EONX TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2024 and 2023

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, 2024 and June 30, 2023, and the consolidated statements of loss and other comprehensive loss, changes in (deficiency) equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2024 and June 30, 2023, 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 during the year ended June 30, 2024. As at June 30, 2024, the Company has an accumulated deficit and working capital deficit. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

B2B Program Fees Revenue

Key Audit Matter Description

The Company derives a material amount of its revenue from transaction processing fees as disclosed in Note 10 to the consolidated financial statements. Revenue is impacted by a significant volume of low-dollar transactions. The initiation, processing and recording of revenue are highly automated and are based on contractual terms with customers. Given the Company's revenue transactions are highly automated, there are potential risks arising from the initiation, processing and recording of revenue. We identified revenue recognition for highly automated transactions as a key audit matter due to the increased extent of audit effort required, which included the need to involve professionals with expertise in information technology ("IT").

Audit Response

We responded to this matter by performing procedures in relation to revenue recognition for highly automated transactions. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained an understanding of the B2B Program fees revenue and also evaluated the design and implementation of controls related to transaction fees;
- We obtained and reviewed the contracts including the different transaction rates stated in the contract and recalculated the rates being charged to the customers based on the rates stated in the contract. We also vouched the amounts received from the customers and amounts paid to the payee;
- With the assistance of internal IT specialists, we evaluated the significant system used to process the transaction processing fee and tested the design and implementation of general IT controls over the system, including user access controls, change management controls and IT operation controls; and
- We performed detailed transaction testing of revenue by agreeing a sample of the amounts recognized to source documents such as contracts, payment orders, and by testing the mathematical accuracy of the recorded revenue.

Implementation Project - Percentage of Completion

Key Audit Matter Description

The Company has a material contract with one of its customers and is recorded as part of the professional services revenue in Note 10 to the consolidated financial statements. The revenue is recognized 'over time' based on the percentage-of-completion method. This method is measured based on costs incurred to date as a percentage of the total estimated costs. The determination of the estimated costs to complete the project that is open at year-end is a significant judgment that can have a material impact on the amount of revenue recognized in the year.

We considered this to be a key audit matter due to the significant judgments related to estimating total project costs. These estimates are subjective and complex due to the unique nature the projects.

Audit Response

We responded to this matter by performing procedures in relation to revenue recognized from this project. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained an understanding of the budgeting process for projects and the key controls. We also evaluated the design related to the budgeting process, including how new projects are accepted, how budgets are created, the approval of budgets, and management's process on monitoring estimated costs to complete the projects;
- We obtained and reviewed the contract including the total contracted revenue, billings, and the estimated costs to complete in order to assess the reasonability of the Company's percentage of completion calculation. We also verified that the contract had been approved and the parties were committed to their obligations by checking the contract was signed by both parties, payment terms, and ensured the contract has commercial substance;
- We compared the costs incurred and the estimated costs to complete against the original estimates and investigated any significant differences; and
- We obtained the hours incurred by the different team members and confirmed directly with the team members on their tasks and time spent on the development and implementation of the project.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shaila Rani Mehta.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

October 28, 2024 — Licensed Public Accountants

EONX TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Expressed in Australian Dollars)

As at June 30,	Note	**2024** **$**	**2023** **$**
ASSETS			
Current assets			
Cash and cash equivalents		**9,682,266**	**4,866,324**
Accounts receivable	23	**6,032,243**	**4,671,559**
Inventory	6	**706,904**	**1,291,550**
Research and development credits receivable	12	**3,263,344**	**3,727,844**
Prepaid expenses	7	**747,898**	**539,424**
Other current assets		**-**	**4,783**
Total current assets		**20,432,655**	**15,101,484**
Non-current assets			
Deposits	5	**691,814**	**591,625**
Property and equipment	8	**21,611**	**26,962**
Right-of-use assets	14	**279,412**	**146,971**
Total non-current assets		**992,837**	**765,558**
Total assets		**21,425,492**	**15,867,042**
LIABILITIES			
Current liabilities			
Trade and other payables	23	**17,169,663**	**10,074,932**
Borrowings	15	**-**	**1,350,000**
Provision for employee entitlements	9	**715,232**	**541,665**
Income taxes payable	20	**205,286**	**-**
Contract liabilities	11	**8,357,989**	**5,825,559**
Lease liability	14	**140,254**	**247,260**
Total current liabilities		**26,588,424**	**18,039,416**
Convertible debt facility – host debt	16	**5,611,559**	**6,994,904**
Convertible debt facility – derivative component	16	**122,236**	**60,996**
Lease liability	14	**141,904**	**-**
Total non-current liabilities		**5,875,699**	**7,055,900**
Total liabilities		**32,464,123**	**25,095,316**
SHAREHOLDERS' DEFICIENCY			
Share capital	17	**5,465,954**	**5,465,954**
Contributed surplus	18	**6,329,178**	**5,894,212**
Accumulated other comprehensive income		**(156,729)**	**(136,014)**
Deficit		**(22,677,034)**	**(20,452,426)**
Total shareholders' deficiency		**(11,038,631)**	**(9,228,274)**
Total liabilities and shareholders' deficiency		**21,425,492**	**15,867,042**
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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, 2024 AND 2023
(Expressed in Australian Dollars)

Years ended June 30,	Note	2024 $	2023 $
REVENUE			
Revenue	10	**13,223,613**	**15,049,541**
Other income		**107,294**	**122,345**
Total Revenue		**13,330,907**	**15,171,886**
EXPENSES			
Corporate and administrative expenses	21	**3,073,056**	**4,753,973**
Employee expenses		**7,745,866**	**7,698,985**
Research and development and technology expenses	12	**2,376,130**	**4,044,494**
Share-based compensation	18	**434,966**	**2,532,268**
Depreciation	8,14	**173,869**	**226,904**
Director fees	13	**200,000**	**200,000**
		14,003,887	**19,456,624**
OPERATING PROFIT (LOSS)		**(672,980)**	**(4,284,738)**
Other expenses			
Fair value adjustment of derivative	16	**46,220**	**(102,579)**
Finance costs	24	**1,300,122**	**1,394,086**
		1,346,342	**1,291,507**
LOSS BEFORE INCOME TAX EXPENSE		**(2,019,322)**	**(5,576,245)**
Income tax expense (recovery)	20	**205,286**	**(4,000)**
Net loss		**(2,224,608)**	**(5,572,245)**
OTHER COMPREHENSIVE INCOME			
Exchange gain (loss) on translating foreign operations		**(20,715)**	**(146,109)**
NET LOSS AND COMPREHENSIVE LOSS		**(2,245,323)**	**(5,718,354)**
Weighted average common shares outstanding	19	**39,939,671**	**38,658,959**
Loss per share, basic and diluted		**(0.06)**	**(0.14)**

EONX TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIENCY) EQUITY
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Expressed in Australian Dollars)

	Note	Number of Shares	Share Capital $	Contributed Surplus $	Accumulated Deficit $	Accumulated other Comprehensive Income (Loss) $	Total $
Balance, June 30, 2022		**38,175,791**	**5,147,960**	**3,482,458**	**(14,880,181)**	**10,095**	**(6,239,668)**
Foreign exchange translation		-	-	-	-	(146,109)	(146,109)
Net loss		-	-	-	(5,572,245)	-	(5,572,245)
Exercise of options	18	1,764,000	197,480	-	-	-	197,480
Share based compensation	18	-	-	2,532,268	-	-	2,532,268
Transfer of fair value on options exercised	18	-	120,514	(120,514)	-	-	-
Balance, June 30, 2023		**39,939,791**	**5,465,954**	**5,894,212**	**(20,452,426)**	**(136,014)**	**(9,228,274)**
Foreign exchange translation			-	-	-	(20,715)	(20,715)
Net loss		-	-	-	(2,224,608)	-	(2,224,608)
Share based compensation	18	-	-	434,966	-	-	434,966
Balance, June 30, 2024		**39,939,791**	**5,465,954**	**6,329,178**	**(22,677,034)**	**(156,729)**	**(11,038,631)**

EONX TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023 (Expressed in Australian dollars)

Years ended June 30,	Note	2024 $	2023 $
Operating Activities			
Net loss for the year		(2,224,608)	(5,572,245)
Adjustments to reconcile net loss to net cash used in operations			
Share based compensation	18	434,966	2,532,268
Depreciation and amortization	8,14	175,646	226,904
Non cash flow adjustment to derivative	16	46,220	(102,579)
Interest component of lease payments	14	4,240	(12,197)
Interest and accretion expense)	16	795,499	649,630
Changes in non-cash working capital balances:			
Accounts receivable		(1,360,684)	(1,562,862)
Research and development credits receivable	12	(3,263,344)	(3,727,844)
Research and development credits receivable in cash		3,727,844	2,504,321
Prepaid expenses		(208,474)	(539,424)
Other current assets		4,783	63,950
Contract assets		-	35,184
Inventory		584,646	643,603
Trade and other payables		7,074,016	1,971,704
Employee entitlements		173,567	55,631
Income taxes payable		205,286	(316,784)
Contract liabilities	11	2,532,430	4,958,887
Cash provided by operating activities		8,702,033	1,808,147
Investing Activities			
Purchase of property and equipment	8	(17,600)	(22,754)
Payments and withdrawals of deposits	5	(100,875)	1,499,999
Cash provided by (used in) investing activities		(118,475)	1,477,245
Financing Activities			
Proceeds from related party loans	16	1,200,000	7,293,258
Repayment of related party debt	16	(3,363,824)	(784,410)
Proceeds from borrowings	15,16	1,750,000	18,240,213
Repayment of borrowings	15	(3,100,000)	(24,423,653)
Lease payments	14	(253,792)	(243,439)
Proceeds from exercise of share options	17	-	197,480
Cash provided (used in) by financing activities		(3,767,616)	279,449
Increase in cash and cash equivalents during the year		4,815,942	3,564,841
Cash and cash equivalents, beginning of the year		4,866,324	1,301,483
Cash and cash equivalents, end of the year		9,682,266	4,866,324

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, 2024, its principal business activity is developing and marketing a suite of financial technology products including payment processor, e-wallets, enterprise and business loyalty solutions, account to account payment orchestration and an e-commerce store.

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, 2024, the Company generated a net loss of $2,224,608 (2023 - $5,572,245) and cash flows from operating activities of $8,702,033 (2023 - $1,808,147). As at June 30, 2024, the Company has an accumulated deficit of $22,677,034 (2023 - $20,452,426) and a working capital deficit of $6,155,769 (2023 - $2,937,932). As such, there is a material 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.

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 28, 2024.

Basis of measurement

These consolidated financial statements are stated in AUD dollars, except otherwise noted and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

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 UK Limited	UK	Financial Products	GBP	100% by EonX Technologies Inc
EonX Canada Inc	Canada	Financial Products	CAD	100% by EonX Technologies Inc
EonX Services UK Ltd (DUBAI BRANCH)	UAE	Financial Services	AED	100% by EonX Services UK Limited
EonX Corporation Inc	USA	Financial Products	USD	100% by EonX Services UK Limited
EonX NZ Limited	New Zealand	Financial Products	NZD	100% by EonX Services UK Limited
EonX International Services Pty Ltd	Australia	Financial Products	AUD	100% by EonX Services UK Limited
EonX Services Pty Ltd	Australia	Financial Products	AUD	100% by EonX Services UK Limited
EonX Services Australia Pty Ltd	Australia	Financial Products	AUD	100% by EonX Services Pty Ltd
Payswift Pty Ltd	Australia	Financial Products	AUD	75% by EonX Services UK Ltd

Foreign currencies

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through income and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into AUD dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into AUD dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income or loss and accumulated in the accumulated other comprehensive income within equity.

3 MATERIAL 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.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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, contract assets 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 the instrument.

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.

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.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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. The convertible debt financial liabilities debt component is measured at amortized cost and the derivative component is measured at FVTPL. 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.

Cash and cash equivalents

Cash and cash equivalents in the consolidated 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.

3 MATERIAL ACCOUNTING POLICIES (continued)

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 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 three CGUs. All other long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

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.

Inventory

Inventory is comprised of e-gift cards and are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expense. 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 consolidated 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 MATERIAL 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.

Convertible debenture

Convertible instruments that consist of a loan (liability component) and an equity conversion option that allows the option holder to convert the loan into a fixed number ("fixed-for-fixed criteria") of borrower's shares (equity component) are classified as "compound instruments". The Company determined that its convertible debt facility does not meet criteria for the compound instruments (no equity component is identified, as the fixed-for-fixed criteria was not met), hence it will be considered as a "hybrid instrument", which includes both a non-derivative host contract and one or more embedded derivatives.

IFRS 9 permits such a hybrid contract that contains one or more embedded derivatives meeting particular conditions maybe designed at the entity's election, in its entirety, at fair value through profit or loss ("the fair value option"). Management decided not to elect the fair value option, resulting in the following approach:

The Company's convertible debt facility contains a financial liability (non-derivative host contract) and one or more embedded derivatives. The liability is initially recorded at residual value after first valuing the derivative component and is subsequently carried at amortized cost using the effective interest rate method. The liability is accreted to the face value over the term of the convertible debt. Accretion is expensed to the consolidated statements of loss and comprehensive loss.

The conversion feature within the convertible debt facility has been determined to be an embedded derivative that is not closely related to the liability host, and it is bifurcated and accounted for separately, by first valuing the derivative component. At each reporting period, the derivative is fair valued with changes in fair value recorded as a gain or loss in the consolidated statements of loss and comprehensive loss. The fair value of the derivative at the inception date and at each reporting period is calculated using the Black Scholes Model. The key assumptions used in the model are risk free rates and expected volatility. The expected volatility assumption is based on the historical volatility of the Company's stock over a term equal to the remaining term of corresponding debt instrument. Fees paid to establish convertible debt facility are recognized as transaction costs. The Company used relevant guidance and allocate transaction costs on a pro rata basis to the non-derivative financial liability host and the embedded derivative. Transactions costs allocated to the non-derivative financial liability are recognized over the remaining term of the facility. Transaction costs allocated to the embedded derivative were recognized in the consolidated statements of loss and comprehensive loss.

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.

3 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments(continued)

Cancellation of share-based payments are accounted for as an acceleration of vesting and recognized immediately in the consolidated statements of loss and comprehensive loss.

Share capital

The Company records proceed 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.

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 recognizes 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 correspondents 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.

3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

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 the Company's 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.

Product sales is mainly comprised of gift card revenue which is recognized on a net basis at the point in time gift cards are sent to the purchaser and activated.

Revenues from professional services

Professional services revenue consists of consulting, training and contract customization activities, and ad hoc engagements where the Company's experts consult and write specific applications that run on the customer's platform, enabling and automating business collaboration and multi-party information exchange. These arrangements can be executed through various means including a statement of work ("SOW") or period-based agreements as hours or services are incurred. Revenue from professional services is recognized at a point in time when the distinct and separate professional and consulting services are rendered to and accepted by the customer, and the payments associated with those completed and accepted professional services are non-refundable.

3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenues from implementation contracts

The Company derives revenue from contracts which require performance over a time span which may extend beyond one or more accounting periods. The Company recognizes revenue on contracts using the percentage-of-completion method, based on costs incurred relative to the estimated total contract costs.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract estimated reliably. Contract revenue is recognized in the statement of loss and comprehensive loss in proportion to the stage of completion of the contract. Contract costs are expensed as incurred. Contract costs include all amounts that relate directly to the specific contract, are attributable to contract activity, and are specifically chargeable to the customer under the terms of the contract.

The stage of completion of a contract is determined by reference to actual costs of work performed and estimates of remaining work to be completed. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the statement of loss and comprehensive loss.

On an ongoing basis, the estimated total costs for contracts are revised based on the information available at the end of the reporting period. Changes in estimated total costs are reflected in the percentage of completion calculation of applicable projects in the same period as the change in estimate occurs.

Customer loyalty points

Customer loyalty points are accounted for as a separate performance obligation of the transaction in which they are granted. The Company recognizes a liability at the time the points are earned by loyalty program members based on the relative stand-alone selling price of the awarded points. The relative stand-alone selling price is determined by allocating consideration between the stand-alone selling price of the loyalty points earned by loyalty program members, net of breakage, and the goods and services on which the awards were earned.

Gift Card revenue.

The Company sells gift cards to customers and recognizes revenue as gift card activation links are delivered to the customer.

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.

3 MATERIAL ACCOUNTING POLICIES (continued)

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 statements 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.

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.

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. Except as noted below, there were no new accounting standards or interpretations adopted in the year:

<u>Amendments to IAS 1 and IFRS Practice Statement 2:</u>

On February 12, 2021, the IASB issued "Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)" with amendments that require companies to disclose their material accounting policy information, rather than their significant accounting policies. Also, guidance is provided on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

3 MATERIAL ACCOUNTING POLICIES (continued)

Amendments to IAS 8 – Accounting policies, changes in accounting estimates and errors:

On February 12, 2021, the IASB issued “Definition of Accounting Estimates (Amendments to IAS 8)” to help entities to distinguish changes in accounting policies from changes in accounting estimates. Changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. Adoption of these amendments did not have a material impact on the Company’s consolidated financial statements.

Future Accounting Pronouncements

In January 2020 and October 2022, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements which were incorporated into Part I of the CPA Canada Handbook – Accounting in April 2020 and December 2022, respectively.

The amendments clarify the requirements for classifying liabilities as either current or non-current by clarifying:

- Liabilities are classified as either current or non-current depending on the existence at the end of the reporting period of a right to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that only covenants that an entity must comply with on or before the reporting date would affect a liability’s classification as current or non-current, even if compliance with the covenant is only assessed after the entity’s reporting date;
- Classification is unaffected by the likelihood that an entity will settle the liability within 12 months after the reporting date; and
- How an entity classifies debt an entity may settle by converting it into equity.

Additionally, the amendments added new disclosure requirements for situations where a liability is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months after the reporting date. The disclosure should enable users of financial statements to understand the risk that the liability classified as non-current could become repayable within 12 months after the reporting period.

Both the January 2020 and October 2022 amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments are to be applied retrospectively. Earlier application is permitted. 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.

IAS 18 - Presentation and Disclosure of Financial Statement: In April 2024, the IASB issued the new standard IFRS 18 - Presentation and Disclosure of Financial Statements. This standard aims to bring more transparency and comparability to the financial performance of companies, enabling investors to make better investment decisions. IFRS 18 introduces three sets of new requirements: improved comparability of the profit or loss statement (statement of income), improved transparency of management-defined performance measures, and more useful grouping of information in financial statements. IFRS 18 will replace IAS 1 - Presentation of Financial Statements. This standard becomes effective for years beginning on or after January 1, 2027, and companies may apply it earlier subject to authorization by relevant regulators. The Company is assessing the impacts to ensure that all information complies with the standard.

3 MATERIAL ACCOUNTING POLICIES (continued)

Segment Information

The Company's chief operating decision makers ("CODM"), being the Chief Executive Officer, the Chief Operating Officer, Chief Technology 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

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

Revenue from platform implementation fees

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.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimation of contract costs

The Company recognizes revenue on certain contracts using the percentage-of-completion method, under which contract revenue is recognized in proportion to the contract costs incurred in relation to the total costs estimated to complete the contract, as indicated in note 3. The determination of estimated costs to complete contracts requires management to make estimates regarding future labour costs. Differences between actual contract costs incurred and estimated contract costs could materially affect the timing of the recognition of contract revenues.

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 and the expected probability of payment. 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.

Convertible debt

Upon entering a convertible debt facility transaction, management applies judgement in assessing the appropriate treatment. Management determined that its convertible debt facility does not meet the criteria for the compound instruments and as a result, will be considered as a hybrid instrument, which includes both a non-derivative host contract and one or more embedded derivatives. The conversion feature within the convertible debt facility has been determined to be an embedded derivative that is not closely related to the liability host, and it is bifurcated and accounted for separately, by first valuing the derivative component.

At each reporting period, the derivative is fair valued with changes in fair value recorded as a gain or loss in the consolidated statement of loss and comprehensive loss. The Company estimates the fair value of its conversion option derivative using the Black Scholes method. The key assumptions used in the model are risk free rates and expected volatility.

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.

(Expressed in Australian Dollars)

4 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Significant areas requiring the use of management judgements are as follows:

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.

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.

5 DEPOSITS

As at June 30,	**2024** **$**	2023 $
Rental-Bond	**2,213**	6,300
National Australia Bank guarantee	**85,325**	85,325
Collateral deposits	**604,276**	500,000
Total	**691,814**	591,625

Citibank holds 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)

6 INVENTORY

Inventory are disclosed in the following table:

For the years ended June 30	2024 $	2023 $
Gift Cards	**706,904**	1,291,550

The amount of inventory recognized as an expense during the period was $Nil (2023 - $Nil). There were no write down of inventory balances during the financial year (2023 - $nil).

As there have been no write down on inventory in prior years, there was no reversal of any write-downs in the current year.

7 PREPAID EXPENSES

A break down of the prepaid expenses are as follows:

June 30, 2024	Australia $	Dubai $	Total $
Subscriptions	139,623	-	139,623
Insurance	133,638	-	133,638
Supplier floats	458,414	-	458,414
Office rent	15,506	717	16,223
Total	747,181	717	747,898

June 30, 2023	Australia	Dubai	Total
Physical stock not received	194,535	-	194,535
Rent allowances	-	192,733	192,733
Insurance	93,464	-	93,464
Subscriptions	55,711	-	55,711
Other	2,981	-	2,981
Total	346,691	192,733	539,424

(Expressed in Australian Dollars)

8 PROPERTY AND EQUIPMENT

Costs	Leasehold	Equipment	Furniture and fixtures	Total
	$	$	$	$
Balance, June 30, 2022	61,382	245,280	18,749	325,411
Additions	-	21,667	1,087	22,754
Balance, June 30, 2023	61,382	266,947	19,836	348,165
Additions	551	17,049	-	17,600
Disposals	(61,383)	(36,495)	(5,704)	(103,582)
Balance, June 30, 2024	**550**	**247,501**	**14,132**	**262,183**
Accumulated depreciation				
Balance, June 30, 2022	8,735	232,356	13,541	254,632
Depreciation	45,614	19,753	1,204	66,571
Balance, June 30, 2023	54,349	252,109	14,745	321,203
Accumulated depreciated disposed	(61,383)	(34,718)	(5,704)	(101,805)
Depreciation	7,044	13,200	930	21,174
Balance, June 30, 2024	**10**	**230,591**	**9,971**	**240,573**
Net book value				
As at June 30, 2023	7,033	14,838	5,091	26,962
As at June 30, 2024	**540**	**16,910**	**4,161**	**21,611**

9 PROVISION FOR EMPLOYEE ENTITLEMENTS

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.

	Annual Leave	Long Service Leave	Total
	$	$	$
Balance at June 30, 2022	393,445	92,589	486,034
Paid during the year	(468,128)	-	(468,128)
Accrued during the year	477,576	46,183	523,759
Balance at June 30, 2023	**402,893**	**138,772**	**541,665**
Paid during the year	(379,245)	-	(379,245)
Accrued during the year	492,749	60,063	552,812
Balance at June 30, 2024	**516,397**	**198,835**	**715,232**

(Expressed in Australian Dollars)

10 REVENUE

For the years ended June 30	**2024** **$**	2023 $
Commission from transaction processing	**6,244,950**	470,160
Product sales	**2,376,018**	1,757,048
Licensing and platform access fees	**1,888,712**	3,887,689
Professional services	**2,713,933**	8,933,177
Other revenue	**-**	1,467
	13,223,613	15,049,541

The Company's revenue is generated in Australia, the UAE and the USA. For the year ended June 30, 2024, 39% of the Company's revenue was earned through sales to one major customer (2023 – 55.4% of revenue to one major customer). As at June 30, 2024, accounts receivable from this one customer was $943,073 (2023 – $2,316,000). Included in the licensing and platform access fees are B2B program fees.

(Expressed in Australian Dollars)

10 REVENUE (continued)

Segment revenue

The revenue generated by each geographical segment is as follows:

Year ended June 30, 2024	**Australia** $	**UAE** $	**USA** $	**Total** $
Commission from transaction processing	3,721,560	2,521,418	1,972	6,244,950
Product sales	2,376,018			2,376,018
Licensing and platform access fees	1,884,670	4,042		1,888,712
Professional services	1,377,662	1,336,271	-	2,713,933
Total Operating Revenue	**9,359,910**	**3,861,731**	**1,972**	**13,223,613**
Other revenue	107,294	-	-	107,294
Total Revenue	9,467,204	3,861,731	1,972	13,330,907
Expenses				
Corporate and admin expenses	1,516,753	1,285,889	270,414	3,073,056
Employee expenses	6,745,866	1,000,000	-	7,745,866
Research and development	2,376,130	-	-	2,376,130
Share based compensation	434,966	-	-	434,966
Depreciation and amortisation	173,869	-	-	173,869
Directors fees	200,000	-	-	200,000
Total expenses	11,447,584	2,285,889	270,414	14,003,887
Operating loss	(1,980,380)	1,575,842	(268,442)	(672,980)
Finance costs	517,007	783,115	-	1,300,122
Fair value adjustment of derivative	-	46,220	-	46,220
Net loss before income tax	(2,497,387)	746,507	(268,442)	(2,019,322)
Income tax expense	205,286	-	-	205,286
Net loss	**(2,702,673)**	**746,507**	**(268,442)**	**(2,224,608)**

(Expressed in Australian Dollars)

10 REVENUE (continued)

Year ended June 30, 2023	Australia $	UAE $	USA $	Total $
Commission from transaction processing	470,160	-	-	470,160
Product sales	1,757,048	-	-	1,757,048
Licensing and platform access fees	3,887,689	-	-	3,887,689
Professional services	-	8,933,177	-	8,933,177
Other revenue	1,467	-	-	1,467
Total Revenue	**6,116,364**	**8,933,177**		**15,049,541**
Other income	122,345	-	-	122,345
Total revenue	6,238,709	8,933,177	-	15,171,886
Expenses				
Corporate and admin expenses	2,815,459	1,921,015	17,499	4,753,973
Employee expenses	5,900,599	1,798,386	-	7,698,985
Research and development	4,044,494	-	-	4,044,494
Share based compensation	2,532,268	-	-	2,532,268
Depreciation and amortisation	226,904	-	-	226,904
Directors fees	200,000	-	-	200,000
Total expenses	15,719,724	3,719,401	17,499	19,456,624
Operating loss	(9,481,015)	5,213,776	(17,499)	(4,284,738)
Other finance costs	1,394,086	-	-	1,394,086
Fair value adjustment of derivative	(102,579)	-	-	(102,579)
Net loss before income tax	(10,772,522)	5,213,776	(17,499)	(5,576,245)
Income tax expense	(4,000)	-	-	(4,000)
Net loss	**(10,768,522)**	**5,213,776**	**(17,499)**	**(5,572,245)**

(Expressed in Australian Dollars)

10 REVENUE (continued)

Assets and Liabilities by geographical segment are as follows:

Year ended June 30, 2024	Australia	UAE	USA	UK	Total
Assets					
Cash and cash equivalent	9,638,810	43,126	89	241	9,682,266
Accounts receivable	5,301,463	730,780	-	-	6,032,243
Inventory	706,904	-	-	-	706,904
R&D Credits receivable	3,263,344	-	-	-	3,263,344
Prepaid expenses	747,182	716	-	-	747,898
Deposits	691,814	-	-	-	691,814
Property plant and equipment	21,611	-	-	-	21,611
Right of use asset	279,412	-	-	-	279,412
Total assets	**20,650,540**	**774,622**	**89**	**241**	**21,425,492**
Liabilities					
Trade and other payables	16,821,770	336,003	1,800	10,090	17,169,663
Provision for employee entitlements	715,232	-	-	-	715,232
Contract Liabilities	7,993,994	363,995	-	-	8,357,989
Income tax payable	205,286	-	-	-	205,286
Lease Liabilities	282,158	-	-	-	282,158
Non-Current borrowings	-	5,733,795	-	-	5,733,795
Total liabilities	**26,018,440**	**6,433,793**	**1,800**	**10,090**	**32,464,123**

Year ended June 30, 2023	Australia	UAE	USA	Total
Assets				
Cash and cash equivalent	4,738,387	122,098	5,839	4,866,324
Accounts receivable	2,001,779	2,669,780	-	4,671,559
Inventory	1,291,550	-	-	1,291,550
R&D Credits receivable	3,727,844	-	-	3,727,844
Prepaid expenses	539,424	-	-	539,424
Other Current Assets	4,783	-	-	4,783
Deposits	591,625	-	-	591,625
Property plant and equipment	26,962	-	-	26,962
Right of use asset	146,971	-	-	146,971
Total assets	**13,069,325**	**2,791,878**	**5,839**	**15,867,042**
Liabilities				
Trade and other payables	9,857,276	203,039	14,617	10,074,932
Borrowings	1,350,000	-	-	1,350,000
Provision for employee entitlements	541,665	-	-	541,665
Contract Liabilities	5,825,559	-	-	5,825,559
Lease Liabilities	247,260	-	-	247,260
Non-Current borrowings	7,055,900	-	-	7,055,900
Total liabilities	**24,877,660**	**203,039**	**14,617**	**25,095,316**

(Expressed in Australian Dollars)

11 CONTRACT LIABILITIES

The following table represents changes in contract liabilities for the years ended June 30, 2024 and 2023:

Balance, June 30, 2022	$ 866,673
Invoiced in the year, excluding amount recognized as revenue	5,825,559
Amount recognized as revenue	(866,673)
Balance, June 30, 2023	**$ 5,825,559**
Invoiced in the year, excluding amount recognized as revenue	9,511,989
Amount recognized as revenue	(6,979,599)
Balance, June 30, 2024	**$ 8,357,989**

Included in contract liabilities is $3,040,609 in liabilities relating to customer loyalty points as at June 30, 2024 (June 30, 2023 - $667,149). Based on historical actual results, customer loyalty points are expected to be redeemed within one year of issuance.

12 Research and Development tax incentive credits

The Company is eligible for research and development tax incentive credits. For the year ended June 30, 2024, the Company determined that it qualified for $3,263,344 research and development tax incentive credits (2023 - $3,727,844) which have been recognized as a reduction to the research and development and technology expenses in the consolidated statements of loss and comprehensive loss. The amount receivable at June 30, 2023 was received in the 2024 financial year.

(Expressed in Australian Dollars)

13 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2024 and 2023, the Company incurred the following related party transactions:

(a) The Company incurred stock-based compensation to officers and directors in the amount of $128,505 (2023 – $49,478).

(b) The Company incurred consulting fees paid to the CEO in the amount of $540,528 (2023 - $1,645,000).

(c) In trade and other payable, there is $300,000 (2022 - $229,710) that is attributable the CEO for management fees incurred but not paid.

(d) During the year, the Company repaid $3,363,823 of the loan it has with the CEO, and drew $1,200,000 from that loan. Included in this loan is an amount owed by the CEO of $461,713 for expenses incurred.

Payments to the directors and key management personnel:

For the year ended June 30, 2024	**Directors fees**	**Management fees**	**Benefits**	**Superannuation**	**Total**
	$	**$**	**$**	**$**	**$**
Paid to Directors	200,000	1,020,528	-	-	**1,220,528**
Paid to Key executives	-	1,112,600	-	75,350	**1,187,950**
For the year ended June 30, 2023					
Paid to Directors	200,000	1,798,386	545,656	-	2,544,042
Paid to key executives	-	1,519,366	127,576	71,925	1,718,867

(Expressed in Australian Dollars)

14 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, 2022	307,304
Depreciation	(160,333)
Balance at June 30, 2023	146,971
Addition	285,136
Depreciation	(152,695)
Balance at June 30, 2024	**279,412**

Lease Liabilities	
Balance at July 1, 2022	502,895
Interest expense	12,197
Lease payments	(267,832)
Balance at June 30, 2023	247,260
Interest expense	4,240
Addition	284,450
Lease payments	(253,792)
Balance as at June 30, 2024	**282,159**

(Expressed in Australian Dollars)

14 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

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

As at June 30,	**2024**	2023
	$	$
Current lease liability	**140,254**	247,260
Non-current lease liability	**141,904**	-
Total lease liability	**282,158**	247,260

The table below outlines the undiscounted minimum lease payment commitments.

As at June 30	**2024**	2023
	$	$
Less than 1 year	**140,254**	250,985
Between 1-5 years	**156,472**	-

15 BORROWINGS

	NAB Overdraft Facility $	**NAB Credit facility$**	**Total $**
Balance at June 30, 2022	**5,033,443**	**2,499,997**	**7,533,440**
Interest expense	170,723	65,121	235,844
Debt advancement	13,890,213	4,350,000	18,240,213
Repayments	(18,923,656)	(5,499,997)	(24,423,653)
Balance at June 30, 2023	**-**	**1,350,000**	**1,350,000**
Interest expense	**-**	**2,222**	**2,222**
Debt advancement	**-**	**1,750,000**	**1,750,000**
Repayments	**-**	**(3,100,000)**	**(3,100,000)**
Balance at June 30, 2024	**-**	**-**	**-**

The Company entered into an overdraft and loan facility with the National Australia Bank (NAB) on July 3, 2020 for a maximum amount of $5,000,000 and $2,500,000 respectively. 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 facility is undrawn at June 30, 2024. 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.

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

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(Expressed in Australian Dollars)

16 CONVERTIBLE DEBT

In August 2022, a loan of $2,300,000 was provided by APN Ventures Pty Ltd(APN Ventures) to the Company. APN Ventures is controlled by the CEO of the Company. This loan was increased and formalized on January 6, 2023, when the Company entered into a 3-year convertible loan with the CEO at an interest rate of 12% per annum. The interest rate can increase in line with the Reserve Bank of Australia (“RBA”) movements. The loan maximum is currently $7,300,000 and can be converted into shares in EonX Technologies Inc at a value of CAD $0.10 per share. The loan agreement has a restraint on conversion in that the number of shares to be converted is limited to that number which when added to the number of shares held by all directors, officers and insiders does not exceed 90% of the issued shares of the parent.

The loan has a requirement of monthly line fee of USD $2,000 per month and an establishment fee of USD $100,000 (AUD $145,328) was applicable on signing.

The convertible debt contains a financial liability (non-derivative host contract and one embedded foreign exchange derivative).

A summary of the changes in the convertible facility for the years ended June 30, 2024 and 2023 is as follows:

	Liability Component $	**Derivative Component $**	**Total Convertible debt facility $**
Fair value at initial recognition (January 6, 2023)	**5,130,426**	**163,575**	**5,294,001**
Fees at inception	240,412	7,665	248,077
Fees expensed at inception	-	(7,665)	(7,665)
Additional borrowings	1,999,258	-	1,999,258
Accretion expense	16,398	-	16,398
Interest expense	375,052	-	375,052
Fees	17,768	-	17,768
Repayments	(784,410)	-	(784,410)
Change in fair value of derivative	-	(102,579)	(102,579)
Balance at 30 June, 2023	**6,994,904**	**60,996**	**7,055,900**
Additional borrowings	1,184,979	15,020	1,200,000
Accretion expense	64,926	-	64,926
Interest expense	693,949	-	693,949
Fees	36,622	-	36,622
Repayments	(3,363,823)	-	(3,363,823)
Change in fair value of derivative	-	46,220	46,220
Balance at 30 June, 2024	**5,611,559**	**122,236**	**5,733,795**

Upon initial recognition on January 6, 2023, the fair value of the derivative was determined to be $163,575. The valuation of the derivative component of the Convertible debt was calculated using the Black Scholes Option Pricing Model. The following key assumptions were used in determining the fair value: risk-free interest rate of 3.69%, time to maturity of 3 years; and a volatility rate of 122.8%.

As at June 30, 2023, the adjusted fair value of the derivative was determined to be $60,996. Accordingly, the change in fair value of the derivative liability was recognized as a gain of $102,579 during the year ended June 30, 2023. The fair value was determined using the Black Scholes Option Pricing Model. The following key assumptions were used in determining the fair value: risk-free interest rate of 4.58%, time to maturity of 2.52 years; and a volatility rate of 113.5%.

16 CONVERTIBLE DEBT (CONTINUED)

An additional $1,200,000 was advanced to the Company on June 26, 2024. Upon initial recognition of the advance, the fair value of the derivative was determined to be $15,020. The valuation of the derivative component of the Convertible debt was calculated using the Black Scholes Option Pricing Model. The following key assumptions were used in determining the fair value: risk-free interest rate of 4.05%, time to maturity of 1.53 years; and a volatility rate of 97.25%.

As at June 30, 2024, the adjusted fair value of the entire derivative was determined to be $122,236. Accordingly, the change in fair value of the derivative liability was recognized as a loss of $46,220 during the year ended June 30, 2024. The fair value was determined using the Black Scholes Option Pricing Model. The following key assumptions were used in determining the fair value: risk-free interest rate of 4.02%, time to maturity of 1.52 years; and a volatility rate range of 97.4% - 110.5%.

The volatility rate was calculated having regard to daily movement in the share price of EonX since inception, both in Australian dollars and Canadian dollars.

The fair value of the debt component was evaluated at inception and the effective interest rate applied was 14% (June 30, 2023 – 13%).

17 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

	Number of shares issued	Value of Shares($)	Total number of Shares	Total Value of Shares($)
June 30, 2022	-	-	38,175,791	5,147,960
March 22, 2023	1,764,000	317,994	39,939,791	5,465,954
June 30, 2023	-	-	39,939,791	5,465,954
Activity for year ending June 30, 2024	-	-	-	-
June 30, 2024	-	-	**39,939,791**	**$5,465,954**

(Expressed in Australian Dollars)

18 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, 2022	**9,397,954**	**$1.32**	**-**
Exercised March 22, 2023	(1,764,000)	$0.10	-
Cancelled March 22, 2023	(7,633,954)	$1.60	-
Granted March 23, 2023	7,987,834	$0.18	March 23, 2027
Balance at June 30, 2023	**7,987,834**	**$0.18**	**-**
Cancelled April 24, 2024	(4,387,834)	$0.18	
Granted April 24, 2024	4,380,000	$0.15	April 24, 2028
Balance at June 30, 2024	**7,980,000**	**$0.16**	**-**

As at June 30, 2024, the options have a weighted average remaining contractual life of 3.43 years (2023 – 3.73 years) and a weighted average exercise price of $0.15 (2023 – $0.18).

On March 22, 2023, the Company cancelled the options that were on issue. The value of these options was being amortized over the vesting period remaining. At the date of cancelation, the event was treated as an acceleration of vesting and the remaining book value was expensed through profit and loss for the year ended June 30, 2023 for $ 2,532,268.

The Company issued 7,987,834 stock options on March 23, 2023. The fair value was calculated as $531,122 using the Black Scholes pricing model using the assumptions listed below. The expense to the 2023 financial year for this is $44,260.

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. March 23, 2024, 2025 and 2026). The options may be cancelled if an employee holding options leaves the employment of the Company Fair value is impacted by stock price volatility, determined using historical share prices for a term equivalent to the expected life of the options.

(Expressed in Australian Dollars)

18 SHARE BASED PAYMENTS (continued)

	March 23,2023 $CAD
Share price on grant date	**$0.12**
Exercise price	**$0.18**
Expected life (years)	**4.0**
Interest Rate	**3.5%**
Volatility	**100%**

On April 24, 2024, the Company cancelled 4,387,834 options that were issued March 23, 2023 and granted 4,380,000 new options. These options have a 4 years term and an exercise price of $0.12 per share. As a result, the cancelled options resulted in an expense of $245,458 being charged through the consolidated statements of loss and comprehensive loss. Non cancelled options had an expense for the year of $107,797. The new options issued were valued at $488,018 using the Black Scholes method. The expense associated with these options for the financial year was $81,711. The assumptions for the valuations were as follows:

	April 24, 2024 $CAD
Share price on grant date	**$0.15**
Exercise price	**$0.12**
Expected life (years)	**4.0**
Interest Rate	**4.4%**
Volatility	**100%**

(Expressed in Australian Dollars)

19 PER SHARE AMOUNTS

For the years ended June 30	2024 $	2023 $
Net loss	**(2,224,608)**	(5,572,245)
Basic and diluted weighted average number of shares	**39,939,791**	38,658,959
Basic and diluted net loss per share	**(0.06)**	(0.14)

20 INCOME TAXES

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

For the years ended	2024 $	2023 $
Net loss for the year before tax	**(2,019,322)**	(5,576,245)
Combined statutory rate	**25%**	25%
Expected income tax recovery	**(504,831)**	(1,394,061)
Net income (attributable to the UAE) at zero tax rate	**(14,104)**	(772,184)
Non-deductible research and development tax credits	**1,059,649**	411,187
Other non-deductible permanent differences	**241,886**	667,425
Temporary differences not recognized	**(187,808)**	601,834
Reversal of prior year overprovision	**-**	4,000
Tax losses brought to account	**(471,597)**	-
Tax loss not recognized	**82,090**	447,799
Current income tax expense (recovery)	**205,286**	(4,000)

The following table summarizes the components of deferred tax:

	2024 $	2023 $
Deferred Tax Assets		
Capital lease obligation	**69,850**	-
	69,850	-
Deferred Tax Liabilities		
Right of use assets	**(69,850)**	-
	(69,850)	-
Net deferred tax liability	**-**	-

(Expressed in Australian Dollars)

20 INCOME TAXES (CONTINUED)

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

For the Years ended June 30	**2024**	2023
	$	$
Provision for employee entitlements	**913,190**	541,665
Contract liabilities	**-**	1,106,623
Other accruals	**-**	2,436,754
Capital lease obligation	**2,750**	267,235
Losses carried forward	**426,100**	2,179,165
Total deductible temporary differences	**1,342,040**	6,531,442

The Company has $Nil (2023 - $1,886,387) operating losses in Australia, $182,280 (2023 - $291,075) in the UK and $222,700 (2023 - $1,703) in the USA ,$450 (2023 - $Nil) in New Zealand, and $20,670 (2023 - $Nil) in Canada, of operating 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.

21 NATURE OF EXPENSES

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

For the years ended June 30,	**2024**	2023
	$	$
Accounting fees	**224,810**	120,955
Consulting	**659,055**	613,810
Management fees (note 11)	**1,020,528**	1,798,386
Rent	**122,927**	191,750
Travel	**222,108**	283,953
Relocations costs	**-**	673,232
Insurance	**290,822**	191,338
Legal expenses	**120,762**	523,228
Security expenses	**134,212**	106,201
Advertising	**75,725**	82,623
Office expenses	**33,415**	97,472
Bank fees	**36,834**	64,947
Filing fees	**47,950**	-
Promotions	**31,302**	-
Other	**52,606**	6,078
Total	**3,073,056**	4,753,973

22 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, 2024, 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.

The capital and debt managed by the Company is as follows:

	$
Convertible debt	5,733,795
Share Capital	5,465,954
Total at June 30, 2024	11,199,749

23 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, convertible debt 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 with the exception of the derivative component of the convertible debt which is measured at fair value which is determined at each reporting period, under the level 2 classification.

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.

23 FINANCIAL INSTRUMENTS (continued)

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 operates entities and branches in the UAE, New Zealand, 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 date of the consolidated statements of financial position. Income and expenses that are earned or incurred in foreign countries are also converted to Australian dollars at the exchange rate prevailing at the date of the consolidated statements of financial position.

The Company's operations are exposed to exchange rate changes in the Canadian, United States dollar, the United Arab Emirates Dirham and the United Kingdom Pound. At June 30, 2024, a fluctuation in these currencies of 5% would result in an exchange gain or loss on the net loss of approximately $282,959 (2023 – $123,717). This fluctuation relates to the net assets of the UAE entity of $5,659,171, the UK entity of $9,849 and the USA entity of $1,711.

Interest rate risk

The Company has two floating rate loan facilities with the National Australia Bank, which are subject to interest rate risk. Both facilities are undrawn at June 30, 2024. The Company also has a convertible debt instrument which is also 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 $56,998 (June 30, 2023 - $81,054). A reduction in the rates of 1% will result in a decrease in the interest expense of $56,998 (June 30, 2023- $81,054).

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 $16,406,323 excluding GST (June 30, 2023 - $10,129,508). As cash balances were held with Tier 1 banks subject to stringent liquidity threshold requirements, the Company had minimal 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.

The Company has customer concentration risk as one customer accounted for 39% of revenue for the year ended June 30, 2024 (June 30, 2023 – one customer, 50.22%). Included in accounts receivable is $11,000 of accrued revenue (June 30, 2023 - $1,529,480) that is due within one month.

Given the nature and balances of the Company's accounts receivables the Company has no expected credit loss as at June 30, 2024 and 2023.

(Expressed in Australian Dollars)

23 FINANCIAL INSTRUMENTS (continued)

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:

As at June 30	**2024** **$**	2023 $
Current	**5,060,742**	713,560
1-29 days past due	**821,249**	2,513,683
30-59 days past due	**44,130**	522,265
60-89 days past due	**0**	671,805
Over 90 days past due	**106,122**	250,246
Total	**6,032,243**	4,671,559

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 **$**	2025 $	2026 $
Trade and other payables	**17,169,663**	17,169,663	-
Lease obligations	**282,158**	140,254	141,904
Convertible debt	**5,733,795**	-	5,733,795
Provision for entitlements	**715,232**	715,232	-
	23,900,848	18,025,149	5,875,699

The Company has cash resources of $9,682,266 (2023 – $4,866,324) and research and development credit receivables of $3,263,344 (2023 – $3,727,844) as well as undrawn facilities, which will enable the Company to meet any short-term commitments.

(Expressed in Australian Dollars)

24 FINANCE COSTS

Finance costs are disclosed in the following table:

For the years ended June 30	2024 $	2023 $
Interest expense and fees	**810,668**	747,755
Borrowing costs	**98,410**	193,436
Finance costs associated with host debt	**31,509**	265,846
Foreign currency conversion	**380,247**	187,049
Total finance costs	**1,320,834**	1,394,086

Foreign Currency recognized in profit and loss:

For the years ended June 30	2024 $	2023 $
In operating profit (loss)		
Realized	**112,616**	233,642
Unrealized	**267,631**	(46,593)
Total	**380,247**	187,049
In Comprehensive income	**(20,715)**	(146,109)

25 RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.