

ASX Announcement

21 October 2024

Business Update & Appendix 4C – Q1 FY25

Key highlights

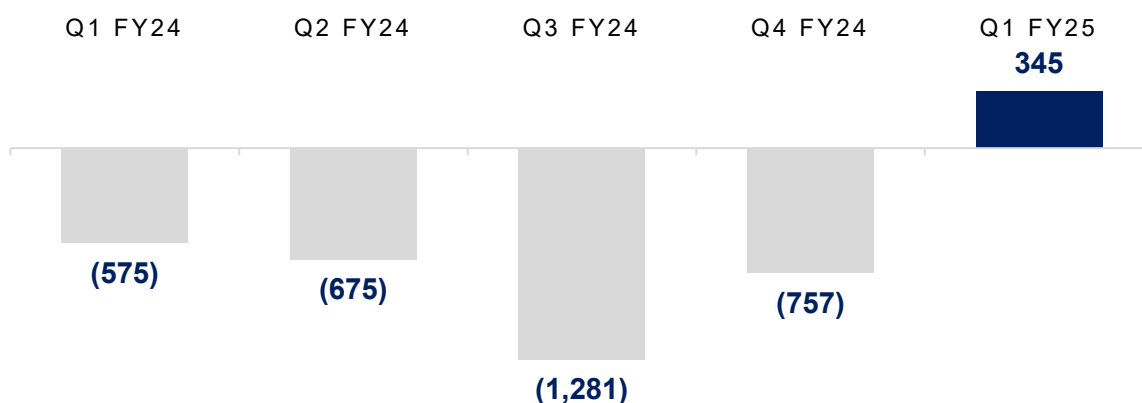
- Maiden quarter of positive operating cashflows in Q1 FY25 of \$345k
- \$215k new Contractor ARR added in Q1 FY25, bringing Contractor ARR to \$6.0m, increasing 23% on pcip
- Five contract expansions signed in Q1 FY25, driven by uplift in users and additional module uptake from Contractors
- Two new customers signed in Q1 FY25, including Bellevue Gold, demonstrating the ongoing traction in the mining & resources sector
- Record Contractor MRR in Q1 FY25 of \$497k, increasing 49% on pcip, driven by new contract wins and growing expansion deals
- \$8.0m Group ARR recorded in Q1 FY25, increasing 15% on pcip

BRISBANE Australia, 21 October 2024: 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 2024 ("**Q1 FY25**")

Positive operating cashflows in Q1 FY25

Felix achieved a significant milestone in Q1 FY25, reaching positive operating cash flow for the first time. This is a result of careful cost management over the last 12 months, carefully calibrated to maximise growth while ensuring Felix progresses towards a sustainable cash flow profile. Operating cash flows improved by \$920k year-over-year, shifting from a \$575k outflow in Q1 FY24 to a \$345k inflow in Q1 FY25 (refer to Figure 1). Felix remains focused on continuing to drive Contractor ARR growth while maintaining a positive operating cash flow position.

Figure 1. Net operating cashflow (\$'000)



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

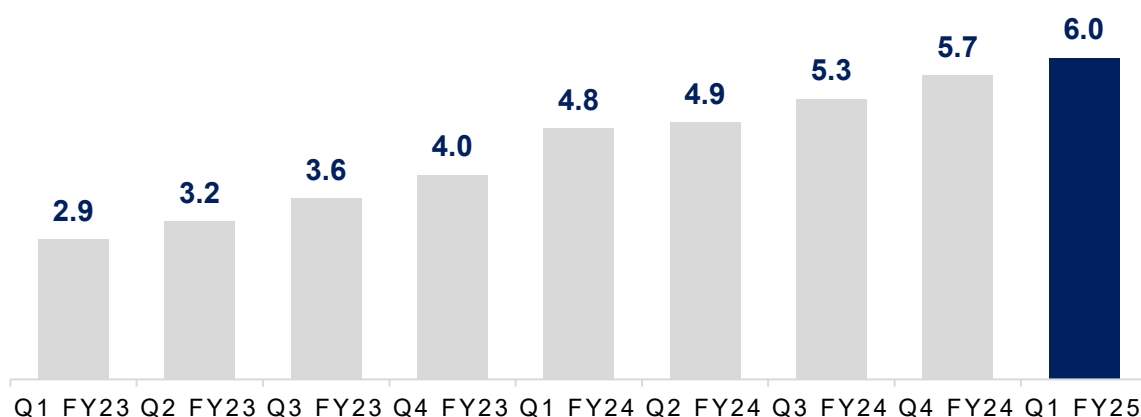
"In Q1 FY24, we set a target of achieving positive operating cash flow by Q1 FY25, a milestone we have now reached this quarter. This achievement is significant for Felix and our shareholders, as it demonstrates our ability to transition to a sustainable cash flow profile while maintaining strong top-line growth. Notably, Contractor ARR has continued to grow strongly at a compound annual growth rate of 38% over the past three years.

Looking ahead, our focus remains on delivering strong ARR growth while sustaining positive operating cash flows. We are seeing an expanding opportunity for Felix, driven by a record pipeline, contract expansions as customers broaden their use cases toward enterprise-wide adoption, and the rapid evolution in how organisations manage and engage their supply chains."

Contractor ARR growth

New contract wins and expansions in Q1 FY25 bring Contractor ARR to \$6.0m, increasing 23% on Q1 FY24 (refer to Figure 2). The result was driven by two new contract wins and five contract expansions, as customers increased the number of user licenses and uptake of additional modules. Felix continues to observe consistent contract expansions across accounts as customers increase their use cases towards full enterprise adoption.

Figure 2. Contracted Contractor ARR (\$m)



A key contract win this quarter was with Bellevue Gold (ASX:BGL), one of Australia's largest ASX-listed gold miners with a market capitalisation of \$1.8bn. This contract, associated with the Bellevue Gold Project, has initially seen Bellevue Gold license Felix's *Vendor management*, *Sourcing*, and *Contracts* modules. The contract is further evidence of Felix's traction in the mining & resources sector over the last 12 months.

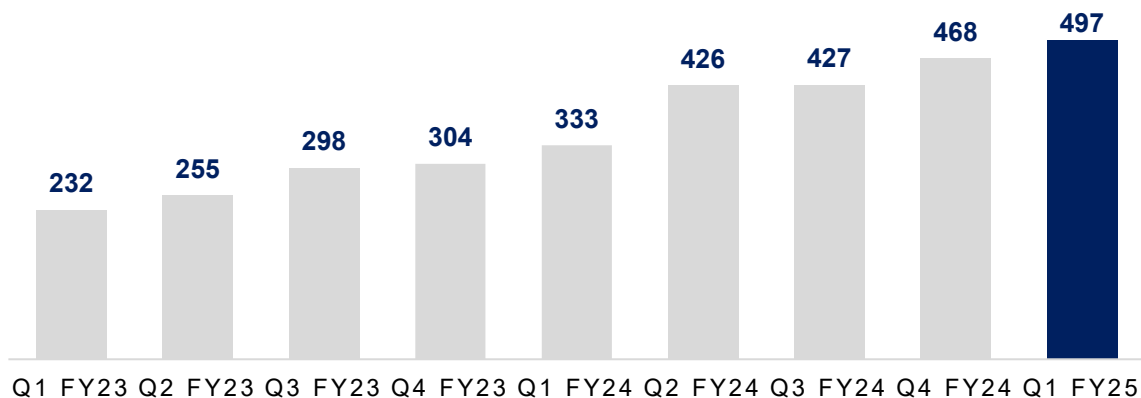
In addition to Bellevue Gold, new contracts and expansion were signed with;

- **International Lubricant Distributors** (new), a leading supplier of high-quality lubricants and specialty fluids, providing innovative solutions for industrial and automotive needs
- The Australian division of **PCL** (expansion), a global general contracting construction company with operations in the US, Canada and the Caribbean
- **West Region Delivery Team**(expansion), a Sydney Water alliance consortium of leading contractors, including Abergeldie Complex Infrastructure, Fulton Hogan, Programmed, Stantec and Atlas
- **Pilbara Minerals** (ASX:PLS), (expansion), a leading Australian lithium mining company

- **Capricornia Energy Hub** (expansion), an energy project, integrating renewable energy sources like solar, wind, and battery storage to supply reliable, low-emission power for industries and the regional grid
- **Service Stream** (ASX:SSM) (expansion), a business providing integrated end-to-end asset life-cycle services to utility, telecommunications and transport asset owners, operators and regulators across Australia

Contractor MRR continues to grow, increasing 49% on pcp to \$497k in Q1 FY25, driven by the successful onboarding of new Contractor customers signed in the prior quarter and the implementation of expansion deals (refer to Figure 3). Strong Contractor MRR growth highlights Felix's continued execution of converting Contractors in the pipeline, while also expanding existing customer accounts.

Figure 3. Contractor MRR at close of quarter (\$'000)



Felix reported Net Revenue Retention (NRR) of 99% for Q1 FY25, reflecting a decline on prior quarters. The decrease is primarily attributed to the cycling of several large expansion deals, notably with Downer and NRW, which contributed \$550k in Q1 FY24. It is worth noting that there was no contractor churn during the quarter, underscoring the ongoing stability of Felix's base.

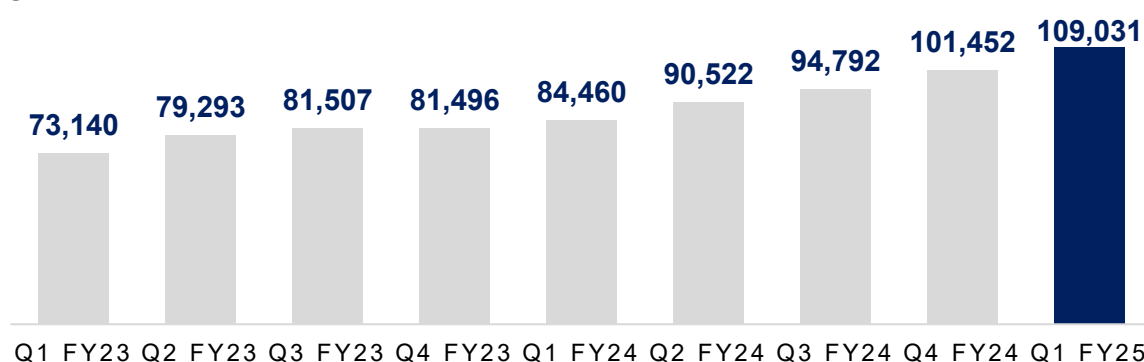
Group financial update

Total Group ARR reached \$8.0m in Q1 FY25, representing a 15% increase compared to \$6.9m in Q1 FY24. This growth was primarily driven by growth in the Contractor platform while Vendor ARR remained stable relative to prior quarters. This is in line with expectations and Felix's strategic focus on scaling the Contractor platform, ahead of further monetising the large Vendor Marketplace over the medium term.

Vendor Marketplace continues to scale

Felix increased the number of Vendors in the Vendor Marketplace to 109,031 in Q1 FY25, representing an increase of approximately 29% compared to the 84,460 vendors in Q1 FY24 (refer to Figure 4). The sustained growth in the Vendor Marketplace underscores Felix's the building value of the marketplace and opportunity to monetise once key modules and features are developed.

Figure 3. Number of Vendors in the Vendor Marketplace



Platform enhancement updates

During the quarter, significant progress was made across several key initiatives. A notable development was the introduction of multi-stage approval capabilities within RFQ and RFA approval forms, designed to streamline the approval process for joint venture projects requiring multiple approvals. The suite of native document management system integrations was also expanded to include Asite, which is undergoing rollout with an initial customer. Furthermore, the multilingual project is on track to be production-ready by the end of Q2 FY25.

Key engagement metrics

New Contractor wins and continued uptake of Vendor Marketplace in Contractor workflows, including in international markets, has contributed to strong growth in key engagement metrics. These include for the period ending 30 September 2024:

- Number of Active Projects: +50% pcp
- Requests for Quotations (RFQ) sent by Contractors: +61% pcp
- Total active Vendor Compliance Documents: +31% pcp
- Total Contractor User Accounts: +20% pcp

Corporate update

Felix reported receipts from customers of \$3.6m and net operating cash inflows of \$345k for the quarter ending 30 September 2024. In Q1 FY25, R&D intensity increased primarily due to increased feature development. Administration and corporate costs also increased due to seasonality, with Q1 involving major audit and compliance activities.

Payments totalling \$200k were made to related parties and associates for Directors' fees. These payments were included in cash flows from operating activities and cash flows from financial activities (item 6.1 in the below Appendix 4C). At the end of the quarter, Felix held \$2.3m in cash and cash equivalents, an increase on the prior quarter.

Authorised for release by:

Mike Davis
Co-Founder & 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

65 159 858 509

Quarter ended ("current quarter")

SEPTEMBER 2024

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	3,623	3,623
1.2	Payments for		
	(a) research and development	(207)	(207)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(40)	(40)
	(d) leased assets	(13)	(13)
	(e) staff costs	(2,491)	(2,491)
	(f) administration and corporate costs	(542)	(542)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	20	20
1.5	Interest and other costs of finance paid	(5)	(5)
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	345	345
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments (see section 7)	(130)	(130)
	(e) intellectual property	-	-
	(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) – <i>term deposits</i>	-	-
2.6	Net cash from / (used in) investing activities	(130)	(130)

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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,111	2,111
4.2	Net cash from / (used in) operating activities (item 1.9 above)	345	345
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(130)	(130)

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)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,326	2,326

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	2,326	1,711
5.2	Call deposits	-	400
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)	2,326	2,111

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	200
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.

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>	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		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	345
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,326
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,326
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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?	
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?	
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?	
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 2024

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.