



Management's Discussion and Analysis

For the three months ended March 31, 2023

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 December 31, 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"), which operates in Canada, as a Consolidated Entity with its wholly-owned subsidiaries, EYefi Pty Ltd ("EYefi") and Conxsme Pty Ltd ("Conxsme"), which operates in Australia, for the three months ended March 31, 2023 ("the EYefi Group" or Consolidated Entity"). The MD&A is 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 years ended December 31, 2022 and 2021.

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 #800-1281 W. Georgia Street, Vancouver BC, V6E 3J7 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 three months ended March 31, 2023

The revenues of the Consolidated Entity decreased 23.97% to \$119,683 during the three months ended March 31, 2023, compared to revenues of \$157,408 during the same period ended March 31, 2022, due to the reduced one off work with Melbourne Water. Cost of sales decreased 10.09% to \$80,400 during the three months ended March 31, 2023, compared to \$89,423 during the same period ended March 31, 2022 due to reduced product development costs. Gross profit decreased to \$39,283 during the three months ended March 31, 2023, compared to \$67,985 for the same period ended March 31, 2022.

At March 31, 2023, the EYEfi Group had cash of \$152,858 (March 31, 2022 – \$146,979).

The EYEfi Business

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

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 (launched in November 2022);
- (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.

	2022 \$	2021 \$	2020 \$
Total assets	752,016	1,160,375	1,162,584
Non-current liabilities	100,273	174,650	853,672
Total Sales from Rendered Services	\$458,621	\$501,775	\$236,246
Gross Profit	\$39,077	(\$21,524)	\$46,811
Administration Expense	\$504,822	\$700,203	\$504,830
Comprehensive Income (loss) after tax	(\$1,094,267)	(\$1,372,506)	(\$913,759)
Basic and Diluted Earnings (loss) per share	(0.04)	(0.05)	(0.04)

The revenues of the Consolidated Entity decreased 8.6% to \$458,621 during the year ended December 31, 2022, compared to revenues of \$501,775 during the year ended December 31, 2021 primarily as a result of the following:

- Telstra Corporation Limited revenue increased from \$264,354 in 2021 to \$301,625 in 2022 due to the consolidation of the revenue contract from VicRoads to Telstra.
- Melbourne Water revenue increased from \$131,574 in 2021 to \$154,209 in 2022 due to additional revenue stream from Spatial Video Platform usage.
- A1 Roadlines and Department of Transport sales are nil in 2022 (\$57,350 and \$42,377 in 2021, respectively) due to the completion of one-off contracts.

The revenues of the Consolidated Entity increased to \$501,775, or (112.39%), 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 \$264,354 in 2021 due to additional customisation work undertaken for Telstra's clients.
- Melbourne Water increased their services from \$35,896 in 2020 to \$131,574 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 \$42,377 in 2021, nil in 2020) entire fleet of Incident Management Vehicles providing improved incident management, compliance, reporting and safety for their field personnel.

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 Melbourne Water, and only requiring a small team of Business Development Managers to assist these Channel Partners with targeted sales opportunities and support.

Cost of sales decreased to 91.48% of revenue during the year ended December 31, 2022, from 104.29% of revenue in the year ended December 31, 2021. This was due to reduced product development costs as the result of lower level of engagement with external consultants and contractors. Instead, the Company increased utilisation of internal human resources to carry out product development work. Gross profit increased to \$39,077 in 2022 from a loss of \$21,524 in 2021.

Administrative expenses decreased to \$504,822 for the year ended December 31, 2022 (December 31, 2021 - \$700,203). The decrease of \$195,381 primarily related to a decrease in accounting and advisory services of \$72,272, director fees of \$42,377, foreign exchange loss \$35,111, IT expenses of \$15,441, 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	EYEFfi®	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 three months ended March 31, 2023, the Consolidated Entity had sales from rendering services of \$119,683 (March 31, 2022 – \$157,408) and matching cost of sales of \$80,400 (March 31, 2022 – \$89,423) for a gross profit of \$39,283 (March 31, 2022 – \$67,985). The decrease in gross profit of \$28,702 was mainly due to reduced one off work with Melbourne Water in the March 2023 quarter.

The Consolidated Entity derived Government Grant income of \$73,545 during the three months ended March 31, 2023, and \$95,442 during the quarter ended March 31, 2022, 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 of \$80,517 for the quarter ended March 31, 2023 (March 31, 2022 - \$171,742). The decrease of \$91,225 related to decrease in travel expenses of \$37,579, audit fees \$27,745, director fees of \$13,764 and other general expenses.

Employee benefits expense was \$111,641 for the quarter ended March 31, 2023 (March 31, 2022 – \$187,142). The decrease of \$75,501 relates to staff layoffs, and reduced director fee payments to Simon Langdon.

Exchange differences on translation of \$6,641 for the quarter ended March 31, 2023, related to the effects of changes of presentation currency to Canadian Dollars from Australian Dollars (March 31, 2022 - \$6,728).

As a result of the foregoing, the Consolidated Entity recorded a net comprehensive loss after tax of \$133,009 (\$0.005 per share) for the quarter ended March 31, 2023 compared to a net comprehensive loss after tax of \$257,257 (\$0.009 per share) for the quarter ended March 31, 2022.

Summary of Quarterly Information

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2023	2022	2022	2022	2022	2021	2021	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Sales from rendering services	119,683	147,102	65,852	88,259	157,408	122,849	81,928	64,394
Other income	530	4,766	6	26,954	-	5,763	2	3
Government Grants	73,545	95,752	93,375	93,805	95,442	27,218	86,932	179,119
Total Sales and other income	193,758	247,620	159,233	209,018	252,850	155,829	168,862	243,516
Exchange differences on translation income / (loss)	6,641	(13,383)	(5,339)	2,791	6,728	21,240	(31,516)	(29,457)
Net Comprehensive Income (Loss)	(126,368)	(365,284)	(248,749)	(238,908)	(250,529)	(426,032)	(335,215)	(567,729)
Per Share*	(0.01)	(0.01)	(0.01)	(0.00)	0.00	(0.02)	(0.01)	(0.02)
Per Share diluted*	(0.01)	(0.01)	(0.01)	(0.00)	0.00	(0.02)	(0.01)	(0.02)
Cash	152,858	146,979	84,039	276,692	76,739	354,947	636,456	837,010
Working capital surplus (deficiency)	(735,407)	(633,641)	(465,947)	(254,037)	(67,284)	179,298	545,541	841,184
Total assets	432,407	752,016	599,719	719,219	984,530	1,160,375	1,548,521	1,832,874
Total liabilities	1,043,229	1,258,142	940,962	842,846	892,778	820,071	879,364	847,904
Deficit	6,528,614	6,395,605	6,096,069	5,892,779	5,662,383	5,405,126	4,956,894	4,654,156
Shareholders' equity (deficiency)	(610,822)	(506,126)	(341,243)	(123,627)	91,752	340,304	669,157	984,970

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 three months ended March 31, 2023, 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.

During the year ended December 31, 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 Telstra and Spatial Video Platform bushfire monitoring project income from Melbourne Water. Q2 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. In Q3 2022, revenue decreased slightly due to the decrease in work with Telstra. In Q4 2022, 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, 2021, EYEFi derived mainly Spatial Video Platform recurring revenue from one of its main Channel Partners (Telstra). Q4 2021 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.

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.

Other income significantly increased during the Q2 2022 due to disposal of a company motor vehicle.

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 of 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, 2022, 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 March 31, 2023, the EYEFi Group had a working capital deficit of (\$735,407) (December 31, 2022 – (\$633,641)). Current assets were \$228,403 (December 31, 2022 – \$524,228) and current liabilities were \$963,810 (December 31, 2022 – \$1,157,869).

For the three months ended March 31, 2023, negative cash flows used in operating activities totaled \$50,729 (March 31, 2022 – \$262,676).

For the three months ended March 31, 2023, negative cash flows used in investing activities totaled \$Nil (March 31, 2022 - Nil).

For the three months ended March 31, 2023, cash flows from financing activities consisted of lease payments of \$21,869 (March 31, 2022 - \$21,303) and proceeds from related party loans \$77,017 (March 31, 2022 - Nil).

Analysis of Financial Condition and Financial Performance

The financial condition of the EYEFI Group is directly dependent on the performance of EYEFI. During the three months ended March 31, 2023 period, sales from rendering services was \$119,683 which was an decrease of (23.97%) from the March 31, 2022 period sales revenue of \$157,408.

The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing.

Management is considering targeting sources of additional financing through financial transactions that would assure continuation of the Company's operations. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate expenditures and/or investments and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Related Party Transactions

The following related party transactions occurred and were reflected in the consolidated financial statements during the quarter ended March 31, 2023 and 2022 as follows:

Remuneration of key management

	March 31, 2023	March 31, 2022
	\$	\$
Salaries	74,127	94,471
Short-term benefits	40,840	41,149
Other long-term benefits	5,271	1,203
Post-employment benefits	<u>7,783</u>	<u>6,465</u>
	<u><u>128,021</u></u>	<u><u>143,288</u></u>

For the three months ended March 31, 2023, the Company paid accountancy and advisory fees of \$44,366 (2022 - \$47,715) to DLK Advisory (DLK). DLK acts as the Company's CFO team and Tax advisory team. Ben Melin, who acts as the secretary/public officer of EYEFI Group Technologies Inc and its wholly-owned subsidiaries, is also a director at DLK.

Loans to/from related parties

On May 1, 2022, the Company entered into a loan facility agreement with Brendan Dunne, the Chief Operating Officer of the company, to borrow an amount up to \$46,025 (AUD \$50,000). As at March 31, 2023, the outstanding balance of the loan is \$45,300 (AUD \$50,000).

On October 1, 2022, the company entered into a loan facility agreement with Simon Langdon, the Chief Executive Officer of the company, to borrow an amount up to \$181,400 (AUD \$200,000). As at March 31, 2023, the outstanding balance of the loan is \$96,409 (AUD \$106,411).

Both facility loans are unsecured, non-interest bearing, and have a maximum term of 12 months from loan commencement date. On May 1, 2023, Brendan Dunne has agreed to extend the term of the loan for another 6 months.

On March 29, 2023, DLK has extended a short-term credit of \$4,553 (AUD \$5,020) to the company to meet a temporary working capital short-fall. As at March 31, 2023, the outstanding balance of the loan is \$4,548 (AUD \$5,020).

There were no other transactions with related parties during the year ended March 31, 2023.

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 the date of this MD&A and as at March 31, 2023, there were 28,045,600 common shares issued. As at December 31, 2022, there were 28,045,600 shares.

During the 2022 year, the Company had the following transactions:

- 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 \$7,057 was transferred from contributed surplus to issued capital.

- 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 \$11,761 was transferred from contributed surplus to issued capital.
- On November 30, 2022, Chajasa 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 \$7,842 was transferred to issued capital.
- On December 4, 2022, Simon Langdon 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 \$3,920 was transferred to issued capital.
- On December 8, 2022, Gilkat 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 \$3,920 was transferred to issued capital.
- On December 14, 2022, Wasals 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 \$3,920 was transferred to issued capital.

As at the date of this MD&A and as at March 31, 2023, there were 28,045,600 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.

Warrants from loan facility agreement

On November 29, 2022, the Company entered into an unsecured loan facility agreement with its shareholder Atom Jack Pty Ltd. (the "Lender") and was advanced CAD \$225,000. The loan bears interest

of 10% per annum, due upon receipt of principal. Included in interest expense is \$22,500 paid to the Lender. The maturity date on the loan facility is November 29, 2023.

The principal amount of \$225,000, is convertible into 592,105 common shares of the Company at a price of \$0.38 per share. If the conversion option is not exercised by the Lender, the principal is repayable on the first anniversary of the loan facility agreement.

The terms of the loan facility agreement also include the issuance of 592,105 bonus warrants to the Lender. Each bonus warrant grants the Lender the option to purchase one common share of the Company at an exercise price of \$0.40, expiring on November 25, 2024.

As at the date of this MD&A and as at March 31, 2023, the Company had 592,105 outstanding warrants with an exercise price of \$0.40.

Options from loan facility agreements

In July 2020, EYefi received funds totaling \$880,000 as “escrow agent” for EYefi Group Technologies Inc relating to loan facility agreements.

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 and an expiry date of December 4, 2022. Below are details of the options issued during the financial year ended December 31, 2020 and exercised during the financial year ended December 31, 2022.

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.

Details of options exercised per loan facility agreements

- 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.
- On November 30, 2022, Chajasa Pty Ltd exercised 100,000 options at \$0.10 share price.
- On December 4, 2022, Simon Langdon exercised 50,000 options at \$0.10 share price.
- On December 8, 2022, Gilkat Pty Ltd exercised 50,000 options at \$0.10 share price.
- On December 14, 2022, Wasals Investments Pty Ltd exercised 50,000 options at \$0.10 share price.

Options granted to advisers

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, with a fair value of \$12,298. 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) and an 18-month expiry. The options expired during the year ended December 31, 2022, and the fair value of \$12,298 was transferred from contributed surplus to deficit.

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 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. The fair value of the options granted was \$9,278 and \$42,665 (\$22,326 recorded in 2021 and \$20,339 recorded in 2022) respectively. On June 23, 2022, the 20,000 options issued to Ian Meredith with an exercise price of \$0.82 expired. On December 23, 2022, the 100,000 options issued to Ian Meredith with an exercise price of \$1.30 expired. Upon expiry, the aggregate fair value of \$51,943 was transferred from contributed surplus to deficit.

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 (\$31,440 recorded in 2021 and \$8,107 recorded in 2022). On July 15, 2022, the 100,000 options issued to Gale expired, and the fair value of \$39,547 was transferred from contributed surplus to deficit.

On February 2, 2023, EYEFI retained public eye CONSULTING BUSHE ("Public Eye") to facilitate a new listing application for the Frankfurt Stock Exchange (FSE). Under the terms signed, Public Eye was granted 200,000 options with an exercise price of \$0.50 per share and expiry date of February 2, 2026. Public Eye has chosen "Karsten Busche" as the nominee Option holder. The shares issued upon exercise of the options will have a four-month holding period and one day. The options have a fair value of \$21,672.

Options granted to directors

On October 13, 2022, EYEFI issued 500,000 options each (1,000,000 options in total) to Polygon Fund Pty Ltd ATF Polygon Unit Trust, owned by Anoosh Manzoori, and Accelerative Investments Pty Ltd, owned by Justin Hanka, in connection with their appointment as non-executive directors of the Company, announced on December 15, 2022. The options have 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. The options have a fair value of \$161,419.

As at the date of this MD&A and as at March 31, 2023, the Company had 1,200,000 stock options outstanding and exercisable.

Events after the reporting period

The Company advised in the News Release dated May 2, 2023 that its contract with Telstra, in relation to the services provided to Department of Transport (DoT), is coming to an end. In FY2022, Telstra provided \$301,625 in contract revenue to EYEFI for servicing the DoT. EYEFI has been advised by Telstra the project has been decommissioned as part of a major managed services review, which the EYEFI solution is part of and no longer be required. The Company has not received the final letter from Telstra detailing the end date but has started decommissioning some of the services.

The loss in revenue will have a material impact on EYEfi's operations and the board is undertaking a strategic review of the business. Simon Langdon and management are proactively managing company expenditure and sales activities across all product lines including the Axis camera opportunity.

No other matter or circumstance has arisen since December 31, 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Risk Factors and Risk Management

Negative Cash Flows and Going Concern

During the quarter ended March 31, 2023, the EYEfi Group has had negative cash flows from its operating activities and, as a result, has had to fund its operations with loans from related parties. The EYEfi Group's cash on hand as at March 31, 2023 was \$152,858.

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 \$133,009 for the 3 months period ended March 31, 2023, and as of that date has an accumulated deficit of \$6,528,614. To date, the Company has funded operations through external financing 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 May 23, 2023.

Signed

"Simon Langdon"

Simon Langdon
CEO