ASX RELEASE

27 August 2020

Urbanise.com Limited reports FY2020 result

- Licence revenue of $7.85m, up 28.3% on FY2019
- Total revenue of $9.65m, up 19.5 % vs pcp[1]; 81.4% recurring
- EBITDA loss of ($2.37m), down 33.1% on FY2019
- Net loss of ($4.16m), down 12.6% vs pcp
- Annualised recurring revenue (ARR)[2] of $8.16m, up 14.4% on FY2019
- Backlog of $1.80m as at 1 July 2020
- Underlying average monthly cash used of $154k (FY2019: $272k)
- Closing cash balance of $4.55m[3] and no material debt[4]
- COVID-19 Update: No material impact to date on the demand for Urbanise's cloud-based software

Urbanise.com Limited (ASX:UBN) today released its full year result for the twelve months to 30 June 2020.

FY2020 revenue of $9.65m was 19.5% higher than the previous corresponding period (pcp) due to strong growth in licence fee revenue which reflected the implementation of new customers and the expanded reach of strata and facilities managers. Recurring revenue accounted for 81.4% of total revenue. An EBITDA loss of ($2.37m) was 33.1% lower vs pcp as a strong revenue performance and ongoing cost discipline delivered positive operating leverage.

Annualised recurring revenue (ARR) of $8.16m was 14.4% higher vs pcp and 81.7% higher than June 2018. This reflected customer retention of almost 100% and strong growth in strata lots and facilities users as Urbanise continued to implement the PICA project and further extend its customer base among facilities management outsourcers and property owners. The backlog at 1 July 2020 was estimated at $1.80m.

Urbanise's CEO, Saurabh Jain said: "FY2020 has been a transformative year for the company as we achieved strong licence revenue growth, optimised our cost base and realised significant improvements in working capital. In Q4 FY2020, our underlying average monthly cash burn was $75k, the lowest level since our IPO in 2014. Our financial position remains strong with no material debt and a closing cash balance of $4.55m.

[1] Previous corresponding period
[2] ARR is based on revenue for the month of June
[3] Includes net proceeds of $2.20m from institutional-led placement in December 2019
[4] No debt other than annual insurance premium funding

"The mission-critical nature of the software we provide to strata and facilities managers is increasingly evident as are the advantages of our SaaS subscription model with its highly recurring revenue base and high customer retention. Most of our customers now pay in advance on a quarterly or annual basis and our focus on cost discipline and working capital management has delivered a significant reduction in our cash requirements.

"During the year, the PICA implementation remained a priority for the strata team with the rollout progressing to plan and completion expected in FY2021. We also continued to pursue our pipeline of activities across our global footprint and are yet to see any material impact on our business from the COVID-19 pandemic. Looking ahead, we will continue to invest to increase the 'stickiness' of our solutions and drive ARR as we benefit from tailwinds associated with the ongoing shift to the cloud."

Facilities Management Result

Facilities Management produced another strong result as licence fees increased by 58.1% to $3.09m due to the implementation of new customers and network effect as facilities managers added clients and subcontractors to their platforms. Professional fees of $910k represented revenue associated with the onboarding of new customers and were largely consistent with the prior year. Total revenue of $4.00m was 36.4% higher vs pcp and reflected a strategic focus on the delivery of multi-tenant software to Tier 2 outsourcing companies.

Facilities users billed of approximately 2.23k were 21.2% higher vs pcp. In June 2020, Facilities Management ARR was $3.33m, a 20.2% increase vs pcp and almost triple the ARR in June 2018. As at 1 July 2020, the facilities backlog included ten new contracts estimated to be worth $0.40m in annual licence fee revenue. Two of these contracts related to the delivery of an integrated strata and facilities management solution, an offering which is unique to Urbanise.

Strata Result

In FY2020, Strata licence fee revenue of $4.66m was 15.4% higher vs pcp due to the onboarding of new customers and the ongoing implementation of the contract with PICA, Australia's largest strata manager. Professional fees were slightly higher than the prior year, due to the inclusion of one-off development fees mainly associated with the PICA rollout in Queensland and NSW. Total Strata revenue of $5.52m was 13.3% higher vs pcp.

Strata lots billed increased by 10.3% to approximately 331k in June 2020. Strata ARR of $4.83m was 10.8% higher vs pcp based on revenue for the month of June. At 1 July 2020, the strata backlog was estimated at $1.40m, the majority of which was associated with the PICA contract.

Cash flow and balance sheet

During FY2020, Urbanise continued to strengthen its financial position with a significant reduction in underlying average monthly cash used to $154k from $272k in the prior year. In Q4 FY2020, underlying average monthly cash used of $75k was at its lowest level since the 2014 IPO. This reflected the timing of cash receipts from customers, increased advanced billings and further improvement in collections. At 30 June 2020, Urbanise had a closing cash balance of $4.55m (FY2019: $3.70m) and no material debt.[5]

In FY2020, a key achievement has been to realise significant improvements in working capital. There has been ongoing progress in reducing outstanding debts from customers[6] and a 25.4% reduction in trade and other receivables highlighted a substantial improvement in collections. At 30 June, deferred revenue of $2.63m related to advance billings which are collected quarterly to annually in advance with revenue recognised over the appropriate period. The net effect of these measures has been to shift working capital from positive to negative over the past year.

FY2021 Outlook

In FY2021, a primary focus will be the completion of the PICA rollout which is expected to deliver an additional $1.30m in ARR. Urbanise will also increase its investment in sales and marketing to drive further revenue growth and will continue to develop new features and functions to increase the "stickiness" of its cloud-based platforms. In addition, the Company will continue to drive further working capital efficiencies.

Investor Conference Call

Urbanise Executive Director and CEO Saurabh Jain and CFO Simon Lee will host a webinar at 11am today with the investment community which will include a Q&A session.

To register for the webinar, please visit:

https://us02web.zoom.us/webinar/register/WN_SbH8Io30SyClGVTD8su47Q

NB: This is an analyst and investor call. The media are welcome to listen to the presentation.

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

Investor enquiries

Françoise Dixon +61(2) 8234 0112
Citadel-MAGNUS

About Urbanise

Urbanise is the creator of a cloud-based platform for delivering building services. Designed for service providers, the Urbanise software-as-a-service industry cloud platform is transforming the traditional engineering approach to building operations; improving customer service, removing operational costs and enabling new revenue streams. Urbanise technology is used in some of the tallest towers and most prestigious communities around the globe. www.urbanise.com

[5] No debt other than annual insurance premium funding
[6] In FY2020, 57.3% of receivables were current compared to 34.2% in FY2019