

ASX Announcement

31 January 2022

## Business Update & Appendix 4C – Q2 FY22

### Key highlights

- Total Group Contracted ARR of \$4.2m, with Contractor ARR increasing 34% in 1H FY22 to \$2.4m, and represents 56% of total Group Contracted ARR
- Three contract expansions during the quarter, demonstrating the additional value to be realised across the existing Contractor base as usage expands
- 59,003 Vendors on the platform, increasing 35% on pcp, significantly increasing the scale and value of the Vendor Marketplace
- 554% increase in number of active projects on the platform and strong growth across all engagement metrics reflecting Felix’s penetration of customer ecosystems
- Actively progressing strategic partnership discussions, with platform optimisations completed to enable further integrations with global platforms
- \$6.1m cash as at 31 December 2021, with funding flexibility to drive organic growth and platform expansion

BRISBANE Australia, 31 January 2022: 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 31 December 2021 (“**Q2 FY22**”).

### Contractor Momentum Building

Felix observed significant demand from leading Contractors for its enterprise procurement solution in H1 FY22, with 38 Contractors currently utilising Felix’s solution – representing a 46% increase on pcp (refer to Figure 1). Felix added Southern Ports Authority in Q2 FY22, a company responsible for the management of state ports predominantly in Western Australia, illustrating Felix’s growing success with companies responsible for critical infrastructure.

In addition, Felix secured 3 expansion deals with existing customers including:

- **Airtrunk**: a hyperscale data centre builder and operator across APAC
- **Primero Americas**: a vertically integrated Contractor specialising in global resource projects
- **Connect Sydney**: a joint venture between Lendlease, Boral and Johnson Controls, providing a ‘whole of asset life’ approach to road maintenance and construction

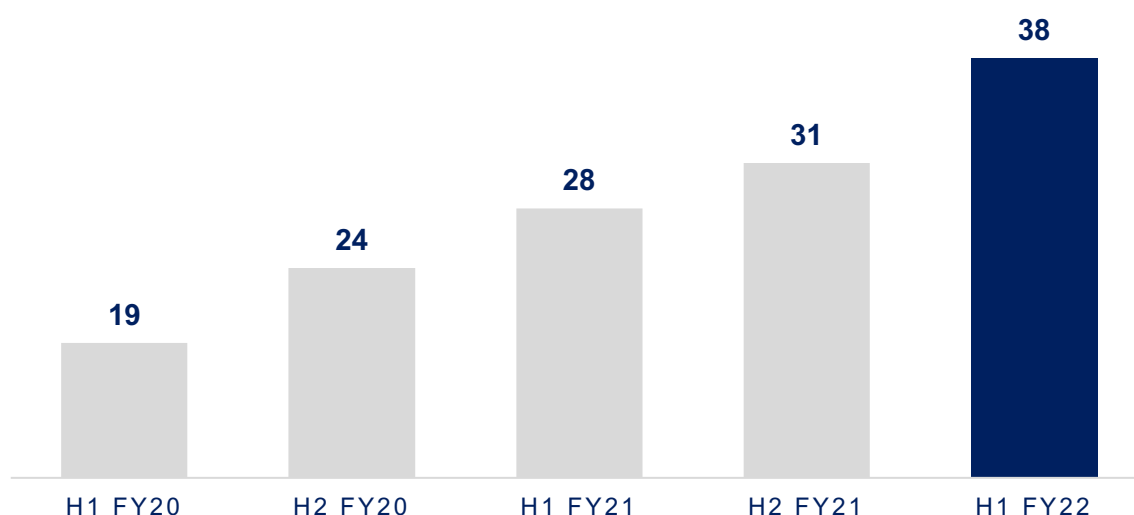
### Felix’s Co-Founder and CEO, Mike Davis commented:

*“We are pleased with continued momentum in contract expansions, new Contractors, and Vendors in the Marketplace in 1H FY22. In addition, the recent contract wins with GPT Group and Altrad demonstrate Felix’s growing domestic and international profile. We are extremely excited by the strong interest our technology is receiving from large global construction technology players seeking to partner with Felix. Throughout the quarter, we have focused on optimising the platform to enable it to be deployed alongside major global platforms. FY22 is shaping up to be a milestone year for Felix as we continue to execute on our growth strategy.”*

After the end of the quarter, Felix secured its first cornerstone customer in the diversified real estate sector (see ASX announcement '*Felix Secures Cornerstone Customer in Real Estate Sector*', 27 January 2022). The 3-year contract with GPT Group ("GPT") (ASX: GPT), one of Australia's largest property groups managing \$25.3 billion in real estate assets, represents a significant expansion into a new and high value industry with complex procurement processes. Under the contract, GPT will license all of Felix's modules and will generate an additional \$300k of ARR, equivalent to approximately 7% of total contracted ARR, with a total contract value of \$900k over 3 years. GPT Group has a significant pipeline of development with \$4.8 billion currently underway or planned, providing Felix with further organic growth opportunities.

Felix has also secured a contract with Altrad Group's ("Altrad") APAC division to licence Felix's procurement management platform. Altrad is a global leader in the provision of industrial services and the manufacturing of equipment for the construction market. Headquartered in France, Altrad employs approximately 42,000 people in more than 50 countries. Under the contract, Altrad's APAC division will initially roll out Felix's *Vendor Management* and *Sourcing* modules across its Australian and South East Asian operations. Notably, the contract was approved by Altrad's global headquarters and provides Felix with significant expansion opportunities across the Group's divisions in Europe, the Middle East and Africa. The contract follows Felix's early investment into the internationalisation of the platform, with the Felix compliance framework based on international standards, making the platform easily deployable to global markets.

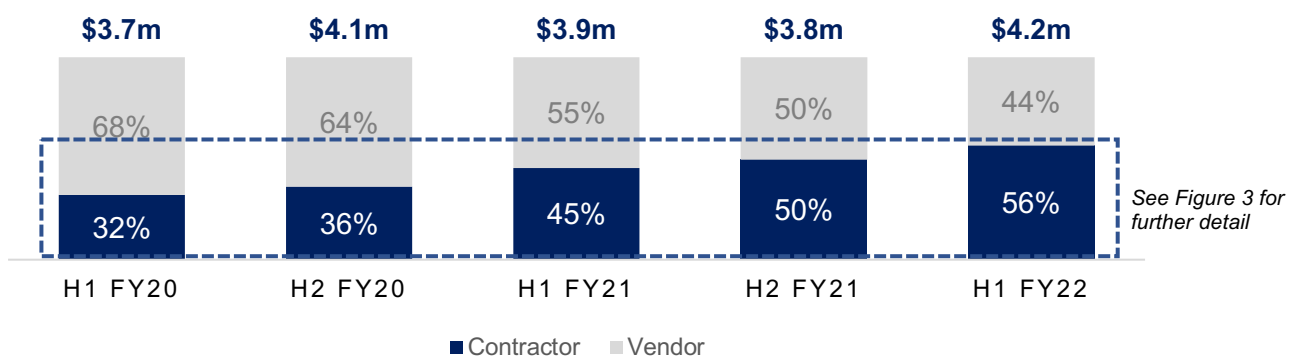
**Figure 1. Contractor customers**



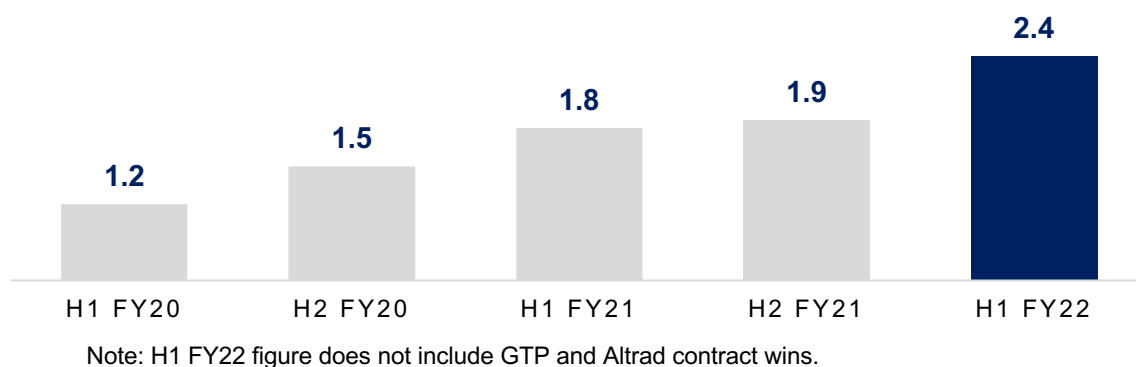
Note: H1 FY22 figure does not include GTP and Altrad contract wins.

Felix remains focused on scaling Contractor customers, with Contractor ARR contribution increasing from 45% in H1 FY21 to 56% in H1 FY22 (refer to Figure 2). This translates to a 34% increase in Contractor ARR of from \$1.8m to \$2.4m between H1 FY21 and H1 FY22 (refer to Figure 3).

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



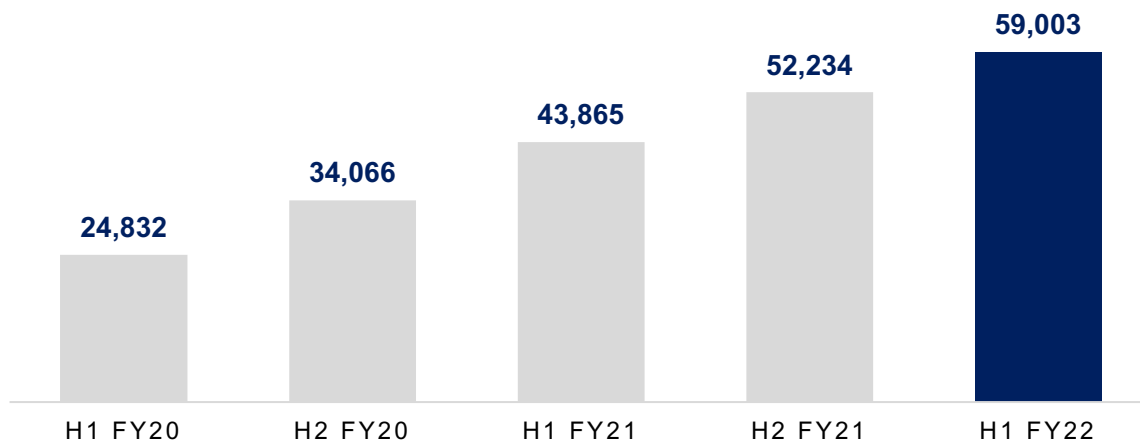
**Figure 3. Contracted Contractor ARR (\$m)**



### Vendor Marketplace

Felix has grown the number of Vendors in the Vendor Marketplace from 43,865 in H1 FY21 to 59,003 in H1 FY22, increasing 35% on pcp (refer to Figure 4). The onboarding of GPT and Altrad is expected to continue the momentum in Vendors in the Vendor Marketplace, while significantly expanding Felix’s network of international Vendors. Additionally, the growing international adoption of the Vendor Marketplace is expected to assist in securing further offshore Contractors.

**Figure 4. Number of Vendors in the Vendor Marketplace**



## **Enterprise platform expansion**

Felix has continued to progress its new project-focused *Essentials* module package, which provides a 'lite' version of Felix's existing module offering tailored for individual Contractor projects. The new offering will significantly reduce sales cycle, as it will be sold directly to project managers (rather than at an enterprise-wide level). After running market testing and validation, Felix's product teams are currently advancing structural updates ahead of user-facing changes and formulation of a launch timeline.

## **Actively progressing partnership opportunities**

During the quarter, Felix has progressed strategic partnership discussions with a number of global construction technology players. These partnerships have the potential to significantly expand Felix's market access and rapidly scale the platform, while complementing fast-growing direct sales activities across Australia and New Zealand. The inbound interest in Felix highlights Felix's growing international profile and the global relevance of the Company's unique and innovative technology. While Felix's key focus is on converting its significant pipeline of opportunities, partnerships provide de-risked and capital-light expansion opportunities into large international markets.

Alongside the partnership discussions, Felix has continued investment into the integration capability of its procurement management platform. 'Plug and play' integrations are an area of focus, enabling future partners to seamlessly integrate Felix's unique solution without need for technical expertise. These new integrations also increase Felix's suite of API's available to existing and prospective customers.

## **Key engagement metrics**

The continued uptake of Vendor Marketplace in Contractor workflows has contributed to strong growth against key usage metrics (to the period ending 31 December 2021):

- Number of Active Projects: +554% pcp
- Total active Vendor Compliance Documents: +327% pcp
- Requests for Quotations (RFQ) sent by Contractors: +158% pcp
- Total Contractor User Accounts: +61% pcp

Notably, Felix increased Number of Active Projects to 327 in Q2 FY22, a significant increase on the 50 projects in Q2 FY21. This demonstrates the rapid penetration of Felix across Contractor projects and the platform becoming deeply embedded in the organisation's workflows.

## **Corporate Update**

During the quarter, Felix had operating cash outflows of \$1.4m, including receipts from customers of \$1.3m. At the end of the quarter, Felix held \$6.1m in cash and cash equivalents. The strong cash position ensures that the Company is well placed going forward to achieve its strategic objectives.

During the quarter, payments totalling \$145k 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).

## 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 31 December 2021.

Use of funds	Total per the Prospectus – for 24 months (\$'000)	Actual expenditure 12 Jan 21 to 31 Dec 21 (\$'000)	Commentary
Marketing & growth initiatives	400	258	In-line with expectations
Platform development	5,700	2,528	In-line with expectations
Research and development	1,200	352	In-line with expectations
Working capital	3,179	684	In-line with expectations
Professional fees and ASX listing costs	1,521	2,312	Note that all IPO costs are presented including those prior to 12/1/21.
<b>Total</b>	<b>12,000</b>	<b>6,135</b>	

Authorised for release by:

**Mike Davis**  
**CEO**  
**Felix Group Holdings Ltd**

For further information please contact:

Company	Investors
James Frayne Company Secretary Mobile: +61 401 663 177 Email: <a href="mailto:investors@felix.net">investors@felix.net</a>	Harry Halstead Vesparum Capital Phone: +61 3 8582 4800 Email: <a href="mailto:felix@vesparum.com">felix@vesparum.com</a>

### **About Felix – see more at [felix.net](http://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 LIMITED

**ABN**

65 159 858 509

**Quarter ended ("current quarter")**

DECEMBER 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,292	2,737
1.2 Payments for		
(a) research and development	(67)	(142)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(83)	(137)
(d) leased assets	(52)	(86)
(e) staff costs	(1,875)	(3,801)
(f) administration and corporate costs	(568)	(1,009)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	(3)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,350)</b>	<b>(2,437)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(25)	(27)
(d) investments	-	-
(e) intellectual property	(104)	(216)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(129)</b>	<b>(243)</b>

<b>3. Cash flows from financing activities</b>		
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	(82)	(165)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(82)</b>	<b>(165)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	7,646	8,930
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,350)	(2,437)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(129)	(243)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(82)	(165)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,085</b>	<b>6,085</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,085	2,646
5.2	Call deposits	4,000	5,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,085</b>	<b>7,646</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	145
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.



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		
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		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,350)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,085
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,085
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4.51
<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: 31 January 2022

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.