

EYEfi Group Technologies Inc.

Unaudited Condensed Interim Consolidated Financial Statements – September 30, 2022

For the Three and Nine Months Ended September 30, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

EYefi Group Technologies Inc.**Contents****Expressed in Canadian Dollars****For the three and nine months ended September 30, 2022 and 2021**

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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 September 30, 2022

	Note	September 30, 2022 \$	December 31, 2021 (Audited) \$
Assets			
Current assets			
Cash and cash equivalents		84,039	354,947
Trade and other receivables	7	7,117	48,924
Research and development tax credits receivable	8	268,031	420,848
Prepayments		265	-
Total current assets		<u>359,452</u>	<u>824,719</u>
Non-current assets			
Plant and equipment		5,631	33,557
Right-of-use assets	9	170,277	231,391
Intangibles		35,859	41,329
Lease bond		28,500	29,379
Total non-current assets		<u>240,267</u>	<u>335,656</u>
Total assets		<u>599,719</u>	<u>1,160,375</u>
Liabilities			
Current liabilities			
Trade and other payables	15	290,084	178,070
Lease liabilities	10	73,898	70,175
Short-term employee benefits		93,201	88,831
Contract liabilities	11	368,216	308,345
Total current liabilities		<u>825,399</u>	<u>645,421</u>
Non-current liabilities			
Lease liabilities		110,646	171,630
Long-term employee benefits		4,917	3,020
Total non-current liabilities		<u>115,563</u>	<u>174,650</u>
Total liabilities		<u>940,962</u>	<u>820,071</u>
Equity			
Issued capital	12	5,734,817	5,292,160
Contributed surplus		69,437	113,761
Warrants	13	-	399,524
Cumulative translation adjustment		(49,428)	(60,015)
Accumulated deficit		<u>(6,096,069)</u>	<u>(5,405,126)</u>
Total equity		<u>(341,243)</u>	<u>340,304</u>
Total liabilities and equity		<u>599,719</u>	<u>1,160,375</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 nine months ended September 30, 2022 and 2021**

	Note	3 Months Ended September 30, 2022 \$	September 30, 2021 \$	9 Months Ended September 30, 2022 \$	September 30, 2021 \$
Revenue					
Sales from rendering services	6	65,852	81,928	310,394	377,356
Cost of sales		(80,375)	(22,542)	(257,236)	(311,548)
Gross margin		(14,523)	59,386	53,158	65,808
Other income		6	2	26,833	4
Research and Development tax credits	8	93,375	86,932	282,644	348,570
Expenses					
Administration		(157,324)	(149,391)	(492,668)	(594,871)
Employee benefits expense		(137,373)	(265,547)	(491,438)	(603,332)
Depreciation and amortisation expense	9	(20,512)	(22,235)	(64,309)	(73,056)
Interest expense	10	(3,488)	(3,707)	(10,401)	(56,431)
Marketing		(3,571)	(9,139)	(43,272)	(9,379)
Loss before income tax expense		(243,410)	(303,699)	(739,453)	(922,687)
Income tax expense		-	-	-	-
Loss after income tax expense for the period		(243,410)	(303,699)	(739,453)	(922,687)
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(5,339)	(31,516)	10,587	(52,353)
Other comprehensive loss for the period, net of tax		(5,339)	(31,516)	10,587	(52,353)
Total comprehensive loss for the period		<u>(248,749)</u>	<u>(335,215)</u>	<u>(728,866)</u>	<u>(975,040)</u>
		\$	\$	\$	\$
Basic and diluted loss per share	14	(0.01)	(0.01)	(0.03)	(0.04)

The above unaudited condensed interim consolidated statements of operations and other comprehensive income (loss) 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 nine months ended September 30, 2022 and 2021

	Number of shares \$	Issued capital \$	Contributed surplus \$	Warrants \$	Cumulative translation adjustment \$	Accumulated deficit \$	Total equity \$
9 Months Ended							
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	-	-	-	-	-	(922,687)	(922,687)
Other comprehensive loss for the period, net of tax	-	-	-	-	(52,353)	-	(52,353)
Total comprehensive loss for the period	-	-	-	-	(52,353)	(922,687)	(975,040)
Exercised options	150,000	26,761	(11,761)	-	-	-	15,000
Private placement (Note 16)	4,400,000	1,764,151	-	435,849	-	-	2,200,000
Capital raising costs	-	(141,944)	-	(34,868)	-	-	(176,812)
	-	-	-	-	-	-	-
Balance at September 30, 2021	27,555,600	5,298,058	38,419	400,981	(61,227)	(4,956,894)	719,337
	Number of shares \$	Issued capital \$	Contributed surplus \$	Warrants \$	Cumulative translation adjustment \$	Accumulated deficit \$	Total equity \$
9 Months Ended							
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	-	-	-	-	-	(739,453)	(739,453)
Other comprehensive income for the period, net of tax	-	-	-	-	10,587	-	10,587
Total comprehensive loss for the period	-	-	-	-	10,587	(739,453)	(728,866)
Exercised options	240,000	43,133	(19,133)	-	-	-	24,000
Vesting charge - stock options	-	-	23,319	-	-	-	23,319
Warrants expired	-	399,524	-	(399,524)	-	-	-
Forfeited options	-	-	(48,510)	-	-	48,510	-
Balance at September 30, 2022	27,795,600	5,734,817	69,437	-	(49,428)	(6,096,069)	(341,243)

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 nine months ended September 30, 2022

		9 Months Ended	
	Note	September	September
		30, 2022	30, 2021
		\$	\$
Cash flows from operating activities			
Net loss for the period		(739,453)	(922,687)
<i>Adjustments for items not affecting cash:</i>			
Depreciation and amortisation		64,309	73,056
Share based payments		23,319	-
Interest expense from leases		10,401	11,696
Gain on disposal of plant & equipment		(26,822)	-
		<u>(668,246)</u>	<u>(837,935)</u>
<i>Net changes in non-cash working capital balances:</i>			
Decrease in trade and other receivables		41,542	46,581
Increase in trade creditors and other payables		171,885	60,250
Research and development tax receivable		152,817	(235,124)
Increase/(decrease) in employee benefits		6,267	(48,597)
Income tax refund/(payable)		-	(15,166)
		<u>(295,735)</u>	<u>(1,029,991)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(6,984)
Payments for intangibles		-	(4,492)
Proceeds from disposal of property, plant and equipment		49,475	-
		<u>49,475</u>	<u>(11,476)</u>
Cash flows from financing activities			
Proceeds from exercised stock options		24,000	15,000
Lease payments		(61,906)	(85,471)
Net Proceeds from private placements		-	2,023,188
Facility loan		-	(853,672)
		<u>(37,906)</u>	<u>1,099,045</u>
Net increase/(decrease) in cash and cash equivalents		(284,166)	57,578
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		13,258	(75,788)
		<u>84,039</u>	<u>636,456</u>
Cash and cash equivalents at the end of the financial period		<u>84,039</u>	<u>636,456</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 nine months ended September 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 \$739,453 for the 9 months period ended September 30, 2022, and a loss of \$243,410 for the 3 months period ended September 30, 2022 and as of that date has an accumulated deficit of \$6,096,069. 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 International Accounting Standard ("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. 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 November 21, 2022.

The Company's presentation currency is the Canadian Dollars. The financial statements for the periods presented, 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 0.8882;
- Statements of operations and other comprehensive income or loss have been translated using average exchange rates prevailing during the reporting period of, for the nine-month period, 0.9070 and for the three-month period, 0.8921, using the period-to-date average exchange rate;
- 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 nine months ended September 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 nine months period ended September 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 nine months period ended September 30, 2022, 56.74% of the Company's service revenue was derived from Telstra Corporation Limited ("Telstra") and 43.26% from Melbourne Water. Compared to the nine months period ended September 30, 2021, 48.55% of the Company's service revenue was derived from Telstra, 23.16% from Melbourne Water, 15.33% from VicRoads, and 11.33% from Department of Transport.

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 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.
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Notes to the unaudited condensed interim consolidated financial statements
For the nine months ended September 30, 2022 and 2021

Note 6. Revenue

	9 Months Ended September 30, 2022 \$	September 30, 2021 \$
IIoT Sensor Cloud	-	20,155
Spatial Video Platform	307,596	314,460
Consulting fees	2,798	42,741
	<u>310,394</u>	<u>377,356</u>
Revenue from rendering services	<u>310,394</u>	<u>377,356</u>

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

	9 Months Ended September 30, 2022	September 30, 2021
Major customer revenue contribution		
Revenue portion of total service revenue		
Telstra	174,532	183,196
Melbourne Water	133,064	87,401
VicRoads	-	57,843
Department of Transport	-	42,741
	<u>307,596</u>	<u>371,181</u>

Note 7. Trade and other receivables

	September 30, 2022 \$	December 31, 2021 (Audited) \$
Trade receivables	1,065	48,924
GST receivable	6,052	-
	<u>7,117</u>	<u>48,924</u>

EYefi Group Technologies Inc.
Expressed in Canadian Dollars
Notes to the unaudited condensed interim consolidated financial statements
For the nine months ended September 30, 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 lodgment of those claims.

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 Received	(425,832)
Amounts Accrued	282,644
Exchange Differences	(9,629)
Balance at September 30, 2022	<u><u>268,031</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
Depreciation expense	(7,131)
Exchange differences	(82,951)
Balance at December 31, 2021	<u>231,391</u>
Depreciation expense	(55,756)
Exchange differences	(5,358)
Balance at September 30, 2022	<u><u>170,277</u></u>

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

Note 10. Lease liabilities

	September 30, 2022 \$	December 31, 2021 (Audited) \$
<i>Current liabilities</i>		
Lease liability	73,898	70,175
<i>Non-current liabilities</i>		
Lease liability	110,646	171,630
	<u>184,544</u>	<u>241,805</u>
Lease Liability		
Balance at January 1, 2021		18,968
Additions		308,730
Payments towards leave		(94,012)
Accretion		15,494
Exchange differences		(7,375)
Balance at December 31, 2021		<u>241,805</u>
Payments towards lease		(61,906)
Accretion		10,401
Exchange Differences		<u>(5,756)</u>
Balance at September 30, 2022		<u>184,544</u>

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

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 \$59,871 is for Income received in advance for services to be provided in the December 2022 quarter to Telstra.

	9 Months Ended September 30, 2022 \$	December 31, 2021 (Audited) \$
Contract liabilities	<u>368,216</u>	<u>308,345</u>

EYefi Group Technologies Inc.
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Note 12. Issued capital

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.

		September 30, 2022 \$	December 31, 2021 (Audited) \$
Warrants		-	399,524
Expiry date	Exercise price	Remaining life (Years)	Warrants outstanding
September 30, 2022	\$0.75	-	4,400,000

The warrants expired without exercise on September 30, 2022. The fair value of the expired warrants has been reallocated to share capital.

EYefi Group Technologies Inc.
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Note 14. Loss per share

	3 Months Ended September 30, 2022 \$	September 30, 2021 \$	9 Months Ended September 30, 2022 \$	September 30, 2021 \$
Loss after income tax	<u>(243,410)</u>	<u>(303,699)</u>	<u>(739,453)</u>	<u>(922,687)</u>
	Number	Number	Number	Number
Weighted average number of common shares used in calculating basic earnings per share	27,784,062	27,555,600	27,636,666	25,985,250
Weighted average number of common shares used in calculating diluted earnings per share	27,784,062	27,555,600	27,636,666	25,985,250
	\$	\$	\$	\$
Basic and diluted loss per share	(0.01)	(0.01)	(0.03)	(0.04)

As the Company is in a loss position, the calculation of diluted loss per share does not include the effect of the exercise of options and warrants as they would be anti-dilutive.

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 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.

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 September 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 and other receivables, trade and other payables, lease liabilities, contract liabilities, short-term and long-term employee benefits. 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.

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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 Company 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 \$
September 30, 2022						
Trade and other payables	76,946	86,624	-	126,514	-	290,084
Lease liabilities	-	-	-	73,898	110,646	184,544
	<u>76,946</u>	<u>86,624</u>	<u>-</u>	<u>200,412</u>	<u>110,646</u>	<u>474,628</u>
	0-30 Days	30-60 Days	60-90 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
	<u>178,070</u>	<u>-</u>	<u>-</u>	<u>70,175</u>	<u>175,630</u>	<u>423,875</u>

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:

	9 Months Ended	
	September 30, 2022 \$	September 30, 2021 \$
Salaries	391,474	278,712
Short-term benefits	44,927	12,313
Other-long term benefits	-	17,655
Post-employment benefits	30,809	23,654
Total short-term employee benefits	<u>467,210</u>	<u>332,334</u>

Note 17. Related party transactions

Key management personnel

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

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Note 17. Related party transactions (continued)

Transactions with related parties

For the nine months ended September 30, 2022, the Company paid accountancy and advisory fees of \$141,953 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 and its wholly-owned subsidiaries, is also a director at DLK.

For the nine months ended September 30, 2022, the Company advanced a short-term loan of \$8,882 to Simon Langdon, CEO and Director of the Company.

For the nine months ended September 30, 2022, the Company received a short-term loan of \$44,410 from Brendan Dunne, a Director of the Company.

For the nine months ended September 30, 2022, the Company paid legal fees of \$16,770 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 nine months ended September 30, 2022, the Company paid for administration services of \$8,395 provided by Rosalie Langdon. Rosalie Langdon is the mother of Simon Langdon, CEO and a Director of the Company. As of July 1, 2022, Rosalie will no longer be providing administrative services.

There were no other transactions with related parties for the nine months period ended September 30, 2022.

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 ("Gale") 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 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 October 11, 2021, the 120,000 options issued to Jeff Sharp were forfeited.

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.

On June 23, 2022, the 20,000 options issued to Ian Meredith with an exercise price of \$0.82 expired.

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Note 18. Stock options (continued)

On July 8, 2022, Cheryl Hargrave-Hill Exercised 150,000 options at \$0.10 share price. The Company issued 150,000 shares and received gross proceeds on exercise of \$15,000. The fair value of the options exercised was \$11,958.

On July 15, 2022, the 100,000 options issued to Gale with an exercise price of \$0.71 expired.

Details	Date	Number of Options
Balance at December 31, 2021		710,000
Exercise of options	June 17, 2022	(90,000)
Expired options	June 23, 2022	(20,000)
Exercise of options	July 8, 2022	(150,000)
Expired options	July 15, 2022	(100,000)
Balance at September 30, 2022		350,000

Expiry Date	Exercise Price \$	Remaining life (Years)	Options outstanding
December 4, 2022	\$0.10	0.18	250,000
December 23, 2022	\$1.30	0.23	100,000

Note 19. Events after the reporting period

On October 13, 2022, EYefi retained Shape Capital Pty Ltd and 958 Consulting Pty Ltd to provide investor relations and corporate advisory services on behalf of the Company pursuant to two (2) arm's length, six months' Agreements dated October 11, 2022.

Under the terms signed, the Company granted, as compensation to Shape Capital or its nominee and 958 Consulting or its nominee, 500,000 options each (1,000,000 options in total) with an exercise price of \$0.50 per share and expiry date of December 31, 2024. The shares issuable upon exercise of the options will have a 4-month holding period and one day.

No other matter or circumstance has arisen since September 30, 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.