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EonX Technologies Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended December, 2022 and June 30, 2022

(Unaudited)

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**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed interim financial statements for the Six months ended December 31, 2022.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

**EonX Technologies Inc**  
**Directors' report**  
**31 December 2022**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of EonX Technologies Inc (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 31 December 2022.

**Directors**

The following persons were directors of EonX Services Pty Ltd during the half year and up to the date of this report:

Andrew Kallen Managing Director (17 November 2016 - Present)  
Anoosh Manzoori  
Justin Hanka

**Principal activities**

During the year the principal activities of the Company were the development and sale of white labelled platforms to enterprise clients to help them better improve customer experiences and drive transactions.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Review of operations**

The loss for the half year for the consolidated entity after providing for income tax amounted to \$176,463 (December 2021 (\$1,513,416)).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Matters subsequent to the end of the quarter**

There were no subsequent events to the six months ending 31 December 2022.

**EonX Technologies Inc**  
**Contents**  
**31 December 2022**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Mr Andrew Kallen  
Director

Date: 28 February 2023

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**General information**

The financial statements cover EonX Technologies Inc as a consolidated entity consisting of EonX Services Pty Ltd and the entities it controlled at the end of, or during, the quarter. The financial statements are presented in Australian dollars, which is EonX Technologies Inc's functional and presentation currency.

EonX Technologies Inc's registered office and principal place of business are:

**Registered office**

Level 5 Suite 18, 150 Albert Road  
South Melbourne VIC 3205

**Principal place of business**

1183 Toorak Road  
Camberwell VIC 3124

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 November 2021. The directors have the power to amend and reissue the financial statements.

**EonX Technologies Inc**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 31 December 2022**  
Unaudited

	<b>6 month period ended 31 Dec 2022</b>	<b>3 month period ended 31 Dec 2022</b>	<b>6 month period ended 31 Dec 2021 \$</b>	<b>3 month period ended 31 Dec 2021 \$</b>
<b>Revenue</b>				
Trading revenue	10,349,006	6,084,666	3,600,536	2,397,180
Revenue from government grants			20,000	
Research and development tax incentive credits earned	1,288,507	377,969	1,195,471	617,735
Other income	-	-	399,072	420,313
<b>Expenses</b>				
Corporate and administrative expenses	(1,616,469)	(940,521)	(584,322)	(412,174)
Employee expenses	(6,095,054)	(2,719,114)	(5,159,447)	(2,554,361)
Research and development and technology expenses	(3,616,523)	(1,839,508)	(389,838)	(219,805)
<b>Operating profit/(loss)</b>	<b>309,467</b>	<b>963,492</b>	<b>(918,528)</b>	<b>248,889</b>
Depreciation and amortisation expense	(40,083)		(137,166)	(44,773)
Finance costs	(410,276)	4,246	(72,565)	(38,225)
Transaction costs relating to Share Swap Agreement (Note 10)				-
<b>Profit/(loss) before income tax expense</b>	<b>(140,892)</b>	<b>967,738</b>	<b>(1,128,259)</b>	<b>165,891</b>
Income tax expense	183,646	(382,046)	170,611	345,226
<b>Profit (Loss) after income tax expense for the period attributable to the owners of EonX Technologies Inc</b>	<b>(324,538)</b>	<b>1,349,784</b>	<b>(1,298,869)</b>	<b>(179,335)</b>
Other comprehensive income for the period, net of tax	148,075	(61,036)	(214,546)	(19,977)
<b>Total comprehensive income/(loss) for the period attributable to the owners of EonX Technologies Inc</b>	<b>(176,463)</b>	<b>1,288,748</b>	<b>(1,513,416)</b>	<b>(199,313)</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**EonX Technologies Inc**  
**Statement of financial position**  
**As at 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2022</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$ (audited)</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	2,486,142	1,301,483
Accounts receivable		4,999,658	3,108,697
Inventories - gift cards		1,816,317	1,935,153
Research and development credits receivable		1,248,887	2,504,321
Other current assets		452,924	103,917
<b>Total current assets</b>		<u>11,003,928</u>	<u>8,953,571</u>
<b>Non-current assets</b>			
Deposits		2,091,625	2,091,624
Property, plant and equipment		136,579	70,780
Right-of-use assets		462,739	307,304
<b>Total non-current assets</b>		<u>2,690,943</u>	<u>2,469,708</u>
<b>Total assets</b>		<u>13,694,871</u>	<u>11,423,279</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4	8,231,693	7,299,818
Borrowings	5	5,231,849	5,033,443
Provision for employee entitlements		497,906	486,034
Income Tax Payable		187,646	316,784
Contract liabilities		2,181,670	866,673
Lease Liability		263,098	255,635
<b>Total current liabilities</b>		<u>16,593,862</u>	<u>14,258,387</u>
<b>Non-current liabilities</b>			
Borrowings	6	1,949,998	2,499,997
Lease Liability		112,917	247,260
<b>Total non-current liabilities</b>		<u>2,062,915</u>	<u>2,747,257</u>
<b>Total liabilities</b>		<u>18,656,777</u>	<u>17,005,644</u>
<b>Net liabilities</b>		<u>(4,961,906)</u>	<u>(5,582,365)</u>
<b>Equity</b>			
Issued capital		5,147,960	5,147,960
Contributed Surplus		4,358,935	3,482,458
Accumulated other comprehensive income		(69,459)	10,095
Accumulated losses		(14,399,342)	(14,222,878)
<b>Total deficiency in equity</b>		<u>(4,961,906)</u>	<u>(5,582,365)</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**EonX Technologies Inc**  
**Statement of cash flows**  
**For the Half year ended 31 December 2022**

	<b>Note</b>	<b>Consolidated</b>	<b>Consolidated</b>
		<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		11,637,513	3,030,903
Payments to suppliers and employees		<u>(11,094,236)</u>	<u>(5,842,252)</u>
		543,277	(2,811,349)
Proceeds from R&D		2,504,321	2,390,942
Payment for finance costs			(72,565)
Interest and finance income			
Accounts receivable		(3,245,730)	702,311
Inventories		118,837	3,770,707
Tax Paid			(508,088)
Other Current Assets		(349,007)	(56,010)
Purchase of PP&E			(70,874)
Payables and accrued Liabilities		<u>1,964,557</u>	<u>(2,919,725)</u>
Net cash from operating activities		<u>1,536,254</u>	<u>425,349</u>
Net cash from investing activities			
Exercise of options		-	<u>409,816</u>
<b>Cash flows from financing activities</b>			
(Repayments of) / proceeds from related party loans		2,134,592	0
Lease repayments			(31,173)
Net proceeds from / (repayments of) commercial borrowings		<u>(2,486,187)</u>	<u>(3,621,063)</u>
Net cash used in financing activities		<u>(351,595)</u>	<u>(3,652,236)</u>
Net increase(decrease) in cash and cash equivalents		1,184,659	(2,817,070)
Cash and cash equivalents at the beginning of the financial half-year		<u>1,301,483</u>	<u>5,125,690</u>
Cash and cash equivalents at the end of the financial half-year	3	<u><u>2,486,142</u></u>	<u><u>2,308,619</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

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**EonX Technologies Inc**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIODS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in Australian Dollars)

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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 Technologies 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 December 31, 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.

For the six months ended December 31, 2022, the Company reported a net loss of \$176,463 (2021 – \$1,513,416), cash flow from operating activities of \$1,536,254 (2021 (\$425,349) and an accumulated deficit of \$14,399,342 (2021–\$14,222,878). 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.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended June 30, 2022.

These condensed interim consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 28, 2023.



## EonX Technologies Inc

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE SIX-MONTH PERIODS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Australian Dollars)

## 2. BASIS OF PRESENTATION (continued)

### b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries which are consolidated from the date of acquisition, 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. These consolidated financial statements include the accounts on the Company and its wholly owned subsidiary. All intercompany transactions and balances are eliminated on consolidation.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of December 31, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the twelve months ended 30 June, 2022. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the three months ending September 30, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

### Financial assets

#### Classification of financial assets

- Amortized cost - Financial assets that meet the following conditions are measured subsequently at amortized cost: The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets which are measured at amortized cost are comprised of cash and cash equivalents, research and development credits receivable and accounts receivable.

- Fair value through other comprehensive income ("FVTOCI") - Financial assets that meet the following conditions are measured at FVTOCI:
  - The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and,

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**EonX Technologies Inc****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIODS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in Australian Dollars)

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- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 on different bases.

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 loss and comprehensive 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.

Financial liabilities

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

Impairment

The Company recognizes a loss allowance for expected credit losses on its financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to the twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's accounts receivables the Company has no material loss allowance as at December 31, 2022 and 2021.

4. 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.

5. Research and development credits receivable

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.

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**EonX Technologies Inc****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIODS ENDED DECEMBER 31, 2022 AND 2021**(Expressed in Australian Dollars)

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**6. RELATED PARTY TRANSACTIONS AND BALANCES**

During the six-month periods ended December 31, 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 Six-month periods ended December 31 2022 and 2021.
- (b) During the Six months ending December 31, 2022, the EonX Services UK Ltd paid Andrew Kallen a management fee of USD 600,000 and a rental allowance of USD 135,000. .
- (c) The Company has a loan facility with the CEO currently drawn to \$2,134,592. This loan is at commercial terms with an interest rate of 10%, a three-year term and can be converted to shares at any time.

Transactions from loans with related parties are as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
As at opening	-	2,282,500
Cash transactions:		
Proceeds from loans	2,134,592	
Loan repayments	-	
Conversion of debt to equity (via issue of 4,666,571 shares)	-	(2,282,500)
As at closing	2,134,592	-

**7. 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.

**EonX Technologies Inc****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIODS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in Australian Dollars)

	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
<b>December 31, 2022</b>			<b>38,175,791</b>	<b>\$5,147,960</b>

**Stock options**

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, employee, 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
<b>Balance at December 31, 2022</b>	<b>9,397,954</b>	<b>\$1.32</b>	-

As at December 31, 2022, the options have a weighted average remaining contractual life of 2.74 years (2021 – 3.74 years) and a weighted average exercise price of \$1.32 (2021 – \$0.10). 1,957,333 options are vested with an 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 \$CAD	March 23, 2021 \$CAD	April 20, 2021 \$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%

8. INCOME TAXES

Future tax benefits which may arise as a result of these non-capital losses and other income tax pools have not been recognized in these financial statements and have been offset by a valuation allowance.

No deferred income tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at December 31, 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.

**EonX Technologies Inc**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIODS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in Australian Dollars)

10. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, accounts receivable and accounts payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The fair value of these financial instruments approximates their carrying value because of the current nature.

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.

Private investments that do not have a quoted market price in an active market are evaluated using various techniques including comparative recent financing and other market-based information.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
As at December 31, 2022:			
Cash	2,486,142	–	–

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.

(i) *Currency risk*

The Company's expenses are denominated in Australian dollars. Fluctuations in the exchange rates between the Canadian dollar and the Australian dollar could have a marginal effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk. At this stage of the company's growth, the foreign exchange risk is not a material item.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

The company has commercial debt totaling \$ at December 31, 2022. The interest rate on this debt is not fixed. As at December 31, 2022, if interest rates were higher by 1% per annum, the potential effect to the Company would be a decrease in net income of approximately \$ (2021 – \$).

10. FINANCIAL INSTRUMENTS (continued)

(iii) *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, government receivables, private company shares, and convertible notes receivable. To minimize the credit risk on cash, the Company places the instrument with a financial institution.

Credit risk from convertible notes receivable arises from the possibility that the principal and interest due may become uncollectable. The Company mitigates the risk by managing and monitoring the underlying business relationship.

(iv) *Liquidity risk*

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**EonX Technologies Inc****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIODS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in Australian Dollars)

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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.

**11. COMMITMENTS**

Nil

**12. CONTROLLED ENTITIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>31 Dec 2021 %</b>	<b>30 Jun 2020 %</b>
Eonx Services Pty Ltd	Australia	100.00%	100.00%
Eonx Loyalty Business Services Pty Ltd	Australia	100.00%	100.00%
Eonx Wallet Group Pty Ltd	Australia	100.00%	100.00%
Eonx Insurance Group Pty Ltd	Australia	100.00%	100.00%
Eonx Corporation Inc	USA	100.00%	
Andro Insurance Pty Ltd (formerly Eonx Insurance Pty Ltd)	Australia	85.00%	85.00%