

Appendix 4D

Half year report



1. Company details

Name of Entity	Felix Group Holdings Limited
ABN	65 159 858 509
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcements to the market

	31 Dec 2022	31 Dec 2021	Up/Down	% Change
Revenues and other income from ordinary activities	\$2,468,916	\$1,937,480	Up	27%
Loss from ordinary activities after tax attributable to the owners of Felix Group Holdings Limited	\$3,319,170	\$3,674,634	Down	10%
Total comprehensive loss attributable to the owners of Felix Group Holdings Limited	\$3,325,440	\$3,678,308	Down	10%

Dividends

- No final dividend was paid in relation to the year ended 30 June 2022.
- No interim dividend will be paid in relation to the half-year ended 31 December 2022.

Comments

- The loss for the consolidated entity after providing for income tax amounted to \$3,319,170 (31 December 2021: \$3,674,634).
- Further information on the results is detailed in 'the Directors' report which is part of this interim report.

3. Net tangible assets

	Reporting period (cents)	Previous period (cents)
Net tangible assets per ordinary security	\$0.02	\$0.03

4. Control gained over entities

No control has been gained over entities during the period.

Appendix 4D

Half year report



5. Loss of control over entities

No loss of control has occurred over entities during the period.

6. Details of associates and joint venture entities

There are no associates or joint ventures.

7. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The review report is unqualified but does contain a paragraph outlining a material uncertainty relating to going concern.

8. Attachments

Details of attachments (if any):

The Interim Report of Felix Group Holdings Limited for the half-year ended 31 December 2022 is attached.

9. Signed

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

Michael Bushby
Director

27 February 2023



Directors' report

Directors

The directors present their report, together with the financial statements, on the consolidated entity consisting of Felix Group Holdings Limited ("Felix" or 'the Company') and the entities it controlled ('the Consolidated Entity' or "the Group") at the end of, or during, the half-year ended 31 December 2022.

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

- Michael Bruce Bushby
- Michael Peter Davis
- Joycelyn Cheryl Morton
- Robert William Phillpot
- George Humphry Davy Rolleston
- Michael Anthony Trusler
- Company Secretary – James Gregory Forrest Frayne

Principal activities

During the period, the principal continuing activity of the Group consisted of a cloud-based SaaS solution to its Contractor and Vendor customer base to make it easier for them to find, manage and engage with each other. The Felix platform automates and streamlines a range of critical, procurement-focused business processes.

Contractors are contracted by asset owners to build or maintain capital works projects in the commercial construction and related industries.

Vendors comprise the Contractors suppliers and include subcontractors, equipment providers and service and materials providers.

Review of operations

Throughout H1 FY23, Felix made significant progress against its strategic objectives. The Company secured eight new expansion deals and five new contractors across various high-value sectors, achieved commercial and platform integration milestones with strategic partner InEight, and worked towards the internationalisation of its enterprise platform.

Directors' report

EBITDA

	H1 FY23	H1 FY22	% Change
Revenue			
Contractor Revenue	1,452,819	920,168	58%
Vendor Revenue	919,854	947,745	-3%
Other Income	96,243	69,567	38%
TOTAL REVENUE & INCOME	2,468,916	1,937,480	27%
Operating Expenses			
Employee benefits	(3,776,118)	(3,363,603)	12%
Share Based Payments	(88,191)	(454,065)	-81%
Other expenses from ordinary activities	(1,770,890)	(1,399,631)	27%
TOTAL OPERATING EXPENSES	(5,635,199)	(5,217,299)	8%
EBITDA	(3,166,283)	(3,279,819)	-3%
Depreciation & Amortisation	(146,495)	(390,205)	-62%
Finance Costs	(6,392)	(4,610)	39%
LOSS BEFORE INCOME TAX	(3,319,170)	(3,674,634)	-10%

Directors' report

Strong validation from existing customers

A record eight expansion deals were signed in H1 FY23, following demand from existing Contractors to either increase platform usage or add more modules to their existing licence. A notable expansion included BG&E Resources, who initially licenced Felix's Vendor Management module and quickly expanded its contract to include Felix's Sourcing module in the same quarter.

The enterprise-wide value that Felix's solution brings was further validated by leading Australian Contractor CIMIC Group, who renewed a 3-year contract for an annual recurring licence fee of \$494k. This represented a significant expansion relative to the first year of the original CIMIC contract which generated \$280k per annum.

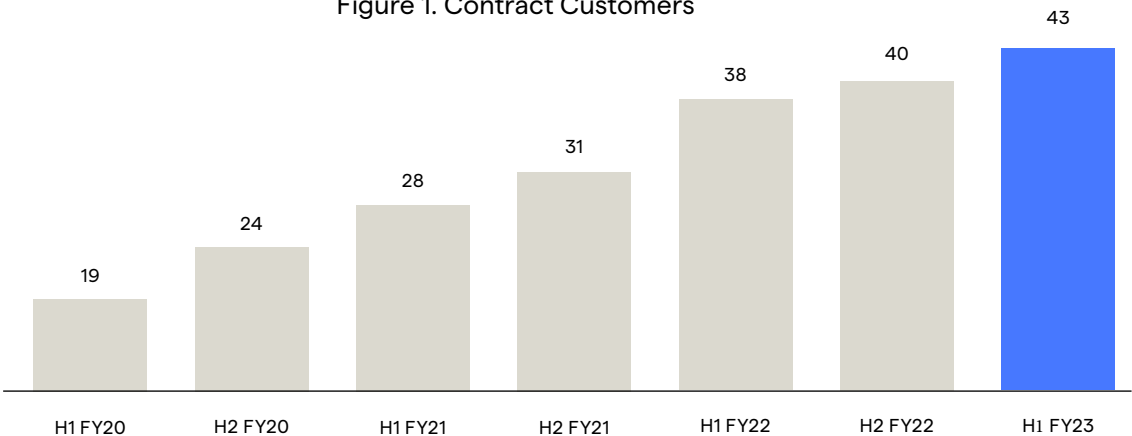
Expansion deal momentum in H1 FY23 highlights the increasing adoption of Felix's enterprise solution within organisations and aligns with Felix's strategy of generating high margin revenue from existing customers.

New Contractor wins

Pipeline conversion was strong in H1 FY23, with five new leading Contractors signed, increasing number of Contractors on the enterprise platform to 43 (refer to Figure 1). Felix continued to see demand in its initial target sector of engineering and construction, signing contract wins with BG&E and Laing O'Rourke. The broad applicability of the platform was illustrated through contracts won in adjacent resources and oil sector with New Hope Group and Aerison, and a cornerstone commercial construction win with Sarah Constructions. Felix will leverage this recent cornerstone win to drive further adoption within the vertical.

Subsequent to the close of H1 FY23, Felix signed an agreement with BMD Group and second enterprise contract with Laing O'Rourke Australia, highlighting continued sales momentum in the engineering and construction sector. The enterprise contract with Laing O'Rourke Australia had an annual recurring licence fee of \$249k, representing 8% of Felix's H1 FY23 Contracted Contractor ARR. Two high-value contracts signed with Laing O'Rourke, a Tier 1 Contractor, is strong validation of the significant value provided by Felix's enterprise procurement solution.

Figure 1. Contract Customers



Note: H1 FY23 figure does not include BMD and Laing O'Rourke post period-end enterprise contract wins

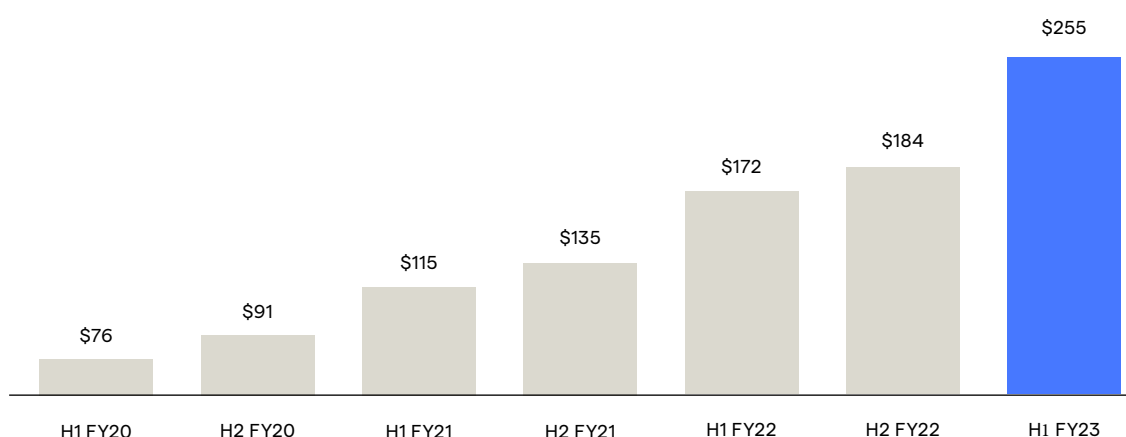
Contractor MRR

Felix has seen significant growth in Contractor monthly recurring revenue (MRR), driven by new high-value Contractor wins and existing customer expansions. Contractor MRR for the closing month of H1 FY23 was \$255k, a significant increase of 48% on the prior comparative period (pcp) (refer to Figure 2).

Only two customers churned in H1 FY23, a small contract with a local council and a Tier-2 construction Contractor. The latter ended their contract prior to the platform being implemented following a change in their business, with Felix still receiving \$92k of implementation and licencing fees for the first year of the contract.

Directors' report

Figure 2. Contractor MRR (A\$'000)

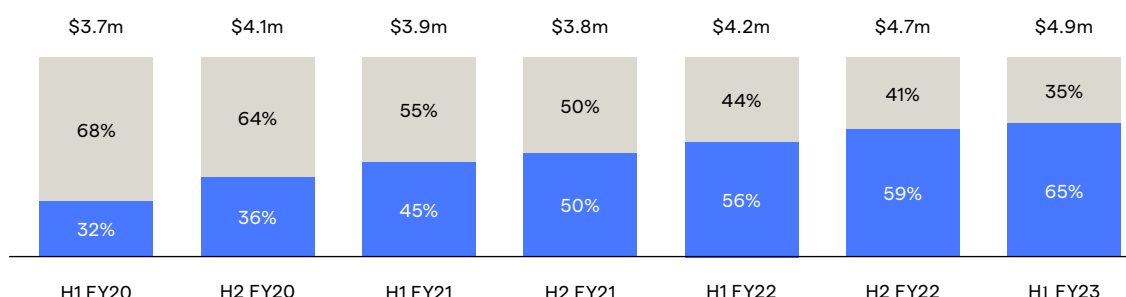


Note: H1 FY23 figure does not include BMD and Laing O'Rourke post period-end enterprise contract wins

Group ARR

Group annual recurring revenue (ARR) increased to \$4.9m in H1 FY23, representing a 17% increase on pcp (refer to Figure 3). Of this, Contractor ARR contributed \$3.2m in H1 FY23, representing a 33% increase on pcp (refer to Figure 4). This is in line with Felix's focus on driving Contractor ARR, with licencing fees derived from these contracts representing high margin opportunities relative to current Vendor ARR. Contractor ARR contribution increased from 56% to 65% between H1 FY22 and H1 FY23.

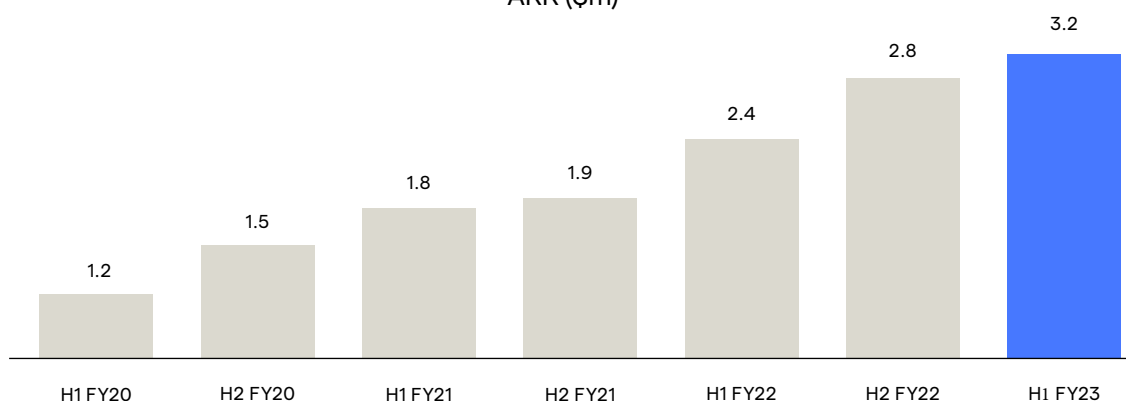
Figure 3. Group Contracted ARR contribution (% of Group ARR)



Note: H1 FY23 figure does not include BMD and Laing O'Rourke post period-end enterprise contract wins

■ Contractor ■ Vendor

Figure 4. Contracted Contractor ARR (\$m)



Note: H1 FY23 figure does not include BMD and Laing O'Rourke post period-end enterprise contract wins

Directors' report

Strategic partnership update

Throughout H1 FY23, Felix and InEight progressed various commercial and platform initiatives as part of the strategic partnership. This included agreeing a commercial framework for sales, product engineers, support and implementation teams, which supports Felix and InEight as they progress discussions with high value Contractor opportunities in various stages of the advanced pipeline. These potential Contractors operate across Felix's target international markets including North America, EMEA and the APAC region, and Felix remains focussed on signing its first international customer through the InEight partnership.

A key milestone in H1 FY23 was the release of Felix's first native integration with InEight, which ensures that the thousands of documents transmitted throughout the procurement phase remain synchronised and controlled. With secure and seamless importation from InEight's Document Management module to Felix's Sourcing module to support Requests for Quotations (RFQs), Contractors have confidence that vendors have the most up to date tender information. This also allows for greater operational efficiency, eliminating the need to manually update documents on both platforms.

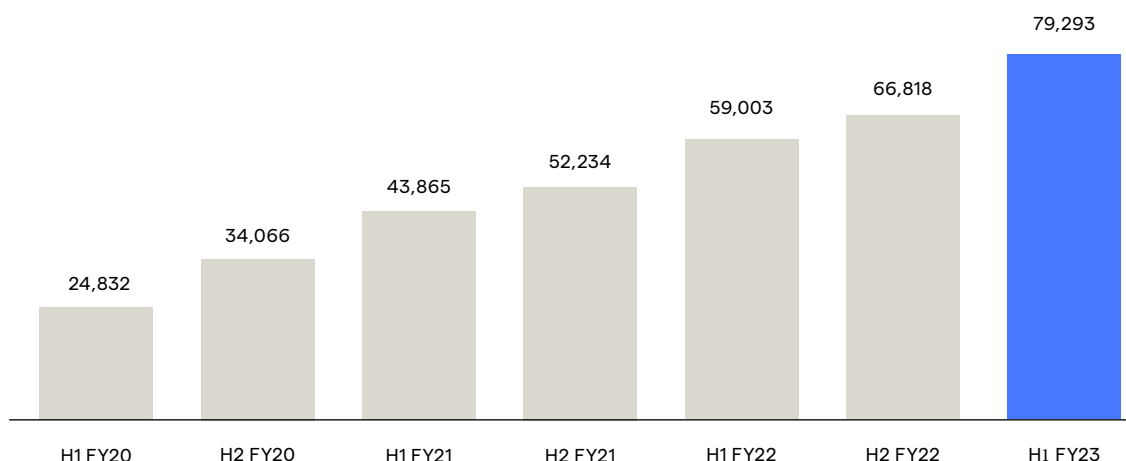
Platform development

In addition to the completion of the InEight integration, Felix has continued to make progress against its product roadmap. Felix has progressed key foundation work central to their internationalisation strategy, including early architectural changes to facilitate the future hosting of data in different regions and planning for data compliance certifications in the US and Europe. In parallel, Felix is also progressing the development of AI-powered documentation information extraction and validation to provide significant operational and strategic benefits for Vendors and Contractors.

Vendor marketplace

The onboarding of five new Contractors in H1 FY23 has accelerated the scale of the Vendor Marketplace, as these Contractors mandate the usage of Felix across their entire third-party supply chain of Vendors onto the platform. The number of Vendors in the Marketplace grew from 59,003 in H1 FY22 to 79,293 in H1 FY23, representing a 34% increase on pcp (refer to Figure 5). This growth in Vendors significantly enhances the long-term strategic value of the Marketplace ahead of the transition to a new Vendor monetisation model.

Figure 5. Number of Vendors in the Vendor Marketplace



Directors' report

Engagement metrics

Felix has observed strong growth across of its key platform engagement metrics throughout H1 FY23, reflecting expanding usage of its platform and indicating the platform's deepened engagement within customer systems and processes. Key highlights were (for the half-year period ending 31 December 2022):

- Number of Active Projects: +208% pcp
- Requests for Quotations (RFQ) sent by Contractors: +140% pcp
- Total Contractor User Accounts: +74% pcp
- Total active Vendor Compliance Documents: +58% pcp

Rounding of amounts

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

Auditor's independence declaration

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' report.

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

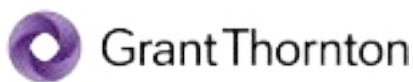
On behalf of the directors



Michael Bushby
Director

27 February 2023

Authors independence declaration



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Auditor's Independence Declaration

To the Directors of Felix Group Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Felix Group Holdings Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in blue ink that reads "CDJ Smith".

CDJ Smith
Partner – Audit & Assurance
Brisbane, 27 February 2023

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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 half-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 4005

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 27 February 2023.

Statement of profit or loss and other comprehensive income

— For the half-year ended 31 December 2022

		Consolidated	
	Note	31 Dec 2022 \$	31 Dec 2021 \$
REVENUE			
Sales revenue	3	2,372,673	1,867,913
Other income:	4	96,243	69,567
EXPENSES			
Contractor expenses		(525,992)	(417,710)
Depreciation & amortisation		(146,495)	(390,205)
Employee benefits		(3,776,118)	(3,363,603)
Finance costs		(6,392)	(4,610)
Marketing & advertising		(100,263)	(136,533)
Professional fees		(193,748)	(393,622)
Project costs		(87,995)	(30,188)
Share based payments		(88,191)	(454,065)
Subscriptions		(361,219)	(164,884)
Other expenses		(501,673)	(256,694)
LOSS BEFORE INCOME TAX EXPENSE		(3,319,170)	(3,674,634)
Income tax expense		—	—
LOSS AFTER INCOME TAX EXPENSE FOR THE HALF-YEAR		(3,319,170)	(3,674,634)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign controlled entities		(6,270)	(3,674)
Other comprehensive income for the half-year, net of tax		(6,270)	(3,674)
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR		(3,325,440)	(3,678,308)
		Cents	Cents
Basic loss per share	15	(\$0.02)	(\$0.03)
Diluted loss per share		(\$0.02)	(\$0.03)

Statement of Financial Position

— As at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		5,606,109	4,877,545
Deposits held		-	4,000,263
Trade and other receivables		519,168	423,742
Contract assets		142,775	29,498
Other	5	1,211,676	896,389
Total current assets		7,479,728	10,227,437
Non-current assets			
Property, plant and equipment	6	51,075	109,692
Intangibles	7	752,625	533,127
Right-of-use assets	8	123,769	-
Contract assets		147,406	269,654
Total non-current assets		1,074,875	912,473
Total assets		8,554,603	11,139,910
Liabilities			
Current liabilities			
Trade and other payables		1,464,729	1,442,874
Contract liabilities		2,375,806	1,907,062
Lease liabilities	9	40,183	-
Provisions		364,477	478,208
Total current liabilities		4,245,195	3,828,144
Non-current liabilities			
Lease liabilities	9	85,534	-
Provisions		429,688	280,331
Total non-current liabilities		515,222	280,331
Total liabilities		4,760,417	4,108,475
Net assets		3,794,186	7,031,435
Equity			
Issued capital	10	49,414,405	48,644,304
Reserves	11	485,922	1,174,102
Retained profits/accumulated losses		(46,106,141)	(42,786,971)
Total equity		3,794,186	7,031,435

Statement of changes in equity

— For the half-year ended 31 December 2022

Consolidated	Reserves				Total equity \$
	Issued capital \$	Share Based Payments \$	Foreign Exchange \$	Retained profits/ accumulated losses \$	
Balance at 1 July 2021	41,548,266	1,028,866	46	(35,231,816)	7,345,362
Profit after income tax expense for the half-year	–	–	–	(3,674,634)	(3,674,634)
Other comprehensive income for the half-year, net of tax	–	–	(3,674)	–	(3,674)
Total comprehensive income for the half-year	–	–	(3,674)	(3,674,634)	(3,678,308)
Transactions with owners in their capacity as owners: Contribution of equity – shares to be issued.	487,921	(33,857)	–	–	454,064
Balance at 31 December 2021	42,036,187	995,009	(3,628)	(38,906,449)	4,121,119

Consolidated	Reserves				Total equity \$
	Issued capital \$	Share Based Payments \$	Foreign Exchange \$	Retained profits/ accumulated losses \$	
Balance at 1 July 2022	48,644,304	1,165,449	8,653	(42,786,971)	7,031,435
Profit after income tax expense for the half-year	–	–	–	(3,319,170)	(3,319,170)
Other comprehensive income for the half-year, net of tax	–	–	(6,270)	–	(6,270)
Total comprehensive income for the half-year	–	–	(6,270)	(3,319,170)	(3,325,440)
Transactions with owners in their capacity as owners: Contribution of equity – shares to be issued.	770,101	(681,910)	–	–	88,191
Balance at 31 December 2022	49,414,405	483,539	2,383	(46,106,141)	3,794,186

Statement of cash flows

— For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from operations (inclusive of GST)		2,972,140	2,255,375
Payments to suppliers and employees (inclusive of GST)		(5,945,678)	(4,759,292)
		(2,973,538)	(2,503,917)
Interest received		40,175	6,267
Interest and other finance costs paid		(3,196)	(4,610)
Net cash from/(used in) operating activities		(2,936,559)	(2,502,260)
Cash flows from investing activities			
Proceeds from deposits held		4,000,263	-
Payments for property, plant and equipment		(4,389)	(27,502)
Payments for intangibles		(330,751)	(222,348)
Net cash used in investing activities		3,665,123	(249,850)
Cash flows from financing activities			
Net proceeds/repayment of borrowings		-	(93,130)
Net cash from/(used in) financing activities		-	(93,130)
Net increase/(decrease) in cash and cash equivalents		728,564	(2,845,240)
Cash and cash equivalents at the beginning of the financial half-year		4,877,545	8,930,094
Cash and cash equivalents at the end of the financial half-year		5,606,109	6,084,854

Notes to the financial statements

— 31 December 2022

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Going Concern

The half year report has been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

For the period ending 31, December 2022, the Group incurred a loss before income tax of \$3,319,170 (1H FY22: \$3,674,634) and experienced net cash outflows from operations of \$2,936,559 (1H FY22: outflows of \$2,502,260).

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

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

- forecast sales and improved profitability for the Group;
- increased Group revenue of \$2.5m H1FY23 (\$1.9m H1 FY22) including increased Contractor revenue, \$1.5m H1 FY23 (\$0.9m H1FY22), which has resulted in a 10% improvement in the loss before income tax;
- the Group is currently free of any debt liabilities;
- a sales partnership agreement has been executed with InEight in February 2022 that has significantly grown the number of domestic and international opportunities; and
- subsequent to the period end the Group has contracted \$0.5m of new customers

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.

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 3 years. All intangible assets generated from 1 July 2022 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. The change more accurately reflects the useful life of enterprise grade systems. Residual values and useful lives are reviewed at each reporting date.

Notes to the financial statements

— 31 December 2022

New or amended Accounting Standards & 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. There was no material impact on the adoption of the new standards.

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

Note 2. Operating segments

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

Note 3. Revenue

	Consolidated	
	31 Dec 2022 \$	31 Dec 2021 \$
Vendor Subscription Revenue	919,854	947,745
Contractor Subscription Revenue	1,452,819	920,168
	2,372,673	1,867,913
Timing of revenue recognition		
Revenue transferred over time	2,372,673	1,867,913
Revenue transferred at a point in time	–	–
	2,372,673	1,867,913

For the six months of the 2023 period, revenue includes \$1,108,994 (2022: \$925,629) included in the contract liability balance at the beginning of the period broken down as follows.

	Consolidated	
	31 Dec 2022 \$	31 Dec 2021 \$
Vendor Revenue	208,709	428,706
Contractor Revenue	900,285	496,923
	1,108,994	925,629

Notes to the financial statements

— 31 December 2022

Note 4. Other income

	Consolidated	
	31 Dec 2022 \$	31 Dec 2021 \$
Interest income	40,175	6,268
Rental income	-	18,000
Tax incentive	56,068	45,299
Total other income	96,243	69,567

Note 5. Other Assets

	Consolidated	
	31 Dec 2022 \$	30 Jun 2022 \$
R&D Income tax incentive receivable	593,308	353,935
Prepayments	604,218	491,287
Other	14,150	51,167
Total other assets	1,211,676	896,389

Note 6. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2022 \$	30 Jun 2022 \$
Office equipment - at cost	15,005	80,680
Less: Accumulated depreciation	(11,445)	(33,025)
Total office equipment	3,560	47,655
Computer equipment - at cost	228,490	224,100
Less: Accumulated depreciation	(180,975)	(164,150)
Total computer equipment	47,515	59,950
Motor Vehicles - at cost	-	27,237
Less: Accumulated depreciation	-	(25,150)
Total motor vehicles	-	2,087
Total property plant and equipment	51,075	109,692

Notes to the financial statements

— 31 December 2022

Note 7. Intangible assets

	Consolidated	
	31 Dec 2022 \$	30 Jun 2022 \$
Technology platform development at cost	3,715,547	3,384,796
Less: Accumulated amortisation	(2,962,922)	(2,851,669)
Total intangible asset	752,625	533,127
Movement in carrying amounts		
Balance at 1 July	533,127	
Additions	330,751	
Impairment	-	
Amortisation expense	(111,253)	
Balance at 31 December	752,625	

Note 8. Right of use asset

	Consolidated	
	31 Dec 2022 \$	30 Jun 2022 \$
Right of use asset	135,021	-
Less: Accumulated depreciation	(11,252)	-
Total right of use asset	123,769	-

Lease liabilities are presented in the statement of financial position as follows:

Note 9. Lease Liabilities

	Consolidated	
	31 Dec 2022 \$	30 Jun 2022 \$
Current	40,183	-
Non-current	85,534	-
Total lease liability	125,717	-

Notes to the financial statements

— 31 December 2022

Note 9. Lease Liabilities (cont.)

Future minimum lease payments as at 31 December 2022 were as follows:

	Consolidated		
	< 12 Months \$	1 to 5 Years \$	Total \$
Lease payments	50,500	93,080	143,580
Finance charges	(10,317)	(7,546)	(17,863)
Net present value	40,183	85,534	125,717

Future minimum lease payments as at 31 December 2021 were as follows:

	Consolidated		
	< 12 Months \$	1 to 5 Years \$	Total \$
Lease payments	65,159	-	65,159
Finance charges	(3,073)	-	(3,073)
Net present value	62,086	-	62,086

Note 10. Equity

	Consolidated	
	31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares - fully paid	49,414,405	48,644,304

	Consolidated	
	31 Dec 2022 Shares	30 Jun 2022 Shares
Ordinary shares - fully paid	156,719,713	154,580,543

Movements in ordinary share capital	Date	No. of Shares	Issue price	\$
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	770,101
Balance	31 December 2022	156,719,713	-	49,414,405

Notes to the financial statements

— 31 December 2022

Note 11. Equity - reserves

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Reserves:		
Foreign exchange	2,383	8,653
Foreign exchange reserve total	2,383	8,653
Share based payment:		
Employee salary sacrifice options	-	768,748
Senior management options	188,549	142,353
Director options	270,868	233,348
Consultant options	21,000	21,000
Executive performance rights	3,122	-
Share based payment reserve total	483,539	1,165,449
Closing Balance Reserves	485,922	1,174,102

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 12.

Notes to the financial statements

— 31 December 2022

Note 12. Share based payments

Employee Incentive Plan

The Group established an Employee Incentive Plan (EIP) in the period ending 31 December 2020. 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.

At the AGM, on 18 November 2022, a resolution was passed by the shareholders to grant Mike Davis one performance right. The Board also passed a resolution on 27 September 2022, that granted three senior executives a performance right.

The four Performance Rights converts into ordinary shares based on the following:

- If the Contractor Subscription Revenue (as detailed in the audited accounts) for the financial year ending 30 June 2023 is:

(a) \$3,774,000 (representing 85% growth in the Contractor Subscription Revenue from the financial year ended 30 June 2022): The Performance Rights will convert into 80% of the total fixed remuneration of the four executives (being \$830,960), payable in Shares.

(b) \$3,374,356 (representing 65.4% growth in the Contractor Subscription Revenue from the financial year ended 30 June 2022): The Performance Rights will convert into 64% of the total fixed remuneration of the four executives (being \$664,768), payable in Shares.

(c) an amount between \$3,374,356 and \$3,774,000: The Performance Rights will convert into between 64% and 80% of the total fixed remuneration of the four executives (based on a pro-rata calculation), payable in Shares.

(d) less than \$3,374,356, the Performance Right will lapse and the four executives will receive no Shares.

- The date of calculation to be determined within five business days following the release on the ASX of the audited accounts for 30 June 2023.

- The number of Shares will be calculated by dividing the Vested Sum by the five-trading day VWAP ending on 30 June 2023 (VWAP Calculation). The VWAP Calculation will have a floor price of \$0.15.

- If the Performance Rights vest and are convertible into Shares the Shares will be issued as follows:

(a) 1/3 issued within ten business days of the date of calculation (Tranche 1 Issue Date).

(b) 1/3 issued on the first business day following the date that is six months after the Tranche 1 Issue Date. (Tranche 2 Issue Date).

(c) 1/3 issued on the first business day following the date that six months after the Tranche 2 Issue Date. (Tranche 3 Issue Date).

Given the VWAP Calculation will have a floor price of \$0.15, the maximum number of ordinary shares the Performance Rights can convert into is 5,539,733 ordinary shares.

Notes to the financial statements

— 31 December 2022

Note 13. Events after the reporting period

After the reporting period the Group executed a contract with Laing O'Rourke to provide the full suite of modules and an API licence.

The contract is for a three year term with base annual recurring revenue of \$249,000. There is further opportunities to expand the recurring revenue through planned usage uptake metrics outlined in the contract.

There were no other events after the reporting period.

Note 14. Contingent liabilities

During the financial half-year there were no legal claims or other contingent liabilities brought against the group.

Note 15. Earnings per share

a) Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Basic earnings per share		
Loss from continuing operations used to calculate basic and EPS from continuing operations	(3,325,440)	(3,678,308)

b) Weighted average number of shares used as the denominator

	Consolidated	
	31 Dec 2022	31 Dec 2021
	('000)	('000)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	156,719	132,886

Directors' declaration

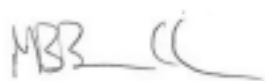
— 31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

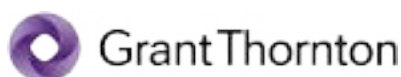
On behalf of the directors



Michael Bushby
Director

27 February 2023

Independent auditor's review report to the members of Felix Group Holdings Limited



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Independent Auditor's Report

To the Members of Felix Group Holdings Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Felix Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Felix Group Holdings Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of Felix Group Holdings Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Independent auditor's review report to the members of Felix Group Holdings Limited

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$3,319,170 during the half year ended 31 December 2022 and experienced net cash outflows from operations of \$2,936,559. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton Audit Pty Ltd
Chartered Accountants

CDJ Smith
Partner – Audit & Assurance
Brisbane, 27 February 2023