ASX RELEASE

17 February 2023

Urbanise.com Limited reports H1 FY2023 result

- H1 FY2023 licence revenue of $5.56m, up 2.6% vs previous corresponding period (pcp) as new customers and organic growth offset the loss of three Ventia contracts.[1] Excluding these contracts, licence revenue increased by 8.6%

- H1 FY2023 revenue of $6.32m, down 0.6% vs pcp as the increase in licence fees were more than offset by a decline in professional fees; 88% recurring revenue

- Annualised recurring revenue (ARR) of $11.28m, down 0.6% on pcp with new customers and organic growth largely offsetting the Ventia loss.[1] Excluding these contracts, underlying ARR growth was 5.2%

- Contracted ARR (CARR) of $12.3m at 1 January 2023, up 0.4% on pcp, includes estimated backlog of $1.0m

- EBITDA loss of $2.14m, 4.7% improvement vs pcp (H1 FY2022: $2.25m), largely driven by lower operating expenses

- H1 FY2023 underlying average monthly cash used of $98k vs $347k in H1 FY2022[2]

- Closing cash balance of $2.83m (30 June 2022: $3.97m) and no material debt.[3]

- Urbanise exceeded its cash burn target of $2.5m with $2.71m secured through cash in advance and cost out initiatives by 31 December 2022

- From 1 July 2022, Urbanise is expensing all strata development costs. FM development costs are already fully expensed

- In February 2023, Urbanise secured a new agreement with a leading Middle East strata manager which is expected to contribute approximately A$0.2m in ARR. This will form part of the backlog until go-live which is expected to occur in H2 FY2023

Urbanise.com Limited (ASX: UBN) ("Urbanise" or "the Company") today provides its half year result for the six months to 31 December 2022. Urbanise is a leading provider of cloud-based Software-as-a-Service (SaaS) platforms to strata and facilities managers in Australasia, the Middle East, Europe and South Africa.

Urbanise's CEO Simon Lee said: "During the first half of FY2023, Urbanise continued to focus on the execution of its product roadmap, expansion of its footprint in core markets and prudent cash

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[1] From 1 April 2022, Ventia Services Group reduced its requirements for user licences on three contracts due to the implementation of a single standardised enterprise system across that business. In H1 FY2023, this impacted licence revenue by $0.3m on pcp and ARR by $0.63m.
[2] Underlying average monthly cash used excludes one off items and late receipts.
[3] No debt other than annual insurance premium funding.

management. By period end, we had exceeded our cash burn reduction target of $2.5m largely through cash in advance initiatives which represent a significant endorsement of our customer value proposition. Given our current sales pipeline, the Board believes the Company has sufficient cash runway to achieve a sustainable cash flow position.

“We continued to generate and convert sales pipeline opportunities across our markets with the addition of small to medium strata managers and small FM customers to our backlog and ARR. In December 2022, we added $430k in ARR compared to June 2022 as we made further progress in replacing the $630k in ARR lost in Q4 FY2022 from three Ventia contracts.

“In February 2023, we secured a new agreement with a leading strata manager in the Middle East which is expected to contribute $0.2m in ARR when it goes live in H2 FY2023. This customer was impressed by our product roadmap and integration into Mollak, the technology arm of the Real Estate Regulatory Authority in Dubai, which will enable it to meet increasing compliance requirements. The win also demonstrates Urbanise’s long experience in the region and growing portfolio of key reference customers.

“The Middle East represents a significant opportunity and we believe Urbanise is in a unique position to lead this market given our integrated platform and experience in handling large strata portfolios and significant work order volumes. As a result, we have decided to scale up our fixed term resources until September 2023 with development focused on Strata and FM functionality, integrations and reporting. We are working with customers to share in the funding of these requirements and have recently entered into an agreement with a major Middle East customer.

“We also continued to progress our development for Colliers Australia with the project nearing completion. Our original go-live has been delayed to Q3 2023 due to further requirements to integrate a third-party compliance system. We are pleased with the level of functionality our FM platform now has and recent feedback from current customers and our target pipeline has been positive.

“In H2 FY2023, Urbanise will continue to drive revenue growth across its key markets, implement its current backlog and closely monitor its cash requirements. We expect to complete development for Colliers Australia and progress development for a major Middle Eastern customer.”

H1 FY2023 Financial Summary

Total revenue for H1 FY2023 was $6.32m, down $41k or 0.6% vs pcp (H1 FY2022: $6.37m). Licence revenue growth was 2.6% vs pcp as revenue from new customers and growth from existing customers largely offset the loss of Ventia in Q4 FY2022 and some minor customer churn.[4] H1 FY2023 professional fees were $0.18m or 19.2% lower vs pcp reflecting an integration delay relating to a major customer and the completion of a significant one-off project in H1 FY2022.

H1 FY2023 operating expenses of $8.47m were $147k or 1.7% lower than pcp. This reflected headcount reductions in H2 FY2022 as part of the Company’s cash burn initiatives and the inclusion of one-off termination and employee costs in H1 FY2022. These were partly offset by higher development costs following the recent change in accounting policy (from 1 July 2022 all development costs were expensed) additional implementation and customer support staff, investment in Middle East development and third-party software.

Urbanise’s EBITDA loss improved by 4.7% vs pcp, largely due to lower operating expenses during the period.

Urbanise’s ARR of $11.28m in December 2022 was 0.6% lower on pcp and at 1 January 2023, the estimated backlog was $1.0m. ARR growth was impacted by FM outsourcer Ventia Services Group’s

[4] Excluding Ventia, customer loss was $46k in H1 FY2023 across strata ($22k) and FM ($24k). The FM churn was partly due to customer financial stress.

decision to reduce its requirements for user licences on three existing contracts following the implementation of a standardised enterprise system across that business.[5] The loss of these contracts reduced June 2022 ARR by $630k. Excluding this, ARR increased by 5.2% on pcp and FM ARR by 8.4% as Urbanise continued to make good progress in replacing this ARR. Total Contracted ARR (CARR) of $12.3m was up 0.4% on pcp.

In February 2023, Urbanise has secured a new agreement with a large strata manager in the Middle East which is expected to contribute approximately $0.2m in ARR. This has been included in the current strata backlog (not as at 1 January 2023) and go-live is expected to occur in H2 FY2023.

Facilities Management

H1 FY2023 FM licence revenue was 2.4% lower vs pcp with the loss of the three Ventia contracts in Q4 FY2022 partly offset by new sales to FM outsourcers and aged care providers as well as new FM clients in the Middle East. Excluding the Ventia loss, underlying FM licence fee growth was 15.5% on pcp. Recurring licence fees represented 84.3% of total FM revenue in H1 FY2023.

Lower professional fees (down 45.3% on pcp) primarily reflected the integration delay of a major customer and a significant one-off project in H1 FY2022. This was partly offset by change requests and new customer implementations completed during the half. Total revenue was down 13.1% to $2.25m mainly due to the lower professional fees.

FM ARR in December 2022 declined by 7.8% on pcp to $3.89m as new customers and organic growth partly offset the $630k loss in ARR from Ventia in Q4 FY2022. FM ARR increased by 6.9% when compared to June 2022 as the Company progressively replaced this lost ARR. At 1 January 2023, the FM backlog included five contracts expected to contribute an estimated $0.7m in annual licence fee revenue.

Development for leading property services company, Colliers Australia is nearing completion with go-live expected in Q3 FY2023. This project has made specific enhancements to the Urbanise Facilities platform deepening the functionality for facilities managers and broadening its appeal and application to the commercial building sector.

In APAC, Urbanise's FM pipeline is focused on aged care, FM outsourcers and commercial property as well as supporting existing FM outsourcer customers with their tender pipeline. In the Middle East, the focus is on FM outsourcers and trades management. While decision-making was slower than expected for some FM customers in the first half, the Company is confident that it will convert several opportunities in H2 FY2023. A key priority in the second half will be the further development of the FM and Strata platforms to meet increasing compliance requirements in the Middle East.

Strata Management

H1 FY2023 Strata licence fees increased by 5.8% vs pcp due to additional revenue from existing customers and new and backlog contracts completed since H1 FY2022. Professional fees were 37.5% higher on pcp due to development projects for a major Middle Eastern customer. Total revenue increased by 8.3% to $4.06m with 90.0% of revenue recurring.

Strata ARR in December 2022 increased by 3.6% on pcp to $7.39m and at 1 January 2023, the backlog was estimated at $0.3m. Urbanise continues to work with PICA to deploy the platform across additional branches acquired by Australia's largest strata manager as the industry continues to consolidate.

[5] Refer to ASX Announcement on 5 April 2022.

Urbanise's immediate opportunity in Australia is to scale across the small to mid-tier strata managers. Urbanise's Strata pipeline in the Middle East remains buoyant as shifting regulatory requirements create significant opportunities for the Company due to the unique nature of its integrated strata and FM platforms. In February 2023, Urbanise secured an agreement with a leading strata manager in the Middle East, which is expected to deliver an additional $0.2m in ARR. The Company expects go-live to occur in H2 FY2023.

Cashflow and Balance Sheet

Receipts increased by 11.9% vs pcp to $7.14m largely due to the Company's cash in advance initiatives. Urbanise had a closing cash balance of $2.83m and no material debt.

The underlying average monthly cash used was $98k (H1 FY2022: $347k).[6] The reduction in cash used reflected the successful execution of initiatives to reduce cash burn by $2.7m ($2.5m target) and the inclusion of non-recurring exceptional items in H1 FY2022 (mainly one-off employee and termination costs).

By 31 December 2022, Urbanise had exceeded its $2.5m cash burn reduction target by $214k with $573k in cash-in-advance collected in Q2 FY2023. Table 1 shows the profile of the cash burn reductions achieved since Q3 FY2022.

Table 1: Summary of cash burn reduction since Q3 FY2022 vs Target of $2.5m

Target	Value ($000s)	% to target
Net savings from development headcount	780	31.2%
Net cash-in-advance	1,934	77.4%
Subtotal	**2,714**	**108.6%**

From 1 July 2022, the Board determined that the capitalisation of development costs for the Strata platform would cease due to the maturity of the platform and be fully expensed. Facilities Management development costs were already fully expensed. Urbanise continues to invest in its platform and systems to expand the features and applications available and improve the delivery of its products and solutions.

FY2023 Outlook

In H2 FY2023, Urbanise will continue to execute its growth strategy, driving revenue growth across its core markets and implementing its backlog. It expects to complete development with a leading Tier 1 FM customer and progress development for a major Middle Eastern customer. The Board continues to prioritise achieving cash flow sustainability.

Investor Conference Call

CEO Simon Lee and CFO Dave Goldbach will host a conference call with the investment community including a Q&A session at **11am AEDT today 17 February 2023**.

To register for the conference call and access dial-in details, please follow the link below.

https://s1.c-conf.com/diamondpass/10028484-usky1b.html

[6] Underlying average monthly cash used excludes one off items and late receipts.

This announcement has been authorised for release by the UBN Board of Directors

Investor enquiries

Françoise Dixon
ir@urbanise.com
+61(0) 412 292 977

About Urbanise

Urbanise is a leading provider of cloud-based Software as a Service (SaaS) platforms for property management, specifically strata and facilities management. The Strata platform manages the communications and accounting functions for apartment buildings, strata commercial towers and large housing communities. The Facilities Management platform manages the repair and maintenance for infrastructure, buildings, residential and commercial properties. www.urbanise.com