

ASX Announcement

28 January 2025

Business Update & Appendix 4C – Q2 FY25

Key highlights

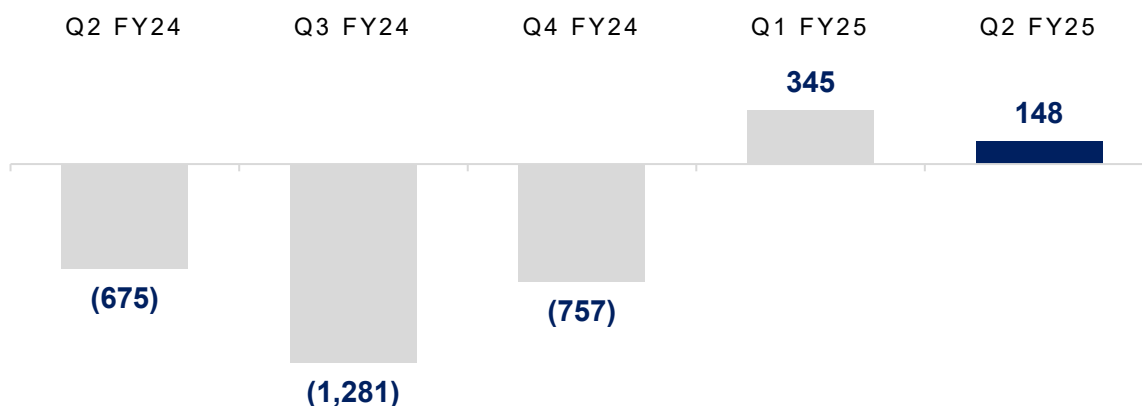
- Second consecutive quarter of positive operating cashflows achieved in Q2 FY25, with a \$148k inflow recorded during the quarter
- Seven new customers signed in Q2 FY25, including three from the mining & resources sector, demonstrating the ongoing traction in adjacent sectors
- Five contract expansions signed in Q2 FY25, driven by uplift in user accounts and additional module uptake from Contractors
- \$487k new Contractor ARR added in Q2 FY25, bringing Contractor ARR to \$6.4m, increasing 29% on pcp
- \$8.3m Group ARR recorded in Q2 FY25, increasing 22% on pcp
- The Vendor Marketplace has reached 115k vendors in the network in Q2 FY25, reflecting a 27% increase from 90,522 in Q2 FY24

BRISBANE Australia, 28 January 2025: 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 2024 (“**Q2 FY25**”)

Second consecutive quarter of positive operating cashflows

Felix achieved a second consecutive quarter of positive operating cash flow in Q2 FY25, driven by effective cost management and a focus on sustainable growth. Operating cash flows improved by \$833k year-over-year, transitioning from a \$675k outflow in Q2 FY24 to a \$148k inflow in Q2 FY25 (122% improvement YoY). In H1 FY25, operating cash flows were \$493k, relative to \$(1,250)k in H1 FY24 (139% improvement YoY). Felix remains focused on maximising Contractor ARR growth while maintaining a positive operating cash flow position.

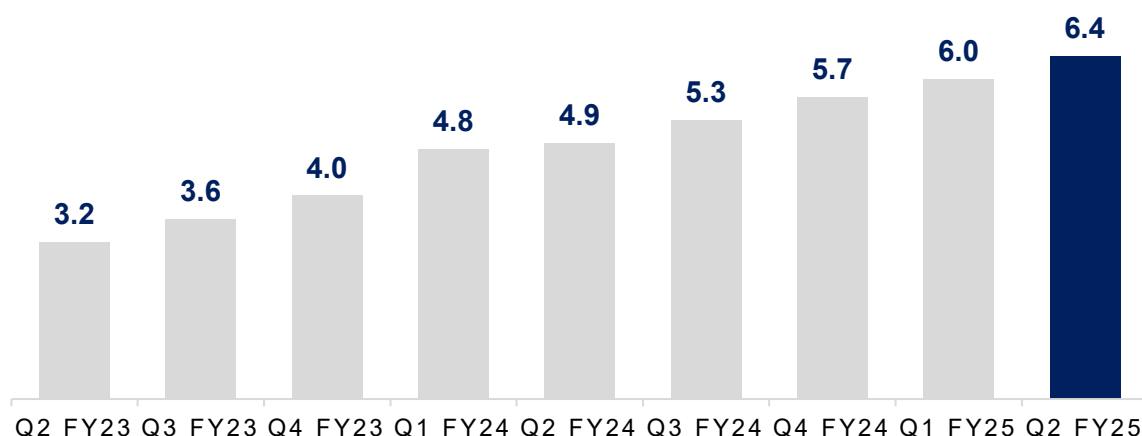
Figure 1. Net operating cashflow (\$'000)



Strong customer wins in Q2 FY25

Felix signed seven new customers and five expansion deals in Q2 FY25, which has delivered \$487k in new Contractor ARR. A key contract win this quarter was with Karara Mining, a prominent mining company which operates one of Australia's largest magnetite mines. Karara Mining has licensed Felix's full suite of modules and the contract will cover all of Karara Mining's operations, including mining, processing, and ports & rail operations.

Figure 2. Contracted Contractor ARR (\$m)



The Company has continued to experience accelerating traction within the mining & resources sector, which has now become Felix's second-largest customer sector across both existing customers and the sales pipeline. This traction has primarily been driven by growing demand from the mining & resources sector for enhanced ESG reporting, greater visibility over supply chain compliance, and the transition from manual procurement processes to more innovative and efficient systems.

Of the five expansion deals signed this quarter, a notable 3-year expansion deal was signed with GPT Group (ASX:GPT), one of Australia's largest diversified property groups with total assets under management of \$34 billion. This result further demonstrates Felix's mission critical nature for customers and broad applicability of the platform across adjacent sectors.

In addition to the Karara Mining and GPT Group deals, new contracts and expansions were signed with:

- **De Grey Mining (ASX:DEG)** (new & expansion), an Australian gold exploration and development company focused on the Pilbara region
- **29Metals (ASX:29M)** (new), a copper-focused mining company specialising in sustainable copper, zinc, and precious metals production, operating in Australia and North America
- **Go Offshore** (new), an international energy services company offering marine solutions and support for oil & gas, renewable energy, and marine construction
- **CV Services Group** (new), a diversified contractor servicing the construction, infrastructure, and maintenance sectors in Australia
- **De Goey Contractors** (new), a leading provider of steel fabrication, industrial coating, and process piping solutions to industrial sectors across Queensland
- **Architectus** (new), one of Australasia's largest design firms, specialising in designs for the commercial, education, residential, public, and transport sectors
- **Westgold Resources (ASX:WGX)** (expansion), a leading Australian gold producer in Western Australia's Murchison region
- **Southern Ports** (expansion), operator of the ports of Albany, Bunbury, and Esperance
- **Abergeldie Complex Infrastructure** (expansion), infrastructure contractor servicing a variety of sectors, including water resources, utilities, rail, and energy

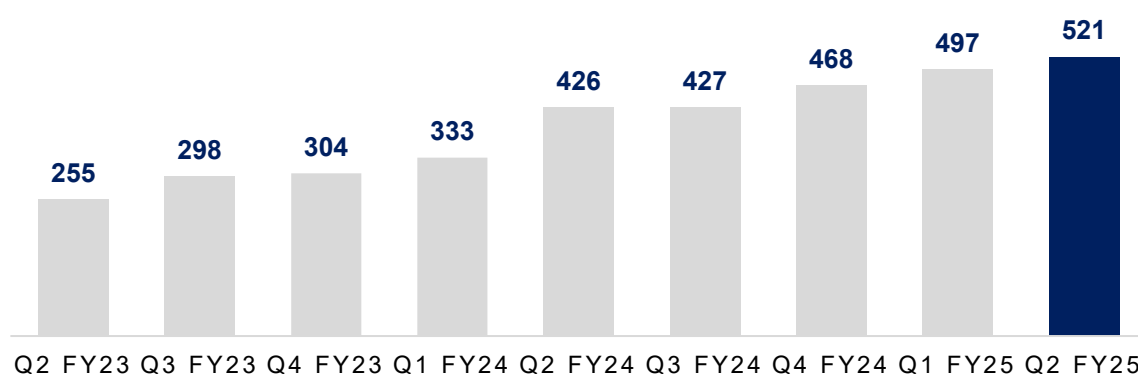
Felix's Co-Founder and CEO, Mike Davis commented:

"In Q2 FY25, we achieved several key milestones, including a second consecutive quarter of positive operating cashflow, accelerating customer acquisition in the mining & resources sector, and strong expansion ARR growth. These are significant achievements for Felix, particularly as the positive operating cashflow performance comes alongside a strong quarter of Contractor ARR growth, highlighting our capability to continue driving topline growth while maintaining a sustainable cashflow profile."

"Of the seven new customers signed during the quarter, three customers operate in the mining & resources sector. The strong traction we are seeing in the mining & resources sector highlights the significant and expanding market opportunity for Felix, as the enterprise platform continues to broaden its use case across a diversifying set of sectors. We look forward to building upon this momentum and accelerating customer adoption in the mining & resources sector."

Contractor MRR for the closing month of Q2 FY25 reached \$521k, a 22% increase on pcp (refer to Figure 3). This growth was driven by the successful onboarding of new Contractor customers signed in the prior quarter and notable customer account expansions. These results highlight Felix's continued success in customer acquisition, while also driving growth across existing customer accounts.

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



Felix reported Net Revenue Retention (NRR) of 102% in Q2 FY25. Although this is a decline on pcp, the NRR has improved relative to the prior quarter, demonstrating continued success in retaining and expanding customer accounts while experiencing low to minimal churn.

Group financial update

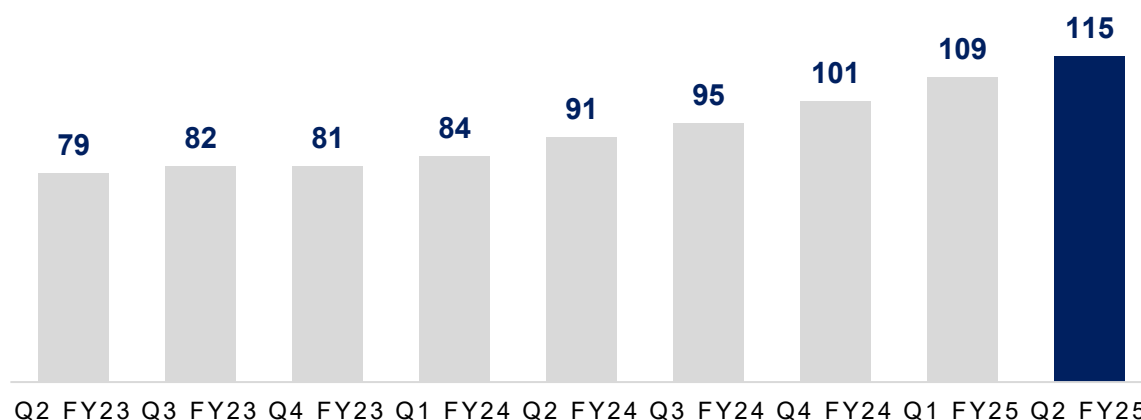
During the quarter, new customer contract wins and expansion deals delivered \$487k in new ARR. No customers churned in Q2 FY25, however once customer had ARR churn of \$61k during the quarter. The new customer wins and expansion deals brings Contractor ARR to \$6.4m in Q2 FY25, a 29% increase on pcp.

Total Group ARR reached \$8.3m in Q2 FY25, reflecting a 22% increase from \$6.8m in Q2 FY24. Group ARR growth was primarily driven by Contractor ARR, as Vendor ARR remained stable relative to prior quarters, consistent with the Company's strategic focus on scaling the Contractor platform while advancing plans for Vendor Marketplace monetisation in the medium term.

Vendor Marketplace continues to scale

Felix increased the number of Vendors in the Vendor Marketplace to 115,266 in Q2 FY25, reflecting a 27% increase from 90,522 in Q2 FY24 (refer to Figure 4). This sustained growth highlights the growing value of the marketplace and supports Felix's strategic goal of monetising the Vendor Marketplace in the medium term, following the development of key modules and features.

Figure 4. Number of Vendors in the Vendor Marketplace ('000)



Platform enhancement updates

Felix has progressed several platform development initiatives throughout the quarter. Notably, multilingual functionality for the vendor portal has been released as part of the platform internationalisation strategy. Spanish and Indonesian are also currently undergoing client review in preparation for the first Contractor multilingual rollout in Q3 FY25.

Additionally, the launch of Post-Tender Requests (PTR) functionality marked the completion of the Pricing Schedule enhancements roadmap. PTR enables contractors to request quote revisions during shortlisting or negotiation phases, facilitates streamlined Best and Final Offer (BAFO) requests, and supports comprehensive pricing comparisons across submission versions.

Key engagement metrics

New Contractor wins and continued uptake of Vendor Marketplace in Contractor workflows, including in international markets, have contributed to strong growth in key engagement metrics. These include for the period ending 31 December 2024:

- Number of Active Projects: +122% pcq
- Requests for Quotations (RFQ) sent by Contractors: +59% pcq
- Total active Vendor Compliance Documents: +38% pcq
- Total Contractor User Accounts: +26% pcq

Corporate update

Felix reported receipts from customers of \$2.6m and net operating cash inflows of \$148k for the quarter ending 31 December 2024.

Payments totalling \$179k 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")

DECEMBER 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,573	6,196
1.2 Payments for		
(a) research and development	(247)	(454)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(73)	(113)
(d) leased assets	(13)	(26)
(e) staff costs	(2,032)	(4,523)
(f) administration and corporate costs	(77)	(619)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	37
1.5 Interest and other costs of finance paid	-	(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	148	493
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)	(108)	(238)
(e) intellectual property	-	-
(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) – <i>term deposits</i>	-	-
2.6	Net cash from / (used in) investing activities	(108)	(238)

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	(24)	(24)
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	(24)	(24)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,326	2,111
4.2	Net cash from / (used in) operating activities (item 1.9 above)	148	493
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(108)	(238)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(24)	(24)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,342	2,342

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	2,342	2,326
5.2	Call deposits	-	-
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)	2,342	2,326

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	179
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)	148
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,342
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,342
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <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>	N/A
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: 28 January 2025

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.