	100,000