www.felix.net
Unit 1F, 24 Macquarie Street, Teneriffe 4005 QLD
Felix Group Holdings Ltd (ACN: 159 858 509)

ASX Announcement **24 November 2022**

Amended Quarterly Report – September 2022

BRISBANE Australia, 24 November 2022: Felix Group Holdings Ltd (ASX: FLX) (Felix or the Company) provides for an amendment in the business update of the Quarterly Cashflow Report (Appendix 4C) for the period ended 30 September 2022.

The business update included a minor transposition error relating to item 6.1 (payments to related parties and their associates) by $10,000. The correct figure being $223,000, not the stated $233,000. An amended business update has been included below.

There were no corrections required to the Appendix 4C form. It has been included for completeness.

Ends

Authorised for release by:

James Frayne
CFO & Company Secretary
Felix Group Holdings Ltd

For further information please contact:

Company	**Investors**
James Frayne	Harry Halstead
Company Secretary	Vesparum Capital
Mobile: +61 401 663 177	Phone: +61 3 8582 4800
Email: investors@felix.net	Email: felix@vesparum.com

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.

www.felix.net
Unit 1F, 24 Macquarie Street, Teneriffe 4005 QLD
Felix Group Holdings Ltd (ACN: 159 858 509)

ASX Announcement **24 November 2022**

Amended - Business Update & Appendix 4C – Q1 FY23

Key highlights

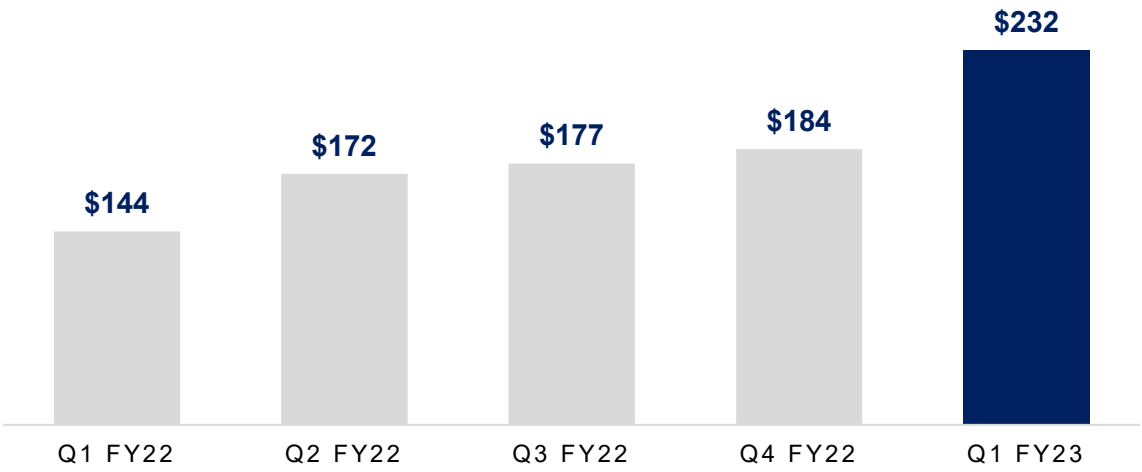
- **61% increase in Contractor MRR on Q1 FY22 to A$232k with a number of licences still to go live in the coming months**
- **A$2.9m Contractor ARR in Q1 FY23, increasing 26% on pcp, with total Group ARR of A$4.7m increasing 12% on pcp**
- **Two new Contractors signed in Q1 FY23, including a cornerstone customer in commercial construction vertical**
- **Two expansion deals signed in Q1 FY23 with the majority of existing customers licensing two modules, highlighting the significant expansion revenue opportunity**
- **73,140 Vendors in Marketplace, increasing 31% on pcp, with mandated use by Contractors driving scale and entrenching Felix's market position**

BRISBANE Australia, 24 November 2022: 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 2022 ("**Q1 FY23**").

Recurring revenue momentum

In Q1 FY23, Felix's Contractor MRR[1] for the closing month of the quarter increased to A$232k, up 61% from A$144k in Q1 FY22 (refer to Figure 1). The strong growth was driven by successful implementation of a number of new contracts, including the GPT Group contract, and other existing customer expansions. Felix expects this momentum to continue with the new BG&E Resources contract going live in October and 2 additional contracts still to be implemented.

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



[1] Contractor MRR represents the monthly recurring revenue as at the month end derived from Contractors

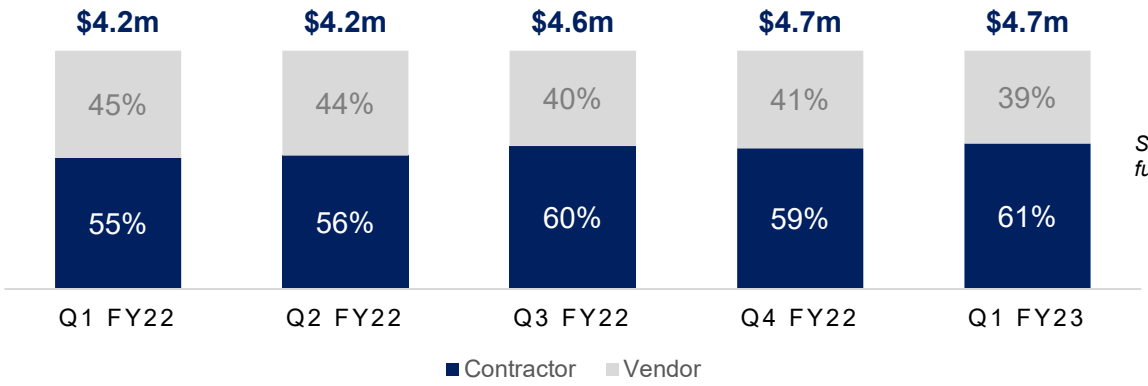
Notably, strong MRR growth in Q1 FY23 was achieved despite 2 customers churning, including a small contract with a local council and a Tier-2 construction Contractor. The latter ended their contract prior to the platform being implemented following a change in their business. Under the agreement, Felix received A$92k of implementation and licensing fees for the first year of the contract. Felix's Contractor ARR retention was 96.3% in Q1 FY22, comfortably above Felix's target threshold.

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

"We are particularly pleased by the strong MRR growth this quarter, reflecting Felix's revenue momentum, market traction and business expansion. Feedback from new and prospective customers continues to endorse Felix's unique procurement solution, reducing supply chain risk and improving efficiency, transparency and governance of Contractors. Our attention remains firmly on our proven strategy of both winning new customers and increasing platform usage of existing customers, with the team focused on a number of pipeline opportunities which could significantly enhance the revenue profile of the business."

In-line with Felix's strategic focus on scaling Contractor customers, Contractor ARR contribution increased to 61% of Group ARR in Q1 FY23, up from 55% in Q1 FY22 (refer to Figure 2). Group ARR totalled A$4.7m in Q1 FY23, including A$1.9m ARR contributed by Felix's Vendor Marketplace. Figure 3 illustrates this growth in Contractor ARR, increasing to A$2.9m in Q1 FY23 from A$2.3m in Q1 FY22. Felix closed the quarter with 40 Contractors and average ARR per customer of A$72k, increasing from A$61k in Q1 FY22, demonstrating the Company's ability to expand the value of existing customers.

Figure 2. Group Contracted ARR contribution (% of Group ARR)



See Figure 3 for further detail

Figure 3. Contractor ARR (A$m)



Contractor sales update

During the quarter, Felix continued to execute on its Contractor-led growth strategy, signing 2 new Contractors and 2 expansion deals.

Felix secured its first cornerstone customer in the commercial construction vertical with the licensing of *Vendor Management* and *Contracts* modules to Sarah Constructions. The construction company is a leader across aged care and retirement living, education, health care, recreation, residential, office, industrial and commercial sectors. The cornerstone customer provides a case study for the value of Felix's platform in the commercial construction sector and is expected to drive traction in the new vertical, with seven commercial construction Contractors already in Felix's advanced pipeline.

In addition, Felix signed BG&E Resources in Q1 FY23, an engineering & construction Contractor for the resources, industrial and renewables sectors. BG&E operates 15 offices across Australia, New Zealand, Singapore, the United Kingdom and the Middle East. Notably, BG&E initially licensed Felix's *Vendor Management* module to digitise the company's third-party network of Vendors and quickly expanded its contract to include Felix's *Sourcing* module.

In July, Felix went live with GPT Group (ASX.GPT), one of Australia's largest diversified real estate companies. The contract includes Felix's full suite of platform modules with a total contract value of A$900k over 3 years. Importantly, GPT Group is Felix's first cornerstone customer in the diversified real estate sector, with feedback to date indicating strong product-market fit for the sector characterised by large and complex construction procurement processes. Platform metrics show Felix has reduced the average days for onboarding from 1 month to ~10 days and significantly increased GPT's network of suppliers, with supplier invites increasing over 300% in a month, while also driving improvements in the visibility and scalability of their procurement process.

During the quarter, Felix successfully signed a 3-year contract renewal with CIMIC, one of Australia's largest construction companies (see ASX announcement, *Felix signs 3-year contract renewal with CIMIC Group*, 1 September 2022). Under the agreement, CIMIC licensed 3 modules for an annual recurring fee of A$494k, which is a significant expansion relative to the first year of the original CIMIC contract generating A$280k per annum. CIMIC will continue to license Felix's *Vendor Management*, *Procurement Schedule* and *Sourcing* modules, all of which are central to CIMIC's digital procurement processes. Importantly, the contract renewal leverages Felix's existing product suite and does not require additional platform development.

InEight partnership update

Felix and InEight continued to commercialise their relationship with the agreement of key commercial strategies, including a framework for sales, product engineers, support and implementation teams. In parallel, Felix and InEight are actively progressing six joint customers. Under the commercial framework, InEight will provide early sales and implementation support to new international customers delivered through the partnership, providing Felix with capital-light entry into new markets. Felix is focused on delivering its first international customer, with discussions progressing with a number of large enterprise customers in North America in addition to the joint customers with InEight.

Enterprise platform enhancements

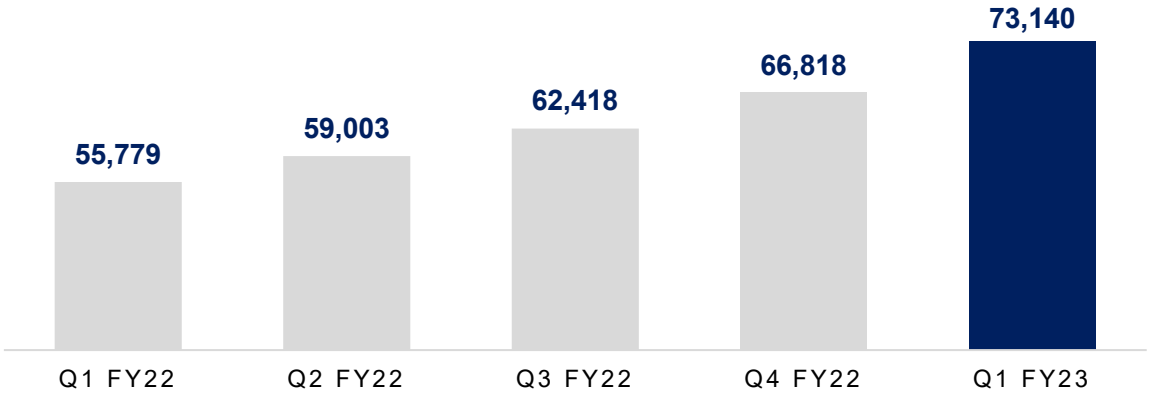
Felix has progressed key foundation work on their internationalisation strategy, including early architectural changes to facilitate the future hosting of data in different regions, detailed research into the North American market, and planning for data compliance certifications for the US and Europe. These highly strategic investments support Felix's growing number of existing domestic Contractors with international operations as well as new customer opportunities that are progressing in parallel with the certification process.

In addition, Felix released updates to *Procurement Schedule*, an improved user experience for Vendors joining the platform and other updates for bulk documents processing in response to strong customer demand.

Vendor Marketplace

Felix's Vendor Marketplace continued to grow strongly in Q1 FY23, with 73,140 Vendors on the platform, increasing 31% on pcp (refer to Figure 4). Mandated use of Felix by Contractors is driving significant scale with each new Contractor contributing to building the Vendor Marketplace at no direct cost to Felix. In addition, the growing numbers of Vendors on the platform is further entrenching Felix's market position as a central node connecting Contractors and Vendors. The depth of Felix's Contractor platform combined with the compounding network effects of the Vendor Marketplace is key to Felix's long-term, marketplace monetisation strategy.

Figure 4. Number of Vendors in the Vendor Marketplace



Key engagement metrics

Felix continues to see strong growth across key platform engagement metrics, evidence of the solution's widely used and deeply embedded nature within organisations and Vendor workflows. These include for the period ending 30 September 2022:

- Requests for Quotations (RFQ) sent by Contractors: +175% pcp
- Number of Active Projects: +125% pcp
- Total active Vendor Compliance Documents: +90% pcp
- Total Contractor User Accounts: +71% pcp

Corporate update

During the quarter, Felix reported net operating cash outflows of A$2.3m, including receipts from customers of A$1.0m.

Felix notes A$250k of payments associated with end of year employee bonuses. In addition, the company incurred A$60k of once-off redundancy costs in line with the Company's FY23 budgeted cost optimisation programme.

Payments totalling A$223k 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 A$6.4m in cash and cash equivalents. Subsequent to the end of the quarter, Felix received a significant number of cash receipts in early October totalling A$902k.

Felix will hold its Annual General Meeting (AGM) on Friday, 18 November 2022. In the interest of health and safety, the Company has adopted measures to allow securityholders to participate in the AGM remotely via an online webcast. Details of how to join the virtual meeting are provided with the Notice of Meeting (see ASX announcement, *Notice of Annual General Meeting / Proxy Form,* 14 October 2022).

Use of funds

In section 7.4 of the Prospectus, the Company provided a proposed use of funds statement for 24 months from listing. The table below only shows the use of funds from IPO, to the end of the most recent quarter 30 September 2022.

Use of funds	**Total per the Prospectus – for 24 months (A$'000)**	**Actual expenditure 12 Jan 21 to 30 September 22 (A$'000)**	**Commentary**
Marketing & growth initiatives	400	387	In-line with expectations
Platform development	5,700	5,212	In-line with expectations
Research and development	1,200	913	In-line with expectations
Working capital	3,179	2,117	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.
Total	**12,000**	**10,940**	

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:

Company	**Investors**
James Frayne Company Secretary Mobile: +61 401 663 177 Email: investors@felix.net	Harry Halstead Vesparum Capital Phone: +61 3 8582 4800 Email: felix@vesparum.com

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
FELIX GROUP HOLDINGS LIMITED	
ABN	**Quarter ended ("current quarter")**
65 159 858 509	SEPTEMBER 2022

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	1,033	1,033
1.2	Payments for		
	(a) research and development	(246)	(246)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(60)	(60)
	(d) leased assets	(52)	(52)
	(e) staff costs	(2,205)	(2,205)
	(f) administration and corporate costs	(754)	(754)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	0	0
1.5	Interest and other costs of finance paid	-	-
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**	**(2,282)**	**(2,282)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2)	(2)
	(d) investments (*see section 7*)	-	-
	(e) intellectual property	(157)	(157)
	(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)	-	-
2.6	**Net cash from / (used in) investing activities**	**(159)**	**(159)**

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	4,878	4,878
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,282)	(2,282)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(159)	(159)

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**	**2,436**	**2,436**

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	2,436	4,878
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)**	**2,436**	**4,878**

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	223
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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.

6.1. Director's fees and Managing Director's salary.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**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)	4,000	-
7.4	**Total financing facilities**	4,000	-

7.5	**Unused financing facilities available at quarter end**	4,000

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.

Term deposit – Maturing in December 2022

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,282)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,436
8.3	Unused finance facilities available at quarter end (item 7.5)	4,000
8.4	Total available funding (item 8.2 + item 8.3)	6,436
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.82

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.

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

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: 25 October 2022

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.