EONX TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2022 and 2021

Independent Auditor's Report

To the Shareholders of EonX Technologies Inc.:

Opinion

We have audited the consolidated financial statements of EonX Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2022 and June 30, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022 and June 30, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and negative cash flows from operating activities during the year ended June 30, 2022. As at June 30, 2022 the Company had an accumulated deficit and negative working capital. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Leanne Bjalek.

Calgary, Alberta

MNP LLP

October 27, 2022

Chartered Professional Accountants

EONX TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Expressed in Australian Dollars)

	Note	**2022** $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents		**1,301,483**	5,125,690
Accounts receivable	21	**3,108,697**	702,311
Inventory		**1,935,153**	698,435
Research and development credits receivable	11	**2,504,321**	2,390,942
Other current assets		**68,733**	3,746
Contract asset		**35,184**	-
Total current assets		**8,953,571**	8,921,124
Non-current assets			
Deposits	6	**2,091,624**	91,624
Property and equipment	7	**70,780**	75,905
Right-of-use assets	13	**307,304**	467,637
Total non-current assets		**2,469,708**	635,166
Total assets		**11,423,279**	9,556,290
LIABILITIES			
Current liabilities			
Trade and other payables		**7,299,818**	2,965,254
Borrowings	14	**5,033,443**	2,561,700
Provision for employee entitlements	8	**486,034**	445,393
Income taxes payable	18	**316,784**	704,432
Contract liabilities	10	**866,673**	949,370
Lease liability	13	**255,635**	241,230
Total current liabilities		**14,258,387**	7,867,379
Borrowings	14	**2,499,997**	5,432,500
Lease Liability	13	**247,260**	502,895
Total non-current liabilities		**2,747,257**	5,935,395
		17,005,644	13,802,774
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	15	**5,147,960**	2,151,520
Contributed surplus	16	**3,482,458**	385,568
Accumulated other comprehensive income		**10,095**	-
Deficit		**(14,222,878)**	(6,783,571)
Total shareholders' equity (deficiency)		**(5,582,365)**	(4,246,483)
Total liabilities and shareholders' equity (deficiency)		**11,423,279**	9,556,290
NATURE AND CONTINUANCE OF OPERATIONS	1		
SUBSEQUENT EVENT	23		

Approved on behalf of the Board of Directors:

(Signed) "*Andrew Kallen*"
Director

(Signed) "*Anoosh Manzoori*"
Director

EONX TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Expressed in Australian Dollars)

	Note	**2022** $	2021 $
REVENUE			
Revenue	9	**8,167,377**	5,473,429
Other income		**-**	271
		8,167,377	5,473,700
EXPENSES			
Corporate and administrative expenses	19	**1,978,197**	1,100,918
Employee expenses	11	**6,417,819**	2,575,287
Research and development and technology expenses	11	**3,372,885**	1,837,020
		11,768,901	5,513,225
OPERATING LOSS		**(3,601,524)**	(39,525)
Other expenses			
Share-based compensation	16	**3,364,578**	385,568
Depreciation and amortization	7,13	**165,459**	175,630
Director fees	12	**-**	1,200,000
Finance costs	22	**187,424**	85,545
Listing expenses	5	**-**	2,113,308
		3,717,461	3,960,051
NET LOSS BEFORE INCOME TAX EXPENSE		**(7,318,985)**	(3,999,576)
Income tax expense	18	**120,322**	704,432
Net loss		**(7,439,307)**	(4,704,008)
OTHER COMPREHENSIVE INCOME			
Exchange gain on translating foreign operations		**10,095**	-
Net loss and comprehensive profit loss		**(7,429,212)**	(4,704,008)
Weighted average common shares outstanding	17	**37,021,490**	11,391,736
Loss per share, basic and diluted		**$(0.20)**	$(0.41)

EONX TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Expressed in Australian Dollars)

	Note	Number of Shares	Share Capital $	Contributed Surplus $	Accumulated Deficit $	Accumulated other Comprehensive Income $	Total $
Balance, June 30, 2019		120	120	-	(2,170,292)	-	(2,170,172)
Net income		-	-	-	90,729	-	90,729
						-	
Balance, June 30, 2020		120	120	-	(2,079,563)	-	(2,079,443)
Issuance of common shares	14	4,400,000	172,000	-	-	-	172,000
Issued Pursuant to share swap	5	25,000,000	1,979,400	-	-	-	1,979,400
Share based compensation	16	-	-	385,568	-	-	385,568
Net loss		-	-	-	(4,704,008)	-	(4,704,008)
Balance, June 30, 2021		**29,400,120**	**2,151,520**	**385,568**	**(6,783,571)**	**-**	**(4,246,483)**
Foreign exchange translation		-	-	-	-	10,095	10,095
Net loss		-	-	-	(7,439,307)	-	(7,439,307)
Issue shares for related party debt	14	4,666,471	2,282,500	-	-	-	2,282,500
Exercise of options	15	4,109,200	446,253	-	-	-	446,253
Share based compensation	16	-	-	3,364,577	-	-	3,364,577
Transfer of fair value on options exercised	15	-	267,687	(267,687)	-	-	-
Balance, June 30, 2022		**38,175,791**	**5,147,960**	**3,482,458**	**(14,222,878)**	**10,095**	**(5,582,365)**

EONX TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Expressed in Australian Dollars)

	Note	**2022** **$**	2021 $
Operating Activities			
Net loss for the year		**(7,439,307)**	(4,704,008)
Adjustments to reconcile net loss to net cash used in operations			
Share based compensation	16	**3,364,578**	385,568
Depreciation and amortization	7,13	**165,458**	175,630
Listing expenses	5	**-**	1,958,098
Interest component of lease payments		**(19,033)**	(23,301)
Changes in non-cash working capital balances:			
Accounts receivable		**(2,406,265)**	(307,899)
Research and development credits receivable	11	**(2,504,321)**	(2,390,942)
Research and development credits received in cash		**2,390,942**	2,396,968
Other current assets		**(64,987)**	54,980
Contract assets		**(35,184)**	-
Inventory		**(1,236,718)**	(125,944)
Trade and other payables		**4,627,199**	391,712
Income tax payable		**(387,768)**	704,432
Employee entitlements	8	**(286,531)**	(66,463)
Cash used in operating activities		**(3,831,937)**	(1,551,169)
Investing Activities			
Payment of deposits		**(2,000,000)**	-
Cash provided by (used in) investing activities		**(2,000,000)**	-
Financing Activities			
Proceeds from related party loans	14	**-**	525,717
Proceeds from borrowings	14	**13,421,737**	16,824,696
Repayment of borrowings	14	**(11,599,997)**	(11,788,038)
Lease payments	13	**(260,263)**	(145,882)
Proceeds from issue of capital, net of issue costs	15	**446,253**	193,302
Cash provided by financing activities		**2,007,730**	5,609,795
Increase (decrease) in cash during the year		**(3,824,207)**	4,058,626
Cash and Cash equivalents, beginning of the year		**5,125,690**	1,067,064
Cash and cash equivalents, end of the year	**21**	**1,301,483**	5,125,690

1 NATURE AND CONTINUANCE OF OPERATIONS

EonX Technologies Inc. (formerly 1263205 B.C. Ltd.) ("EonX Canada") was incorporated under the Laws of the Province of British Columbia on August 27, 2020. On February 26, 2021, 1263205 B.C. Ltd. Changed its name to EonX Technologies Inc. (the "Company" or "EonX"). On March 23, 2021, the Company completed a share swap agreement with EonX Services Pty Ltd. ("EonX Australia"). EonX Canada did not constitute a business as defined by IFRS 3 *Business Combinations* and EonX Australia was considered the resulting Issuer (Note 5). The address of the Company's corporate office and its principal place of business is 1183 Toorak Rd, Camberwell VIC 3124, Australia. The Company's shares were listed on the Canadian Securities Exchange on March 29, 2021.

The Company began operations in November 2016 and as of June 30, 2022, its principal business activity is developing and marketing a suite of financial technology products including payment processor, e-wallets, identity and security for Know Your Customer (KYC) and Anti Money Laundering (AML), loyalty points solutions, and an e-commerce store.

EonX Corporation is a USA based company which was incorporated in October 2019 and was incorporated by Eonx Technologies Inc in March 2022. This entity is incorporated in the state of California and the company is conducting operations in the USA market, and is earning platform license fees.

EonX Services UK Ltd (Company Number 12246950) is incorporated in the United Kingdom in October 2019 and was incorporated by the Company in April 2022. This Company is commencing operations in the UK market and is in the early stages of establishing its presence.

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the year ended June 30, 2022, the Company generated a net loss of $7,439,307 (2021 – loss of $4,704,008) and negative cash flows from operating activities of $3,831,937 (2021 -$1,551,169). As at June 30, 2022, the Company has an accumulated deficit of $14,232,973 (2021 – $6,783,571). Working capital at June 30, 2022 is a deficit of $5,314,911 (2021- positive $1,053,745). As such, there is an uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing. On August 31, 2022, the Company was advanced a loan of $2,300,000 provided by APN Ventures Pty Ltd. (Note 23).

In the financial year, the COVID 19 impact on the Company and the Australian economy at large has reduced. Whilst there was one lockdown in Melbourne in the financial year, this did not affect the operations of the Company as the remote access of all staff members is well established and operations continued without any material impact. At the signing of this report, all of the COVID restrictions have been lifted to the point that there are little if any that remain.

2 BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on October 27, 2022.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries which are consolidated from the date of acquisition/incorporation, being the date on which the Company obtained control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances and transactions are eliminated in full upon consolidation.

2 BASIS OF PRESENTATION (continued)

Basis of consolidation (continued)

Name of entity	Jurisdiction	Principal activity	Functional Currency	Ownership
Eonx Technologies Inc.	Canada	Legal parent	CAD	-
Eonx Services Pty Ltd.	Australia	Financial products	AUD	100%
Eonx Services UK Ltd.	United Kingdom	Financial Products	GBP	100%
Eonx Corporation	United States	Financial Products	USD	100%

Functional and presentation currency

These consolidated financial statements have been prepared on the historical cost basis. The functional currency of the Company is the Canadian dollar ("CAD"), the functional currency of EonX Services Pty Ltd. Is the Australian dollar ("AUD"), the functional currency of EonX Services UK Ltd is the Great British Pound ("GBP") and the functional currency of EonX Corporation is the United States Dollar ("USD"). The presentation currency of the Company is AUD.

3 SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets

Recognition and initial measurement

On initial recognition, financial assets are measured at fair value and are subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Classification and subsequent measurement

For financial assets that are classified at amortized cost, assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents, accounts receivable and deposits.

The Company does not hold any financial assets measured at FVTOCI.

Financial assets measured subsequently at fair value through profit or loss ("FVTPL") – By default, all other financial assets are measured subsequently at FVTPL. The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

The Company's does not hold any financial assets measured at FVTPL.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment

The measurement of impairment of financial assets classified at amortized cost is based on expected credit losses. Accounts receivable that are considered collectible within one year or less are not considered to have a significant financing component. Lifetime expected credit loss ("ECL") are measured at the date of initial recognition of the receivable.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 which allows the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates, probability of payment as well as credit ratings of major customers.

Derecognition

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at FVTPL for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method or FVTPL. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

The Company's financial liabilities include trade and other payables, contract liabilities, borrowings and provision for employee entitlements which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Derecognition

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and is available on demand by the Company for its programs.

Research and development credits receivable

The Company is eligible to receive tax credits from its eligible research and development expenditures. Investment tax credits are accrued when qualifying expenditures are incurred and there is reasonable assurance that the credits will be realized. Investment tax credits earned with respect to current expenditures for qualified research and development activities are included in the consolidated statements of loss and comprehensive loss as a reduction of expenses. Investment tax credits associated with capital expenditures are reflected as reductions in the carrying amounts of capital assets. The determination of the amount of the tax credit requires management to make calculations based on its interpretation of eligible expenditures in accordance with the terms of the programs. The reimbursement claims submitted by the Company are subject to review by the relevant government agencies. Although the Company has used its best judgement and understanding of the related program agreements in determining the claim, it is possible that the amounts could increase or decrease dependent on the review and audit by the government agency.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Depreciation is recorded to recognize the cost of assets over their useful lives, using the declining value method of calculating the depreciation expense for a period.

The estimated useful lives of property and equipment are as follows:

Equipment	5 years
Furniture and Fittings	5 years
Leasehold improvements	over lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Impairment of intangible assets and property and equipment

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows ("cash-generating unit" or "CGU"). The Company has two CGUs. Intangible assets that have indefinite useful lives and goodwill are tested for impairment at least annually. All other long-lived assets and finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of intangible assets and property and equipment *(continued)*

An impairment loss is recognized for the amount by the CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use. The resulting impairment loss is recognized in income or loss.

To determine the value-in-use, management estimates expected future cash flows from the CGU and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements.

Discount factors have been determined for the CGUs and reflect its risk profile as assessed by management.

Any impairment losses for the CGUs reduce first the carrying amount of any goodwill allocated to that CGU, with any remaining impairment loss charged pro rata to the other assets in the CGU. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal or its value in use and zero.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent of the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired. There is no reversal of impairment losses on goodwill impairments.

Inventory

Inventory is comprised of e-gift cards and are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expense. Cost is determined on a weighted average basis. Cost is comprised of purchase net of rebates and discounts received or receivable.

At each reporting date, inventory is assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to sell and recognized in the statements of loss and comprehensive loss.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Share-based payments

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an expense with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of options granted to employees and others providing similar services are measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Share capital

The Company records proceeds from share issues net of share issue costs. Proceeds and issue costs from unit placements are allocated between shares and warrants issued according to their residual value. The residual value is attributed to the value of the warrants. The value of the share component and warrant is credited to share capital with any residual value attributed to the warrant. Upon exercise of the warrant, consideration paid by the warrant holder together with the amount previously recognized is recorded as an increase to share capital. In the event there is a change to the warrant terms (price or exercise date), no change is made to the initial value recognized for the warrant.

Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the ‘expected value’ or ‘most likely amount’ method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognized as a refund liability.

Revenues from licensing and platform implementation fees

Clients are charged a one-time, upfront implementation fee and recurring licensing and/or platform access fees. Implementation and integration of custom-built platforms are complex, and EonX has determined that the one-time, upfront services are not distinct from recurring licensing and/or platform access fees where EonX will maintain ownership of the platform at the end of the contract period, or if the platform requires a significant time or cost to transfer away from EonX control. In determining whether implementation services are distinct from subscription services, EonX considers various factors including the significant level of integration, interdependency, and interrelation between the implementation and licensing/access services, as well as the time and cost of the clients’ personnel or other service providers to perform significant portions of the transfer services. As a result, EonX defers any fees and costs for non-distinct implementation services and recognize such amounts over time on a ratable basis as one performance obligation with the underlying recurring revenue commencing when the client goes live on the platform, which corresponds with the date the client obtains access to their solution and begins to benefit from the service. During the term of the contract, clients may purchase additional professional services to modify or enhance their platform capabilities. These services are distinct performance obligations recognized when control of the enhancement is transferred to the client.

Revenues earned from licensing and platform access fees are earned over the period of the license and/or access to the technology platform provided to the enterprise client. Revenues are accrued as earned, which, without any specific performance milestone set out in the contract, is on a straight-line basis over the life of the contract or access to the platform. Any specific performance obligations stipulated in the contract are separated, where possible and accrued as those obligations are achieved on a pro-rata basis by reference to the time or hours stipulated to achieve that performance obligation. Any difference between billings for licenses and/or platform access charges and the earning of revenues is taken to the statement of financial position as a contract asset or liability, depending upon whether that billing is in-arrears or in-advance of the revenue recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Revenues from commissions achieved from transaction processing and product sales.

Revenues received from commissions achieved from transaction payment processing and product sales are recognized at a point in time with reference to the timing of the processing of the underlying transaction entered into by the enterprise client and their customer. As the Company acts as an agent in the processing of the transaction, notwithstanding that cash inflows from the transaction pass through its bank accounts, these inflows and outflows are net off against each other in order to reflect the underlying commission entitlement achieved from processing those transactions. The service that is provided is the processing of the transaction and product sales.

Interest income

Interest revenue is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants and assistance

The Company recognizes government grants and assistance when there is reasonable assurance that the grant or assistance will be received, and any conditions associated with the grant or assistance have been met. Grants and assistance that compensate the Company for expenses incurred are recognized in the consolidated statement of loss and comprehensive loss as a reduction of the related expenses in the period in which they are earned, provided the conditions for receiving the grant or assistance are met in that period.

Business combination

Acquisitions of subsidiaries and assets that meet the definition of a business under IFRS are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The identifiable assets acquired and liabilities and contingent liabilities assumed that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for, deferred income taxes, employee benefit arrangements, share-based compensation, and assets held for sale, which are measured in accordance with their applicable IFRS. Any excess consideration over the fair value of the identifiable net assets is recognized as goodwill. Acquisition-related costs, other than those associated with the issuance of debt or equity, are recognized in profit or loss as incurred

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date up to a maximum of one year.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination (continued)

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 either in profit or loss. If the contingent consideration is classified as equity, it shall not be re-measured and its final settlement shall be accounted for within equity.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if the dilutive securities were exercised or converted to common shares. The dilutive effect of the options and warrants are computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Diluted earnings (loss) per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates, laws and government policies that were enacted or substantively enacted at the statement of financial position date.

Deferred tax is accounted for using the liability method and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities are expected to reverse using tax rates and laws enacted or substantively enacted which are expected to apply in the period of reversal.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction.

Comparative figures

Certain comparative figures have been reclassified for the year ended June 30, 2021 to reflect the current year's presentation. The adjustments were not considered material and did not affect the Company's consolidated net loss.

New accounting pronouncements

The Company has reviewed new and amended accounting pronouncements that have been issued but are not yet effective and determined that there are no such pronouncements that may impact the Company.

Segment Information

The Company's chief operating decision makers ("CODM"), being the Chief Executive Officer, the Chief Operating Officer and the Chief information Officer, evaluate performance and make decisions about resources to be allocated based on financial data consistent with the presentation in these consolidated financial statements. The Company's CODM does not review any financial data with any further segmentation.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management estimates are as follows:

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.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates, and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

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 judgements and estimates 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.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Employee benefits

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognized 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The more significant areas where management judgement has been applied are:

Use of judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year. The more significant areas where management judgement has been applied are:

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. The directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

Recovery of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences only if the consolidated Company considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses. The principal temporary differences not recognized in these consolidated financial statements relate to contract liabilities and provision.

Recognition of revenue on a gross versus net basis

The Company follows the guidance provided in IFRS 15 for determining whether the Company is the principal or an agent in arrangements with customers that involve another party that contributes to providing a specified service to a customer. In these instances, the Company determines whether it has promised to provide the specified service itself (as principal) or to arrange for the specified service to be provided by another party (as an agent). This determination depends on the facts and circumstances of each arrangement and, in some instances, involves significant judgement.

Leases

Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

Taxation

The calculation for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

Determination of functional currency

The Company gives priority to the considerations outlined in IAS 21 when determining functional currencies of its entities based on which currency most faithfully represents the economic effects of the underlying transactions and events.

(Expressed in Australian Dollars)

4 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Determination of CGUs

The Company gives priority to the considerations outlined in IAS 36 when determining CGUs based on the smallest identifiable group of assets that generate cash inflows largely independently of other assets or groups of assets.

5 REVERSE TAKE OVER

On January 1, 2021, the Company signed an arms-length Share Swap Agreement with EonX Services Pty Ltd. and its shareholders (the "Share Swap Agreement"). On March 23, 2021, the Company acquired all of the issued shares of EonX Services Pty Ltd. in exchange for 25,000,000 shares (the "Transaction").

The financial statements cover EonX Technologies Inc. as a consolidated entity consisting of EonX Technologies Inc. and the entities it controlled at the end of, or during, the year ended June 30, 2022. The transaction was considered to be a reverse acquisition as the EonX Services Pty Ltd shareholders became the controlling shareholder group following the transaction. As a consequence, the comparative results and equity and profit or loss results brought forward as at June 30, 2020 and represented in these consolidated financial statements are those of EonX Services Pty Ltd. The dilutive impact of incorporating the shareholding interests of EonX Technologies Inc. under the Share Swap has been recognized as a transaction expense in the consolidated statements of loss and comprehensive loss.

The fair value of the consideration was determined based on the percentage of ownership of the merged entity that was transferred to the shareholders of EonX Technologies Inc. upon completion of the RTO. This value represents the fair value of the number of shares that EonX Services Pty Ltd. would have had to issue for the ratio of ownership interest in the combined entity to be the same as if the share swap agreement had taken the legal form of EonX Services Pty Ltd. acquiring 100% of the shares of EonX Technologies Inc. The value of the equity instruments of $1,979,400 represents 25,000,000 of outstanding common shares of the Company at $0.0792 per share (0.0813 CAD). The previous shares with EonX Technologies Inc. of 120 were eliminated in the current year.

The following summarizes the fair value of Eonx Technologies Inc.

Net assets acquired:	
Fair value of share consideration	1,979,400
Transaction costs	166,121
Net assets acquired	(32,213)
Listing expense on reverse takeover	$2,113,308
Consideration paid	-
Common shares	25,000,000

The public company listing expense on reverse takeover is deemed to be the difference between the consideration paid for EonX Technology Inc. shares and the net assets of EonX Technologies Inc.

(Expressed in Australian Dollars)

5 REVERSE TAKE OVER (continued)

The common shares issued were escrowed and the details of the release from escrow are as follows:

Date of time release	**Amount of escrowed securities released**
On the date the company is listed on the CSE	1/10 of the escrowed securities
6 months after the first release	1/6 of the escrowed securities
12 months after the first release	1/5 of the escrowed securities
18 months after the first release	1/4 of the escrowed securities
24 months after the first release	1/3 of the escrowed securities
30 months after the first release	1/2 of the escrowed securities
36 months after the first release	The remaining escrowed securities

As at June 30, 2022 there are 15,510,000 shares that remain in escrow.

6 DEPOSITS

	2022 **$**	2021 $
Rental-Bond	**6,300**	6,300
National Australia Bank guarantee	**85,324**	85,324
Citibank collateral deposit	**2,000,000**	-
Total	**2,091,624**	91,624

Citibank shall hold a collateral deposit as a cash collateral deposit to pay off, or otherwise extinguish EonX's obligation to pay any amount owing, now or in the future, actual or contingent, by the Company to Citibank pursuant to the banking facility.

(Expressed in Australian Dollars)

7 PROPERTY AND EQUIPMENT

Costs	Leasehold	Equipment	Furniture and fixtures	Total
Balance, June 30, 2020	61,382	245,280	13,044	319,706
Additions	-	-	5,705	5,705
Balance, June 30, 2021	61,382	245,280	18,749	325,411
Additions	-	-	-	-
Balance, June 30, 2022	**$61,382**	**$245,280**	**$18,749**	**$325,411**
Accumulated depreciation				
Balance, June 30, 2020	5,999	225,054	4,907	235,960
Depreciation	1,385	4,829	7,332	13,546
Balance, June 30, 2021	7,385	229,883	12,239	249,506
Depreciation	1,350	2,473	1,302	5,125
Balance, June 30, 2022	**$8,734**	**$232,356**	**$13,541**	**$254,631**
Net book value				
As at June 30, 2021	$53,998	$15,397	$6,510	$75,905
As at June 30, 2022	**$52,648**	**$12,924**	**$5,208**	**$70,780**

8 PROVISION FOR EMPLOYEE ENTITLEMENTS

	Annual Leave $	Long Service Leave $	Total $
Balance as at June 30, 2020	206,439	-	206,439
Paid during the year	(66,463)	-	(66,463)
Accrued during the year	212,828	92,589	305,417
Balance at June 30, 2021	352,804	92,589	445,393
Paid during the year	(286,531)	-	(286,531)
Accrued during the year	327,172	-	327,172
Balance at June 30, 2022	**393,445**	**92,589**	**486,034**

Australian Employment law requires a Company to accrue for paid annual leave at the rate of 4 weeks per year and paid long service leave at a rate of 7 weeks after 7 years of employment.

(Expressed in Australian Dollars)

9 REVENUE

	2022 **$**	2021 $
Commission from transaction processing	**749,100**	606,309
Product sales	**1,571,005**	1,452,871
Licensing and platform access fees	**5,769,605**	3,414,249
Other revenue	**77,667**	-
	8,167,377	5,473,429

The Company's revenue is generated in Australia and the USA. For the year ended June 30, 2022, 19% of the Company's revenue was earned through sales to one major customer (2021 – 25% of revenue to one major customer). As at June 30, 2022, accounts receivable from this one customer was $1,343,967 (2021 – $269,862). All non-current assets of the Company are located in Australia.

In 2022, the Company received Government grant income of $nil (2021 - $871,170) associated with employment support during the COVID 19 pandemic. This inflow has been credited to the employment expenses in accordance with IAS 20 (Note 10).

The Company also has recognized as a receivable research and development tax incentive income of $2,504,321 for the year (2021 - $2,390,941). This amount has been credited to the research and development expense line in accordance with IAS 20 (Note 10).

Segment revenue

The Company has revenue generating units in Australia and the United States of America. The revenue generated by each segment is as follows:

Year ended June 30, 2021	**Australia** **$**	**USA** **$**	**Total** **$**
Commission from transaction processing	606,309	-	606,309
Product sales	1,452,871	-	1,452,871
Licensing and platform access fees	3,414,249	-	3,414,249
Total	5,473,429	-	5,473,429
Year ended June 30, 2022			
Commission from transaction processing	749,100	-	749,100
Product sales	1,571,005	-	1,571,005
Licensing and platform access fees	4,299,829	1,469,776	5,769,605
Other revenue	60,242	17,425	77,667
Total	**6,680,176**	**1,487,201**	**8,167,377**

(Expressed in Australian Dollars)

10 CONTRACT LIABILITIES

The following table represents changes in contract liabilities for the years ended June 30, 2022 and 2021:

Balance, June 30, 2020	$237,556
Invoiced in the period, excluding amount recognized as revenue	949,370
Amount recognized as revenue	(237,556)
Balance, June 30, 2021	**949,370**
Invoiced in the period, excluding amount recognized as revenue	866,673
Amount recognized as revenue	(949,370)
Balance, June 30, 2022	**$866,673**

11 GOVERNMENT ASSISTANCE

Australian Business Wage Subsidies

The Australian government introduced programs to support Australian businesses whose revenues were impacted by the COVID-19 pandemic. The government provided wage subsidies to qualifying companies of $750 per employee per week. For the year ended June 30, 2021, the Company determined that it qualified for the subsidies and submitted claims for $871,170 for the Australian Business Wage Subsidies, which have been received and recognized as a reduction to the related payroll expenses in the consolidated statements of loss and comprehensive loss. There were no such subsidies offered by the Australian Government for the financial year ended June 30, 2022.

Research and Development tax incentive credits

The Company is eligible for research and development tax incentive credits. For the year ended June 30, 2022, the Company determined that it qualified for $2,504,321 research and development tax incentive credits (2021 - $2,390,942) which have been recognized as a reduction to the related expenses in the consolidated statements of loss and comprehensive loss.

12 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, the Company incurred the following related party transactions:

(a) The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the years ended June 30, 2022 and 2021.
(b) The Company incurred consulting fees to officers and directors in the amount of $nil (2021 – $1,200,000).
(c) The Company incurred stock-based compensation to officers and directors in the amount of $3,364,578 (2021 – $277,500).
(d) The Company incurred consulting fees paid to a related party of the CEO in the amount of $670,000 (2021 - $nil) for research and development activity.
(e) As at the end of the financial year, the Company has a debt owing from a related party of the CEO for $50,913.

Key management compensation is as follows:

CEO $670,000 (paid as consulting fees, to APN Ventures Pty Ltd) (June 30, 2021 $1,200,000)

CFO $50,000 (June 30, 2021 $50,000)

COO $42,449 (commenced May 2022).

As at June 30, 2022, included in trade and other payables is $55,000 (2021 – $796,574) due to officers and directors of the Company.

During the financial year ended June 30, 2021, the Company purchased the Intellectual Property (“IP”) that was developed and generated by another entity that is owned by the CEO. The purchase was completed prior to listing of the company, to enable the Company to further develop and utilize the assets. The transaction had a fair value attributed at $300,000 (note 19).

(Expressed in Australian Dollars)

13 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Company's right of use asset and lease liability relates to office premises.

Right of use Assets	
Balance at July 1, 2020	$634,984
Depreciation	(167,347)
Balance at June 30, 2021	467,637
Depreciation	(160,333)
Balance at June 30, 2022	**$307,304**
Lease Liabilities	
Balance at July 1, 2020	$871,437
Interest expense	25,520
Lease payments	(152,832)
Balance at June 30, 2021	744,125
Interest expense	19,034
Lease payments	(260,263)
Balance as at June 30, 2022	**$502,895**

The interest rate used to determine the right of use assets and lease liabilities was 3% per annum.

	June 30, 2022 $	June 30, 2021 $
Current lease liability	**255,635**	241,230
Non-current lease liability	**247,260**	502,895
Total lease liability	**502,895**	744,125

The table below outlines the undiscounted minimum lease payment commitments.

	June 30, 2022 $	June 30, 2021 $
Less than 1 year	**267,235**	260,262
Between 1-5 years	**250,985**	518,219

(Expressed in Australian Dollars)

14 BORROWINGS

	Convertible Debt $	NAB Overdraft Facility $	NAB Credit Facility $
Balance as at June 30, 2020	1,756,783	1,282,125	-
Debt advancement	1,434,417	8,185,146	7,063,930
Interest expense	-	56,837	-
Debt repayment	(908,700)	(6,965,408)	(3,913,930)
Balance as at June 30, 2021	2,282,500	2,561,700	3,150,000
Current borrowings	-	2,561,700	-
Long term borrowings	2,282,500	-	3,150,000
Debt advancement	-	7,149,366	6,049,997
Interest expense	-	165,160	-
Loan fees	-	57,214	-
Debt repayment	-	(4,899,997)	(6,700,000)
Settlement of debt for issue of shares	2,282,500	-	-
Balance as at June 30, 2022	**-**	**5,033,443**	**2,499,997**
Current borrowings	**-**	**5,033,443**	**-**
Long term borrowings	**-**	**-**	**2,499,997**

On March 26, 2021, the Company entered into a three-year loan facility agreement with its CEO for $2,282,500. The convertible debt bears interest at 5% per annum commencing July 1, 2021. The balance outstanding as at June 30, 2021 was $2,282,500. On August 17, 2021 this was repaid by the issuance of 4,666,471 shares in Eonx Technologies Inc at the fair value of $0.49 per share.

The Company entered into an overdraft and loan facility with NAB on July 3, 2020 for a maximum amount of $5,000,000 and $2,500,000 respectfully. The NAB debt is an overdraft facility of up to a maximum of $2,500,000 and is subject to a floating interest rate plus a 0.55% risk margin. The effective interest rate as at June 30, 2022 was 6.22% (June 30 ,2021 3.33%). The NAB loan facility of up to a maximum of $5,000,000 is subject to a floating interest rate plus a 1.00% risk margin. The effective interest rate as at June 30, 2022 was 3.33% (June 30, 2021 – 3.33%). The facility is subject to repayments of $50,000 per month up to July 31, 2022 and from there, $100,000 per month. The Loan is next to be reviewed on September 30, 2024.

As at June 30, 2022, the $5,000,000 facility was drawn in excess of its capacity by $33,443, due to fees being charged. This was a timing issue and has subsequently been rectified.

None of the above loans or credit facilities are subject to covenants.

The NAB have completed two reviews on the overdraft and loan facilities and have advised that the facilities are in good standing and no comments or issues were advised. The next review of these facilities is in fiscal 2024.

(Expressed in Australian Dollars)

15 SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and Outstanding Common Shares

- On August 1, 2020, EonX Technologies Inc. issued 1 share for total proceeds of $1.
- On December 21, 2020, EonX Technologies Inc. issued 2,999,999 shares for total proceeds of $59,999.
- On February 25, 2021, EonX Technologies Inc. issued 1,400,000 shares for total proceeds of $112,000.
- On March 23, 2021, EonX Technologies Inc. issued 25,000,000 shares in exchange for 100% of the issued and outstanding shares of EonX Services Pty Ltd. (Note 5).
- On January 1, 2021, the Company signed an arms-length Share Swap Agreement with EonX and its shareholders to acquire all of the issued Shares of EonX in exchange for 25,000,000 Shares at an issue price of $0.08 per Share (the “Transaction””). The Transaction closed on March 23, 2021 and 25,000,000 Shares were issued to sole shareholder of Exon, a private company controlled by the CEO and a director on March 23, 2021.
- On August 17, 2021, the Company agreed to convert a related party loan to equity for the issue of 4,666,471 shares, at a fair value of $0.49 per share.
- On August 31, 2021, 4,109,200 options were exercised for proceeds of $446,253. The fair value of the options exercised was $267,687.

	Number of shares issued	Value of Shares	Total number of Shares	Total Value of Shares
June 30, 2020	120	$0	120	$0
August 1, 2020	1	$1	121	$1
December 21, 2020	2,999,999	$59,999	3,000,120	$60,000
February 25, 2021	1,400,000	$112,000	4,400,120	$172,000
March 23, 2021	25,000,000	$1,979,400	29,400,120	$2,151,520
June 30, 2021	-	-	29,400,120	$2,151,520
August 17, 2021	4,666,471	$2,282,500	34,066,591	$4,434,020
August 31,2021	4,109,200	$713,940	38,175,791	$5,147,960
June 30, 2022	**-**	**-**	**38,175,791**	**$5,147,960**

Of the total number of shares issued, 15,510,000 are in escrow as at June 30, 2022. Refer to note 5 for further details.

(Expressed in Australian Dollars)

16 SHARE BASED PAYMENTS

The Company grants incentive stock options as permitted pursuant to the Company’s Stock Option Plan (the “Plan”) which complies with the rules and policies of the Exchange.

The Company has a stock option plan under which it is authorized to grant options to its directors, officers, employees, management companies and consultants enabling them to acquire up to 10% of the issued and outstanding shares of the Company. Under the Plan, the exercise price of options granted is determined by the Board of Directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Company’s shares may be listed or quoted for trading. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed five years from the date of grant. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company. Any options granted pursuant to the Plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employees, or consultant.

Options outstanding	Number of options	Exercise price	Expiry date
Balance at June 30, 2020	-	-	
Granted on March 23, 2021	3,520,000	$0.10	December 23, 2023
Granted on April 20, 2021	2,352,000	$0.10	January 20, 2024
Balance at June 30, 2021	5,872,000	$0.10	-
Exercised on August 18, 2021	(4,109,200)	$0.10	-
Granted on February 23, 2022	7,635,154	$1.60	February 23, 2026
Balance at June 30, 2022	**9,397,954**	**$1.32**	**-**

As at June 30, 2022, the options have a weighted average remaining contractual life of 3.11 years (2021 – 2.76 years) and a weighted average exercise price of $1.32 (2021 – $0.10). 1,762,800 options are vested with a exercise price of $0.10.

The Company issued 7,635,154 stock options on February 23, 2022. The fair value was calculated as $5,772,866 using the Black Scholes pricing model using the assumptions listed below.

The vesting terms of these options are that one third of these options will vest every twelve months from the date of the agreement (i.e. February 23, 2023, 2024 and 2025). Fair value is impacted by stock price volatility, determined using historical share prices for a term equivalent to the expected life of the options.

	February 23,2022	March 23, 2021	April 20, 2021
	$CAD	$CAD	$CAD
Share price on grant date	$1.10	$0.08	$0.08
Exercise price	$1.60	$0.10	$0.10
Expected life (years)	4.0	3.0	3.0
Interest Rate	1.85%	0.40%	0.40%
Volatility	100$	150%	150%

(Expressed in Australian Dollars)

17 Per Share Amounts

For the years ended June 30	2022	2021
Net loss	**$(7,439,307)**	$(4,704,008)
Basic and diluted weighted average number of shares	**37,021,490**	11,391,736
Basic and diluted net loss per share	**(0.20)**	(0.41)

18 INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Australian federal income tax rates:

	2022 $	2021 $
Pre tax loss for the year	**(7,318,985)**	(3,999,576)
Combined statutory rate	**26.0%**	26.0%
Expected income tax recovery	**(1,902,936)**	(1,039,890)
Permanent differences	**-**	-
Non-deductible research and development tax credits	**813,185**	807,424
Other non-deductible permanent differences	**881,962**	650,276
Temporary differences not recognized	**567,358**	-
Reversal of prior year overprovision	**(192,462)**	-
Temporary differences not recognized	**(46,785)**	286,622
Current income tax expense	**120,322**	704,432

(Expressed in Australian Dollars)

18 INCOME TAXES (continued)

The Company has not recognized a deferred tax asset in respect of the following deductible temporary differences:

	2022	2021
	$	$
Provision for employee entitlements	**486,034**	445,393
Contract liabilities	**919,830**	949,370
Other accruals	**270,519**	230,948
Lease liability net right-of-use asset	**195,593**	276,488
Losses carried forward	**2,595,622**	-
Total deductible temporary differences	**4,467,597**	1,902,199

The Company has $2,347,759 operating losses in Australia, and $285,921 in the UK carried forward. There were zero capital losses carried forward.

Deferred tax assets are recorded only to the extent that future taxable income will be available against which the deferred tax asset can be offset. Management estimates future income using forecasts based on the best available current information. Based on the current estimates, no deferred tax asset has been recorded.

19 NATURE OF EXPENSES

The nature of the Company's corporate and administrative expenses is as follows:

For the years ended June 30,	**2022**	2021
	$	$
Intellectual Property (note 11)	**-**	300,000
Accounting fees	**188,996**	230,792
Consulting	**723,849**	93,442
Rent	**111,667**	81,209
Travel	**179,186**	54,027
Insurance	**54,196**	53,439
Legal Expenses	**286,661**	47,363
Office Expenses	**43,508**	31,656
Amortization	**160,333**	156,601
Other	**229,801**	52,389
Total	**1,978,197**	1,100,918

20 MANAGEMENT OF CAPITAL

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company does not have any externally imposed capital requirements to which it is subject.

As at June 30, 2022, the Company had capital resources consisting of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares and or debt.

21 FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash and cash equivalents, accounts receivable, deposits, trade and other payables, contract liabilities, provision for employee entitlements, and borrowings. The carrying amounts of these financial instruments are a reasonable estimate of their fair values, having regard to their undiscounted cash flows and the timing associated with the commitments. 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. The Company owns entities in the USA, 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 prevailing at the balance date.

The Company's operations are exposed to exchange rate changes in the Canadian and United States dollar, and the United Kingdom Pound. At June 30, 2022 a fluctuation in these currencies of 5% would result in an exchange gain or loss on the net loss of approximately $ 24,500 (2022 – nil).

Interest rate risk

The Company has two floating rate loan facilities with the National Australia Bank, which are subject to interest rate risk. The floating and market risk interest rates are subject to a review in 12 months. An increase in the interest rates above of 1% will result in an increase in interest expense of $75,334 (June 30, 2021 - $62,000). A reduction in the rates of 1% will result in a decrease in the interest expense of $75,334 (June 30, 2021- $62,000).

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 and cash equivalents, accounts receivable and deposits. The maximum credit exposure is $6,501,804 (June 30, 2021 - $5,919,625). 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. Account receivables are managed through the assessment of the time that receivables are outstanding and whether there are issues with the counterparty. The deposits (with the exception of the $6,300 rental bond for the Melbourne office) are also with Tier 1 banks.

(Expressed in Australian Dollars)

21 FINANCIAL INSTRUMENTS

Credit risk (continued)

The Company has customer concentration risk as one customer accounted for 19% of revenue for the year ended June 30, 2022 (June 30, 2021 – one customer, 25%).

Given the nature and balances of the Company's accounts receivables the Company has no material loss allowance as at June 30, 2022 and 2021.

The Company does business and extends credit based on an evaluation of the customers' financial condition generally without requiring collateral. Exposure to losses on receivables is expected to vary by customer due to the financial condition of each customer. Exposure to credit losses on receivables is evaluated continuously by management.

The following table is the accounts receivable aging:

	June 30, 2022	**June 30, 2021**
	$	**$**
Current	2,500,257	225,007
1-29 days past due	601,530	315,221
30-59 days past due	-	122,360
60-89 days past due	6,910	19,745
Over 90 days past due	-	19,978
Total	3,108,697	702,311

Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and operating activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. There are no commitments over 3 years.

	Carrying Amount	2023	2024
	$	$	$
Trade and other payables	**7,309,913**	7,309,913	-
NAB – overdraft	**5,033,443**	1,150,000	3,883,443
NAB -credit facility	**2,499,997**	-	2,499,997
Lease obligations	**502,896**	267,235	235,661
Provision for entitlements	**486,034**	486,034	-
	15,832,283	9,213,182	6,619,101

22 FINANCE COSTS

Finance costs are disclosed in the following table:

	2022	2021
	$	$
Interest expense	186,316	85,593
Foreign currency conversion	1,108	(48)
Total finance costs	**187,424**	85,545

23 SUBSEQUENT EVENT

On August 31, 2022, a loan of $2,300,000 was provided by APN Ventures Pty Ltd to Eonx. APN Ventures is controlled by the CEO of EonX. The terms of the loan are an interest rate of 5% interest per annum and a repayment of the loan in 3 years. There are no repayments required during the loan term.