

ASX Announcement

26 April 2023

## Business Update & Appendix 4C – Q3 FY23

### Key highlights

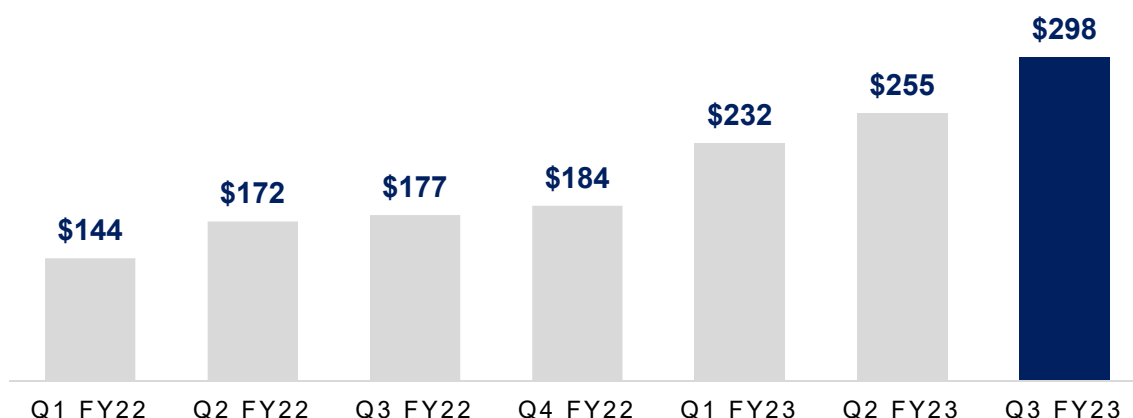
- Record Contractor MRR of \$298k in Q3 FY23 increasing 69% on pcp, with further upside expected once all new Contractors ‘go-live’ on platform
- Record quarterly new Contractor ARR of \$606k with three new customers added and four expansion deals, highlighting ongoing momentum in Felix’s initial target sector of engineering and construction
- Total Group ARR of \$5.6m in Q3 FY23, increasing 16% relative to Q2 FY23
- 62% improvement in receipts from customers to \$2.0m in Q3 FY23 relative to \$1.2m in Q3 FY22
- Continued increase in scale and value of Vendor Marketplace, with 81,507 Vendors using the platform, increasing 31% on pcp

BRISBANE Australia, 26 April 2023: 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 March 2023 (“Q3 FY23”).

### Acceleration in Contractor MRR growth

Contractor MRR<sup>1</sup> for the closing month of the quarter was \$298k, increasing 69% on pcp, driven by successful onboarding of new leading Contractors and completion of a number of customer expansions (refer to Figure 1). Further growth is expected once Felix goes live with customers who are currently in the implementation phase. Continued Contractor MRR growth highlights Felix’s consistent execution on its strategy of converting new Contractor pipeline while expanding existing accounts.

Figure 1. Contractor MRR at close of quarter (A\$’000)



<sup>1</sup> Contractor MRR represents the monthly recurring revenue as at March 2023 and excludes contracts yet to be implemented

## Contractor sales update

Four expansion deals were signed in Q3 FY23, contributing \$145k ARR in aggregate. Customers expanded for numerous reasons including licensing of additional modules, increasing number of users or general renewal uplift. Notably, one of the expansions included a 2-year contract with the Australian division of engineering and construction company Fulton Hogan, following the completion of its initial pilot contract which contributed \$35k ARR. Fulton Hogan will license Felix's full module suite and an API licence, generating \$133k in recurring annual licence fees. This highlights Felix's ability to convert customers beyond their initial pilot contracts and generate significant high margin, low CAC revenue.

Three new Contractors operating in the engineering and construction industry were signed during Q3 FY23, highlighting continued momentum in Felix's initial target sectors (see ASX announcement, *Felix secures new Tier 1 contract across full module suite*, 6 February 2023). This included a contract with the Australian division of Elecnor Group (BME:ENO), a listed company headquartered in Spain with operations in more than 50 countries.

There were two churns during the quarter, one of which was for a Contractor that had recently gone into liquidation. Despite this, Felix's Contractor net revenue retention rate was high at 99.4% in Q3 FY23, highlighting stickiness of customers, Felix's attractive proposition and module expansion opportunities. With 29 opportunities in the advanced pipeline, including seven \$100k+ ARR opportunities, Felix expects growth to continue at pace in subsequent quarters.

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

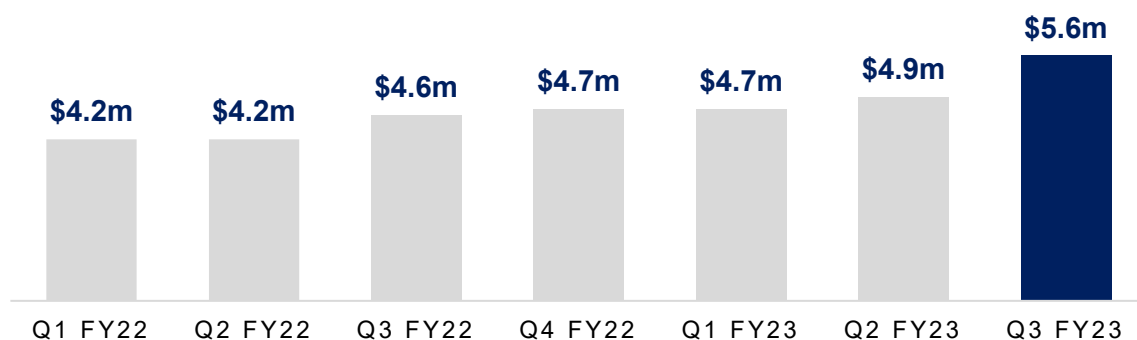
*"We've seen a strong start to the calendar year from a sales perspective, with a number of high-value new contracts and expansion deals being signed. Feedback from customers and new prospects continues to highlight the growing need for Contractors to have oversight over their high-risk supply chains of third-party vendors to manage compliance and ESG reporting requirements.*

*We remain focused on executing against our FY23 budget and progress toward cash flow breakeven. Management have been focused on optimising Felix's cost-base and closing key contracts to enhance the financial profile of the business."*

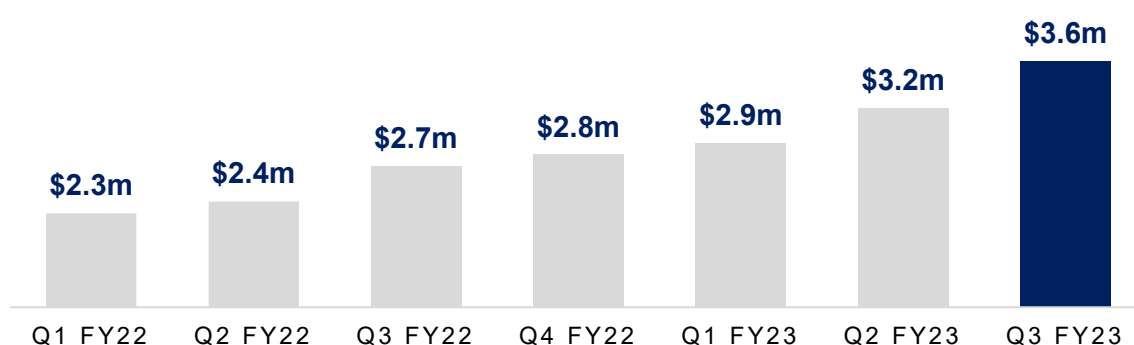
## Group financial update

Group ARR was \$5.6m in Q3 FY23, improving 23% on pcp (refer to Figure 2). Of this, Contractor ARR contributed \$3.6m in Q3 FY23, representing an increase of 32% on pcp, driven by strong sales momentum in the quarter (refer to Figure 3). Making up 64% of Group ARR in Q3 FY23, Contractor licencing fees represents a high margin opportunity relative to Vendor ARR, and enhances the strategic and financial value of the Vendor Marketplace ahead of the medium-term transition to a new Vendor monetisation model.

**Figure 2. Group Contracted ARR (\$m)**



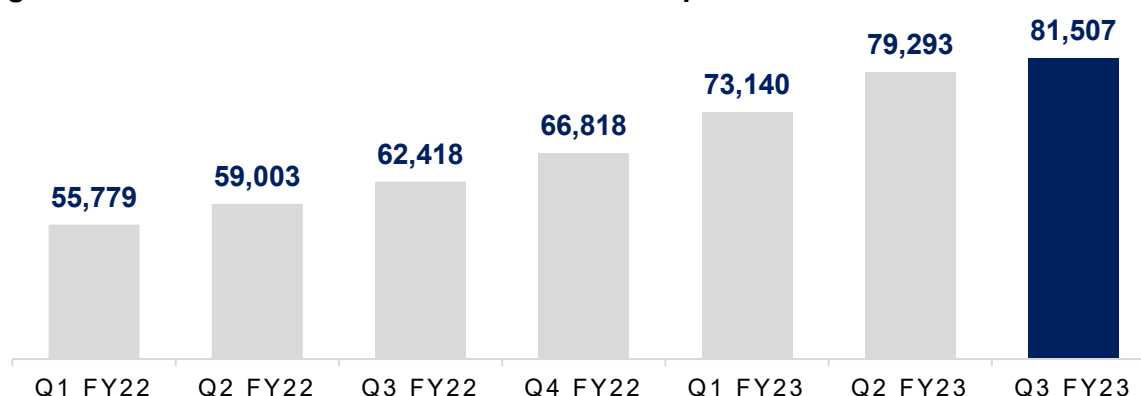
**Figure 3. Contracted Contractor ARR (\$m)**



### Vendor Marketplace

The number of Vendors in the Vendor Marketplace grew to 81,507 in Q3 FY23, representing a 31% increase on pcp (refer to Figure 4). Approximately 1,600 additional new Vendors are expected to be added once all new Contractors have been onboarded.

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



### Platform enhancement updates

Throughout the quarter, Felix continued to make progress against the near-term focuses on its strategic platform development roadmap. This includes progressing architectural updates to facilitate local hosting in new regions, continuing to work towards SOC2 and GDPR data certification, and developing an AI-powered document information extraction and validation tool.

A number of updates have been made to optimise *Procurement Schedule* and *Sourcing* modules. These updates, which include manual quoting on behalf of a vendor, sealed bidding at Project level, more flexibility in the formatting of RFQ questionnaires, and various UX improvements are testament to Felix's ongoing commitment to enhancing the platform based on customer feedback.

### Key engagement metrics

New Contractor wins and continued uptake of Vendor Marketplace in Contractor workflows has contributed to strong growth in key engagement metrics. These include for the period ending 31 March 2023:

- Number of Active Projects: +175% pcp
- Requests for Quotations (RFQ) sent by Contractors: +103% pcp
- Total Contractor User Accounts: +58% pcp
- Total active Vendor Compliance Documents: +58% pcp

### Corporate update

During the quarter, Felix reported net operating cash outflows of \$889k, a significant improvement relative to outflows of \$1.5m in Q3 FY22. This was driven by receipts from customers of \$2.0m, which increased 62% on pcp. Payments totalling \$172k were made to related parties and associates for Directors' fees. These payments were included in cash flows from operating activities and cash flows from financing activities (item 6.1 in the below Appendix 4C). At the end of the quarter, Felix held \$4.5m in cash and cash equivalents.

### Use of funds

In section 7.4 of the Prospectus, the Company provided a proposed use of funds statement for 24 months from listing. Notably, overall expenditure has been in line with expectations. During the 24 months since IPO there was a re-prioritisation between platform development, R&D and working capital costs which caused some variances to actuals on a per line bases. As it is in excess of 24 months from IPO, this will be the final time the table will be presented in the quarterly activities report.

Use of funds	Total per the Prospectus – for 24 months (A\$'000)	Actual expenditure 12 Jan 21 to 31 March 23 (A\$'000)	Commentary
Marketing & growth initiatives	400	395	In-line with expectations
Platform development	5,700	6,238	Re-prioritisation between platform development, R&D and working capital. Overall, in-line with expectations.
Research and development	1,200	1,488	Re-prioritisation between platform development, R&D and working capital. Overall, in-line with expectations.
Working capital	3,179	2,344	Re-prioritisation between platform development, R&D and working capital. Overall, 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>11,983</b>	

Note the table above includes expenditure since 12 January 2021 and excludes funds raised in the capital raising announced on 4 May 2022 and related investment initiatives.

Authorised for release by:

**Mike Davis**  
**Co-Founder & CEO**  
**Felix Group Holdings Ltd**

For further information please contact:

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**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")**

MARCH 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,952	4,924
1.2 Payments for		
(a) research and development	(314)	(869)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(38)	(138)
(d) leased assets	(13)	(78)
(e) staff costs	(2,166)	(6,312)
(f) administration and corporate costs	(310)	(1,390)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	43
1.5 Interest and other costs of finance paid	(3)	(6)
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>(889)</b>	<b>(3,826)</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	(31)	(35)
(d) investments (see section 7)	-	-
(e) intellectual property	(158)	(489)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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) – <i>term deposit matured in December 2022</i>	-	4,000
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(189)</b>	<b>3,476</b>

<b>3.</b>	<b>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	-	-
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</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,606	4,878
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(889)	(3,826)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(189)	3,476

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,528</b>	<b>4,528</b>

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	4,528	5,606
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,528</b>	<b>5,606</b>

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	172
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.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(889)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,528
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,528
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  <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>	5.09
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: 26 April 2023

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.