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Felix Group Holdings Ltd (ACN: 159 858 509)

ASX Announcement **22 July 2024**

Business Update & Appendix 4C – Q4 FY24

Key highlights

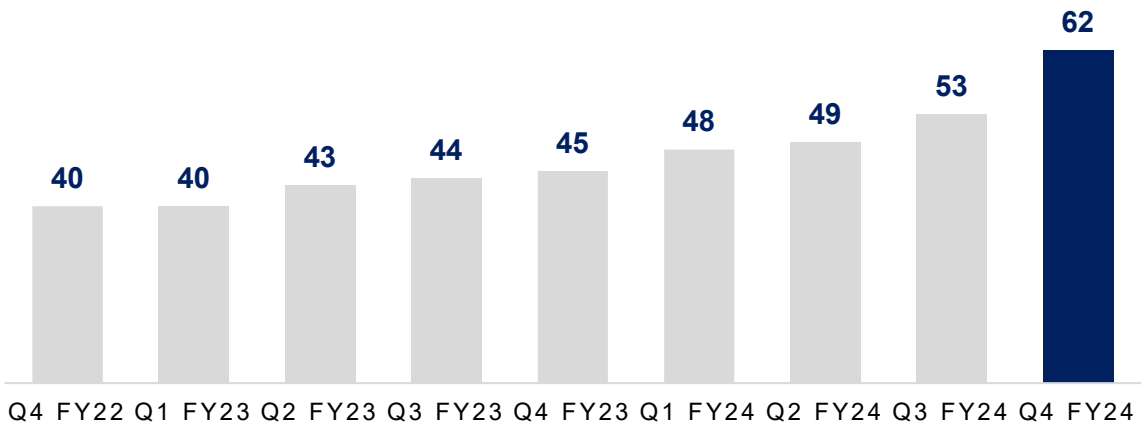
- **Record sales quarter with 9 new Contractor customers won across a range of sectors, demonstrating accelerating and broadening demand for Felix's platform**
- **Record-equaling 8 contract expansions signed in Q4 FY24**
- **$616k new ARR added in Q4 FY24 (second highest new ARR quarter), bringing Contractor ARR to $5.7m, increasing 42% on pcp**
- **Maintained high Contractor NRR (Net Revenue Retention) of 114% in Q4 FY24, highlighting Felix's ability to retain and expand accounts**
- **$7.7m Group ARR recorded in Q4 FY24, increasing 29% on pcp**
- **Achieved milestone of 100,000 Vendors in the Vendor Marketplace**
- **Felix reaffirms target of reaching cash flow breakeven in Q1 FY25**

BRISBANE Australia, 22 July 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 June 2024 ("**Q4 FY24**").

Record sales quarter

Felix has achieved a record quarter of sales in Q4 FY24 with 17 total contracts signed (54% increase on previous highest total contracts in quarter), including 9 new customers and 8 contract expansions. The strong result reflects growing demand by leading Contractors and their stakeholders for greater visibility, accountability and governance over their supply chains in a tightening compliance, regulatory and reporting environment. Furthermore, Felix continues to experience a broadening demand for the platform outside of the construction sector, with strong momentum in the mining & resources sector. At the close of the Q4 FY24, Felix now has 62 Contractor customers, up from 45 in Q4 FY23 (refer to Figure 1).

Figure 1. Contractor customers



The 9 new customers signed during the quarter represent high-quality leading Contractors across Australia, generating $489k of new ARR in Q4 FY24. Two customers licensed the full suite of Felix's modules and API, while the majority licensed the *Vendor Management* module and API. This quarter's cohort of new customers provide significant expansion opportunities through a combination of additional users, modules and deployment across other divisions or construction projects. A number of discussions are already underway and progressing.

A key contract win this quarter was with the Australian division of Korean-listed GS Engineering & Construction (KRX:006360), one of Korea's leading Contractors and eighth-largest conglomerate. This contract provides a significant opportunity for upstream expansion into the head company and its other divisions, in-line with Felix's capital-light international expansion strategy. This contract is one 16 contracts with domestic divisions of large, global businesses. Felix is actively leveraging the success with local divisions to drive sales momentum at the head company level to organically expand across further divisions and businesses of the head companies.

In addition to the GS Engineering & Construction, other contract wins include:

- **Warrikal Engineering**, a maintenance, shutdown and specialised projects contractor across the mining and construction sectors
- **Enviro Pacific**, a leading environmentally focused services company delivering specialist engineering and applied science solutions in remediation, water and resource recovery
- **Martinus Rail**, a leading rail infrastructure construction company
- **John Holland Beerburrum to Nambour Rail Upgrade** project
- **Civmec** (ASX:CVL), heavy engineering company and Tier 1 contractor to the energy, resources, infrastructure, marine and defence sectors
- **Perenti** (ASX:PRN), a diversified mining services group across contract focused on the mining sector
- **Zenith Energy**, specialising in remote off-grid power generation and urban microgrids, with a focus on renewable energy generation
- **Emeco** (ASX:EHL), a mining equipment, maintenance and project support provider

During the quarter, Felix signed 8 customer expansions, the equal highest number of contract expansions in a quarter. In aggregate, the expansions added $127k of new ARR in Q4 FY24.

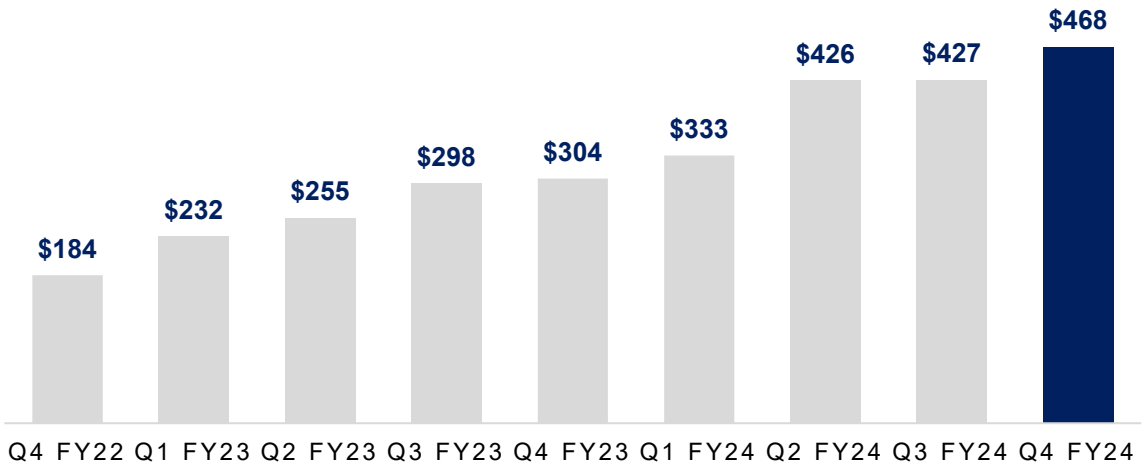
Felix's Co-Founder and CEO, Mike Davis commented:

"We close FY24 with a record quarter of new customers, record-equalling expansion deals and second highest quarter of new ARR. Across the team, we are buoyed by the growing demand and enthusiastic reception from industry for our enterprise solution, with its core focus on solving for supply chain management and visibility.

Importantly for shareholders, we are on the cusp of reaching operating cash flow breakeven in Q1 FY25 as a result of strong revenue growth and our disciplined approach to cost management throughout FY24. We enter the new financial year with strong sales traction, building operating leverage and the foundations in place for sustainable growth."

Contractor MRR[1] for the closing month of the quarter was at $468k, increasing 54% relative to June 2023 (refer to Figure 2). This was a result of a large number of customer expansions during the quarter and implementation of contract wins from the prior quarter.

Figure 2. Contractor MRR at close of quarter (A$'000)



Average ARR per Contractor was $93k in Q4 FY24, in-line with Q4 FY23. This result is consistent with Felix's strategy of growing average contract size over the medium to long term, through the signing of larger Contractor customers and expanding customer accounts.

Felix recorded Contractor NRR[2] of 114% in Q4 FY24, consistent with high ARR retention demonstrated throughout FY24. Relative to Q4 FY23, NRR has increased by 13 percentage points. This reflects Felix's ability to maintain consistently positive NRR by retaining and expanding existing customer accounts.

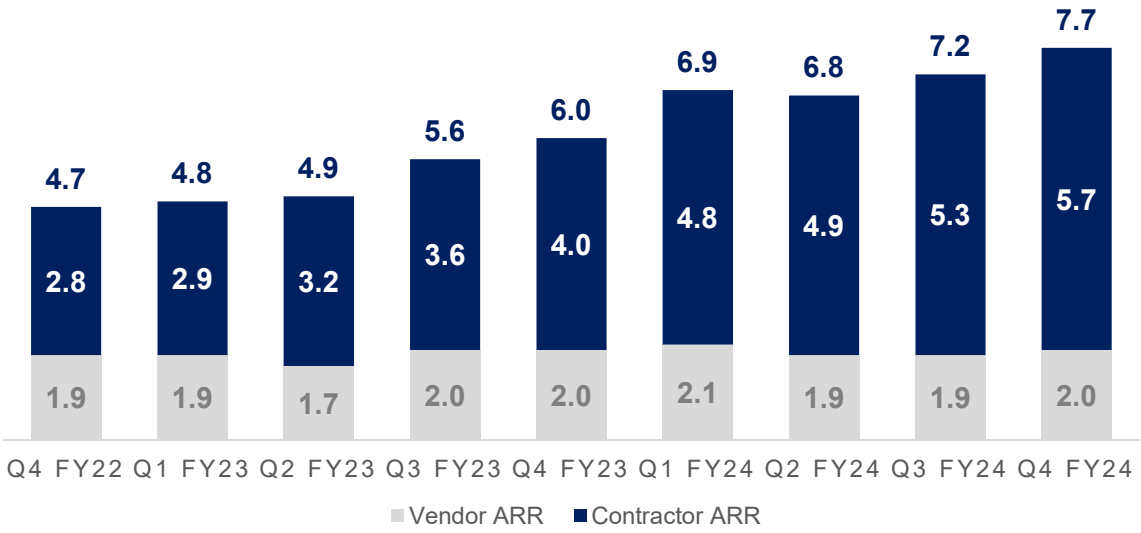
Group financial update

Together, new customer contract wins and expansions generated $616k new ARR during Q4 FY24, the second highest quarter of new ARR. During the quarter no customers churned, however 2 customers reduced the value of their contracts due to changes in business circumstances. This brings Contractor ARR to $5.7m in Q4 FY24, a 42% increase on Q4 FY23. Vendor ARR remained stable relative to prior quarters, in-line with expectations, as Felix focuses on driving scale of the Contractor platform ahead of medium-term plans of monetising the Vendor Marketplace. Total Group ARR was $7.7m ARR in Q4 FY24, increasing 29% on Q4 FY23 (refer to Figure 3).

[1] Contractor MRR represents the monthly recurring revenue as at 30 June 2024 and excludes contracts yet to be implemented

[2] Contractor NRR is calculated by comparing the contracted ARR of Contractor customers as at 30 June 2024 with the contracted ARR of the same customers as at 30 June 2023

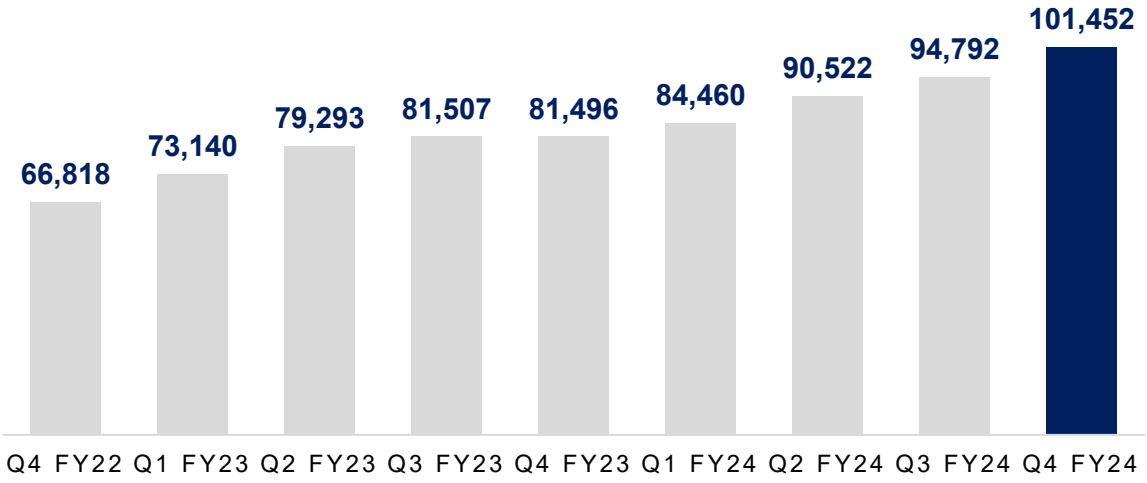
Figure 3. Contracted Contractor ARR ($m)



Vendor Marketplace reaches 100,000 Vendors

Felix grew the number of Vendors in the Vendor Marketplace to 101,452 in Q4 FY24, increasing 24% on Q4 FY23 (refer to Figure 4). Strong growth in the number of Vendors in the Vendor Marketplace supports Felix's strategic goal of monetising the marketplace in the medium-term, following development of key modules and features.

Figure 4. Number of Vendors in the Vendor Marketplace



Platform enhancement updates

Felix has continued to progress several platform development initiatives throughout the quarter. A key project is implementation of multilingual capability, which will provide a turn-key solution for large international Contractors currently in the sales pipeline. A technical proof-of-concept is currently being finalised, with initial customer testing anticipated to commence in Q1 FY25.

During the quarter, enhanced interactivity with the Pricing Schedule features were released, enabling Vendors to download detailed pricing templates and upload pricing responses. This feature provides significant time efficiencies for Vendors responding to large and complex bids. In addition, Felix launched an AI assistant, expanded the Felix API with additional endpoints and progressed the integration with Asite's Document Management platform.

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 June 2024:

- Number of Active Projects: +66% pcp
- Requests for Quotations (RFQ) sent by Contractors: +66% pcp
- Total active Vendor Compliance Documents: +34% pcp
- Total Contractor User Accounts: +18% pcp

Corporate update

Felix reported receipts from customers of $1.8m and net operating cash outflows of $757k for the quarter ending 30 June 2024. Felix reaffirms it is on target to achieve cash flow breakeven in Q1 FY25, based on anticipated receipts from customers, which are largely known due to the nature of the 3-year customer contracts, contracted expansions and implementation of new customers, and expected operating costs, which management has been prudently managing throughout FY24.

Payments totalling $175k 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 $2.1m in cash and cash equivalents.

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
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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Visit https://investorhub.felix.net for Felix's Investor Hub
https://investorhub.felix.net/link/8r6n0r

Link to video update of the Q4 FY24 business update with CEO, Mike Davis: https://investorhub.felix.net/link/WPGJgr

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	JUNE 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,790	8,614
1.2	Payments for		
	(a) research and development	(113)	(666)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(56)	(178)
	(d) leased assets	(14)	(57)
	(e) staff costs	(2,227)	(9,069)
	(f) administration and corporate costs	(190)	(2,057)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	55	132
1.5	Interest and other costs of finance paid	(2)	(8)
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**	**(757)**	**(3,289)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(24)
	(d) investments (*see section 7*)	-	-
	(e) intellectual property	(138)	(830)
	(f) other non-current assets	-	-

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	-	-
	(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) – *term deposits*	-	-
2.6	**Net cash from / (used in) investing activities**	**(138)**	**(854)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,822
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	-	(325)
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**	**-**	**3,497**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,006	2,756
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(757)	(3,289)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(138)	(854)

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)	-	3,497
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,111**	**2,111**

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	1,711	945
5.2	Call deposits	400	2061
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)**	**2,111**	**3,006**

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	175
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)	-	-
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)	(757)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,111
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,111
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.8

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?

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?

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?

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: 22 July 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.