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H1 FY2024 Results

21 February 2024

Urbanise.com Limited
ABN 70 095 768 086

About Urbanise

Urbanise is a leading provider of industry-specific cloud-based SaaS platforms to strata and facilities managers

$12.8m Contracted ARR	**92.0%** Recurring revenue	**99.0%** Customer retention*
17 Countries	**~688k** Strata lots billed	**~2.90k** FM users billed

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* Customer retention rate for H1 FY2024 is based on the number of customers from the beginning of the period, that were retained.

Progress on key priorities

Sales strategies deliver $0.8m in additional license revenue through growing portfolio of reference customers and improving product.

Colliers Australia project in final stage with FM platform rolled out across all states except NSW. Expected to be completed in H2 FY2024.

Contract extension discussions with large APAC strata customer continue with new fee structure expected to be finalised in Q3 FY2024.

Continued focus on strong pipeline with improvement in sales conversions in H1 FY2024. Ongoing work on initiatives to reduce conversion lead time.

Operational and cost review expected to deliver $2.4m improvement in cash flows by Sep 2024. May exceed target with $2.3m (95%) realised by 31 Dec 2023.

Board renewal achieved with appointment of Darc Rasmussen as Chairman and James Hourn as Non-Executive Director.

H1 FY2024 Key Metrics vs pcp[1]

Revenue
$6.27m

↓ 0.9%

- License fees up $0.2m or 3.7%
- Professional fees down $0.3m or 34.0%
- Underlying license revenue growth of $0.8m offset by $0.6m revenue reduction (loss of customers, license fee reductions)

ARR[2]
$11.99m

↑ 6.3%

- New customer and organic growth across strata and FM more than offset the loss of customers and license reductions
- Conversion of backlog and implementation of new wins within the half led to growth of ARR

CARR
$12.8m

↑ 4.0%

- Contracted ARR increased by 4.0% vs pcp reflecting on-going demand for Urbanise's platforms from strata and facilities managers
- Size of backlog remains consistent, new wins offsetting contracts implemented

Net cash position
$3.76m

No material debt

- Underlying average monthly cash used of $77k vs $98k for H1 FY2023
- Average monthly cash used of $80k vs 190k in H1 FY2023

Customer retention rate[3]
99.0%

- Customer retention rate[3] of 98.8% and 100% for Strata and FM respectively
- ARR retention rate[4] of 97.8%
- ARR retention for Strata of 96.7% and FM 100%.
- ACV[5] of lost customers was $83k

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[1] Prior corresponding period.
[2] Annualised Recurring Revenue (ARR) based on December 2023 license revenue.
[3] Customer retention rate for H1 FY2024 is based on the number of customers from the beginning of the period, that were retained.
[4] ARR retention rate based on $11.56m ARR at the beginning of July 2023
[5] Average contract value

Agenda

1	Introduction
2	Product and Market Overview
3	H1 FY2024 Financial Result
4	Outlook

Simon Lee, CEO and Michelle Garlick, Interim CFO

Products and Market Overview

Urbanise Strata

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Strata

Urbanise Strata is used by **strata managers** to administer strata schemes (Australia / NZ) and jointly owned properties (UAE).

The need for strata software

Solutions for a complex sector:

- Day to day operational software to manage accounting, levy, invoice and bank transactions.
- Compliance with strata specific legislation.
- Communication with property owners.

Scalability:

- Required for 10+ buildings to manage workload.

Urbanise differentiators

Cloud-based platform:

- Continuous updates to support changes to strata legislation.
- Modern user interface and experience.
- Integration ready with our APIs.
- Integration with Urbanise FM – growing opportunity for strata managers.

Urbanise FM

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FM

Urbanise FM is used by **facilities managers** to manage the maintenance of property assets and supervision of contractors

The need for FM software

Specialised sector functionality:

- Manage performance of multiple vendors with varying service agreements, across numerous locations.
- Compliance driven maintenance & safety.
- Customer contract management.

Performance requirements:

- Make operations more efficient, reduce cost and keep to budget.
- FMs with scale cannot manage without a system.

Urbanise differentiators

Cloud-based platform:

- Continuous updates to bring useful new features to customers.
- Users such as office staff and trades people can operate remotely from different locations.

Deep sector experience:

- Urbanise team can implement and mobilise quickly, reducing margin risk for FMs.

Our Key Markets

Platform | Markets | Sector | Mission Critical Software

Strata

- **APAC**
  - Strata managers
- **MENA**
  - Strata managers
  - Property developers

FM

- **APAC**
  - Aged Care / retirement villages
  - Commercial Property
  - FM Outsourcers
- **MENA**
  - FM Outsourcers
  - Property Developers

Mission Critical Software

Compliance driven updates

Scalable & integration ready

Efficiencies through automation

H1 FY2024 Results

H1 FY2024 Financial Summary

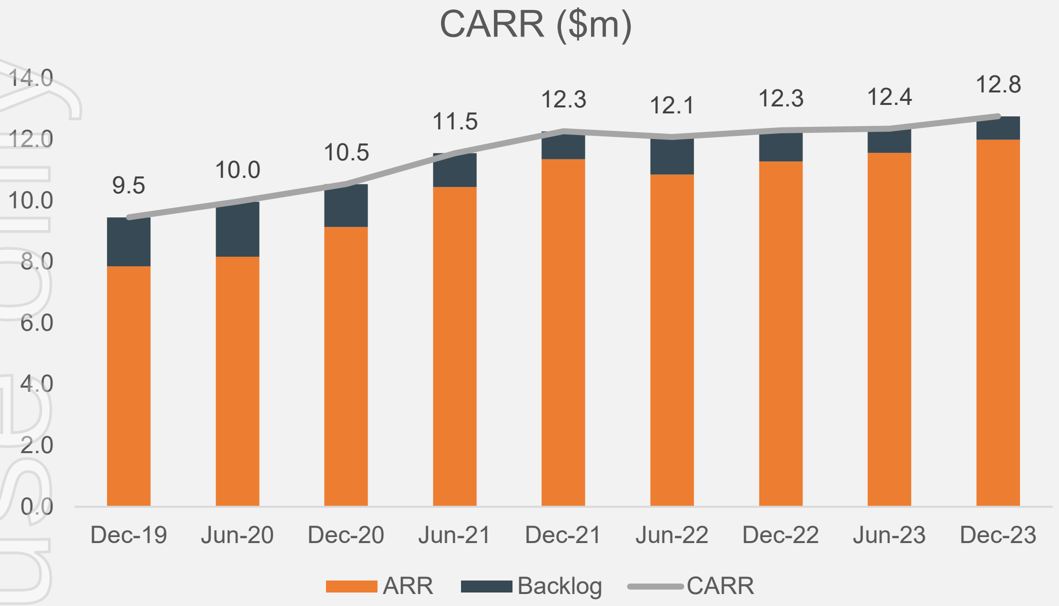
$'000s	H1 FY2024	H1 FY2023	Var	Var %
License fees	5,767	5,563	204	3.7%
Professional fees	502	761	(259)	(34.0%)
Total revenue	**6,269**	**6,324**	**(55)**	**(0.9%)**
Operating expenses	(7,792)	(8,467)	675	(8.0%)
EBITDA	**(1,523)**	**(2,143)**	**620**	**(29.1%)**
Depreciation and amortisation	(558)	(586)	28	4.8%
Total other costs	64	(112)	176	157.1%
Other income	461	1	460	nm
Net loss	**(1,556)**	**(2,840)**	**1,284**	**45.2%**

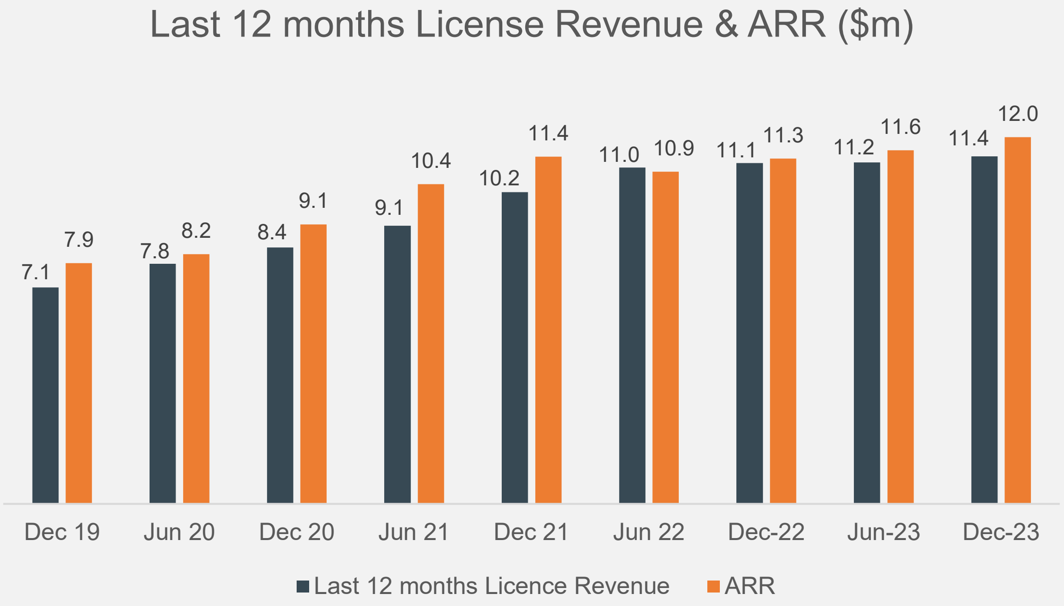
Key Operational Metrics	H1 FY2024	H1 FY2023	Var	Var %
Recurring revenue	92.0%	88.0%	-	-
ARR* ($m)	$11.99m	$11.28m	$0.71m	6.3%
Backlog** ($m)	~$0.8m	~$1.0m	($0.2m)	(20.0)%

- Total H1 FY2024 revenue of $6,269k with growth from new, backlog and existing customers offset by reduced licenses, loss of customers and a temporary reduction in license fees
- Professional fees down $259k or 34.0% largely driven by less customer specific development fees provided in H1 FY2024. This coincides with the headcount reduction in developers during H1 FY2024. Professional fees in H1 FY2024 primarily relate to new contracts implementations.
- The completion of a comprehensive operational review in Q1 FY2024 led to a reduction in operating expenses of $675k or 8% compared to pcp. This was achieved through cuts in headcount and overhead costs.
- EBITDA loss of $1.5m improved by 29.1% due to lower operating expenses.
- Other income relates to the FY2023 R&D rebate. In FY2023, the R&D rebate was collected in the second half (H2 FY2023).

* Annualised Recurring Revenue based on the month of December revenue
** Backlog as of 1 January

ARR growth driven by go-live on key projects





- Contracted Annual Recurring Revenue (CARR) is comprised of Annual Recurring Revenue (ARR) and Backlog (yet to be implemented).
- CARR increased by 4.0% to $12.8m at December 2023 vs $12.3m pcp.
- New customer wins and organic growth offset by lost customers and license fee reductions.

- ARR increased by 6.3% vs pcp to $12.0m driven by implementation of large Middle East contracts with Strata and FM customers, partial implementation of Colliers Australia, various small wins across FM and Strata as well as organic growth.

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H1 FY2024 Key Metrics

- December 2023 ARR increased by $0.7m or 6.3% largely from implementation of backlog and contracts won and implemented in H1 FY2024.
- Offset by direct customer churn and license fee reductions.

Total Contracted Revenue of ~$12.8m

	Dec 19	Jun 20	Dec 20	Jun 21	Dec 21	Jun 22	Dec 22	Jun 23	Dec 23	Backlog as at 1 Jan 2024
Strata lots	~320k	**~331k**	~392k	**~636k**	~678k	**~681k**	~689k	**~684k**	**~688k**	~44k
Strata ARR*	*$4.66m*	*$4.83m*	*$5.83m*	*$6.89m*	*$7.13m*	**$7.21m**	*$7.39m*	**$7.66m**	$7.82m	Est. ~$0.4m
Facilities users	~2.21k	**~2.23k**	~2.30k	**~2.47k**	~2.61k	**~2.32k**	~2.45k	**~2.61k**	**~2.90k**	7 contracts
Facilities ARR*	*$3.19m*	*$3.33m*	*$3.30m*	*$3.55m*	*$4.22m*	**3.64m**	*$3.89m*	**3.90m**	$4.17m	Est. ~$0.4m
Total ARR*	*$7.85m*	***$8.16m***	*$9.13m*	***$10.44m***	*$11.35m*	**$10.85m**	*$11.28m*	**$11.56m**	$11.99m	Est. ~$0.8m

ARR growth YoY

24.3% (0.6%) 6.3%

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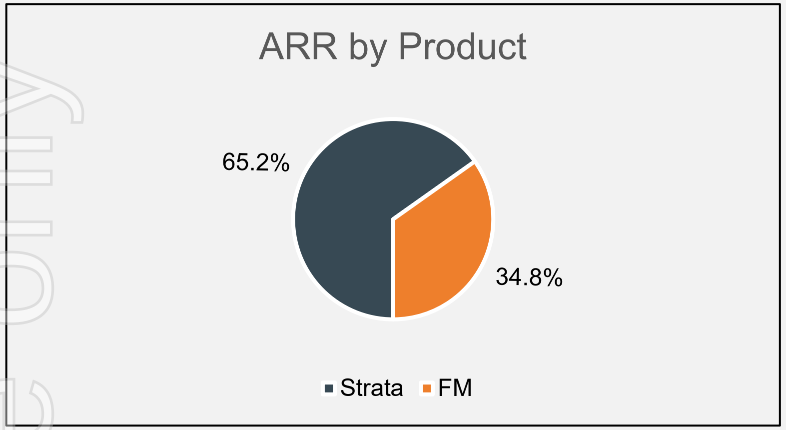
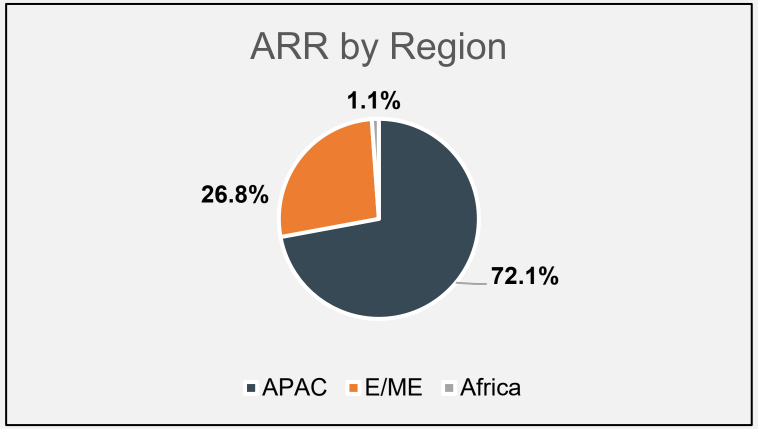
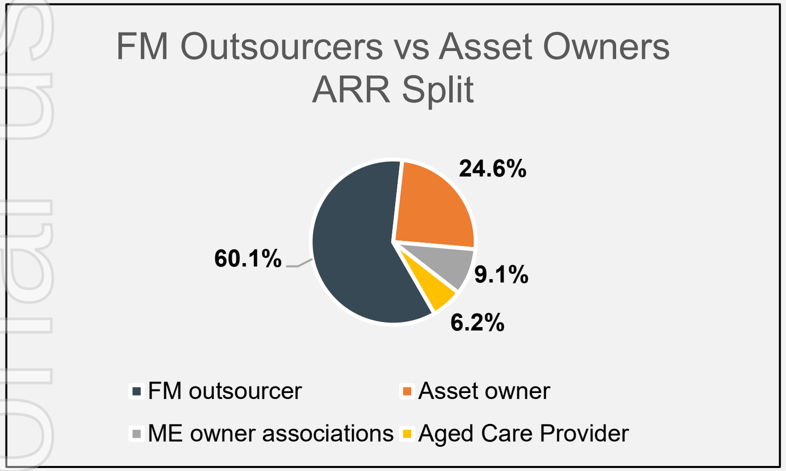
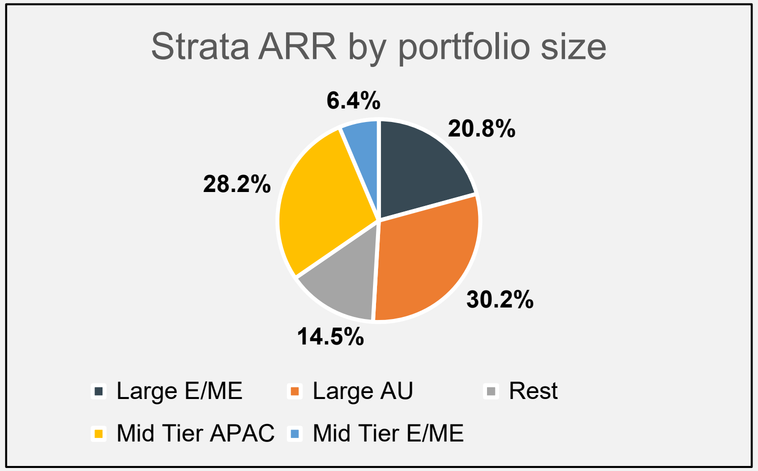
* Annualised Recurring Revenue based on the month of June/December license revenue.

ARR mix by customer and product









- Composition of ARR in December 2023 shows Urbanise's strategic focus on its key markets of APAC and the Middle East.
- Within Strata, Urbanise's platform is used by a broad range of strata managers in terms of size and geography.
- Within FM, FM Outsourcers accounted for almost 60% of FM ARR. Urbanise continues to expand its presence with asset owners, ME owner associations and aged care providers.

Annualised Recurring Revenue is based on December 2023 revenue.

H1 FY2024 Facilities Management Summary

License fee growth driven by new wins and backlog conversion

$'000s	H1 FY2024	H1 FY2023	Var	Var %
License fees	2,118	1,897	221	11.6%
Professional fees	310	354	(44)	(12.4%)
Total revenue	**2,428**	**2,251**	**177**	**7.9%**
License fees % total	**87.2%**	**84.3%**		

	Month of Dec 2023	Month of Dec 2022	Var	Var %
Facilities users billed	~2.90k	~2.45k	~0.45k	18.4%
ARR*	$4.17m	$3.89m	$0.28m	7.2%

	As at 1 Jan 2024
Backlog	~$0.4m

- License fees of $2,118k, were up $221k or 11.6% mainly due to new and backlog customer growth ($353k) and organic growth from existing customers ($39k).
- This was offset by loss of customers from prior periods ($36k), reduction in license fees from an APAC customer in prior period due to the loss of one of their contracts ($102k) and reduction in license fees from various customers in the current period ($33k).
- Total revenue of $2,428k, up $177k or 7.9% driven by license fee growth offset by a reduction in professional fees.
- Backlog as at 1 January 2024 consists of 7 contracts estimated at $0.4m in annual license fee revenue and includes implementation of the remainder of the Colliers Australia contract.

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* Annualised Recurring Revenue based on the month of June revenue

H1 FY2024 Strata Summary

License fee growth offset by temporary license fee reduction from APAC Strata customer

$'000s	H1 FY2024	H1 FY2023	Var	Var %
License fees	3,649	3,657	(8)	(0.2%)
Professional fees	192	407	(215)	(52.8%)
Total revenue	**3,841**	**4,064**	**(223)**	**(5.5%)**
License fees % total	**95.0%**	**90.0%**		

	Month of Dec 23	Month of Dec 22	Var	Var %
No of Strata lots billed	688k	689k	(1k)	(0.1%)
ARR ($m)*	$7.82m	$7.39m	$0.43m	5.8%

	As at 1 Jan 2024
Backlog	~$0.4m

- License revenue of $3,649k flat on pcp driven by;
  - implementation of new and backlog customers ($268k)
  - organic growth from existing customers ($163k)

  offset by
  - loss of customer ($156k) and
  - reduction in license fees from an APAC customer ($283k)
- If the temporary license fee reduction from an APAC customer is excluded, H1 FY2024 strata license revenue would have been 8.2% higher on pcp.
- Professional fees were down $215k or 52.8% on pcp primarily due to the successful completion of development for key customers. The reduction in development fees coincides with the headcount reduction for developers in H1 FY2024.
- Total revenue of $3,841k down 5.5% with recurring revenue of 95.0%.
- Total estimated backlog of $0.4m as at 1 Jan 2024

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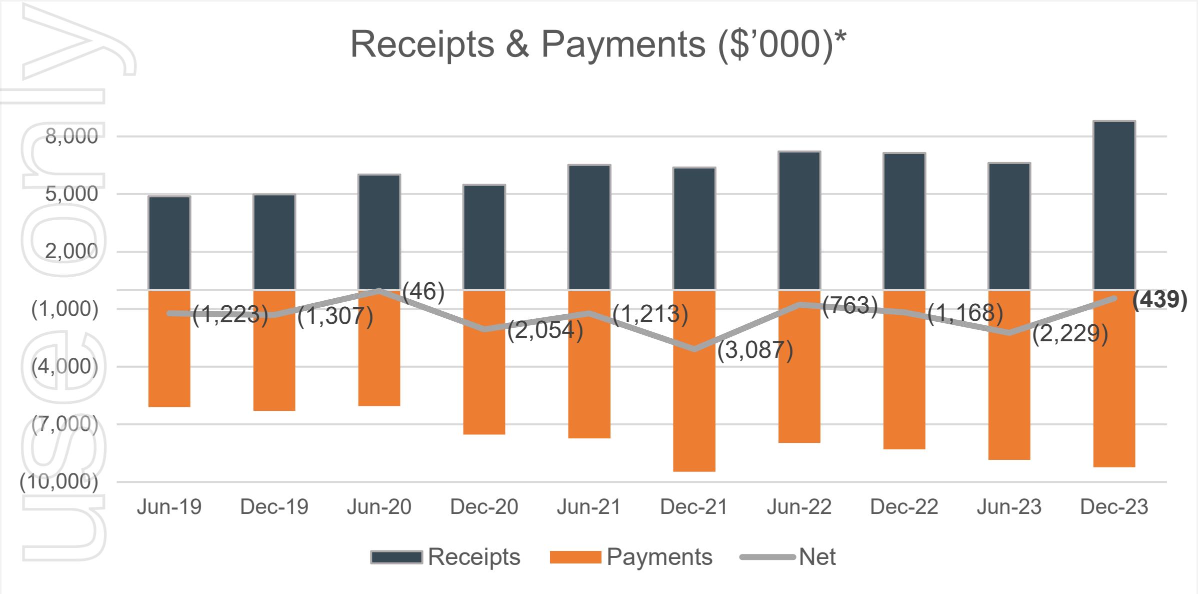
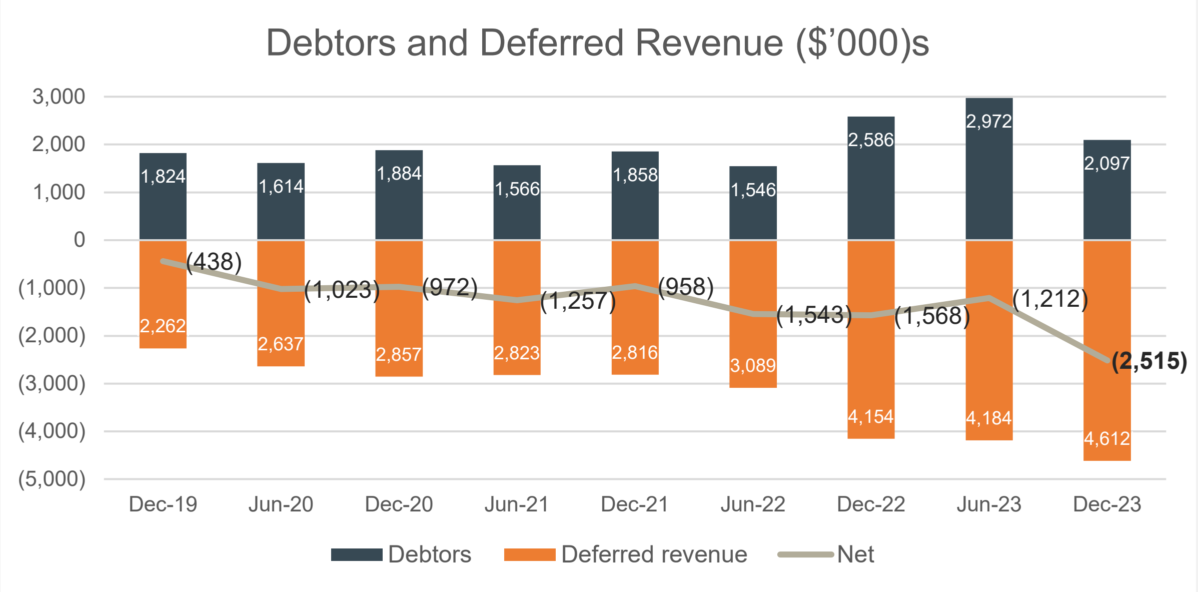
* Annualised Recurring Revenue based on the month of December revenue

Ongoing focus on cash management

Net cash used* reduced from $1,168k in H1 FY2023 to $439k in H1 FY2024.





- In H1 FY2024 receipts increased, driven by higher billing and subsequent cash receipts as well as the receipt of the R&D rebate.
- Payments to suppliers and employees increased by $979k or 11.9% due to annual license fee delivery costs, costs associated with the Middle East development and one-off employee termination costs.

- The net of debtors and deferred revenue decreased vs pcp due to an increase in deferred revenue from upfront annual billing and strong cash collection.

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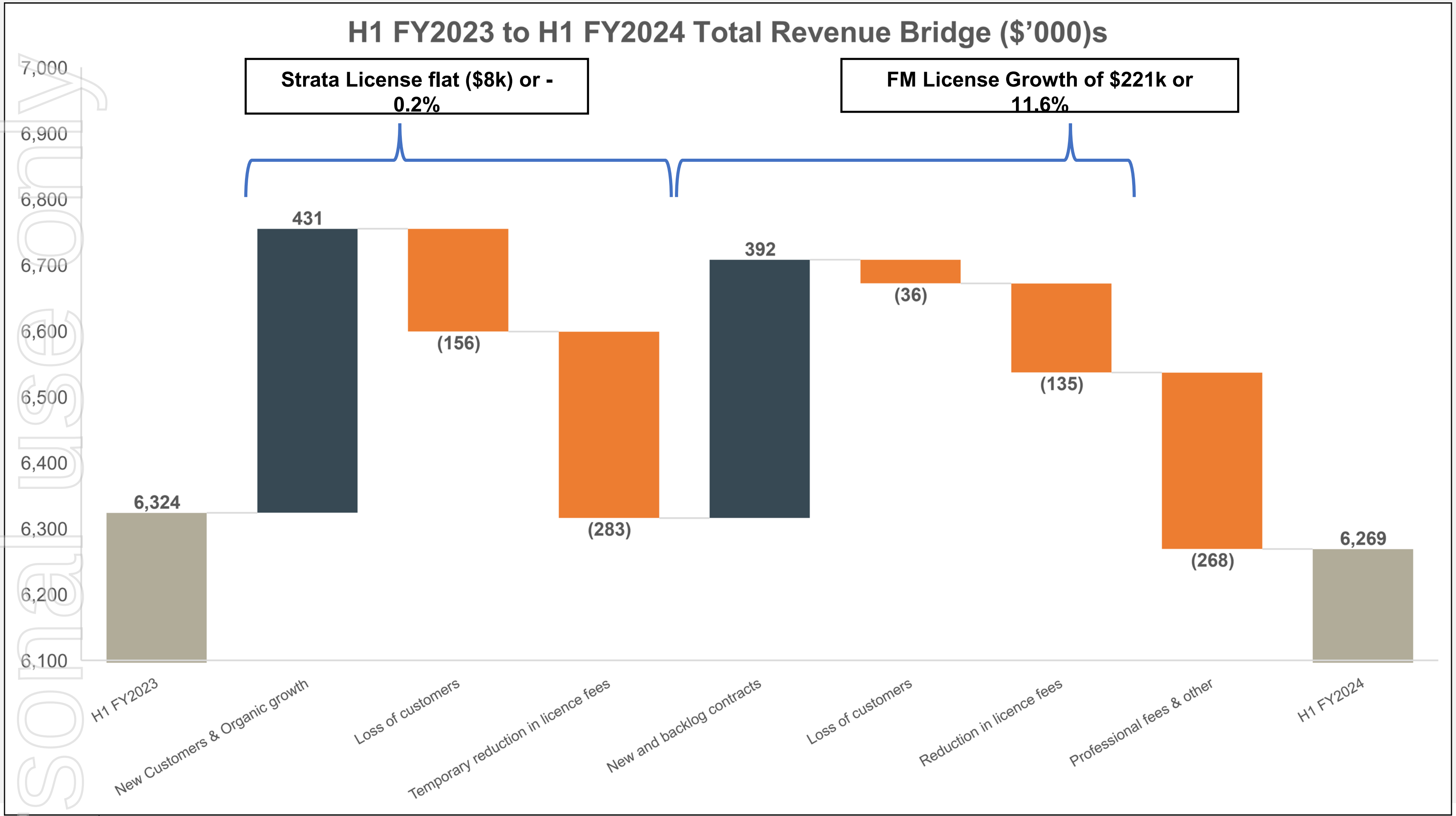
* Excluding capital raise & private placement

H1 FY2024 License revenue growth of $0.8m offset by reduction in license fees ($0.6m) and professional fees ($0.3m)



- H1 FY2024 total revenue down by 0.9% vs pcp.
- Strata license revenue down 0.2% vs pcp due to:
  - New wins and implementation of backlog including a large Middle East customer and small APAC and Middle East customers

  offset by

  - Temporary reduction in license fees from 1 APAC customer and loss of customers from prior and current period
- FM license revenue grew by 11.6% vs pcp due to:
  - Partial implementation of Colliers Australia, a large Middle East customer and other small wins and backlog

  offset by
- 1 APAC customer who lost a contract, other reductions in license fees and small customer churn

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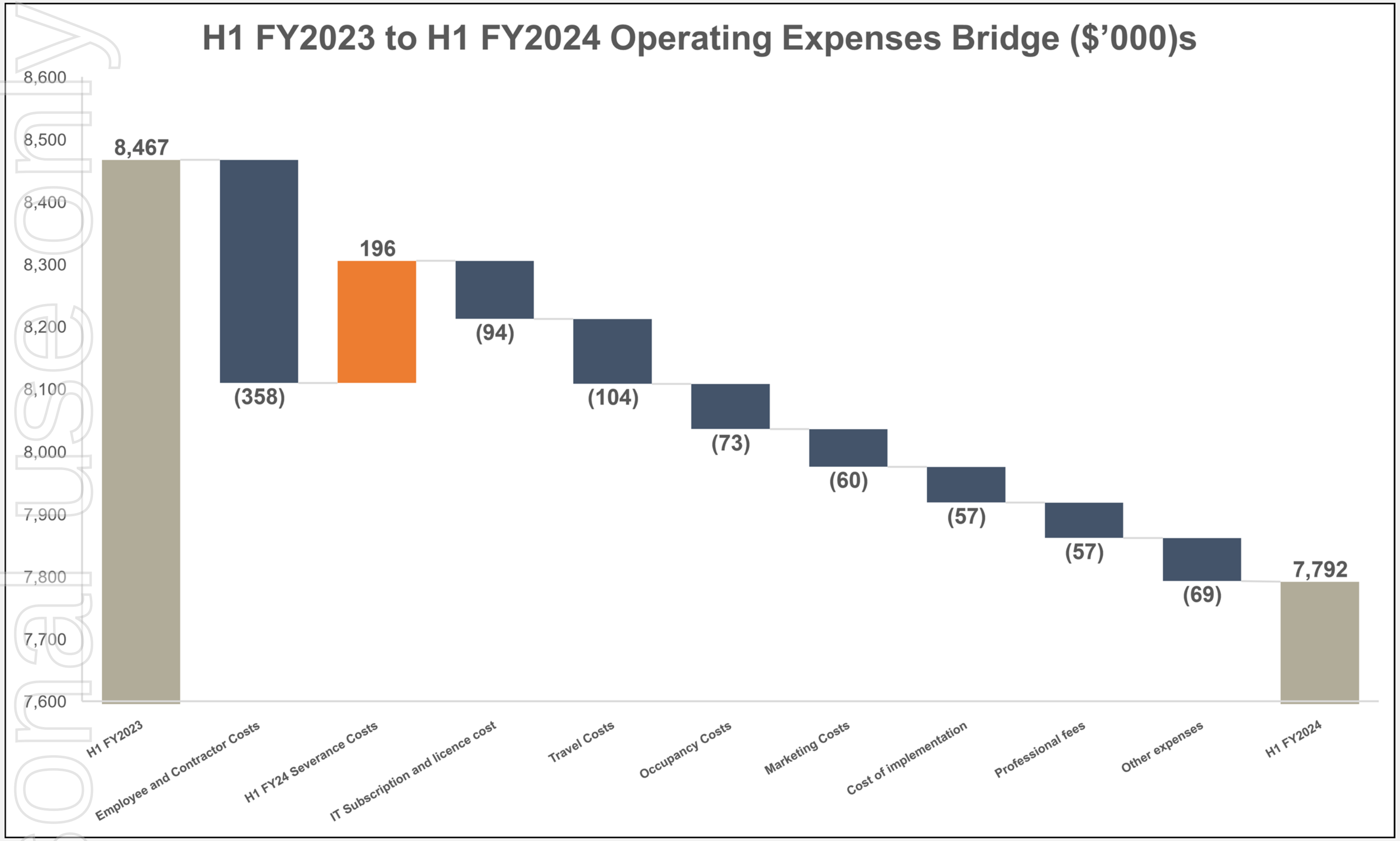
Operating expenses

Urbanise focuses on cashflow break-even by FY2025.



Operating expenses decreased by $675k, representing an 8.0% decline, attributed to Urbanise's cost optimization strategy in pursuit of achieving cash flow break-even by FY2025. This reduction encompasses the following:

- Employee and contractor cost savings of $358k
- IT subscription and license cost savings of $94k
- Reduced travel of $104k
- Reduced spend on marketing of $60k
- Reduction in 3rd party costs associated with implementation, professional fees and other expenses (total of $183k)

Offset by

- Employee severance costs of $196k.

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H1 FY2024 Cash Flow

$'000s	H1 FY2024	H1 FY2023
Opening Cash Balance	**4,248**	**3,970**
Receipts from customers	8,343	7,135
R&D tax rebate & government incentive	461	-
Payments to suppliers and employees	(9,219)	(8,240)
Interest	(16)	(27)
Net cash used in operating activities	**(431)**	**(1,132)**
Payments for equipment	(8)	(36)
Net cash used in investing activities	**(8)**	**(36)**
Net decrease in cash and cash equivalents	**(439)**	**(1,168)**
Effect of movement exchange rates on cash balances	(46)	27
Net cash flow for the period	(485)	(1,141)
Cash at 31 December	**3,763**	**2,829**
Average Monthly Cash Used	**(80)**	**(190)**
Net cash flow for the period	**(485)**	**(1,141)**
R&D rebate	(461)	-
Employee severance	161	-
Late customer receipts	319	552
Underlying cash flow for the period	**(466)**	**(589)**
Underlying Average Monthly Cash Used	**(77)**	**(98)**

- Receipts of $8,343k up by $1,208k (16.9%) driven by improved billing and related cash collection in the first half.
- Payments to suppliers and employees increased by $979k or 11.9% due to annual license fee delivery costs, costs associated with the Middle East development and one-off employee termination costs.
- Average monthly cash used for H1 FY2024 was $80k vs average monthly cash used of $190k in H1 FY2023.
- The underlying average monthly cash used for H1 FY2024 was $77k adjusted for:
    - R&D rebate ($461k)

  offset by

    - Employee severance costs ($161k)
    - Net material late receipts from Middle East customers ($319k).

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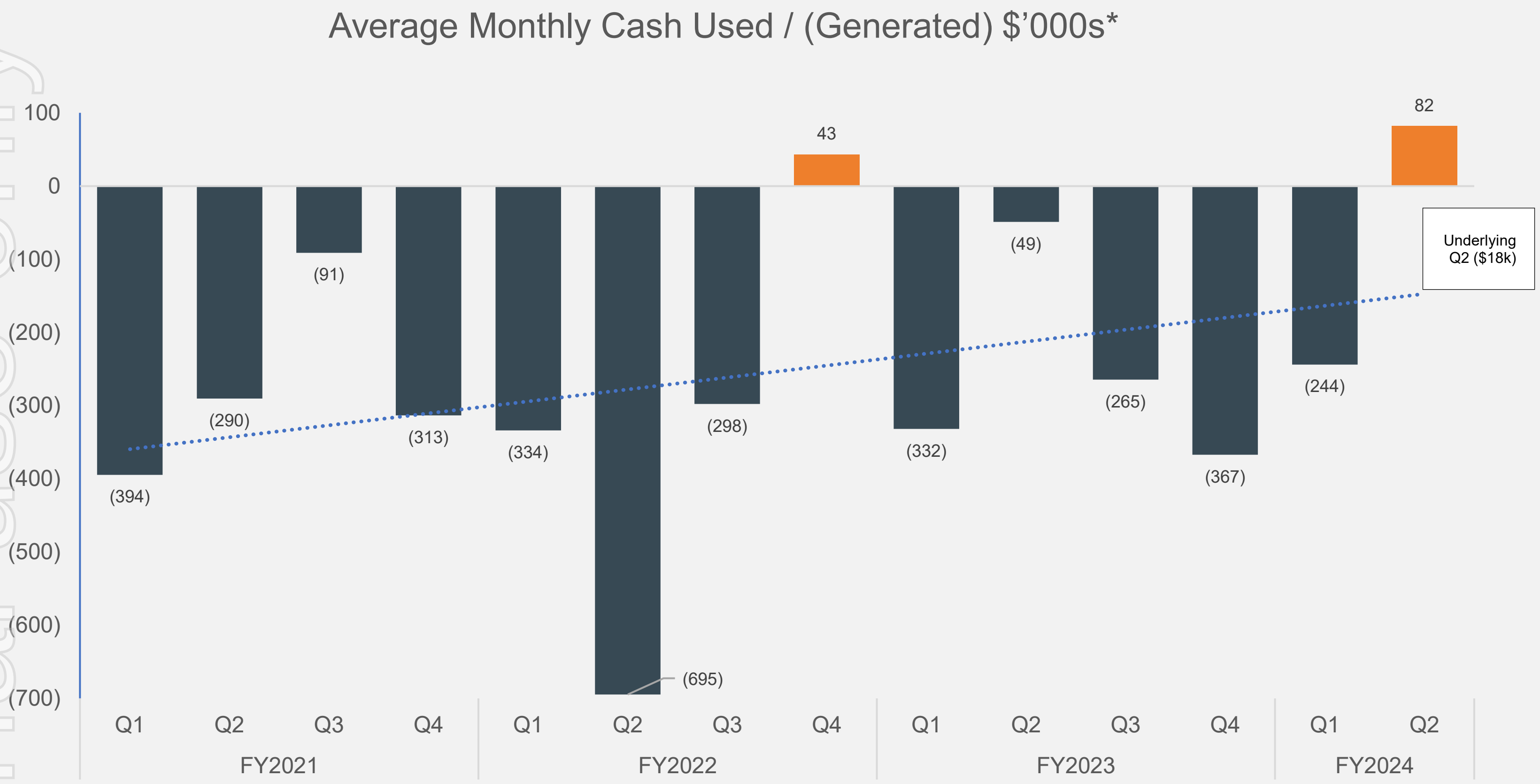
Cash Used/Generated



- The average monthly cash generated for Q2 FY2024 was $82k:
  - The underlying average cash used per month in Q2 FY2024 was $18k after adjusting for R&D rebate and employee severance costs;
  - Urbanise continues to review its cost base and working capital strategies.

* Excluding proceeds from capital raises / placements and sale of business assets

H1 FY2024 Balance Sheet

$'000s	31-Dec-23	30-Jun-23
Cash and cash equivalents	3,763	4,248
Trade receivables	1,898	2,644
Contract assets	199	328
Other assets	111	171
Prepayment	484	317
Total current assets	**6,455**	**7,708**
Property, plant and equipment	32	88
Development	2,907	3,315
Goodwill and other intangibles	4,786	4,786
Right of use asset	595	752
Other assets	127	127
Total non-current assets	**8,447**	**9,068**
Total assets	**14,902**	**16,776**
Trade and other payables	(2,051)	(2,847)
Provisions	(963)	(940)
Lease liabilities	(269)	(261)
Deferred revenue	(4,151)	(3,684)
Total current liabilities	**(7,434)**	**(7,732)**
Deferred revenue	(461)	(500)
Provisions	(25)	(5)
Lease liabilities	(326)	(490)
Total non-current liabilities	**(812)**	**(995)**
Total liabilities	**(8,246)**	**(8,727)**
Net Assets	**6,656**	**8,049**

- **Trade receivables** decreased by $746k compared to 30 June 2023 primarily due to:
  - An improved rate of cash collection across the portfolio of debtors.
  - Late receipts from the Middle East remained consistent with Urbanise continuing to work closely with customers on cash collection strategies.
- **Development** costs relate to the strata platform. From 1 July 2022, the capitalisation of development costs ceased due to the maturity of the strata product.
- **Trade and other payables** decrease due to a reduction in operating expenses, accrued employee STI's and timing of payments.
- **Deferred revenue** increase driven by renewals, new contracts and advance billing strategies.

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Outlook

Outlook

Sales growth and operating leverage to drive cashflow sustainability

- Maximise market share in ANZ and UAE and extend footprint in Asia, Middle East.
- Focus on strong pipeline and initiatives to reduce conversion lead time.
- Deliver at least $2.4m in cashflow improvements by Sep 2024.
- Expect to finalise contract discussions with APAC Strata customer.
- Make further progress towards achieving cashflow breakeven in FY2025.

Q&A

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