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Felix Group Holdings Ltd (ACN: 159 858 509)

ASX Announcement **22 August 2022**

Significant operational progress in FY22; well positioned for scale and sustainable growth in FY23

Key Highlights

- **40 leading Contractors using Felix and 7 expansion deals completed in FY22 providing further validation of the value of the platform**
- **InEight partnership progressing to plan, with go-to-market strategy in place expected to deliver significant new opportunities and operating leverage**
- **66,618 Vendors in the Vendor Marketplace in FY22, increasing 28% on pcp, expected to increase the long-term strategic value of the marketplace**
- **A$4.1m Group revenue in FY22, with Contractor subscription revenue contributing strongly, increasing 39% to A$2.0m in FY22**
- **$1.3m improvement in EBITDA on FY21, with focus on significant pipeline opportunities and cost optimisation to drive operating leverage in FY23**
- **Well capitalised to deliver sustainable growth with A$8.9m in cash and cash equivalents as at 30 June 2022**

BRISBANE Australia, 22 August 2022: Felix Group Holdings Ltd (ASX: FLX) ("**Felix**" or the "**Company**") is pleased to release its full year results (Appendix 4E) for the period ended 30 June 2022 ("**FY22**").

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

"Our team have worked hard to deliver strong operational results while continuing to deliver our strategy and invest in growth opportunities in FY22. The growth in Contractors, signing of the strategic partnership with InEight and scale of the Vendor Marketplace demonstrates both the value of the platform and the significant market opportunity for Felix.

Sustainable growth is a key focus for the Company in FY23, with a budget in place focused on efficiently scaling the platform, strategic platform investments and cost optimisation. In addition, with our go-to-market strategy with InEight agreed, we are very excited to capitalise on the near-term opportunities progressing through our pipeline and the operating leverage the partnership provides. Our attention remains firmly on executing against our long-term value creation strategy for shareholders.

Growing platform scale

In line with Felix's strategic focus on scaling Contractor customers, the Company saw strong conversion of its Contractor pipeline with 40 leading Contractors using Felix in FY22, a net increase of 9 on FY21. Alongside new contract wins in the Company's initial target sectors of Construction and Engineering, Felix secured contract wins in other high value adjacent sectors including diversified real estate with GPT (ASX.GPT) and resources with Atlas Iron, a subsidiary of Hancock Prospecting. This demonstrates the broad applicability of Felix's platform and growing industry adoption outside of initial target sectors. Notably, the Company

also completed 7 expansion deals throughout the year, highlighting the value of the platform to Contractors and Felix's ability to grow the value of its existing accounts.

Felix's near-term focus remains on growing its ANZ Contractor base, while partnering in key international markets to expand Felix's global market opportunity. During FY22, Altrad Group licensed the platform across its APAC division, while Clough and Primero expanded usage in North American markets. In FY22, Felix signed its first strategic sales and collaboration agreement with InEight, a global leader in construction project management software. This enables capital-light expansion into international markets, with an initial focus on APAC and North America, leveraging InEight's sales, implementation and support infrastructure.

Contractor growth continues to efficiently scale the Vendor Marketplace, as new Contractors come onboard and mandate usage of the platform across their network of third-party Vendors at no direct acquisition cost to Felix. Felix had grown the number of Vendors in its Vendor Marketplace from 52,234 in FY21 to 66,818 in FY22, representing a 28% increase. In line with its growth strategy, the building scale of the Vendor Marketplace is expected to increase the long-term, strategic value of the Vendor Marketplace.

Financial results

Felix grew its total Group revenue to A$4.1m in FY22. Underpinning this result was strong growth in Contractor subscription revenues, increasing 39% to A$2.0m in FY22, as a result of new contract wins and expansions of existing customer licences. The small decline in Vendor revenue was in line with a deliberate strategic shift towards scaling Contractor revenue. Vendor revenue has remained stable throughout FY22.

The Company saw a significant A$1.3m improvement in its EBITDA position on FY21, attributed to management's focus on driving Contractor revenue growth and disciplined investment to deliver strategic platform developments. This is expected to drive further improvements in EBITDA and operating leverage in FY23.

In FY22, Felix successfully completed a A$6.8m strategic-led institutional placement and share purchase plan. Felix is well capitalised to execute on its sustainable growth strategy and platform expansion with cash and cash equivalents at the end of FY22 of A$8.9m.

Outlook and strategic priorities

Felix is well positioned to drive scale across its platform in FY23. The Company remains focused on executing against its Contractor-led growth plan and will focus on near-term high value Contractor opportunities progressing through the pipeline and leveraging existing customer relationships to expand existing licenses.

The InEight partnership is progressing to plan with an agreed go-to-market strategy in place which is expected to deliver significant revenue opportunities in FY23. The partnership is a key pillar of Felix's growth strategy, focused on efficiently and cost effectively entering new markets. Under the commercial framework with InEight, Felix will leverage InEight's sales, implementation and support infrastructure which is expected to provide significant operating leverage while providing access to new, large customers in North America and APAC.

In line with planned investment, Felix will continue to deliver demand-driven enhancement to the platform, AI-powered product initiatives and progress key strategic modules to further enhance Contractor value proposition. Underpinning the Company's strategic priorities in FY23 is a focus on deploying capital efficiently and executing against a budget centred on strategic platform investments, cost optimisation, operating leverage and progress towards cash flow breakeven.

Authorised for release by:

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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.