

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: EONX Technologies Inc. (the “Issuer”).

Trading Symbol: EONX

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **The Information below is included in Schedule A – Financial Statements**

#### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

#### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

<b>Date of Issue</b>	<b>Type of Security (common shares, convertible debentures, etc.)</b>	<b>Type of Issue (private placement, public offering, exercise of warrants, etc.)</b>	<b>Number</b>	<b>Price</b>	<b>Total Proceeds</b>	<b>Type of Consideration (cash, property, etc.)</b>	<b>Describe relationship of Person with Issuer (indicate if Related Person)</b>	<b>Commission Paid</b>

(b) summary of options granted during the period,

<b>Date</b>	<b>Number</b>	<b>Name of Optionee if Related Person and relationship</b>	<b>Generic description of other Optionees</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Market Price on date of Grant</b>

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Andrew Kallen, CEO, director  
Anoosh Manzoori, director  
Justin Hanka, director  
John Dinan, CFO

## **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

**See Schedule B.**

### **Certificate Of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 31, 2021.

John Dinan

\_\_\_\_\_  
Name of Director or Senior Officer



\_\_\_\_\_  
Signature

CFO  
Official Capacity

<b>Issuer Details</b> Name of Issuer  <b>EonX Technologies Inc.</b>	For Quarter Ended  <b>March 31, 2021</b>	Date of Report YY/MM/D  2021/05/31
Issuer Address 1183 Toorak Road		
City/Province/Postal Code Camberwell, Victoria 3124, Australia	Issuer Fax No. (   )	Issuer Telephone No. <b>+18036767776</b>
Contact Name: John Dinan	Contact Position CFO	Contact Telephone No. <b>+61 438 014 304</b>
Contact Email Address john.dinan@eonx.com	Web Site Address www.eonx.com	

# **EonX Technologies Inc**

## **Condensed Interim Consolidated Unaudited Financial Statements**

**For the 9 months ended 31 March 2021**

**Unaudited**

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## **UNAUDITED CONDENSED INTERIM CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed interim consolidated financial statements for the nine months ended March 31, 2021.

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

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**EonX Technologies Inc**

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**31 March 2021**

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**EonX Technologies Inc**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 31 March 2021**  
Unaudited

	9 month period ended 31 March 2021	3 month period ended 31 March 2021	9 month period ended 31 March 2020 \$	3 month period ended 31 March 2020 \$
<b>Revenue</b>				
Trading revenue	3,752,067	1,109,955	5,445,127	1,036,072
Revenue from government grants	810,600	189,200	36,445	36,445
Research and development tax incentive credits earned	1,856,166	614,199	1,797,726	670,126
Other income	271	-	24,030	4,507
<b>Expenses</b>				
Corporate and administrative expenses	(778,051)	(115,350)	(1,181,522)	(279,875)
Employee expenses	(2,564,277)	(814,848)	(3,151,079)	(976,483)
Research and development and technology expenses	(3,125,064)	(987,952)	(2,649,680)	(1,144,214)
<b>Operating profit/(loss)</b>	(48,288)	(4,796)	321,047	(653,422)
Depreciation and amortisation expense	(127,514)	(42,503)	(140,602)	(46,865)
Finance costs	(105,782)	(30,382)	(74,422)	(47,672)
Transaction costs relating to Share Swap Agreement (Note 10)	(590,903)	(590,903)	-	-
<b>Profit/(loss) before income tax expense</b>	(872,487)	(668,584)	106,023	(747,959)
Income tax expense	(734,421)	(326,553)	(601,279)	(176,338)
<b>Loss after income tax expense for the period attributable to the owners of EonX Technologies Inc</b>	(1,606,908)	(995,137)	(495,256)	(924,297)
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income/(loss) for the period attributable to the owners of EonX Technologies Inc</b>	<u>(1,606,908)</u>	<u>(995,137)</u>	<u>(495,256)</u>	<u>(924,297)</u>

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

**EonX Technologies Inc**  
**Statement of financial position**  
**As at 31 March 2021**  
**Unaudited**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 March 2021 \$</b>	<b>30 June 2020 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	5,973,469	2,355,189
Accounts receivable		384,484	394,412
Inventories – gift cards		963,752	572,491
Research and development credits receivable		1,842,596	2,396,968
Other current assets		141,244	58,727
<b>Total current assets</b>		<u>9,305,545</u>	<u>5,777,787</u>
<b>Non-current assets</b>			
Rental bond		91,625	91,625
Property, plant and equipment		89,081	83,746
Right-of-use assets		513,391	634,984
<b>Total non-current assets</b>		<u>694,097</u>	<u>810,355</u>
<b>Total assets</b>		<u>9,999,642</u>	<u>6,588,142</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	3	3,194,556	3,632,203
Borrowings	4	268,276	3,719,950
Provision for employee entitlements		212,963	206,439
Contract liabilities		399,645	381,219
<b>Total current liabilities</b>		<u>4,075,440</u>	<u>7,939,811</u>
<b>Non-current liabilities</b>			
Borrowings	5	8,962,799	727,774
<b>Total non-current liabilities</b>		<u>8,962,799</u>	<u>727,774</u>
<b>Total liabilities</b>		<u>13,028,239</u>	<u>8,667,585</u>
<b>Net liabilities</b>		<u>(3,038,597)</u>	<u>(2,079,443)</u>
<b>Equity</b>			
Issued capital		367,240	120
Share-based payments reserve		280,634	-
Accumulated losses		(3,686,471)	(2,079,563)
<b>Total deficiency in equity</b>		<u>(3,038,597)</u>	<u>(2,079,443)</u>

“Andrew Kallen”  
Andrew Kallen

“Anoosh Manzoori”  
Anoosh Manzoori

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

**EonX Technologies Inc**  
**Statement of changes in equity**  
**For the period ended 31 March 2021**  
**Unaudited**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Share based Payments reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July, 2019	120	0	(2,169,442)	(2,169,322)
Loss for the period	0	0	(495,256)	(495,256)
Other comprehensive income (loss) for the period, net of tax	0	0	0	0
Total comprehensive income(loss) for the period	0	0	(495,256)	(495,256)
Balance at 31 March, 2020	120	0	(2,664,698)	(2,664,578)
Profit for period	0	0	585,135	585,135
Balance at 30 June, 2020	120	0	(2,079,563)	(2,079,443)
Loss for the period	0	0	(1,606,908)	(1,606,908)
Other comprehensive income (loss) for the period, net of tax	0	0	0	0
Total comprehensive income(loss) for the period	0	0	(1,606,908)	(1,606,908)
Impact of Share swap agreement	367,120	280,634	0	647,754
Balance at 31 March, 2021	367,240	280,634	(3,686,471)	(3,038,597)

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**EonX Technologies Inc**  
**Statement of cash flows**  
**For the period ended 31 March 2021**  
**Unaudited**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 March 2021 \$</b>	<b>31 March 2020 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		3,814,436	5,959,827
Payments to suppliers and employees (inclusive of GST)		<u>(7,912,161)</u>	<u>(7,326,980)</u>
		(4,097,725)	(1,367,153)
Proceeds from grant income		2,486,417	1,460,747
Payments for finance costs		(85,881)	(74,422)
Interest and finance income		<u>271</u>	<u>24,030</u>
Net cash from/(used in) operating activities		<u>(1,696,918)</u>	<u>43,202</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(11,256)	(9,086)
Cash from Share Swap Agreement		<u>63,004</u>	<u>-</u>
Net cash used in investing activities		<u>51,748</u>	<u>(9,086)</u>
<b>Cash flows from financing activities</b>			
Proceeds / (repayments) of related party loans		529,973	649,714
Lease repayments		(106,806)	(68,677)
Net proceeds from / (repayments of) commercial borrowings		<u>6,128,408</u>	<u>(450,000)</u>
Net cash from financing activities		<u>6,551,575</u>	<u>131,037</u>
Net increase/(decrease) in cash and cash equivalents		4,906,405	165,153
Cash and cash equivalents at the beginning of the financial period		<u>1,067,064</u>	<u>1,973,343</u>
Cash and cash equivalents at the end of the financial period	2	<u><u>5,973,469</u></u>	<u><u>2,138,496</u></u>

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

**EonX Technologies Inc**  
**Notes to the financial statements**  
**31 March 2021**  
**Unaudited**  
**Note 1. Significant accounting policies**

These condensed consolidated financial statements for the interim period ended 31 March 2021 are unaudited.

**Basis of Presentation**

**a) Statement of Compliance**

These condensed interim consolidated unaudited financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period

**b) Basis of presentation - Consolidation.**

The financial statements cover EonX Technologies Inc as a consolidated entity consisting of EonX Technologies Inc and the entities it controlled at the end of, or during, the period. On 23 March 2021, EonX Technologies Inc finalized the acquisition of 100% of the share capital of EonX Services Pty Ltd by issuing 25m ordinary fully paid shares to its shareholders under a Share Swap Agreement. Under accounting rules, the transaction was considered to be a reverse acquisition as the EonX Services Pty Ltd shareholders became the dominant shareholder group following the transaction. As a consequence, the comparative results and equity and profit or loss results brought forward as at 23 March 2021 and represented in these financial statements are those of EonX Services Pty Ltd. The dilutive impact of incorporating the shareholding interests of EonX Technologies Inc under the Share Swap has been recognized as a transaction expense in the Statement of Profit or Loss and Other Comprehensive Income.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**c) Measurement basis**

These condensed interim consolidated financial statements have been prepared on the historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Australian dollars, which is the presentation currency of the consolidated entity.

**Nature and continuance of Operations.**

EonX Services Pty Ltd. ("EonX") provides Enterprise Clients with a branded web and mobile platform to better engage with their customers using payment and loyalty solutions. The solutions include a payment processor, e-wallets, inventory of online loyalty cards and an online store marketplace. The implementation of the EonX solution allows Enterprise Clients to improve customer satisfaction, reduce customer churn, and build loyalty.

EONX was founded in November 2016 and spent the past three years in R&D and product development. It has developed its platform internally and with the support of 3<sup>rd</sup> party contractors. It has not acquired any 3<sup>rd</sup> party intellectual property or business asset.

EONX has developed a suite of financial technology products including payment processor, e-wallets, identity and security for KYC and AML, loyalty points solutions, and an e-commerce store. EONX refined and expanded the functionality and capability of its product over the past three years. A large investment in engineering staff was made between 2019 and 2020 to upgrade the scalability and functionality of its product. As the core product has been upgraded the Company expects it will be less reliant on hiring engineering staff in 2021.

**New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Financial Reporting Standards ('IFRS') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 1. Significant accounting policies (continued)**

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

These interim consolidated financial statements were approved and authorised for issue by the Board of Directors on May 31, 2021

**Note 2. Current assets - Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 March 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	<u>5,973,469</u>	<u>2,355,189</u>

*Reconciliation to cash and cash equivalents at the end of the financial period*

The above figures are reconciled to cash and cash equivalents at the end of the financial period as shown in the statement of cash flows as follows:

Balances as above	5,973,469	2,355,189
Bank overdraft (note 4)	-	(1,288,125)
Balance as per statement of cash flows	<u>5,973,469</u>	<u>1,067,064</u>

**Note 3. Current liabilities - Trade and other payables**

	<b>Consolidated</b>	
	<b>31 March 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,436,572	2,311,898
Accrued expenses	458,195	57,540
State and Federal taxes payable	771,234	866,476
Float monies payable	<u>528,555</u>	<u>396,289</u>
	<u>3,194,556</u>	<u>3,632,203</u>

Float monies payable represent obligations for cash held in trust.

**Note 4. Current liabilities - Borrowings**

	<b>Consolidated</b>	
	<b>31 March 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Bank overdraft	-	1,288,125
Loans payable to related parties	-	1,756,782
Lease liability	268,276	175,043
Optus bank guarantee	<u>-</u>	<u>500,000</u>
	<u>268,276</u>	<u>3,719,950</u>

Loans payable to related parties are unsecured, non-interest bearing and payable at call.

**Note 4. Current liabilities - Borrowings (continued)**

In the prior year, there was an Optus Bank Guarantee to the value of \$500,000 which represents a performance guarantee held in-relation to a fee and transaction platform established on behalf of Optus. The guarantee was subsequently settled in July 2020.

**Note 5. Non-current liabilities - Borrowings**

	<b>Consolidated</b>	
	<b>31 March</b>	<b>30 June</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loans payable to related parties	2,286,755	-
Commercial borrowings	6,104,596	-
Lease liability	571,448	727,774
	<u>8,962,799</u>	<u>727,774</u>

As at 31 March 2021 the consolidated entity held commercial borrowings which were secured over all present and future rights, properties and undertakings of EonX Services Pty Ltd and also is guaranteed by the Company's director.

Loans payable to related parties are not due within 12 months.

**Note 6. Key management personnel disclosures**

*Directors*

The following persons were directors of EonX Technologies Inc during the financial period:

Andrew Kallen  
Anoosh Manzoori  
Justin Hanka

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Directors' fees	<u>200,000</u>	<u>900,000</u>

**Note 7. Contingent liabilities**

Details of bank guarantees as at 31 March 2021 (and 30 June 2020) are disclosed in the Borrowings note. A further guarantee exists over the deposit paid for the rental bond, as disclosed in the Statement of Financial Position. With the exception of these matters, the directors of the consolidated entity are unaware of any material matters that may represent a contingent liability for these financial statements.

**Note 8. Related party transactions**

*Parent entity*

EonX Technologies Inc is the parent entity.

**Note 8. Related party transactions (continued)**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 6.

*Transactions with related parties*

Transactions with related parties are discussed below in the summary of loans from related parties.  
 Director fee paid to Andrew Kallen is disclosed in note 6.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Transactions from with related parties are as follows:

	<b>Consolidated</b>
	<b>31 March      30 June</b>
	<b>2021      2020</b>
	<b>\$      \$</b>
Cash transactions:	
Purchase of trademark	-      300,000

*Granting of Options*

The following options were granted to the directors of the Company at March 23, 2021:

<b>Entity Options granted to</b>	<b>Number of Options</b>	<b>Related Party</b>
APN Ventures Pty Ltd	1,470,000	Andrew Kallen
Polygon Fund Pty Ltd atf Polygon Fund Unit Trust	147,000	Anoosh Manzoori
Accelerative Investments Pty Ltd aft Hanka Family Trust	147,000	Justin Hanka

*Loans From related parties*

The consolidated entity has a loan from Director, Andrew Kallen as disclosed as a related party in note 5 and note 4. The terms and conditions of the loan are set out in Note 4.

**Note 9. Events after the reporting period**

On 27 May 2021 the consolidated entity's shares commenced trade on the Canadian Securities Exchange.



**Note 10. Issued capital**

	<b>No. of shares (EonX Inc.)</b>	<b>Consolidated \$</b>
As at incorporation	-	-
Issue of founder share (August 2020 at 1 CAD cents per share)	1	-
Issue of shares (Nov – Dec 2020 at 2 CAD cents per share)	2,999,999	-
Issue of shares (February 2021 at 8 CAD cents per share)	1,400,000	-
Share swap agreement (issue of 25m shares - roll in of EonX Services Pty Ltd capital)	25,000,000	120
Dilutive impact of EonX Technologies Inc. shareholders (4.4m pre-Share Swap shares at 8 cents per share, being fair value of shares as at March 2021)*	-	367,120
	<u>29,400,000</u>	<u>367,240</u>

\*Upon executing the Share Swap Agreement, the consolidated entity absorbed the dilutive impact of 5,872,000 call options over issued shares which were issued to key management personnel and parties transacting with EonX Technologies Inc. prior to and leading up to the transaction. As these took place prior to the Agreement, they do not form part of these financial statements' consolidated results.

The options, which are recorded in equity in the share-based payments reserve have the following terms: granted and issued 23 March 2021, a strike price of 10 CAD cents per share, an exercise period of 3 years and are immediately exercisable with no vesting conditions. They have been valued applying the Black-Scholes option pricing model, which incorporate the following inputs: share price of 8 CAD cents per share, a volatility of 100% and a risk-free rate of 40%.

Options outstanding at March 31 are as follows:

**Options granted March 23:**

<b>Entity Options granted to</b>	<b>Number of Options</b>	<b>Related Party</b>
APN Ventures Pty Ltd	1,470,000	Andrew Kallen
Polygon Fund Pty Ltd atf Polygon Fund Unit Trust	147,000	Anoosh Manzoori
Accelerative Investments Pty Ltd atf Hanka Family Trust	147,000	Justin Hanka
Zagaria Pty Ltd atf Zagaria Trust	588,000	nil
ANA Group Trust	588,000	nil
<b>Total granted at March 23</b>	<b>2,940,000</b>	

**Options granted March 31:**

<b>Entity Options granted to</b>	<b>Number of Options</b>	<b>Related Party</b>
Consultant	580,000	nil

Total Options granted as at March 31, 2021                      3,520,000

\*The dilutive impact of the Share Swap Agreement is reconciled to the profit or loss as follows:

**EonX Technologies Inc**  
**Notes to the financial statements**  
**31 March 2021**  
**Unaudited**

	<b>Consolidated \$</b>
Dilutive impact of issuing shares to EonX Technologies Inc. shareholders	367,120
Dilutive impact of EonX Technologies Inc. options	280,634
Less net tangible assets of EonX Technologies Inc. acquired, as at 23 March 2021	<u>(86,851)</u>
Transaction costs relating to Share Swap Agreement	<u><u>590,903</u></u>

**Note 11            Income Taxes**

Future tax benefits which may arise as a result of these non-capital losses and other income tax pools have not been recognized in these financial statements and have been offset by a valuation allowance.  
No deferred income tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.  
Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

**Note 12            Management of Capital**

The Company's objectives when managing capital are 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 March 31,2021, 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.

**Note 13            Financial Instruments**

The Company's financial instruments include cash, commercial debt and accounts payable. 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.

(i)            *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.

(ii)           *Interest rate risk*

The Company has two loan facilities with the National Australia Bank, which are subject to interest rate risk.

Overdraft facility of \$3,700,000.

This facility is subject to the following rates:

Floating rate    2.61%

Business rate    2.06%

Risk Margin      0.55%

Loan facility of \$2,500,000

This facility is subject to the following rates:

Floating rate    2.61%

Risk Margin      1.00%

The Floating and 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 \$62,000. A reduction in the rates of 1% will result in a decrease in the interest expense of \$62,000.

(iii)           *Credit risk*

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

(iv) *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.

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **DISCLAIMER FOR FORWARD-LOOKING INFORMATION**

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance, or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of March 31, 2021. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn or volatility in general economic conditions, (2) our expectations regarding revenue, expenses, operations and costs, (3) meeting our anticipated cash needs and the need for additional financing, (4) our competitive position, (5) meeting our expected business objectives and milestones, (6) our intention to complete the listing of the Shares on the CSE and the costs, completion and timing of the listing, (7) adverse effects for the global coronavirus pandemic and (8) future dilution to existing and future shareholders, (9) cybersecurity attacks and data breaches, (10) changes in laws and industry regulations and (11) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. Unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new events, circumstances and information, future events or results or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

#### **1.1 – Date and Basis of Discussion & Analysis**

This management discussion and analysis ("MD&A") is dated as of 27 May 31, 2021 and should be read in conjunction with the unaudited consolidated financial statements of EonX Services Pty Ltd for the interim nine-month period ended March 31, 2021 ("Financial Statements"). The Financial Statements are prepared in compliance with International Financial Reporting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. Unless expressly stated otherwise, all financial information is presented in Australian dollars.

#### **1.2 – Overall Performance**

##### **Overview**

EonX Services Pty Ltd. ("EonX") provides Enterprise Clients with a branded web and mobile platform to better engage with their customers using payment and loyalty solutions. The solutions include a payment processor, e-wallets, inventory of online loyalty cards and an online store marketplace. The implementation of the EonX solution allows Enterprise Clients to improve customer satisfaction, reduce customer churn, and build loyalty.

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **1.2 – Overall Performance – continued**

##### **Three Year Operating History**

EONX was founded in November 2016 and spent the past three years in R&D and product development. It has developed its platform internally and with the support of 3<sup>rd</sup> party contractors. It has not acquired any 3<sup>rd</sup> party intellectual property or business asset.

EONX has developed a suite of financial technology products including payment processor, e-wallets, identity and security for KYC and AML, loyalty points solutions, and an e-commerce store. EONX refined and expanded the functionality and capability of its product over the past three years. A large investment in engineering staff was made between 2019 and 2020 to upgrade the scalability and functionality of its product. As the core product has been upgraded the Company expects it will be less reliant on hiring engineering staff in 2021.

Its solution is delivered as a White Labelled web and mobile platform (the “Platform”) that is fully branded to Enterprise Client requirements. EONX has signed agreements to deliver its payment processing solution and also with key retail partners that provides access to thousands of products, vouchers and gift cards via the EONX online marketplace.

##### **Business Model**

EONX charges an annual platform fee plus transaction fees to its Enterprise Clients. The Enterprise Clients integrate the EONX Platform with their existing website. Their end user customers are then invited into the White Label Platform that leads to payment processing and sale of products, vouchers and gift cards, and other services and earn reward points on every transaction. EONX charges either a monthly fee or a fee on every transaction generated in its platform.

##### **Explanation of the Payment Process**

A merchant must work with an Acquiring Bank, which is a bank or financial institution that accepts credit or debit card transactions for a cardholder (“*Acquiring Bank*”). The *Acquiring Bank* issues a specific merchant account number to a merchant enabling the merchant to accept credit and debit cards from shoppers. An *Acquiring Bank* is a registered member of a card network such as Visa or MasterCard (“*Card Network*”). The *Acquiring Bank* accepts transactions on behalf of a *Card Network* for a merchant.

Payment processors enable merchants to receive debit or credit card payments online by providing a connection to an *Acquiring Bank*. The *Card Network* connects *Acquiring Banks* to customer’s bank (“*Issuing Bank*”) so that a customer transaction can be verified. When a customer uses a debit or credit card for a purchase, the *Acquiring Bank* will approve or decline the transaction based on the information the *Card Network* and *Issuing Bank* have on record about the cardholder’s account. The merchant submits the purchase transaction information to the *Payment Processor* (“EONX”) used by its *Acquiring Bank*, via a payment gateway (EONX’s software that facilitates the communication of transaction information). Assuming approval, the amount of the transaction is deducted from the cardholder’s account and the cardholder is given a receipt.

##### **Explanation of Branded Marketplace**

EONX’s ENTERPRISE CLIENTS provide their customers with a fully branded White Label marketplace that includes gift cards, online offers, an ecommerce store, dining, travel, health, and many more offerings.

The Company has agreements with retail partners to provide gift cards vouchers in digital form via its marketplace. EONX integrates with the back-end systems of its retail partners to deliver the gift cards and vouchers to customers in real-time, once payment has been processed.

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **1.2 – Overall Performance – continued**

##### **Explanation of Loyalty Points**

Similar to the model to Loyalty Points offered by airlines, EONX has created the technology to allow its Enterprise Clients to offer their own branded Loyalty Points to their end user customers. Enterprise Clients add a small margin to all transactions to fund the cost of Loyalty Points. The Loyalty Points are stored in the customers e-wallet. Enterprise Clients can also offer multiple reward tiers based on the volume of purchases by end customers. The accumulated Loyalty Points can be used to make purchases within the EONX Platform and also converted and swapped with some airline points.

Enterprise Clients use the Loyalty Points Platform to provide their end user customers with incentives and rewards to drive sales conversions and improve customer retention. Additionally, EONX provides advanced tools to assist its Enterprise Clients to segment end-users into various tiers subject to membership type or status.

##### **Explanation of E-Wallet**

End-user customers can add bank accounts, credit and debit cards, review payment histories and can add payees. Payments can be made in the EONX marketplace to any supplier or employee. E-Wallet refers to the funds on deposit, Loyalty Points, and the amount available for use by a particular end user customer. A customer may use their e-wallet to make purchases, withdraw funds, or transfer balances to another account. In some instances, users may also move funds to other users. Customers can also choose to pay for products by creating a payment bundle for a single transaction that includes their credit card, e-wallet funds, and Loyalty Points.

##### **Fraud Issues**

It is difficult and often impossible to obtain a firm guarantee that the person initiating the transaction is the account holder and is authorized to conclude the transaction. With a stolen credit card, a merchant's comparison of a signature on the credit card to the signature of the customer is irrelevant. In the online environment or over the telephone, the customer's signature cannot be verified. If a card is stolen or there has been unauthorized access to the financial records of the account holder, requiring the purchaser to provide a Card Verification Value Code (CVV) or password or pin number, which is not part of the card number, is ineffective to stop fraud. See *Risk Factors* regarding fraud, cybersecurity and money-laundering.

EONX has developed a propriety fraud monitoring technology to reduce exposure to fraud with services such as card verification, identity verification, transaction authentication protocols and workflows.

##### **Description of EONX's Revenue**

Most of EONX's revenue can be attributed to the following sources, as described in more detail below:

- Annual Platform Fees to cover the setup, integration and ongoing maintenance of the White Label solution
- Transaction Fees charged on payments
- Interchange Fees - Merchants
- Program Fees – Loyalty Points
- Marketplace Fees
- eCards

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **1.2 – Overall Performance – continued**

##### **Explanation of Transaction Fees**

As a “Payment Processor” EONX has contracts with merchants to handle transactions from various channels such as credit and debit cards for merchants. EONX provide merchant services and transaction processing to its Enterprise Clients. Eonx receives a transaction fee, which is a percentage of the transaction value and also in some cases, a fee per transaction. The fixed rate can vary from \$0.05 to \$3.00 per transaction, and the percentage can vary between 1% and 5%.

##### **Explanation of Interchange Fees**

Interchange fees describe the fee paid between banks for the acceptance of card-based transactions. It is a fee that a merchant's bank ("*Acquiring Bank*") pays a customer's bank ("*Issuing Bank*"). EONX generates revenue by charging a margin to the interchange fees which can vary from 0.10% to 2% subject to card type.

##### **Explanation of Program Fees - Loyalty Points**

EONX has contracts with merchants to handle Loyalty Points between the Enterprise Clients and their end user customers. The Company receives a Program fee, which is a percentage of the dollar value of Loyalty Points issued per transaction. The percentage can vary between 0.20% and 2%.

##### **Explanation of Marketplace Fees**

EONX Services provides an online store with vouchers, gift cards, movie tickets, consumer products. It charges a commission on every sale where Marketplace Fees vary between 1.00% to 20.00% on every sale.

##### **Explanation of eCards**

EONx purchases eCards at discount rates that are confidential and sells them at a lesser discount to its client's patrons. For example, an eCard may be purchased by Eonx at a discount of 4% from the face value of the eCard and sold at a discount of 2% from the face value of the eCard. The spread between the two rates of 2% is revenue to EONx.

#### **REVENUE**

##### **Marketing Plans and Strategies**

EONX Services markets its products and services to large Enterprise Clients through business development activities, word of mouth and referrals. EONX does not need to market to end user customers that transact on the platform as they are referred by EONX's Enterprise Clients holding relationship with their customers.

##### **ISO Accreditation**

*EONX has obtained two ISO accreditations:*

- ISO 27001 is an international standard on how to manage information security.
- ISO 9000 is family of quality management systems in a set of standards that helps organizations ensure they meet customer and other stakeholder needs within statutory and regulatory requirements related to a product or service.
- PCI Compliant

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **1.2 – Overall Performance – continued**

##### **ISO Accreditation**

- EONX is a Payment Card Industry ("PCI") Level 1 compliant through the Payment Card Industry Data Security Standard. PCI compliance refers to the technical and operational standards that businesses must follow to ensure that credit card data provided by cardholders is protected. PCI compliance is enforced by the PCI Standards Council and all businesses that store, process or transmit credit card data electronically are required to follow the compliance guidelines. PCI compliance standards require merchants and other businesses to handle credit card information in a secure manner that helps reduce the likelihood that cardholders would have sensitive financial data stolen. If merchants do not handle credit card information properly, the card information could be hacked and used to make fraudulent purchases. Additionally, sensitive information about the cardholder could be used in identity fraud.
- Being PCI compliant means consistently adhering to a set of guidelines set forth by companies that issue credit cards. The guidelines outline a series of steps that credit card processors must continually follow. Credit card processors must continually assess their information technology infrastructure, business processes and credit card handling procedures to help identify potential threats that may compromise credit card data. Payment processors and issuers are then asked to address any gaps in security, and to avoid storing sensitive cardholder information whenever possible. Processors and financial institutions are required to provide compliance reports to the card brands that they work with, such as MasterCard, American Express and VISA.
- All companies that process credit card information are required to maintain PCI compliance, regardless of their size or the number of credit card transactions they process. The requirements, known as the Payment Card Industry Data Security Standards ("PCI DSS"), are managed by the major credit card companies, including VISA, American Express, Discover and MasterCard, among others.

##### **Proprietary Software**

EONX's White Label Platform provides a web and mobile portal to process payments, manage loyalty rewards and run a marketplace online store. EONX's digital wallet is a mobile application that allows users to perform banking functions such as balance and transaction history, transfer money, pay bills and third party payees. EONX's proprietary solution is the result of its development by local staff and some 3<sup>rd</sup> party contractors. The proprietary development of software has allowed EONX to integrate its Platform with financial institutions, security providers, and retail partners. There are no registered intellectual property rights of EONX in respect of this software, but because the software code is not available for public access, it is not subject to reverse engineering or other similar threats to intellectual property.

##### **Specialized Skills**

As a technology company, the Company requires special skills and knowledge to maintain and evolve the software and technology. The Company has the in-house expertise to maintain and evolve its software operations to meet ever-changing advances in the payment and loyalty industry.



**EONX SERVICES PTY LTD.**  
**Management Discussion and Analysis**  
**For the period nine-month period ended March 31, 2020**

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**1.2 – Overall Performance – continued**

**MATERIAL CONTRACTS**

**Clients and Channel Partners**

All agreements with the Company's Enterprise clients for the EONX Platform and EONX Program include: EONX White Label Sites, Platforms and software; a fully paid-up, non-exclusive (other than the agreement with Symbion Pty Ltd.), non-transferable license to allow the clients and their members to access and use the EONX Program as a service over the internet; contain confidentiality and privacy agreements; no transfer of intellectual property; governance by Australian law and limitations on liability.

EONX is required to manage a Customer Call Centre for each client, seven days a week, with a 1300 telephone number and email address for member's enquiries staffed by EONX Pty employees (the "1300 Help Desk").

The EONX Program is integrated into each client's software and available to all members of each client on their respective websites.

All \$ amounts disclosed in this Material Agreements section are in AUD\$.

**Payment Processing Services**

**Symbion Pty Ltd. ("Symbion")**

The Symbion agreement executed February 21, 2021 with an effective date of November 20, 2020 for Eonx to provide Payment Processor Services through the Eonx Platform. The Program Commencement Date, scheduled for June 30, 2021, is the date a client member of Symbion registered to participate in the Program which is a branded iteration of the Program on Symbion's site.

EONX as a Payment Service Provider will provide Payment Processing Services: facilitate processing, transmission, remittance and reporting services, process client invoice transactions and allocate Symbion Program Points for Symbion Client Members, facilitate concierge payment transaction for Symbion Client Members (a transaction by a Client Member to pay a third-party statement or invoice), comply with all Network and Acquirer requirements.

The service will be exclusive for the first 18 months unless otherwise agreed to in writing. In addition, Eonx will not supply a substantially similar program to five excluded companies:

- A. Australian Pharmaceutical Industries (API)
- B. Clifford Hallam Healthcare Pty Limited
- C. Sigma Healthcare Limited
- D. Medical Association Limited (National Pharmacies)
- E. Barrett Distributors Pty Ltd.

Eonx's liability for any consumer guarantee or warranties in relation to the Eonx Program will be limited to Eonx replacing any Products and resupplying the Eonx Program.

A Symbion client member can register to participate in the Eonx program, set a Program Tier, pay invoices, be awarded Program Points upon payment of client invoices and Client Members can redeem Program points for products, concierge payments or transfer Program points to an affiliated points partner.

Either party may terminate the agreement on 180 days' notice. If Eonx makes a material and detrimental modification, Symbion can terminate on 14 days' notice.

**EONX SERVICES PTY LTD.**  
**Management Discussion and Analysis**  
**For the period nine-month period ended March 31, 2020**

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**1.2 – Overall Performance – continued**

**MATERIAL CONTRACTS – continued**

**Symbion– continued**

**Fees:**

An establishment fee of up to \$250,000 is payable but will be waived on the condition that both parties use reasonable effort to implement the Eonx Program. \$250,000 is payable if the agreement is terminated within 6 months of the Program Commencement Date, \$150,000 is payable if termination within 6-12 months of Program Commencement Date and \$50,000 if agreement is terminated within 12-18 months of Program Commencement in June 2021.

**Payment Service Fees**

Payment type	Service Fee
Visa and MasterCard	1.2%
American Express	1.99%
Direct debit	\$0.10
BPay	\$0.80
Chargeback fee	\$45.

Symbion is fully owned by EBOS GROUP LIMITED (listed on the ASX, \$4B market cap). EBOS is the largest human and animal healthcare company in Australasia. Symbion is an Australian national wholesaler of healthcare services and products. It discloses it has over 4,000 retail pharmacy customers (“Pharmacies”) and 1,300 hospital customers across Australia. Dun & Bradstreet advises they have 2,316 employees across all locations and had annual revenue of USD\$4.35 billion in 2020. They process over \$8 Billion in transactions per year. It has 11 warehouses around Australia and coordinates daily delivery and houses over 16,500 product lines from more than 550 manufacturing partners.

The signed contract with EONX will allow it to provide payment processing and loyalty reward points to the Pharmacies. Symbion will save on the transaction payment fees and also allow it to provide the Symbion Points (powered by EONX) to the pharmacies to drive higher transaction volumes. These points can be used in the Symbion marketplace (a white label e-store run by EONX) of which EONX also receives further fees. The system will go live at the end of March and will see revenue from this contract climb quarter by quarter as pharmacies start using it. Symbion client members can register to participate in the Eonx program, set a Program Tier, pay invoices, be awarded Program Points upon payment of client invoices and Client Members can redeem Program points for products, concierge payments or transfer Program points to an affiliated points partner

**Henry Schein Regional Pty Ltd. dba Henry Schein Trust (“Schein”)**

The Schein agreement dated September 14, 2020 for a five-year term expiring September 14, 2023. EONX provides its Platform for a White Label branded payment and rewards program and is providing Payment Processor Services for Schein’s Payment Processor Services with its merchants and their clients for credit and debit card transactions.

Schein’s client members can register to participate in the program, set a program tier, pay client invoices, be awarded program points for the successful payment of client invoices and redeem and transfer program points, run promotional campaigns and clients able to promote their own products. Eonx will supply activity and reconciliation reports and provide access to the 1300 Help Desk. Termination is on 180 days’ notice unless earlier terminated for cause which cannot be rectified.

**EONX SERVICES PTY LTD.**  
**Management Discussion and Analysis**  
**For the period nine-month period ended March 31, 2020**

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**1.2 – Overall Performance – continued**

**MATERIAL CONTRACTS – continued**

**Schein– continued**

Program Fees and Tiers

Program Tier	program fee	program points per AUD\$1
Platinum tier	4.5%,	3 points
Gold tier	2%	1 point

Additional Fees: Bonus points can be provided to members for a fee of \$0.17 per point. Ad hoc fees will be mutually agreed to.

Payment Services Fees Table

Payment types	Service Fees
Visa and MasterCard	0.85%
American Express	1.90%
Direct Debit	AUD\$0.10
BPay*	AUD\$0.08
Chargeback Fee	\$45

\*An electronic bill payment system in Australia which enables payments to be made through a financial institution's online, mobile or telephone banking facility to organizations which are registered BPay billers.

**Suncorp Corporate Services Pty Ltd. ("Suncorp")**

The Suncorp Master Services Order Agreement dated December 18, 2018 as amended on June 26, 2020 to provide Suncorp with the Payment Processing Services, a White Label Platform enabling Suncorp's clients to purchase a range of discounted eGift Cards, online offers, travel and lifestyle products from Australia's leading retailers and brands. E-Gifts and digital products are delivered directly to a customer's eWallet for redemption in store. Prior to July, 2020 Eonx was paid a sliding scale for Platform Fees. In July 2020 this was changed to a monthly platform fee of \$80,000 commencing July 2020. Eonx is also paid a fixed monthly retainer of \$35,000 for services up to 500,000 Suncorp members. The agreement is effective until December 31, 2021.

Eonx provides the following services: access to a branded site, access to the 1300 Help Desk, member clients enter and storage of personal details and payment methods via their eWallet, client members can purchase a range of discounted eGift cards, online offers, travel and lifestyle products from Australia's leading retailers and brands; options for communication methods, platform ability for Suncorp to control the accrual and redemption of customer points, redemption of point, integration with Suncorp's marketplace, gamification triggers based on events for activities performed, customer tiering with specific offer values. In addition, Eonx will provide regular reports on use by Suncorp clients.

**AMS Rewards Pty Ltd. ("AMS")**

The AMS non exclusive two-year agreement dated June 28, 2017 as amended on November 13, 2020, to extend the agreement to June 28, 2021, to provide the EONX Program for Payment Processor Services, access to the 1300 Help Desk and to provide a White Label website to enable members to purchase eGift Cards. AMS is a subsidiary of Australian Motoring Services Pty Ltd. which includes five motoring clubs in Australia and Tanzania whose shareholders are the members.

**EONX SERVICES PTY LTD.****Management Discussion and Analysis****For the period nine-month period ended March 31, 2020**

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**1.2 – Overall Performance – continued****MATERIAL CONTRACTS – continued****AMS– continued**

	Service Fees
Transaction Fee	\$0.05 per eGiftCard
Merchant Fee	0.95% of the total transaction price It may be increased after 12 months on 90 days' notice.

**Guild Trustee Services (“Guild”)**

The Guild five-year agreement dated July 6, 2018 to provide the Guild with Payment Processor Services for Guild's White Label website and its members and provide the Eonx Platform for a loyalty, rewards, membership and payments software program to members of Guild's superannuation fund in which financial rewards are directed to the superannuation fund of each member. The 1300 Help Desk service is also provided.

Guild is a trustee for the Guild Retirement Fund consisting of three products: GuildSuper, Childcare Super and Guild Pension. GTS has been in operation for approximately 15 years providing superannuation services to members, employers and the self-employed in the childcare and pharmaceutical industries.

Guild uses the program in a marketing effort to increase member's engagement with superannuation, increase member superannuation balances and improve member retention rates and attract new members. It has established a SuperSuper online shopping program with hundreds of retailers to offer cash rewards. For every purchase made by a member from a retailer on the platform, a contribution is submitted to the member's superannuation account.

Guild can monthly provide a list of members for which the Company is to provide raw IT transaction logs to include sufficient information to enable Guild to complete a reconciliation of that member's reported savings. The Company provides monthly, quarterly and annual report to Guild regarding the call center activity, trends and other matters.

Guild's platform includes retailers which must maintain minimum member levels - at or above 75% of a minimum of 80,000. Retailers must have an average discount of a minimum of 5% on purchases which is paid to the member's superannuation fund.

Guild is required to commit to a minimum of 80,000 members.

**Fees:**

- Development fees of AUD\$113,000
- Ongoing Development fees of \$250 per hour.
- Rewards Program Fee

Member base	Rewards program fee per annum
Minimum commitment of 80,000	\$2.25
Above 80,000	\$2.00
Fraud Protocol Implementation	\$6,000

**EONX SERVICES PTY LTD.****Management Discussion and Analysis****For the period nine-month period ended March 31, 2020****1.2 – Overall Performance – continued****MATERIAL CONTRACTS – continued****Guild– continued**

Client Contact Centre fee:

	Per annum	Additional fees
500 calls a month to a maximum of 4,000 minute a month	46,000	
Each call above 500 -can be renegotiated once call volumes exceed 4000 minutes per month,		\$9.00 monthly

The parties also agreed after three years, the further fees for each member for each call above 500 monthly, with a minimum commitment of 10,000 members would be:

- Up to 25,000 members: \$9.00 each
- 25,001 to 50,000 members: \$7.00 each
- 50,001 – 100,000: \$4.00 each
- 100,001 and above: \$3.00 each

Indemnity: The Company provides a limited indemnity for breach of a third party's intellectual property rights, damage to tangible property, unlawful, fraudulent acts or omissions of the Company, personal injury and breach or nonperformance of the agreement. The Company has no physical contact with members, or the products provided at Guild's website.

**Statewide Superannuation Pty Ltd.**

Statewide Superannuation Pty Ltd., as trustee of the Statewide Superannuation Trust ("Statewide"), three-year agreement dated April 20, 2018 for the Company to provide the EONX branded loyalty, rewards, membership and payments software Platform and Program to Statewide and its clients. Statewide manages superannuation funds and offers various pension products, investment and financial advice.

Statewide must commit to a minimum of 50,000 members.

**Rewards Program Fee**

Member base	Rewards program fee per annum
Minimum commitment of 50,000	\$0.58
50,000 +1	\$0.58
Fraud Protocol Implementation	\$6,000

Statewide elected not to take on the full rewards offering and additional functionality including integrations or single sign-on consumer mapping modules. This is bespoke work which is required per platform and comes at an additional cost.

**Westfund Limited ("Westfund")**

The Westfund three-year agreement dated July 31, 2019 commencing 6 – 8 weeks after signing, for the Company to provide the EONX branded loyalty, rewards, membership and payments software Platform and Program to Westfund and its clients commencing on the Program Commencement Date. Westfund's business includes managing pensions, retirement, health and welfare funds. EONX will also provide the 1300 Help Desk.

## EONX SERVICES PTY LTD.

### Management Discussion and Analysis

For the period nine-month period ended March 31, 2020

#### 1.2 – Overall Performance – continued

#### MATERIAL CONTRACTS – continued

##### Westfund– continued

##### Reward Platform

The Fee is \$237,600 for access to 45,000 client members and is the minimum client member commitment per annum multiplied by the applicable rewards program fee.

Member base	Rewards program fee per annum
Minimum commitment of 45,000	\$5.28
45,000 +1	\$4.20
Fraud Protocol Implementation	\$6,000

##### Optus Administrator Pty Ltd. (“Optus”)

The Optus master supply agreement signed on October 16, 2018 and effective on the date of the first statement of work which was Oct 2, 2018, for the Company to provide the EONX Platform and Program for Optus telecommunications services: mobility, network, enterprise communication and integration of corporate services with voice, data and video. It can be terminated on 30 days’ notice.

Optus focuses on ways to engage with customers through unique experiences, loyalty programs (Lifestyle Rewards and Relationship Rewards) and benefits and operates an eWallet for its customers. Eonx manages the Loyalty and Rewards Program know as Perks which is a key pillar of Optus’s service brand. Eonx is required to: supply client services program management; reporting and analytics; Rewards Sourcing and Management; Call Centre Customer Service; provide project management services; physical network construction work; update on September 28 of each year a scoping of capability for the next financial year; comply with ISO and industry standards for cybersecurity; report weekly; monthly and quarterly on different matters; provide termination assistance for customers; carry comprehensive general liability insurance for injury to persons and property of AUD\$10,000,000 and professional liability insurance of AUD\$1,000,000 as well as workmen’s compensation insurance, insurance for damage to goods and for supply contracts under which construction work is done in the amount of U.S.\$10,00,000 per occurrence and all other insurance required by law; report all records of greenhouse data as required by the National Greenhouse and Energy Reporting Act of Australia.

The Company limits its liability for each supply contract to an amount not exceeding three times the gross value of a supply contract or \$5,000,000, whichever is larger.

Opus and the Company also signed a Goods and Services Module on October 16, 2018 which forms part of the supply agreement signed on the same day regarding: delivery of services; packaging; project management; management of the Optus consumer and rewards programs including day to day operations, meetings, working with third party suppliers, analytical support regarding customer data and modelling for targeting customers; and personnel to carry out the services and network construction work.

##### Fees:

Ongoing Fee-fixed fee	Year 1 (AUD\$)	Year 2 (AUD\$)	Year 3 (AUD\$)	Total (AUD\$)
LoyaltyCorp Account Management	1,800,000	1,800,000	1,800,000	5,400,000
Call center management fee	216,000	216,000	216,000	648,000
total	2,016,000	2,016,000	2,016,000	6,048,000

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **1.2 – Overall Performance – continued**

##### **MATERIAL CONTRACTS – continued**

###### **Smartgroup Benefits Pty Ltd. (“Smartgroup”)**

The Smartgroup agreement dated March 31, 2020 for a 12-month term from the EONX Program Commencement Date, which was six months from the agreement date, to provide Smartgroup with the EONX Program. This will include the client's branded platform, access to discounted eCards, gift cards, online offers and eStore, rec room live feed, live chat, groups, events and awards, live analytics and reporting via admin dash.

The Company is required to: have public liability insurance for any event of \$20,000,000, professional liability insurance of at least \$10,000,000 per claim and cyber liability insurance of at least \$2,000,000 for each event and workmen's compensation insurance.

##### **Fees**

Rewards Platform Fee for a maximum of 5,000 members	AUD\$25,000 Annually
Rewards Platform fee above 5000 members	\$10 payable at the end of each month
Call center management fee	
total	

##### **Bank Contracts**

###### **First Data Merchant Services LLC (“First Data”)**

The First Data member service provide agreement dated October 16, 2019 whereby First Data sponsors Eonx to provide payment services to merchants wishing to accept payment by credit and debit cards for the territory of Australia.

###### **Payment Solutions Agreement with First Data and Metabank, National Association (“Metabank”).**

The Metabank agreement dated September 30, 2020. Metabank is a member of the Visa and MasterCard Networks and is an Acquiring Bank. First Data is authorized by Metabank to process payment authorizations, transmissions and settlement activities for Visa and MasterCard transactions. First Data will acquire the Eonx electronic transactions for payment organization and networks (“Acquiring Services”) for Visa, MasterCard, American Express and Discover and also provide debit services. First Data will be the primary provider of the Acquiring Services unless Eonx requires services that First Data does not provide.

###### **Split Payments Pty Ltd. (“Split”)**

The Split agreement dated April 21, 2020 to provide the Eonx Platform Payment Services for Split to connect, reward and securely transact with its members, customers and employees which accesses a user's payment account for the transfer of funds. The agreement was for one year and will automatically renew for a further two years on written confirmation of proof of concept on the anniversary date. The agreement may be terminated by Split on 90 days' notice or earlier to Eonx in the event of a material breach of contract and immediately in the event of insolvency, material risk activity, unauthorized activity, non compliance with law and regulation and unacceptable risk to Split.



**EONX SERVICES PTY LTD.**  
**Management Discussion and Analysis**  
**For the period nine-month period ended March 31, 2020**

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**1.2 – Overall Performance – continued**

**Other Non Material Agreements**

**Gift Card Supplier Agreements**

The Company has numerous gift card supplier agreements with numerous companies (the “Suppliers”) for the supply to the Company by the Supplier of a visual depiction of a Supplier’s gift cards and logo, with a minimum card value of \$10 and a maximum of \$500 with discounts ranging from 5% to 15% for use on the Company’s website, social media channels and electronic direct marketing channels. The Company is not required to make any advance payments for the gift cards.

Internet Services Australia 1 Pty dba The Ionic (“Ionic”) gift card supplier agreement dated May 14, 2019 for six months which was renewed on November 14, 2019 for a further 12 months for the supply by EonX of Gift Cards. The parties have agreed to continue under an automatic renewal arrangement at the end of each year.

The Hairhouse Warehouse Pty Ltd. (“Hairhouse”) gift card supplier agreement dated March 15, 2019 for 36 months with a renewal term of 36 months for the supply by Hairhouse of a visual depiction of its gift cards and logo, with a minimum card value of \$50 and a maximum of \$100 with a 10% discount for use on the Company’s website, social media channels and electronic direct marketing channels. The Company is not required to make any advance payments for the gift cards.

Deliveroo Australia Pty Ltd. (“Deliveroo”) gift card supplier agreement December 18, 2019 for 36 months with a renewal term of 36 months for the supply by Deliveroo of a visual depiction of its gift cards and logo, with values of \$10, \$25, \$50, \$75 and \$100 with a 15% discount for use on the Company’s website, social media channels and electronic direct marketing channels. The Company is not required to make any advance payments for the gift cards.

**Competition**

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Company. Further, because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants.

**Ackroo Inc** provides merchants of all sizes a robust, cloud based multi-currency marketing platform to help attract, engage and grow their customers while increasing their revenues and margins. Through a SaaS based business model Ackroo provides an in-store and online automated solution to help merchants process loyalty, gift card and promotional transactions at the point of sale, provide key administrative and marketing data, and to allow customers to access and manage their loyalty and gift card accounts. It also provides important marketing, data and payment services to assist their merchants with utilizing its technology solution, to better understand and steer their customers behaviors, and to provide a single point of contact for all of their primary merchant currencies.



## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **1.2 – Overall Performance – continued**

##### **Competition – continued**

**Points International Ltd.** is a Canadian company which is engaged in providing web-based solutions to the loyalty program industry. It offers e-commerce services include the retailing and wholesaling of loyalty program currencies, a range of additional e-commerce products and management of an online consumer-focused loyalty points management web-portal. It partners with leading loyalty brands by providing solutions that make their programs more valuable and engaging while driving revenue to the program. Points does not manage its own loyalty program or offer technology to operate a loyalty program. It combines attributes of both a platform and a marketing services business to offer a portfolio of consumer and business facing products and services that facilitate either the accrual or redemption of loyalty currency (points or miles). Accrual transactions are typically focused on generating revenue for loyalty program partners while redemption transactions are focused on offering additional engagement options for program members.

The company's operating segments are Loyalty Currency Retailing which provides products and services to loyalty program members, Platform Partners, and Points Travel. The Platform Partners segment is a broad range of applications that are connected Loyalty programs, merchants, and other consumer service applications to broadly distribute loyalty currency and loyalty commerce transactions through multiple channels, including loyalty program, co-branded and third-party channels.

The Points Travel segment connects online travel bookings with the broader loyalty industry and consists of Points' Points Travel and PointsHound services which operates loyalty based hotel booking service, which today continues to offer consumers the ability to earn loyalty currency from 20 loyalty programs.

The majority of the company's revenue is derived from the United States.

**XTM Inc.** provides a customizable range of mobile banking and payment card solutions to businesses.

**Mint Payments**, operating as. Mintpayments.com, provides payment solutions that enable businesses of all sizes to accept, process and manage payments online and through various mPOS, mobile and tablet devices.

##### **Employees**

As at the date of this Prospectus, EONX employs Andrew Kallen, CEO to run its operations. EONX also employs 27 staff based in the head office. It also engages independent contractors from time to time to work on a project by project basis and has a contract with an independent third party to provide technical development services.

##### **Current Activity**

During the nine months ended March 31, 2021, EONX initiated a plan to file a prospectus with the British Columbia Securities Commission (the "BCSC"). The non-offering prospectus (the "Prospectus") of EONX Technologies Inc. is filed with the British Columbia Securities Commission (the "BCSC"). The filing is to comply with Policy 2 – Qualifications for Listing of the Canadian Securities Exchange (the "CSE") in order for the Company to meet one of the eligibility requirements for the listing of the Shares on the CSE by becoming a Reporting Company as defined herein, pursuant to the applicable securities legislation in the Province of British Columbia. Upon receipt of this Prospectus by the BCSC, the Company will become a Reporting Issuer in British Columbia. No securities are being offered pursuant to this Prospectus. As such, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds. An application has been filed by EONX to have its Shares listed for trading on the Canadian Securities Exchange ("CSE"). Listing will be subject to the Company fulfilling all the listing requirements of the CSE, including, without

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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limitation, the distribution of the Shares to a minimum number of public shareholders and the Company meeting certain financial and other requirements.

The Company's shareholder, APN Ventures Pty Ltd. a company controlled by the CEO signed a share exchange agreement with EonX Technologies Inc. (a newly formed Canadian company) to sell their shares in the Company in exchange for 25,000,000 common shares of EonX Technologies Inc. The share exchange agreement completed on 23 March, 2021, 2021.

During the March quarter, the Company signed two new customer contracts:

#### **Symbion Pty Ltd. ("Symbion")**

EONX signed an agreement with Symbion to provide Payment Processor Services through the Eonx Platform. EONX as a Payment Service Provider will provide Payment Processing Services: facilitate processing, transmission, remittance and reporting services, process client invoice transactions and allocate Symbion Program Points for Symbion Client Members, facilitate concierge payment transaction for Symbion Client Members (a transaction by a Client Member to pay a third-party statement or invoice), comply with all Network and Acquirer requirements.

EONX charged an establishment fee of up to \$250,000 but will be waived on the condition that both parties use reasonable effort to implement the Eonx Program. \$250,000 is payable if the agreement is terminated within 6 months of the Program Commencement Date, \$150,000 is payable if termination within 6-12 months of Program Commencement Date and \$50,000 if agreement is terminated within 12-18 months of Program Commencement in June 2021.

**AGL Sales Pty Ltd. ("AGL")** agreement dated March 25, 2021 for a twelve-month period expiring December 31, 2021 to provide AGL with the EonX Program branded for AGL, for the territory of the Australian states of Victoria, New South Wales, South Australia and Western Australia. This include the client's branded platform and access to Suppliers eCards discounted between 2% -5%. and AGL's special promotion offers. The parties agreed that the mutual exchange of services and the performance of the obligations are sufficient consideration.

ALG is listed on the ASX with the symbol AGL. It is an energy retailer offering electricity, gas solar and renewable energy services plus internet and mobile plans with millions of customers. Dunn and Bradstreet disclose that AGL has almost 4,000 employees and generates U.S. \$7.96 billion in sales.

The agreement may be terminated by either party without cause on 30 days notice. Termination for cause will be immediate if a breach of contract is not rectified within 30 days of notice of such breach. Eonx is required to carry public and products liability insurance of a minimum of AUD\$20,000,000 per occurrence.

EONX filed a preliminary non offering prospectus with the British Columbia Commission on 30 May 2021 and received final receipt on 12 May 2021. Current issued Share capital of 29,400,000 and 5,292,000 Shares issued upon the exercise of Options.

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### ***1.2 – Overall Performance (continued)***

##### **Financing**

At March 31, 2021, the Company had not yet achieved profitable operations on a consistent basis, had accumulated a deficit of \$3,686,471 (June 30, 2020 – \$2,079,563), had a working capital of \$5,230,105 (June 30, 2020 deficit \$2,162,024), and had cash outflow by operations of \$1,696,918 (March 31, 2020 inflow– \$43,202) The Company expects to incur further losses in 2021 as it further develops additional capability to process payments in the United States. It should be noted that should the Company stop its expansion plans to North America the business will deliver more profitable quarters by servicing the local Australian market. The current rate of expenditure is expected to reduce quarter by quarter as the Company completes its development activities and moves its focus to business development and marketing activities. It has flexible staff resourcing with all contract staff and the majority of employed staff focused on technical and engineering activities form part of the expansion plans. As these activities are completed, EONX will reduce its headcount and operating cost. The mix of both contract staff and employed staff provide flexibility to manage costs and project delivery objectives.

A large focus for the next of 3 to 6 months expansion plans is on further developing the technology to service the North American market. This includes the implementation of payment systems for processing payments in the United States and Canada and also integrating new retail partners for the EONX North America marketplace. A 12 month budget has also been allocated to business development activities in Australia and a 6-month program in North America.

The Company has an established history of generating both recurring software revenue and transactional revenue from large multinational companies from operating activities. It has two bank facilities provided for working capital from National Australia Bank Limited (NAB), including a \$2.5M facility and a \$3.7M facility and combined with the Company's existing working capital it is expected that these funds are sufficient to complete its business as discussed in "Financing" below. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations, or to raise further finance via debt or equity.

The Company had further borrowings from the CEO Andrew Kallen in the amount of \$529,973 (March 31, 2020 – \$694,714). Total amount owed to the CEO at March 31, 2021 is \$2,286,755.

#### ***1.3 – Selected Annual Information – NA***

##### ***1.4 – Results of Operations – Year to Date and Quarter***

Operations during the interim three-month period ended March 31, 2021 were primarily related to the providing payment processing services and fully branded white label platforms. There were no legal proceedings, contingent liabilities, defaults under debt or other contractual obligations, breach of any laws or special resolutions during the three-month period ended March 31, 2021.

During the nine-month period ended March 31, 2021, the Company incurred a net loss from operations of \$1,606,908 (March 2020 – loss of \$495,256). This was comprised of revenue of \$6,419,104 (March 2020 – \$7,303,328), less operating expenses of \$6,467,392 (March 2020 – \$6,982,281), other expenses of \$233,296 (March 2020 – \$215,024) and income tax expense of \$734,421 (March 2020 – \$601,279). There was also an expense of \$590,903 incurred in the March quarter relating to transaction costs relating to the share swap agreement.

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

#### **For the period nine-month period ended March 31, 2020**

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Revenue was generated from trading revenue of \$3,752,067 (March 2020 – \$5,445,127), research and development credits of \$1,856,166 (March 2020 – \$1,797,726) government grants of \$810,600 (March 2020 – \$36,445) and other income of \$271 (March 2020 – \$24,030).

Operating expenses consisted of employee expenses of \$2,564,277 (March 2020 – \$3,151,079), research and development and technology expenses of \$3,125,064 (March 2020 – \$2,649,680), and administrative expense of \$778,051 (March 2020 – \$1,181,522). Employee cost were lower in 2021 due to the completion of bespoke platform features that were required and developed by EonX in the previous period. Research and development expenses were higher in 2021 due to increased product development.

Other expenses consisted of depreciation and amortization of \$127,514 (2020 – \$140,602). and finance costs of \$105,782 (2020 – \$74,422). Financing costs were higher in 2021 due to EonX usage of a premium funding facility for the insurance policies. The remaining costs were generally consistent.

Operations during the interim three-month period ended March 31, 2021 were primarily related to the listing process and the business activities of providing payment processing services and fully branded white label platforms. There were no legal proceedings, contingent liabilities, defaults under debt or other contractual obligations, breach of any laws or special resolutions during the three-month period ended March 31, 2021.

During the three-month period ended March 31, 2021, the Company incurred a net loss from operations of \$995,137 (March 2020 – loss of \$924,297). This was comprised of revenue of \$1,913,354 (March 2020 – \$1,747,150), less operating expenses of \$1,918,150 (March 2020 – \$2,400,572), other expenses of \$72,885 (March 2020 – \$94,537) and income tax expense of \$326,553 (March 2020 – \$176,338). As outlined above, there was \$590,903 in transaction costs associated with the share swap agreement incurred in the March quarter.

Revenue was generated from trading revenue of \$1,109,955 (March 2020 – \$1,036,072), research and development credits of \$189,200 (March 2020 – \$36,445) government grants of \$614,199 (2020 – \$670,126) and other income of \$0 (March 2020 – \$4,507).

Operating expenses consisted of employee expenses of \$814,848 (March 2020 – \$976,483), research and development and technology expenses of \$987,952 (March 2020 – \$1,144,214), and administrative expense of \$115,350 (March 2020 – \$279,875). Employee cost were lower in 2020 due to the completion of bespoke platform features that were required and developed by EonX in the previous period. Research and development expenses were higher in 2021 due to increased product development.

Other expenses consisted of depreciation and amortization of \$42,503 (2020 – \$46,865). and finance costs of \$30,382 (2020 – \$47,672). Financing costs were higher in 2020 due to EonX usage of a premium funding facility for the insurance policies.

The transaction costs associated with the share swap agreement were largely accounting in nature, and comprised of net assets acquired at March 23 \$56,851, less the value of share options issued (\$280,634) and the value of the shares issued \$367,120.

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### ***1.5 – Summary of Quarterly Results (Unaudited)***

A quarterly summary of the results for the three-month period ended March 31, 2021 is set out in the table below. The Company generates revenue by charging new clients a software license fee followed by transactional fees. Software license fees reduce over time whilst there is an increase in transaction volumes it may not initially fully replace software revenue causing trading revenue fluctuations. Furthermore, transactional revenue can also fluctuate due to seasonal trends and campaign requirements, specific to retail market conditions. Research and development credits fluctuate based on the level of product development from time to time. The credits are realized once the Company has completed the work, filed the claim and has reasonable assurance of collection. . Employee benefits expense have remained generally consistent. The fluctuations were related to additional research and development in those periods.

Cash and cash equivalents have been generally consistent on a quarterly basis. The March 31 2021 quarter amount has increased due to drawing of cash from the debt facilities. I. Inventories are comprised of gift cards. This inventory fluctuates based on seasonal trends, and marketplace campaigns. Research and development credits were high reflecting the increase in platform investment. Trade and other payables consist primarily of retail product sold within a platform. Borrowings are primarily from director loans and bank debt facilities put into place to sustain growth. During the quarter, the bank debt facilities were negotiated to a longer term and have been classified as non current.. Contract liabilities were reflective of float payments held in trust, to ensure instant product delivery when customers transact on the platform. The remaining Non-current liabilities are lease related pursuant to IFRS 16. These have been consistently declining over time due to the reduction in the outstanding commitment for the office occupation.

# EONX SERVICES PTY LTD.

## Management Discussion and Analysis

For the period nine-month period ended March 31, 2020

### 1.5 – Summary of Quarterly Results (Unaudited) – continued

A summary of the quarterly results to March 31, 2021 is as follows:

	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	5,973,469	2,723,124	390,421	2,355,189	2,633,032	3,178,496	4,054,706	2,370,336
Accounts receivable	384,484	73,417	288,212	394,412	202,655	1,188,545	664,781	1,942,416
Inventories -gift cards	963,752	1,284,127	383,037	572,491	615,803	1,165,975	717,205	525,886
Research and dev credits receivable	1,842,596	1,228,397	3,011,167	2,396,968	1,762,284	2,551,901	2,551,901	1,424,302
Other current assets	141,244	263,547	82,858	58,727	75,629	96,668	41,668	50,843
Non current assets	694,097	725,344	767,849	810,355	860,722	907,591	954,459	1,001,328
<b>Total Assets</b>	<b>9,999,642</b>	<b>6,297,956</b>	<b>4,923,544</b>	<b>6,588,142</b>	<b>6,150,125</b>	<b>9,089,176</b>	<b>8,984,720</b>	<b>7,315,111</b>
<b>Liabilities</b>								
Trade and other payables	3,194,556	4,626,694	3,509,413	3,632,203	2,442,538	2,163,611	1,645,390	1,083,766
Borrowings	268,276	2,969,596	3,459,517	3,719,950	5,321,392	6,663,744	6,584,879	5,150,318
Provisions	212,963	214,585	215,068	206,439	152,265	1,092,356	1,563,144	2,318,374
Contract liabilities	399,645	545,667	0	381,219	0	0	0	0
Non current Liabilities	8,962,799	632,628	884,624	727,774	898,511	909,750	920,904	931,975
<b>Total Liabilities</b>	<b>13,038,239</b>	<b>8,989,170</b>	<b>8,068,622</b>	<b>8,667,585</b>	<b>8,814,706</b>	<b>10,829,461</b>	<b>10,714,317</b>	<b>9,484,433</b>
Issued Capital	367,240	120	120	120	120	120	120	120
Share-based payments reserve	280,634	0	0	0	0	0	0	0
Deficit	(3,686,471)	(2,691,334)	(3,145,198)	(2,079,563)	(2,664,701)	(1,740,405)	(1,729,717)	(2,169,442)
<b>Shareholders' Equity</b>	<b>(3,038,597)</b>	<b>(2,691,214)</b>	<b>(3,145,078)</b>	<b>(2,079,443)</b>	<b>(2,664,581)</b>	<b>(1,740,285)</b>	<b>(1,729,597)</b>	<b>(2,169,322)</b>
<b>Total Liabilities and shareholders equity</b>	<b>9,999,642</b>	<b>6,297,956</b>	<b>4,923,544</b>	<b>6,588,142</b>	<b>6,150,125</b>	<b>9,089,176</b>	<b>8,984,720</b>	<b>7,315,111</b>
	0	0	0	0	0	0	0	0
<b>Revenues</b>								
Trading Revenue	1,109,955	2,253,783	388,329	2,750,287	1,036,072	2,415,812	1,993,243	2,360,507
Government grant income	189,200	273,923	347,477	242,000	36,445			0
Research from Government grants	614,199	614,199	627,768	634,685	670,126		1,127,600	1,424,302
Other income	0	271	0	21,872	4,507	8,057	11,466	14,096
	1,913,354	3,142,176	1,363,574	3,648,844	1,747,150	2,423,869	3,132,309	3,798,906
<b>Operating Expenses</b>								
Employee benefits expense	(814,848)	(801,984)	(947,446)	(990,245)	(976,482)	(1,016,793)	(1,157,803)	(1,147,672)
Research and development expense	(987,952)	(965,836)	(1,171,273)	(1,205,508)	(1,144,214)	(848,474)	(656,996)	(449,121)
Administrative expense	(115,350)	(352,180)	(310,526)	(257,240)	(279,875)	(480,173)	(421,474)	(895,390)
Depreciation and amortisation expense	(42,503)	(42,505)	(42,506)	(46,868)	(46,865)	(46,868)	(46,869)	(50,951)
Finance costs	(30,382)	(46,816)	(28,581)	(26,154)	(47,672)	(42,249)	15,499	(26,528)
Transaction costs re share swap agreement	(590,903)							
Income Tax Expense	(326,553)	(478,991)	71,123	(537,691)	(176,338)	0	(424,941)	(968,595)
	(2,908,491)	(2,688,312)	(2,429,209)	(3,063,706)	(2,671,446)	(2,434,557)	(2,692,584)	(3,538,258)
<b>Other Comprehensive income for the period</b>								
Translation of foreign operations								
<b>Loss and Comprehensive Loss for Period</b>	<b>(995,137)</b>	<b>453,864</b>	<b>(1,065,635)</b>	<b>585,138</b>	<b>(924,296)</b>	<b>(10,688)</b>	<b>439,725</b>	<b>260,648</b>
Basic and diluted loss per share	(8,292.81)	3,782.20	(8,880.29)	4,876.15	(7,702.47)	(89.06)	3,664.38	2,172.07
Weighted average number of shares outstanding	120	120	120	120	120	120	120	120



## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### ***1.6 – Liquidity and Capital Resources***

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

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

As at March 31, 2021, the Company had net a working capital of \$5,230,105 (June 30, 2020 – (\$2,162,024) comprised of cash and cash equivalents on hand of \$5,973,469 (June 30, 2020 – \$2,355,189), accounts receivable of \$384,484 (June 30, 2020 – \$394,412), inventories of \$963,752 (June 30, 2020 – \$572,491), research and development credits receivable of \$1,842,596 (June 30, 2020 – \$2,396,968), other current assets of \$141,244 (June 30, 2020 – \$58,727) less trade and other payables of \$3,194,556 (June 30, 2020 – \$3,632,203), borrowings of \$268,276 (June 30, 2020 – \$3,719,950) provision for employee entitlements of \$212,963 (June 30, 2020 – \$206,439) and contract liabilities of \$399,645 (June 30, 2020 – \$381,219). During the March quarter, debt from the National Australia Bank (NAB) is a non current liability.

During the interim nine-month period ended March 31, 2021, cash provided by operating activities was negative \$1,696,918 (2020 – positive \$43,202); and net cash from financing activities was \$6,551,575 (2020 – \$131,037). Cash used in operating activities during the interim nine-month period ended March 31, 2021 is primarily related to business activities and grant income. Cash used in operating activities during the interim nine-month period ended March 31, 2021 is primarily related to business activities. The cash received from financing activities during the interim nine-month period ended March 31, 2021 related primarily to proceeds from commercial borrowings, funding from related party loans and repayment of lease commitments.

Total deficit as at March 31, 2021 was \$3,686,471 (June 30, 2020 – \$2,079,564). The Company has two finance facilities from National Australia Bank Limited totally \$6,200,000. As of March 31, 2021, \$6,104,596 was drawn. The terms of the facilities have been negotiated as such that the facility is a non current liability as at March 31, 2021. Although the Company has been successful in the past in raising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

On January 1, 2021, the Company executed a share exchange agreement with EonX Technologies Inc. as described in section 1.2 above. This agreement has been executed in order to pursue capital raising through the Canadian incorporated entity, in order to pursue a listing on the Canadian Securities Exchange.

**EONX SERVICES PTY LTD.****Management Discussion and Analysis****For the period nine-month period ended March 31, 2020**

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**1.7 – Off Balance Sheet Arrangements**

As at March 31, 2020, there were no off-balance sheet arrangements to which the Company was committed.

**1.8 – Transactions with Related Parties**

The Company had the following balances and transactions with executive officers or companies controlled by these officers for the interim three-month periods ended March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020
Transactions:		
Directors fees paid to Andrew Kallen	\$200,000	\$ 900,000
	March 31, 2021	June 30, 2020
Balances		
Due to Andrew Kallen	\$ 2,286,755	\$1,756,782

**1.9 – Critical Accounting Estimates**

The Company has outlined the basis of its critical accounting estimates in Note 2 of the June 30, 2020 consolidated financial statements.

**1.10 – Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)****Future Changes in Accounting Policies**

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



## EONX SERVICES PTY LTD.

### Management Discussion and Analysis

For the period nine-month period ended March 31, 2020

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#### 1.11 – Financial Instruments and Other Instruments

The Company's financial instruments include cash and accounts payable. 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.

(i) *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.

(ii) *Interest rate risk*

The Company has two loan facilities with the National Australia Bank, which are subject to interest rate risk.

Overdraft facility of \$3,700,000.

This facility is subject to the following rates:

Floating rate 2.61%

Business rate 2.06%

Risk Margin 0.55%

Loan facility of \$2,500,000

This facility is subject to the following rates:

Floating rate 2.61%

Risk Margin 1.00%

The Floating and 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 \$62,000. A reduction in the rates of 1% will result in a decrease in the interest expense of \$62,000.

(iii) *Credit risk*

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

(iv) *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.

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**1.12 – Other MD&A Requirements**

**Share Capital**

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

Current issued Share capital of 29,400,000, detailed as follows:

As at incorporation	-
Issue of founder share (August 2020 at 1 CAD cents per share)	1
Issue of shares (Nov – Dec 2020 at 2 CAD cents per share)	2,999,999
Issue of shares (February 2021 at 8 CAD cents per share)	1,400,000
Share swap agreement (issue of 25m shares - roll in of EonX Services Pty Ltd capital)	25,000,000
	<u>-</u>
	<u>29,400,000</u>

In addition to the common shares issued, as at March 31, 2021 the entity has issued the following options:

**Options granted March 23:**

Entity Options granted to	Number of Options	Related Party
APN Ventures Pty Ltd	1,470,000	Andrew Kallen
Polygon Fund Pty Ltd atf Polygon Fund Unit Trust	147,000	Anoosh Manzoori
Accelerative Investments Pty Ltd atf Hanka Family Trust	147,000	Justin Hanka
Zagaria Pty Ltd atf Zagaria Trust	588,000	nil
ANA Group Trust	588,000	nil
<b>Total granted at March 23</b>	<b>2,940,000</b>	

**Options granted March 31:**

Entity Options granted to	Number of Options	Related Party
Consultant	580,000	nil

Total Options granted as at March 31, 2021                      3,520,000

The options have a strike price of 10 CAD cents per share, an exercise period of 3 years and are immediately exercisable with no vesting conditions.

## **RISK FACTORS AND UNCERTAINTIES**

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

### **General**

#### **Going Concern and Financing Risks**

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it to sustain operations. Although the Company has been successful in the past in obtaining financing through the issuance of common shares, there can be no assurance that it will be able to obtain the necessary financing and raise capital sufficient to cover its operating costs.

#### **Global Financial Conditions**

Global financial conditions over the last few years have been characterized by volatility and the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. Now there is the universal threat of the COVID 19 virus and the severe disruptions it is causing in all aspects of life, for which there is no foreseeable end, to add to the financial uncertainty. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favorable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of the Shares may be adversely affected.

#### **Risks Specific to the Company**

##### **Relationships with Key Third Party Suppliers and Service Providers**

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

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

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

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **RISK FACTORS AND UNCERTAINTIES**

##### **Loss of Customer Contracts**

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

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

##### **Profit Margins**

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

##### **Operational Risks**

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

##### **Security Risks**

###### Rapid Technology Change

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

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

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#### **RISK FACTORS AND UNCERTAINTIES**

##### Disruption of Technology Platforms

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

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

##### **Security Risks**

##### Data Security Risk

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

##### Cybersecurity

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

##### Internet Fraud

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

##### Money Laundering

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

## **RISK FACTORS AND UNCERTAINTIES**

### **Management of Growth**

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

### **Increases in Competition**

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

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

### **Credit Card Chargeback Risk**

EONX payments is at risk if merchants fail to deliver goods to their customers that were purchased using scheme cards. As a payment processor, EONX contracts its enterprise clients to take on the liability for charge back exposure. However, EONX is potentially exposed to chargebacks in the event of default by its enterprise customer to repay the chargeback amounts.

### **Damage to Reputation or Brand**

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

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

## **EONX SERVICES PTY LTD.**

### **Management Discussion and Analysis**

**For the period nine-month period ended March 31, 2020**

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#### **RISK FACTORS AND UNCERTAINTIES**

##### **Exposure to Adverse Macroeconomic Conditions**

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

##### **Protection of Intellectual Property**

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

##### **Expansion of its Merchant Base and Industries Service**

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

##### **Acquisition Risk and Associated Risk of Dilution**

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

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

##### **Exchange Rate Risk**

EONX currently operates in Australia. The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Australian dollars.

##### **Unforeseen Expenses**

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



## **RISK FACTORS AND UNCERTAINTIES**

### **Permits and Government Regulations**

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

### **Environmental and Safety Regulations and Risks, Climate Change**

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

### **Covid 19 Virus Disruption**

Impacts Resulting from Ongoing COVID-19 Crisis The respiratory illness COVID-19 (also referred to as the "coronavirus") has resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment; all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk. The continuing and additional business interruptions, expenses and delays relating to COVID-19, could have a material adverse impact on the Company's operations and its operating results, financial condition and the market for its securities. As at the date of this Prospectus, the duration of the business disruptions and related financial impact of COVID-19 cannot be reasonably estimated.

Some of the effects of the Covid 19 include:

- uncertainty of how long the Covid 19 virus will cause the current widespread disruption,
- timely and novel government fiscal policy to deal with: shutdown of non-essential businesses, high rates of unemployment, novel evolving wage programs for laid off workers, financial concessions to business, tax cuts and government spending,
- central banks' monetary policy reaction to the novel problems caused by the Covid 19 Virus to ensure adequate credit facilities to banks and other lenders;
- the ability of non- essential businesses, in particular small businesses, to withstand a lengthy shut down,
- response of those sectors of the economy directly impacting business such as credit lines, interest rates and recurring expenses such as rent, property taxes,
- novel difficulties for business short- and long-term planning,
- disruptions to supply chains affecting the ability to manufacture and sell products,
- permanent loss of trained staff.

This list is not exhaustive and is also subject to the almost daily evolving response of governments and health authorities to the Covid 19 Virus.



## **EONX SERVICES PTY LTD.**

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#### **RISK FACTORS AND UNCERTAINTIES**

##### **Insurance Risk**

No claims have ever been made against the Company. There is always the possibility that the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. EONX has workman's compensation insurance, insurance for the contents and stock and property in its custody, an indemnity on gross profit for a 12-month period of AUD\$3,000,000, public liability insurance of AUD\$20,000,000, products liability insurance of AUD\$20,000,000. The Company does not have key man insurance for its CEO who is instrumental to the Company's operations and growth. The loss of his services would cause considerable disruption to the Company's operations.

##### **Reliance on the Directors and Officers**

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

##### **Conflicts of Interest**

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

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

##### **Currency Exchange Risk**

The Company's operations are currently in Australia and are thus exposed to fluctuations in currency exchange rates, which could negatively affect its financial condition and results of operations. In the event the operations expand outside of Australia, the currency exchange risk could increase.

##### **Unforeseen Expenses**

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

##### **Permits and Government Regulations**

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

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**RISK FACTORS AND UNCERTAINTIES****Environmental and Safety Regulations and Risks, Climate Change**

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

**Dividends**

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

**List Not Exhaustive**

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

**APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A on May 31, 2021.