Appendix 4E
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 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcements to the market

				$
Sales revenues from continuing activities	up	34 %	to	6,830,766
Other revenues from continuing activities	up	54%	to	318,613
Loss from continuing activities after tax attributable to the owners of Felix Group Holdings Limited	down	17%	to	5,097,824
Total comprehensive loss for the year attributable to the owners of Felix Group Holdings Limited	down	17%	to	5,108,569

Dividends

No final dividend was paid in relation to the year ended 30 June 2024.

Comments

The loss for the consolidated entity after providing for income tax amounted to $5,097,824 (30 June 2023: $6,124,693).

3. Net tangible assets

	Reporting period (cents)	Previous period (cents)
Net tangible assets per ordinary security	(0.78)	0.05

4. Control gained over entities

No control has been gained over entities during the period.

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 been audited and an unmodified opinion has been issued.

8. Attachments

Details of attachments (if any):
The Annual Report of Felix Group Holdings Limited for the year ended 30 June 2024 is attached.

9. Signed

Michael Bushby
Director

23 August 2024

Annual Report
30 June 2024

Contents

Chairman’s Letter

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the FY24 annual report to shareholders and highlight the substantial progress we have made in our journey to become the leading enterprise supply chain and procurement platform for construction and engineering related industries.

We have continued to deliver against our Contractor-focused strategy in FY24, highlighted by the strong 42% growth in Contractor ARR relative to FY23. During FY24, a record 17 new customer contracts were signed from a diverse range of sectors, including construction and engineering, mining and resources, diversified real estate, and infrastructure. This is reflective of the broadening demand for Felix’s platform across adjacent sectors beyond Felix’s initial target sectors. In particular, we have seen strong traction within the mining and resources sector, demonstrated by the numerous contracts with mining companies and mining contractors.

A key driver of the strong sales momentum this year has been an acceleration of favourable conditions across the industry. Legislative changes, compliance requirements and ESG reporting are driving adoption of Felix’s platform by providing industry participants with enterprise-level visibility, oversight and governance of their complex and high-risk supply chains. The structural changes and challenges for industry are presenting a unique opportunity for Felix as the platform is built specifically for delivering against industry needs.

A key achievement during the year was the signing of Felix’s first international contract outside of APAC. This contract demonstrates early traction in Felix’s capital-light international expansion strategy. In addition, there is significant opportunity for upstream expansion into the head company of various domestic divisions of large, global customers. This is highlighted by the contract signed this quarter with the Australian division of GS Engineering & Construction, one of Korea’s leading contractors. Notably, this contract is only one out of 16 total existing contracts with domestic divisions of global businesses. These opportunities present further pathways to grow Felix’s presence on international projects, which currently number over 90.

Felix has also continued to deliver high-margin revenue through the signing of 17 expansion deals, including the significant expansion deal signed with Downer Group, a leading ASX and NZX-listed integrated services provider. The ongoing success of expanding existing customer accounts is driven by the success of initial contracts signed, built upon efficient implementation, clear value proposition and ongoing support of our customers.

The signing of new customers has also driven strong growth in scale of the Vendor Marketplace, as client contractors mandate the usage of Felix across their network of third-party Vendors. This is evidenced by the significant milestone of reaching over 100,000 Vendors in the Vendor Marketplace at the end of FY24, an increase of over 20,000 for FY23. The strong growth in the Vendor Marketplace supports our goal of monetising the Marketplace in the medium-term, following the development of key modules and features for Vendors.

Felix has continued investing in platform enhancements, including our internationalisation strategy aimed at providing a turn-key solution for large international contractors. A key pillar of this strategy is the implementation of multilingual capability, which is currently progressing well, with initial customer testing expected to begin in Q1 FY25. Felix has also leveraged AI to deliver an AI-powered information extraction and validation solution for compliance documents, as well as an AI assistant to optimise the user experience. Other notable platform improvements include the achievement of international data compliance certifications, integrations with third-party compliance services, and ongoing platform functionality updates.

Chairman’s Letter

At the beginning of FY24, Felix successfully completed a $3.8m capital raise through a Placement and SPP. The Placement received strong support from existing institutional and sophisticated investors within Australia and overseas, as well as the Board and related parties. The proceeds from the capital raising helped support the conversion of Felix’s growing pipeline and accelerate our progress towards operating cashflow breakeven.

In FY25, Felix will remain focused on converting its large pipeline of domestic and international opportunities, while also leveraging the ongoing success of upselling across existing customer accounts to drive further growth from higher margin expansion revenue. Felix also remains focused on carefully managing costs to drive sustainable growth. Importantly for shareholders, Felix is on the cusp of achieving cash flow breakeven.

Again this year, I would like to express my gratitude to Mike Davis and the entire Felix team for their continued hard work and execution of our growth strategy throughout the year. We also extend our thanks to our shareholders for their unwavering support as we advance towards our long-term vision for Felix.

Our Annual Meeting is scheduled for 21 November 2024, and I look forward to presenting to our shareholders there.

Yours faithfully,

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 21 November 2024.
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	BDO Australia 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 40 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 senior positions at Leighton Contractors.

Michael also Chairs the Nomination and Remuneration Committee.

Interest in shares: 1,075,000
Interest in options: none
Contractual rights to shares: none

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.

Interest in shares: 12,748,058
Interest in options: none
Contractual rights to shares: none

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) (since 2021). She was previously a Non-executive Director of Argo Investments Ltd (ASX:ARG) (2012-2022) and Beach Energy Ltd (ASX:BPT) (2018-2021). Joycelyn is currently the audit and risk committee chair for Infrastructure NSW (since 2024) and was also a Non-executive Director of ASC Pty Ltd (2017 to 2023) and Snowy Hydro Ltd (2012 to 2021), both are government enterprises.

Interest in shares: 718,215
Interest in options: none
Contractual rights to shares: none

Information on the Directors

Rob William Phillpot BComm, BPD (Hons), MBldg, 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.

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.

Interest in shares: 1,763,889
Interest in options: 1,388,889 otions over ordinary shares
Contractual rights to shares: none

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 and Waimak Asset Management 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. He was previously a Director of NZ Listed MHM Automation Ltd (MHM:NZX) (2019 - 2024) before it was acquired by Fortifi Food Processing Solutions.

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

Interest in shares: 20,434,432
Interest in options: none
Contractual rights to shares: none

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

Interest in shares: 10,000,152
Interest in options: none
Contractual rights to shares: none

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 $5,097,824 (30 June 2023: $6,124,693).

Trusted by many of Australasia's largest infrastructure, mining and services Contractors, Felix offers a leading cloud-based enterprise supply chain and procurement platform, helping to connect Contractors and Vendors while also streamlining and digitising a range of manual procurement processes. Felix continues to successfully execute its Contractor-led strategy, as demonstrated by robust growth in new customer acquisitions and expansion deals, the signing of its first international Contractor outside of the APAC region, continued market penetration into adjacent sectors, and the increasing scale of the Vendor Marketplace.

Record Contractor sales

During FY24, Felix signed a record 17 new Contractor customers. The Company has seen expanding demand for its platform beyond its initial target industry of engineering and construction, gaining significant traction in adjacent sectors. This is exemplified by the signing of five new leading Contractors within the mining and resources industry over the past year. Felix also signed the Company's first international customer outside of APAC, demonstrating early success of Felix's capital-light international expansion strategy.

Seventeen expansion deals were signed during FY24. Expansion deals are linked to the licensing of additional modules, increasing user count, or general pricing uplift. A significant contract signed during the year was the 3-year expansion deal with Downer Group, a leading ASX and NZX-listed integrated services provider, generating $321k ARR. The expansion with Downer Group follows an initial licence with the customer's Infrastructure Projects and Estimating divisions, highlighting Felix's ability to successfully expand into the wider organisations of existing customers.

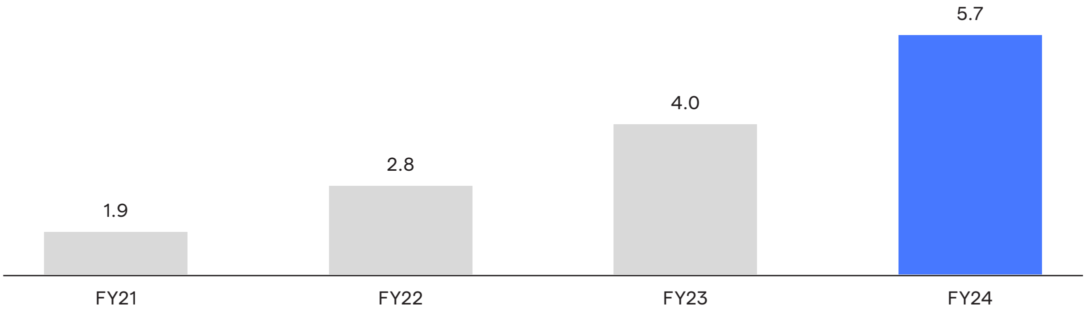
Group ARR reached $7.7m in FY24, increasing 29% on pcp, driven by the successful conversion of prospects from Felix's large and growing pipeline. Of this, Contractor ARR made up $5.7m, representing an increase of 42% on pcp. There has also been a consistent improvement in Contractor gross profit margin which reached 76% in FY24, from 73% in FY23. Furthermore, Felix has delivered ongoing operating leverage uplift through disciplined cost management while generating top-line revenue growth.

Fig. 1 - Group Contracted ARR ($m)

Directors’ report

Record Contractor sales (cont.)

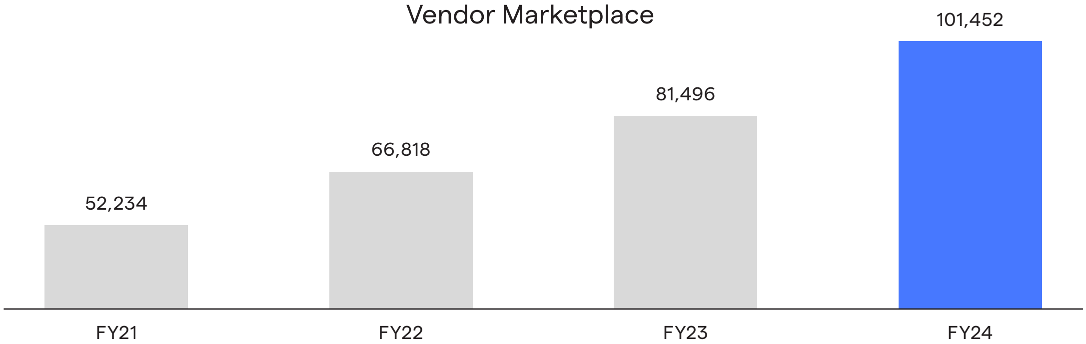
Fig. 2 - Contracted Contractor ARR ($m)



Vendor Marketplace

Felix continued to accelerate the scale of the Vendor Marketplace through the Contractor-led strategy, as all new Contractors mandate the usage of Felix across their third-party supply chains of Vendors onto the platform. At the close of FY24, Felix reached a record 101,452 Vendors in the Vendor Marketplace, increasing 24% on FY23. The strong growth in the Vendor Marketplace is in line with Felix’s strategic goal of monetising the marketplace in the medium-term, following the development of key modules and features.

Fig. 3 - Number of Vendors in the Vendor Marketplace



International data compliance certifications

During FY24, Felix achieved SOC 2 Type 1 certification and GPDR compliance, which are international data security certifications for North America and Europe, respectively. This achievement compliments Felix’s ISO27001 certification, which was obtained in 2021, another international data security standard. These certifications, which are often a key requirement for large international organisations, are expected to help reduce the sales cycles for international customers while also expanding Felix’s addressable market.

Enterprise platform updates

Felix has continued to deliver ongoing platform updates, including the integration with third-party compliance platforms, launch of an AI-powered virtual assistant, and delivery of general platform functionality improvements.

A key project delivered during the year was the AI-powered information extraction and validation solution for compliance documents, which solves inefficiencies that exist for Vendors during the onboarding stages. The solution is also expected to enhance Contractor sales by further demonstrating the efficiency and accuracy in Felix’s onboarding processes.

Felix has also continued to progress the platform internationalisation strategy, aimed at providing a turn-key solution for large international Contractors. The implementation of multilingual capability is a key feature and is currently well-progressed, with a technical proof-of-concept currently being finalised and initial customer testing expected to begin in Q1 FY25.

Directors' report

Capital raising

In Q1 FY24, Felix successfully raised $3.8m through a Placement and SPP. The Placement raised $3.0m and received strong support from existing institutional and sophisticated investors within Australia and overseas, as well as from the Board and related parties. Felix also completed an SPP raising a further $0.8m from retail investors. Proceeds from the capital raising were used to strengthen Felix's balance sheet and support the conversion of the growing domestic and international pipeline.

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 2024):

+66%

Number of active projects vs FY23

Reflects rapid take up of Sourcing modules and penetration Contractor projects

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+18%

Total active Vendor compliance documents vs FY23

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

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+66%

Request for Quotations (RFQ) sent by Enterprise customers vs FY23

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

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+34%

Total Contractor user accounts vs FY23

Driven by broadening usage across existing and new customers

Directors’ report

Financial Performance

The loss for the consolidated entity after providing for income tax amounted to $5,097,824 (2023 loss: $6,124,693). The Adjusted EBITDA loss for the year ending 30 June 2024 was $4,281,646 (2023: 5,661,289). Adjusted EBITDA is considered an appropriate performance metric for the group, although it is a non-IFRS measure, due to it removing the impact in the period of interest, depreciation, amortisation and share based payments. (Refer to Note 1, Going Concern for further information).

	2024 $	2023 $
Gross Margin		
Contractor Revenue	4,855,862	3,218,017
COGS		
Consultant fees	(117,900)	(117,900)
Contract costs	(263,459)	(177,067)
Employee benefits	(671,539)	(475,233)
Subscriptions	(97,844)	(89,140)
Total COGS	(1,150,742)	(859,340)
Gross Margin	3,705,120	2,358,677
Gross Margin %	76%	73%
Other Revenue		
Vendor revenue	1,974,904	1,885,865
Other income	318,613	206,670
Total	2,293,517	2,092,535
Expenses		
Employee benefits	(7,344,227)	(7,055,145)
Consultants fees	(583,885)	(860,392)
Other expenses from ordinary activities	(2,352,171)	(2,196,964)
Total	(10,280,283)	(10,112,501)
Adjusted* EBITDA	(4,281,646)	(5,661,289)
Depreciation & amortisation	(735,214)	(307,831)
Finance costs	(8,283)	(8,845)
Share based payments	(72,681)	(146,728)
Loss before income tax	(5,097,824)	(6,124,693)

**Adjusted EBITDA is earnings before interest, tax depreciation, amortisation and share based payments*

Risks

The following is a matierial summary of business risks that could adversely affect the consolidated entity’s financial performance and growth potential in future years and how the consolidated entity proposes to mitigate those risks.

Macroeconomic and market conditions

The broader economic environment, including factors such as inflation, interest rates, and geopolitical instability, can have a significant impact. Adverse economic conditions may lead to reduced IT spending by businesses and consumers, affecting sales and cashflow receipts.

Talent acquisition and retention

The success of the consolidated entity is closely linked to the ability to attract, develop, and retain highly skilled employees, particularly in areas such as software development, engineering, and sales. The technology sector is competitive in terms of talent acquisition, and there is a risk that the necessary human resources may not be secured or retained to execute the business strategy effectively.

Financial and liquidity risk

There is the possibility of challenges in securing adequate financing to support growth initiatives, research and development, and day-to-day operations. Fluctuations in currency exchange rates, interest rates, and economic conditions could affect financial stability. The ability to raise additional capital through equity or debt markets is influenced by market conditions and investor sentiment, which may not always be favorable.

Technology Obsolescence

There is a risk that products and services could become obsolete or fail to meet the evolving needs of customers. Competitors, including both established firms and new entrants, may develop improved technologies or more cost-effective solutions, potentially reducing market share and profitability.

Cyber Security and Data Protection

As a technology company, there is a heightened vulnerability to cybersecurity threats, including data breaches, hacking, and other forms of cyberattacks. A significant security breach could compromise sensitive customer data, disrupt operations, and damage reputation. Regulatory compliance concerning data protection and privacy, especially under stringent laws like the GDPR, also poses an ongoing challenge.

Product Failure

The software and delivery mechanisms are architected in such a manner to minimise the business impacts of any failure. Customers have the opportunity to evaluate the software prior to entering into a commercial relationship, reducing the instances of the solutions not meeting their needs.

Climate Change

Climate change risk is low for most organisations operating in the technology space and the consolidated Group is no exception.

Directors' report

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 environment and social 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.

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

There were no matters subsequent to the year end

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 thirteen 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 2024, 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	11	11	4	4	-	-
Mike Davis	11	11	-	-	4	4
Joycelyn Morton	11	11	-	-	4	4
Rob Phillpot	10	11	3	4	4	4
George Rolleston	11	11	4	4	4	4
Michael Trusler	11	11	3	4	-	-

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 2024 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 - Remuneration report

Remuneration report

The 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.

During the financial year ended 30 June 2024, the consolidated entity, through the Nomination and Remuneration Committee, engaged The Reward Practice, remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI frameworks. The recommendations of the program will come into effect in the financial year ended 30 June 2025 and will result in an increase in share-based payments for the updated STI and LTI programs. The Reward Practice was paid $19,100 for these services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols included two party communication throughout the process, with a member of the Nomination and Remuneration Committee present at all times.

The Board is also required to make inquiries of the consultant’s processes at the concusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

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

Directors’ report - Remuneration report

Principles used to determine the nature and amount of remuneration (cont.)

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.

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 (all Director’s fees are quoted excluding superannuation guarantee charge). These fees have not changed since the 2021 period. In prior periods the non-executive directors have been issued options at or above market price. At the date of the report all options have lapsed except those issued to Rob Phillpot. These options have an exercise price of $0.36.

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%) a maximum annual aggregate remuneration of $800,000 (including any share based payments).

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 revenue and operating cashflow performance. The methods have been chosen as they align with the consolidated entitys strategy of sustainable growth.

For the financial year ending 30 June 2024 certain executives partially qualified for STI cash bonuses for achieving revenue target, while the operating cash flow target was not met.

For the financial year ended 30 June 2024, the executives forgoed the opportunity to participate in a long-term incentive (‘LTI’) program. An updated LTI program will be rolled out to executives in the financial year ended 30 June 2025.

Directors' report - Remuneration report

Executive remuneration (cont.)

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.

Details of remuneration

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.

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		
2024	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	-	-	12,100	-	-	-	122,100
Joycelyn Morton [a]	86,874	-	-	7,267	-	-	-	94,141
Rob Phillpot [b]	55,000	-	-	6,050	-	-	13,400	74,450
George Rolleston	55,000	-	-	6,050	-	-	-	61,050
Michael Trusler	55,000	-	-	6,050	-	-	-	61,050
Executive Directors:								
Mike Davis	278,450	21,808	4,846	32,499	5,658	-	-	343,262
Other Key Management Personnel:								
James Frayne [c]	232,003	17,050	(10,492)	27,180	4,623	-	-	270,364
Total	872,327	38,858	(5,646)	97,196	10,281	-	13,400	1,026,416

a Joycelyn Morton received an SGC exemption from the ATO for the period.
b The options issued to Rob Phillpot have an exercise price of $0.36.
c James Frayne cashed out $17,003 of annual leave in the period.

Directors’ report - Remuneration report

	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 ($) [c]	Total ($)
Non-Executive Directors:								
Michael Bushby (Chairman)	110,000	-	-	11,550	-	-	-	121,550
Joycelyn Morton [a]	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	-	(9,671)	28,875	6,048	14,896	-	310,800
Other Key Management Personnel:								
James Frayne [b]	224,829	-	(9,323)	23,443	3,823	25,866	9,163	277,801
Total	853,879		(18,994)	81,193	9,871	47,484	60,610	1,034,043

a All options issued to KMP’s have an exercise price of $0.36.
b James Frayne cashed out $9,829 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:	2024	2023	2024	2023	2024	2023
Mike Davis	93%	95%	7%	0%	0%	5%
Other Key Management Personnel:						
James Frayne	94%	88%	6%	0%	0%	12%

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

	Cash bonus paid/payable		Cash bonus forfeited	
Name	2024	2023	2024	2023
Executive Directors:				
Mike Davis	28%	0%	72%	100%
Other Key Management Personnel:				
James Frayne	28%	0%	72%	100%

Directors' report - Remuneration report

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 2024 of $275,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 3 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 2024 financial year (partially achieved), non-solicitation and non-compete clauses.
Name:	**James Frayne**
Title:	Company Secretary and CFO
Agreement commenced:	29 October 2020
Details:	Base salary for the year ending 30 June 2024 of $215,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 3 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 2024 financial year (partially achieved), non-solicitation and non-compete clauses.

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

Directors' report - Remuneration report

Options

The terms and conditions of each grant of options over ordinary shares at period end:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Joycelyn Morton	213,333	29 November 2021	29 November 2021 & 29 November 2021	14 July 2024	$0.36	$0.086
Joycelyn Morton	213334	29 November 2021	14 July 2022 & 14 July 2022	14 July 2024	$0.36	$0.086
Rob Phillpot	231,482	29 November 2021	12 January 2021 & 12 January 2021	12 January 2026	$0.36	$0.114
Rob Phillpot	231,481	29 November 2021	12 January 2022 & 12 January 2022	12 January 2026	$0.36	$0.114
Rob Phillpot	462,963	29 November 2021	12 January 2023 & 12 January 2023	12 January 2026	$0.36	$0.114
Rob Phillpot	462,963	29 November 2021	12 January 2024 & 12 January 2024	12 January 2026	$0.36	$0.114
James Frayne	39,290	10 December 2020	30 June 2025 & 30 June 2025	30 June 2025	-	$0.265
James Frayne	39,290	10 December 2020	30 June 2025 & 30 June 2025	30 June 2026	-	$0.264
James Frayne	39,290	10 December 2020	30 June 2026 & 30 June 2026	31 December 2026	-	$0.266

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. 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 2024 are set out below:

Directors’ report - Remuneration report

2024

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	-	-	51,333	0%
Mike Davis	-	-	-	0%
Joycelyn Morton	-	-	-	0%
Rob Phillpot	-	-	-	18%
George Rolleston	-	-	25,667	0%
Michael Trusler	-	-	25,667	0%
James Frayne	-	-	-	0%

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%

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	700,000	-	375,000	-	1,075,000
Mike Davis [a]	8,998,058	-	3,750,000	-	12,748,058
Joycelyn Morton	343,215	-	375,000	-	718,215
Rob Phillpot	1,388,889	-	375,000	-	1,763,889
George Rolleston	10,434,432	-	10,000,000	-	20,434,432
Michael Trusler [a]	8,750,152	-	1,250,000	-	10,000,152
James Frayne	393,872	-	125,000	-	518,872
Total	22,567,218	-	16,250,000	-	38,817,218

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). The shares have only been applied once in the total line.

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 [a]
Options over ordinary shares								
Michael Bushby	611,111	-	-	(611,111)			-	-
Mike Davis	1	-	-	-	-	(1)	-	-
Joycelyn Morton	426,667	-	-	-	-	-	426,667	426,667
Rob Phillpot	1,388,889	-	-	-	-	-	1,388,889	1,388,889
George Rolleston	305,555	-	-	(305,555)	-	-	-	-
Michael Trusler	305,555	-	-	(305,555)	-	-	-	-
James Frayne	157,161	-	-	-	-	(39,291)	117,870	-
Total	3,194,939	-	-	(1,222,221)	-	(39,292)	1,933,426	1,815,556

a) All vested and exercisable options have an exercise price of $0.36.

Directors’ report - Remuneration report

Other transactions with key management personnel and their related parties

During the period 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.

The SPP offer period closed on 25 August 2023 resulting in 10.28m shares 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.

20.18m Tranche two shares were issued on 27 September 2023 subsequent to receiving shareholder approval at a General Meeting on 21 September 2023. The consideration before fees for Tranche two shares was $1.61m before fees.

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

This concludes the remuneration 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	31 December 2026	$0.00	780,932
29 November 2021	12 January 2026	$0.36	1,388,889

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

There were no ordinary shares of Felix Group Holdings Limited issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted.

Directors' report

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.

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.

Auditor's independence declaration

There are no officers of the company who are former partners of Grant Thornton Australia Limited or BDO Audit Pty Ltd.

Grant Thornton Australia Limited and BDO Audit Pty Ltd have not provided any non-assurance services.

A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out immediately after this directors's report.

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

23 August 2024
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 23 August 2024. The directors have the power to amend and reissue the financial statements.

Auditor's Independence Declaration

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY N I BATTERS TO THE DIRECTORS OF FELIX GROUP HOLDINGS LIMITED

As lead auditor of Felix Group Holdings Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Felix Group Holdings Limited and the entities it controlled during the period.

N I Batters
Director

BDO Audit Pty Ltd

Brisbane, 23 August 2024

Consolidated statement of profit or loss and other comprehensive income — For the year ended 30 June 2024

	Note	2024 $	2023 $
REVENUE			
Sales revenue	4	6,830,766	5,103,882
Other income	5	318,613	206,670
Total Revenue		7,149,379	5,310,552
EXPENSES			
Consultants fees		(701,785)	(978,293)
Contract costs		(263,459)	(177,067)
Depreciation and amortisation expense		(735,213)	(307,831)
Employee benefits expense		(8,015,766)	(7,530,378)
Finance costs		(8,283)	(8,845)
Insurance		(246,428)	(177,431)
Subscriptions		(1,050,900)	(823,546)
Other expenses	6	(1,152,688)	(1,285,125)
Share based payments		(72,681)	(146,729)
Total Expenses		(12,247,203)	(11,435,245)
LOSS BEFORE INCOME TAX EXPENSE		(5,097,824)	(6,124,693)
Income tax (expense)/ benefit	7	-	-
Loss after income tax expense for the-year		(5,097,824)	(6,124,693)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss Exchange differences on translating foreign controlled entities		(10,745)	1,341
Other comprehensive income for the half-year, net of tax		(10,745)	1,341
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF FELIX GROUP HOLDINGS LIMITED		(5,108,569)	(6,123,352)

Loss per share attributable to the members of Felix Group Holdings Limited		Cents	Cents
Basic loss per share	32	2.62	3.91
Diluted loss per share	32	2.62	3.91

Consolidated statement of financial position — As at 30 June 2024

	Note	2024 $	2023 $
ASSETS			
Current assets			
Cash and cash equivalents	8	1,711,134	2,755,854
Trade and other receivables	9	1,455,726	561,626
Income tax receivable		409,955	514,539
Deposits held	10	414,150	14,150
Contract assets	11	204,645	157,302
Other current assets		1,660	-
Prepayments		509,097	597,456
Total current assets		4,706,367	4,600,927
Non-current assets			
Property, plant and equipment	12	40,945	48,228
Right of use assets	13	56,259	101,266
Intangible assets	14	1,100,514	974,807
Contract assets	11	151,654	190,386
Total non-current assets		1,349,372	1,314,687
Total assets		6,055,739	5,915,614
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,410,257	1,262,712
Contract liabilities	16	4,184,792	2,655,044
Lease liabilities	17	49,791	43,217
Short term employee benefits	18	541,466	514,465
Total current liabilities		6,186,306	4,475,438
Non-current liabilities			
Lease liabilities	17	13,357	63,149
Long term employee benefits	19	342,659	324,506
Total non-current liabilities		356,016	387,655
Total liabilities		6,542,322	4,863,093
Net liability		(486,583)	1,052,521
EQUITY			
Issued capital	20	52,911,189	49,414,406
Reserves	21	611,717	549,780
Accumulated losses		(54,009,489)	(48,911,665)
Total equity		(486,583)	1,052,521

Consolidated statement of changes in equity — For the year ended 30 June 2024

Consolidated	Issued capital $	Reserves Share Based Payments $	Reserves Foreign Exchange $	Accumulated losses $	Total equity $
Balance at 1 July 2022	48,644,304	1,165,449	8,653	(42,786,971)	7,031,434
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)
Transactions with owners in their capacity as owners:					
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

Consolidated	Issued capital $	Reserves Share Based Payments $	Reserves Foreign Exchange $	Accumulated losses $	Total equity $
Balance at 1 July 2023	49,414,406	539,786	9,994	(48,911,665)	1,052,521
Loss after income tax expense for the year	-	-	-	(5,097,824)	(5,097,824)
Other comprehensive income for the year, net of tax	-	-	(10,745)	-	(10,745)
Total comprehensive income for the year	-	-	(10,745)	(5,097,824)	(5,108,569)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	3,496,783	-	-	-	3,496,783
Share-based payments capitalised (see Note 33)	-	72,682	-	-	72,682
Share-based payments exercised (see Note 33)	-	-			
Balance at 30 June 2024	52,911,189	612,468	(751)	(54,009,489)	(486,583)

Consolidated statement of cash flows — For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from operations (inclusive of GST):		8,614,760	6,267,798
Payments to suppliers and employees (inclusive of GST)		(11,983,868)	(11,701,071)
Sub-total		(3,369,108)	(5,433,273)
Interest received		131,995	63,912
Interest and other finance costs paid		(8,283)	(8,845)
Net cash from/(used in) operating activities	29	(3,245,396)	(5,378,206)
Cash flows from investing activities			
Payments for property, plant and equipment		(23,392)	(19,115)
Payments for intangibles		(829,498)	(710,483)
Payment for deposits	10	(400,000)	(14,150)
Proceeds from deposits held		-	4,000,263
Net cash from/(used in) investing activities		(1,252,890)	3,256,515
Cash flows from financing activities			
Proceeds of share issue	20	3,822,400	-
Payment of share issue costs	20	(325,617)	-
Net proceeds/ (repayment) of borrowings	31	(43,217)	-
Net cash from/(used in) financing activities		3,453,566	-
Net increase/ (decrease) in cash and cash equivalents		(1,044,720)	(2,121,691)
Cash and cash equivalents at the beginning of the financial year		2,755,854	4,877,545
Cash and cash equivalents at the end of the financial year	8	1,711,134	2,755,854

Notes to the financial statements

Note 1. Material 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.

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 2024 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'.

Going Concern

For the year end 30 June 2024, the Group incurred a loss before income tax of $5,097,824 (2023: $6,124,693), net cash used in operating activies was $3,245,396 (2023: $5,378,206) and is in a net liability position of $486,583 and a working capital deficiency of $1,479,939. The Group has a history of losses and operating outflows.

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:

Notes to the financial statements

Note 1.
Material accounting policies
(Continued)

- The Group improved the net cash outflow from operations to $3.2m, an improvement of $2.2m or 40% from $5.4m in FY23;
- The Group is expecting to be cash-flow positive from Q1 FY25;
- The Group is currently free of any debt liabilities; and
- Subsequent to the period end the Group has also transacted $0.1 m of new ARR sales and collected $1.8m in cash.

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.

Foreign currency translation

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

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 contract liabilities in the statement of financial position. Similarly, if the Group satisfied a performance obligation before it receives the consideration, the Group recognises incremental costs incurred in securing the customer as 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.

Notes to the financial statements

Note 1.
Material accounting policies
(Continued)

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.

Research and Development Tax Incentive

The Group recognises income tax receivables 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.

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.

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.

Customer acquisition costs

Customer acquisition costs are capitalised as a contract 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.

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.

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, it's 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.

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.

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.

Impairment of intangible assets

Intangible assets are tested for impairment annually, or whenever there is an indicator of impairment. There were no indicators of impairment during the period or at period end.

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 vales and useful lives are reviewed at each reporting date.

Research and development

Note 1.
Material accounting policies
(Continued)

The research and development tax incentive requires submission of the research and development tax incentive schedule with the year end tax return before it can be received. The receivable for the research and development tax incentive is recognised to the extent that the Company can reliably estimate the research and development expenditure for the year will be within the eligibility requirements.

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.

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.

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 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

Note 1.
Material accounting policies
(Continued)

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.

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.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown 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

Notes to the financial statements

Note 1.
Material accounting policies
(Continued)

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 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 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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. Further information relating to credit risk is disclosed in Note 22.

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.

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.

At year end, based on management's assessment, no impairment indicators were present which did not necessitate a value-in-use calculationto be performed.

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. The consolidated entity recognises liabilities if there are 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.

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.

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

Research and development tax incentives

The research and development tax incentive requires submission of the research and development tax incentive schedule with the year end tax return before it can be received. The receivable for the research and development tax incentive is recognised to the extent that the Company can reliably estimate the research and development expenditure for the year will be within the eligibility requirements.

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.

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. 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 2024 financial year or the prior period.

Note 4. Sales Revenue

	Consolidated	
	2024 $	2023 $
Enterprise SaaS (Contractor) Revenue	4,855,862	3,218,017
Marketplace Subscription (Vendor) Revenue	1,974,904	1,885,865
Total	6,830,766	5,103,882

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

For the financial year, revenue includes $2,569,582 (2023: $1,899,900) included in the contract liability balance at the beginning of the year broken down as follows.

	Consolidated	
	2024 $	2023 $
Enterprise SaaS (Contractor) Revenue	2,282,718	1,625,238
Marketplace Subscription (Vendor) Revenue	286,864	274,662
Total	2,569,582	1,899,900

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	
	2024	2023 $
Research and development tax incentive income	171,912	142,758
Interest income	131,995	63,912
Other income	14,706	-
Total other income	318,613	206,670

Notes to the financial statements

Note 6. Other expenses

	Consolidated 2024 $	Consolidated 2023 $
Advertising and marketing	178,112	197,373
Other	322,008	424,703
Professional fees	472,666	496,198
Travel	179,902	166,851
Total	1,152,688	1,285,125

Note 7. Income tax expense

	Consolidated 2024 $	Consolidated 2023 $
Loss before income tax expense	(5,097,824)	(6,124,693)
Tax at the statutory rate of 25%	(1,274,456)	(1,531,173)
Adjustments for permanent differences	271,722	278,981
Unrecognised tax losses	1,002,734	1,252,192
Total	-	-

As at 30 June 2024 the unrecognised carried forward tax loss position of the Group is $33,474,701 (2023: $31,055,348). The deferred franking account balance at 30 June 2024 is $4,313,146 (2023: $3,903,191).

Note 8. Current assets - Cash and cash equivalents

	Consolidated 2024 $	Consolidated 2023 $
Cash at bank	1,711,134	2,755,854
Total	1,711,134	2,755,854

Note 9. Current assets - trade and other receivables

	Consolidated 2024 $	Consolidated 2023 $
Trade receivables	1,479,236	584,867
Less: Allowance for expected credit losses	(23,510)	(23,241)
Total trade and other receivables	1,455,726	561,626

Notes to the financial statements

Note 10. Deposits held

	Consolidated	
	2024 $	2023 $
Term deposits	400,000	-
Rental deposit	14,150	14,150
Total deposits held	414,150	14,150

The group placed $400,000 under term deposit for 6 months on 22 February 2024. The term deposit matures on 22 August 2024.

Note 11. Contract assets

	Consolidated	
	2024 $	2023 $
Contract assets - Current	204,645	157,302
Contract assets – Non-Current	151,654	190,386
Total contract assets	356,299	347,688
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	347,688	299,152
Additions	272,070	225,603
Cumulative catch-up adjustments	-	-
Transfer to contract costs expense	(263,459)	(177,067)
Closing balance	356,299	347,688

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

	Consolidated	
	2024 $	2023 $
Office equipment at cost	16.110	15,004
Less: Accumulated depreciation	(9,938)	(12,696)
	6,172	2,308
Computer equipment at cost	161,381	243,216
Less: Accumulated depreciation	(126,608)	(197,296)
	34,773	45,920
Total plant and equipment	40,945	48,228

Notes to the financial statements

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

	Consolidated 2024 $	Consolidated 2023 $
Office Equipment		
Balance at 1 July	2,309	47,655
Additions	5,390	-
Disposals	(748)	(40,610)
Depreciation and amortisation expense	(779)	(4,737)
Balance at 30 June	6,172	2,308

Computer equipment		
Balance at 1 July	45,920	59,950
Additions	19,496	19,115
Disposals	-	-
Depreciation and amortisation expense	(30,643)	(33,145)
Balance at 30 June	34,773	45,920

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

	Consolidated 2024 $	Consolidated 2023 $
Land and buildings - right-of-use	135,021	135,021
Less: Accumulated amortisation	(78,762)	(33,755)
	56,259	101,266

Movements in Carrying Amounts		
Balance at 1 July	101,266	-
Additions	-	135,021
Disposals	-	-
Amortisation expense	(45,007)	(33,755)
Balance at 30 June	56,259	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 in the prior period on 23 September 2022.

Notes to the financial statements

Note 14. Non-current assets - intangibles

	Consolidated 2024 $	Consolidated 2023 $
Technology platform development at cost	4,843,478	4,058,987
Less; Accumulated amortisation and impairment	(3,742,964)	(3,084,180)
	1,100,514	974,807

Movement in carrying amounts		
Balance at 1 July	974,807	533,127
Additions	784,491	674,191
Impairment	-	-
Amortisation expense	(658,784)	(232,511)
Balance at 30 June	1,100,514	974,807

Note 15. Current liabilities - trade and other payables

	Consolidated 2024 $	Consolidated 2023 $
Trade payables	96,948	167,009
Accrued expenses	26,987	31,752
GST payables	287,565	167,688
Payroll payables	938,712	845,402
Other payables	60,045	50,861
Total trade and other payables	1,410,257	1,262,712

Note 16. Current liabilities - contract liabilities

	Consolidated 2024 $	Consolidated 2023 $
Contract liabilities	4,184,792	2,655,044

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	2024 $	2023 $
Opening balance	2,655,044	1,907,062
Payments received in advance	4,099,330	2,647,882
Transfer to revenue - included in the opening balance (Note 4)	(2,569,582)	(1,899,900)
Closing balance	4,184,792	2,655,044

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 $4,184,792 as at 30 June 2024 ($2,655,044 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated 2024 $	Consolidated 2023 $
Within 6 months	2,725,657	1,814,290
6 to 12 months	1,310,845	802,162
12 to 18 months	148,290	38,592
18 to 24 months	-	-
Total unsatisfied performance obligations	4,184,792	2,655,044

Note 17. Lease liabilities

	Consolidated	
	2024 $	2023 $
Lease liability - current	49,791	43,217
Lease liability – non-current	13,357	63,149
Total lease liability	63,148	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 in the prior period on 23 September 2022.

Future minimum lease payments as at 30 June 2024 included:

	Consolidated	
	2024 $	2023 $
Within one year		
Lease payments	53,560	51,500
Less: Future finance charges	(3,769)	(8,283)
Net present value	49,791	43,217
One to five years		
Lease payments	13,520	67,080
Less: Future finance charges	(162)	(3,931)
Net present value	13,358	63,149
Total		
Lease payments	67,080	118,580
Less: Future finance charges	(3,931)	(12,214)
Net present value	63,149	106,366

Refer to note 22 for further information on financial instruments.

Notes to the financial statements

Note 18.
Current liabilities – short term employee benefits

	Consolidated 2024 $	Consolidated 2023 $
Employee benefits	541,466	514,465

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 current period the Group has taken an estimate of annual leave accrued to employees that is not expected to be taken in the next 12 months, $65,222, and classified this amount as non-current and included in the $342,659 balance.

	Consolidated 2024 $	Consolidated 2023 $
Leave that is not expected to be taken within the next 12 months	65,222	27,827

Note 19.
Non-curent liabilities – long term employee benefits

	Consolidated 2024 $	Consolidated 2023 $
Employee benefits	342,659	324,506

Note 20.
Equity - issued capital

	Consolidated			
	2024 No. of Shares	2023 No. of Shares	2024 $	2023 $
Ordinary shares fully paid	204,499,713	156,719,713	52,911,189	49,414,406

Note 20. Equity - issued capital (Continued)

Movements in ordinary share capital	Date	No. of Shares	Issue price	Consolidated $
Balance	1 July 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
Issue of shares for Placement (Tranche 1)	14 August 2023	17,325,000	$0.08	1,386,000
Issue of shares for SPP	1 September 2023	10,280,000	$0.08	822,400
Issue of shares for Placement (Tranche 2)	27 September 2023	20,175,000	$0.08	1,614,000
Costs for issue of shares for Placement & SPP	27 September 2023	-	-	(325,617)
Balance	30 June 2024	204,499,713	-	52,911,189

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.

During the period the Group completed a two tranche Placement and Share Purchase Plan (SPP) raising an additional $3.82m of share capital before fees. The Placement was split into two tranches due to Director and related party participation.

- Tranche one: 17.33m shares were issued on 14 August 2023 for $1.39m consideration before fees.
- Tranche two: 20.18m shares were issued on 27 September 2023 for $1.61m consideration before fees.
- SPP: 10.28m issued on 1 September 2023 for a consideration of $0.82m before fees.

Notes to the financial statements

Note 21. Equity - reserves

	Consolidated 2024 $	Consolidated 2023 $
Foreign exchange	(751)	9,994
Share based payment:		
Senior management options	293,272	233,990
Director options	298,196	284,796
Consultant options	21,000	21,000
Total	611,717	549,780

Movement in carrying amounts	Foreign exchange $	Senior management options $	Director options $	Consultant options $
Balance at 1 July	9,994	233,990	284,796	21,000
FX Movement	(10,745)	-	-	-
Options - Movement	-	59,282	13,400	-
Options - Expired	-	-	-	-
Balance at 30 June	(751)	293,272	298,196	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.

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.

Note 22.
Financial instruments
(Continued)

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 2024.

As at 30 June 2024 trade receivables of $89,980 (30 June 2023: $255,233) were past due but not considered impaired. An expected credit loss of $23,510 was taken up on the receivable balance at 30 June 2024.

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) 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 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.

Notes to the financial statements

Note 22. Financial instruments (Continued)

Financial Assets	Consolidated 2024 $	Consolidated 2023 $
Cash and cash equivalents	1,711,134	2,755,854
Trade and other receivables	1,548,874	561,626
Deposits	414,150	14,150
Total	3,674,158	3,331,630

Financial Liabilities

Consolidated - 2024	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	-	96,948	-	-	-	96,948
Other payables	-	1,406,457	-	-	-	1,406,457
Interest-bearing - fixed rate						
Lease liability	4.95	53,560	13,520	-	-	67,080
Total non-derivatives		1,556,965	13,520	-	-	1,570,485

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	4.95	51,500	53,560	13,520	-	118,580
Total non-derivatives		1,314,212	53,560	13,520	-	1,381,292

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 2024 $	Consolidated 2023 $
Short-term employee benefits	911,185	853,879
Post-employment benefits	97,196	81,193
Long-term benefits	10,281	9,871
Termination benefits	-	-
Share-based payments	13,400	108,094
Total director and key management personnel compensation	1,032,062	1,053,037

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 until November 2023 & BDO Pty Ltd, the auditor of the company subsequently, its network firms and unrelated firms:

	Consolidated 2024 $	Consolidated 2023 $
Audit services – Grant Thornton Audit Pty Ltd		
Audit of the year end financial statements	-	76,500
Review of the half year financial statements	-	31,500
Total audit services – Grant Thornton Audit Pty Ltd	-	108,000
Audit services – BDO Audit Pty Ltd		
Audit of the year end financial statements	75,000	-
Review of the half year financial statements	35,000	-
Total audit services – BDO Audit Pty Ltd	110,000	-

Note 25. Contingent liabilities

There were no contingent liabilities at reporting date.

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 23 and the remuneration report included in the directors' report.

Transactions with related parties

During the period the Group completed a two tranche Placement and Share Purchase Plan (SPP) raising an additional $3.82m of share capital before fees. The Placement was split into two tranches due to Director and related party participation.

- Tranche one: 17.33m shares were issued on 14 August 2023 for $1.39m consideration before fees.
- Tranche two: 20.18m shares were issued on 27 September 2023 for $1.61m consideration before fees.
- SPP: 10.28m issued on 1 September 2023 for a consideration of $0.82m before fees.

	$ of Shares	No. of Shares
Related Party Tranche 2 Participants:		
George Rolleston (Plant Investments Ltd)	800,000	10,000,000
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.

Note 27. Parent entity information

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

Statement of profit or loss and other comprehensive income	Parent 2024 $	Parent 2023 $
Profit/ (Loss) after income tax	(3,774,872)	(5,486,239)
Total comprehensive income	(3,774,872)	(5,486,239)

Statement of financial position	Parent 2024 $	Parent 2023 $
Total current assets	2,051,588	3,096,379
Total assets	2,212,574	3,097,763
Total current liabilities	12,653	23,963
Total liabilities	1,429,286	2,111,492
Equity		
Issued capital	52,913,614	49,414,406
Reserves	612,468	539,787
Accumulated losses	(52,742,794)	(48,967,922)
Total equity	783,288	986,271

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 $3,509,000 in the current period and $5,158,209 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 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments as at 30 June 2024 and 30 June 2023.

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.

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. A consolidated entity disclosure statement detailing tax residency of the subsidiaries has been included in the report on page 59.

	Principal place of business / Country of incorporation	Ownership Interest 2024 %	Ownership Interest 2023 %
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 2024 $	Consolidated 2023 $
Loss after income tax expense for the year	(5,097,824)	(6,124,693)
Adjustments for:		
Depreciation and amortisation	735,213	307,831
Disposal of assets	(747)	41,550
Lease adjustment	1,791	5,100
Foreign exchange differences	(10,748)	(948)
Share based payments	72,681	146,729
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(987,249)	(137,884)
Decrease/(increase) in other assets	191,283	(215,606)
Decrease/(increase) in contract assets	(8,612)	(48,537)
Increase/(decrease) in trade and other payables	283,910	(180,162)
Increase/(decrease) in provisions	1,529,748	80,432
Increase/(decrease) in contract liabilities	45,154	747,982
Net cash from operating activities	(3,245,396)	(5,378,206)

Note 30. Non-cash investing and financing activities

	Consolidated 2024 $	Consolidated 2023 $
Additions to the right-of-use assets	-	135,021
Shares issued under employee share plan	-	770,102
	-	905,123

Note 31. Changes in liabilities arising from financing activities

	Lease liability $	Total $'000
Balance at 1 July 2022	-	-
Lease addition	135,021	135,021
Net cash from/(used in) leasing activities	(28,655)	(28,655)
Balance at 30 June 2023	106,366	106,366
Net cash from/(used in) leasing activities	(43,217)	(43,217)
Balance at 30 June 2024	63,149	63,149

Note 32. Earnings per share

	Consolidated 2024 $	Consolidated 2023 $
Net loss attributable to the ordinary equity holders of the consolidated entity	(5,097,824)	(6,124,693)

	Consolidated 2024	Consolidated 2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	194,576,578	156,719,713

	Cents	Cents
Basic earnings per share	2.62	3.91
Diluted earnings per share	2.62	3.91

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 2024, 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.

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.

Senior Management Offer

The Senior Management Options were issued in the 2021 financial year, for nil consideration. 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.

In the prior period, the options with a vesting date of 30 June 2023 were extended to 30 June 2024 as, the market capitalisation of the Company at 30 June 2023 was not greater than the pre-money IPO valuation. At 30 June 2024 the market capitalisation of the Company once again, is not greater than the pre-money IPO valuation so the relevant options have lapsed.

At 30 June 2024 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 2025.

Director Offer

Rob Phillpot and Joycelyn Morton were provided 1,388,889 and 426,667 options respectively at the 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.

For the financial year ended 30 June 2021, Michael Bushby, George Rolleston and Michael Trusler were provided Director Options totalling 1,222,221 Options, 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

Note 33.
Share-based payments
(Continued)

Options and Shares issued on exercise of those Options will be subject to a 24 months mandatory escrow from Listing.

All 1,222,221 Options lapsed on 12 January 2024.

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.

All one million Options lapsed on 12 January 2024.

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 in the prior period on 22 November 2022.

The performance rights conversion to shares were subject to acheiving Contractor Subscription Revenue targets. The target was not met in financial year ended 30 June 2023, which resulted in the performance rights lapsing in the 2024 period with no conversion to shares.

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.

Notes to the financial statements

Note 33. Share-based payments (Continued)

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Forfeited	Balance at the end of the year	Vested & Exercisable at the end of the year
Options									
10/12/2020	01/01/2027	-	1,571,680	-	-	(260,313)	(530,435)	780,932	-
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	1,388,889
29/11/2021	14/07/2024	$0.36	426,667	-	-	-	-	426,667	426,667
Performance Rights									
22/11/2022	05/09/2023	-	4	-	-	(4)	-	-	-
Total									
			5,609,461	-	-	(2,482,538)	(530,435)	2,596,488	1,815,556
Weighted average exercise price			$0.20	-	-	-	-	$0.25	

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	Vested & Exercisable at the end of the year
Options									
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	1,222,221
10/12/2020	01/01/2024	$0.58	500,000	-	-	-	-	500,000	500,000
10/12/2020	01/01/2024	$0.72	500,000	-	-	-	-	500,000	500,000
29/11/2021	12/01/2026	$0.36	1,388,889	-	-	-	-	1,388,889	1,388,889
29/11/2021	14/07/2024	$0.36	426,667	-	-	-	-	426,667	426,667
Performance Rights									
22/11/2022	05/09/2023	-	-	4	-	-	-	4	-
Total									
			8,320,152	4	(2,139,170)	-	(571.525)	5,609,461	4,037,777
Weighted average exercise price			$0.20	-	-	-		$0.20	-

Notes to the financial statements

Note 33. Share-based payments (Continued)

The volume-weighted average share price during the financial year was $0.13 (2023: $0.14).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.43 years (2023: 0.70 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:

	Grant date	Expiry date	Share price at grant date	Exercise price	Expected Volatility	Dividend Yield	Risk-free interest rate	Fair value at grant date
Senior Management Options	10/12/2020	31/12/2026	$0.36	-	70%	0%	0.14% to 0.43%	$0.028 - $0.050
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

Note 34. Events after the reporting period

There were no events after the reporting period

Consolidated entity disclosure statement

The table below includes consolidated entity information required by section 295 of the Corporations Act 2001 (Cth):

Entity Registered Name	Type of Entity	Place formed or incorporated	Percentage of share capital held (%)	Tax Residency	
				Australian/Foreign	Foreign Jurisdiction
Felix Software Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Miner Group Services Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Plant Miner Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Miner Group I.P Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Miner Group R&D Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Felix Software NZ Ltd	Body Corporate	New Zealand	100	Australian	N/A

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the Income Tax Assessment Act 1997 are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for the purposes of disclosure in the CEDS.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

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 2024 and of its performance for the financial year ended on that date;
- The consolidated entity disclosure statement is true and correct;
- 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

23 August 2024
Brisbane

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INDEPENDENT AUDITOR'S REPORT

To the members of Felix Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Felix Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key audit matter	How the matter was addressed in our audit
The Group's disclosures regarding revenue recognition are included in Note 1 and Note 4, detailing the accounting policies applied, and disclosures relating to *AASB 15 Revenue from Contracts with Customers*. The assessment of revenue recognition was significant to our audit given revenue is a material balance within the financial statements for the year ended 30 June 2024 and requires a degree of management judgement. Accordingly, the assessment of revenue recognition and measurement required significant auditor effort.	Our procedures, included amongst others: • Obtaining management's position paper on revenue recognition, focusing on the material sources of revenue. Ensuring that the accounting policy had been applied consistently throughout the period in accordance *with AASB 15 Revenue from Contracts with Customers*; • Performing analytical procedures to identify significant movements in the revenue streams and contract liability, obtaining management explanation and assessing for reasonableness; • Tracing a sample of revenue transactions to supporting documentation and the satisfaction of performance obligations; • Performing cut-off testing to ensure revenue had been accounted for in the correct period; and • Reviewing related financial statements disclosures for appropriateness.

Carrying value of Intangibles

Key audit matter	How the matter was addressed in our audit
As at 30 June 2024 the group has internally generated intangible assets with a carrying value of $1,100,514 relating to the development of its technology platform. *AASB 136 Impairment of Assets* requires that an entity shall assess (at least annually) whether there is any indication that its assets may be impaired. If impairment indicators are present, the entity is required to undertake impairment testing to determine whether the recorded carrying amount is in excess of the recoverable amount. Prima facie, indicators of impairment were identified as at 30 June 2024 and therefore management has performed an impairment assessment. This area is a key audit matter due to the inherent subjectivity involved in Management's judgements in evaluating potential impairment.	Our procedures included, amongst others: • Evaluating the Group's assessment of impairment indicators, including the conclusions reached; • Assessing Management's determination of the Group's CGUs based on our understanding of the Business and the requirements of *AASB 136 Impairment of Assets*; • Selecting a sample of additions from the general ledger and vouching to source documentation to determine authenticity of the amounts capitalised is in accordance with the accounting standard; and • Evaluating the adequacy of the disclosures relating to intangible assets and impairment considerations in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 22 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Felix Group Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

N I Batters
Director

Brisbane, 23 August 2024

Shareholder information

The shareholder information set out below was applicable as at 5 August 2024.

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	40	0.00
1,001 to 5,000	263	0.34
5,001 to 10,000	104	0.41
10,001 to 100,000	312	5.97
100,001 and over	167	93.28
Total	886	100.00
Holding less than a marketable parcel	169	-

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	31,697,001	15.50
Moggs Creek Superannuation Fund	20,774,772	10.16
Plant Investments Limited	19,333,100	9.45
Bond Street Custodians Limited	16,850,000	8.24
UBS Nominees Pty Ltd	13,261,654	6.48
M.A.D Technologies Pty Limited	8,441,400	4.13
Ineight Pty Limited	7,638,889	3.74
Mr Michael Peter Davis	3,750,000	1.83
J P Morgan Nominees Australia Pty Limited	3,467,130	1.70
G J Alt Pty Ltd	2,500,000	1.22
Mrs Lian Hua Koh	2,486,876	1.22
Mr Trevor John Hoare & Mrs Robyn Ann Hoare	2,350,000	1.15
Lian Hua Koh	2,104,723	1.03
SFO Ventures Pty Limited	1,853,000	0.91
QBDF Pty Ltd	1,828,400	0.89
GRCT 20 Pty Ltd	1,763,889	0.86
Puntero Pty Ltd	1,500,000	0.73
Mr Michael Anthony Trusler	1,477,272	0.72
Mr Daniel James Wilson	1,438,531	0.70
Philippa Statham Pty Limited	1,412,431	0.69
Total	145,929,068	71.35

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	2,169,821	12

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
National Nominees Limited	31,697,001	15.5
Moggs Creek Superannuation Fund	20,774,772	10.16
Plant Investments Limited	19,333,100	9.45
Bond Street Custodians Limited	16,850,000	8.24
UBS Nominees Pty Ltd	13,261,654	6.48

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.