

ASX Announcement

29 July 2021

Business Update & Appendix 4C – Q4 FY21

Key Highlights

- Expansion of enterprise platform with new *Procurement Schedule* module undergoing final testing and validation with cornerstone customer
- Early discussions across customer base indicates strong demand for the new module that drives operational efficiencies and greater transparency
- 52,234 Vendors in Marketplace increasing 53% pcp, significantly increasing the scale and value of future monetisation opportunities of the Marketplace
- Enterprise SaaS Contracted ARR¹ of \$1.9m as at 30 June 2021, up 25% pcp with a number of new contract discussions well progressed
- Three new Enterprise SaaS contracts won and one contract expansion across target sectors, highlighting the broad applicability of Felix's enterprise platform
- Strong cash position of A\$9.0m, as at 30 June 2021, providing funding flexibility to execute strategic initiatives and execute platform expansion

BRISBANE Australia, 29 July 2021: Felix Group Holdings Ltd (ASX: FLX) ("**Felix**" or the "**Company**") is pleased to release its quarterly business update and Appendix 4C for the period ended 30 June 2021 ("**Q4 FY21**").

Felix's Co-Founder and CEO, Mike Davis commented:

"We are pleased with the significant progress made this quarter in expanding the Felix platform. With the Procurement Schedule module entering testing and validation, we are already seeing strong demand from existing and prospective customers for this innovative solution. Meanwhile, the strong momentum of the Vendor Marketplace continues to increase the platform's scale and value of future monetisation opportunities."

"The platform continues to attract growing interest from a wide range of industries faced with similar procurement and compliance challenges. The broad applicability of the Felix platform provides us with an expanding market opportunity and significant headroom to grow. We are incredibly excited about the journey ahead."

Enterprise platform expansion

Felix has made significant progress in expanding its enterprise offering with the development of Procurement Schedule, a new and highly strategic module. It is currently undergoing testing and validation in collaboration with one of Australia's largest multinational contractors, active across telecommunications, infrastructure, construction and natural resources.

Contractors have traditionally managed their project and program schedules with large and complex spreadsheets that are disconnected from other core workflows and processes. Felix's

1. The sum of annualised recurring fees for all Felix enterprise customer contracts

Procurement Schedule seamlessly connects to other core modules to provide Contractors complete visibility and control over procurement programs and performance. The new module is a significant expansion of the enterprise platform with early discussions across the client base indicating high demand for the module from Contractors. Once launched, the module significantly enhances the enterprise platform's value proposition to existing and prospective new customers.

In addition to the *Procurement Schedule*, Felix continues to progress development of its *Contract Management* module. The module will serve as a single, centralised facility to securely store, search and manage contracts.

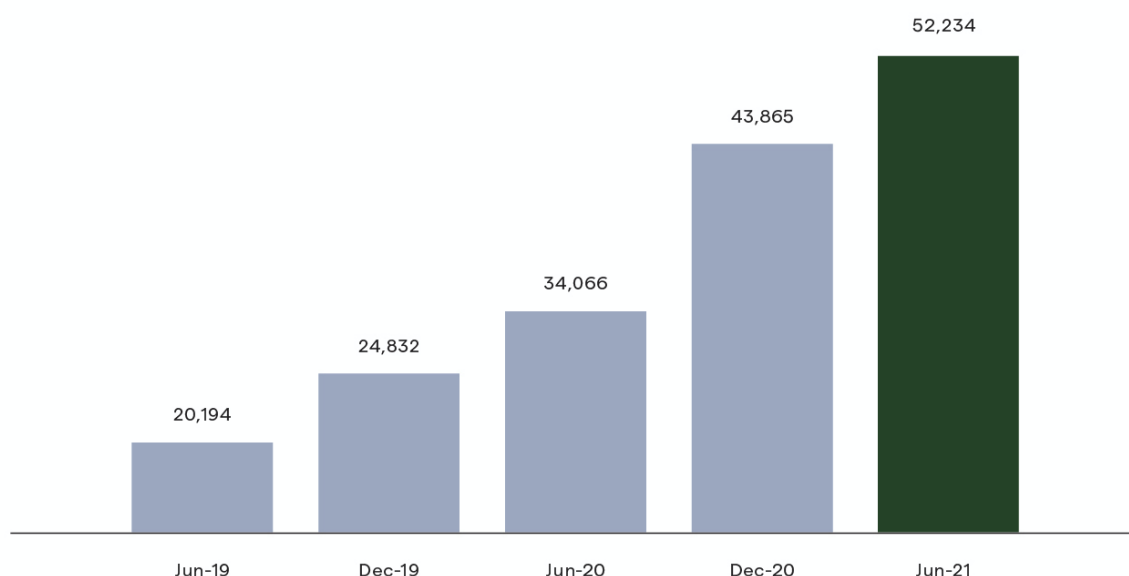
Felix is also exploring opportunities to drive greater automation by improving the processing and validation of data captured from compliance information managed within the platform.

Vendor Marketplace driving increased scale

The number of vendors in the Vendor Marketplace continued to grow, highlighting continued strong momentum in H2 FY21 (refer to Figure 1). Felix added an additional 18,168 Vendors, increasing 53% on the prior corresponding period.

Felix is pleased with the growing scale of its Vendor Marketplace, which accelerates future monetisation opportunities. In addition, Felix expects these opportunities to be reinforced by its network effects – as new Contractors continue to join the platform, the value proposition for Vendors already on the platform to subscribe for access to the Vendor Marketplace increases (at no direct acquisition cost to Felix). Due to the high value proposition potential on offer, Felix expects to retain a 'sticky' base of Contractors and Vendors.

Figure 1. Number of vendors in the Vendor Marketplace



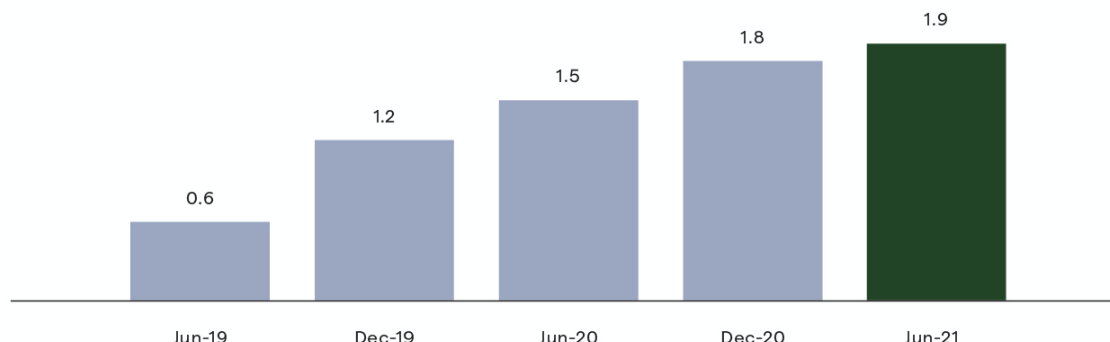
Operational update

In May 2021, Felix attained the International Organisation for Standardisation (ISO) 27001:2013 certification for its information security systems. The internationally recognised standard for privacy and data security is a key requirement for many prospective customers and will support Felix's sales team to convert the significant pipeline of opportunities.

During the quarter, Felix was awarded a 3-year contract with Macmahon Holdings Limited (ASX:MAH) ("Macmahon") for its *Vendor Management* and *Sourcing* modules. The contract is strategic as Macmahon is expected to roll out the platform across its mining and construction operations domestically and in international markets. The contract further demonstrates the broad applicability of Felix's enterprise platform for Contractors with high-risk supply chains.

In Q4 FY21, Felix added \$0.2m of new Enterprise SaaS Contracted ARR, increasing 25% on the prior corresponding period, across three new customers (refer to Figure 2). The new customers include Macmahon, a joint venture between two major contractors, responsible for road maintenance and construction in Sydney and a leading provider of civil engineering solutions in Australia. Pleasingly, Felix's retention rate this quarter was 100%, highlighting the platforms deep penetration with Contractors daily workflow and operations.

Figure 2. Contracted ARR (\$m)



During the quarter, Felix completed a number of planned key staff hires to support the ramp-up of its platform expansion which is expected to support future growth. Felix has observed an increase in opportunities with a number of discussions with potential customers well progressed.

Key Engagement Metrics

The Company continues to observe strong growth across key usage and uptake metrics across the platform to the period ending 30 June 2021.

- Total Enterprise User Accounts: +44% previous corresponding period (PCP)
- Requests for Quotations (RFQ) sent by Enterprise customers: +294% PCP
- Number of Active Projects: +777% PCP
- Total Vendor Approvals: +138% PCP
- Total active Vendor Compliance Documents: +469% PCP
- Vendor Evaluation: +47% PCP

Corporate Update

During the quarter, Felix had operating cash outflows of \$1.0m, net of receipts from customers of \$0.8m. This represents a \$0.9m improvement on the previous quarter following one-off IPO related costs and timing of recurring Enterprise license fees. At the end of the quarter, Felix held \$9.0m in cash and cash equivalents. The strong cash position ensures that the Company is well placed going forward in achieving its strategic objectives.

Subsequent to the quarter, Ms Joycelyn Morton, an experienced ASX listed non executive director and a former president of CPA Australia, with an extensive background in finance and taxation, was appointed as an independent non-executive director. Ms Morton's extensive business experience internationally across a number of industries is a valuable addition to the Felix Board.

Use of funds

The Company prepared a Prospectus on 26 November 2020 in relation to the Offer of 33.33m shares at an issue price of \$0.36 per share to raise \$12m.

In section 7.4 of the Prospectus, the Company provided a proposed use of funds statement for 24 months from listing. The table below only shows the use of funds from the date of admission to the ASX, 12 January 2021, to the end of the most recent quarter 30 June 2021.

Use of funds	Total per the Prospectus (\$'000) - 24 Months	Actual expenditure 12/1/21 to 30/06/21 (\$'000)	Commentary
Marketing & growth initiatives	400	122	In-line with expectations
Platform development	5,700	905	In-line with expectations
Research and development	1,200	210	In-line with expectations
Working capital	3,179	316	In-line with expectations
Professional fees and ASX listing costs	1,521	2,146	Note that all IPO costs are presented, including those prior to 12/1/21.
Total	12,000	3,699	

Payments to Related Parties & Associates

During the quarter, payments totalling \$0.2m were made to related parties and associates. These payments comprise Directors' fees including the Managing Director's salary and advisor fees in connection with the IPO. These payments are included in cash flows from operating activities and cash flows from financing activities (item 4.2 & 4.4 in the below Appendix 4C).

Authorised for release by:

Mike Davis
CEO
Felix Group Holdings Ltd

For further information please contact:

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About Felix – see more at felix.net

Felix operates a cloud-based enterprise Software as a Service (SaaS) procurement management platform and vendor marketplace. Felix connects contractors and third-party vendors by digitising, automating, and streamlining a range of critical procurement-related business processes – reducing supply chain risk and improving transparency and governance.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Felix Group Holdings Ltd

ABN

65 159 858 509

Quarter ended ("current quarter")

June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		755	3,891
1.2 Payments for			
(a) research and development		(104)	(358)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		(91)	(238)
(d) leased assets		-	-
(e) staff costs		(1,451)	(4,885)
(f) administration and corporate costs		(83)	(1,025)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	3
1.5 Interest and other costs of finance paid		(13)	(25)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	918
1.8 Other (provide details if material)		(56)	(1,071)
1.9 Net cash from / (used in) operating activities		(1,043)	(2,790)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(4)	(31)
(d) investments		-	-
(e) intellectual property		(23)	(202)
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(27)	(233)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(20)	(850)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(35)	(165)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(55)	10,985

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,105	1,018
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,043)	(2,790)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(27)	(233)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(55)	10,985
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,980	8,980

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,980	10,105
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,980	10,105

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(144)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(77)
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

6.1: Director fees & managing director salary

6.2: Kidder Williams Ltd managing director, David Williams, was a director of the Group until 28 October 2020. David is the largest shareholder of the Company (15%) via the entity Moggs Creek Pty Ltd.

Kidder Williams was engaged to provide corporate advisory services for the Group.

<p>7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
<p>7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; height: 40px; margin-top: 5px;"> <p style="text-align: center;">N/A</p> </div>		

<p>8. Estimated cash available for future operating activities</p>	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,043)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,980
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,980
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.61
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	
<p>8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p>	
<p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <div style="border: 1px solid black; height: 30px; margin-top: 5px;"> <p>Answer: N/A</p> </div>	
<p>8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <div style="border: 1px solid black; height: 30px; margin-top: 5px;"> <p>Answer: N/A</p> </div>	
<p>8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?</p> <div style="border: 1px solid black; height: 30px; margin-top: 5px;"> <p>Answer: N/A</p> </div>	
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.