

Appendix 4C & Quarterly Activities Report for the period ended 31 March 2024

Urbanise.com Limited (ASX: UBN) ("Urbanise" or "the Company") today provides a business update and unaudited quarterly cash flow report for the quarter ended 31 March 2024 (Appendix 4C).

Urbanise is a leading provider of cloud-based Software-as-a-Service (SaaS) platforms, Urbanise Strata and Urbanise FM, which service the strata and facilities management sectors. Urbanise provides its solutions in Australasia, the Middle East, Europe and South Africa.

Highlights

- Q3 FY2024 ARR wins were \$246k plus professional fees of \$148k. From the 9 months to 31 March 2024, Urbanise has converted \$793k of ARR wins and \$339k of professional fees. Circa 80% of wins during this period were small to medium customers across APAC and MENA.
- Urbanise has reached agreement with a large APAC strata customer on the resolution of fees and cost reductions to support the contract. Revenue increases of \$200k and cost reductions of \$314k per annum have been implemented. The on-going long term contracted partnership will continue, as Urbanise is critical to supporting the customer's growth and operational strategies.
- Q3 FY2024 licence revenue of \$2.9m up 3.1% vs previous corresponding period (pcp) due to implementation of new wins, offset by prior period churn. No significant churn during Q3 FY2024.
- Q3 FY2024 professional fees of \$166k were 72.4% lower (\$439k) vs pcp due to customer delays in implementations and change requests. There was also a reduction in product development fees for large customers compared to pcp as the business significantly reduced development headcount in Q2 FY2024 with the focus shifting from completed cloud product development to new sales.
- Q3 FY2024 average monthly cash used was \$354k impacted by circa \$700k of late receipts at the end of the quarter. During April 2024, \$351k of this has been collected with the remainder expected to be collected in early May.
- Closing cash balance of \$2.7m (31 Mar 2023: \$2.0m) and no material debt.¹
- Urbanise announces the entry into an expanded strata market opportunity, following the substantial completion of a new solution to provide integration of strata managers to their service providers in Australia. The Company is now able to compete against other solutions in an expanded market estimated at \$30m-\$54m per annum, without the need for further product development or expansion of infrastructure and resources. Revenue from this additional market would therefore be at a significantly higher margin.

¹ No debt other than annual insurance premium funding

Urbanise's CEO Simon Lee said: "During Q3 FY2024, Urbanise continued to progress key priorities, implementing our backlog, building on new contract wins and reducing churn. We resolved fees and costs for a large APAC strata customer and continued to drive sales conversion of small to medium customers. We also progressed material value contract opportunities in our pipeline across APAC FM and MENA.

"In addition, over the past six months, we have substantially completed a new solution which is designed to optimise and streamline the value chain between strata managers and their service providers offering enhanced choices, advanced automation, seamless integration, superior efficiency and potentially enabling more competitive pricing for these services.

"As we enter the final quarter of FY2024, we will continue to focus on cost discipline and working capital management, including the collection of outstanding debts. The immediate objective for Urbanise is to reach cash flow positive in FY2025, through driving ARR wins."

Q3 FY2024 Business Activity Update

The table below provides a summary of Urbanise's revenue for Q3 FY2024 and highlights growth in FM licence fees on pcp.

Q3 FY2024 Summary Results - Licence and professional fees (Unaudited financial information)

\$000's	Q3 FY2024	Q3 FY2023	Var	Var %
FM licence fees	1,101	973	128	13.2%
Strata licence fees	1,821	1,865	(44)	(2.4%)
Utilities licence fees	-	(4)	4	(100.0%)
Total licence revenue	2,922	2,834	87	3.1%
Professional fees	166	606	(439)	(72.4%)
Total revenue	3,088	3,440	(352)	(10.2%)
Licence fees % total	94.6%	82.4%		

Key Business Update

Large APAC Strata customer: Resolution of fees and on-going contract

- In Q4 FY2023, Urbanise incurred a reduction in revenue totalling circa \$135k per quarter (circa \$540k per annum) relating to a large APAC strata customer. The reduction was due to lower volumes of managed strata lots and a reduction of other services provided by Urbanise. Over the past 9 months, Urbanise has worked with this customer to re-base fees and costs, as part of the on-going long-term partnership.
- In summary, Urbanise has resolved as follows:
 - Increase in recurring licence fees and additional services, totalling circa \$200k per annum implemented across Q3 and Q4 FY2024.
 - Cost reductions totalling \$314k per annum in contract support expenses, implemented across Q2 and Q3 FY2024.
- The on-going long term contracted partnership will continue, as Urbanise is critical to supporting the customer's growth and operational strategies.

Colliers: NSW roll-out plan

A request for minor out-of-scope development is necessary before commencing the NSW roll-out. The NSW portfolio is included in the ARR backlog. The specifications for development are expected to be finalised in Q4 FY2024, with development to complete in Q1 FY2025. We expect to commence roll-out in NSW during Q1 FY2025.

Q3 FY2024 Contract Wins: \$246k ARR and \$148k Professional Fees

During Q3 FY2024:

- Urbanise Strata converted wins totalling \$122k in ARR and \$71k in professional fees consisting mainly of APAC strata customers; and
- Urbanise FM converted \$124k of ARR and \$77k of professional fees comprised of APAC FM Service Providers, aged care and NDIS customers. As noted below, the MENA business has been targeting several material value contracts for both strata and FM.

For 9 months to 31 March 2024:

- Total wins of \$793k of ARR and \$339k of professional fees; and
- a win previously reported for H1 FY2024, of circa \$100k ARR, has been substantially delayed from commencing by the customer and not included in the total for the 9 months to 31 March 2024.

During April 2024, total wins achieved so far are \$43k in ARR and \$33k in professional fees, bringing total wins from 1 July 2024 to 30 April 2024 as 834k ARR and \$373k in professional fees.

Pipeline

The current pipeline includes targeted wins ranging from small to material value contracts across APAC and MENA. The business has been able to improve the volume of conversion of small to medium sized contracts over the past nine months contributing to circa 80% of ARR wins. The objective is to improve the consistency of sales, whilst also pursuing material value contracts that generally take longer to convert and are at higher risk of customer delay. With the substantial completion of the new solution outlined herein the Company believes that it is well positioned to increase its strata pipeline based on this new solution offering. The pipeline for the new solution is initially focused on existing customers, leveraging Urbanise's strata footprint in the Australian market.

Urbanise does not disclose the value of the total qualified pipeline, however the Company has previously advised it is a multiple of the amount required for Urbanise to reach sustainable cash flow breakeven.

Cashflow

Urbanise remains committed to achieving cash flow breakeven. The cost-saving measures initiated during the Q1 operational review are nearing completion, with the full impact expected to be realised in Q4 FY2024. As at 31 March 2024, the cash balance closed at \$2.7m impacted by circa \$700k of outstanding debts. As of 30 April 2024, we have collected \$351k, and we anticipate an additional \$350k in early May.

Strata Management

Q3 FY2024 Strata Summary (Unaudited financial information)

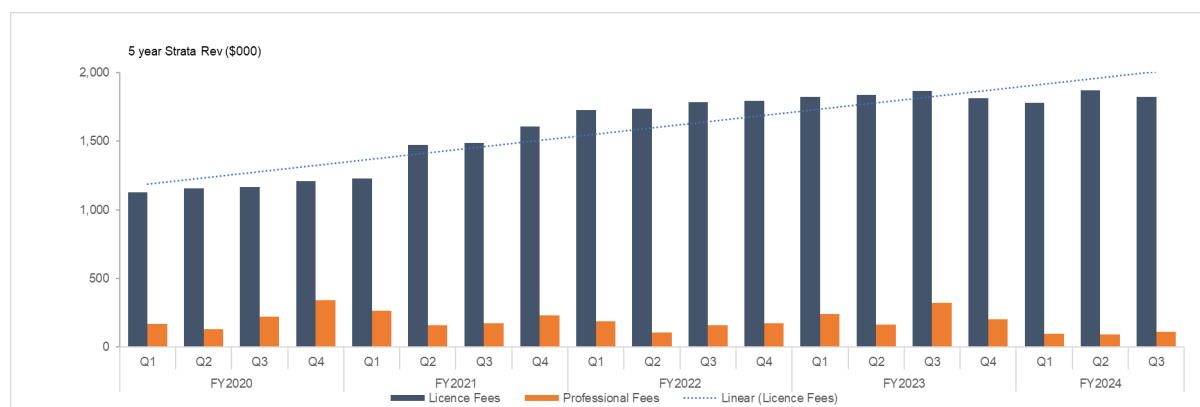
\$'000's	Q3 FY2024	Q3 FY2023	Var	Var %
Licence fees	1,821	1,865	(44)	(2.4%)
Professional fees	112	323	(211)	(65.3%)
Total revenue	1,933	2,188	(256)	(11.7%)

Licence fees % total	94.2%	85.2%
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Licence fee growth was offset by a reduction in licence fees from a large APAC strata customer (\$115k). As noted above, there has been a resolution with an uplift in fees and cost reductions that mitigate the profit impact. Q3 FY2024 are slightly lower than Q2 FY2024, due one Middle East strata customer valued at \$145k ARR lost due to a consolidation of systems in their group. This was previously reported in the Q2 FY2024 4C.

Q3 FY2024 professional fees were lower vs pcp primarily due to significant development fees for a major MENA customer in the comparison period.

Strata 5-year licence fee growth (\$'000s) – CAGR 9.3%



Facilities Management

Q3 FY2024 Facilities Management Summary (Unaudited financial information)

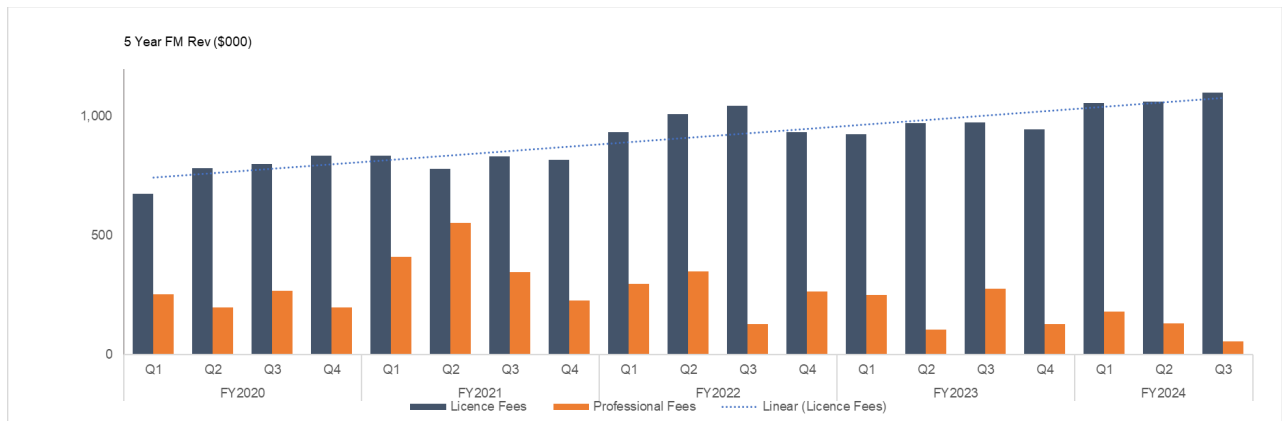
\$'000's	Q3 FY2024	Q3 FY2023	Var	Var %
Licence fees	1,101	973	128	13.2%
Professional fees	54	276	(220)	(79.7%)
Total revenue	1,155	1,249	(93)	(7.4%)

Licence fees % total	95.3%	77.9%
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In Q3 FY2024, our FM licence fee revenue increased by \$128k due to new growth and implementations, with no churn recorded.

Professional fees of \$54k for the quarter were \$220k lower vs pcp due to delays in new contract implementations and change requests for existing customers during Q3 FY2024.

FM 5-year licence fee growth (\$000s) – CAGR 6.1%



Q3 FY2024 Cashflow Summary

As of 31 March 2024, Urbanise cash balance closed at \$2.7m with no significant debt. The average monthly cash utilisation Q3 FY2024 was \$354k and the underlying average monthly cash usage was \$73k, a reduction of \$89k vs pcip:

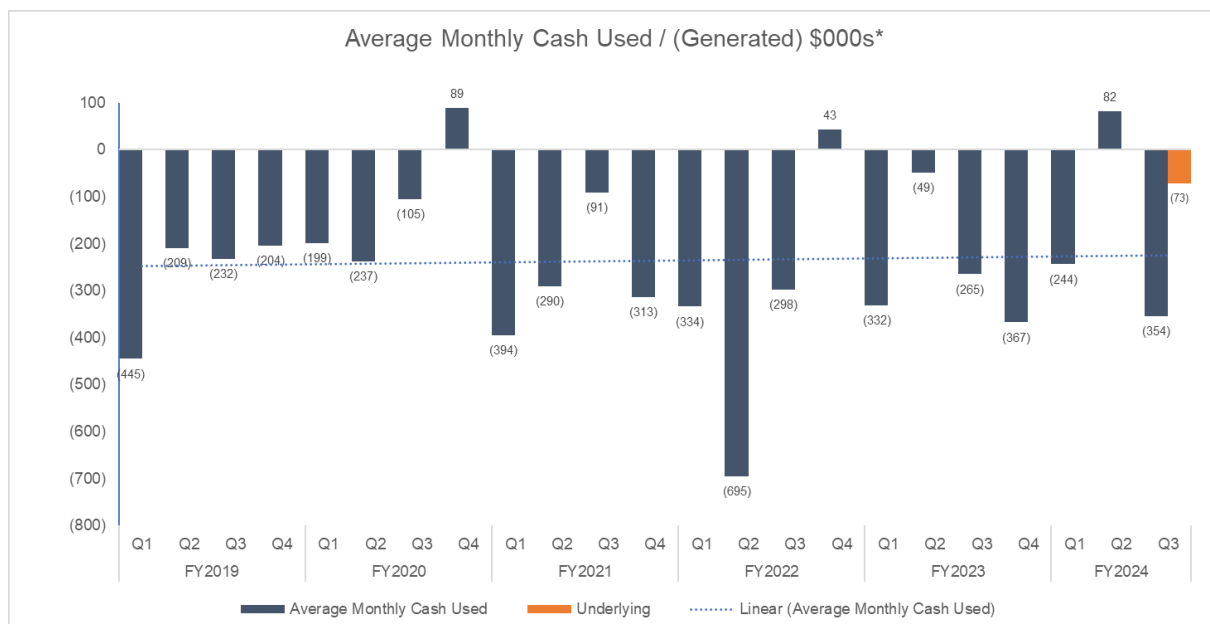
- Urbanise implemented cashflow improvements of \$2.4m as announced on 5 October 2023 which are on track to be realised in full by September 2024.
- As at 31 March 2024, the cash balance closed at \$2.7m impacted by circa \$700k of outstanding debts. As of 30 April 2024, Urbanise has collected \$351k, and anticipate the collection of an additional \$350k in early May.

Q3 Cashflow Summary (Unaudited financial information)

\$000's	Q3 FY2024	Q3FY2023
Opening Cash Balance	3,763	2,829
Receipts from customers	2,593	3,177
R&D tax rebate	-	389
Payments to suppliers and employees	(3,635)	(4,341)
Interest	(69)	(13)
Net cash used in operating activities	(1,111)	(788)
Payments for equipment	-	(5)
Net cash used in investing activities	-	(5)
Net increase in cash and cash equivalents	(1,111)	(793)
Effect of movement exchange rates on cash balances	49	(1)
Net cash flow for the period	(1,062)	(794)
Closing Cash Balance	2,701	2,035
Average Monthly Cash Generated / (Used)	(354)	(265)

\$000's	Q3 FY2024	Q3FY2023
Net cash flow for the period	(1,062)	(794)
R&D tax rebate	-	(389)
Employee severance costs/non-recurring costs	143	195
Late receipts – collected up 30 April	351	503
Late receipts – expected in early May	350	-
Underlying cash flow for the period	(218)	(484)
Underlying Average Monthly Cash (Used)	(73)	(162)

Average monthly cash used / generated (\$000s)* (Unaudited financial information)

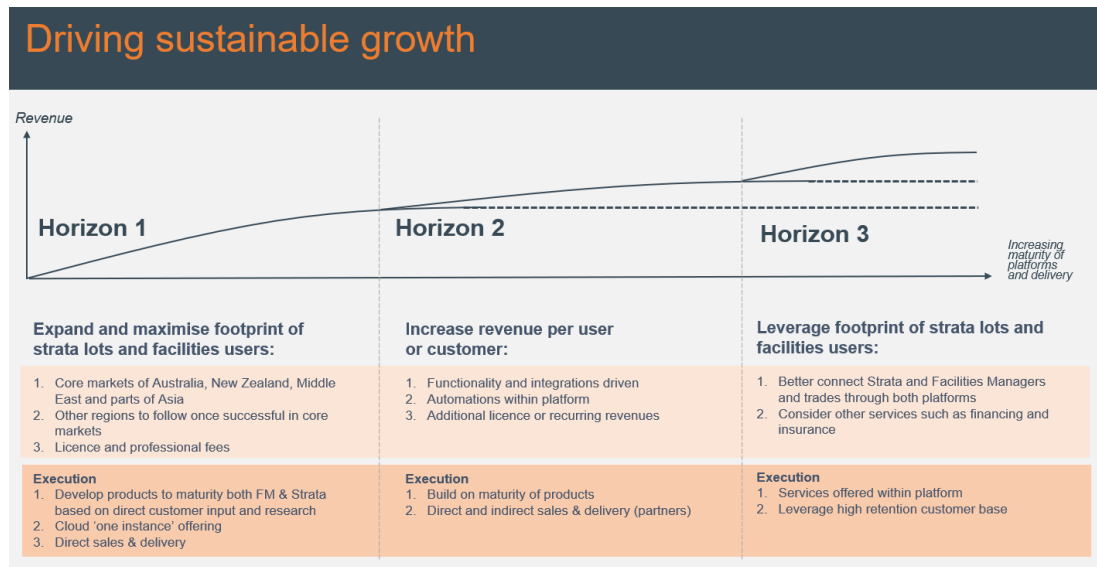


* Excludes proceeds from capital raises / placements and sale of business assets

Payments to related parties in Item 6.1 of Appendix 4C consisted of fees paid to the Board of Directors.

Growth Strategy Update and Expanded Addressable Strata Market

Urbanise continues to focus on driving sustainable growth, summarised into 3 Horizons as previously disclosed below.²



Horizons 1 and 2

Urbanise continues to pursue opportunities in the Middle East, Australia and New Zealand markets with strata managers, FM Service Providers, Aged Care and commercial / residential managers. The revenue model relies on licence fees and professional fees for the core platforms and additional features including integrations.

Horizon 3

Over the past two quarters, Urbanise has substantially completed the development of a new Horizon 3 offering, to allow Urbanise to now enter an expanded market, approximately doubling the immediate strata market opportunities it can address³.

New integration and automation solution:

Urbanise has substantially completed an integration and automation solution to enhance the connection between strata management and their service providers:

- the solution is an add-on to the existing Urbanise Strata platform;
- it is targeted at the Company's existing and target customer base;
- it allows customer data to be exchanged via secure APIs⁴ with multiple services providers;
- utilises Urbanise Strata's existing automations for funds, receivables and payables accounting; and
- minimises the time for customers to transfer from one service provider to another.

² Refer to UBN investor presentation lodged on the ASX on 17 May 2023.

³ Refer to UBN investor presentation lodged on the ASX on 17 May 2023 which outlines the existing market size for ANZ Strata at \$45m - \$50m.

⁴ Application Programming Interface which allows two software solutions to communicate with each other. The solution relies on the APIs provided by service providers.

The solution is designed to optimise and streamline the value chain between strata managers and their service providers, reducing administration costs through advanced automation, modern technology and superior efficiency. The solution leverages existing Urbanise infrastructure and resources and accordingly, the cost to serve is not considered significant. This supports the Company's opportunity to grow top line revenue and expand margins.

There are a limited number of providers in the Australian market already offering similar but more limited and aged solutions. The introduction of a new solution into this market will provide strata managers with a broader choice of strata management and service solution providers, greater levels of automation, transparency, efficiency and potentially enable more competitive pricing for these services.

Estimated Market Size:

The estimated incremental total market size is \$30m - \$54m⁵ based on the following:

- size of the transactional volumes and values captured in the Company's systems;
- calculation of the total market by grossing up, based on the Company's estimated existing market share; and
- attributing assumed fee percentages to the transactional data.⁶

Urbanise has estimated \$20 billion of transactions per year in the market that is currently serviced by a combination of software solutions and their service providers.

Sales approach:

The Company has not yet converted sales for the new solution but has generated leads and target opportunities with strata managers. Urbanise will be using existing sales and marketing resources to generate sales. This includes using existing channels for direct sales and account management, trade events, electronic direct mail and social media. Urbanise will update investors when it converts meaningful sales from this market opportunity.

Decision to pursue:

The Company is pursuing this additional market as:

- it adds a new revenue stream to its current licence fee model and aligns to the overall growth strategy;
- it adds value and competitive differentiation to the Company's existing offerings;
- market engagements and sales leads generated to date sufficiently validate that strata managers are interested in switching from existing or adopting these solutions;
- market estimates have been undertaken and validated with key market participants using industry and internal data;
- it uses existing infrastructure and resources with no significant product development;
- the nature of the market opportunity can support revenue growth and margin expansion;
- Urbanise has current capacity and capability to generate sales leads for the solution;
- whilst the Company has not yet determined the market share that it can derive, the estimated size of the total market at \$30m - \$54m is sufficiently large for Urbanise to enter and compete in; and
- as such, there are minimal cost and risks by diversifying into this market.

⁵ Refer to UBN investor presentation lodged on the ASX on 17 May 2023 which outlines the existing market size for ANZ Strata at \$45m - \$50m. The incremental increase brings the total immediate market size to \$75m - \$104m.

⁶ The estimated total market of \$30m-\$54m is based on an estimated \$20bn in annual strata transactions in Australia yielding between 0.14% and 0.30% for providers of this or similar solutions.

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

Investor enquiries

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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. Urbanise technology is used in some of the tallest towers and most prestigious communities around the globe. www.urbanise.com

Forward-looking statements

This announcement may contain forward-looking statements regarding the Company's financial position, business strategy and objectives (rather than being based on historical or current facts). Any forward-looking statements are based on the current beliefs of the Company's management as well as assumptions made by, and information currently available to, the Company's management. Forward-looking statements are inherently uncertain and must be read accordingly. There can be no assurance that some or all of the underlying assumptions will prove to be valid.

All data presented in this announcement reflects the current views of the Company with respect to future events. Forward-looking statements are subject to risk, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. To the maximum extent permitted by law, the Company, its officers, employees and agents do not accept any obligation to release any updates or revisions to the information (including any forward-looking statements) in this announcement to reflect any change to expectations or assumptions; and disclaim all responsibility and liability for any loss arising from reliance on this announcement or its contents.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Urbanise.com Limited

ABN

70 095 768 086

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,593	10,937
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(623)	(1,929)
(c) advertising and marketing	(10)	(93)
(d) leased assets		
(e) staff costs	(2,300)	(6,942)
(f) administration and corporate costs	(702)	(3,889)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(69)	(85)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	461
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,111)	(1,541)

2. Cash flows from investing activities

2.1 Payments to acquire or for:

(a) entities

(b) businesses

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) property, plant and equipment	-	(8)
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(g) entities		
(h) businesses		
(i) property, plant and equipment		
(j) investments		
(k) intellectual property		
(l) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	(8)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,763	4,248
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,111)	(1,541)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	49	2
4.6	Cash and cash equivalents at end of period	2,701	2,701

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,701	3,763
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,701	3,763

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(50)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,111)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,701
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,701
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:		

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2024

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.