



Management's Discussion and Analysis

For the nine months ended September 30, 2022

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

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

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

These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of September 30, 2022 and, except as required by applicable law, the Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Group's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors and Risk Management".

Covid 19 Virus Disruption

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, the 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.

Overview

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations, financial position and financial performance of EYEfi Group Technologies Inc ("EYEfi") as a Consolidated Entity with its wholly-owned subsidiaries, EYEfi Pty Ltd ("EYEfi") and Conxsme Pty Ltd ("Conxsme") for the nine months ended September 30, 2022 ("the EYEfi Group" or Consolidated Entity"). The management financials are presented in Canadian Dollars, which is the EYEfi Group's functional and presentation currency. It is supplementary information and should be read in conjunction with the EYEfi Group's consolidated financial statements and accompanying notes for the year ended December 31, 2021 and 2020.

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is comprised of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

EYEfi was incorporated on October 4, 2018, under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). Its head office is located at 17/71 Victoria Crescent, Abbotsford, Victoria 3067 Australia. Its registered office is located at C/O - 390 - 825 Homer Street, Vancouver BC, V6B 2W2 Canada.

EYEfi was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on June 8, 2006, with incorporation number ACN (Australian Corporation Number) 114 673 684. On January 4, 2007, its name was changed from Landmark Security (AUS) Pty. Ltd. to its current name. Conxsme was incorporated pursuant to the Australian Corporations Act 2001 (Cth) on February 2, 2010, with incorporation number ACN (Australian Corporation Number) 142 103 259. EYEfi and Conxsme's head office is located at 17/71 Victoria Crescent, Abbotsford, Victoria 3067 Australia. Their registered office is located at C/O - DLK Advisory Pty. Ltd., Level 10, 99 Queen Street, Melbourne, Victoria 3000, Australia.

Business of the Consolidated Entity

The Consolidated Entity is a software and electronics engineering company that has developed, patented and commercialized an innovative spatial, predictive, approximation and radial convolution technology called SPARC and associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system. SPARC solves critical

problems for government and industry customers operating in infrastructure and asset management, emergency management and incident response markets.

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

Overall Performance during the nine months ended September 30, 2022

The revenues of the Consolidated Entity decreased to \$310,394 or (17.75%), during the nine months ended September 30, 2022, compared to revenues of \$377,356 during the same period ended September 30, 2021 due to the reduced one off work with VicRoads and Department of Transport. Cost of sales is 82.87% of revenue during the nine months ended September 30, 2022, similar to the 82.56% of revenue in the period ended September 30, 2021.

At September 30, 2022, the EYEfi Group had cash and cash equivalents of \$84,039 (December 31, 2021 – \$354,947).

The EYEfi Business

During the last year, the Company continued to develop its product suite and channel partner relationships.

EYEFI Group's office of operations is at 17/71 Victoria Crescent, Abbotsford, Victoria 3067 Australia.

The primary business objectives for the EYEFI Group over the next twelve (12) months is to grow our current business in Australia and New Zealand and identify and secure more large resellers that can provide access to new customers and markets ("Distributors and Resellers") in US, Canada and Europe; and eventually, other regions around the world. The Company has already signed up three major distributors and our target is to sign six (6) in total in the next six months. As such, our continued business development activities focus on:

- (i) growing our existing customers and Distributors and Resellers;
- (ii) new growth opportunities, such as securing new Distributors and Resellers in US, Canada and Europe;
- (iii) employment of Business Development Managers (streamlined salesforce) and consultants in Australia, NZ and North America to help secure and develop our Distributors and Resellers, and to assist these partners in identifying and closing targeted sales opportunities;
- (iv) launching of our latest (2022) product releases, including EYEfi Cloud Connect (launched in August 2022) and SpatialEye in Q4;
- (v) exploring acquisition opportunities to help build scale and distribute EYEfi's products; and
- (vi) Optimizing product launch activities and timing to grow revenue opportunities.

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

	2021 \$	2020 \$	2019 \$
Total Sales from Rendered Services	\$501,775	\$236,246	\$260,430
Gross Profit	(\$21,524)	\$46,811	\$210,315
Administration Expense	\$700,203	\$504,830	\$178,988
Comprehensive Income (loss) after tax	(\$1,372,506)	(\$913,759)	(\$339,870)

The revenues of the Consolidated Entity increased to \$501,775, or (212.39%), during the year ended December 31, 2021 compared to revenues of \$236,246 during the year ended December 31, 2020 primarily as a result of the following:

- Telstra Corporation Limited revenue increased from \$198,687 in 2020 to \$264,353 in 2021 due to additional customisation work undertaken for Telstra's clients.
- Melbourne Water increased their services from \$35,896 in 2020 to \$136,094 in 2021 due to the rollout of the Bushfire monitoring project for the October 2020 to March 2021 bushfire season and October 2021 to December 2021 bushfire period.
- A1 Roadlines hardware sales of \$57,350 in 2021 (nil in 2020) and the subsequent rollout of the EYEfi SPARC product to VicRoads' (revenue of \$42,376 in 2021, nil in 2020) entire fleet of Incident Management Vehicles providing improved incident management, compliance, reporting and safety for their field personnel.

The revenues of the Consolidated Entity decreased to \$236,246, or (9.29%), during the year ended December 31, 2020 compared to revenues of \$260,430 during the year ended December 31, 2019, due to there being some ad-hoc project income in the previous corresponding period.

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

Cost of sales increased to 104.29% of revenue during the year ended December 31, 2021 from 80.19% of revenue in the year ended December 31, 2020. This was due to higher product development costs as a proportion of revenue and developer salaries being included in cost of sales. The overall gross profit/ (loss) decreased to (\$21,524) (4.29% of sales revenue) in 2021 from \$46,811 (19.81% of sales revenue) in 2020.

Administrative expenses increased to \$700,203 for the year ended December 31, 2021 (December 31, 2020 - \$504,830). The increase of \$195,373 primarily related to an increase in accounting and advisory services of \$73,559, director fees of \$42,377, audit fees of \$29,901, share registry of \$21,848, IT expenses of \$18,158 and other general expenses.

Intellectual Property


EYEfi's International Patents

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

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

EYefi's Trademarks

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

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

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

Results of Operations

For the nine months ended September 30, 2022, the Consolidated Entity had sales from rendering services of \$310,394 (September 30, 2021 – \$377,356) and matching cost of sales of \$257,236 (September 30, 2021 – \$311,548) for a gross profit of \$53,158 (September 30, 2021 – \$65,808). The decrease in gross profit of \$12,650 was mainly due to lower revenue in the current period compared to the corresponding period (September 30, 2021).

The Consolidated Entity derived Government Grant income of \$282,644 during the nine months ended September 30, 2022 and \$348,570 during the nine months ended September 30, 2021 relating to the Australian Research and Development (“R&D”) tax concessions. 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.

Administrative expenses were \$492,668 for the nine months ended September 30, 2022 (September 30, 2021 - \$594,871). The decrease of \$102,203 related to decrease in accounting fee of \$64,407, bank revaluation of 30,586, auditing fee of \$32,644 and other general expenses.

Employee benefits expense was \$491,438 for the nine months ended September 30, 2022 (September 30, 2021 – \$603,332). The decrease of \$111,894 is mainly due to the reallocation of developer salaries to cost of sales in the current year.

Exchange differences on translation of \$10,587 for the nine months ended September 30, 2022, related to the effects of changes of presentation currency to Canadian Dollars from Australian Dollars (September 30, 2021 – (\$52,353)).

As a result of the foregoing, the Consolidated Entity recorded a net comprehensive loss after tax of \$739,453 (\$0.03 per share) for the nine months ended September 30, 2022 compared to a net comprehensive loss after tax of \$922,687 (\$0.04 per share) for the nine months ended September 30, 2021.

Summary of Quarterly Information

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2022	2022	2022	2021	2021	2021	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Sales from rendering services	65,852	88,259	157,408	122,849	81,928	64,394	232,604	97,588
Other income	6	26,954	-	5,763	2	3	-	18,759
Government Grants	93,375	93,805	95,442	27,218	86,932	179,119	83,528	67,448
Total Sales and other income	159,233	209,018	252,850	155,829	168,862	243,516	256,204	183,796
Exchange differences on translation income / (loss)	(5,339)	2,791	6,728	21,240	(31,516)	(29,457)	(11,408)	(15,063)
Net Comprehensive Income (Loss)	(248,749)	(238,908)	(250,529)	(426,032)	(335,215)	(567,729)	(94,671)	(213,211)
Per Share*	(0.01)	(0.00)	0.00	(0.02)	(0.01)	(0.02)	0.00	(0.01)
Per Share diluted*	(0.01)	(0.00)	0.00	(0.02)	(0.01)	(0.02)	0.00	(0.01)

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

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

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

During the nine months ended September 30, 2022, EYefi's service revenue fluctuated significantly over the quarters. During the quarter ended March 31, 2022 (Q1 2022), EYefi derived Spatial Video Platform recurring revenue from one of its main Channel Partners (Telstra) and Spatial Video Platform bushfire monitoring project income from Melbourne Water. Q2 and Q3 2022 revenue decreased from the previous

quarter mainly due to reduced one off work for Melbourne Water as the fire season finished at the end of Q1, 2022.

During the year ended December 31, 2021, EYEFi's service revenue fluctuated significantly over the quarters. During the quarter ended March 31, 2021 (Q1 2021), EYEFi derived Spatial Video Platform recurring revenue from Telstra, hardware sales from A1 Roadlines and Spatial Video Platform bushfire monitoring project income from Melbourne Water. Q2 2021 revenue decreased from the previous quarter mainly due to reduced one off work for Melbourne Water as the fire season finished at the end of Q1, 2021. In Q3 2021, revenue increased slightly due to the increase in work with Vic Roads relating to the rollout of the EYEFi SPARC product across the fleet of Incident Management Vehicles providing improved incident management, compliance, reporting and safety for their field personnel. In Q4 2021, revenue increased from the prior quarter due to the Melbourne Water Spatial Video Platform bushfire monitoring project and additional customisation work undertaken for Telstra.

During the year ended December 31, 2020, EYEFi derived mainly Spatial Video Platform recurring revenue from one of its main Channel Partners (Telstra). Q4 2020 revenue increased from the previous quarters mainly due to Melbourne Water Spatial Video Platform professional services for a one-off site deployment in addition to the Spatial Video Platform recurring Telstra revenue.

Other income significantly increased during the Q2 2022 due to the sale of a motor vehicle previously held by the company.

In difficult economic times, such as the disruption caused by the coronavirus pandemic in the fiscal year of 2021, businesses have reduced discretionary spending and this has impacted the demand for EYEFi's products.

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 R&D grant income separately as part of the profit or loss as "research and development income". The Consolidated Entity has been lodging research and development applications with the Australian governing bodies since 2014 and has reasonable assurance that all the expenditures qualify for the grants and all conditions have been met when they are recorded. There are no unfulfilled conditions or other contingencies attached to these grants.

The decrease in the Government Grant income in Q3 and Q4 2021 related to a decrease in software development work undertaken during the quarter. In other quarters, Government Grant income has fluctuated based on the level of eligible R&D expenditure incurred during the period.

In Australia, entities under \$AUD 20,000,000 revenue, and in a tax loss position, will receive a refundable R&D tax credit in cash. Once revenue exceeds \$AUD 20,000,000, entities will receive a non-refundable R&D tax credit which is only realized against income taxes payable. For tax payable entities, the R&D tax credit is offset against income taxes payable. EYEFi is in a tax loss position for the year ended December 31, 2021, and accordingly, the R&D tax credit will be received in cash.

Liquidity and Financial Position and Capital Resources

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

Summary of Working Capital and Cash Flow

As at September 30, 2022, the EYEFI Group had a working capital deficit of (\$465,947) (December 31, 2021 – \$179,298). Current assets were \$359,452 (December 31, 2021 – \$824,719) and current liabilities were \$825,399 (December 31, 2021 – \$645,421).

For the nine months ended September 30, 2022, negative cash flows used in operating activities totaled \$295,735 (September 30, 2021 – \$1,029,991).

For the nine months ended September 30, 2022, cash flows generated from investing activities totaled \$49,475 (September 30, 2021 – (\$11,476)).

For the nine months ended September 30, 2022, cash flows from financing activities consisted of lease payments of \$61,906 (September 30, 2021 - \$85,471), proceeds from exercised stock options of \$24,000 (September 30, 2021 - \$15,000) and net proceeds from private placements of \$NIL (September 30, 2021 - \$2,023,188).

Analysis of Financial Condition and Financial Performance

The financial condition of the EYEFI Group is directly dependent on the performance of EYEfi. During the nine months ended September 30, 2022 period, sales from rendering services was \$310,394 which was a decrease of (17.75%) from the September 30, 2021 period sales revenue of \$377,356.

Related Party Transactions

The following related party transactions occurred and were reflected in the consolidated financial statements during the nine months ended September 30, 2022 and 2021 as follows:

Remuneration of key management

	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>

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.

Commitment

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 years and lease liability is measured at the present value of the lease payments unpaid at the commencement date, discounted using the Consolidated entity's incremental borrowing rate of 6%.

Internal Controls

Disclosure controls and procedures

Management of EYEFI is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators.

Internal controls over financial reporting

Management of EYEFI is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators.

Outstanding Share Data

The EYEFI has authorized an unlimited number of shares without par value. As at September 30, 2022, there were 27,795,600 common shares issued. As at December 31, 2021, there were 27,555,600 shares.

During the 2021 year, the Company had the following transactions:

- On January 12, 2021, Accelerative Investments Pty Ltd exercised 50,000 options at \$0.10 share price (see below details).
- 4,400,000 shares issued under a Private Placement which closed on March 31, 2021 (see below details)); and
- On April 1, 2021, Sigaras Family Investments Pty Ltd exercised 100,000 options at \$0.10 share price.

During the nine months period ended September 30, 2022, the Company had the following transaction:

- On June 17, 2022, Polygon Fund Pty Ltd ATF Polygon Fund Unit Trust exercised 90,000 options at \$0.10 share price.
- On July 8, 2022, Cheryl Hargrave-Hill exercised 150,000 options at \$0.10 share price.

As at the date of this MD&A, there were 27,795,600 common shares issued.

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).

The funds raised will be used to assist with the Company's growth plans, including employing new sales and support staff to service the increasing demand for the Company's product suite from resellers such as Fujitsu and Telstra, along with accelerating product development. The funds will also be used to pay down its loan to strengthen its balance sheet and to provide general working capital.

Extension of Warrant Expiry Date

On March 11, 2022, the Company amended the Warrants to extend the Exercise Term from March 31, 2022 to September 30, 2022. The Warrants are otherwise unaltered. On March 31, 2021, the Company previously issued 4,400,000 Warrants for the purchase of 4,400,000 common shares of the Company ("Shares") with an exercise price of \$0.75 per Share for a term expiring March 31, 2022 ("the "Exercise Term") with an acceleration clause as defined in the Warrants.

Expiration of Warrant

On September 30, 2022, the 4,400,000 Warrants with an exercise price of \$0.75 per share expired without exercise. The company has reallocated the fair value of the warrants to share capital.

Options from loan facility agreements

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

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

The loan providers were paid 10% of the first year interest (AUD\$80,000) within 5 business days of the Commencement Date.

In accordance with the term of the facility, options were also issued alongside the debt to each of the debt holders outlined in the agreement with an exercise price of \$0.10 and a 2-year contractual term. The stock options were granted on July 16, 2020 with an effective date of December 4, 2020. The options will expire on December 4, 2022. To facilitate the loan facility agreement, Shape Capital was engaged and was granted 200,000 options at ten cents with a 2-year expiry as the engagement fee.

A total of 640,000 options were granted including the following:

- Shape Capital Pty Ltd granted 40,000 options (attached with the loan facility agreement) and 200,000 options (from their role in facilitating the loan facility agreement);
- Chajasa Pty Ltd (as trustee for Lorback Family Trust 2) granted 100,000 options;
- Gilkat Pty Ltd granted 50,000 options;
- 958 Consulting Pty Ltd granted 50,000 options;
- Simon Langdon granted 50,000 options; and
- Cheryl Hargrave-Hill granted 150,000 options.

Shape Capital Pty Ltd transferred 240,000 options to the following parties in December 2020:

- Accelerative Investments Pty Ltd received 50,000 options;
- Polygon Fund Pty Ltd as trustee for Polygon Fund Unit Trust received 90,000 options; and
- Sigaras Family Investments Pty Ltd received 100,000 options.

On January 12, 2021, Accelerative Investments Pty Ltd exercised 50,000 options at \$0.10 share price.

On April 1, 2021, Sigaras Family Investments Pty Ltd exercised 100,000 options at \$0.10 share price.

On June 17, 2022, Polygon Fund Pty Ltd ATF Polygon Fund Unit Trust exercised 90,000 options at \$0.10 share price.

On July 8, 2022, Cheryl Hargrave-Hill exercised 150,000 options at \$0.10 share price.

Options granted to advisers

On the 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, with no vesting conditions 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 and provide a minimum of 3 strategic referrals) with an 18 month expiry.

On the 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 no vesting conditions 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 and provide a minimum of 3 strategic referrals) with an 18 month expiry. On June 23, 2022, the 20,000 options with an exercise price of \$0.82 lapsed.

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 incentive stock options to acquire common shares of the Company ("Shares") with an exercise price of \$0.71 per share. In the event of early termination of the Agreement, the number of options would reduce accordingly. The options vest 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 Shares issued upon exercise of the options will have a hold period of four months and one day from the date of issue of the Shares.

On October 11, 2021, Jeff Sharp terminated his role on EYEFI's Australian based advisory board due to a conflict of interest with his new employer. His options previously granted on May 5, 2021 have now lapsed including 20,000 options with an exercise price of \$1.18 with a 12-month expiry and 100,000 options with an exercise price of \$1.30, with vesting conditions (remain as consultant and provide a minimum of 3 strategic referrals) with 18-month expiry.

Summary of Share Options as at September 30, 2022

The tables below summarize the share options as at September 30, 2022

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>
Exercise of options	June 17, 2022	(90,000)
Expired / lapsed options	June 23, 2022	(20,000)
Exercise of options	July 8, 2022	(150,000)
Expired / lapsed options	July 15, 2022	<u>(100,000)</u>
Balance at September 30, 2022		<u><u>350,000</u></u>

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

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.

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.

Risk Factors and Risk Management

Negative Cash Flows and Going Concern

During the nine months ended September 30, 2022, the EYEfi Group has had negative cash flows from its operating activities and, as a result, has had to fund its operations with cash on hand. The EYEfi Group's cash on hand as at September 30, 2022 was \$84,039.

The Company's 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 nine 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 financial statements do not reflect adjustments that would be necessary if the going assumption was not appropriate. These adjustments could be material.

Risk Management

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

Technology Risk

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

Cybersecurity Risk:

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

Competitive Risks

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

Legal and Regulatory Risks

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

Intellectual Property

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

secrets, the EYEfi Group's proprietary information could become known to or independently developed by competitors.

COVID-19 Virus Disruption

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, Australia, 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.

Date and Other Available Information

Unless otherwise indicated, the information contained in this MD&A is as of November 21, 2022.

Signed

"Simon Langdon"
Simon Langdon
CEO