

## ASX Announcement

26 July 2023

### Business Update & Appendix 4C – Q4 FY23

#### Key highlights

- **Total \$836k of new ARR won in Q4 FY23 and early July CY23 driven by:**
  - o Three new Contractors added in Q4 FY23 contributing \$334k ARR in aggregate, including a leading ASX-listed lithium mining company
  - o Additional two new Contractors signed in early July CY23, contributing \$359k ARR in aggregate
  - o Record eight expansion deals signed in Q4 FY23, representing double the number signed in Q3 FY23, and contributing \$143k ARR in aggregate
- **Contractor ARR retention at end of quarter of greater than 100%, supported by increased penetration of Felix in existing Contractor's projects**
- **Contractor MRR of \$304k for the closing month of the quarter, representing a 65% increase on pcp, expected to increase once all new customers go-live**
- **Total Group ARR of \$6.0m in Q4 FY23, increasing 27% on pcp, with Contractor ARR of \$4.0m, increasing 44% on pcp**

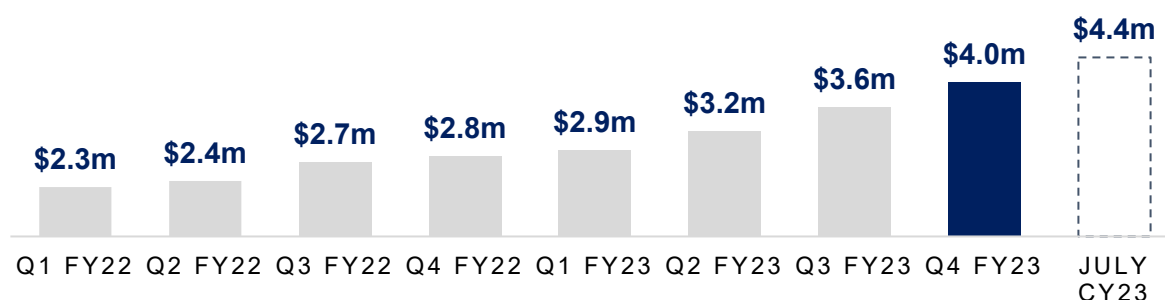
BRISBANE Australia, 26 July 2023: Felix Group Holdings Ltd (ASX:FLX) ("**Felix**" or the "**Company**") is pleased to release its quarterly business update and Appendix 4C for the period ended 30 June 2023 ("**Q4 FY23**").

#### Ongoing sales momentum

Felix added three new Contractors in Q4 FY23, contributing \$334k ARR in aggregate. This included an enterprise contract with Pilbara Minerals (ASX:PLS), a leading ASX-listed lithium mining company, for Felix's full suite of modules. The contract is evidence of strong traction within the mining and resources sector, driven by the accelerating requirement to 'know-your-supplier' and manage supply chain risks, legislative compliance, ESG targets (particularly the accelerating shift towards net zero), transparency and governance, and increased productivity requirements.

Subsequent to quarter end, Felix signed two new Contractors contributing \$359k ARR in aggregate, highlighting strong sales momentum going into FY24 (refer to Figure 1).

**Figure 1. Contracted Contractor ARR (\$m)**



Felix signed a 3-year enterprise contract with NRW Holdings (ASX: NWH), a leading ASX-listed construction and mining company (see ASX announcement, '3-year enterprise contract with NRW Holdings', 18 July 2023). NRW will license Felix's full suite of modules across six of its eight subsidiaries. The enterprise contract with NRW follows the success of Felix's initial contract with Primero, a subsidiary of NRW, demonstrating the value proposition of Felix's solutions and ability to upsell into larger parent organisations of its existing customer base. Several of Felix's existing customers are the APAC divisions of leading global Contractors, with a number of discussions underway to standardise and digitise their supply-chain and procurement processes across other global operations.

Felix also signed an enterprise contract with a leading ASX-listed gold mining company. Notably, the customer engages several mining Contractors that are existing Felix customers, demonstrating the growing reach and network effects of Felix's platform. This benefit significantly reduces change management requirements for Contractors as Vendors are already familiar with, and on board, the Felix platform. Additional benefits include a reduction in the sales cycle for Felix.

A record eight expansion deals were signed in Q4 FY23, double what was achieved in the previous quarter. These contract expansions, which contributed \$143k ARR in aggregate, resulted from increases of annual licence fees, demand for more platform users, and additional modules being licensed. Contractor ARR retention<sup>1</sup> at the end of the quarter was greater than 100%, supported by increased penetration of Felix in existing Contractor's projects, demonstrating Felix's ability to grow the value of existing accounts.

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

*"We are pleased by the sales progress we've made in FY23, adding 11 high value Contractor customers and signing 20 expansion deals across the financial year. Recently, we've seen Felix expand its footprint across the mining and resources sector, with the convergence of significant supply chain, ESG and legislative pressures driving strong demand for Felix's platform. We expect to leverage recent contracts won to further penetrate the industry."*

**Financial update**

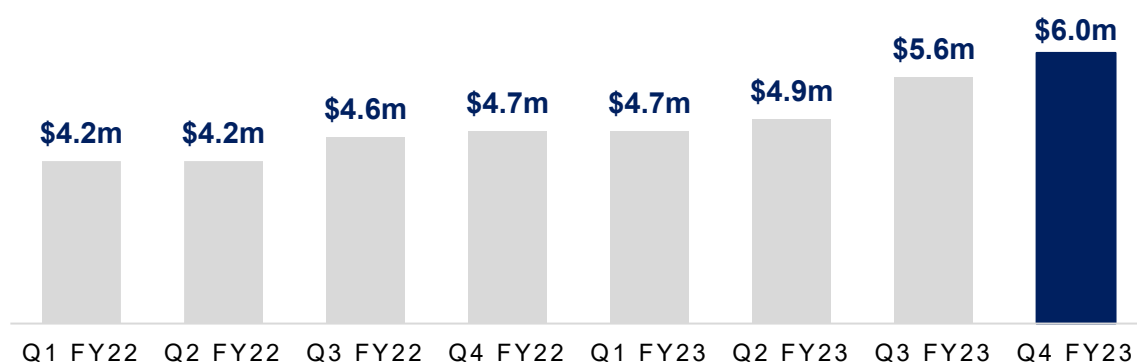
Felix achieved Contractor MRR of \$304k for the closing month of the quarter, representing a 65% increase on pcp. Notably, record Contractor MRR was achieved despite two churned customers during the quarter. The annual contract values of the churns were less than \$65k in aggregate, with both ending their contract prior to the implementation of the platform, and one experiencing a change in management.

Supported by strong conversion of its Contractor pipeline, Felix's Total Group ARR was \$6.0m in Q4 FY23, increasing 27% on Q4 FY22 (refer to Figure 2).

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<sup>1</sup> Contractor ARR retention is calculated by comparing the contracted ARR of Contractor customers as at 30 June 2023 with the contracted ARR of the same customers as at 30 June 2022

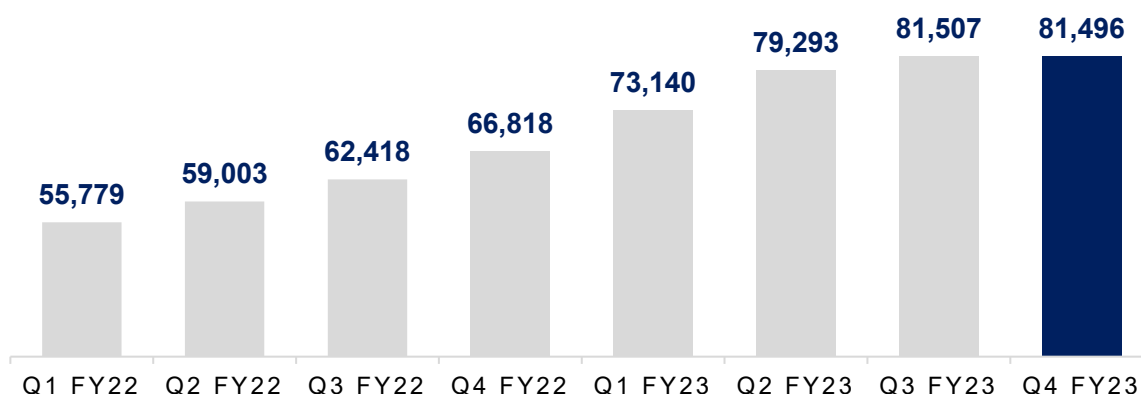
**Figure 2. Group Contracted ARR (\$m)**



### **Vendor Marketplace**

The number of Vendors in the Vendor Marketplace was 81,496 in Q4 FY23, increasing 22% on pcp (refer to Figure 3). Felix expects a significant number of new Vendors to be added to the marketplace once all new Contractors have been onboarded.

**Figure 3. Number of Vendors in the Vendor Marketplace**



### **Enterprise platform updates**

In Q4 FY23, Felix released an API integration with the Australian Business Registry (ABR) which validates and auto-populates business details using Vendor ABNs, providing Contractors with ongoing monitoring of Australian Vendors' data from the ABR such as ABN status. This improves onboarding and approval efficiency, delivers better cross-platform data integrity and provides ongoing confidence in the currency of Vendor information.

Progress was also made towards the development of an AI-powered information extraction and validation solution for compliance documents. The AI-powered solution will improve inefficiencies that currently exist for Vendors during the onboarding stage. Currently, Vendors are required to manually upload and populate fields into the Felix platform from 11+ different compliance documents. Through automating this, Felix is expected to significantly enhance the Contractor sales process by further demonstrating the efficiency and accuracy in Felix's onboarding processes.

## Key engagement metrics

Felix has observed continued growth across its key platform engagement metrics, reflecting expanding usage and indicating the platform's deepened engagement within customer systems and processes. These include for the period ending 30 June 2023:

- Number of Active Projects: +153% pcp
- Requests for Quotations (RFQ) sent by Contractors: +69% pcp
- Total Contractor User Accounts: +31% pcp
- Total active Vendor Compliance Documents: +30% pcp

## Corporate update

During the quarter, Felix reported net operating cash outflows of \$1.6m, and receipts from customers of \$1.3m. Per item 8.6.1 in the below Appendix 4C, Felix expects that net operating cash outflows in Q1 FY24 will improve relative to Q4 FY23. Cash from delayed invoices, other invoices for deals won subsequent to Q4 FY23 end, and the ATO R&D tax incentive offset (c.\$500k) are expected to be received in Q1 FY24.

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 \$2.8m in cash and cash equivalents, from an opening balance of \$4.9m at 30 June 2022.

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](https://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")**

JUNE 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,343	6,268
1.2 Payments for		
(a) research and development	(314)	(1,182)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(59)	(197)
(d) leased assets	(12)	(90)
(e) staff costs	(2,116)	(8,429)
(f) administration and corporate costs	(413)	(1,803)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	64
1.5 Interest and other costs of finance paid	(3)	(9)
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>(1,553)</b>	<b>(5,378)</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	-	(35)
(d) investments (see section 7)	-	-
(e) intellectual property	(221)	(711)
(f) other non-current assets	(14)	(14)

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	16	16
	(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>(219)</b>	<b>3,256</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	4,528	4,878
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,553)	(5,378)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(219)	3,256

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)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,756</b>	<b>2,756</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	2,756	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>2,756</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)	(1,553)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,756
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,756
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.8
	<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: Felix expects that net operating cash outflows in Q1 FY24 will improve relative to Q4 FY23. Cash from overdue invoices, other invoices for deals won subsequent to Q4 FY23 end, and the ATO R&D tax incentive offset (c\$500k) are expected to be received in Q1 FY24.	
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: In line with its strategic objectives, Felix is actively working towards cash flow breakeven, with focus on capital efficiency. Management's near-term focus is on closing key contracts to enhance Felix's financial profile, and optimising cost-base.	



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: Yes, on the basis that net operating cash outflows are expected to reduce in coming quarters.

*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.*

## 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 July 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.