

ASX Announcement

4 May 2022

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InEight makes strategic investment in Felix

Key Highlights

- Felix has successfully raised A\$6.4m, as part of a Placement cornerstoned by strategic partner and global construction technology company InEight Inc. (“InEight”) and with support from new and existing investors
- InEight invested A\$2.75m at A\$0.36, a 16.8% premium to the Felix’s 5-day VWAP (“Strategic Placement”)
- The remaining A\$3.7 million was placed at A\$0.30 per share via an Institutional Placement, which received strong support from new and existing institutional and sophisticated investors from Australia and overseas (“Institutional Placement”)
- The Strategic Placement follows Felix signing a strategic partnership agreement with InEight in February 2022 and further deepens the commercial and strategic relationship between Felix and InEight
- Proceeds of the placement will primarily be used to fund an increase in sales and marketing initiatives to accelerate conversion of new Contractor customers delivered by the partnership, technology development associated with the InEight partnership and working capital
- The strategic partnership has already presented 3 near-term opportunities with Australian and North American Contractors each representing revenue opportunities significantly greater than Felix’s current average ARR
- Felix is undertaking a share purchase plan (“SPP”) to raise approximately A\$1.0m, providing the opportunity for all shareholders to participate in the capital raising

BRISBANE Australia, 4 May 2022: Felix Group Holdings Ltd (ASX: FLX) (“Felix” or the “Company”) is pleased to announce it has successfully raised a total of A\$6.4m through the proposed issue of 19.9m new fully paid ordinary shares (“Placement Shares”) at A\$0.36 per share to strategic partner InEight and at A\$0.30 per share to professional and sophisticated investors (“Placement”).

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

We are excited to announce that Felix has successfully raised A\$6.4m, led by our new strategic partner and global construction technology company, InEight. We are delighted by the reception the announcement of our partnership has had with our customers, employees and pleasingly, investors as part of the successful capital raising.

We saw this transaction as an opportunity to add a highly strategic partner in InEight to our register, who is highly aligned with Felix’s long-term growth profile and value creation strategy. We are already beginning to see compelling opportunities come through our pipeline and are excited to start executing accordingly.

We are grateful for the ongoing support shown by our institutional shareholders and welcome a number of new institutional and sophisticated investors. In addition, we are pleased to offer eligible shareholders the opportunity to participate in our share purchase plan.

Strategic partnership overview

In February 2022, Felix signed its first strategic sales and collaboration agreement with InEight, a global leader in construction project management software (see ASX announcement, *InEight International Strategic Agreement*, 8 February 2022) ("Strategic Agreement"). InEight is a wholly owned subsidiary of Kiewit Corporation ("Kiewit"), one of the largest and well credentialled construction and engineering organisations in North America. In 2021, Kiewit generated US\$12.5 billion revenue and was ranked #245 in Forbes' 2021 Fortune 500 list¹.

The Strategic Agreement significantly enhances Felix's market access, providing immediate and ongoing opportunities to promote its highly complementary solution to InEight's customer base. InEight currently has over 850 enterprise customers across 60 countries with ~400,000 active users, with select blue-chip customers including Transurban, Sydney Water and Aecon, as examples. Felix and InEight are actively progressing a range of international sales opportunities in partnership, as well as pursuing a number of joint sales bids for some of Australia's largest Contractors.

The Strategic Agreement is Felix's first international partnership, demonstrating the global relevance of Felix's solution, and significantly enhances Felix's local and international profile. The Strategic Agreement complements Felix's direct sales activities in Australia and New Zealand while providing a de-risked and capital-light entry into international markets.

Update on strategic partnership

Since signing, the Felix and InEight partnership has delivered three significant near-term Contractor opportunities currently in the final stages of Felix's advanced pipeline. These opportunities, which include a leading Tier 1 Contractor, a Government & Infrastructure Contractor and a cornerstone North American Contractor, present potential average ARR opportunities significantly greater than Felix's current average ARR of A\$68k.

A further 234 InEight customers have been initially identified as high priority targets in the APAC region, with InEight to shortly commence providing introductions to high priority targets. These new partnership customers are expected to significantly reduce Felix's sales cycle, accelerating and de-risking Felix's near-term goal of doubling FY21 Contractors.

Details of the capital raising

The capital raising consists of a A\$6.4m Placement and SPP to eligible shareholders to raise approximately A\$1.0m to raise gross proceeds of approximately A\$7.4m (the Placement and SPP together, the "**Equity Raising**").

Felix expects to use the proceeds of the Equity Raising to fund:

- Sales and marketing initiatives to accelerate conversion of significant new Contractor opportunities in new and existing jurisdictions in partnership with InEight
- Platform integration and feature development associated with the strategic partnership with InEight
- Working capital and transaction costs associated with the Capital Raising

The issue price of A\$0.36 per share under the Strategic Placement to InEight represents a 16.8% premium to the 5-day Volume Weighted Average Price ("VWAP") to 29 April 2022 of \$0.308, while the issue price of A\$0.30 per share under the Institutional Placement represents a 2.7% discount to the 5-day VWAP to 29 April 2022 of \$0.308.

The SPP Shares will be issued at the lower of:

¹ Forbes, <https://www.forbes.com/companies/kiewit/?sh=3c3f28243bae>

- A\$0.30 per share, representing a 2.7% discount to the 5-day VWAP up to (but not including) 4 May 2022 of \$0.308; and
- a 2% discount to the VWAP of shares traded on the ASX during the five trading days up to (but not including), the date the SPP Shares are to be issued, rounded to the nearest cent.

All shares issued under the Equity Raising will rank equally with existing fully paid shares in Felix.

Bell Potter Securities is acting as Lead Manager and Bookrunner for the Equity Raising and Thomson Geer as legal advisor.

Placement

The placement to institutional, professional and sophisticated investors closed on 3 May 2022, raising gross proceeds of approximately A\$6.4m (before transaction-related costs), with 19.9m new ordinary shares ("Placement Shares") to be issued. The Placement includes a A\$2.75m investment from InEight equivalent to approximately 5.0% of Felix's issued capital following the Placement.

The allotment of the Placement Shares will be issued within Felix's 15% placement capacity under ASX Listing Rule 7.1. The Placement was not underwritten.

Share Purchase Plan

In addition to the Placement, the Company is pleased to offer a SPP to raise approximately A\$1.0m. The SPP will be offered to holders of fully paid ordinary shares in Felix as at 7:00pm (Sydney time) on the record date of 7:00pm (Sydney time) on 3 May 2022 who have a registered address in Australia or New Zealand ("Eligible Shareholders"). The SPP recognises the ongoing support of Felix's retail shareholders and has been sized taking into consideration the makeup of Felix's share register. Felix reserves the right to increase the size of the SPP or to scale back applications in its absolute discretion.

Eligible shareholders will have the opportunity to subscribe for up to \$30,000 of ordinary shares in Felix ("SPP Shares") free of any brokerage, commission and transaction costs. Terms and conditions of the SPP are set out in the SPP offer booklet to be sent to Eligible Shareholders in relation to the SPP ("SPP Offer Booklet"). The Offer Booklet will contain instructions on how to participate in the SPP. The SPP is not underwritten.

The SPP offer is expected to open at 9:00am Tuesday, 10 May 2022 and will close at 5:00pm, Tuesday 24 May 2022.

Felix confirms that the number of SPP Shares to be issued under the SPP:

- is not greater than 30% of the Shares already on issue in compliance with the requirements of ASX Listing Rule 7.2, exception 5; and
- will, given the alternative pricing, be at least 80% of the VWAP of Shares calculated over the last 5 days on which sales in Shares were recorded before the date of issue of the SPP Shares under the SPP or at least 80% of the VWAP of Shares calculated over the last 5 days on which sales in Shares were recorded before the date of this announcement, in compliance with the requirements of ASX Listing Rule 7.2, exception 5.

Further details regarding the terms and conditions of the SPP will be sent out in an SPP Offer Booklet which is expected to be lodged with the ASX on Monday, 9 May 2022.

Indicative Equity Raising Timetable*

Share Purchase Plan Record Date	7:00pm, Tuesday, 3 May 2022
Announce Share Purchase Plan, results of Placement, lodgement of Appendix 3B and resume trading on the ASX	Wednesday, 4 May 2022
Despatch of SPP Offer Booklet and release of SPP Offer Booklet on the ASX platform	Monday, 9 May 2022
Share Purchase Plan Offer opens	Tuesday, 10 May 2022
Issue Date of Placement Shares Issued under the Placement	Tuesday, 10 May 2022

Commencement of trading of Placement Shares issued under the Placement	Wednesday, 11 May 2022
Share Purchase Plan Offer closes	5:00pm, Tuesday, 24 May 2022
Issue Date of SPP Shares issued under the Share Purchase Plan	Tuesday, 31 May 2022
Commencement of trading of SPP Shares issued under the Share Purchase Plan	Wednesday, 1 June 2022

*All dates and times are indicative and subject to change without notice. All dates and times are Sydney time.

Further Information

Further details of the Equity Raising are set out Investor Presentation provided to the ASX on 4 May 2022 and in the SPP Offer Booklet which is expected to be lodged on the ASX Platform on Monday, 9 May 2022. The Investor Presentation contains important information including key risks and foreign selling restrictions.

Authorised for release by:

The Board

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.

Not an offer of securities

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