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Felix Group Holdings Ltd (ACN: 159 858 509)

ASX Announcement 23 November 2023

Chairman’s Address to Shareholders

Felix Group Holdings (“**Felix**” or the “**Company**”) will today address shareholders at its Annual General Meeting, commencing at 9:00am (AEST).

In accordance with ASX Listing Rule 3.13.3, please see below the Address to be delivered by the Chairman, Michael Bushby.

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Good morning, I am pleased to deliver an update on Felix’s strategy prior to beginning the formal section of this the 2023 Felix Group Holdings Annual General Meeting. Our Co-Founder and CEO Mike Davis will then give a more fulsome update on the Company’s recent operational achievements and outlook. There will be an opportunity for our shareholders to ask any questions towards the end of the meeting.

Felix continues to strengthen its position as a leading enterprise procurement management platform and Vendor Marketplace, connecting Contractors with their supply chain of third-party Vendors. Strong demand for our platform has been driven by industry conditions, including the need for greater supply chain transparency and growing ESG, legislative, and productivity obligations.

In FY23, we have continued to execute on our Contractor-led growth strategy, with 11 new Contractors added, including leading Tier 1 Contractors – Laing O’Rourke Australia, BMD Group, and NRW Holdings (ASX:NWH) – bringing the total number of Contractor customers to 45 at the end of FY23. There has also been considerable traction and opportunity beyond our initial target industries, particularly in the adjacent sectors of mining and resources. This has been evidenced by the contracts signed with Pilbara Minerals and a leading ASX-listed gold miner. Broadening industry adoption of the Felix solution highlights the comprehensive platform available for Contractors with complex supply chains.

This year, Felix has also seen consistent success in its ability to generate high margin expansion revenue by adding further value for existing customers. In FY23, Felix signed a record 20 expansion deals, including notable contracts with CIMIC and Downer Group. We have seen our Contractor customers sign expansion deals for a variety of reasons, including adoption of subsidiaries, upselling to parent organisations, expanding to larger enterprise contracts from initial pilot projects, and additional module or user expansion once value of the platform has been demonstrated.

Felix’s continued focus on scaling the number of Contractors on its platform provides significant strategic benefits for the Vendor Marketplace. As Contractor customers mandate the use of Felix’s Vendor Marketplace across their supply chain of third-party vendors, the scale and value of the marketplace continues to grow at limited establishment cost to Felix. This year, Felix welcomed close to an additional 15,000 vendors, significantly enhancing the value of the Vendor Marketplace and future monetisation opportunities, underpinning Felix’s long-term growth potential.

Felix also completed a A$3.8m capital raising during the year via an Institutional Placement and Share Purchase Plan. The funds raised have strengthened Felix’s balance sheet to support its Tier 1 customer pipeline, including opportunities with leading global Contractors.

In the year ahead, we remain focused on delivering against our strategic objectives, including the acceleration of Tier 1 Contractor growth. With strong sales momentum in FY23, as well as in early FY24, Felix is well-placed to convert our significant pipeline of both domestic and international customers. Felix will also focus on continuing to unlock significant expansion revenue across the existing Contractor customer base. Our attention remains firmly on executing our disciplined FY24 budget, which is focused on optimising costs and driving operating leverage as Felix progresses towards sustainable cash flow breakeven in Q1 of FY25.

Before we move on, I would like to thank our CEO, Mike Davis, along with the rest of the Felix management team for their continued contribution to the Company's growth and success. I would like to thank my fellow Board of Directors for their outstanding support for Felix. And lastly, I would like to thank all our shareholders for your support throughout the past year.

Authorised for release by:

Mike Davis
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.