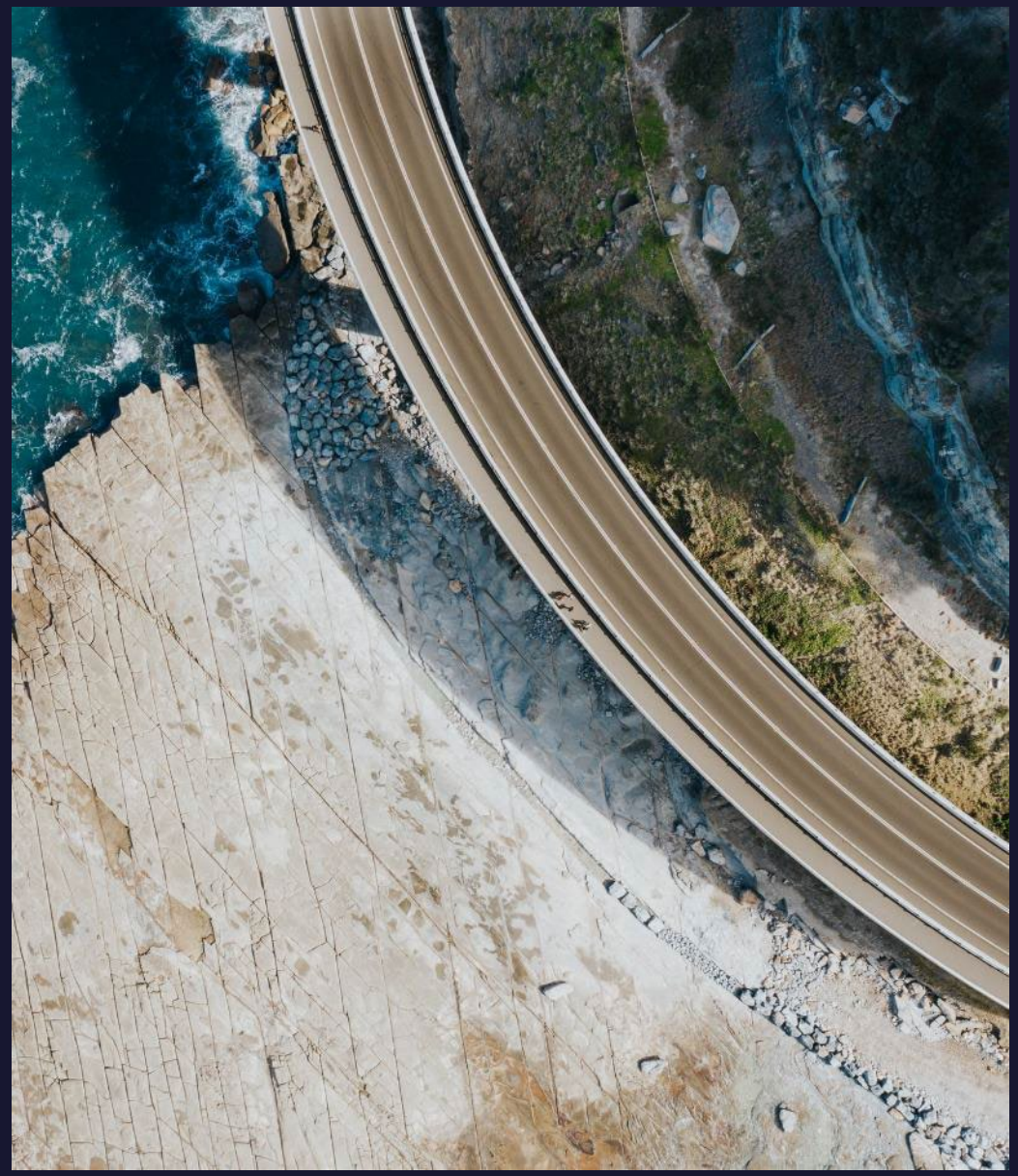
Felix AGM Presentation

November 2023



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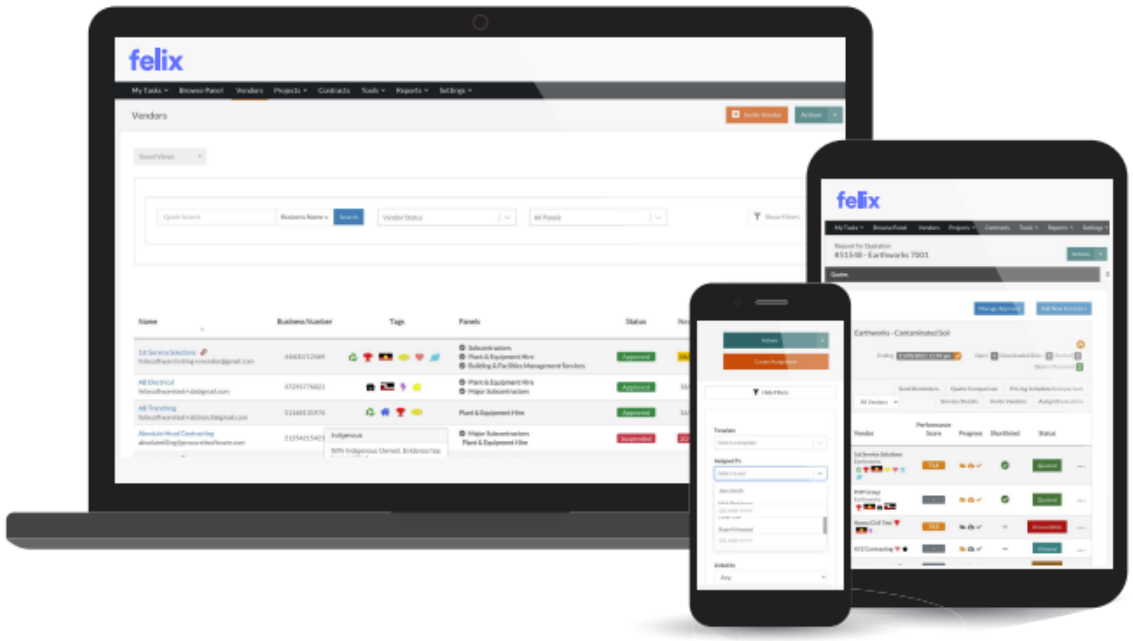
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Felix overview

Felix snapshot

Leading enterprise platform for capital asset sectors to manage their high-risk and diverse supply chains



Established procurement management platform linking Contractors and Vendors, digitising and automating complex supply chains

Trusted by Tier 1 Contractors to manage risk, increase productivity and minimise spend leakage across the procurement cycle

Rapidly growing Vendor Marketplace for Contractors and Vendors to find, manage and engage, accelerated by network effects as Felix scales

Strategic partnership with InEight, a global leader in construction management technology, providing capital-light entry into targeted international markets

Structural tailwinds including government infrastructure spending, tightening legislative & compliance environments and ESG requirements supporting long-term growth

Established platform connecting industry players

Felix links Contractors and Vendors, digitising and automating complex procurement supply chains

Contractors

(e.g. CIMIC) engage a supply chain of third-party Vendors to deliver capital projects





Vendors

(e.g. Boral) are contracted to deliver specific works or supply materials



Consultants



Suppliers



Subcontractors

Integration

Felix seamlessly integrates with other business aplications



ERP Platform



Document Management



Compliance Tools

End-to-end solution

Felix enables Contractors and Vendors to efficiently find, manage and engage each other

Contractor modules

Vendor Management

Seamlessly manages all tiers of Contractors' supply chain of third party Vendors

Sourcing

Enables project teams to manage sourcing activities with centralised documentation

Procurement Schedule

Streamlines planning, execution and auditing of sourcing activities providing Contractors accurate visibility and control over procurement activities

Contracts

Stores all contracts and contract summaries in a centralised, secure and easily searchable repository

Core focus

License-fee model based on number of modules, user accounts and Vendors

Vendor modules

Vendor Marketplace

Enables Contractors to discover new Vendors outside of their existing supply chain

Vendor Wallet and Passport

Streamlines and validates the prequalification process for Vendors

Planned development

Freemium model for Vendors

Highly strategic leading Contractors

Tier 1 and leading Contractors trust Felix to automate and digitise high risk procurement supply chains



Note: Select customers only.

Q1 FY24 highlights

Q1 FY24 highlights

Strong sales momentum with Contractor ARR growth of 69% on pcp

$6.9m

Group ARR
+47% on Q1 FY23

$4.8m

Contractor ARR[1]
+69% on Q1 FY23

$333k

Contractor MRR[2]
+44% on Sep-22

48

Tier 1 and leading Contractors
+20% on Q1 FY23

127%

Contractor net revenue retention[3] (NRR) rate

3

New Contractors signed in Q1 FY23

3

Expansion deals signed in Q1 FY23

84.5k

Vendors in the Marketplace
+15% on Q1 FY23

1. Contractor ARR is the sum of contracted annualised recurring fees for all Felix Contractor customers, which includes contracts yet to be implemented.
2. Contractor MRR represents the monthly recurring revenue as at September 2023.
3. Contractor net revenue retention (NRR) is calculated by comparing the contracted ARR of Contractor customers as at 30 September 2023 with the contracted ARR of the same customers as at 30 September 2022.

Group ARR

Group ARR of $6.9m in Q1 FY24, representing a 47% increase on pcp, supported by strong conversion of the Contractor pipeline

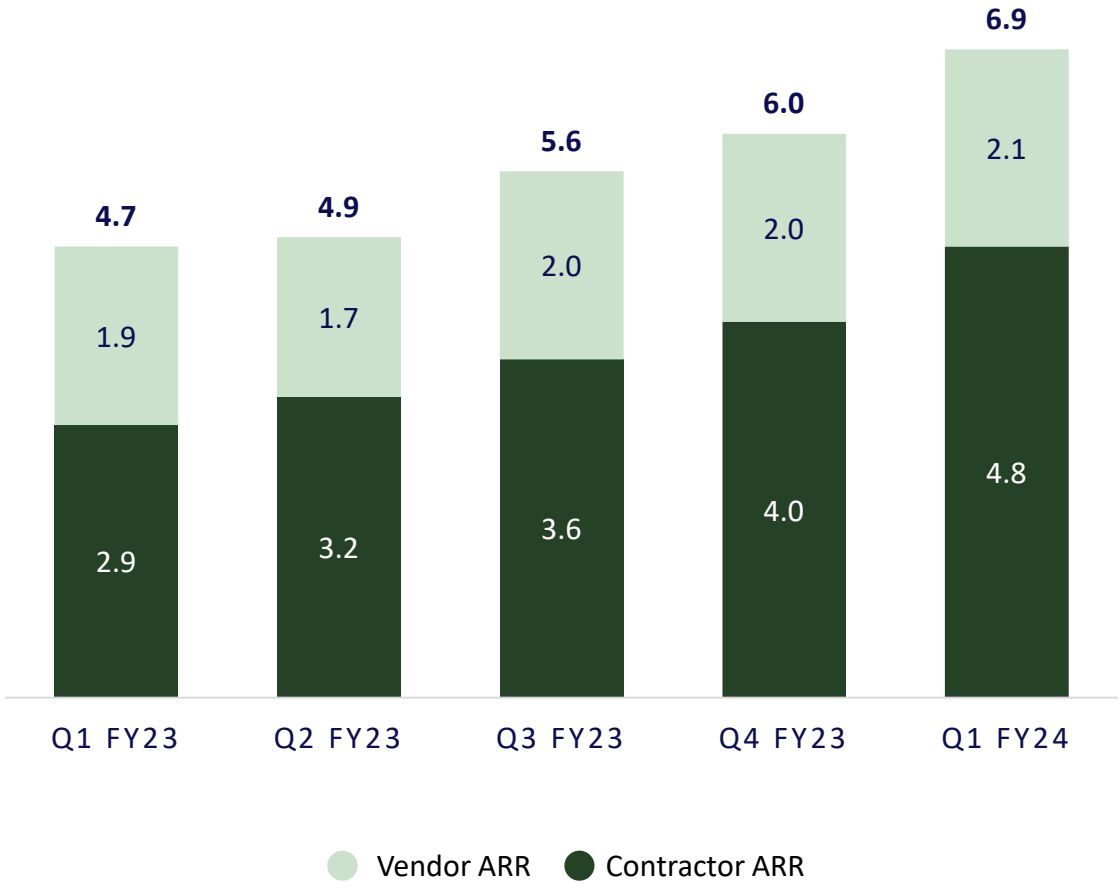
Record new Contractor ARR in Q1 FY24 of $800k, with Contractor ARR of $4.8m, increasing 69% on pcp

Strategic focus on growing Contractor ARR:

- Contractor licence fees represent a high margin-opportunity relative to current Vendor ARR
- High strategic value placed on Contractors given onboarding of their respective third-party Vendors at no acquisition cost to Felix
- High Contractor net revenue retention (NRR) rate of 127%[1] highlights stickiness, Felix's attractive proposition and module expansion opportunities
- Felix becomes deeply embedded in mission critical procurement processes, driving long-term engagement
- Adoption by new Contractors reinforces and accelerates the network effect, attracting more Vendors to the marketplace to bid for opportunites

Vendor ARR of $2.1m in Q1 FY24, increasing 13% on pcp, in-line with Contractor focussed growth strategy

Group Contracted ARR ($m)

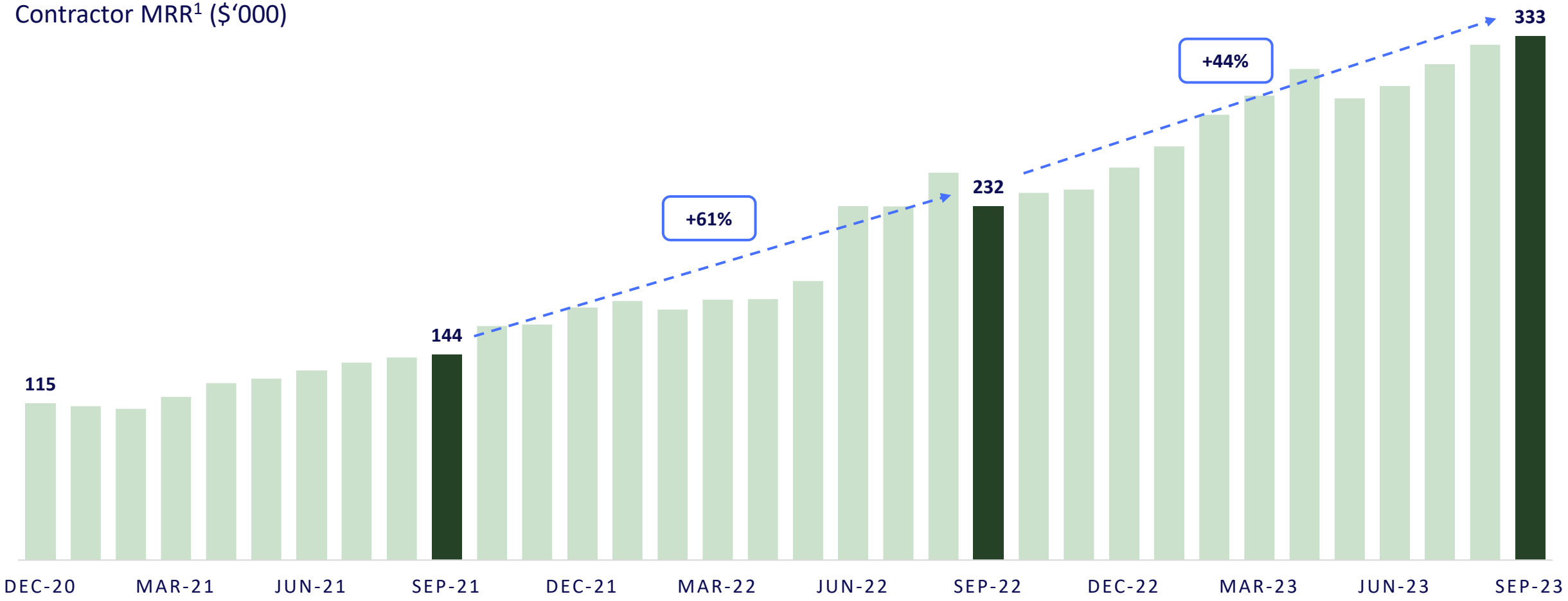


1. Contractor net revenue retention (NRR) is calculated by comparing the contracted ARR of Contractor customers as at 30 September 2023 with the contracted ARR of the same customers as at 30 September 2022.

Monthly recurring revenue momentum

Contractor MRR continues to grow, providing further validation of the Contractor-led strategy

Contractor MRR[1] ($'000)

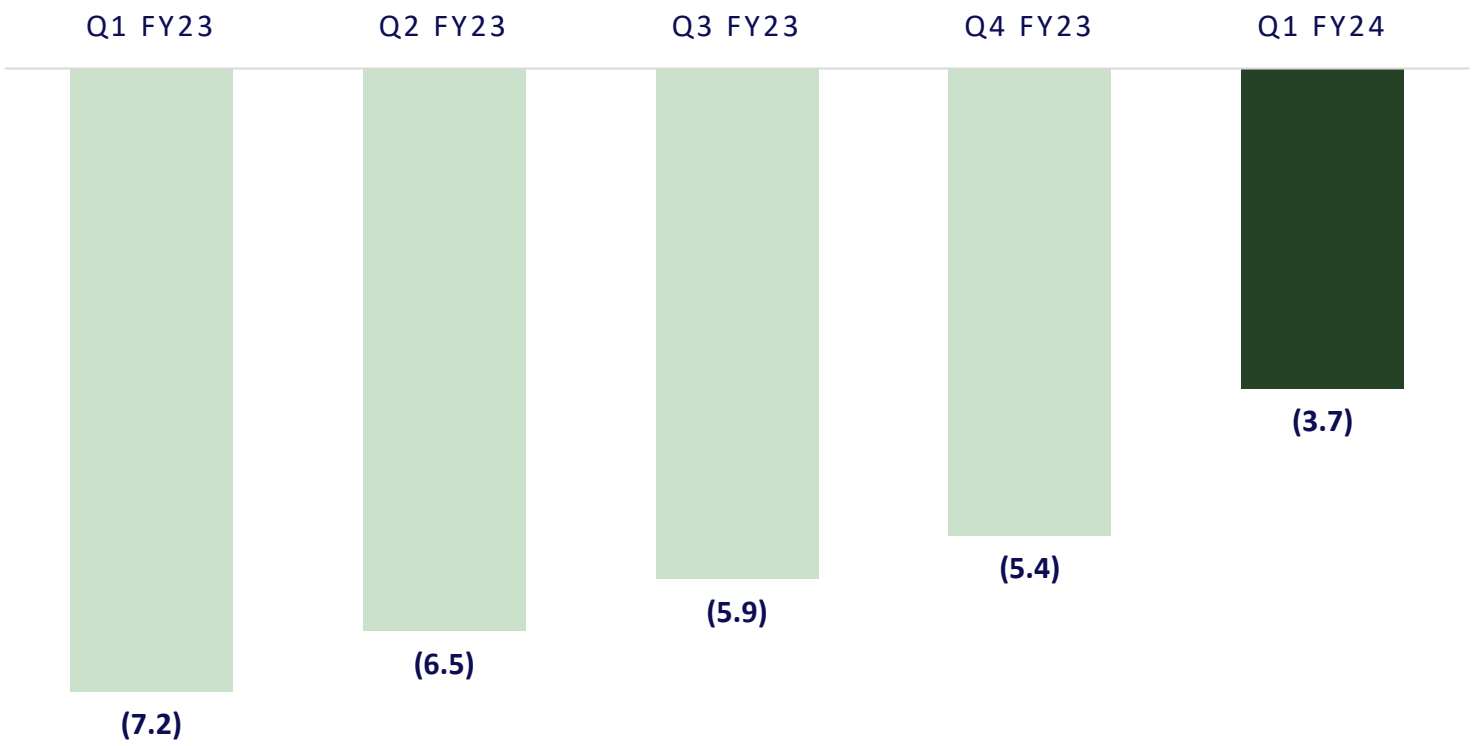


1. Contractor MRR represents the monthly recurring revenue as at month-end.

Improving cashflow position

Improvement in net operating cash outflows, highlighting growing operating leverage and supporting pathway to cash flow breakeven in Q1 FY25

Trailing twelve months net operating cashflow ($m)



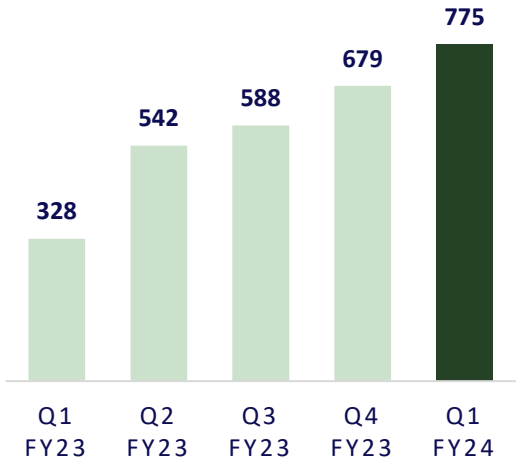
- Chart represents the trailing 12-months net operating cash flows as at the close of each quarter
- Trajectory demonstrates continued improvement, outlining a clear pathway to cashflow breakeven by Q1 FY25
- FY24 cost base expected to be in-line with FY23, while maintaining top line momentum and flexibility to manage costs in-line with growth
- New international opportunities represent high margin revenue opportunities leveraging prior investment in internationalisation of the platform and InEight partnership
- Vendor Marketplace already operating at cashflow breakeven

Platform engagement metrics

Engagement across key platform metrics reflects Felix becoming entrenched in Contractor operations

Active Projects

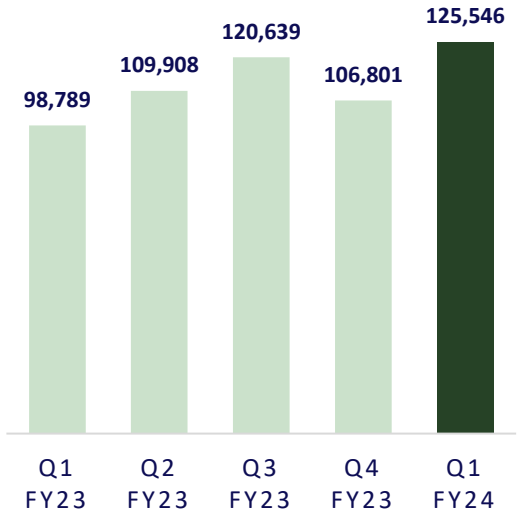
+136%
on pcp



Rapid penetration of platform across Contractor projects

Active Compliance Documents

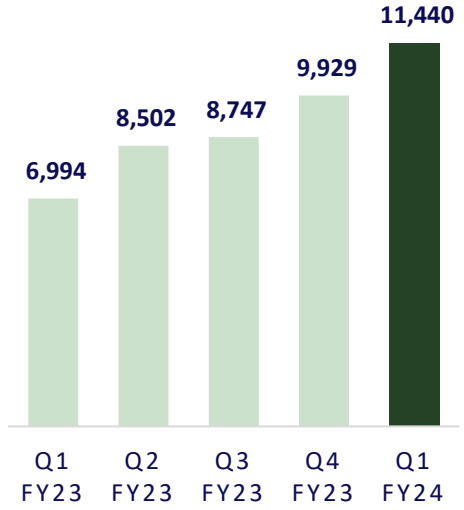
+27%
on pcp



Reflects ongoing usage of *Vendor Management* module, providing significant opportunity to automate document workflows

Requests for Quotations (RFQ)

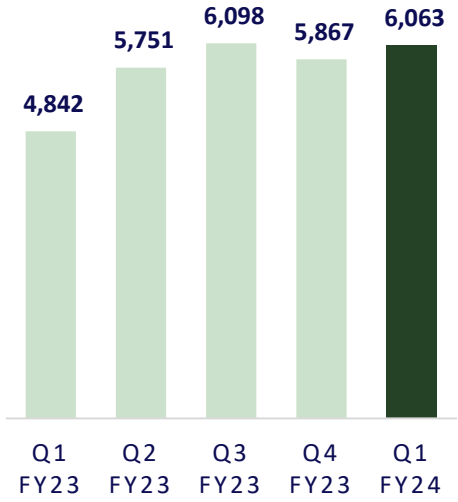
+64%
on pcp



Demonstrates growing use by Contractors to source quotes from Vendors, incentivising Vendors to join the Marketplace to access new projects

Contractor User Accounts

+25%
on pcp



Growth on pcp driven by expanding usage across Contractors internal workstreams and new Contractors

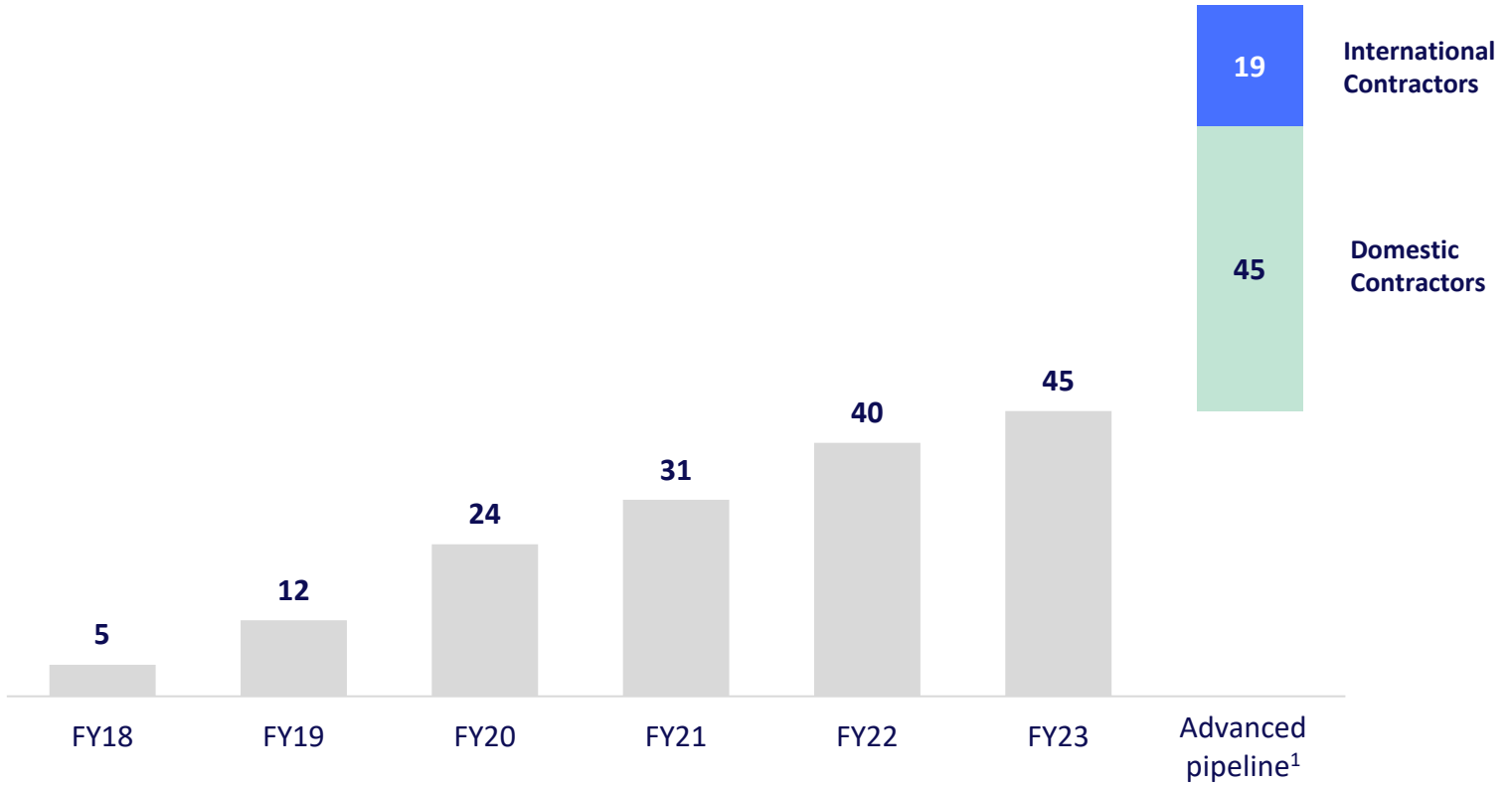
Note: Engagement metrics as at the close of each reporting period.

Growth strategy

- Large domestic and international Contractor pipeline and expansion into adjacent sectors
- Capitalise on expansion opportunities with existing customers
- Unlock the value of Felix's Vendor Marketplace
- Strategic platform development

Focus on pipeline conversion

Strong and growing pipeline of domestic and international customers



Conversion approach and focus:

- Build on strong ongoing sales momentum from FY23 and early FY24 to continue driving adoption in both target and adjacent sectors
- Leverage recent demand within mining and resources sector, with the convergence of significant supply chain, ESG and legislative pressures driving strong demand for Felix
- Focus on 19 large global Contractor opportunities across deep addressable markets – JAPAC, EMEA and North America
- Execute on active joint-bid opportunities with InEight for major value-chip Contractors, who operate in Felix's target international markets

1. Number of advanced and qualified prospective Contractors as at 29 August 2023.

International expansion

Opportunity in target international markets

- Average ARR of international opportunities of $192k, significantly higher than current average Contractor ARR of $94k
- Named preferred bidder on two opportunities which, if signed, are expected to be some of Felix's largest contracts
- International Contractors requires longer sales cycles given size and scale, however provide opportunities to reshape Felix's financial profile

InEight partnership

- Opportunistic international expansion opportunity with InEight partnership providing access to large global Contractors at limited sales & marketing cost to Felix

Platform internationalisation

- Investment to date into infrastructure and security posture provides platform to scale and expand international Tier 1 customer base
- Development of integrations with InEight and Felix platform updates to further expand international opportunity

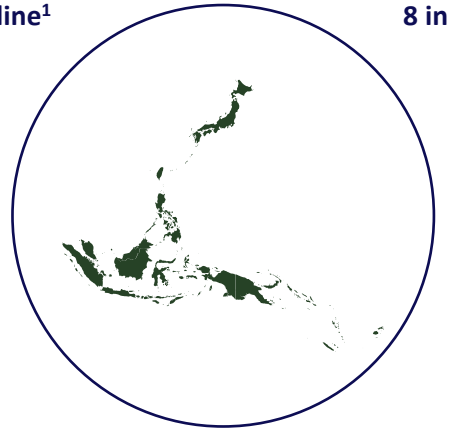
Targeted and capital-light expansion strategy into select international markets



NORTH AMERICA
6 in advanced pipeline[1]



EMEA
8 in advanced pipeline[1]



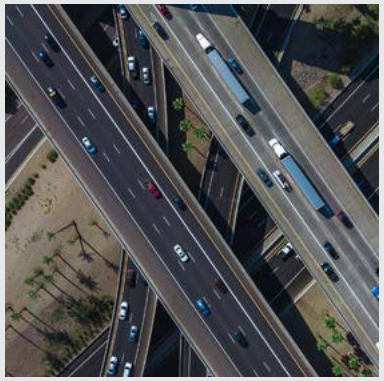
JAPAC
5 in advanced pipeline[1]

1. Number of advanced and qualified prospective Contractors as at 29 August 2023.

Penetration of adjacent sectors

Leveraging success in initial target sectors to drive traction in high value adjacent sectors

Continued focus on and traction across initial target sectors



Government & Infrastructure

LAING O'ROURKE

Feb 2022



Engineering & Construction

BMD

Jan 2023

Broad applicability of platform validated by traction in adjacent sectors



Energy & Utilities

SOUTHERN PORTS AUTHORITY

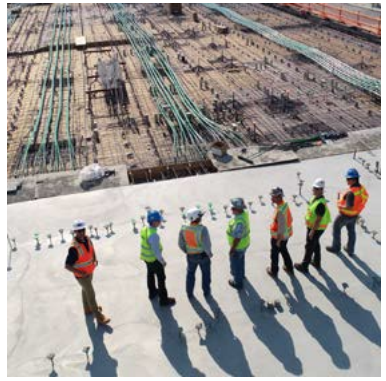
Nov 2021



Diversified Real Estate

GPT The GPT Group

Jan 2022



Commercial Construction

SARAH

Sep 2022



Natural resources

Pilbara Minerals

Powering a sustainable energy future

NRW Holdings

Jul 2023

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Land and expand opportunity

Opportunities to generate high margin / low CAC revenue from existing customers

Land

Single module, project or small number of user accounts

$36k

2018

Vendor Management (Divisional)

Expand

Multiple projects, additional models, expanded user accounts or new regions

$100k

2020-2021

Vendor Management (Full Enterprise)
Sourcing (Divisional)

Scale

Enterprise agreement, licensing all relevant modules across multiple teams and regions

$210k

2022+

Vendor Management (Full Enterprise)
Sourcing (Full Enterprise)
Procurement Schedule (Full Enterprise)
Contract Management (Full Enterprise)

Demonstrated ability to generate revenue from existing customers through:

- ↘ Upselling to large parent organisations and rolling Felix out across multiple subsidiaries (e.g. NRW Holdings)
- ↘ Successfully completing initial pilot contract and expanding to larger enterprise contract (e.g. Fulton Hogan contract which expanded from $35k to $133k ARR)
- ↘ Proving value during smaller infrastructure projects, which provides further validation when bidding for larger enterprise contracts (e.g. Contract with Nexus Consortium led by Laing O'Rourke (LOR) in Oct-22 leading to seperate enterprise contract with LOR generating $249k ARR in Feb-23[1])
- ↘ Leveraging demand from existing customers to take out additional modules or add users once initial value of the platform has been proven

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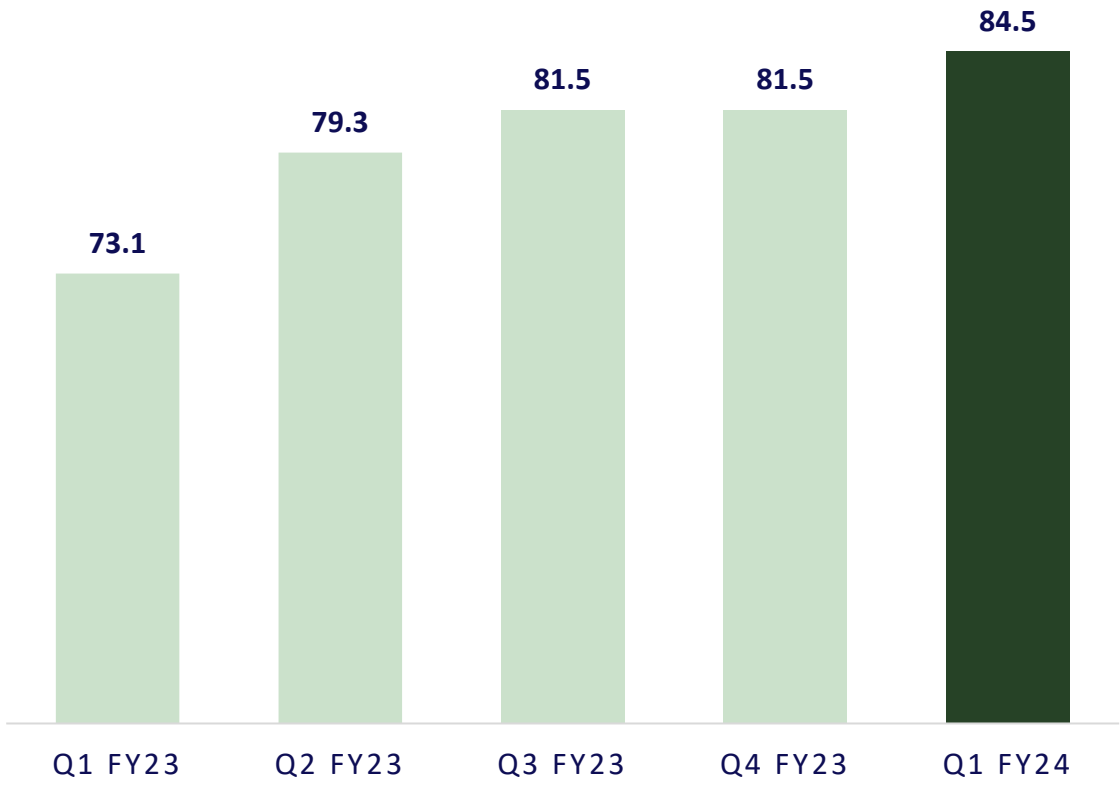
1. See ASX announcement, *Felix secures new Tier 1 contract across full module suite*, 6 February 2023.

Vendor Marketplace monetisation

- Contractor-led strategy accelerating Vendor Marketplace take-up as new Contractors mandate usage of Felix across respective Vendors
- Each Contractor therefore contributes to building the Vendor Marketplace at no direct acquisition cost to Felix
- Number of Vendors in the Vendor Marketplace at 84,460 in Q1 FY24, an increase of 15% on Q1 FY23
- Staged approach to growth focuses on enhancing the scale and value of the Vendor Marketplace ahead of monetisation in the medium-term:
  - **Increase the number of Contractors** on the platform, thereby growing the number of Vendors on the platform, driving increased RFQs submitted by Contractors
  - **Develop new functionality for Vendors** including AI-powered Vendor compliance document automation to significantly streamline qualification process for projects
  - **Release new modules** to significantly enhance the value proposition and drive Vendor conversion and retention
  - **Transition to new subscription revenue model** once Marketplace has reached sufficient scale

Long-term growth underpinned by significant opportunity to unlock the value of the Vendor Marketplace

Vendors in the Vendor Marketplace ('000)



Strategic platform development

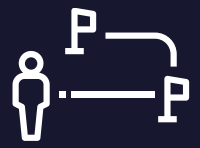
Investment to expand markets and enhance platform value



Current focus

- ✓ Data compliance certifications for US and Europe
- ✓ Deployment of AI-powered document information extraction and validation to provide significant operational and strategic benefits for Vendors and Contractors

Continue making architectural updates to facilitate local hosting in new regions, supporting Felix's growing number of existing Contractors with international operations

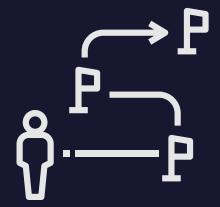


Medium-term focus

Integrated ecosystem including an expanded InEight Connected Solution along with fraud detection and risk monitoring partnerships

Core module enhancements that provide expanded supply chain coverage and increased capability of *Sourcing* module

Ongoing security investment for Vendors and Contractors



Long-term focus

Vendor modules, including *Compliance Passport* with a long-term view towards significant Vendor monetisation opportunity

Project compliance benchmarking and reporting functionality

Additional partner integrations for an expanded integration ecosystem

Expanded *Contract Management* capability

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Outlook

FY24 priorities

Accelerate Tier 1 Contractor growth

Strong momentum with large Tier 1 contract wins in Q4 FY23 and early FY24. Significant pipeline growth of domestic and international prospects with Felix named as preferred bidder for 2 large global Contractors, in addition to numerous other Tier 1 domestic Contractors providing near-term ARR growth opportunities

Unlock expansion revenue

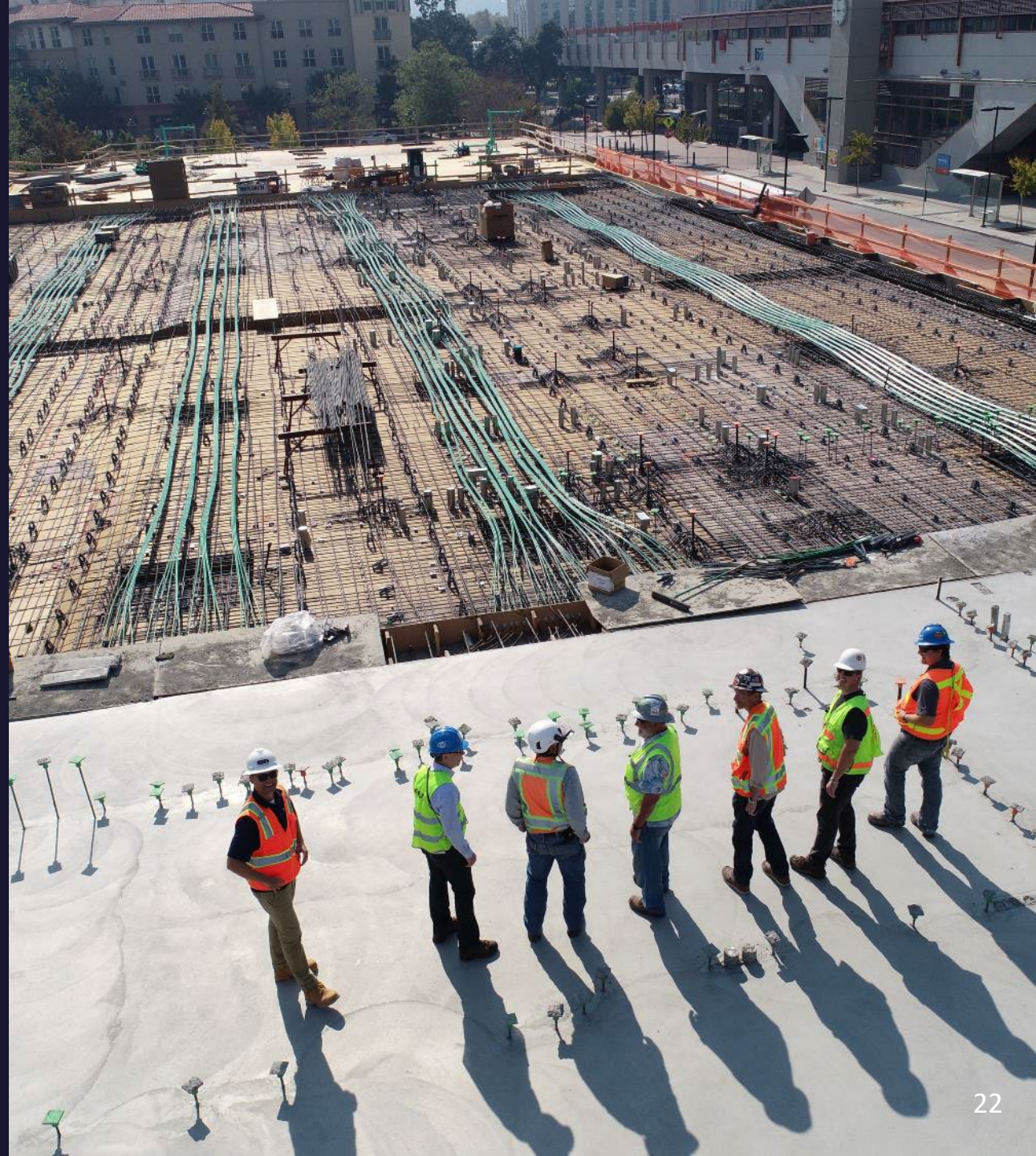
Significant near-term ARR expansion upside across existing cohort of 48 Contractors through contracted usage ratchets as customers ramp their usage of Felix. Further module uptake and upselling into global parent companies provide additional growth opportunities

Disciplined FY24 budget

Cost base provides platform to scale and convert pipeline leading to inflexion point in Felix's financial profile

Progress towards positive operating financial performance

Operating leverage driving lower cash burn over the next 12 months which is expected to deliver sustainable cash flow breakeven from Q1 FY25



Favourable industry backdrop

Structural tailwinds support long-term growth



Compliance

Increasing legislative requirements, such as the *Modern Slavery Act 2019*, and supply chain complexity create significant risk for Contractors



ESG

Contractors are pursuing initiatives to improve ESG performance including sustainable materials sourcing, raising female participation and supporting Indigenous engagement requiring firms to source and engage appropriate Vendors



Digitisation

Errors, delays, disputes and rework – caused by ineffective supply chain management – have significant impacts on overall project costs, loss of reputation and penalties, driving Contractors to adopt technology to ensure accurate, real-time and comprehensive data flows



Infrastructure spending

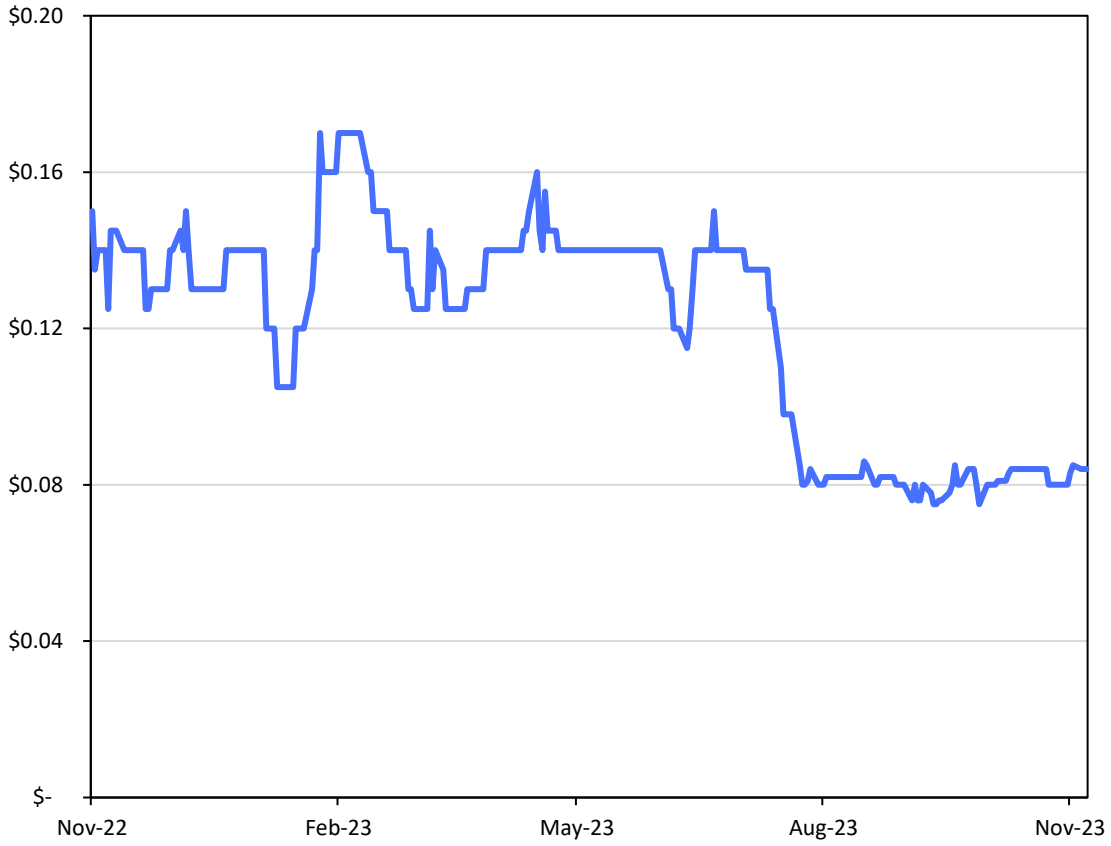
Government initiatives to stimulate economies post-COVID-19 include prioritised spending on a range of infrastructure-led construction projects. For example, the Australian Government's A$110bn land transport infrastructure program[1]

1. Australian Government 2020-21 Budget, The Department of Infrastructure, Transport, Regional Development and Communications, Oct 2020.

Additional information

Corporate Overview

Share price performance (last 12 months)



Substantial shareholders	
David Williams	14.4%
Perennial Value Management	11.9%
Thorney Investment Group	9.1%
Salter Brothers Emerging Companies	9.0%
George Rolleston (NED)	6.9%
Mike Davis (Co-Founder and CEO) and Michael Trusler (Co-Founder and NED)	6.4%
InEight (Strategic partner)	4.9%

Financial information	
Share price (22-Nov-23)	$0.084
52-week trading range (low / high)	$0.07 / $0.17
Shares on issue	204.5m
Market capitalisation (22-Nov-23)	**$17.2m**
Cash (30-Sep-23)	$5.5m[1]
Debt (30-Sep-23)	N/A
Enterprise value (22-Nov-23)	**$11.7m**

Trading data source: IRESS.
1. Figure excludes $450k ATO R&D tax incentive received subsequent to quarter end

Board and Management



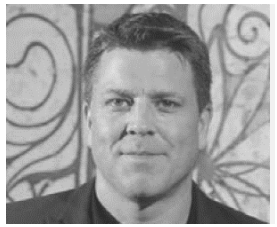
Michael Bushby
Chairman

- 30 years' experience in Government including former Chief Executive of Roads & Traffic Authority in NSW
- Senior experience in the transport infrastructure sector
- Previous Chairman of transport technology company EROAD Ltd (NZX:ERD) and previous Board member and President of Roads Australia



Michael Trusler
Non-Executive Director & Co-Founder

- Co-Founder of Felix
- Over 5 years' of experience as a civil engineer with MCG Group, Leighton and Inten Constructions
- Holds a Bachelors' degree in Engineering



Rob Phillpot
Non-Executive Director

- Global Construction Tech leader with over 20 years' experience
- Co-founded global leading collaboration platform Aconex (ASX:ACX), which was acquired by Oracle in the largest tech acquisition in Australian history at the time



George Rolleston
Non-Executive Director

- Over 15 years' transactional and advisory experience across a range of industries
- Sits on a number of boards in industries ranging from tourism, finance, software and medical technology, including MHM Automation Ltd (NZX:MHM)



Joycelyn Morton
Non-Executive Director

- Extensive corporate experience in Australia and internationally across a variety of industries
- Currently serves as a non-executive director of Argo Global Listed Infrastructure (ASX:ALI), Argo Investments (ASX:ARG), and Gelion Plc (AIM:GELN)



Mike Davis
CEO, Managing Director & Co-Founder

- Co-Founder of Felix
- Over 15 years' experience in running technology companies, including founding and leading global e-commerce business Canvas & Canvas



James Frayne
Chief Financial Officer

- Former Senior Accountant at Grant Thorton in the privately held business and taxation divisions
- Holds a Bachelor's Degree in Business and an MBA from QUT
- Member of the Institute of Chartered Accountants Australia and New Zealand



Steve O'Keeffe
Chief Technical Officer

- 15 years' experience working with enterprise software systems in mining, construction and services sectors
- Extensive experience in the configuration and implementation of third-party ERP software platforms, before moving to roles overseeing development and commercialisation of software

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