

Appendix 4E

Unaudited Annual report



1. Company details

Name of Entity	Felix Group Holdings Limited
ABN	65 159 858 509
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Unaudited results for announcements to the market

				\$
Sales revenues from continuing activities	up	30%	to	5,103,882
Other revenues from continuing activities	down	1%	to	206,670
Loss from continuing activities after tax attributable to the owners of Felix Group Holdings Limited	down	19%	to	6,124,693
Loss for the year attributable to the owners of Felix Group Holdings Limited	down	19%	to	6,123,352

Dividends

No final dividend was paid in relation to the year ended 30 June 2023.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$6,124,693 (30 June 2022: \$7,555,156).

3. Net tangible assets

	Reporting period (cents)	Previous period (cents)
Net tangible assets per ordinary security	1	5

4. Control gained over entities

No control has been gained over entities during the period.

Appendix 4E

Unaudited Annual report



5. Loss of control over entities

No loss of control has occurred over entities during the period

6. Details of associates and joint venture entities

There are no associates or joint ventures

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have not been audited. The audited opinion will be issued on 29 September 2023.

8. Attachments

Details of attachments (if any):

The Unaudited Annual Report of Felix Group Holdings Limited for the year ended 30 June 2023 is attached.

9. Signed

A handwritten signature in black ink, appearing to read "MBB" followed by a stylized flourish.

Michael Bushby
Director

30 August 2023



Unaudited Annual Report

30 June 2023



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Chairman's Letter



Dear Shareholders

On behalf of the Board of Directors, it is my pleasure to present the FY23 annual report to shareholders and reflect on the significant progress we have made towards becoming the market-leading enterprise procurement and marketplace platform for commercial construction and related industries.

Our achievement of 44% growth in Contractor ARR in FY23 relative to FY22 is testament to the team's ability to successfully convert Felix's significant contractor pipeline. This demonstrates the growing market penetration of Felix's enterprise solution within the construction and engineering sector. A record 20 expansion deals were completed in FY23, highlighting the high-value nature of Felix's platform and our ability to generate high margin revenue from existing customers.

We also gained traction in adjacent sectors including mining and resources, with contracts signed with leading ASX-listed mining companies. Momentum has continued subsequent to year end, with contracts won recently with NRW Holdings and a leading ASX-listed gold mining company. Each of these contracts contribute to the network effects of our platform, as Contractors mandate the usage of Felix across their cohort of third-party Vendors. This helps grow the scale and long-term value of the Vendor Marketplace, and further entrenches Felix's position in the market as the central node connecting large Contractors with Vendors.

Throughout the year, Felix has continued to make improvements to its platform based on customer feedback. The company completed its first native integration with InEight, which allows for secure and seamless importation from InEight's Document Management module (InEight Doc) to Felix's Sourcing module to support Requests for Quotations (RFQ's). As a result, Contractors can have confidence that Vendors have the most up to date tender information, generating greater operational efficiencies and eliminating additional manual processes. Felix has also made significant progress towards the creation of an AI-powered information extraction and validation solution for compliance documents.

Looking forward to FY24, Felix will focus on converting its strong and growing advanced pipeline of domestic and international opportunities, while leveraging its existing cost base to accelerate towards cash flow breakeven. Felix will execute on its FY24 budget with focus on fiscal discipline with cost base expected to be in line with FY23, and calibrated expenditure in areas that maximise growth. Subsequent to year end in August 2023, Felix received firm commitments from the board and related parties, and existing institutional investors to raise \$3.0m via a two tranche Placement. A share purchase plan was also conducted which allowed retail investors the opportunity to participate on the same terms as the Placement, raising \$0.8m.

I would like to extend my thanks to Mike Davis and the rest of the Felix team for their hard work and dedication in continuing to deliver strong performance for Felix this past year. In closing, we would like to again thank our shareholders for their ongoing support as we continue to execute on the long-term vision for Felix.

There is a General Meeting to approve the related party shares on 21 September 2023 and our Annual Meeting is scheduled for 23 November 2023, I look forward to presenting to many of you there.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'MBB' followed by a stylized flourish.

Michael Bushby
Chairman

Corporate information

Directors	Michael Bushby Mike Davis (Managing Director) Joycelyn Morton Rob Phillpot George Rolleston Michael Trusler
Company Secretary & CFO	James Frayne
Notice of annual general meeting	The annual general meeting of Felix Group Holdings Limited is expected to be held on 23 November 2023. A general meeting is occurring on 21 September 2023.
Registered office	Unit 1F 24 Macquarie Street Teneriffe QLD 4006
Principal place of business	Unit 1F 24 Macquarie Street Teneriffe QLD 4006 Phone: 1300 010 527
Share register	Computershare Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Phone: +61 03 9415 5000
Auditor	Grant Thornton Audit Pty Ltd
Stock exchange listing	Felix Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: FLX)
Website	www.felix.net
Corporate Governance Statement	https://www.felix.net/investors/corporate-governance
ASX Listing Rule 4.10.19 Statement	The Consolidated Entity confirms that, in accordance with ASX Listing Rule 4.10.19, that it has used the cash (and assets in a form readily convertible to cash) from the time of admission in a way that is consistent with its business objectives during the period from admission to the reporting date.

Felix Group Holdings Limited

Directors' report

Information on the Directors

At the date of this report, the Board comprised five Non-executive Directors and the Managing Director.

The following persons were directors of Felix Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Bruce Bushby BE, BBus, MEng, FAICD

Non-executive Chairman – Independent

Michael Bushby was appointed to the Board as Chairman on 17 November 2020.

Michael has over 30 years of experience in the transport sector. He is the former Chairman of EROAD Ltd (ERD:NZX), Chief Executive of Roads & Traffic Authority in NSW and held a senior position at Leighton Contractors.

Michael also Chairs the Nomination and Remuneration Committee.

Michael (Mike) Peter Davis MAICD

Managing Director – Non-independent

Mike is a Co-Founder and the Chief Executive Officer and Managing Director of Felix.

Mike has over 12 years' experience running technology companies. Prior to co-founding Felix, Mike founded and led global consumer e-commerce business Canvas & Canvas for three years. Prior to founding Canvas & Canvas, Mike held a senior management role with web technology company Como Group.

Mike started his career as a professional sportsman and was listed at both Essendon Football Club and Carlton Football Club.

Mike is a member of the Audit and Risk Committee.

Joycelyn Cheryl Morton BEc, FCA, FCPA, FIPA, FGIA, FAICD

Non-executive Director – Independent

Joycelyn was appointed on 14 July 2021 to the Board as Chair of the Audit and Risk Committee.

She has an extensive business and accounting background and has worked in a number of senior financial roles both in Australia and internationally, with particular expertise in taxation. Ms. Morton is a Non-executive Director of, Argo Global Listed Infrastructure Ltd (ASX:ALI) (since 2015) and Gelion PLC (GBX:GELN). She was previously a Non-executive Director of Argo Investments Ltd (ASX:ARG) (2012-2022) and Beach Energy Ltd (ASX:BPT) (2018-2021). Joycelyn was also a Non-executive Director of ASC Pty Ltd (2017 to 2023) and Snowy Hydro Ltd (2012 to 2021), both are government enterprises.

Rob William Phillpot BComm, BPD (Hons), MBIdg, GAICD

Non-executive Director – Independent

Rob was appointed to the Board on 22 January 2021.

Rob co-founded Aconex in 2000, which provides collaboration solutions for construction teams. Aconex was acquired by Oracle in 2018 and Rob stayed with Oracle for over 2 years, leading global product strategy. Rob now has a venture fund, Gravel Road Ventures, that focuses on early-stage technology and, in particular, construction tech.

Felix Group Holdings Limited

Directors' report

Information on the Directors

He was a director of Aconex limited (ASX:ACX) from 2014 to 2018 and is also a director of a number of private businesses globally.

Rob is a member of both the Audit and Risk Committee and the Nomination and Remuneration Committee.

George Humphry Davy Rolleston MAPPFin BBus(Law)

Non-executive Director – Non-independent

George was appointed to the Board in August 2014.

George is the founder and managing director of Asset Growth Fund Ltd, based in Melbourne. George has two decades of experience in the global financial markets, working in mergers and acquisitions and in the financial advisory sector.

George is a director of a number of private businesses operating globally in the automation, tourism, finance and security industries, including NZ Listed MHM Automation Ltd. (MHM:NZX)

George is a member of both the Audit and Risk Committee and the Nomination and Remuneration Committee.

Michael Anthony Trusler BEng

Non-executive Director – Non-independent

Michael co-founded Felix with Mike Davis in 2012. Prior to Felix, Michael worked as a project engineer at MCG Group and Leighton on large infrastructure projects.

Michael currently works as Director and co-founder of Pop Family Pty Ltd and The Lad Collective Pty Ltd.

Michael is a member of the Nomination and Remuneration Committee

Felix Group Holdings Limited

Directors' report

Principal activities During the financial year the principal continuing activities of the consolidated entity consisted of the development and sale of the Felix platform, which assists organisations their vendors and suppliers to discover, manage and engage with each other.

Dividends No dividends were paid or declared for payment since the start of the financial year.

Review of operations The loss for the consolidated entity after providing for income tax amounted to \$6,124,693 (30 June 2022: \$7,555,156).

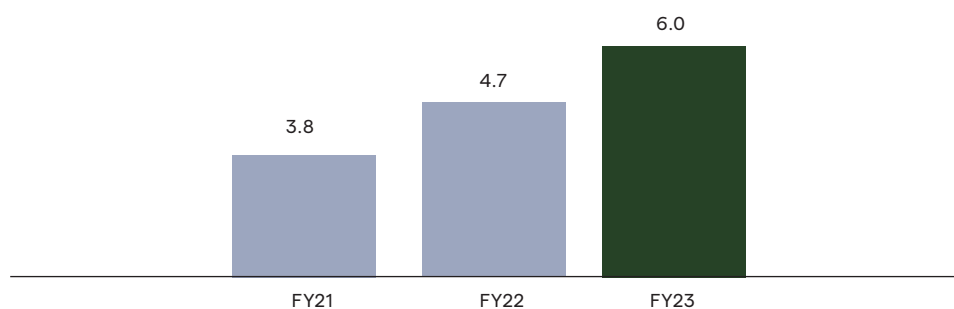
Trusted by some of Australasia's largest infrastructure, mining and services Contractors, Felix offers an enterprise procurement platform and marketplace which makes it easier for Contractors and Vendors to find, manage and engage with each other. In FY23, Felix made significant progress towards Phase-2 of its strategic plan, evidenced by strong growth in both new and expansion deals, increasing scale of its Vendor Marketplace and continued improvements to its procurement platform and offering.

Ongoing Contractor sales momentum Supported by an operating environment that is requiring increasing governance and compliance obligations (e.g 'know your supplier', ESG, Modern Slavery Act) Felix signed 11 new Contractor customers in FY23. Felix has seen ongoing traction both within its core sector of engineering and construction, as well as adjacent sectors including leading resources and services organisations.

Felix also saw a record 20 Contractors contract expansions in FY23, either through the licensing of additional modules, increasing number of users, or general renewal uplift. Momentum in customer expansions in FY23 is strong endorsement of Felix's execution of its land and expand strategy across enterprise accounts, and ability to generate high margin revenue from existing customers.

Driven by strong sales momentum, Group ARR reached \$6.0m for FY23, increasing 27% on pcp. Of this, Contractor ARR made up \$4.0m, representing an increase of 44% on pcp.

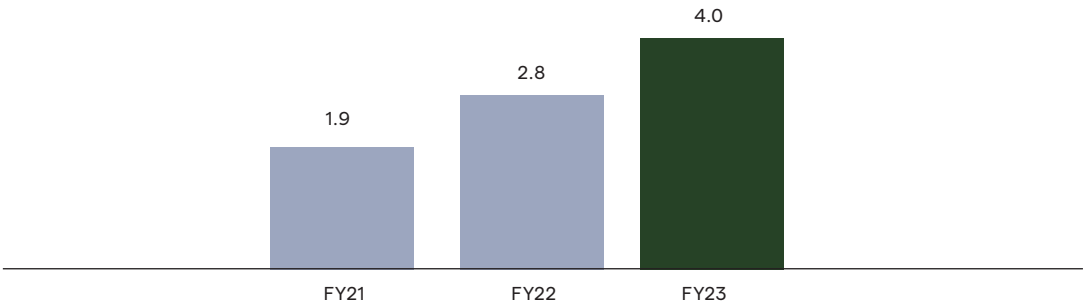
Fig. 1 - Group Contracted ARR (unaudited, \$m)



Directors' report

Ongoing Contractor sales momentum (cont.)

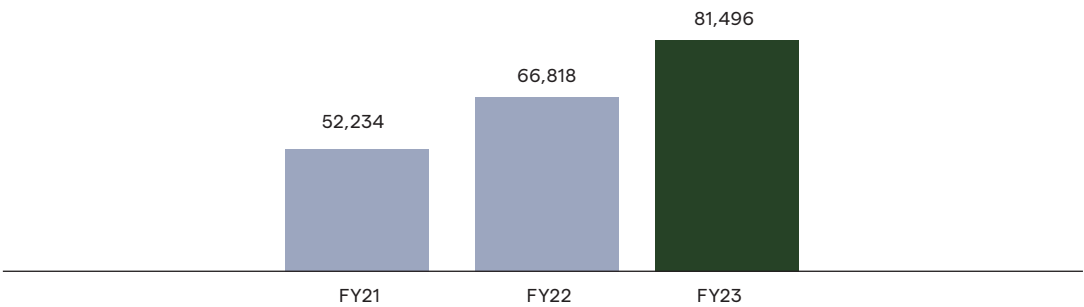
Fig. 2 - Contracted Contractor ARR (unaudited, \$m)



Vendor Marketplace

Felix's Contractor-led strategy has continued to accelerate the scale of the Vendor Marketplace, as new Contractors mandate usage of Felix and onboard their entire third-party supply chains of Vendors onto the platform. At the close of FY23, there were 81,496 Vendors in the Vendor Marketplace, representing an increase of 22% on pcp.

Fig. 3 - Number of Vendors in the Vendor Marketplace



Enterprise platform updates

A highlight for FY23 was the completion of our first native integration with InEight, which allows the thousands of documents exchanged throughout the procurement phase to remain synchronised and controlled across both platforms. It will also allow for greater operational efficiency, eliminating the need to manually update documents on both platforms.

Felix has also progressed key foundational work on their internationalisation strategy, including early architectural changes to facilitate the future hosting of data in different regions, detailed research into the North American market, and planning for data complication certifications for the US and Europe.

Progress has also been made towards the development of an AI-powered information extraction and validation solution for compliance documents. The solution will improve inefficiencies that currently exist for Vendors during the onboarding stage.

Capital raising

Subsequent to year end in August 2023, Felix received firm commitments to raise \$3.0m through a two-tranche Placement. Tranche one of the Placement received strong support from existing institutional and sophisticated investors from Australia and overseas. Subject to shareholder approval, Tranche two of the Placement will be supported by the Board and related parties, demonstrating strong support of Felix's growth strategy. A share purchase plan was also conducted which allowed retail investors the opportunity to participate on the same terms as the Placement, raising \$0.8m. Proceeds of the capital raising allows Felix to strengthen its balance sheet and support its growing Tier 1 Contractor pipeline, which includes opportunities with leading global Contractors.

Directors' report

Engagement Metrics

Felix has seen significant growth across key engagement metrics, supported by the onboarding of new Contractors and reflecting the ability to get more embedded within contractor ecosystems. Key highlights were (for the period ending 30 June 2023):

+153%

Number of active projects
vs FY22

Reflects rapid take up of Sourcing modules and
penetration Contractor projects

+30%

Total active Vendor compliance
documents vs FY22

Demonstrates growing usage of Vendor
Management, demonstrating the opportunity
to automate document workflows

+69%

Request for Quotations (RFQ) sent
by Enterprise customers vs FY22

Reflects growing use by Contractors to source
quotes, incentivising Vendors to join the
marketplace to access new projects

+31%

Total Contractor user accounts
vs FY22

Driven by broadening usage across existing and
new customers

Directors' report

Financial Performance (unaudited)

The loss for the consolidated entity after providing for income tax amounted to \$6,124,693 (2022 loss: \$7,555,156)

	2023	2022
Revenue		
Contractor Revenue	1,885,865	1,875,721
Vendor Revenue	3,218,017	2,039,723
Other income	206,670	208,466
Total	5,310,552	4,123,910
Expenses		
Employee benefits	(7,530,378)	(7,199,182)
Consultants fees	(978,293)	(1,335,308)
Share Based Payments	(146,729)	(624,505)
Other expenses from ordinary activities	(2,463,169)	(1,769,760)
Total	(11,118,569)	(10,929,385)
EBITDA	(5,808,017)	(6,805,475)
Depreciation & Amortisation	(307,831)	(741,998)
Finance Costs	(8,845)	(7,683)
Loss before income tax	(6,124,693)	(7,555,156)

Outlook

Felix is well positioned to continue to drive scale across its enterprise platform and marketplace in FY24. The Company's strong pipeline of new Contractors provides significant opportunity to grow ARR while accelerating requirements around governance, ESG and legislative compliance should continue to strengthen the opportunity landscape for Felix.

Planned expansion of platform modules will further enhance the platform's value proposition to Contractors, delivering opportunities to increase penetration amongst existing customers while providing immediate opportunities to win new Contractors.

Development of Vendor compliance modules, to significantly streamline and automate existing practices, provide a further avenue to scale the Vendor Marketplace, underpinning significant additional opportunity to monetise Vendors.

Directors' report

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Subsequent to the year end the Group completed a two tranche Placement and Share Purchase Plan (SPP). The Placement was split into two tranches due to Director and related party participation.

In Tranche one, 17.33m shares were issued on 14 August 2023 for \$1.39m consideration before fees.

Tranche two participants have entered into a binding agreement to subscribe for shares through the Placement. Their participation is contingent upon receiving approval from shareholders at a General Meeting on 21 September 2023. If the proposed resolutions are passed, the settlement of the second tranche of 20.18m shares for \$1.61m consideration before fees will occur on the 26th of September 2023.

The SPP offer period closed on 25 August 2023 resulting in 10.28m shares to be issued on 1 September 2023 for a consideration of \$0.82m before fees.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Company secretary

James Frayne (BBus, CA, MBA, MAICD) joined the consolidated entity in 2014 and has held the role of Company Secretary since November 2018. He also has the role of Chief Financial Officer and has over twelve years' experience leading finance functions.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held ^a	Attended	Held ^a
Michael Bushby	9	9	2	2	-	-
Mike Davis	9	9	-	-	4	4
Joycelyn Morton	9	9	-	-	4	4
Rob Phillpot	8	9	2	2	3	4
George Rolleston	9	9	2	2	4	4
Michael Trusler	9	9	2	2	-	-

a) Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee. For the 2023 financial year all non-committee members attended all committee meetings of the Nomination and Remuneration Committee and Audit and Risk Committee as guests during this time..

Directors' report - Unaudited remuneration report

Remuneration report (unaudited)

The unaudited remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Nomination and Remuneration Committee has structured an executive remuneration framework, coming into full effect in 2022 financial year, that is market competitive and complementary to the reward strategy of the consolidated entity. This process will be conducted again in the 2024 period.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- Having financial performance as a core component of plan design
- Focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- Attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- Rewarding capability and experience
- Reflecting competitive reward for contribution to growth in shareholder wealth
- Providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Directors' report - Unaudited remuneration report

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is entitled to receive \$110,000 per annum, the chair of the audit and risk committee receives \$75,000 and non-executive directors receive \$55,000 per annum for their roles. These fees have not changed since the 2021 period.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 18 November 2022, where the shareholders approved (99.90%) the remuneration report for the 2022 financial year.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- Base pay and non-monetary benefits
- Short-term performance incentives
- Share-based & option payments
- Other remuneration such as superannuation and long service leave

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, will be reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The short-term incentives ('STI') program, is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include EBITDA performance and a mix of role specific metrics for the different executives.

For the financial year ending 30 June 2023 all executives did not qualify for their entitlement to STI cash bonuses for achieving sales and operating cash flow targets.

The long-term incentives ('LTI') include long service leave and share-based payments. Remuneration is awarded to executives over a period of two to five years based on long-term incentive measures.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined revenue and operating cashflow targets being met.

The Nomination and Remuneration Committee is of the opinion that the improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Directors' report - Unaudited remuneration report

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Felix Group Holdings Limited:

- Michael Bushby - Non-Executive Chairman
- Mike Davis - Executive Director and Chief Executive Officer
- Joycelyn Morton - Non-Executive Director
- Rob Phillpot - Non-Executive Director
- George Rolleston - Non-Executive Director
- Michael Trusler - Non-Executive Director

And the following persons:

- James Frayne - Company Secretary and CFO

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2023	Cash salary and fees (\$)	STI - Cash bonus (\$)	Non-monetary (\$)	Super-annuation (\$)	Long service leave (\$)	LTI - Equity-settled shares (\$)	LTI - Equity-settled options (\$)	Total (\$)
Non-Executive Directors:								
Michael Bushby (Chairman)	110,000	-	-	11,550	-	-	-	121,550
Joycelyn Morton ^{a b}	77,350	-	-	-	-	-	1,134	78,484
Rob Phillpot ^a	55,000	-	-	5,775	-	-	50,313	111,088
George Rolleston	55,000	-	-	5,775	-	-	-	60,775
Michael Trusler	55,000	-	-	5,775	-	6,722	-	67,497
Executive Directors:								
Mike Davis	276,700	-	-	28,875	-	14,896	-	320,471
Other Key Management Personnel:								
James Frayne ^c	224,829	-	-	23,443	-	25,866	9,163	283,301
Total	853,879			81,193		47,484	60,610	1,043,166

a The options issued to Rob Phillpot and Joycelyn Morton have an exercise price of \$0.36.

b Joycelyn Morton received an SGC exemption from the ATO for the period.

c James Frayne cashed out \$8,269 of annual leave in the period to fund personal income tax.

Directors' report - Unaudited remuneration report

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2022	Cash salary and fees (\$)	STI - Cash bonus (\$)	Non-monetary (\$)	Super-annuation (\$)	Long service leave (\$)	LTI - Equity-settled shares (\$)	LTI - Equity-settled options (\$)	Total (\$)
Non-Executive Directors:								
Michael Bushby (Chairman)	110,000	-	-	11,000	-	-	12,608	133,608
Joycelyn Morton ^a	67,554	-	-	6,755	-	-	35,645	109,954
Rob Phillpot	55,000	-	-	5,500	-	-	95,037	155,537
George Rolleston	55,000	-	-	5,500	-	-	6,304	66,804
Michael Trusler	55,000	-	-	5,500	-	5,500	6,304	72,304
Executive Directors:								
Mike Davis ^b	305,347	68,750	-	37,614	-	12,187	42	423,940
Other Key Management Personnel:								
James Frayne	215,900	53,750	-	27,144	-	21,163	9,236	327,193
Total	863,801	122,500	-	99,013	-	38,850	165,176	1,289,340

a Joycelyn Morton was appointed to the Board on 14 July 2021 as a Director and Chair of the Audit and Risk Committee.

b Mike Davis cashed out \$30,347 of annual leave to fund share purchases of Felix shares.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
Executive Directors:	2023	2022	2023	2022	2023	2022
Mike Davis	95%	79%	0%	14%	5%	7%
Other Key Management Personnel:						
James Frayne	88%	73%	0%	14%	12%	13%

Directors' report - Unaudited remuneration report

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2023	2022	2023	2022
Executive Directors:				
Mike Davis	0%	100%	100%	0%
Other Key Management Personnel:				
James Frayne	0%	100%	100%	0%

Employment agreements Remuneration and other terms of employment for key management personnel are formalised in Employment agreements. Details of these agreements are as follows:

Name: Mike Davis

Title: Managing Director and Chief Executive Officer

Agreement commenced: 29 October 2020

Details: Base salary for the year ending 30 June 2023 of \$275,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6 month termination notice by either party, cash bonus of 25% base salary as per Nomination and Remuneration Committee approval and sales revenue and operating cash flow achievement for the 2023 financial year (not achieved), non-solicitation and non-compete clauses. Performance rights totalling 80% of annual total fixed remuneration were granted after a resolution of shareholders was passed at the AGM on 18 November 2022. The revenue milestones required to convert the performance rights to shares were not achieved in the 2023 financial year.

Name: James Frayne

Title: Company Secretary and CFO

Agreement commenced: 29 October 2020

Details: Base salary for the year ending 30 June 2023 of \$215,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6 month termination notice by either party, cash bonus of 25% base salary as per Nomination and Remuneration Committee approval and sales revenue and operating cash flow achievement for the 2023 financial year (not achieved), non-solicitation and non-compete clauses. Performance rights totalling 40% of annual total fixed remuneration were issued in the year. The revenue milestones required to convert the performance rights to shares were not achieved in the 2023 financial year.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Directors' report - Unaudited remuneration report

Share based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of the 'Salary Sacrifice Employee Share Scheme' during the year ended 30 June 2022 are set out below:

Name	Date	Shares	Issue Price	\$
Mike Davis	1 July 2022	90,277	\$0.17	15,347
Michael Trusler	1 July 2022	40,740	\$0.17	6,926
James Frayne	1 July 2022	156,763	\$0.17	26,650

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Performance Right	4	22 November 2023	5 September 2023	5 September 2023	-	-

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. Options vest based on the provision of service over the vesting period. The executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

2023

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Michael Bushby	-	-	-	0%
Mike Davis	-	14,896	-	5%
Joycelyn Morton	-	-	-	0%
Rob Phillpot	-	-	-	0%
George Rolleston	-	-	-	0%
Michael Trusler	-	6,722	-	10%
James Frayne	-	25,866	-	9%

Directors' report - Unaudited remuneration report

2022

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Michael Bushby	-	-	-	9%
Mike Davis	-	12,187	-	0%
Joycelyn Morton	35,645	-	-	27%
Rob Phillpot	95,037	-	-	71%
George Rolleston	-	-	-	5%
Michael Trusler	-	5,500	-	5%
James Frayne	-	21,163	-	7%

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at the start of the year	Exercised Options	Additions	Disposals/ transfers	Balance at the end of the year
Ordinary shares					
Michael Bushby	505,000	-	195,000	-	700,000
Mike Davis ^a	8,784,220	90,277	123,561	-	8,998,058
Joycelyn Morton	256,000	-	87,215	-	343,215
Rob Phillpot	1,388,889	-	-	-	1,388,889
George Rolleston	10,367,962	-	66,470	-	10,434,432
Michael Trusler ^a	8,709,412	40,740	-	-	8,750,152
James Frayne	237,109	156,763	-	-	393,872
Total	21,807,192	287,780	472,246	-	22,567,218

a) At the beginning of the period Michael Trusler and Mike Davis held 8,441,400 shares in the consolidated entity through a jointly controlled entity M.A.D Technologies Pty Ltd. (8,441,400 were held in this entity at the end of the period).

Directors' report - Unaudited remuneration report

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year	Vested and exercisable
Options over ordinary shares						
Michael Bushby	611,111	-	-	-	611,111	611,111
Mike Davis	90,277	1	(90,277)	-	1	-
Joycelyn Morton	426,667	-	-	-	426,667	426,667
Rob Phillpot	1,388,889	-	-	-	1,388,889	925,926
George Rolleston	305,555	-	-	-	305,555	305,555
Michael Trusler	346,295	-	(40,740)	-	305,555	305,555
James Frayne	313,923	1	(156,763)	-	157,161	-
Total	3,482,717	2	(287,780)	-	3,194,939	2,574,814

Other transactions with key management personnel and their related parties

There were no transactions with related parties in the period.

Subsequent to the period end the Group completed a two tranche Placement and Share Purchase Plan (SPP). The Placement was split into two tranches due to Director and related party participation.

In Tranche one, 17.33m shares were issued on 14 August 2023 for \$1.39m consideration before fees.

Tranche two participants have entered into a binding agreement to subscribe for shares through the Placement. Their participation is contingent upon receiving approval from shareholders at a General Meeting on 21 September 2023. If the proposed resolutions are passed, the settlement of the second tranche of 20.18m shares for \$1.61m consideration before fees will occur on the 26th of September 2023.

	\$ of shares	No. of Shares
Related Party Tranche 2 Participants:		
George Rolleston (Plant Investments Ltd)	800,000	10,000,000
George Rolleston (Suubee Pty Ltd)	200,000	2,500,000
Mike Davis	300,000	3,750,000
Michael Trusler	100,000	1,250,000

The SPP offer period closed on 25 August 2023 resulting in 10.28m shares to be issued on 1 September 2023 for a consideration of \$0.82m before fees. Michael Bushby, Rob Phillpot and Joycelyn Morton took up their full entitlement of \$30,000 or 375,000 shares.

This concludes the unaudited remuneration report.

Directors' report

All shares under option Unissued ordinary shares of Felix Group Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10 December 2020	7 January 2024	\$0.58	500,000
10 December 2020	7 January 2024	\$0.72	500,000
10 December 2020	8 January 2024	\$0.36	1,222,221
10 December 2020	31 December 2026	\$0.00	1,277,005
29 November 2021	12 January 2026	\$0.36	1,388,889
29 November 2021	14 July 2024	\$0.36	426,667
22 November 2022	5 September 2023	-	4

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options The ordinary shares of Felix Group Holdings Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted.

Date options granted	Date options exercised	Exercise price	Number of shares issued
10 December 2020	1 July 2022	\$0.00	2,139,170

Indemnity and insurance of directors and officers

The company has indemnified the directors and officers of the company for costs incurred, in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Directors' report

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

There are no officers of the company who are former partners of Grant Thornton Australia Limited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Bushby
Director

30 August 2023
Brisbane

Introduction

General Information

The financial statements cover Felix Group Holdings Limited as a consolidated entity consisting of Felix Group Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Felix Group Holdings Limited's functional and presentation currency.

Felix Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office & Principal place of business

Unit 1F
24 Macquarie Street
New Farm QLD 4006

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2023. The directors have the power to amend and reissue the financial statements.

Unaudited Management Prepared - Consolidated statement of profit or loss and other comprehensive income — For the year ended 30 June 2023

	Note	2023 \$	2022 \$
REVENUE			
Sales revenue	4	5,103,882	3,915,444
Other income	5	206,670	208,466
Total Revenue		5,310,552	4,123,910
EXPENSES			
Consultants fees		(978,293)	(1,335,308)
Contract costs		(177,067)	(80,271)
Depreciation and amortisation expense		(307,831)	(741,998)
Employee benefits expense		(7,530,378)	(7,199,182)
Finance costs		(8,845)	(7,683)
Insurance		(177,431)	(134,674)
Subscriptions		(823,546)	(415,094)
Other expenses	6	(1,285,125)	(1,140,350)
Share based payments		(146,729)	(624,505)
Total Expenses		(11,435,245)	(11,679,064)
LOSS BEFORE INCOME TAX EXPENSE		(6,124,693)	(7,555,156)
Income tax (expense)/ benefit	7	-	-
Loss after income tax expense for the-year		(6,124,693)	(7,555,156)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign controlled entities		1,341	8,607
Other comprehensive income for the half-year, net of tax		1,341	8,607
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF FELIX GROUP HOLDINGS LIMITED		(6,123,352)	(7,546,549)
Loss per share for profit attributable to the members of Felix Group Holdings Limited			
		Cents	Cents
Basic loss per share	33	3.91	5.61
Diluted loss per share	33	3.91	5.61

Unaudited Management Prepared - Consolidated statement of Financial Position— As at year ended 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	8	2,755,854	4,877,545
Trade and other receivables	9	561,626	423,742
Income Tax Receivable		514,539	353,935
Deposits held	10	14,150	4,000,263
Contract assets	11	157,302	29,498
Prepayments		597,456	491,287
Other		-	51,167
Total current assets		4,600,927	10,227,437
<i>Non-current assets</i>			
Property, plant and equipment	12	48,228	109,692
Right of use assets	13	101,266	-
Intangible assets	14	974,807	533,127
Contract assets	11	190,386	269,654
Total non-current assets		1,314,687	912,473
Total assets		5,915,614	11,139,910
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	15	1,262,712	1,442,874
Contract liabilities	16	2,655,044	1,907,062
Lease liabilities	17	43,217	-
Short term provisions	18	514,465	478,208
Total current liabilities		4,475,438	3,828,144
<i>Non-current liabilities</i>			
Lease liabilities	17	63,149	-
Long term provisions	19	324,506	280,331
Total non-current liabilities		387,655	280,331
Total liabilities		4,863,093	4,108,475
Net assets		1,052,521	7,031,435
EQUITY			
Issued capital	20	49,414,406	48,644,304
Reserves	21	549,780	1,174,102
Retained profits/ (accumulated losses)		(48,911,665)	(42,786,971)
Total equity		1,052,521	7,031,435

Unaudited Management Prepared - Consolidated statement of changes in equity — For the year ended 30 June 2023

Consolidated	Reserves		Reserves		Total equity
	Issued capital \$	Share Based Payments \$	Foreign Exchange \$	Retained profits/ accumulated losses \$	
Balance at 1 July 2021	41,548,266	1,028,866	46	(35,231,815)	7,345,363
Loss after income tax expense for the year	-	-	-	(7,555,156)	(7,555,156)
Other comprehensive income for the year, net of tax	-	-	8,607	-	8,607
Total comprehensive income for the year	-	-	8,607	(7,555,156)	(7,546,549)
Contributions of equity, net of transaction costs	7,096,038	-	-	-	7,096,038
Share-based payments capitalised (see Note 33)	-	624,505	-	-	624,505
Share-based payments exercised (see Note 33)	-	(487,922)	-	-	(487,922)
Balance at 30 June 2022	48,644,304	1,165,449	8,653	(42,786,971)	7,031,435

Consolidated	Reserves		Reserves		Total equity
	Issued capital \$	Share Based Payments \$	Foreign Exchange \$	Retained profits/ accumulated losses \$	
Balance at 1 July 2022	48,644,304	1,165,449	8,653	(42,786,971)	7,031,435
Loss after income tax expense for the year	-	-	-	(6,124,693)	(6,124,693)
Other comprehensive income for the year, net of tax	-	-	1,341	-	1,341
Total comprehensive income for the year	-	-	1,341	(6,124,693)	(6,123,352)
Share-based payments capitalised (see Note 33)	-	144,439	-	-	144,439
Share-based payments exercised (see Note 33)	770,102	(770,102)	-	-	-
Balance at 30 June 2023	49,414,406	539,786	9,994	(48,911,665)	1,052,521

Unaudited Management Prepared - Consolidated statement of cash flows — For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from operations (inclusive of GST):		6,267,798	5,035,639
Payments to suppliers and employees (inclusive of GST)		(11,701,071)	(11,172,517)
		(5,433,273)	(6,136,878)
Interest received		63,912	12,666
Interest and other finance costs paid		(8,845)	(7,683)
Net cash from/(used in) operating activities		(5,378,206)	(6,131,895)
Cash flows from investing activities			
Payments for property, plant and equipment		(19,115)	(48,453)
Payments for intangibles		(710,483)	(480,056)
Payment for deposits		(14,150)	(4,000,263)
Proceeds from deposits held		4,000,263	-
Net cash from/(used in) investing activities		3,256,515	(4,528,772)
Cash flows from financing activities			
Proceeds of share issue		-	6,878,689
Payment of share issue costs		-	(270,573)
Net proceeds/ (repayment) of borrowings		-	-
Net cash from/(used in) financing activities		-	6,608,116
Net increase/ (decrease) in cash and cash equivalents		(2,121,691)	(4,052,551)
Cash and cash equivalents at the beginning of the financial year		4,877,545	8,930,095
Cash and cash equivalents at the end of the financial year		2,755,854	4,877,545

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Felix Group Holdings Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Felix Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies (Continued)

entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Going Concern

For the period ending 30 June 2023, the Group incurred a loss before income tax of \$6,124,693 (2022: \$7,555,156) and net cash used in operating activities was \$5,378,206 (2022: 6,131,895). The Group has a history of losses and operating outflows.

Prima facie, these matters give rise to a material uncertainty regarding the Group's ability to continue as a going concern.

The Directors consider that this uncertainty is mitigated by the following factors:

- The Group completed tranche one of a two tranche Placement after the period end, on 14 August 2023, raising \$1.39 million excluding fees. The Placement included a Share Purchase Plan (SPP) that finished on 25 August 2023 raising an additional \$0.82 million, before fees.
- Tranche two participants entered into a binding agreement on 9 August 2023 to subscribe for shares through the Placement. Their participation is contingent upon receiving approval from shareholders at a General Meeting on 21 September 2023. If the proposed resolutions are passed, the settlement of the second tranche will raise \$1.61m excluding fees on the 26th of September 2023.
- The Group is currently free of any debt liabilities.
- Subsequent to the period end the Group has also transacted \$0.4m of new sales in July 2023.

On this basis, the Directors believe that the going concern basis of presentation is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not have the ability to continue as a going concern. If for any reason the Group is unable to continue as a going concern, it would impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in these financial statements.

Operating segments

The Group provides a cloud-based SaaS solution to its Contractor and Vendor customer base in Australia and New Zealand. The Chief Executive Officer is Chief Operating Decision Maker (CODM). The CODM monitors the results of the Group on a consolidated basis, therefore there is only one reportable segment.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Felix Group Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, such as the wholly owned subsidiary, Felix Software NZ Ltd (New Zealand entity) are translated into Australian dollars using

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies (Continued)

the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

The Group utilises a five-step approach to revenue recognition. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Group exercises judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with its customers.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Access to, and use of, the Platform is granted to customers via a subscription hosting fee. Licence fees and configuration and implementation fees are accounted for as a single performance obligation. The performance obligation is fulfilled over the time the customer simultaneously receives and consumes the benefit of accessing the software. Customers are typically invoiced in advance, and consideration is payable when invoiced. Revenue is recognised evenly throughout the period of the subscription. As the group recognises a single performance obligation, the amounts represented in the contract for license and configuration and implementation fees represent the transaction price.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfied a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Group splits its revenue between the two sides of the marketplace being monetised, Contractors and Vendors. Revenue recognition is the same across the different customers.

The Contractors pay for an enterprise solution to manage and source from the vendors in their supply chains, while the Vendors can pay for a public profile and receive further business opportunities through the Vendor Marketplace.

Other income

Other income is recognised when it is received or when the right to receive payment

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies (Continued)

is established.

Government grants

The consolidated entity receives Government grants as a form of other income. Government grants are recognised at fair value where there is a reasonable certainty that the grant will be received upon meeting all grant terms and conditions. Grants related to assets are deducted from the carrying amount of the assets presented in the statement of financial position. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Research and Development Tax Incentive

The Group recognises government grants related to the research and development tax incentive (R&D) as other income over the period necessary to match with the costs that they are intended to compensate. R&D grants received in relation to costs capitalised as part of intangible asset additions are recognised as a deduction from the carrying amount of the relevant qualifying assets, in accordance with the accounting policy disclosed above. A government grant receivable in respect of the incentive is recognised when there is reasonable certainty that the grant will be received upon meeting the terms and conditions associated with the grant.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Felix Group Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies (Continued)

regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

There are two classes of contract asset. Customer acquisition costs and accrued revenue.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Unaudited Management Prepared - Notes to the financial statements

Note 1.

Significant accounting policies (Continued)

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Accrued Revenue

Accrued revenue is the revenue recognised yet to be billed.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through the profit or loss):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposits that were previously classified as held-to-maturity under AASB 139.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies (Continued)

plant and equipment (excluding land) over their expected useful lives as follows

Plant and Equipment	3-10 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired term of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

All intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their finite life of not longer than 5 years. Residual values and useful lives are reviewed at each reporting date.

In the period the useful life of intangible assets was adjusted from 2.5 year to 5 years after a thorough evaluation of the asset's inherent characteristics and recent improvements in security and stability.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The assessment includes a review of the available internal and external information that indicate the

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies (Continued)

value of the non-financial asset. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies (Continued)

will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees and in some instances advisors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees or advisors in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Binomial model that takes into account expected price volatility of the underlying share, vesting restrictions such as escrow periods and forfeiture.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of

Unaudited Management Prepared -

Notes to the financial statements

Note 1. Significant accounting policies (Continued)

- the award at that date multiplied by the expired portion of the vesting period. from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown

Unaudited Management Prepared - Notes to the financial statements

Note 1. Significant accounting policies (Continued)

in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Felix Group Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Unaudited Management Prepared - Notes to the financial statements

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The consolidated entity has applied the simplified approach for provisioning for expected credit losses prescribed by AASB 9 for financial assets held at amortised cost.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 33 for further information.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Unaudited Management Prepared - Notes to the financial statements

Note 2. Critical accounting judgements, estimates and assumptions (cont.)

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Unaudited Management Prepared - Notes to the financial statements

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity provides a cloud-based SaaS solution to its Contractor and Vendor customer base in Australia and New Zealand. The Chief Executive Officer is Chief Operating Decision Maker (CODM). The CODM monitors the results of the Group on a consolidated basis and is therefore one reportable segment. There is one geographic segment for the Group.

The consolidated entity had no customers from which it generates greater than 10% of its revenue for the 2023 financial year. In the prior period one customer generated more than 10% of revenue, \$509,767. The revenue for this customer is included in the one reportable segment of the consolidated entity in the prior period.

Note 4. Sales Revenue

	Consolidated	
	2023 \$	2022 \$
Enterprise SaaS (Contractor) Revenue	3,218,017	2,039,723
Marketplace Subscription (Vendor) Revenue	1,885,865	1,875,721
Total	5,103,882	3,915,444

For the financial year, and the prior period, all revenue is recognised over time.

For the financial year, revenue includes \$1,899,900 (2022: \$1,284,578) included in the contract liability balance at the beginning of the period broken down as follows.

	Consolidated	
	2023 \$	2022 \$
Enterprise SaaS (Contractor) Revenue	1,625,238	730,953
Marketplace Subscription (Vendor) Revenue	274,662	553,625
Total	1,899,900	1,284,578

Revenue from contracts with customers is derived from the Group's combined platform. The Group splits its revenue between the two sides of the marketplace being monetised, Contractors and Vendors.

Note 5. Other income

	Consolidated	
	2023 \$	2022 \$
Research and development tax incentive income	142,758	165,800
Interest income	63,912	12,666
Other income	-	30,000
Total other income	206,670	208,466

Unaudited Management Prepared - Notes to the financial statements

Note 6. Other expenses from continuing activities

	Consolidated	
	2023 \$	2022 \$
Advertising and marketing	197,373	370,220
Other	424,703	356,400
Professional fees	496,198	293,477
Travel	166,851	120,253
Total	1,285,125	1,140,350

Note 7. Income tax expense

	Consolidated	
	2023 \$	2022 \$
Loss before income tax expense	(6,124,693)	(7,555,156)
Amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	-	-
Non-deductible expenses	1,610,673	1,818,477
Timing adjustments - expenditure	(1,199,541)	(844,774)
Timing adjustments - provisions	(115,085)	81,127
Timing adjustments - revenue	769,351	1,460,452
Adjustments for tax losses	(5,059,295)	(5,039,874)
Total	-	-

As at 30 June 2023 the carried forward tax loss position of the Group is \$31,055,348 (2022: \$25,877,628). The deferred franking account balance at 30 June 2023 is \$3,903,191 (2022: \$3,388,652).

Note 8. Current assets - Cash and cash equivalents

	Consolidated	
	2023 \$	2022 \$
Cash at bank	2,755,854	4,877,545
Total	2,755,854	4,877,545

Note 9. Current assets - trade and other receivables

	Consolidated	
	2023 \$	2022 \$
Trade receivables	584,867	434,056
Less: Allowance for expected credit losses	(23,241)	(10,314)
Total trade and other receivables	561,626	423,742

Unaudited Management Prepared - Notes to the financial statements

Note 10. Deposits held

	Consolidated	
	2023 \$	2022 \$
Term deposits	-	4,000,263
Rental deposit	14,150	-
Total deposits held	14,150	4,000,263

The group placed \$4,000,263 under term deposit for 6 months on 21 June 2022. The term deposit matured on 21 December 2022.

Note 11. Contract assets

	Consolidated	
	2023 \$	2022 \$
Contract assets - Current	157,302	29,498
Contract assets - Non-Current	190,386	269,654
Total contract assets	347,688	299,152
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	299,152	103,697
Additions	225,603	275,726
Cumulative catch-up adjustments	-	-
Transfer to contract costs expense	(177,067)	(80,271)
Closing balance	347,688	299,152

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2023 \$	2022 \$
Office equipment at cost	15,005	80,680
Less: Accumulated depreciation	(12,696)	(33,025)
	2,309	47,655
Computer equipment at cost	243,216	224,100
Less: Accumulated depreciation	(197,296)	(164,150)
	45,920	59,950
Motor vehicles at cost	-	27,237
Less: Accumulated depreciation	-	(25,150)
	-	2,087
Total plant and equipment	48,228	109,692

Unaudited Management Prepared - Notes to the financial statements

Note 12.

Non-current assets - property, plant and equipment (cont.)

	Consolidated	
	2023 \$	2022 \$
Office Equipment		
Balance at 1 July	47,655	57,431
Additions	-	-
Disposals	(40,610)	-
Depreciation and amortisation expense	(4,737)	(9,776)
Balance at 30 June	2,309	47,655
Computer equipment		
Balance at 1 July	59,950	42,726
Additions	19,115	48,454
Disposals	-	-
Depreciation and amortisation expense	(33,145)	(31,230)
Balance at 30 June	45,920	59,950
Motor Vehicles		
Balance at 1 July	2,087	5,492
Additions	-	-
Disposals	(940)	-
Depreciation and amortisation expense	(1,147)	(3,405)
Balance at 30 June	-	2,087

Unaudited Management Prepared - Notes to the financial statements

Note 13. Non-current assets - right-of-use assets

	Consolidated	
	2023 \$	2022 \$
Land and buildings - right-of-use	135,021	484,349
Less: Accumulated amortisation	(33,755)	(484,349)
	101,266	-
Moving in Carrying Amounts		
Balance at 1 July	-	154,678
Additions	135,021	-
Disposals	-	-
Amortisation expense	(33,755)	(154,678)
Balance at 30 June	101,266	-

The consolidated entity leases land and buildings for its head office premises at Unit 1F, 24 Macquarie Street, Teneriffe QLD 4006. The three year agreement was entered into on 23 September 2022.

Note 14. Non-current assets - intangibles

	Consolidated	
	2023 \$	2022 \$
Technology platform development at cost	4,058,987	3,384,796
Less; Accumulated amortisation and impairment	(3,084,180)	(2,851,669)
	974,807	533,127
Movement in carrying amounts		
Balance at 1 July	533,127	595,981
Additions	674,191	480,056
Impairment	-	-
Amortisation expense	(232,511)	(542,910)
Balance at 30 June	974,807	533,127

Unaudited Management Prepared - Notes to the financial statements

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2023 \$	2022 \$
Trade payables	167,009	268,143
Accrued expenses	31,752	1,437
GST payables	167,688	129,926
Payroll payables	845,402	941,616
Other payables	50,861	101,752
Total trade and other payables	1,262,712	1,442,874

Note 16. Current liabilities - contract liabilities

	Consolidated	
	2023 \$	2022 \$
Contract liabilities	2,655,044	1,907,062
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	1,907,062	1,403,605
Payments received in advance	2,373,220	1,788,035
Transfer to revenue - included in the opening balance (Note 4)	(1,625,238)	(1,284,578)
Closing balance	2,655,044	1,907,062

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$2,655,044 as at 30 June 2023 (\$1,907,062 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2023 \$	2022 \$
Within 6 months	1,814,290	1,131,536
6 to 12 months	802,162	736,509
12 to 18 months	38,592	39,017
18 to 24 months	-	-
Total unsatisfied performance obligations	2,655,044	1,907,062

Unaudited Management Prepared - Notes to the financial statements

Note 17. Current liabilities - lease liabilities

	Consolidated	
	2023 \$	2022 \$
Lease liability - current	43,217	-
Lease liability - non-current	63,149	-
Total lease liability	106,366	-

The consolidated entity leases land and buildings for its head office premises at Unit 1F, 24 Macquarie Street, Teneriffe QLD 4006. The three year agreement was entered into on 23 September 2022.

Future minimum lease payments as at 30 June 2023 included:

	Consolidated	
	2023 \$	2022 \$
Within one year		
Lease payments	51,500	-
Less: Future finance charges	(8,283)	-
Net present value	43,217	-
One to five years		
Lease payments	67,080	-
Less: Future finance charges	(3,931)	-
Net present value	63,149	-
Total		
Lease payments	118,580	-
Less: Future finance charges	(12,214)	-
Net present value	106,366	-

Refer to note 22 for further information on financial instruments.

Unaudited Management Prepared - Notes to the financial statements

Note 18. Current liabilities – short term provisions - employee benefits

	Consolidated	
	2023 \$	2022 \$
Employee benefits	514,465	478,208

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. In the prior period the entire amount was presented as current, since the consolidated entity did not have an unconditional right to defer settlement. However, in the current period the Group has taken an estimate of leave not to be taken as current, \$27,827, and classified this amount as non-current and included in the \$324,506 balance.

	Consolidated	
	2023 \$	2022 \$
Leave that is not expected to be taken within the next 12 months	-	40,668

Note 19. Non-current liabilities – long term provisions - employee benefits

	Consolidated	
	2023 \$	2022 \$
Employee benefits	324,506	280,331

Note 20. Equity - issued capital

	Consolidated			
	2023 No. of Shares	2022 No. of Shares	2023 \$	2022 \$
Ordinary shares fully paid	156,719,713	154,580,543	49,414,406	48,644,304

Unaudited Management Prepared - Notes to the financial statements

Note 20. Equity - issued capital (Continued)

<i>Movements in ordinary share capital</i>	Date	No. of Shares	Consolidated	
			Issue price	\$
Balance	1 July 2021	131,530,352	-	41,548,,266
Issue of shares for employee incentive plan	1 July 2021	1,355,338	\$0.36	488
Issue of shares for Placement	12 May 2022	12,293,964	\$0.30	3,688
Issue of shares for Placement (strategic investor)	12 May 2022	7,638,889	\$0.36	2,750
Issue of shares for Placement - Costs of transaction	12 May 2022	-	-	(225)
Issue of shares for SPP	1 June 2022	1,762,000	\$0.25	441
Issue of shares SPP - Costs of transaction	1 June 2022	-	-	(46)
Balance	30 June 2022	154,580,543	-	48,644,304
Issue of shares for employee incentive plan	1 July 2022	2,139,170	\$0.36	770,102
Balance	30 June 2023	156,719,713	-	49,414,406

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Subsequent to the year end the Group completed a two tranche Placement and Share Purchase Plan (SPP). The Placement was split into two tranches due to Director and related party participation.

In Tranche one, 17.33m shares were issued on 14 August 2023 for \$1.39m consideration before fees.

Tranche two participants have entered into a binding agreement to subscribe for shares through the Placement. Their participation is contingent upon receiving approval from shareholders at a General Meeting on 21 September 2023. If the proposed resolutions are passed, the settlement of the second tranche of 20.18m shares for \$1.61m

Unaudited Management Prepared - Notes to the financial statements

Note 20. Equity - issued capital (Continued)

consideration before fees will occur on the 26th of September 2023.

The SPP offer period closed on 25 August 2023 resulting in 10.28m shares to be issued on 1 September 2023 for a consideration of \$0.82m before fees.

The employee salary sacrifice arrangement, granted in the prior period, resulted in 2.14m shares issued on 1 July 2022 for nil consideration. The employees had foregone salary for 15 months in earlier periods to fund the share issue.

Note 21. Equity - reserves

	Consolidated	
	2023	2022
	\$	\$
Foreign exchange	9,994	8,653
Share based payment:		
Employee salary sacrifice options	-	768,748
Senior management options	233,990	142,353
Director options	284,796	233,348
Consultant options	21,000	21,000
Total	549,780	1,174,102

Movement in carrying amounts	Foreign exchange	Employee salary sacrifice options	Senior management options	Director options	Executive options	Consultant options
	\$	\$	\$	\$	\$	\$
Balance at 1 July	8,653	768,748	142,352	233,348	-	21,000
FX Movement	1,341	-	-	-	-	-
Options - Movement	-	1,354	91,638	51,448	17,611	-
Options Exercised	-	770,102	-	-	(17,611)	-
Balance at 30 June	9,994	-	233,990	284,796	-	21,000

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share based payments

For more information see note 33.

Note 22. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange risks for the New Zealand dollar to Australian dollar rate.

Unaudited Management Prepared - Notes to the financial statements

Note 22. Financial instruments (Continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

Interest rate risk consists of cash flow interest rate risk (the risk that future cash flows of a financial instrument will vary due to changes in market interest rates) and fair value interest rate risk (the risk that the value of the financial instrument will vary due to changes in market interest rates).

Interest rate risk is the risk of financial loss and/or increased costs due to adverse movements in the values of the financial assets and liabilities as a result of changes in interest rates.

The consolidated entity is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

No trade receivables were considered impaired at 30 June 2023.

As at 30 June 2023 trade receivables of \$255,233 (30 June 2022: \$123,716) were past due but not considered impaired. An expected credit loss of \$23,241 was taken up on the receivable balance at 30 June 2023.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Unaudited Management Prepared - Notes to the financial statements

Note 22.

Financial instruments (Continued)

	Consolidated	
<i>Financial Assets</i>	2023 \$	2022 \$
Cash and cash equivalents	2,755,854	4,877,545
Trade and other receivables	561,626	423,742
Deposits	14,150	4,000,263
Total	3,331,630	9,301,550

Financial Liabilities

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-interest bearing						
Trade payables	-	167,009	-	-	-	167,009
Other payables	-	1,095,703	-	-	-	1,095,703
Interest-bearing - fixed rate						
Lease liability		-	-	106,366	-	106,366
Total non-derivatives		1,262,712	-	106,366	-	1,369,078

Consolidated - 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-interest bearing						
Trade payables	-	268,143	-	-	-	268,143
Other payables	-	1,174,731	-	-	-	1,174,731
Total non-derivatives		1,442,874	-	-	-	1,442,874

Unaudited Management Prepared - Notes to the financial statements

Note 23. Key management personnel disclosures

Compensation

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

	Consolidated	
	2023 \$	2022 \$
Short-term employee benefits	853,879	986,301
Post-employment benefits	81,193	99,013
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	108,094	204,025
Total director and key management personnel compensation	1,043,166	1,289,339

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2023 \$	2022 \$
Audit services – Grant Thornton Audit Pty Ltd		
Audit of the year end financial statements	56,000	65,676
Review of the half year financial statements	30,900	25,702
	86,900	91,378

Note 25. Contingent liabilities

There were no contingent liabilities at reporting date.

Unaudited Management Prepared - Notes to the financial statements

Note 26. Related party transactions

Parent entity

Felix Group Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties in the period.

Subsequent to the period end the Group completed a two tranche Placement and Share Purchase Plan (SPP). The Placement was split into two tranches due to Director and related party participation.

In Tranche one, 17.33m shares were issued on 14 August 2023 for \$1.39m consideration before fees.

Tranche two participants have entered into a binding agreement to subscribe for shares through the Placement. Their participation is contingent upon receiving approval from shareholders at a General Meeting on 21 September 2023. If the proposed resolutions are passed, the settlement of the second tranche of 20.18m shares for \$1.61m consideration before fees will occur on the 26th of September 2023.

	\$ of Shares	No. of Shares
Related Party Tranche 2 Participants:		
George Rolleston (Plant Investments Ltd)	800,000	10,000,000
George Rolleston (Suubee Pty Ltd)	200,000	2,500,000
Mike Davis	300,000	3,750,000
Michael Trusler	100,000	1,250,000

The SPP offer period closed on 25 August 2023 resulting in 10.28m shares to be issued on 1 September 2023 for a consideration of \$0.82m before fees. Michael Bushby, Rob Phillpot and Joycelyn Morton took up their full entitlement of \$30,000 or 375,000 shares.

Loans to/from related parties

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

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Unaudited Management Prepared - Notes to the financial statements

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
<i>Statement of profit or loss and other comprehensive income</i>	2023 \$	2022 \$
<i>Profit/ (Loss) after income tax</i>	(328,029)	(34,548,049)
Total comprehensive income	(328,029)	(34,548,049)
<i>Statement of financial position</i>	2023 \$	2022 \$
<i>Total current assets</i>	3,096,379	8,889,242
Total assets	8,255,972	8,919,758
Total current liabilities	23,963	50,420
Total liabilities	2,111,492	2,593,073
Equity		
Issued capital	49,414,406	48,642,919
Reserves	539,787	1,165,449
Retained earnings / accumulated losses	(43,809,713)	(43,481,684)
Total equity	6,144,480	6,326,685

The parent entity has not entered into a deed of cross guarantee with the subsidiaries in the Group. The loan-receivable balances with Group subsidiaries was impaired by \$33,844,860 in the prior period. The impairment expense contributed to the loss after income tax for the parent entity for the prior period.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Unaudited Management Prepared - Notes to the financial statements

Note 28. Interests in subsidiaries

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

	Principal place of business / Country of incorporation	Ownership Interest	
		2023 %	2022 %
Felix Software Pty Ltd	Australia	100.00%	100.00%
Plant Miner Pty Ltd	Australia	100.00%	100.00%
Miner Group Services Pty Ltd	Australia	100.00%	100.00%
Miner Group R&D Pty Ltd	Australia	100.00%	100.00%
Miner Group I.P. Pty Ltd	Australia	100.00%	100.00%
Felix Software NZ Limited	New Zealand	100.00%	100.00%

Note 29. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2023 \$	2022 \$
Loss after income tax expense for the year	(6,124,693)	(7,555,156)
Adjustments for:		
Depreciation and amortisation	307,831	741,998
Disposal of assets	41,550	-
Lease adjustment	5,100	-
Foreign exchange differences	(948)	-
Share based payments	146,729	624,505
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(137,884)	(286,057)
Decrease/(increase) in other assets	(215,606)	(280,406)
Decrease/(increase) in contract assets	(48,537)	(196,910)
Increase/(decrease) in trade and other payables	(180,162)	275,378
Increase/(decrease) in provisions	80,432	41,296
Increase/(decrease) in contract liabilities	747,982	503,457
Net cash from operating activities	(5,378,206)	(6,131,895)

Unaudited Management Prepared - Notes to the financial statements

	Consolidated	
	2023 \$	2022 \$
Note 30. Non-cash investing and financing activities		
Additions to the right-of-use assets	135,021	-
Shares issued under employee share plan	770,102	487,922
	905,123	487,922

	Lease liability \$	Total \$'000
Note 31. Changes in liabilities arising from financing activities		
Balance at 1 July 2021	154,678	154,678
Net cash from/(used in) leasing activities	(154,678)	(154,678)
Balance at 30 June 2022	-	-
Lease addition	143,866	
Net cash from/(used in) leasing activities	37,500	37,500
Balance at 30 June 2023	106,366	-

	Consolidated	
	2023 \$	2022 \$
Note 32. Earnings per share		
Net loss attributable to the ordinary equity holders of the consolidated entity	(6,124,693)	(7,555,156)

	Consolidated	
	2023	2022
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	156,719,713	134,554,780
	Cents	Cents
Continuing Operations		
Basic earnings per share	3.91	5.61
Diluted earnings per share	3.91	5.61

Unaudited Management Prepared - Notes to the financial statements

Note 32. Earnings per share (Continued)

Information concerning the classification of securities

Options granted under the employee share scheme: salary sacrifice options, senior management options and director options or granted to consultants as share based payments, are considered contingently issuable ordinary shares if the vesting conditions are satisfied at the balance sheet date. At 30 June 2023, the vesting conditions are not satisfied and as such are not included as part of the weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.

The options are not included in the determination of basic earnings per share as they are anti-dilutive. Details of the option schemes are set out in Note 33: Share-based payments.

Note 33. Share-based payments

Employee Incentive Plan

The Group established an Employee Incentive Plan (EIP) in the 2021 financial year. The plan is designed to provide long-term incentives to eligible employees and/or directors. Under the plan, options or shares may be granted to participants at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Under the EIP, the Group has provided a salary sacrifice offer, senior management offer and director offer.

Salary Sacrifice Offer

Certain eligible employees were offered the opportunity to apply for Options and Shares in the 2021 financial year, which combined were equal to two times the value of their salary which was agreed to be foregone by that eligible employee in the period 1 July 2020 (or from the date of employment if later) to 30 June 2021. \$525,421 worth of Shares and 4.39 million nil exercise priced Options were issued on Listing (12/01/2021). On 1 July 2021 1.36m options were exercised for shares worth \$487,922, with 0.3m options being forfeited. On 1 July 2022 the final 2.14m options were issued for \$770,101, with 0.57m options forfeited.

Senior Management Offer

The Senior Management Options were issued in the 2021 financial year, for nil consideration. Like the employee options, the grant date is 10 December 2020. These Options will automatically vest and be automatically exercised for nil consideration as follows: 1/4 will vest on 30 June 2023; 1/4 will vest on 30 June 2024; 1/4 will vest on 30 June 2025 and 1/4 will vest on 30 June 2026, provided that the participant remains an Eligible Employee and the market capitalisation of the Company is greater than its pre-money IPO valuation. If the market capitalisation of the Company on a vesting date is not greater than the Company's pre-money IPO valuation, the relevant vesting date will be extended by a further 12 months. All Shares issued on the vesting will be subject to a 12-month escrow period.

At 30 June 2023 the market capitalisation of the Company is not greater than the pre-money IPO valuation so the relevant vesting date has been extended to 30 June 2024.

Director Offer

Two Directors were issued with options in the prior period. Rob Phillpot and Joycelyn Morton were provided 1.39m and 0.4m options respectively. The options were issued at the prior period AGM on 29 November 2021 after unanimous resolutions of shareholders were passed.

Rob's options expire five years from Listing, 12 January 2026, with 1/6 vesting on issue, 1/6 on 12 January 2022, 1/3 on 12 January 2023 and 1/3 on 12 January 2024.

Joycelyn's options expire three years from her appointment, 14 July 2024, with 1/2 vesting on issue and 1/2 on 14 July 2022.

Unaudited Management Prepared - Notes to the financial statements

Note 33. Share-based payments (Continued)

In the prior period Director Options totalling 1.22 million Options were all issued on Listing, and deemed granted on 10 December 2020, with 50% vesting 3 months after Listing and the remaining 50% vesting 12 months after Listing, subject to the Directors remaining on the Board and a 3 year expiry from Listing. However, all the Director Options and Shares issued on exercise of those Options will be subject to a 24 months mandatory escrow from Listing.

Consultant Share Based Payments

Kidder Williams was engaged to provide corporate advisory services for the IPO in the 2021 financial year and agreed to take part of their fee in options. On successful completion of the IPO they received:

- a) success fee of 500,000 unquoted call options over unissued Shares to be issued upon exercise that shall rank pari passu with existing Shares, which expire 3 years from date of their issue, have an exercise price of \$0.58 per option. The value of these options at 31 December 2020 is \$19,500; and
- b) success fee of 500,000 unquoted call options over unissued Shares to be issued upon exercise that shall rank pari passu with existing Shares, which expire 3 years from date of their issue, have an exercise price of \$0.72 per option. The value of these options at 31 December 2020 is \$1,500.

Management performance rights

Four members of senior management, including CEO and Managing Director, Mike Davis and CFO, Company Secretary and KMP, James Frayne were issued one performance right each on 22 November 2022.

The performance rights conversion to shares will be calculated using the following formula:

$$N = \frac{80\% \times TFR}{5\text{-Day VWAP}}$$

N = The number of performance rights to be issued.

TFR = the total fixed remuneration of the employee at the date of issue

5-Day VWAP = The VWAP of Shares over 5 consecutive trading days on which trades of Shares were recorded on the ASX before the financial accounts for the financial year ending 30 June 2023 are approved by the Board. With a floor price of \$0.15.

The performance rights are subject to achieving a Subscription Revenue milestone for the period ending 30 June 2023 of:

- a) \$3,774,000 (representing 85% growth in the Contractor Subscription Revenue from the financial year ended 30 June 2022): The Performance Right will convert into 80% of the total fixed remuneration payable in Shares.
- b) \$3,374,356 (representing 65.4% growth in the Contractor Subscription Revenue from the financial year ended 30 June 2022): The Performance Right will convert into 64% of the total fixed remuneration payable in Shares.
- c) an amount between \$3,374,356 and \$3,774,000: The Performance Right will convert into between 64% and 80% of the total fixed remuneration of the employee (based on a pro-rata calculation), payable in Shares.
- d) Less than \$3,374,356, the Performance Right will lapse resulting in the issue of no Shares.

The Contractor Subscription Revenue for the period ending 30 June 2023 was \$3,218,017, as such the Performance Right will lapse.

Fair value of options granted

The fair value at grant date is independently determined using a Black-Scholes model which takes into account time to maturity and market prices.

Unaudited Management Prepared - Notes to the financial statements

Note 33. Share-based payments (Continued)

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/	Balance at the end of the year
10/12/2020	01/07/2022	-	2,710,695	-	2,139,170	571,525	-
10/12/2020	01/01/2027	-	1,571,680	-	-	-	1,571,680
10/12/2020	01/01/2024	\$0.36	1,222,221	-	-	-	1,222,221
10/12/2020	01/01/2024	\$0.58	500,000	-	-	-	500,000
10/12/2020	01/01/2024	\$0.72	500,000	-	-	-	500,000
29/11/2021	12/01/2026	\$0.36	1,388,889	-	-	-	1,388,889
29/11/2021	14/07/2024	\$0.36	426,667	-	-	-	426,667
22/11/2022	05/09/2023	-	-	4	-	-	4
			8,320,152	4	2,139,170	571,525	5,609,461
Weighted average exercise price			\$0.20	-	-	-	\$0.20

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/	Balance at the end of the year
16/09/2016	16/09/2021	\$0.48	1,294,600	-	-	(1,294,600)	-
10/12/2020	01/07/2022	-	4,388,946	-	(1,355,338)	(322,913)	2,710,695
10/12/2020	01/01/2027	-	1,571,680	-	-	-	1,571,680
10/12/2020	01/01/2024	\$0.36	1,222,221	-	-	-	1,222,221
10/12/2020	01/01/2024	\$0.58	500,000	-	-	-	500,000
10/12/2020	01/01/2024	\$0.72	500,000	-	-	-	500,000
29/11/2021	12/01/2026	\$0.36	-	1,388,889	-	-	1,388,889
29/11/2021	14/07/2024	\$0.36	-	426,667	-	-	426,667
			9,447,447	1,815,556	(1,355,338)	(1,617,513)	8,320,152
Weighted average exercise price			\$0.18	\$0.36	-	-	\$0.20

The volume-weighted average share price during the financial year was \$0.14 (2022: \$0.26).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.70 years (2022: 1.70 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at grant date, are as follows:

Unaudited Management Prepared - Notes to the financial statements

Note 33. Share-based payments (Continued)

	Grant date	Expiry date	Share price at grant date	Exercise price	Expected Volatility	Dividend Yield	Risk-free interest rate	Fair value at grant date
Salary Sacrifice Options	10/12/2020	01/07/2022	\$0.36	-	70%	0%	0.14%	\$0.128 - \$0.358
Senior Management Options	10/12/2020	31/12/2026	\$0.36	-	70%	0%	0.14% to 0.43%	\$0.028 - \$0.050
Director Options	10/12/2020	07/01/2024	\$0.36	\$0.36	70%	0%	0.14%	\$0.043 - \$0.084
Consultant Options	10/12/2020	07/01/2024	\$0.36	\$0.58	70%	0%	0.23%	\$0.039
Consultant Options	10/12/2020	07/01/2024	\$0.36	\$0.72	70%	0%	0.23%	\$0.003
Director Options	29/11/2021	12/01/2026	\$0.29	\$0.36	-	-	0.56%	\$0.114
Director Options	29/11/2021	14/07/2024	\$0.29	\$0.36	-	-	0.19%	\$0.086
Performance rights	22/11/2023	05/09/2023	-	-	-	-	-	-

Note 34. Events after the reporting period

Subsequent to the year end the Group completed a two tranche Placement and Share Purchase Plan (SPP). The Placement was split into two tranches due to Director and related party participation.

In Tranche one, 17.33m shares were issued on 14 August 2023 for \$1.39m consideration before fees.

Tranche two participants have entered into a binding agreement to subscribe for shares through the Placement. Their participation is contingent upon receiving approval from shareholders at a General Meeting on 21 September 2023. If the proposed resolutions are passed, the settlement of the second tranche of 20.18m shares for \$1.61m consideration before fees will occur on the 26th of September 2023.

The SPP offer period closed on 25 August 2023 resulting in 10.28m shares to be issued on 1 September 2023 for a consideration of \$0.82m before fees.

Directors' declaration

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Bushby
Director

30 August 2023
Brisbane

Shareholder information

The shareholder information set out below was applicable as at 15 August 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Ordinary shares		
	Number of holders	% of total shares issued
1 to 1,000	34	0.00
1,001 to 5,000	300	0.46
5,001 to 10,000	128	0.59
10,001 to 100,000	329	7.81
100,001 and over	155	91.13
Total	946	100.00
Holding less than a marketable parcel	361	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Ordinary shares		
	Number held	% of total shares issued
National Nominees Limited	21,400,792	12.30
Moggs Creek Superannuation Fund	20,774,772	11.94
Bond Street Custodians Limited	16,500,000	9.48
UBS Nominees Pty Ltd	13,261,654	7.62
Plant Investments Limited	9,333,100	5.36
M.A.D Technologies Pty Limited	8,441,400	4.85
Ineight Pty Limited	7,638,889	4.39
Citicorp Nominees Pty Limited	5,962,760	3.43
G J Alt Pty Ltd	2,500,000	1.44
Mrs Lian Hua Koh	2,486,876	1.43
Lian Hua Koh	2,104,723	1.21
Mr Trevor John Hoare & Mrs Robyn Ann Hoare	2,100,000	1.21
SFO Ventures Pty Limited	1,853,000	1.06
QBDF Pty Ltd	1,828,400	1.05
Philippa Statham Pty Limited	1,412,431	0.81
GRCT 20 Pty Ltd	1,388,889	0.80
Mr Daniel James Wilson	1,313,531	0.75
Mrs Lauren Jane Ward	1,288,606	0.74
62 Darlinghurst Road Pty Ltd	1,200,000	0.69
Kidder Williams Limited	1,053,437	0.61
Total	123,843,260	71.16

Shareholder information

The shareholder information set out below was applicable as at 15 August 2023.

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	5,314,787	21

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
National Nominees Limited	21,400,792	12.30
Moggs Creek Superannuation Fund	20,774,772	11.94
Bond Street Custodians Limited	16,500,000	9.48
UBS Nominees Pty Ltd	13,261,654	7.62
Plant Investments Limited	9,333,100	5.36

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

There are no restricted securities.