

ASX Announcement

21 October 2021

Business Update & Appendix 4C – Q1 FY22

Key highlights

- Record 6 new Contractors signed in Q1 FY22, compared with 8 in all of FY21, highlighting the building momentum towards Felix's near-term target of doubling Contractors
- New Tier 1 and leading Contractors added include Fulton Hogan and Seymour Whyte demonstrating the growing industry adoption of Felix
- 486% increase in new Contractor ARR on pcp, with \$0.4m signed in Q1 FY22 exceeding all new Contractor ARR signed in FY21
- 55,779 Vendors in Marketplace increasing 42% on pcp, significantly increasing the scale and value of future monetisation opportunities
- Group Contracted ARR of \$4.2m, increasing 11% on Q4 FY21
- New project-focused *Essentials* module package in development – expected to tighten sales cycle and streamline enterprise upselling when released
- Significant funding flexibility as sales growth accelerates, with cash position of A\$7.6m as at 30 September 2021

BRISBANE Australia, 21 October 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 September 2021 ("Q1 FY22").

Sales growth accelerating

During the quarter, Felix added 6 new Contractor customers, a record quarterly achievement, as pipeline conversion accelerates across the business. This represents a step-change in new sales with the Company achieving 75% of the previous year's customer wins in Q1 FY22 alone.

Felix is focused on its near-term goal of doubling FY21 Contractors (see page 12, *Results Presentation – FY2021*, 23 August 2021). Building on the strong momentum during the quarter, Felix is observing significant demand from leading Contractors for its enterprise procurement solution, with 61 advanced pipeline opportunities and 139 qualified opportunities at the close of the quarter.

Figure 1. Quarterly Contractor customers



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

"At the close of FY21, we set a near-term goal of doubling the number of Contractors. We are incredibly excited by the step-change in Contractor growth in Q1 FY22, with a record number of new sales. Momentum is building into the new quarter with 61 advanced stage opportunities in our pipeline, with the release of our new 'project-focused' module package expected to further accelerate sales."

The 6 new Contractors signed during the quarter represent high-quality leading Contractors across Australia. Leading Contractors signed include **Fulton Hogan**, a Tier 1 construction Contractor active across Australasia, and **Seymour Whyte**, owned by global construction player VINCI Construction (EPA.DG). Felix also saw further expansion into its new high value target sectors, with the following new contracts signed:

- **Primero**: a vertically integrated Contractor specialising in global resource projects owned by NRW Holdings (ASX.NWH)
- **Westgold (ASX.WGX)**: a West Australian gold explorer, developer and miner
- **GenusPlus (ASX.GNP)**: a power and telecommunications infrastructure provider
- **FKG Group**: a rapidly growing Contractor across commercial construction, civil engineering and support services to the property, resources, infrastructure and government sectors

In addition, 3 customers expanded their existing licences, through either increased usage or the addition of the *Procurement Schedule* module. No customers churned during the quarter, reflecting Felix's ability to become deeply embedded in Contractor workflows and the significant value derived from the platform.

In Q1 FY22, Felix recorded total new Group ARR of \$0.5m. The growth in total new Group ARR was driven by \$0.4m in new Contractor subscriptions, which increased 486% on the prior corresponding period (Q1 FY21: \$0.1m) and \$0.1m in new Vendor subscriptions. New subscriptions signed in the quarter was in excess of all new subscriptions signed in FY21. Notably, total Contractor subscriptions increased 22% in the quarter to \$2.3m.

A key focus for Felix has been scaling Contractor customers and increasing Contractor ARR following a deliberate strategic shift in FY20. In line with this strategy, Contractor ARR contribution has increased from 40% in Q1 FY21 to 55% in Q1 FY22, illustrated in Figure 2. Group ARR for Q1 FY22 increased 11% on the previous quarter to \$4.2m. Figure 3 highlights the material increase in Contractor subscriptions in the quarter, increasing 44% on pcp (Q1 FY21: \$1.6m), driven by strong sales momentum and new module expansion.

Figure 2. Quarterly Group Contracted ARR contribution (% of Group ARR)

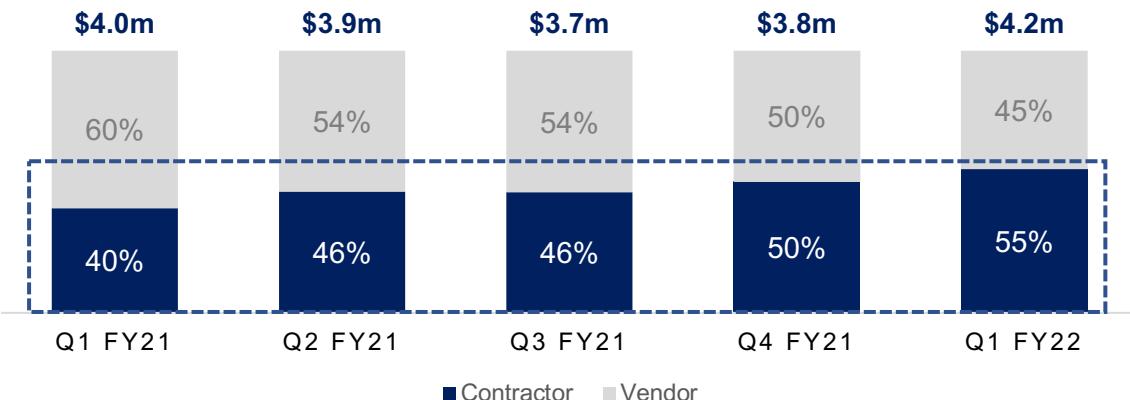
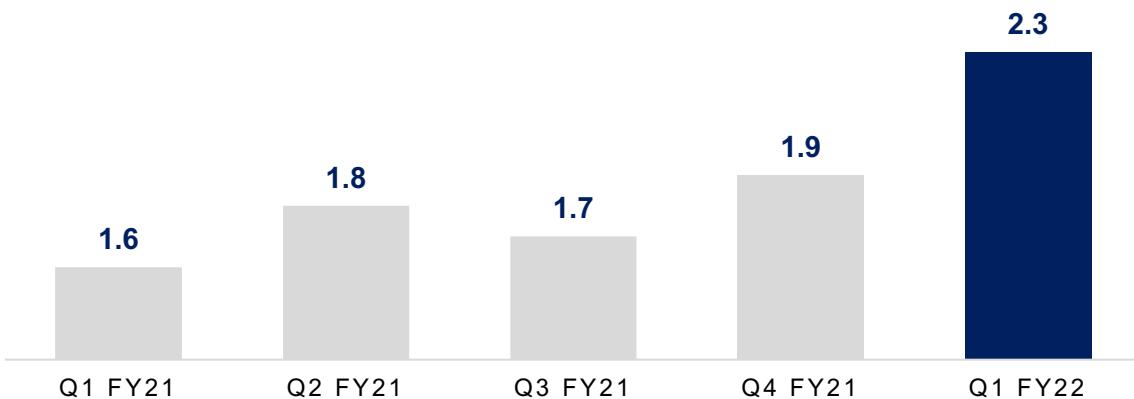


Figure 3. Quarterly Contracted Contractor ARR (\$m)



Enterprise platform expansion

Felix is currently developing a new project-focused *Essentials* module package leveraging the existing suite of modules. *Essentials* provides a 'lite' version of Felix's existing module offering tailored for individual Contractor projects. Felix expects this new offering will significantly reduce the sales cycle, as it will be sold directly to project managers (rather than at an enterprise-wide level). In addition, this package further enhances enterprise upsell opportunities, having proven the platform value on a project basis. Early discussions with a number of prospective customers suggesting strong demand for the new offering.

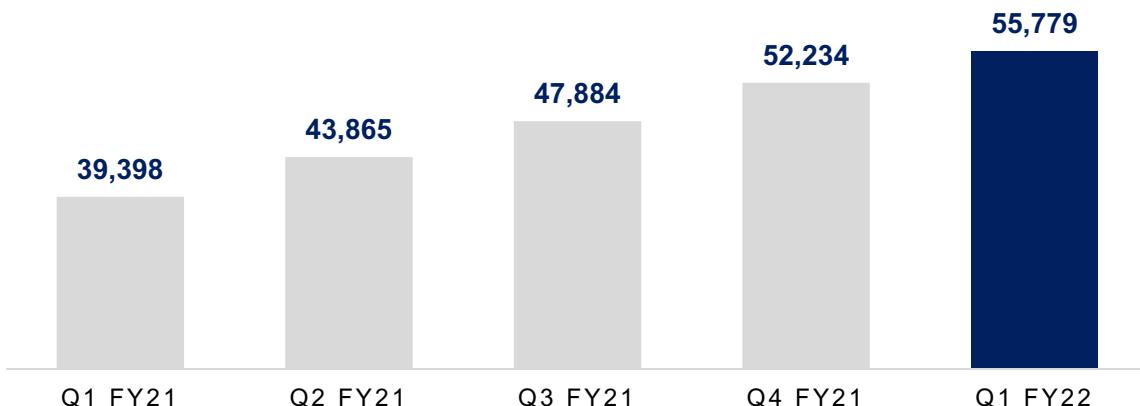
During the quarter, Felix released the highly anticipated and strategic *Procurement Schedule* module. This tailored solution serves as the nerve centre of the enterprise platform, enabling organisations to connect critical project planning, scheduling and tracking data with key sourcing processes. The Company is pleased by the strong response and uptake by both new and existing cornerstone customers, including FKG group (see ASX announcement '*First New Enterprise Customer for Procurement Schedule Module*', 30 August 2021).

Vendor Marketplace

Driven by the mandated use of Felix by Contractors, the number of Vendors in the Vendor Marketplace continued to grow. In Q1 FY22, Felix added 3,545 new Vendors, increasing the total number of Vendors by 42% on pcp. The new 6 Contractors signed during the quarter are

expected to onboard their Vendors once implementation is completed in Q2 FY22 resulting in the onboarding of approximately 7,000 Vendors.

Figure 4. Number of Vendors in the Vendor Marketplace



Key engagement metrics

Record Contractor uptake in the quarter has led to greater penetration and usage of Vendor Marketplace in Contractor workflows, contributing to strong growth against key usage metrics (to the period ending 30 September 2021):

- Total Contractor User Accounts: +106% previous corresponding period (pcp)
- Requests for Quotations (RFQ) sent by Contractors: +95% pcp
- Number of Active Projects: +273% pcp
- Total active Vendor Compliance Documents: +61% pcp

Corporate Update

During the quarter, Felix had operating cash outflows of \$1.1m, including receipts from customers of \$1.4m. At the end of the quarter, Felix held \$7.6m in cash and cash equivalents. The cash position ensures that the Company is well placed going forward in achieving its strategic objectives.

Use of funds

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 IPO, to the end of the most recent quarter 30 September 2021.

Use of funds	Total per the Prospectus (\$'000) - 24 Months	Actual expenditure 12/1/21-30/09/21 (\$'000)	Commentary
Marketing & growth initiatives	400	176	In-line with expectations
Platform development	5,700	1,693	In-line with expectations
Research and development	1,200	285	In-line with expectations
Working capital	3,179	402	In-line with expectations
Professional fees and ASX listing costs	1,521	2,229	Note that all IPO costs are presented including those prior to 12/1/21.
Total	12,000	4,784	

Payments to Related Parties & Associates

During the quarter, payments totalling \$0.2m were made to related parties and associates for Directors' fees. These payments are included in cash flows from operating activities and cash flows from financing activities (item 4.2 in the below Appendix 4C).

Authorised for release by:

Mike Davis
CEO
Felix Group Holdings Ltd

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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.

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Appendix 4C

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

Name of entity		
FELIX GROUP HOLDINGS LIMITED		
ABN	Quarter ended (“current quarter”)	
65 159 858 509	SEPTEMBER 2021	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,445	1,445
1.2 Payments for		
(a) research and development	(75)	(75)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(54)	(54)
(d) leased assets	(34)	(34)
(e) staff costs	(1,926)	(1,926)
(f) administration and corporate costs	(441)	(441)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,087)	(1,087)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(2)
(d) investments	-	-
(e) intellectual property	(112)	(112)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(114)	(114)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(83)	(83)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	(83)	(83)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,930	8,930
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,087)	(1,087)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(114)	(114)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(83)	(83)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,646	7,646
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	2,646	2,646
5.2	Call deposits	5,000	5,000
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)	7,646	7,646
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		161
6.2	Aggregate amount of payments to related parties and their associates included in item 2		
<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's fees and Managing Director's salary.

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

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> <ul style="list-style-type: none"> 7.1 Loan facilities 7.2 Credit standby arrangements 7.3 Other (please specify) 7.4 Total financing facilities 	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.5 Unused financing facilities available at quarter end		
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.		
N/A		
8. Estimated cash available for future operating activities \$A'000		
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,087)	
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,646	
8.3 Unused finance facilities available at quarter end (item 7.5)	-	
8.4 Total available funding (item 8.2 + item 8.3)	7,646	
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.03	
<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>		
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:		
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?	Answer: N/A	
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?	Answer: N/A	
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?	Answer: N/A	
<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>		

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: 21 October 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.