DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance, or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of December 31, 2024. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn or volatility in general economic conditions, (2) our expectations regarding revenue, expenses, operations and costs, (3) meeting our anticipated cash needs and the need for additional financing, (4) our competitive position, (5) meeting our expected business objectives and milestones, (6) adverse effects for the global coronavirus pandemic and (7) future dilution to existing and future shareholders, (8) cybersecurity attacks and data breaches, (9) changes in laws and industry regulations and (10) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. Unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new events, circumstances and information, future events or results or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis ("MD&A") has been prepared using information as of December 31, 2024 and approved by the board of directors on February 21, 2025

Unless expressly stated otherwise, all financial information is presented in Australian dollars.

1.2 – Overall Performance

Overview

EonX ("EonX") develops payments and loyalty solutions which are delivered as white label web/mobile app platforms to Enterprise Clients. The solutions include payment processing, e-wallets, inventory of online loyalty gift cards and an online store marketplace. The implementation of the EonX solution allows Enterprise Clients to improve customer satisfaction, reduce customer churn, and build loyalty within their own brands.

1.2 – Overall Performance – continued

Business Model

EonX charges an annual platform fee plus transaction fees to its Enterprise Clients. The Enterprise Clients integrate the EonX solutions with their existing websites and branding. Their end user customers are then invited into the white label platform that enables seamless payment processing, access to rewards, and sale of products, vouchers and gift cards. In addition, the EonX platform delivers points engine that services customers to earn and redeem points on every transaction. EonX charges either a monthly fee and/or a fee per transaction generated on its platform.

MATERIAL CONTRACTS –

During the period, the following activity occurred with respect to material contracts:

nib (“nib”)

EonX signed a master supply agreement with nib Group (nib, formerly Newcastle Industrial Benefits) is an Australian health care fund .nib was established in 1952 to provide health insurance for workers at the BHP Newcastle Steelworks, and has since grown into a national and international operation. nib provides health and medical insurance to over one million Australians, as well as international expats working and travelling overseas.

The EonX white-label solution will drive two loyalty programs for nib’s brands; nib and GU Health. These programs will offer customers access to value-added experiences, discounts, rewards, and points-based initiatives. Designed to boost engagement across the customer lifecycle, the points-based solution aims to reward both new and loyal customers.

Zip Co Ltd (“ZIP”)

EonX signed a master supply agreement with Zip Co Limited, commonly known as Zip, an Australian digital financial services company specializing in point-of-sale credit and digital payment solutions. Founded in 2013, Zip has expanded its operations to Australia, New Zealand, the United States, the United Kingdom, Canada, and Mexico.

The agreement positions EonX as ZIP’s primary provider of eGift cards. This partnership will leverage EonX’s advanced digital marketplace platform and extensive gift card catalogue to support ZIP’s in enhancing its customer offerings.

EonX’s loyalty expertise will play a key role in driving growth and improving the customer experience for ZIP in Australia. The collaboration is expected to contribute to increased customer engagement and strengthen both companies' positions in the market.

Latitude Financial Services (“Latitude”)

EonX has signed a master supply agreement with Latitude Financial Services to introduce **Latitude Rewards**, a new loyalty program available to Latitude cardholders. Latitude Financial Services is a leading digital instalments and lending company operating in Australia, New Zealand, and Singapore. The company offers a range of financial products, including personal loans, credit cards, car loans, and interest-free retail finance.

Under the terms of the partnership, Latitude cardholders will have the opportunity to earn rewards by spending on their credit card. The accumulated rewards can be redeemed on the EonX marketplace, which includes an eGift card catalogue, dining offers, and cinema tickets.

This collaboration further strengthens EonX's position in the loyalty technology space, aligning with its strategy to expand its digital loyalty offerings. As a leading player in the Australian non-bank lending sector, Latitude's engagement with EonX represents a significant step in enhancing customer value and experience.

Bank Contracts

National Australia Bank ("NAB")

NAB delivers services to EONX to provide banking services including Direct Entry, Direct Debit, Account establishment, BPAY biller processing, scheme card processing, gateway services and direct link integrations, for the processing of payments in Australia.

National Australia Bank (abbreviated NAB, branded nab) is one of the four largest financial institutions in Australia (colloquially referred to as "The Big Four") in terms of market capitalisation, earnings and customers.

Zepto Payments Pty Ltd ("Zepto")

The Zepto preferred supplier agreement signed on 4th October 2024 is to provide the EonX Platform Payment Services for Zepto to connect, reward and securely transact with its members, customers and employees which accesses a user's payment account for the transfer of funds. The agreement is for two years and will automatically renew for a further year on written confirmation of proof of concept on the anniversary date. The agreement may be terminated by Zepto on 90 days' notice or earlier to EonX in the event of a material breach of contract and immediately in the event of insolvency, material risk activity, unauthorized activity, non-compliance with law and regulation and unacceptable risk to Zepto.

1.2 – Overall Performance (continued)

Financing

At December 31 ,2024, the Company has been profitable for the last 4 quarters, driven by increase in revenue The company had accumulated a deficit of $21,299,256 (June 30, 2024 – $22,677,034), had a working capital deficit of $6,713,493 (June 30, 2024 – $6,155,769), and had cash inflow (outflow) provided by operations of $9,203,045 (December 31, 2023 – $(1,236,579)). The current rate of expenditure for the Australian business is expected to reduce quarter by quarter as the Company completes its product development activities and moves its focus to business development and marketing activities. It has flexible staff resourcing with contract staff and the majority of employed staff focused on technical and engineering activities form part of the expansion plans. As these activities are completed, EONX will reduce its headcount and operating cost. The mix of both contract staff and employed staff provide flexibility to manage costs and project delivery objectives.

A large focus for the period was on expansion plans in further developing the technology to service the North American market. This includes the implementation of payment systems for processing payments in the United States and Canada and also integrating new retail partners for the EonX North America marketplace. EonX has incorporated a USA entity (EonX Services Corporation) and a Canadian entity (EonX Canada Inc.) to conduct its business in North American markets.

The Company has an established history of generating both recurring software revenue and transactional revenue from large multinational companies from operating activities.

The Company also has a loan facility totaling $7,300,000, which has been deployed as working capital to expand on the EonX's international opportunities. This facility has been provided on commercial terms by EonX founder and Group CEO, at 13% annual interest for a term of 3 years. The loan may be converted to shares at any time before the term of the loan, at an assumed share price of CAD 10c per share. The interest rate is able to be varied in accordance with the rates set by the reserve Bank of Australia. This facility is currently drawn to $3,227,534.

On March 7, 2024 the CEO provided another working capital facility for $2,200,000 AUD. This facility is for a 3-year term at an interest rate of 13%. This facility also can be converted into shares in EonX Technologies Inc at a value of CAD $0.07 per share. At December 31, 2024 this loan was yet to be drawn. The loan has a monthly line fee of USD 2,000 per month and an establishment fee of USD 33,000 applicable on signing.

It is expected that these funds are sufficient to complete its business as discussed in "Financing" below. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations, or to raise further finance via debt or equity.

1.3 – Results of Operations – YTD and Quarter

	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23
Gross revenue	9,661,049	7,937,859	6,732,440	5,127,513	3,642,055	3,733,124	4,330,385	2,443,464
Cost of revenue	(4,196,781)	(3,594,229)	(1,876,576)	(1,595,178)	(1,415,901)	(1,016,570)	(884,209)	(811,316)
Total Revenue	5,464,268	4,343,630	4,855,864	3,532,335	2,226,154	2,716,554	3,446,176	1,632,148
Profit (loss) from continuing operations, attributable to owners of the parent	1,017,613	360,165	(94,157)	2,076,842	(2,822,814)	(1,384,479)	(3,122,380)	(2,782,631)
Per share return	0.03	0.01	(0.00)	0.05	(0.07)	(0.04)	(0.08)	(0.07)
diluted per share return	0.03	0.01	(0.00)	0.05	(0.07)	(0.04)	(0.08)	(0.07)
Profit (loss) attributable to owners of the parent	1,005,252	372,526	4,978	2,053,631	(2,835,628)	(1,447,589)	(3,216,724)	(2,982,470)
Per share return	0.03	0.01	0.00	0.05	(0.07)	(0.04)	(0.08)	(0.07)
diluted per share return	0.03	0.01	0.00	0.05	(0.07)	(0.04)	(0.08)	(0.07)
Total assets	28,182,842	20,465,241	21,425,492	15,549,414	19,136,238	15,550,801	15,867,042	10,028,483
total non current financial liabilities	3,455,537	4,864,065	5,875,699	7,682,196	7,782,753	7,675,254	7,055,900	5,499,376
Distributions declared	0	0	0	0	0	0	0	0

The above numbers show steady increasing revenue across the 8 quarters. From a segment point of view, Australia and Dubai are the material revenue generators.

The net profit after tax has been positive for the last 4 quarters, driven mainly by the revenue increases. The June 30, 2024 quarters reported a lower profit which is due to that quarter having a higher stock based compensation expense due to the issue of options in that quarter that were fully vesting. Note that this is a non cash item.

During the six-month period ended December 31, 2024, the Company incurred a net profit (loss) from operations of $1,377,778 (six-month period ended December 31, 2023 – loss $4,283,217). This was comprised of revenue of $17,598,908, (six-month period ended December 31, 2024 – $8,425,073), less cost or revenue of $7,791,010 (six-month period ended December 31, 2023 - 3,482,365.) less operating expenses of $7,879,210 (six-month period ended December 31, 2023 – $8,517,080), share based compensation of $76,602 six-month period ended December 31, 2023 $-) and other expenses of $474,308 (six-month period ended December 31, 2023 – $663,115)

Revenue consisted of trading revenue of $17,567,114 (six-month period ended December 31, 2023 – 8,370,108), other revenue of $31,794 (six-month period ended December 31, 2023 – 54,965)

Operating expenses consisted of employee expenses of $4,162,018 (six-month period ended December 31, 2023 – $4,372,656), research and development and technology expenses of $1,575,778 (six-month period ended December 31, 2023 – $927,456), and administrative expense of $2,141,414 (six-month period ended December 31 30, 2023 – $3,216,968).

Other expenses consisted of depreciation and amortization of $74,613 (six-month period ended December 31, 2023 – $90,147) and finance costs of $399,695 (six-month period ended December 31, 2023 – $572,968).

1.4 – Summary of Quarterly Results

During the three-month period ended December 31, 2024, the Company realized a net profit from operations of $1,005,252 (December 2023 loss– $2,835,628). This was comprised of total revenue of $9,661,049 (December 2023 – $4,231,146), less cost of revenue $4,196,781 less operating expenses of $4,090,832 (December 2023 – $4,738,866), other expenses of $317,522 (December 2023 – $340,296) and income tax expense (credit) of $0 (December 2023 – $30,194).

Revenue was generated from trading revenue of $9,639,643 (December 2023 – $4,226,066) and other income of $21,406 (December 2023 – $5,080). Cost of sales were $4,196,781 (December 2023 $2,004,992).

Operating expenses consisted of employee expenses of $1,971,843 (December 2023 – $2,336,220), research and development and technology expenses of $846,936 (December 2023 – $747,014), and administrative expense of $1,272,053 (December 2023 – $1,655,632).

Other expenses consisted of depreciation and amortization of $35,510 (December 2023 – $45,058). and finance costs of $282,012 (December 2023 – $295,238)

A quarterly summary of the results for the three months ended December 31, 2024 is set out in the table above The Company generates revenue by charging new clients a software license fee followed by transactional fees. Software license fees reduce over time whilst there is an increase in transaction volumes it may not initially fully replace software revenue causing trading revenue fluctuations. Furthermore, transactional revenue can also fluctuate due to seasonal trends and campaign requirements, specific to retail market conditions. Research and development credits fluctuate based on the level of product development from time to time. The credits are realized once the Company has completed the work, filed the claim and has reasonable assurance of collection. Employee benefits expense have remained generally consistent.

As advised above, the company has a loan facility with the CEO for an amount of $7,300,000 drawn to $3,227,534 at December 31, 2024 and another facility for $2,200,000 which has yet to be drawn.

Inventories are comprised of gift cards. This inventory fluctuates based on seasonal trends, and marketplace campaigns. Research and development credits were similar to previous periods reflecting ongoing platform investment. Trade and other payables consist primarily of retail product sold within a platform.

1.5 – Liquidity and Capital Resources

The Company's main business activity is financial technology, providing Loyalty and Payment Processing Services via fully branded White Label platforms for large enterprises looking to better engage, reward and securely transact with their members, customers and employees. The Company's ability to raise cash depends on various capital and debt market conditions. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors, including evaluation of new business opportunities.

There can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its common shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options or rely on joint venture partners to supply some of the funds required to evaluate any acquisitions. There is no assurance that the Company will be successful in obtaining the funds it may require to sustain operations or that the terms of any financing obtained will be acceptable.

As at December 31, 2024, the Company had net a working capital deficit of $6,713,493 (June 30, 2024 $6,155,769) comprised of cash and cash equivalents on hand of $16,388,062 (June 30, 2024 – $9,682,266), accounts receivable of $5,182,345 (June 30, 2024 – $6,032,243), inventory of $1,886,056 (June 30, 2024 – $706,904), research and development credits receivable of $1,500,000 (June 30, 2024 – $3,263,344), prepayments of $2,311,421 (June 30, 2024 – $747,898) less trade and other payables of $21,173,079 (June 30, 2024 – $17,169,663), provision for employee entitlements of $718,369 (June 30, 2024 – $715,232) and contract liabilities of $11,963,680 (June 30, 2024 – $8,498,242) and income taxes payable (receivable) of $126,249 (June 30, 2024 - $ 205,287).

There was no capital raised in the period.

The debt was reduced by $2,445,903 during the six months. The debt currently is drawn to $3,227,534, and has a facility total of $7,300,000. There is also a facility in place of $2,200,000 which is undrawn.

Capital commitments.

The company has the following capital commitments as at December 31, 2024.

Contractural Obligations					
	Total	**1 year**	**2-3 years**	**4-5 years**	**after 5**
Debt	1,936,520	387,304	774,608	774,608	
Operating leases	232,646	147,669	84,977		
Total	2,169,166	534,973	859,585	774,608	0

The debt commitments assume the current debt level and the interest rate of 13% per annum.

The company expects to meet these commitments through operational cash flows. If the cash flows are not as expected, the company has the debt facilities in place which can be drawn on as working capital as required.

1.6 – Off Balance Sheet Arrangements

As at December 31, 2024, there were no off-balance sheet arrangements to which the Company was committed.

1.7 – Transactions with Related Parties

The Company had the following balances and transactions with executive officers or companies controlled by these officers for the half year ended December 31 2024 and 2023:

(a) The Company incurred management fees paid to the CEO in the amount of $840,000 together with a management fee of $180,000 to his wife.
(b) During the quarter, the Company repaid net $2,445,903 of the loan it has with the CEO,

The Company has a loan facility with the CEO for $7,300,000. This loan is at commercial terms with an interest rate of 13%, a three-year term, commencing January 6, 2023 and can be converted to shares at any time. The facility is drawn to $3,227,534 at December 31, 2024. The interest rate may vary in line with interest rates set by the Reserve Bank of Australia. The loan can be converted into shares in EonX at a rate of CAD $0.10 per share.

The Company also has another facility with the CEO for $2,200,000. This loan is at commercial terms with an interest rate of 13%, a three-year term, commencing March 7, 2024 and can be converted to shares at any time. The facility is currently undrawn. The interest rate may vary in line with interest rates set by the Reserve Bank of Australia. The loan can be converted into shares in EonX at a rate of CAD $0.07 per share.

1.8 – Critical Accounting Estimates

The critical accounting estimated used in the preparation of the financial statements are as follows (for further disclosure of accounting policies and estimates, please refer to the financial statements for the year ended 30 June, 2024.):

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Determining the fair value of such share-based awards granted as common share warrants and stock options requires estimate as to the appropriate valuation model (Black-Scholes pricing model) and the inputs for the model require assumptions including the rate of forfeiture of warrants or options granted, the expected life of the warrant or option, the Company's share price and its expected volatility, the risk-free interest rate and expected dividends.

Deferred taxes

Deferred taxes are based on estimates as to the timing of the reversal of temporary and taxable differences, substantively enacted tax rates and the likelihood of assets being realized.

Revenue recognition

Where the outcome of performance obligations for contracts can be estimated reliably, revenue is recognized. The Company recognizes revenue when obligations have been satisfied and, where such provisions exist, the Company does not begin revenue recognition for license subscriptions that have conditional or trial periods until such periods expire. Where the outcome of performance obligations for sales contracts cannot be reliably measured, contract revenue is recognized in the current year to the extent that costs have been incurred until such time that the outcome of the performance obligations can be reasonably measured. Assumptions are sometimes required to estimate total contract costs, which are recognized as expenses in the year in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Leases

The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.

Provision for expected credit losses ("ECLs")

The Company performs impairment testing annually for trade receivables in accordance with IFRS 9. The ECL model requires considerable judgement, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

Employee Benefits

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

1.9 – Changes in Accounting Policies – International Financial Reporting Standards ("IFRS")

Future Changes in Accounting Policies

Certain new standards, interpretations and amendments to existing standards have been periodically issued by the IASB. The current updates are not applicable, or are not consequential, to the Company. The Company has initially assessed that there will be no material reporting changes as a result of new accounting standards, however, there may be enhanced disclosure requirements.

1.10 – Financial Instruments and Other Instruments

Fair values

The Company's financial instruments include cash, accounts receivable, research and development credits receivable, trade and other payables, provision for employee entitlements, and borrowings. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments are all carried at amortized cost and are not subject to the above level inputs.

Financial risk management objectives and policies

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Company's expenses are denominated in Australian dollars. The Company's corporate office is based in Australia and current exposure to exchange rate fluctuations is minimal. Assets and liabilities that are held in foreign currencies are converted to Australian dollars at the exchange rate prevailing at the balance date. Income and expenses that are earned or incurred in foreign countries are also converted to Australian dollars at the exchange rate prevailing at the balance date.

Interest rate risk

The company has an interest rate exposure to the loan facility it has with the CEO. This facility is subject to changes in the interest rate in line with changes made by the Australian Reserve Bank. A 1% change in the interest rate will change interest by $46,523 per annum.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. As cash balances were held with Tier 1 banks subject to stringent liquidity threshold requirements, the Company had no material exposure to any credit risk.

1.11 – Other MD&A Requirements

Capital Resources

The authorized share capital consists of an unlimited number of common fully paid shares without par value.

Current issued Share capital of 39,939,771 detailed as follows:

As at incorporation	-
Issue of founder share (August 2020 at 1 CAD per share)	1
Issue of shares (Nov-Dec 2020 at 2 CAD cents per share)	2,999,999
Issue of shares (February 2021 at 8 CAD cents per share)	1,400,000
Share swap agreement (issue of 25m shares - roll in EonX Services Pty Ltd capital)	25,000,000
Issue of shares (August 2021 conversion of CEO loan at CAD 45 cents per share)	4,666,471
Issue of shares (August 2021 conversion of 4,109,200 options)	4,109,200
Issue of shares (March 2023 conversion of 1,764,000 options)	1,764,000
	39,939,671

The total paid up capital is $5,465,954.

The company has generated positive cash flow from operations for the six months ended December 31, 2024. The company expects that this will be the case for the medium to long term, and as such, it is the expectation that all operational and capital commitments will be met by current resources together with cash flow generation. The company does not have any material capital commitments at the date of this MD&A, other than outlined in the contractual obligations table on page 10.

Fluctuations in the company's capital and financial resources have occurred when new markets have been developed as well as when additional research and development activities have been undertaken. Such fluctuations in the resources can be met by the debt facilities in place if required.

Stock options

There were no options issued in the period.

There are 7,980,000 options on issue at 31 December.

As at December 31, 2024, the options have a weighted average remaining contractual life of 2.82 years (2023 – 3.73 years) and a weighted average exercise price of $0.16 (2023 – $0.18).

RISK FACTORS AND UNCERTAINTIES

The Company's securities should be considered a speculative investment due to the nature of the Company's business and its present operations. Due to the nature of the Company's business and the present stage of its activities, many risk factors will apply. An investor should carefully review the risk factors set out below and all the information available before making an investment decision. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. This section describes the material risks affecting the Company's business, financial condition, operating results and prospects.

Risks Specific to the Company

Relationships with Key Third Party Suppliers and Service Providers

EonX's business is dependent upon maintaining successful relationships with a limited number of key third-party suppliers and service providers, who provide a number of services that are key to EonX's service offering, including hosting, certain software applications, data providers, provision of services and retail products. Contracts with these suppliers and service providers are typically terminable without cause, in some cases on short notice.

Any loss of a key third-party supplier or service provider, a material limitation of the services provided, a deterioration in the level of service provided, or a material alteration of the terms on which they are provided, could result in a disruption to its business and may negatively impact EonX's ability to win and retain contracts, each of which could materially adversely affect EonX's business, operating and financial performance.

Where EonX relies on third party systems, EonX always seek to have service level agreements with minimum performance criteria set. Payment to the service providers is dependent on their continuity of their services. EonX will actively seek alternative supply channels to mitigate the impact should there occur a "no fault" termination of a supply agreement. There is no assurance that EonX can always maintain or replace its third-party systems in a timely manner and prevent loss of service.

Loss of Customer Contracts

The Company's contracts, including with key customers are secured by a fixed term as per supply agreements. EonX could lose key customers or material contracts, due to a range of events including, because of failure to renew a contract, a loss of a tender, a deterioration in customer service levels that have not been remedied as per supply agreement, or disputes with customers subject to the supply agreements. Any of these factors could materially adversely affect EonX's business, operating and financial performance.

EonX, like all service providers, must deliver services that continue to meet the needs of its customers. EonX is dependent on retaining in-house software development capability to ensure its business continues to evolve and service the needs of its customers. There is no assurance that it will be successful in recruiting and keeping the personnel required for delivery of its services.

Profit Margins

Margins vary considerably across the range of products and services that EonX provides and a change in the mix of products and services that EonX sells to its customers could have a material adverse impact on EonX's financial performance.

Operational Risks

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. The Company may also be subject to or affected by liability or sustain loss risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Security Risks

<u>Rapid Technology Change</u>

The Company's products and services are dependent upon advanced technologies, which are susceptible to rapid technological change. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete because of, such technological changes. There can be no assurance that the Company can respond in a timely manner so that its response will be adequate to successfully overcome the technological change.

RISK FACTORS AND UNCERTAINTIES

<u>Disruption of Technology Platforms</u>

EonX's ability to provide reliable services, effective payment and transaction processing and accurate and timely reporting for its customers is a key aspect of it business. This depends on the efficient and uninterrupted operation of its core technologies, which include specialized and proprietary software systems, IT infrastructure and back-end data processing systems.

EonX's core technologies and other systems could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks or other events. Any systemic failure or sustained disruption to the effective operation of EonX's technology platform could severely damage EonX's reputation and its ability to generate new business or retain existing business, directly impair EonX's operations and customer service levels or necessitate increased expenditure on technology or generally across the business. Any of these outcomes could materially adversely affect EonX's business, operating and financial performance.

Security Risks

<u>Data Security Risk</u>

The Company does utilize servers with significant amounts of data stored via third party companies. Should the Company be responsible for the loss of any or all the data stored by it, the liability could materially undermine the financial stability of the Company. Also, much of the data will be confidential. The company does not store full card data. If the company's data is ever compromised, then customer card data will not be accessible to those in possession of the data. Anyone who can circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations.

<u>Cybersecurity</u>

EonX is subject to Australian Privacy legislation which includes the requirement to advise an entity if their identity has been compromised. EONX is also required to comply with the Payment Card Industry (PCI) standard, which sees us adhere to very strict rules in the use of the software and hardware we implement in our hosting environment. All our data is hosted remotely by Amazon Web Services (AWS), which also complies with the PCI standard. The Company relies on AWS cybersecurity arrangements. The Payment Card Industry Data Security Standard (PCI DSS) is a set of security standards designed to ensure that all companies that accept, process, store or transmit credit card information maintain a secure environment. The AWS/EONX secure environment incorporates firewalls, routing rules, authorized access only and encryption. In addition to PCI and ISO27001 certifications, EonX achieved SOC2 (Type 1 & 2) accreditation in December 2024.

<u>Internet Fraud</u>

EonX has detailed merchant vetting / Know Your Client (KYC) procedures used to detect or mitigate fraud. Merchant accounts all have transaction limits, in line with the industry they are in, and all transactions are monitored and approved my multifactor authentication. EonX also has transaction monitoring including the flagging of chargeback activity; EonX has the ability to withhold settlements pending an investigation into transactions.

<u>Money Laundering</u>

This is a significant issue for all businesses. EonX has developed its Anti-Money Laundering Counter Terrorism Funding manual and policies with Holley Nethercote lawyers. EONX also operates a PCI (Payment Card Industry) compliant manner.

Management of Growth

The Company may experience a period of significant growth that may place a strain upon its management systems and resources. Its future will depend in part on the ability of its executive officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Increase in Competition

There is significant competition from other much larger well-established successful software companies with larger staff and resources to develop software and products equal to or superior to the Company's. This industry is highly competitive and EonX may face increased competition from actions by existing competitors, the entry of new competitors, consolidation between existing competitors or from major customers bypassing payment processing and transactions switching companies and transacting directly with end customers.

EonX's competitive position may deteriorate because of these factors, or a failure by EonX to continue to position itself successfully to meet changing market conditions, customer demands and technology. Any material deterioration in the Company's competitive position could materially adversely affect the Company's business, operating and financial performance. A list of some of the competitors is in "General Description of the Business".

Credit Card Chargeback Risk

EonX payments is at risk if merchants fail to deliver goods to their customers that were purchased using scheme cards. As a payment processor, EonX contracts its enterprise clients to take on the liability for charge back exposure. However, EonX is potentially exposed to chargebacks in the event of default by its enterprise customer to repay the chargeback amounts. This risk is somewhat mitigated by having the transaction approved via text or email prior to processing.

Damage to Reputation or Brand

EonX's reputation and brand is important in winning and retaining contracts, maintaining its relationship with third-party suppliers and service providers and attracting employees. Reputational damage could arise due to a number of circumstances, including inadequate or deteriorating service levels, improper conduct, adverse media coverage or underperformance of customer-facing third-party suppliers and service providers. Reputational damage may potentially result in a failure to win new contracts and impinge on EonX's ability to maintain relationships with existing customers, suppliers and service providers and impede its ability to compete successfully in the payment transactions industry and to attract key employees. If any of these occur, this could materially adversely affect EonX's business, operating and financial performance.

The Company is proactive in dealing with these risks by regular reporting to customers about service levels, which allows the Company's representatives to be proactive in identifying and mitigating any service level deterioration. Regular systems maintenance is also important to ensure optimum services levels and minimum disruption to customers. There is no assurance that the Company's efforts to mitigate these risks will always be successful.

RISK FACTORS AND UNCERTAINTIES

Exposure to Adverse Macroeconomic Conditions

EonX is exposed to changes in general economic conditions in Australia and internationally and is affected by macroeconomic conditions such as tariffs and other trade barriers, economic recessions, downturns or extended periods of uncertainty or volatility, which may influence customer decisions in relation to whether to enter into transaction processing arrangements. These macroeconomic conditions may materially adversely affect EonX's business, operating and financial performance. Payment transactions are the core of most commercial activity. Unless there is a catastrophic event, payment processing will occur.

Protection of Intellectual Property

EonX relies on laws relating to patents, trade secrets, copyright and trademarks to assist in protecting its proprietary customer-facing technology platform. There is a risk that unauthorized use and copying of EonX customer-facing technology platform will occur, or third parties will successfully challenge the validity, ownership or authorized use of intellectual property. This could involve significant expense and potentially the inability to use the intellectual property, which could materially adversely affect EonX's business, operating and financial performance.

Expansion of its Merchant Base and Industries Service

There is no assurance that the Company's plans to expand its Merchant Base and to expand the industry sectors in which it currently operates will be successful. See "Description of the Business" and "Use of Funds".

Acquisition Risk and Associated Risk of Dilution

EonX's possible expansion strategy includes pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including acquisition costs, funding arrangements, business cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with EonX's existing business, the financial performance of EonX could be materially adversely affected. Future acquisitions may involve the issue of Ordinary Shares for consideration. In this event, Shareholders' interests will be diluted. Ordinary Shares may also be issued for other purposes such as debt reduction. Effective due diligence by the Company is ongoing to minimize the risk in integrating acquisition targets although this cannot be guaranteed. There are no specific acquisitions proposed at this time.

EonX attempts to mitigate these risks by withholding the chargeback value from settlements to merchants and holds direct debit authority with merchants to recover unfunded chargebacks. EonX may request security deposits from merchants at risk of prepayment default. EonX has cyber insurance in place to protect itself from such occurrences.

Exchange Rate Risk

EonX currently operates in Australia, USA, UAE and UK. The Company is not exposed to significant currency risk on fluctuations considering that the majority of its assets and liabilities are primarily stated in Australian dollars.

Unforeseen Expenses

All expenses that EonX is aware of are taken into account. There is a risk that unforeseen expenses may develop which could materially negatively affect the business operations.

RISK FACTORS AND UNCERTAINTIES

Permits and Government Regulations

There are no permits or government regulations in Australia that affect the Company's operations beyond business license requirement and employment standards. The future operations of the Company outside of Australia may require permits from various federal, state/provincial and local governmental authorities and will be governed by laws and regulations governing taxes, labor standards, occupational health, and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required.

Environmental and Safety Regulations and Risks, Climate Change

There are currently no environmental laws and regulations that affect the operations of the Company. None are anticipated as the Company's does not have physical operations other than business offices. EonX, like all other businesses and persons in the world is exposed to the effects of climate change. The direct effects on EonX's business is not foreseeable at this time.

Insurance Risk

No claims have ever been made against the Company. There is always the possibility that the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. EONX has workers compensation insurance, insurance for the contents and stock and property in its custody, a Cyber Liability and Loss insurance of AUD$3,000,000, Professional Indemnity insurance of $5,000,000, Directors and Officers insurance of $5,000,000, Public Liability insurance of AUD$20,000,000, products liability insurance of AUD$20,000,000 The Company does not have key man insurance for its CEO who is instrumental to the Company's operations and growth. The loss of his services would cause considerable disruption to the Company's operations.

Reliance on the Directors and Officers

The Company has a small management team composed of the directors and the unexpected loss of any of these individuals would have a serious impact on the business. They are responsible for the successful operation of the Company. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel to develop the business and make appropriate decisions in respect of the management thereof could have a material adverse effect on the business of the Company.

Conflicts of Interest

Other than the CEO, the directors and officers of the Company are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others. The CEO has signed an employment contract with a confidential covenant and a non- compete covenant. Future conflicts of interest will be dealt with in accordance with applicable laws, statutes and regulations.

Exposure to Adverse Macroeconomic Conditions: The Company is exposed to changes in general economic conditions in Australia and internationally and is affected by macroeconomic conditions such as tariffs and other trade barriers, economic recessions, downturns or extended periods of uncertainty or volatility, especially now with the Covid 19 virus, all of which may materially adversely affect the Company's business, operating and financial performance.

Currency Exchange Risk

The Company's expenses are denominated in Australian dollars. The Company's corporate office is based in Australia and current exposure to exchange rate fluctuations is minimal. The Company owns entities in the USA, UAE, Canada and the UK. Assets and liabilities that are held in foreign currencies are converted to Australian dollars at the exchange rate prevailing at the balance date. Income and expenses that are earned or incurred in foreign countries are also converted to Australian dollars at the exchange rate.

Unforeseen Expenses

All expenses that the Company is aware of are taken into account. There is a risk that unforeseen expenses may develop which could materially negatively affect the business operations.

Permits and Government Regulations

There are currently no permits or government regulations in Canada and Australia that affect the Company's operations beyond business license requirement and the requirements of the Act and Corporations Act, 2001 (Cth) Australia.

Environmental and Safety Regulations and Risks, Climate Change

There are currently no environmental laws and regulations affect the operations of the Company. None are anticipated as the Company does not have physical operations other than business offices. The Company, like all other businesses and persons in the world is exposed to the effects of climate change. The direct effects on the Company's business is not foreseeable at this time.

Dividends

The Company does not anticipate paying any dividends on its Shares in the near future.

List Not Exhaustive

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders. The above factors and others not specifically referred to above may in the future materially affect the financial performance of the Company and the value of the shares described by this Prospectus. Accordingly, the Shares under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Shares.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on February 21, 2025.