Urbanise.com Limited

ANNUAL REPORT 2020

CORPORATE INFORMATION

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Saurabh Jain
Russell Bate
Pierre Goosen
Tod McGrouther

Company Secretary
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Bankers
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Urbanise the World

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CHAIRMAN'S REPORT

Dear Shareholder

The 2020 financial year has represented a significant milestone for Urbanise as it continued the transformation of its business with a focus on the provision of industry-specific cloud-based SaaS platforms to strata and facilities managers.

FY20 overview

For the year ended 30 June 2020 (FY2020), Urbanise was able to increase its revenue by 19.5% and reduce its EBITDA loss by 33.1%. The highlights are as follows:

- Revenue: $9.7 million (FY2019: $8.1million)
- EBITDA: $2.4 million loss (FY2019: $3.6 million)
- ARR: $8.2 million (FY2019: $7.1 million)
- Closing cash: $4.5 million (FY2019: $3.7 million)

Our Chief Executive Saurabh Jain and his team have achieved significant licence revenue growth, stabilised the cost base and realised substantial improvements in working capital which has reduced our ongoing cash requirements. This provides Urbanise with a path to cash and profit breakeven in the medium-term.

The strong growth in licence revenue which accounted for 81.4% of FY2020 revenue highlights the 'sticky' nature of our multi-tenant platforms which enable our customers to realise significant efficiencies and deliver better services to their customers.

Our financial position remains strong with a closing cash balance of $4.55m and no material debt. This includes $2.2m in net proceeds from an institutional-led placement in December 2019 which was a strong endorsement of the hard work we have done over the past two years to reposition the business.

Urbanise Strata Management platform

Over the past five years, the strata industry has undergone significant change. To remain competitive, strata managers need to improve the customer experience for the apartment owners, tenants, and committees they serve. At the same time, they are under increasing pressure to keep up to date with legislation and realise back office efficiencies.

In 2016, Urbanise embarked on a major redevelopment of its strata platform to bring its functionality to the cloud environment and meet the demands of a changing industry.

Since then, Urbanise has gradually rolled out its world-class Urbanise Strata Management ('USM') across its existing and new user base, including to the PICA Group, the market leader in strata management in Australia.

The implementation of the PICA project continued in FY2020 and was an absolute priority for our strata team. Urbanise completed much of the pre-requisite development which will allow both PICA and Urbanise to finish the roll-out of the strata platform across the remaining PICA project during FY2021. The completion of this roll-out will be a major milestone for Urbanise, and is expected to contribute an additional $1.3 million in recurring revenue when it goes live.

COVID-19 and Risk Management

The Board and Executive team have taken the necessary steps to assess the immediate and potential long-term impact of the COVID-19 pandemic on the Urbanise business. Whilst the general economic impact on our markets is uncertain, to date there has been no material impact on our business.

The Board are of the view that the demand for Urbanise's products are underpinned by an accelerating shift to the cloud as remote working becomes commonplace and the mission-critical nature of the software we provide.

The Board continues to closely monitor Urbanise's risk management in light of COVID-19, including the impact to our markets and our operating activities.

Infrastructure security and data protection are core to Urbanise's operations and we continue to invest in these to protect our customers' information.

Board Update

On behalf of the Board, I would like to acknowledge the contribution made by David Cronin during the 16 months he served as a Director.

On 29 May 2020, David stepped down from the Board, having assisted in the transformation of Urbanise's business model to focus on the delivery of cloud-based SaaS platforms for strata and facilities managers.

Outlook

There have been many achievements this year and none of these would have been possible without the commitment and hard work of our team led by Saurabh.

Our team is currently working hard to complete the roll-out of the PICA project and to pursue our pipeline of activities across our global footprint.

On behalf of the Board, I would like to thank our dedicated global team of developers, customer support and sales, marketing and implementation professionals.

Finally, I would like to thank our customers and shareholders for their ongoing support.

Almero Strauss
Non-Executive Chairman and Director

CEO'S REPORT

Dear Shareholder,

FY2020 was another exciting year for Urbanise and I am pleased to provide you with an update on your Company's progress.

It has been 18 months since I became the CEO of Urbanise, and the strategy we implemented to build and commercialise new and existing products has proved successful. Our focus on licence revenue growth, a cost base restructure and working capital improvements has reduced our cash requirements and resulted in our lowest average monthly cash burn since the IPO in the fourth quarter.

Urbanise's solutions are underpinned by our strong engineering culture coupled with deep industry experience. The investment we have made in artificial intelligence and machine learning has helped differentiate us from our peers. We also benefit from the work of our 42 developers who provide fortnightly updates and our dedicated support team who are important factors in our high customer retention.

Our cloud-based software is mission-critical for strata and facilities managers who use our platforms to manage core workflows and our apps to communicate with key stakeholders. Following the COVID-19 outbreak, we delivered seamless solutions as many businesses made a rapid transition to remote working. Our customers were able to focus on their people, as their core business platform, Urbanise Facilities and Strata, moved from the office to home.

Turning to our FY2020 financial results, our revenue grew by 19.5% to $9.7 million and operating expenses by 3.4% , reflecting our investment in sales, marketing, implementation staff and general cost inflation. This positive operating leverage resulted in a 33.1% reduction in our EBITDA loss to $2.4m.

The resilience of our software-as-a-service (SaaS) subscription model was once again evident this year with its highly recurring revenue base and customers who mostly pay in advance. The automation of our billing processes also enabled us to manage our debtors very effectively during the year.

We continued to invest in customer support and product development to enhance the user experience and drive cost efficiencies for our clients. Some of these features such as web chat and interactive training, will allow us to further scale our platform across geographies and benefit from tailwinds associated with the accelerated shift to the cloud and ever-increasing compliance and reporting obligations.

Urbanise Facilities

Urbanise Facilities Management Platform is a cloud-based SaaS system that helps facilities managers, property owners and tenants manage budgets, planned work, and reactive work, with mobile applications for trade staff and deep analytics for managers. Our revenue performance reflects our strategic focus on facilities management outsourcing firms and large property owners. We are fortunate in that a significant proportion of our new business is customer-led and driven by a network effect, particularly in Facilities where our revenue grows as customers add clients and subcontractors to their platform.

Urbanise Strata

The Urbanise strata platform is a cloud-based SaaS system that manages all aspects of strata management, from financial accounting, communication, levy generation and community engagement. The strata cloud platform continued to deliver strong growth in FY2020.

We have completed the build of our next-generation platform which in our view is a game-changer for the industry. We have automated many of the manual processes around strata accounting, ATO compliance, and reporting and expect this to further differentiate us from others in the market.

The PICA project remains on track as we have achieved major milestones which included migrating many of their branches over to Urbanise Strata. We look forward to completing this project in FY2021.

COVID-19 management

The Urbanise team has responded well to working from home due to the infrastructure and processes already in place before the pandemic commenced. This includes extensive use of meeting platforms to collaborate internally and with customers, across sales, implementations, development and customer support.

I am pleased to report that our productivity was not affected and that our financial performance was not materially impacted during this time.

The Future

In FY2021, we will continue to invest in sales and marketing to drive revenue as we continue to scale our cloud platform across our global footprint.

What has been particularly encouraging, these past 12 months, has been the continuing traction Urbanise is experiencing in offshore markets, including the Middle East where we offer the only integrated facilities and strata solution.

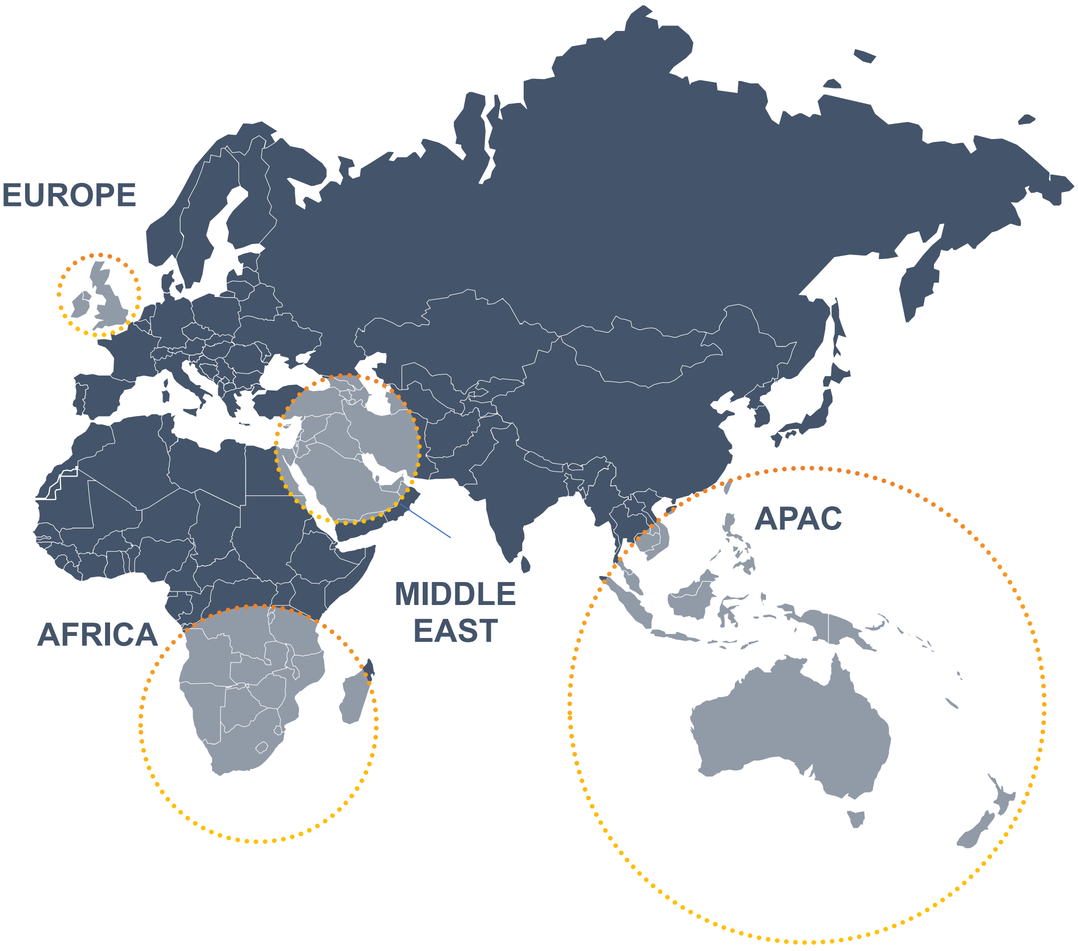
Finally, I would like to thank the Board and our shareholders for their ongoing support, and our team for their hard work and dedication under any circumstances.

I look forward to the year ahead as we continue to Urbanise the world.

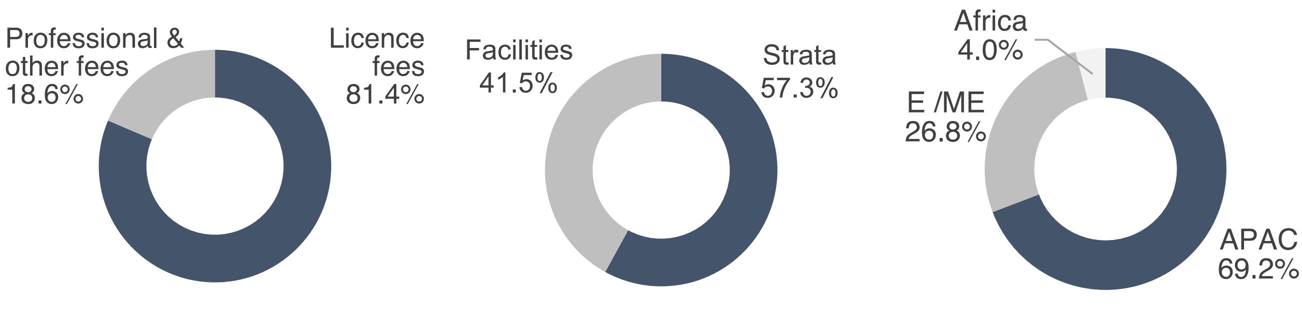
Saurabh Jain
Executive Director and Chief Executive Officer

GLOBAL FOOTPRINT

A transferable delivery model across a global footprint



FY20 REVENUE



15 MARKETS

331K STRATA LOTS BILLED

2.23K FACILITIES USERS BILLED

81.4% RECURRING REVENUE

urbanise

CLOUD PLATFORM OVERVIEW

STRATA MANAGERS

Primary Use

- Manage apartment buildings, strata commercial towers and large housing communities
- Accounting & administration of strata bodies and funds
- Communities with owners and residents

Benefits

- Integrated finance, banking and operations platform
- Compliance with local strata legislation
- Mobile app and E-Services

FACILITIES

FM OUTSOURCERS, ASSET MANAGERS

Primary Use

- Manage infrastructure, buildings, residential and commercial properties
- Asset Management
- Workforce Management

Benefits

- Reduce paperwork and administration costs
- Manage multiple assets & contracts from one place
- AI and machine learning
- Real time reporting and analytics

CUSTOMER LIFE CYCLE

1

WINNING NEW WORK

Business Development
Targeted Marketing

2

ONBOARDING NEW CLIENTS

Implement with our in-house team
Provide Training

3

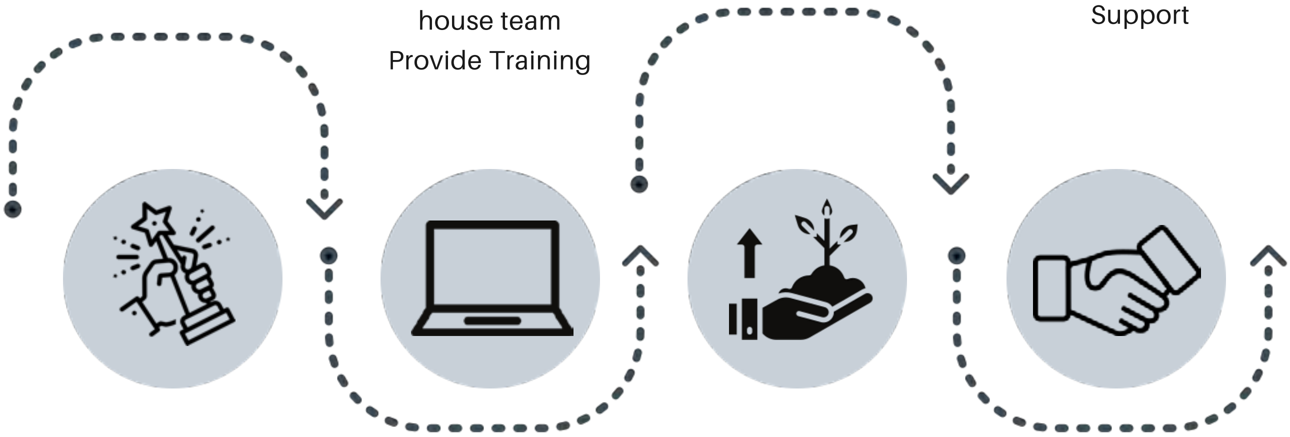
RETAIN & GROW

Account Management
New Features

4

ADMIN & SUPPORT

Technical Support
Billing & Account Support



Implementation Fees

Licence fees

1 – 6 months conversion | 3 – 9 months implementation | Licence fee per lot

Strata

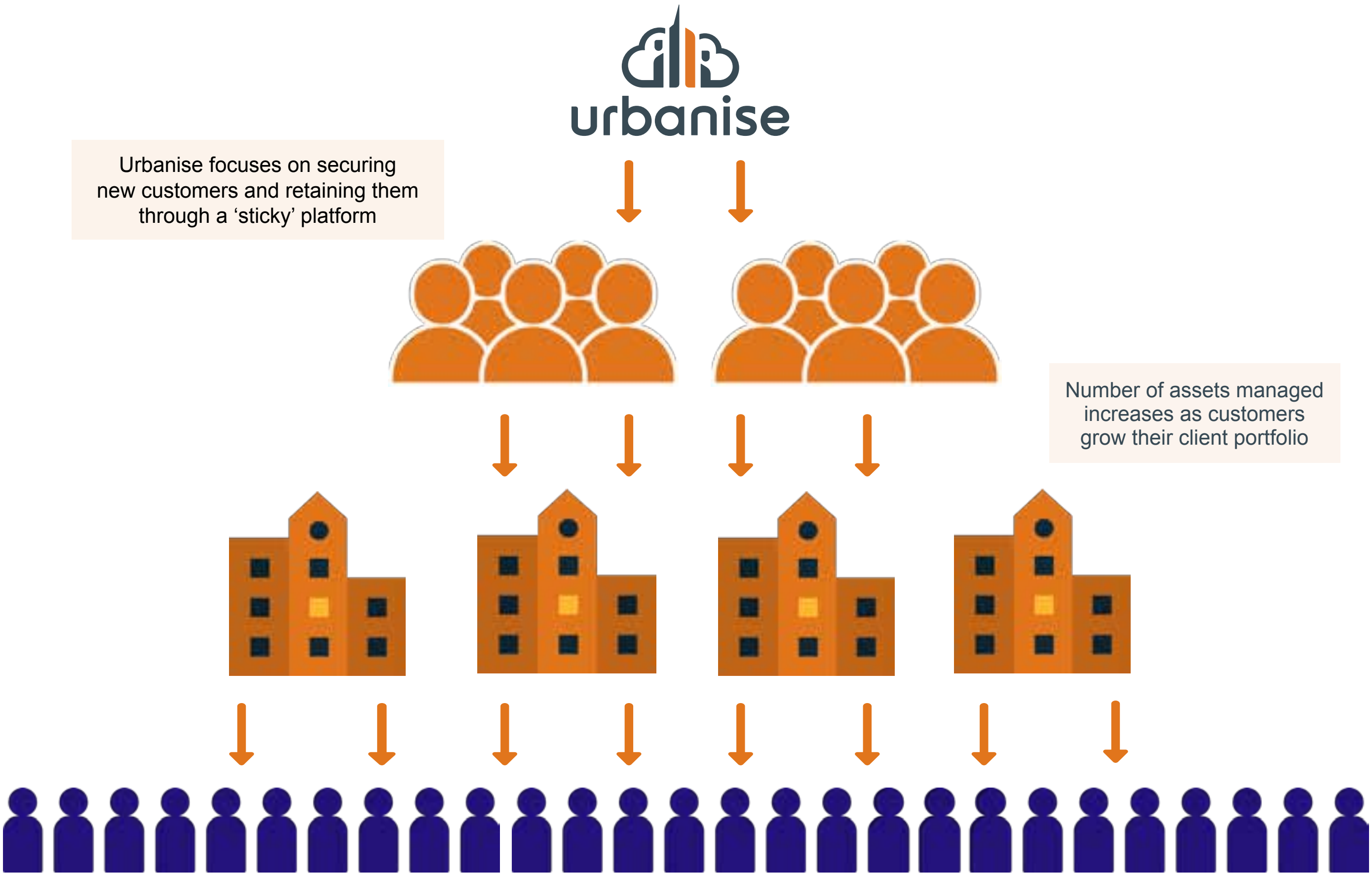
3 – 9 months conversion | 1-3 months implementation | Licence fee per user

Facilities

Scalable Operating Model

Scalability is achieved by automation and integration of processes through the customer lifecycle.

THE NETWORK EFFECT



More subcontractors required to use platform

Driving Revenue Growth

As Facilities management customers add clients & subcontractors, our revenue grows.

OVERVIEW: STRATA

AN ADAPTIVE AND FLEXIBLE SOLUTION THAT PROVIDES A UNIFIED CHANNEL OF INTERACTION BETWEEN STAKEHOLDERS

In 2016, Urbanise recognised the need to undergo a major technological refinement in order to remain relevant and stay competitive. Our legacy platform 'Mystrata' has now been enhanced with improvements based on user experience.

The new strata platform, known as the world-class Urbanise Strata Management (USM) platform, has been rolled out across existing and new users, and is delivering enhanced functionality and aesthetics.

This continual investment in technology demonstrates Urbanise's sustained commitment to improving the customer experience, retaining existing customers and winning over new ones.

Our expert developers drive the rapid feature deployment to keep Urbanise ahead of the curve and the competition.

Key features of the platform include:

- Simplified operational procedures through advanced automation of back-office operations, property-related functions and finances (i.e. automated electronic banking and streamlined bank reconciliations).
- Quick AP – in partnership with Acumen Data - enables the complete outsourcing of the entire accounts payable process faster and more securely with real-time visibility.
- Community Portals and Apps – a set of self-service tools to facilitate the sharing of documents, raising and tracking of maintenance and service requests.
- Meeting Management - delivers the industry's leading meeting and electronic voting solution.
- Drag and drop features makes uploading and sharing documents simple and efficient.
- The ability of the USM to integrate seamlessly with other Urbanise systems and third-party systems through our suite of APIs.

Guy Garreffa from StrataPoint notes: *"The Urbanise Strata Management Platform has significantly improved operations. The system does not require a large amount of manual work to complete tasks and achieve desired results".*

"For example, the automation of striking levies following an AGM… has increased efficiency and guaranteed compliance with the applicable legislation".

Remote access

Our clients have benefited from mobile and tablet apps, self-service web portals, and remote access capability.

Most companies have transitioned to a work from home workforce. Remote access to applications is now mission critical. Cloud-based software solutions are designed for this – all you need is an internet connection and you are good to go.

Our remote access capability through mobile and tablet apps and self-service web portals offer convenience and flexibility. Strata portfolios can be managed from anywhere at any time of the day.

COVID-19 has also resulted in a significant change in customer behaviours and preferred interactions. With physical distancing measures in place, owners need an electronic alternative to make payments and to communicate effectively. The Urbanise Community App offers connectivity to banking payment gateways and effective communication tools to provide a unified channel of interaction with owners.

Setting the Stage for Change

The implementation process is accompanied with a thorough onboarding and training process.

Our competency-based training is based on unique client workflows, industry best practice and can be delivered in-person or remotely.

Clients also have access to additional training information in our online Knowledge Base resource library.

Workshops held during the implementation stage allows clients to use USM in a live environment with training data sets. Properties are set up where users apply their knowledge of the system and learn about the fundamentals in a controlled environment.

Our platform is intuitive, easy to use and training goes beyond the basic functions, enabling clients to utilise all features.

Guy Garreffa from StrataPoint explains: *"I was concerned the training and onboarding process would be complicated and overwhelming… but the instructions and five days of training along… has instilled confidence in myself and the team at StrataPoint… to be able to use the Urbanise Strata Management Platform to its full potential".*

Going the Extra Distance

As a customer-focused organisation, we are committed to providing outstanding levels of support to all our clients.

Lisa Matijevic, Urbanise Global Manager in Operations states: *'"Our clients consistently mention that they are happy with the level of assistance provided by the support team. We provide support via live chat, phone and email from 7am to 1am AEST. We assist all clients to find appropriate solutions in a timely manner".*

CASE STUDY: IKEA

AN ADAPTIVE AND FLEXIBLE SOLUTION THAT PROVIDES A UNIFIED CHANNEL OF INTERACTION BETWEEN STAKEHOLDERS

IKEA Southeast Asia and Mexico (IKEA SEAMEX) needed a highly scalable and innovative facility management system that could adapt to its existing properties and expand into different store formats and mixed-use developments.

IKEA SEAMEX's incumbent facilities management software lacked system flexibility and was deficient in analytics capability, causing monthly reporting to be time consuming and cumbersome.

The Challenge

IKEA SEAMEX was using a series of systems to manage their facilities management functions and assets. These systems were a barrier to the adoption of small store formats and leased properties. They lacked efficient reporting on facilities management operations (e.g. costs) and sustainability metrics (e.g. utilities and waste).

The incumbent systems also lacked the flexibility to track facilities management process mapping and made benchmarking problematic. IKEA SEAMEX wanted to undertake benchmarking on each site to identify performance gaps and enable a culture of continuous improvement.

The Conversion

Urbanise was identified as a good fit based on its ability to manage and report on facilities management activities and sustainability metrics from a single platform.

Christopher Mills, Head of Facilities for IKEA SEAMEX, was introduced to Urbanise when he was General Manager of a Facilities Maintenance Consultancy in Dubai.

Chris was charged with finding a system that would *'simplify and standardise IKEA SEAMEX's services and compliance regimes across all stores and properties, from anywhere and no matter what size store'.*

Key features of the platform that appealed to IKEA SEAMEX:

- Standardised Services and O&M processes against listed property assets for regulatory and company compliance and maintenance regimes.
- A Mobility App that allowed data to be collected and tasks to be logged, tracked and managed in real-time.
- Automation features including photo and image recognition, notifications via mobile device on assignment of task, auto-assignment and voice recognition.
- Anytime, anywhere system access that could support any type of property or leased unit.
- Ability to be implemented before construction is completed to assist the property handover to facilities managers.
- An analytics tool that can undertake trend modelling.
- Configurable real-time dashboard reporting tailored to KPIs and performance benchmarks.
- Ability to implement functional audits and questionnaires during daily works.
- Ability to translate speech into text in multiple languages thus opening communication barriers and providing access to documents in different languages.
- Training documentation and site support.
- Capability to integrate to Building Management Systems (BMS) and Metering for utility billing.
- Ability to provided billable FM services to tenants and customers.

Additionally, the system enhancements released to all Urbanise customers every two to three weeks was a key selling point to IKEA SEAMEX, as it demonstrated a commitment to continuous improvement.

The conversion process took approximately twelve months and the decision to implement Urbanise was ultimately due to:

- the quality of product presentation;
- ease of use and system implementation; and
- a suite of automated analytical reports to provide site KPI performance on demand.

Implementation

Urbanise gathered the customer requirements at the beginning of the implementation and then created a sequential project plan to accommodate those requirements.

Successful implementation at the first IKEA SEAMEX site at Johor Bahru (Tebrau and Toppen) was achieved over a two month period.

Subsequent implementations (including Penang and Bangkok) were completed within three weeks.

This was achieved by:

- Collecting processes and data from all IKEA SEAMEX sites and working with their teams to align processes via workshops, demonstrations and training videos.
- Using a replicable implementation schedule with clearly defined deliverables, allowing for progress tracking and early slippage detection.
- Creating IKEA SEAMEX specific Process Maps to provide insight into the process and cut out inefficient tasks.
- Standardising asset and location naming conventions.
- Producing a Maintenance Plan that standardised the frequency and type of maintenance to be undertaken.
- Testing the platform's functionality in a live environment using real employee and subcontractor data.
- Working closely with the IKEA SEAMEX operations team to capture, standardise, cleanse and load information.
- Providing comprehensive onboarding and cross training.

"… Urbanise provided the best fit for us and our ambitions".
– **Christopher Mills, Head of Facilities at IKEA SEAMEX**

"... by working in partnership with IKEA SEAMEX, we have been able to develop improved data capture and analytics features that benefit the IKEA SEAMEX team and the wider Urbanise FM community".
– **James Danaher, Urbanise Global Manager - Professional Solutions**

Results

The Urbanise Facilities Management Platform helps the IKEA SEAMEX team manage Facilities Management services (planned maintenance, corrective maintenance and asset management) to ensure a sustainable, safe, clean and functional environment for customers, employees and visitors.

The Urbanise Facilities Management Platform also ensures sites are maintained to a common standard to promote and protect the IKEA brand as the best home furnishing specialist in the market.

These improvements include:

Improvements in Facility Management Operations

- Standardisation of Facilities Management strategies, processes and training material across stores in the IKEA Southeast Asia and Mexico portfolio.
- Ability to undertake store to store benchmarking in real time. Each IKEA SEAMEX site now has access to standardised reporting across all stores and regions that compare year on year performance and performance against SLA's/Budget based on the site size (square foot).
- Trend analysis, year on year result comparison and actuals vs budget/targets in real-time.
- Accurate tracking of statutory, legal and compliance regulations.
- Availability of condition based and preventative repair schedules.

- Ability to track assets, work order status, number of requests by site, maintain asset health and plans for maintenance.
- Automatic management reporting and easy to read monthly dashboards that provide real-time store performance against KPIs.
- 90% savings in new installations, 50% savings in annual software costs.

Improvements in energy consumption

IKEA SEAMEX is aiming to be climate-positive (by reducing emissions) by 2030. Monitoring site utility and waste data is integral to achieving this target.

Urbanise built tailored utilities and waste surveys that capture data via FORCE, the Urbanise Mobile App. Data from the surveys is transferred into real-time dashboards, where the IKEA SEAMEX team can observe the level of efficiency of each store.

Since the inception of tracking energy consumption data, IKEA sites have realised a 20% reduction in utilities costs worth approximately USD 4.5 million per annum.

The Future

As IKEA SEAMEX grows and evolves, the collective commitment to improve efficiencies using technology is critical.

"As we grow, we need the right tools and systems that will cater to an increasingly changing retail industry. We see Urbanise as the tool that will enable FM to be more than just maintenance".
– **Christopher Mills, Head of Facilities at IKEA SEAMEX.**

FY20 RESULT SUMMARY

Strong operating leverage as business continues to scale

Financial Summary	FY2020	FY2019	Change
Revenue	**$9,646k**	$8,072k	19.5%
Licence Revenue[1]	**$7,849k**	$6,117k	28.3%
Operating expenses	**$12,016k**	$11,615k	3.4%
EBITDA Loss[2]	**$2,370k**	$3,543k	-33.1%
Net Loss	**$4,155k**	$4,755k	-12.6%
Underlying Average Monthly Cash Used[3]	**$154k**	$272k	33.7%
Cash end period	**$4,545k**	$3,702k	22.8%

Key Operational Metrics	Jun 2020	Jun 2019	Change
Recurring revenue	**81.4%**	75.80%	6ppts
ARR[4] ($m)	**$8.16m**	$7.13m	14.4%
Backlog[5] ($m)	**~$1.80m**	~$2.10m	-14.3%
Strata customers (lots)[6]	**~331k**	~300k	10.3%
Facilities Users[5]	**~2.23k**	~1.84k	21.1%

1. FY2019 excludes discontinued Devices business
2. Includes impact of AASB 16
3. Excludes cash from placing/capital raise
4. Annualised Recurring Revenue is based on licence fees for month of June
5. Backlog includes contracts that have been signed but are not yet earning licence fees – as at 1 July
6. Lots and users based on month of June data

- **FY20 revenue of $9.6m**, up 19.5% vs pcp driven by 28.3% increase in licence revenue
- **ARR of $8.16m** for the month of June 2020 up 14.4% vs pcp
- **FY20 operating expenses marginally higher** vs pcp due to increase in variable hosting costs, general cost inflation & one-off cost associated with offshore development team
- **33.1% reduction in EBITDA loss** due to strong growth in revenue and positive operating leverage
- **Strong revenue backlog** of approximately $1.8m

FY20 KEY METRICS

Continuing ARR growth as backlog implemented and FM builds presence

	Month of Jun 18	Month of Dec 18	Month of Jun 19	Month of Dec 19	Month of Jun 20	Backlog as at 1 Jul 2020
Strata lots	**~212k**	**~278k**	**~300k**	**~320k**	**~331k**	**~288k**
Strata ARR[1]	*$3.28m*	*$3.95m*	*$4.36m*	*$4.66m*	*$4.83m*	*Est. ~$1.40m*
Facilities users	**~0.76k**	**~1.25k**	**~1.84k**	**~2.21k**	**~2.23k**	**10 new contracts[2]**
Facilities ARR[1]	*$1.21m*	*$1.95m*	*$2.77m*	*$3.19m*	*$3.33m*	*Est. ~$400k*
Total ARR[1]	***$4.49m***	***$5.90m***	***$7.13m***	***$7.85m***	***$8.16m***	***Est. ~$1.80m***

1. Annualised Recurring Revenue based on the month of June/December revenue
2. Includes two contracts that are combined Strata and Facilities

Directors' Report

The Directors of Urbanise.com Limited (Urbanise) present their report together with the consolidated annual financial report of the Company for the year ended 30 June 2020 (FY2020) and auditor's report thereon.

Information on Directors and Company Secretary

Almero Strauss

Non-Executive Chairman

(appointed as Director on 8 February 2017, Executive Chairman on 3 April 2018, Non-Executive Chairman 21 January 2019)

Almero joined the board of Urbanise on 8 February 2017, was appointed Executive Chairman on 3 April 2018, and Non-Executive Chairman on 21 January 2019. Almero is a director and an executive member of the Mergon Group's investment team since 2008. Mergon is a private investment group that was founded in 1980. From a single, start-up business, Mergon has grown a diversified investment portfolio with significant interests in companies in the technology, commercial property, financial services, fintech, renewable energy, and logistics industries. Almero represents Mergon on the Boards of Infotech, one of South Africa's oldest technology companies, Tradeswitch (a Mobile Virtual Network Enabler), and Renewable Energy Holdings (the foremost independent hydropower developer in South Africa).

Having initially qualified and worked as an electronic engineer, Almero obtained pre and postgraduate accountancy qualifications from the University of Cape Town before launching his career in strategy and management consulting. During his career Almero has worked with leading international firms Bain & Company and Deloitte in South Africa and the USA. Almero was a founding member of Decipher Consulting, a South African niche consulting firm, where he was an executive director of the business.

Russell Bate OAM

Non-Executive Director

(appointed 26 March 2014)

With more than 45 years in the IT industry Russell has held senior management positions in both hardware and software companies, retiring from full time employment in 2002 as Vice President Product Sales Operations – Asia Pacific for the US multi-national Sun Microsystems. In that role he was responsible for direct sales operations in the Sun's Asia Pacific Region, an area that included the ASEAN countries, Australasia, China, the Indian sub-continent, Japan and Korea.

Russell joined Sun in 1992 and was appointed Australasian Managing Director in 1994. He managed the Australasian operation through five years of record growth. In 2000, Russell was awarded Sun's prestigious Leadership Award and was elected to Sun's Leadership Council. In that same year he was promoted to the position of Vice President - Product Sales Operations for Asia Pacific and became the first Australian to be made a Vice President at Sun.

Since his retirement Russell has retained a close association with the technology industry.

He is a former board member and past Chair of Musica Viva Australia, Australian Distributed Incubator, CR X Pty Ltd and Field and Game Australia. He was a board member of the Australian Broadcasting Corporation from 1995 to 2000 and the Australian Information Industry Association (AIIA) from 1997 to 2000.

Russell is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Pierre Goosen

Non-Executive Director

(appointed 3 April 2018)

Pierre is the managing director of Argosy Capital, a European based private equity and venture capital business. Prior to joining Argosy, Pierre gained significant professional experience as a commercial, private equity and funds lawyer at pre-eminent international law firms, having negotiated a variety of significant transactions with complicated investor and shareholder dynamics. Pierre is an admitted attorney in South Africa and solicitor in England and Wales.

Pierre is based on the Isle of Man and serves as a director on several boards of private and listed companies in which Argosy is an investor.

Pierre is Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

Directors' Report

Saurabh Jain
Executive Director and Chief Executive Officer

(appointed 21 January 2019)

Saurabh Jain is the Chief Executive Officer and Executive Director. Saurabh oversees all aspects from strategy to sales, product development and customer service.

With over 20 years of experience in technology related roles, including the last 10 years in property management and services sectors, Saurabh brings to Urbanise a large depth of knowledge and connections. After more than 5 years in Sydney and New York as a solutions director for Converga, Saurabh joined Cushman and Wakefield (Cushman) in 2013. Cushman is the world's second largest property management organisation, with 45,000 employees in 52 countries. At Cushman, Saurabh held the role of Chief Information Officer, Australia and New Zealand, and later the role of Global Technology Director, Customer Portals and Analytics. More recently Saurabh headed the Solutions Centre at Ventia, Australia's largest services company.

Saurabh holds a B.E. Software Engineering from UNSW, a MBA Executive from AGSM, a MBT from AGSM and is a graduate of AICD.

Tod McGrouther
Non-Executive Director

(appointed 16 October 2018)

Tod has a Bachelor of Law (First Class Honors) and University Medal from the University of Sydney, a Bachelor of Commerce (First Class Honors) and University Medal majoring in Accounting and Finance from the University of New South Wales and a Diploma in Applied Finance from the Securities Institute of Australia.

Tod has worked in the Australian corporate advisory industry since 1986 and has specialised in the provision of corporate advice in the areas of corporate valuation, equity capital raising both for private and public equity and investor relation advice for ASX listed companies. Tod was as Associate Director of Bankers Trust Australia between 1986 and 1994.

Between 1994 until 1998 Tod was a Director of the Corporate Finance Department of Prudential Bache Securities Limited. From 1998 until the present Tod is co-founder and Director of KTM Capital. KTM provides corporate advisory and equity capital markets services across mid-market resources, IT, financial and other services sector companies.

Tod is a Director of ASX listed NSX Limited and Love Group Global Ltd.

Tod is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

David Cronin
Non-Executive Director

(resigned 29 May 2020)

David has over 20 years' professional experience and more than 15 years of international experience at the Director/Chairman Board level. David is presently the Managing Director of the investment and consulting group, Pierce Group Asia, where he is responsible for its technology focused corporate development and investment activities. Prior to this role, David was an investment manager for the London/ASX listed Guinness Peat Group and Director of M&A for its technology focused subsidiary.

Prior to GPG, David started his professional career with 5 years in banking at Westpac Banking Corporation. David has been involved in various advisory, executive-level and board positions with several technology companies at various stages of development. David has previously served as both a Director and Chairman of Urbanise prior to its 2014 IPO. David is a Director and Chairman of ASX listed Ava Risk Group Limited.

Directors interest in the shares, performance rights and options of Urbanise.com Limited

As at the date of this report, the interest of the directors in the shares, performance rights and options of the Group:

Directors	Number of fully paid ordinary shares	Number of performance rights	Number of Options
Almero Strauss	2,300,000	–	–
Russell Bate (i)	1,793,513	750,000	–
Pierre Goosen (ii)	230,643,525	–	–
Saurabh Jain	4,634,974	7,117,647	–
Tod McGrouther (iii)	6,621,205	–	–

(i) The shares are held by RW & DJ Bate Superannuation Fund Pty Ltd as trustee for RW and DJ Bate. Mr Bate is a director of the trustee and beneficiary to the fund.

(ii) The shares are held by Argosy Capital Limited. Mr Goosen is the Managing Director of Argosy.

(iii) The shares are held by IFM Pty Ltd as trustee for the IFM Superannuation Fund. Mr McGrouther is a director of the trustee and beneficiary to the fund.

Company secretary

Kim Clark held the position of company secretary of Urbanise.com Limited at the end of the financial year. Kim is an experienced business professional with 25 years' experience in the Banking and Finance industries and 9 years as a Company Secretary of an ASX300 company.

Her experience includes debt and capital raising, risk management, mergers and acquisitions, compliance and governance. Kim currently acts as Company Secretary to various ASX listed and unlisted companies in Australia and is the Head of Corporate Services for Boardroom's Queensland office.

Directorships of other listed companies

Directorships of other ASX listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Urbanise Office
Almero Strauss	nil	Non-Executive Chairman and Director
Russell Bate	nil	Non-Executive Director
Pierre Goosen	nil	Non-Executive Director
Saurabh Jain	nil	Executive Director
Tod McGrouther	NSX Limited, Love Group Global Limited	Non-Executive Director

Dividends

No dividends have been paid or declared since the start of the financial year.

Directors' Report

Principal activities

Urbanise is a leading provider of cloud-based software platforms designed and developed for the Strata and Facilities Management industries.

Operating and financial review

The commentary below should be read with the consolidated financial statements and related notes in this report. Some parts of this commentary may include information regarding the plans and strategy for the business and may include forward looking statements that involve risks and uncertainties. Actual results and the timing of certain events may differ materially from future results expressed or implied in the forward-looking statements contained in the commentary. References to FY2020 are to the year ended 30 June 2020.

The Group continued investment in staff and operational infrastructure in existing geographies to position for significant growth with large client opportunities, and to build scale. In addition, the Group continued its investment into product development, processes and systems to support customers in each geography.

The strategy continued to be successful in the Australasian and Middle Eastern markets where investment was made in the improvement and localisation of Urbanise's platforms to continue support for client contracts. The Group maintained its existing footprint in Australasia, South Africa and the Middle East. The offshore software development team in Bulgaria was maintained while expanding the development and customer support capability in South Africa.

Global Headcount averaged at around 73 throughout the financial year.

COVID-19

The overall financial performance of the Group has not been materially impacted to date, as a result of the COVID-19 pandemic. The Board and management continue to monitor the situation as part of its ongoing risk management.

Financial performance

Sales revenue

Total sales revenue growth was up by 19.5%, primarily driven by growth in Licence fees revenue whilst Professional Services revenue remained consistent.

Expenses

Total operating expenses increased by 3.4% due to IT hosting costs scaling with revenue, general cost inflation and one-off cost write-off [1].

Foreign exchange losses were $0.36 million (FY2019: gain of $7 thousand) which were largely unrealised losses.

	2020 $	2019 $
Employee benefits and contractor costs	**(8,423,951)**	(8,012,276)
IT Subscription and licence cost	**(1,550,049)**	(1,153,347)
Occupancy cost [2]	**(476,284)**	(575,022)
Professional fees	**(499,204)**	(399,132)
Travel costs	**(371,511)**	(510,377)
Cost of implementation and materials	**(5,774)**	(124,999)
Advertising and promotion expenses	**(159,897)**	(152,595)
Other expenses	**(529,317)**	(687,735)
Total operating expenses	**(12,015,987)**	(11,615,483)
Depreciation and amortisation [2]	**(1,479,483)**	(1,220,666)
Finance costs [2]	**(23,496)**	(27)
Other Expenses	**–**	(14,167)
Foreign exchange (loss)/gain	**(364,316)**	7,063
Total expenses	**(13,883,282)**	(12,843,280)

1 The group uses agencies to facilitate the operations of its Bulgarian development team. During FY2020, the group changed agency and $0.20 million of deposited monies were returned and $0.20 million was forfeited. This is a non-recurring write-off.

2 The adoption of AASB 16 resulted in $0.10 million of lease costs recognised under amortisation and finance costs for FY2020. The group adopted AASB 16 using the modified retrospective method and was not required to restate for FY2019.

Loss before tax

The reported loss before tax decreased from $4.75 million to $4.16 million (12.6% improvement). The significant improvement of the reported net loss after tax was due to the significant increase in sales revenue and discipline in containing cost.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) reconciliation:

	2020 $	2019 $
Loss for the Period	**(4,155,233)**	(4,754,740)
Add Back:		
Depreciation and amortisation expenses [3]	**1,479,483**	1,220,666
Finance costs [3]	**23,496**	27
Foreign exchange loss/(gain)	**364,316**	(7,063)
Other income	**(82,423)**	(15,729)
Other expense	**–**	13,591
EBITDA	**(2,370,361)**	(3,543,248)

Cashflow

The net cash outflow from operating activities, capitalisation of development cost and spend on PPE reduced by 58.7% during FY2020 to $1.3 million (FY2019: $3.3 million excluding proceeds from sale of Devices business).

Capital and financial structure

On 23 December 2019 Urbanise received commitments to raise $2.25 million before expenses via an institutional-led placement for the issue of 45 million fully paid ordinary shares. The placement price of 5 cents per share represented a premium to the volume weighted average price (VWAP) over the 30 days leading up to 23 December 2019.

At 30 June 2020 Urbanise had a net cash position of $4.55 million with no material debt[4] or borrowings.

Business strategies and prospects

Urbanise will continue to focus on growing its recurring revenue over the next twelve months. Contracted revenue is expected to increase through continued growth of the Australasian and Middle East strata markets, combined with market share gains in the Australian and Middle East facilities management market.

The Board believes that the strategic initiatives undertaken over the past two and a half years position the Group well to deliver increased shareholder value over the medium to long term. Clear strategies are in place which, under the direction of sound leadership, ensure that the Group is well poised for future success.

In the coming financial year Urbanise will continue to build on its solid foundation:

- Completion of the PICA roll-out during FY2021
- Network effect of customer sign up continues
- Continue to lead as the major cloud-based strata platform
- Facilities platform fast becoming a market leader in APAC
- Demand for integrated strata and facilities offering continues to increase, particularly in the Middle East
- Steady decline in cash used and sufficient cash runway for the foreseeable future
- Continued improvements to the working capital position
- Convert signed customers (backlog) to go-live (billable licence fees)

3 The adoption of AASB 16 resulted in $0.10 million of lease costs recognised under amortisation and finance costs for FY2020. The group adopted AASB 16 using the modified retrospective method and was not required to restate for FY2019.

4 No debt other than annual insurance premium funding.

Directors' Report

Investment in Product Development

Urbanise will continue to invest in product development to enhance existing solutions, expand the number of features and applications provided and develop new solutions. Urbanise is focussed on continuous improvement which includes offering customers upgrades designed to enable our customers to benefit from ongoing innovations.

Build scale

Urbanise has invested in operations in the Australasia, Middle East regions and will continue to grow scale in these regions while some of the development function remains in Bulgaria and South Africa and customer support remains in South Africa.

Impact of COVID-19 on operations

Since the start of the COVID-19 pandemic, Urbanise took the following steps:

- Where necessary, operated offices remotely and provided support to staff
- Sales continued to provide software demonstrations via meeting platforms
- Implementations and training were delivered remotely and via meeting platforms
- Customer support and accounts were not impacted and continued delivering billing and collection
- All domestic and international travel suspended until safe to travel
- Updating management risk management assessments and forecasts for potential scenarios

Significant events after the balance sheet date

Other than as already noted in the financial statements, there have been no significant subsequent events in the affairs of the Group at the date of this report.

From the changes made to the operations and feedback from the clients, the group have not seen any material impact on the business from the COVID-19 pandemic.

Likely developments

The Group will continue to pursue its operating strategy to create shareholder value. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

Environmental regulations

The Group's operations are not subject to any significant environmental regulation under Commonwealth or State regulations or laws.

As a growing technology company, the Group has low power consumption. Outside of our electricity consumption in our global offices, a significant portion of energy consumption is through the data centres of AWS, our cloud services platform provider.

Ordinary shares, options and performance rights shares

Share Options

Unissued shares

At the date of this report, there were 1,246,552 ordinary shares under option. Refer to Note 29 for further details of the shares under option outstanding.

Option holders do not have any right, by virtue of the option or performance right shares, to participate in any share issue of the Company or any related body corporate.

Shares issued and exercised as a result of the exercise of options

During the financial year no share options were issued or exercised (FY2019: 1,146,552 options were issued).

Share options issued during the year are disclosed under shares under option or issued on exercise of options below.
A total of 5,426,405 options were forfeited by Directors since financial year 30 June 2019.

Performance rights

Unissued shares

At the date of this report, there were 32,730,444 ordinary shares under performance rights. Refer to the remuneration report for further details of the options outstanding for Key Management Personnel (KMP) and Note 29 for further details of the performance rights shares outstanding.

Performance rights holders do not have any right, by virtue of the performance rights, to participate in any share issue of the Company or any related body corporate.

Shares issued and exercised as a result of the performance rights

During the year, 17,680,443 performance rights shares were issued (FY2019: 30,000,000) and 8,250,000 performance rights shares were exercised (FY2019: nil).

Indemnification of officers and auditors

The Group has entered into agreements to indemnify all the Directors and Officers against all liabilities to persons (other than the Group), which arise out of the Directors and Officers conduct unless the liability relates to conduct involving a lack of good faith or is otherwise prohibited by law. The Group has agreed to indemnify the Directors and Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

To the extent permitted by law, the Group has agreed to indemnify its auditors, A D Danieli Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify the Auditors during or since the financial year.

Directors' meetings

The number of Directors' meetings (including meetings of Board Committees) and the number of meetings attended by each of the Directors of the Company held during the financial year are detailed in the following table:

	Directors' Meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
Name	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Almero Strauss	10	10	6	6	3	3
Russell Bate	10	10	6	6	3	3
David Cronin (i)	9	10	6	6	3	3
Pierre Goosen	9	10	4	6	2	3
Saurabh Jain	10	10	6	6	3	3
Tod McGrouther	9	10	4	6	2	3

(i) Resigned on 29/05/20

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non-audit services

The auditors were not engaged in any non-audit services for the year ended 30 June 2020.

Proceedings on behalf of the Group

The Group has not applied for leave of court to bring any proceedings on its behalf.

Directors' Report – Audited Remuneration Report

The prescribed details for each person covered by this report are detailed below under the following headings:

- Remuneration Report Overview
- Overview of Executive Remuneration
- Overview of Non-Executive Director Remuneration
- Statutory and Share-based Reporting
- Loans to Key Management Personnel
- Other Transactions with Key Management Personnel

Remuneration Report Overview

The Directors of Urbanise.com Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2020. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements Urbanise's key management personnel (KMP):

- Non-executive directors (NEDs)
- Executive directors and senior executives (collectively the Executives).

KMPs are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

The table below outlines the KMP of the Group and their movements during FY2020:

Non-Executive Directors	
Almero Strauss	(Non-Executive Director – appointed 8 February 2017) (Executive Chairman - appointed 3 April 2018) (Non-Executive Chairman – 21 January 2019)
Russell Bate	(Non-Executive Director – appointed 26 March 2014)
David Cronin	(Non-Executive Director – resigned 29 May 2020)
Pierre Goosen	(Non-Executive Director – appointed 3 April 2018)
Tod McGrouther	(Non-Executive Director – appointed 16 October 2018)
Executive Director	
Saurabh Jain	(Executive Director and Chief Executive Officer – appointed 21 January 2019)
Executive	
Simon Lee	(Chief Financial Officer – appointed 7 June 2019)

Overview of Executive Remuneration

The Board policy for determining the nature and amount of key management personnel remuneration is agreed by the Board of Directors after review, approval and recommendation by the Remuneration and Nomination Committee.

The Board or the Remuneration and Nomination Committee may engage external consultants to provide independent advice where it considers it appropriate to ensure that the Group attracts and retains talented and motivated directors and employees who can enhance Group performance through their contributions and leadership. During the year ended 30 June 2020 neither the Board nor the Committee engaged any external consultants.

Compensation levels and structures for key management of the Group are competitively set to attract and retain appropriately qualified and experienced people, and to reward the achievement of strategic objectives and achieve the broader outcome of protecting and enhancing shareholder value. The compensation structure is designed to account for the capability and experience of key management and the ability of key management to control areas of their respective responsibilities.

Directors' Report – Audited Remuneration Report

The principles used to determine the nature and amount of remuneration are as follows:

a) Alignment to shareholder interests:

- Controllable financial drivers of the business including revenue, net profit, cash flow and operational drivers of the business including sales, market growth, expense management; and
- Remuneration is set at a level to attract and retain high calibre executives.

b) Alignment to the key management interests:

- Appropriate rewards for capability and experience;
- Clear policies for earning rewards; and
- Recognition for contribution.

The framework provides a mix of fixed pay and variable at risk incentives and a blend of short and long-term incentives. In relation to long-term incentives, as executive's contribution and term with Urbanise increase they can be rewarded by gaining exposure to growth in the value of the Group through access to the Employee Share Option Plan.

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee which provides recommendations to the Board on remuneration and incentive policies and practices. The Committee provides specific recommendations on remuneration packages and other terms of employment for Executive Directors, Executives and Non-Executive Directors. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Directors and Senior Executives on a periodic basis by reference to relevant employment market conditions with an overall objective of the retention of a high-quality Board and Executive team.

Overview of Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the appropriate calibre.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a General Meeting.

The amount of aggregate remuneration and the way it is apportioned amongst Directors is reviewed annually.

The Board can access independent advice and industry benchmarks on fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. During the year no independent advice was obtained, however reference was made to public information.

The Board consider their composition to be appropriate for the needs of the Group in its current operating environment.

Executive remuneration arrangements

For executives, the Group provides a remuneration package that incorporates both cash-based remuneration and share based remuneration. The contracts for service between the Group and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment thereby aligning executive and shareholder interests.

The following table outlines the summary terms of employment for the CEO and other executive KMP:

	Notice period by Executive	Notice period by Company	Termination Benefits
Saurabh Jain - CEO	3 months	3 months	Statutory benefits only
Simon Lee	1 month	1 month	Statutory benefits only

Directors' Report – Audited Remuneration Report

Executive remuneration policies and structures

Executives are awarded with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy. Executives receive fixed remuneration and variable remuneration consisting of short- and long-term incentive opportunities.

Executive remuneration levels are reviewed annually by the Remuneration and Nomination Committee with reference to the remuneration guiding principles and market movements. The structure of executive remuneration in FY2020 is comprised of the following elements:

- Fixed remuneration
- Variable remuneration, split between:
  - Short Term Incentives
  - Long Term Incentives

Elements of remuneration

1. Fixed remuneration

Fixed remuneration consists of base salary and superannuation and is designed to reward for:

- The scope of the executive's role
- The executive's skills, experience and qualifications
- Individual performance

It is set with reference to comparable roles in similar companies.

2. Variable remuneration

a) *Short-Term Incentives (STI)*

- The objective of the STI program is to link the achievement of personal Key Performance Indicators (KPI's) and the Group's annual financial and operational targets with the remuneration received by the Executives charged with meeting those targets.
- The total potential STI available is set at a level that provides sufficient reward to the Executive for exceeding the financial and operational targets and at such a level that the cost to the Group is reasonable in the circumstances.
- STI rewards are assessed annually and are usually paid in cash. Actual STI payments granted to each Executive depend on the extent to which specific personal Key Performance Indicators (KPI's) and annual financial and operational targets set at the beginning of the financial year are met or exceeded.
- Executives can achieve up to a maximum of between 25% and 35% of fixed remuneration as STI.

Performance Criteria

KPIs cover financial (revenue, EBITDA and working capital) and non-financial as a Group, regional and product level performance. For each KPI, a target is set. The targets are set by the Remuneration and Nomination Committee and the Board for the year ahead.

b) *Long-Term Incentives (LTI)*

The options and performance rights are designed to align employee remuneration with the creation of shareholder value and improving cash flows over the long-term and enable the company to recruit and retain the talented people needed to achieve the Company's business objectives.

Executives can be awarded an LTI of up to 35% of fixed remuneration in accordance with the Group's Employee Share Option Plan (ESOP). The number of performance rights granted is determined using the fair value at the date of grant, considering the terms and conditions upon which the performance rights were granted.

Executives are eligible to receive performance rights (one performance right equals one ordinary share in the company upon meeting the performance criteria). The performance rights vest over a 3-year period dependent on continued employment with the company unless otherwise determined by the Board.

The treatment of vested and unexercised awards will be determined by the Board with reference to the circumstances of cessation. Options and performance rights do not vest until all vesting or performance criteria set at granting have been met in accordance with the terms and conditions of the ESOP. There are no voting or dividend rights attached to the options or performance rights. Voting rights will attach to the ordinary shares when the options or performance rights have been exercised. Unvested options and performance rights cannot be transferred and will not be quoted on the ASX. All options and performance rights expire on the earlier of their expiry date or three months after termination of the employee’s employment subject to Directors’ discretion.

Performance Criteria

Performance criteria include the Group achieving revenue targets, cash flow targets, other financial targets or share price levels as set by the Board. The performance criteria are set by the Remuneration and Nomination Committee and the Board for the year ahead.

LTI Schemes

- On 9 September 2019, a resolution was passed by the Board to issue 17,180,443 performance rights to Urbanise employees. These performance rights are subject to performance criteria being achieved prior to vesting based on revenue, cost, EBITDA, cashflow and project targets at 30 June 2020. These performance rights would vest in 3 equal tranches on 31 August 2021, 31 August 2022 and 31 August 2023, subject to the employees’ (including Key Management Personnel) continued employment. There is no exercise price on these performance rights. Targets are subject to review post reporting date.
- On 24 October 2018, a resolution was passed by the Board to issue 18,000,000 performance share rights to Urbanise employees. These performance rights are based on cash flow targets being met at 30 June 2019. These performance rights vest in 3 equal tranches on 31 August 2019, 31 August 2020 and 31 August 2021, subject to the employees’ (including Key Management Personnel) continued employment. There is no exercise price on these performance rights. Targets were met but subject to ongoing service conditions.
- On 22 November 2018, a resolution was passed by the Board to issue 12,000,000 performance share rights to Urbanise employees. These performance rights are based on cash flow targets being met at 30 June 2019. These performance shares vest in 3 equal tranches on 31 August 2019, 31 August 2020 and 31 August 2021, subject to the employees’ (including Key Management Personnel) continued employment. There is no exercise price on these performance rights. Cash flow targets were met at 30 June 2019.
- In September 2017, 7,306,250 performance rights were issued to Urbanise employees. These performance rights were based on share price targets being met at 30 June 2019. These shares did not vest as targets were not met.
- In November 2017, 9,235,000 performance rights were issued to Urbanise employees. These performance rights were based on revenue targets being met at 30 June 2020. The probability of vesting has been determined to be 0%.

Dividends

Executives are not eligible to receive dividends on unvested performance rights. Executives will receive dividends on vested performance rights.

Overview of company performance

The table below sets out information about Urbanise.com Limited’s earnings and movements in shareholder wealth for the past four years up to and including the current financial year.

	FY2020	FY2019	FY2018	FY2017
Revenue ($m)	**9.7**	8.1	6.5	5.1
Sales revenue ($m)	**9.6**	8.1	5.4	4.7
Profit/(loss) after tax ($m)	**(4.2)**	(4.8)	(27.6)	(36.2)
EBITDA ($m)	**(2.4)**	(3.5)	(25.2)	(31.5)
Operating cash flow ($m)	**(0.1)**	(2.5)	(8.0)	(8.8)
Investing cash flow ($m)	**(1.2)**	(0.7)	(0.8)	(15.3)
Share price (cents)	**0.06**	0.03	0.03	0.05

Directors’ Report – Audited Remuneration Report

Overview of Non-Executive Director Remuneration

Urbanise.com Limited’s NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity. NEDs receive fees only and do not participate in any performance-related incentive awards. NED fees reflect the demands and responsibilities of the directors.

The Remuneration Committee reviews NED remuneration annually against comparable companies. The Board may also consider advice from external advisors when undertaking the review process.

NED fees consist of base fees. The Board fees payable to NEDs for FY2020 was in a range of $36,000 to $60,000 per year (inclusive of superannuation).

NEDs may be reimbursed for expenses reasonably incurred in attending to the Group’s affairs.

Maximum aggregate NED fee pool

NED fees are determined within an aggregate NED fee pool limit, which is periodically approved by shareholders. The maximum aggregate amount that may be paid to NEDs for their services is $250,000 during any financial year.

The Board will not seek an increase to the aggregate NED fee pool limit at the 2020 AGM.

Statutory and Share-based Reporting

Executive KMP remuneration for the years ended 30 June 2020 and 30 June 2019

		Salary & fees	STI	Long service leave / Gratuity	Superannuation	Termination payment	Performance rights	Performance related	Total
S Jain (i)	**2020**	**382,405**	**140,000**	**–**	**25,000**	**–**	**140,000**	**41%**	**687,405**
	2019	260,144	157,561	–	19,214	–	128,648	51%	565,567
S Lee (ii)	**2020**	**213,247**	**58,750**	**–**	**20,259**	**–**	**82,250**	**38%**	**374,506**
	2019	13,197	–	–	1,254	–	–	–	14,451
D Bugden (iii)	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	233,904	42,049	59,729	17,623	39,686	–	11%	392,991
V Selzer (iv)	**2020**	**47,872**	**96,805**	**–**	**4,078**	**25,900**	**–**	**55%**	**174,655**
	2019	257,569	96,666	–	18,841	–	68,648	37%	441,724
H Venter (v)	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	242,496	–	–	17,391	29,477	126,001	30%	415,365
H Arundel (vi)	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	–	–	–	–	44,994	–	–	44,994
Total executive KMP	**2020**	**643,524**	**295,555**	**–**	**49,337**	**25,900**	**222,250**		**1,236,566**
	2019	1,007,310	296,276	59,729	74,323	114,157	323,297		1,875,092

(i) STI of $140,000 and LTI of $140,000 for FY2020 both subject to Board approval post reporting date
(ii) STI of $58,750 and LTI of $82,250 for FY2020 both subject to Board approval post reporting date
(iii) Ceased 15 February 2019
(iv) Ceased 6 September 2019
(v) Ceased 24 May 2019
(vi) Appointed August 2017, resigned April 2018. Options awarded as a termination payment

The following table outlines the proportion of maximum STI and LTI earned in relation to the FY2020 financial year.

	Maximum STI opportunity (% of fixed remuneration)	Maximum LTI opportunity (% of fixed remuneration)
S Jain	35%	35%
S Lee	25%	35%

NED remuneration for the years ended 30 June 2020 and 30 June 2019

		Director Fees (vii)	Allowances	Options and Performance Rights	Total
R Bate (i)	**2020**	**35,850**	**–**	**–**	**35,850**
	2019	36,000	–	–	36,000
G Bugden (ii)	**2020**	**–**	**–**	**–**	**–**
	2019	9,000	–	–	9,000
D Cronin (iii)	**2020**	**43,259**	**–**	**–**	**43,259**
	2019	16,500	–	–	16,500
P Goosen (iv)	**2020**	**35,550**	**–**	**–**	**35,550**
	2019	36,000	–	–	36,000
T McGrouther (v)	**2020**	**59,750**	**–**	**–**	**59,750**
	2019	42,500	–	–	42,500
A Strauss (vi)	**2020**	**34,352**	**–**	**–**	**34,352**
	2019	35,610	–	–	35,610
Total NED's	**2020**	**208,761**	**–**	**–**	**208,761**
	2019	175,610	–	–	175,610

(i) Appointed March 2014
(ii) Appointed April 2018 and resigned November 2018
(iii) Appointed January 2019 and resigned May 2020
(iv) Appointed April 2018
(v) Appointed October 2018
(vi) Appointed February 2017
(vii) Includes reimbursed expenses

Options and performance rights awarded, vested and lapsed during the year

The table below discloses the number of share options and performance rights granted, vested or lapsed during the year. Share options or performance rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met.

Options

No options were issued during the financial year of 2020 (FY2019: 1,146,552).

Performance rights

	Year	PR awarded during the year No	Award date	Fair price at award date $	Vesting date	Exercise price	Expiry date	No. Vested during year	No. lapsed during year	Value of PR granted during the year	Value of PR exercised during the year
		1,372,549			31/08/2021						
S Jain	2020	1,372,549	22/11/2019	$0.034	31/08/2022	$0.00	–	–	–	140,000	–
		1,372,549			31/08/2023						
		806,373			31/08/2021						
S Lee	2020	806,373	27/09/2019	$0.034	31/08/2022	$0.00	–	–	–	82,250	–
		806,373			31/08/2023						

Directors' Report – Audited Remuneration Report

Shares issued on exercise of options or performance rights

Date	No of shares issued	Paid per share dollar
02/09/19	4,500,000	0.028

Performance rights holdings of KMP

	Balance at 30 Jun 19	Granted	Forfeited/ lapsed	Exercised	Balance at 30 Jun 20
Non-Executive Directors					
R Bate	750,000	–	–	–	750,000
Executives					
S Jain (i)	4,500,000	4,117,647	–	(1,500,000)	7,117,647
V Selzer (ii)	4,500,000	–	(3,000,000)	(1,500,000)	–
H Venter (iii)	4,500,000	–	–	(1,500,000)	3,000,000
S Lee	–	2,419,118	–	–	2,419,118
Total	**14,250,000**	**6,536,765**	**(3,000,000)**	**(4,500,000)**	**13,286,765**

(i) Excludes $60,000 (2,000,000 shares) relating to a one-off performance-based bonus awarded during the FY2019
(ii) 3,000,000 of performance rights forfeited on termination
(iii) The performance rights were retained on departing the Group at the Board's discretion

Shareholdings of KMP

	Balance at 1 Jul 19	Awarded as compensation	Exercise of compensation options or performance rights	Acquired	Balance at 30 Jun 20
Non-Executive Directors	**Number**	**Number**	**Number**	**Number**	**Number**
R Bate (i)	1,793,513	–	–	–	1,793,513
T McGrouther (ii)	6,621,205	–	–	–	6,621,205
P Goosen (iii)	230,643,525	–	–	–	230,643,525
A Strauss	2,300,000	–	–	–	2,300,000
Executives					
S Jain (iv)	–	2,000,000	1,500,000	1,134,974	4,634,974
Total	**241,358,243**	**2,000,000**	**1,500,000**	**1,134,974**	**245,993,217**

(i) The shares are held by RW & DJ Bate Superannuation Fund Pty Ltd as trustee for RW and DJ Bate. Mr Bate is a director of the trustee
(ii) The shares are held by IFM Pty Ltd as trustee for the IFM Superannuation Fund. Mr McGrouther is a director of the trustee and beneficiary to the fund.
(iii) The shares are held by Argosy Capital Limited. Mr Goosen is the Managing Director of Argosy.
(iv) Includes 2,000,000 ordinary shares awarded as a one-off performance-based bonus for FY2019.

Loans to Key Management Personnel

There were no loans issued to or from key management personnel during FY2020 (FY2019: nil).

Other Transactions with Key Management Personnel

There were no other transactions with key management personnel during FY2020 (FY2019: nil) other than those already stated.

Directors’ Report – Audited Remuneration Report

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191*, the amounts in the directors’ report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors,

Almero Strauss
Chairman

27 August 2020

Auditor's Independence Declaration

A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233
Audit & Assurance Services

Level 1 261 George Street
Sydney NSW 2000

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Australia Square NSW 1215

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Email: add3@addca.com.au
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Auditor's Independence Declaration
Under Section 307c of the Corporations Act 2001
To the Directors of Urbanise.com Limited
ABN 70 095 768 086

I declare that, to the best of our knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of:

i. the auditor independence requirements as set out in the Corporation Act 2001 in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

A D Danieli Audit Pty Ltd

Sam Danieli
Director

Sydney, 27 August 2020

Corporate Governance Statement

The Board of Directors of Urbanise.com Limited (`Urbanise' or `the Company') is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement ("CGS") in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on a Group's website.

Accordingly, a copy of the Group's CGS is available on the Urbanise website at www.Urbanise.com under the Corporate Governance section.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue and other income			
Revenue from contracts with customers	7	**9,645,626**	8,072,811
Other income	8	**82,423**	15,729
		9,728,049	8,088,540
Less: expenses			
Employee benefits and contractor costs	9	**(8,423,951)**	(8,012,276)
Depreciation and amortisation expenses	13, 14	**(1,479,483)**	(1,220,666)
IT Subscription and licence cost		**(1,550,049)**	(1,153,347)
Occupancy cost		**(476,284)**	(575,022)
Professional fees	9	**(499,204)**	(399,132)
Travel costs		**(371,511)**	(510,377)
Cost of implementation and materials		**(5,774)**	(124,999)
Doubtful debt expenses	9	**(134,082)**	(356,289)
Advertising and Promotion costs		**(159,897)**	(152,595)
Finance costs	9	**(23,496)**	(27)
Foreign exchange (loss)/gain	9	**(364,316)**	7,063
Other expenses		**(395,235)**	(345,613)
Total expenses		**(13,883,282)**	(12,843,280)
Profit/(loss) before tax		**(4,155,233)**	(4,754,740)
Income tax (expense)/benefit	10	**-**	-
Profit/(loss) for the year		**(4,155,233)**	(4,754,740)
Other comprehensive income(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**318,415**	73,352
Other comprehensive income for the year net of income tax		**318,415**	73,352
Total comprehensive income/(loss) for the year		**(3,836,818)**	(4,681,388)
Profit/(loss) for the year attributable to:			
Owners of the parent		**(4,155,233)**	(4,754,740)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(3,836,818)**	(4,681,388)
Loss per share			
From continuing operations:			
Basic (cents per share)	28	**(0.58)**	(0.74)
Diluted (cents per share)	28	**(0.58)**	(0.74)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

at 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Current assets			
Cash and cash equivalents	22	**4,544,820**	3,702,341
Trade and other receivables	11	**1,613,652**	2,162,190
Other assets	12	**386,225**	795,547
Total current assets		**6,544,697**	6,660,078
Non-current assets			
Property, plant and equipment	13	**232,257**	135,014
Intangible assets	14	**5,554,567**	5,444,561
Goodwill	15	**4,786,480**	4,786,480
Other assets	12	**52,000**	52,000
Total non-current assets		**10,625,304**	10,418,055
Total assets		**17,170,001**	17,078,133
Current liabilities			
Trade and other payables	17	**1,979,300**	1,154,395
Provisions	18	**573,126**	599,535
Deferred revenue		**2,637,119**	2,435,830
Lease Liabilities	18	**140,172**	–
Total current liabilities		**5,329,717**	4,189,760
Non-current liabilities			
Provisions	18	**11,369**	25,903
Lease Liabilities	18	**224,428**	–
Total non-current liabilities		**235,797**	25,903
Total liabilities		**5,565,514**	4,215,663
Net assets		**11,604,487**	12,862,470
Equity			
Issued capital and contributed equity	19	**100,103,922**	97,634,813
Employee option reserve	29	**1,118,989**	2,607,896
Foreign currency translation reserve	19	**(221,247)**	(539,662)
Accumulated losses		**(89,397,177)**	(86,840,577)
Total equity		**11,604,487**	12,862,470

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity

for the year ended 30 June 2020

	Notes	Issued capital and contributed equity $	Employee share option reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2018		**93,821,852**	**1,981,763**	**(613,014)**	**(81,664,740)**	**13,525,861**
Adjustment to opening balance due to AASB 15 implementation		–	–	–	(421,097)	(421,097)
Adjusted Balance at 1 July 2018		**93,821,852**	**1,981,763**	**(613,014)**	**(82,085,837)**	**13,104,764**
Profit/(loss) for the period		–	–	–	(4,754,740)	(4,754,740)
Foreign currency reserve		–	–	73,352	–	73,352
Total comprehensive income for the period		**–**	**–**	**73,352**	**(4,754,740)**	**(4,681,388)**
Transactions with owners in their capacity as owners						
Recognition of share-based payments	29	–	626,133	–	–	626,133
Cost of rights issue	19	(271,321)	–	–	–	(271,321)
Share issue	19	4,084,282	–	–	–	4,084,282
Transactions with owners in their capacity as owners for the period		**3,812,961**	**626,133**	**–**	**–**	**4,439,094**
Balance at 30 June 2019		**97,634,813**	**2,607,896**	**(539,662)**	**(86,840,577)**	**12,862,470**
Balance at 1 July 2019		**97,634,813**	**2,607,896**	**(539,662)**	**(86,840,577)**	**12,862,470**
Profit/(loss) for the period		–	–	–	(4,155,233)	(4,155,233)
Foreign currency reserve		–	–	318,415	–	318,415
Total comprehensive income for the period		**–**	**–**	**318,415**	**(4,155,233)**	**(3,836,818)**
Transactions with owners in their capacity as owners						
Conversion of Performance rights	19	212,500	(212,500)	–	–	–
De-recognition of share-based payments	29	–	(1,658,633)	–	1,658,633	–
Prior year reallocation	19	60,000	–	–	(60,000)	–
Recognition of share-based payments	29	–	382,226	–	–	382,226
Cost of rights issue	19	(53,391)	–	–	–	(53,391)
Share issue	19	2,250,000	–	–	–	2,250,000
Transactions with owners in their capacity as owners for the period		**2,469,109**	**(1,488,907)**	**–**	**1,598,633**	**2,578,835**
Balance at 30 June 2020		**100,103,922**	**1,118,989**	**(221,247)**	**(89,397,177)**	**11,604,487**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		**10,999,785**	9,511,493
Payments to suppliers and employees		**(11,302,393)**	(12,028,313)
Interest received		**–**	14,673
R&D Tax refund & Government Incentive		**203,343**	–
Interest paid		**(23,496)**	(27)
Net cash used in operating activities		**(122,761)**	(2,502,174)
Cash flows from investing activities			
Payments for property, plant & equipment		**(189,208)**	(70,953)
Receipts on sale of Devices business and Intellectual Property		**–**	86,711
Payments for intangible assets		**(1,036,981)**	(696,367)
Net cash used in investing activities		**(1,226,189)**	(680,609)
Cash flows from financing activities			
Proceeds from issue of shares	19	**2,250,000**	4,084,282
Payments for share issue costs	19	**(53,391)**	(271,364)
Net cash provided by financing activities		**2,196,609**	3,812,918
Net increase/(decrease) in cash and cash equivalents		**847,659**	630,135
Cash and cash equivalents at the beginning of the period		**3,702,341**	3,072,206
Effect of movement in exchange rates on cash balances		**(5,180)**	–
Cash and cash equivalents at the end of the period		**4,544,820**	3,702,341

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2020

1. Corporate information

General information

The consolidated financial statements of Urbanise.com Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 27 August 2020. Urbanise.com Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The addresses of its registered office and principal place of business are disclosed in the corporate information section. The principal activities of the Company and its subsidiaries are the development and commercialisation of intellectual property associated software licensing, devices and consulting services. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report.

2. Significant accounting policies

Basis of preparation

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars, except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

The consolidated financial statements provide comparative information in respect of the previous period.

Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

2. Significant accounting policies (continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

2. Significant accounting policies (continued)

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

(d) Revenue from contracts with customers

The Group is in the business of developing and licencing software and providing support and implementation services. Revenue from contracts with customers is recognised when the benefit of services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring the benefit to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

2. Significant accounting policies (continued)

Platform licence

The Group's hosted Software-as-a-Service ("SaaS") application, which allows customers to use hosted software over the contract period without taking possession of the software, is provided on a subscription basis, and recognised over time (rateably over the contract period) on a straight-line basis, because the customer simultaneously receives and consumes the benefits, commencing on the date an executed contract exists and the customer has the right-to-use and access to the platform.

Payment credit terms range from 14 to 45 days upon invoice date. Throughout the contract, Urbanise has an enforceable right to payment for performance to date.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated based on their standalone selling price ("SSP"). In determining the transaction price for each performance obligation, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for providing access to the software to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Volume discounts

Revenue is constrained and the Group provides volume discounts to certain customers once the quantity of licences purchased during the period exceeds a threshold specified in the contract. The Group has certain contracts whereby the license fee changes based on a tiered pricing schedule. In these contracts, any variable consideration (lower prices for increased volumes), is allocated to the period in which the revenue relates.

Variable consideration is constrained and the group does not estimate this variable consideration in advance of the variability being resolved as the incremental fees attributable to additional volumes are recognised in the reporting period when the new volumes are activated.

Professional services

Professional services are typically billed on a time and material basis and revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation, as the services are performed. For professional services contracts billed on a fixed price basis, revenue is recognised over time based on the proportion of services performed.

The Group recognises revenue from professional services over time, using an input method based on hours incurred to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers or self-delivered by the customer, and do not involve significant customization of the hosted software.

(e) Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) Financial instruments – initial recognition and subsequent measurement.

Deferred revenue

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Deferred revenue is recognised as revenue when the Group performs under the contract.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

2. Significant accounting policies (continued)

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for license fees and professional services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits) because the amortisation period of the asset that the Group otherwise would generally have used is one year or less.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(f) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount at initial recognition.

(g) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(h) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

2. Significant accounting policies (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date where recognised during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Australian Tax consolidation legislation

Urbanise.com Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2014 for Mystrata Holdings Pty Limited and 1 July 2015 for Mystrata Pty Limited.

The head entity, Urbanise.com Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Urbanise.com Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

2. Significant accounting policies (continued)

(i) Foreign currency

Functional and presentation currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss respectively).

Foreign subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(j) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2. Significant accounting policies (continued)

(k) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 4).

The depreciation rates used for each class of assets are:

Class of assets	Useful life	Depreciation method
Other plant and equipment	1 - 5 years	Straight line
Leasehold improvements	The shorter of the useful life or the remaining term of the lease	Straight line

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

2. Significant accounting policies (continued)

Product development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Costs capitalised include direct payroll and payroll related costs of employees' time spent on the software development projects.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Intellectual Property

Intellectual property acquired separately is measured on initial recognition at cost. The cost of intellectual property acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intellectual property is carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intellectual property is not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Goodwill

Goodwill is initially measured at the excess over the aggregate of the consideration transferred, the fair value (or proportionate share of net assets value) of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Trademarks

Trademarks acquired separately are measured on initial recognition at cost. The cost of trademarks acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, trademarks are carried at cost and not amortised. Internally generated trademarks are not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Customer relationships

Customer relationships acquired separately is measured on initial recognition at cost. The cost of customer relationship acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, customer relationships are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated customer relationships are not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

2. Significant accounting policies (continued)

Software

Software acquired separately is measured on initial recognition at cost. The cost of software acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, software is carried at cost less any accumulated amortisation and accumulated impairment losses.

The amortisation rates used for each class of assets are:

Class of assets	Useful life	Amortisation method
Software	1 – 5 years	Straight line
Intellectual Property	7 years	Straight line
Product Development Cost	7 years	Straight line
Trademarks	0 – 7 years	Straight line
Customer Relationships	7 years	Straight line
Goodwill	NA	Impairment tested

The Group reviews the useful lives, amortisation method and estimated residual value of all intangible assets at the end of each reporting period.

(m) Impairment of tangible and intangible assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Property, plant and equipment Note 13
- Intangible assets Note 14

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit and loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

2. Significant accounting policies (continued)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(n) AASB 16 leases

On 1 July 2019, the Group adopted AASB 16 using the modified retrospective approach. AASB 16 Leases replaces AASB 117 Leases for annual period beginning on or after 1 July 2019. Adoption of AASB 16 has resulted in the recognition of a right-of-use asset and a corresponding liability at 1 July 2019 for existing leases with a term of more than 12 months, unless the underlying asset is of low value. Future leases after 1 July 2019 with a term of more than 12 months will be recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group has analysed all their leases and have determined that the appropriate interest rate to calculate the net present value due to the adoption of AASB 16 would be the incremental borrowing rate. Currently, all right of use assets are calculated based on an interest rate of 7.6% p.a.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(p) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2. Significant accounting policies (continued)

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in section (d) Revenue from contracts with customers.

For a financial asset that is a debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

2. Significant accounting policies (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Trade receivables including contract assets Note 11

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Based on historical experience, the Group considers a financial asset is in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

2. Significant accounting policies (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:

i. there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
ii. the employees affected have been notified of the plan's main features.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(s) Employee benefits

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

2. Significant accounting policies (continued)

Long-term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled wholly within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Retirement benefit obligations

The Group makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

Short term incentive plan

The Group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The Group recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 29.

That cost is recognised in employee benefits expense (Note 9), together with a corresponding increase in equity (Employee share option reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 28).

2. Significant accounting policies (continued)

(t) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount at initial recognition.

(u) Earnings/loss per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(v) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(w) Rounding of amounts

The parent entity and the Group have applied the relief available under *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* and accordingly, amounts in the consolidated financial statements have been rounded off to the nearest dollar.

3. Changes in accounting policies and disclosures

New and amended standards and interpretations

Effective 1 July 2019, the Group applied AASB 16: *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in FY2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 16: Leases "AASB 16"

AASB 16 requires a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

The right of use asset and lease liability is recorded on the balance sheet in respect of the Group's portfolio of property leases, currently accounted for as operating leases.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

3. Changes in accounting policies and disclosures (continued)

AASB Interpretation 23 Uncertainty over Income Tax treatments "AASB 23"

AASB Interpretation 23 clarifies the application of recognition and measurement requirements of AASB 112 *Income Taxes* when there is uncertainty over income tax treatments.

Key requirement of interpretation on AASB 23 are:

- Where there is uncertainty over a tax treatment, or group of tax treatments, the entity must make an assessment of whether it is likely that the proposed tax treatment to be included in the entity's tax return would be accepted by the appropriate authority (usually the Australian Taxation Office).
- In determining the likelihood of acceptance of any particular treatment, the entity should assume that the tax authority will perform an examination of all amounts that it has the right to examine, and that this examination will have full access to, and knowledge of, all books, records and other relevant information. In other words, financial statements cannot be prepared on an assumption that the tax authority may fail to detect an inappropriate tax treatment.
- Where it is considered probable that the proposed tax treatment will be accepted by the tax authority, the financial statements should be prepared upon this basis.
- Where it is considered not probable that the proposed tax treatment will be accepted by the tax authority, the entity must choose one of two methods, based on which is considered to give a better prediction of the resolution of the matter:
  - make an estimate of the most likely outcome in terms of tax treatment, and recognise the current and deferred tax payable based on that estimate.
  - make an estimate of the expected value of the tax treatment. This may apply, for example, where there is a range of potential outcomes. The entity would assess the likelihood of each of them, and calculating a probability-weighted average value based on this assessment.
- These estimates must be reassessed and updated for each financial reporting period, based on whether there has been any change to the relevant facts and circumstances.

The group has assessed the tax position for the financial year 2020 and based on the carrying value of the financial losses from prior years, the directors have assessed and have determined that the adoption of AASB 23 will have no material impact on the financial statement.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a. Going concern

The consolidated financial statements have been prepared on the going concern basis which assumes the Group will have sufficient cash to pay its debts as and when they become payable for a period of at least 12 months from the date the financial report was authorised for issue.

For the financial year ended 30 June 2020, the Group produced a Net Loss After Tax (NLAT) of $4,155,233. The Group has net assets of $11,604,487 at reporting date inclusive of cash reserves of $4,544,820 with no external debt or borrowings. In addition, current assets exceed current liabilities by $1,214,980.

The Group has prepared a cash flow forecast based on its current level of expenditure which indicates that the Group will not require an improved cash flow position within the next 12 months to meet its forecast net outgoings.

4. Significant accounting judgements, estimates and assumptions (continued)

Management have constructed a detailed 3-year forecast including:

- Revenue: The actual current recurring income and then added all the known and relatively certain changes and some organic growth in existing client to the current revenues, both recurring and non-recurring. The Group has considered potential positive and negative impacts from the COVID-19 pandemic on its markets
- Employee cost based on current level of employees plus additional staff as identified in the budget, adjusted for annual increases (July each year)
- Other expenses based on current expense base with escalations
- Working capital changes: This include receipts from increase/decrease to debtors and deferred revenue based on increased/decrease sales of the prior period and changes to payables.

Result

It is forecasted that Urbanise has enough cash on hand to fund the business at the forecasted levels of revenue and cost. The forecast is dependent on:

- Forecasted sales being realised
- Cost increases must not exceed forecasted levels
- No unusual or unexpected cash outflow higher than the current levels
- Timing of cash inflows not delayed
- Achieving working capital improvements

The forecast assumes revenue growth based on recent years, sensitised for potential impacts from delayed sales due to COVID-19. Cost growth is modelled to reflect a relatively fixed base of operating costs and sensitised for potential reduction if COVID-19 negatively impacts revenue growth.

Successfully executing the above strategies are material to the Group's ability to continue as a going concern. The directors are confident that they will be able to achieve the Group's projected cash flow to ensure that the Group meet its minimum expenditure commitments and support its planned level of overhead expenditures, and therefore that it is appropriate to prepare the financial statements on the going concern basis.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unable to achieve its cash flows with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

b. Revenue from contracts with customers

Contracts with customers often include promises to deliver multiple products and services. Determining whether such bundled products and services are considered:

i. distinct performance obligations that should be separately recognised, or
ii. non-distinct and therefore should be combined with another good or service and recognised as a combined unit of accounting may require significant judgment.

In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers or self-delivered by the customer, and do not involve significant customization of the hosted software.

The determination of stand-alone selling prices for distinct performance obligations can also require judgment and estimates. The Group allocates the transaction price based on the relative stand-alone selling prices of the platform licence and activation fees and professional services.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

4. Significant accounting judgements, estimates and assumptions (continued)

Identifying performance obligations

The Group provides professional services that are either sold separately or bundled together with the sale of licenses to a customer. The professional services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determines that both the professional services and licenses are capable of being distinct. The fact that the Group regularly sells both professional services and licenses on a stand-alone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the licenses and to provide professional services are distinct within the context of the contract. The licenses and professional services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the license and professional services together in this contract do not result in any additional or combined functionality and neither the license nor the professional service modify or customise the other. In addition, the license and professional services are not highly interdependent or highly interrelated, because the Group would be able to transfer the license even if the customer declined professional services. Consequently, the Group allocates a portion of the transaction price to the licences and the professional services based on relative stand-alone selling prices.

Determining the timing of satisfaction of professional services

The Group determined that the input method is the best method in measuring progress of the professional services because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

c. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information, based on the economic conditions of the geography it operates in. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 11.

d. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or performance right, volatility and dividend yield and making assumptions about them.

The calculation of the fair value of options and performance rights issued requires significant estimates to be made with regards to several variables such as volatility, dividend policy and the probability of options / performance rights reaching their vesting period. The Group measures the cost of equity settled share-based payments at fair value at the grant date using an appropriate valuation model considering the terms and conditions upon which the instruments were granted and expected vesting period. The estimations made are subject to variability that may alter the overall fair value determined.

4. Significant accounting judgements, estimates and assumptions (continued)

e. Development costs

The Group capitalises costs for product development projects.

Capitalised development costs have a finite life and are amortised on a systematic basis over the period beginning in the year following capitalisation and cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Costs capitalised include direct payroll and payroll related costs of employees' time spent on the software development projects. During the year the Group capitalised $1,006,307 (FY2019: $695,807) of development costs.

In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30 June 2020, the carrying amount of capitalised development costs was $2,688,410 (FY2019: $2,131,118).

f. Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of current, long service leave and gratuity at 30 June 2020:

- Future increases in wages and salaries;
- Future on cost rates;
- Experience of employee departures; and
- Experience of employee annual leave taken in relevant period.

5. Accounting Standards issued but not yet effective

There are no standards or amendments that have been issued but are not yet effective that are expected to have a significant impact on the Group.

The Group has not adopted, and currently does not anticipated adopting any standards prior to their effective dates.

6. Segment information

For management purposes, the Group is organised into business units based on its 3 geographical regions as follows:

Geographies

- APAC – Australia, New Zealand and Asia
- E/ME – Middle East and Europe
- Africa - South Africa and rest of Africa

No operating segments have been aggregated to form the above reportable operating segments. Each operating segment includes professional service and licence and activation fees.

The Executive Management is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

6. Segment information (continued)

Revenue and results

The following is an analysis of the Group's revenue and results by reportable operating segments for the periods under review:

Revenue by geography	2020 $	2019 $
APAC	**6,671,007**	4,904,946
E/ME	**2,588,861**	2,724,643
Africa	**385,758**	443,222
Total revenue of all segment	**9,645,626**	8,072,811

Segment results

Continuing operations	2020 $	2019 $
APAC	**(2,953,897)**	(3,280,253)
E/ME	**1,644,600**	1,559,522
Africa	**(792,901)**	(742,782)
Total of all segments	**(2,102,198)**	(2,463,513)
Depreciation and amortisation	**(1,479,483)**	(1,220,665)
Finance cost	**(23,496)**	(27)
Other corporate revenue	**82,423**	1,056
Doubtful debt expenses	**(134,082)**	(356,289)
Interest income	**–**	14,673
Other	**(498,397)**	(729,975)
Profit/(loss) after tax	**(4,155,233)**	(4,754,740)

The assets and liabilities of the Group collaboratively support the various segment revenues generated by the Group.

The revenue reported above represents the revenue generated from external customers. Segment result represents the profit or loss incurred by each segment without the allocation of interest income, finance costs, income tax expense, depreciation and amortisation and impairment. General and administrative costs including employee costs for the senior leadership team have not been allocated between regions and are included within the region where they are employed, mainly APAC. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The amount of external revenue derived from major customers where the revenue is greater than 10% is $nil (FY2019: nil).

7. Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Type of Good or service

$	For the year ended 30 June 2020				
	Strata	**Facilities**	**Utilities**	**Other**	**Total**
Platform licence	**4,659,885**	**3,090,366**	**98,607**	**–**	**7,848,858**
Professional services	**863,346**	**909,461**	**1,321**	**–**	**1,774,128**
Other Revenue	**–**	**–**	**–**	**22,640**	**22,640**
Total revenue from contracts with customers	**5,523,231**	**3,999,827**	**99,928**	**22,640**	**9,645,626**

$	For the year ended 30 June 2019				
	Strata	**Facilities**	**Utilities**	**Other**	**Total**
Platform licence	4,037,020	1,953,820	116,845	60,108	6,167,793
Professional services	836,133	978,762	21,338	–	1,836,233
Hardware	–	–	42,389	26,396	68,785
Total revenue from contracts with customers	**4,873,153**	**2,932,582**	**180,572**	**86,504**	**8,072,811**

Geographical markets

$	For the year ended 30 June 2020				
	Strata	**Facilities**	**Utilities**	**Other**	**Total**
APAC	**3,678,912**	**2,968,975**	**762**	**22,358**	**6,671,007**
E/ME	**1,640,238**	**948,341**	**–**	**282**	**2,588,861**
Africa	**204,081**	**82,511**	**99,166**	**–**	**385,758**
Total revenue from contracts with customers	**5,523,231**	**3,999,827**	**99,928**	**22,640**	**9,645,626**

$	For the year ended 30 June 2019				
	Strata	**Facilities**	**Utilities**	**Other**	**Total**
APAC	2,968,627	1,913,587	–	22,732	4,904,946
E/ME	1,726,630	943,791	–	54,222	2,724,643
Africa	177,896	75,204	180,572	9,550	443,222
Total revenue from contracts with customers	**4,873,153**	**2,932,582**	**180,572**	**86,504**	**8,072,811**

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

7. Revenue from contracts with customers (continued)

Timing of revenue recognition

$	For the year ended 30 June 2020 Strata	Facilities	Utilities	Other	Total
Goods transferred at a point in time	**-**	**-**	**-**	**-**	**-**
Services transferred over time	**5,523,231**	**3,999,827**	**99,928**	**22,640**	**9,645,626**
Total revenue from contracts with customers	**5,523,231**	**3,999,827**	**99,928**	**22,640**	**9,645,626**

$	For the year ended 30 June 2019 Strata	Facilities	Utilities	Other	Total
Goods transferred at a point in time	–	–	42,389	26,396	68,785
Services transferred over time	4,873,153	2,932,582	138,183	60,108	8,004,026
Total revenue from contracts with customers	**4,873,153**	**2,932,582**	**180,572**	**86,504**	**8,072,811**

Contract balances

$	For the year ended 30 June 2020 Strata	Facilities	Utilities	Other	Total
Trade receivables	**982,896**	**716,010**	**346**	**-**	**1,699,252**
Deferred revenue	**1,586,510**	**1,050,609**	**-**	**-**	**2,637,119**

$	For the year ended 30 June 2019 Strata	Facilities	Utilities	Other	Total
Trade receivables	750,836	1,306,938	21,350	5,662	2,084,786
Contract assets	156,937	–	–	–	156,937
Deferred revenue	1,522,304	913,526	–	–	2,435,830

Trade receivables are non-interest bearing and are generally on terms of 14 to 45 days.

Deferred revenue includes license revenue received in advance as well as transaction price allocated to professional services not yet completed. The remaining consideration under contracts is variable and is constrained.

Set out below is the amount of revenue recognised from:

	2020 $	2019 $
Amount included in deferred revenue at the beginning of the year	**2,435,830**	1,260,007

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	2020 $	2019 $
Within one year	**2,637,119**	2,435,830
More than one year	**-**	–

8. Other Income

The following is an analysis of the Group's other income

	2020 $	2019 $
Other income		
Interest income	**–**	14,673
Research and development income	**78,367**	–
Other	**4,056**	1,056
Total other income	**82,423**	15,729

9. Expenses

	2020 $	2019 $
Employee benefits expense		
Share-based payments	**382,962**	626,133
Contractors	**676,267**	346,047
Employee remuneration	**7,364,722**	7,040,096
Total employee benefits expense	**8,423,951**	8,012,276
Finance costs		
Interest expense	**23,496**	27
Total finance costs	**23,496**	27
Bad debt expenses/Impairment		
Bad debt expense	**134,082**	356,289
Impairment of inventory	**–**	1,535
Total significant items	**134,082**	357,824
Professional fees		
Accounting, audit and tax	**183,878**	244,377
Legal fees	**92,580**	35,973
Listed company compliance	**143,277**	115,328
Consultants	**79,469**	3,454
Total professional fees expense	**499,204**	399,132
Foreign exchange gain/(loss)		
Realised foreign exchange gain/(loss)	**(10,460)**	80,889
Unrealised foreign exchange gain/(loss)	**(353,856)**	(73,826)
Total foreign exchange gain/(loss)	**(364,316)**	7,063

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

10. Income taxes

	2020 $	2019 $
(a) Components of tax expense		
Current tax	**–**	–
Deferred tax	**–**	–
Derecognition of temporary differences	**–**	–
Under/(over) provision in prior years	**–**	–
Total tax (benefit)/expense	**–**	–
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Accounting profit/(loss) before income tax	**(4,155,233)**	(4,754,740)
Income tax expense/(benefit) calculated at 27.5% (FY2019: 27.5%)	**(1,142,689)**	(1,307,554)
Add tax effect of:		
Non-deductible items	**167,006**	381,769
R&D eligible expenditure	**(21,551)**	–
Non-recognition of deferred tax assets on current year losses	**1,160,863**	1,147,159
Effect of foreign tax rates	**(163,628)**	(221,375)
Income tax expense/(benefit) attributable to profit	**–**	–
(c) Deferred tax assets not brought to account		
Foreign entity tax losses	**2,385,435**	1,569,088
Operating tax losses	**13,865,932**	12,483,110
Temporary differences - Australia	**1,675,361**	1,737,573
Total deferred tax assets not brought to account (i)	**17,926,728**	15,789,771

(i) The FY2019 total deferred tax assets not brought to accounts have been restated for a total of $3,017,082 due to changes in the allocation of costs across the subsidiaries and the impact from the relevant tax legislation. The impact to the comprehensive income and financial position for the financial year for FY2019 and FY2020 is nil.

Management assessed deferred tax assets and liabilities for the reporting period 30 June 2020 and their recoverability based on the forecasted taxable profit over five years. Management deemed it appropriate not to recognise deferred tax assets and liabilities due to uncertainty on whether those assets and liabilities would be utilised against future profits generated in Australia and South Africa.

Tax losses carried forward from 30 June 2019 along with tax losses incurred for the period ended 30 June 2020 have not been recognised. Deferred tax assets from temporary differences have been recognised and offset against deferred tax liabilities from temporary differences resulting in $nil net deferred tax asset or deferred tax liability being recognised (FY2019: $nil).

Management will assess this position at each reporting period. Deferred tax assets have been recognised only to the extent to offset deferred tax liabilities.

Tax consolidation

Urbanise.com Limited and its 100% owned Australian resident subsidiaries Mystrata Holdings Pty Limited and Mystrata Pty Limited have implemented the tax consolidation legislation. The accounting policy for the implementation of the tax consolidation legislation is set out in Note 1.

11. Trade receivables, other receivables and contract assets

	2020 $	2019 $
Current		
Trade receivables	**1,699,252**	2,084,786
Contract assets	**-**	156,937
Doubtful debt provision	**(170,068)**	(243,179)
Other receivables	**84,468**	163,646
Total current trade and other receivables	**1,613,652**	2,162,190
Age of receivables	**$**	$
Current	**973,004**	714,772
31-60 days	**326,349**	174,546
61-90 days	**73,526**	425,041
90+ days	**326,373**	770,427
Total age of receivables	**1,699,252**	2,084,786
Age of receivables by %	**%**	%
Current	**57.3%**	34.2%
31-60 days	**19.2%**	8.4%
61-90 days	**4.3%**	20.4%
90+ days	**19.2%**	37.0%
Total age of receivables	**100.0%**	100.0%
Age of trade receivables net of doubtful debt provision	**$**	$
Current	**973,004**	714,772
31-60 days	**326,349**	174,546
61-90 days	**73,526**	425,041
90+ days	**156,305**	527,248
Total age of receivables net of doubtful debt provision	**1,529,184**	1,841,607
Age of trade receivables net of doubtful debt provision by %	**%**	%
Current	**63.6%**	38.8%
31-60 days	**21.4%**	9.5%
61-90 days	**4.8%**	23.1%
90+ days	**10.2%**	28.6%
Total trade receivables	**100.0%**	100.0%

Trade receivables are non-interest bearing and are generally on terms of 14 to 45 days. The maximum credit risk exposure is the carrying amount net of doubtful debt provision.

Contract assets

As at 30 June 2020, the Group has performed all pricing obligation and has nil contract assets (FY2019: $156,937).

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

11. Trade receivables, other receivables and contract assets (continued)

Movement in the doubtful debts provision

	$
Provision for doubtful debts - current	128,068
Provision for doubtful debts - non-current	135,202
Total provision at 1 July 2018	**263,270**
Additional provision (expensed)	115,261
Written - off during period - current	(150)
Written - off during period - non-current	(135,202)
Total provision at 30 June 2019	**243,179**
Additional provision (expensed)	134,082
Utilised during period	(207,193)
Total provision at 30 June 2020	**170,068**

12. Other assets

	2020 $	2019 $
Prepayments	**255,863**	133,095
Deposits	**130,362**	662,452
Total other current assets	**386,225**	795,547
Other non-current assets	**52,000**	52,000
Total other non-current assets	**52,000**	52,000

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

13. Property, plant and equipment

	Other plant and equipment $	Leasehold improvements $	Total $
At cost			
At 1 July 2018	310,492	98,678	409,170
Additions	70,953	–	70,953
Disposals	(31,535)	–	(31,535)
At 30 June 2019	**349,910**	**98,678**	**448,588**
Additions	189,208	–	189,208
Disposals	–	–	–
At 30 June 2020	**539,118**	**98,678**	**637,796**
Depreciation and impairment			
At 1 July 2018	191,974	66,982	258,956
Depreciation charge for the year	58,729	13,646	72,375
Disposals	(17,757)	–	(17,757)
At 30 June 2019	**232,946**	**80,628**	**313,574**
Depreciation charge for the year	78,522	13,443	91,965
Disposals	–	–	–
At 30 June 2020	**311,468**	**94,071**	**405,539**
Net book value			
At 30 June 2019	116,964	18,050	135,014
At 30 June 2020	**227,650**	**4,607**	**232,257**

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

14. Intangible assets

	Intellectual property at cost $	Development at cost $	Trademarks $	Customer relationships $	Software $	Right Use of Asset	Total $
At cost							
At 1 July 2018	18,013,259	8,226,215	790,000	220,000	143,622	–	27,393,096
Additions	–	695,807	–	–	560	–	696,367
At 30 June 2019	**18,013,259**	**8,922,022**	**790,000**	**220,000**	**144,182**	**–**	**28,089,463**
Additions	–	1,006,307	–	–	41,261	449,957	1,497,525
At 30 June 2020	**18,013,259**	**9,928,329**	**790,000**	**220,000**	**185,443**	**449,957**	**29,586,988**
Amortisation and impairment							
At 1 July 2018	14,832,327	6,496,092	–	81,257	87,443	–	21,497,119
Amortisation charge for the year	793,600	295,320	–	35,424	23,947	–	1,148,291
Exchange Difference	–	(508)	–	–	–	–	(508)
At 30 June 2019	**15,625,927**	**6,790,904**	**–**	**116,681**	**111,390**	**–**	**22,644,902**
Amortisation charge for the year	793,599	449,015	–	35,424	24,124	85,357	1,387,519
At 30 June 2020	**16,419,526**	**7,239,919**	**–**	**152,105**	**135,514**	**85,357**	**24,032,421**
Net book value							
At 30 June 2019	2,387,332	2,131,118	790,000	103,319	32,792	–	5,444,561
At 30 June 2020	**1,593,733**	**2,688,410**	**790,000**	**67,895**	**49,929**	**364,600**	**5,554,567**

15. Goodwill

	$
Gross carrying amount	
Balance at 1 July 2018	15,304,268
Movement during the period	–
Balance at 30 June 2019	**15,304,268**
Movement during the period	–
Balance at 30 June 2020	**15,304,268**
Accumulated amortisation and impairment	
Balance at 1 July 18	(10,517,788)
Movement during the period	-
Balance at 30 June 19	**(10,517,788)**
Movement during the period	-
Balance at 30 June 20	**(10,517,788)**
Net book value	
Balance at 30 June 19	4,786,480
Balance at 30 June 20	**4,786,480**

16. Carrying value of non-financial assets

For impairment testing, goodwill acquired through business combinations and intangible assets are allocated to the Strata, Facilities and Utilities CGUs.

Carrying amount of goodwill and intangible assets allocated to each of the CGUs:

	Strata		Facilities		Utilities		Total	
$	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Goodwill	**4,786,480**	4,786,480	**–**	–	**–**	–	**4,786,480**	4,786,480
Intellectual property	**1,593,733**	2,387,332	**–**	–	**–**	–	**1,593,733**	2,387,332
Development cost	**2,688,410**	2,131,118	**–**	–	**–**	–	**2,688,410**	2,131,118
Trademarks	**790,000**	790,000	**–**	–	**–**	–	**790,000**	790,000
Customer relationships	**67,895**	103,319	**–**	–	**–**	–	**67,895**	103,319
Total	**9,926,518**	10,198,249	**–**	–	**–**	–	**9,926,518**	10,198,249

The Group performed its annual impairment test in June 2020 and June 2019 to support the carrying value of goodwill, intangible assets and property, plant and equipment. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2020, the market capitalisation of the Group was above the book value of its equity, the Group continues to be loss making and have cash outflows, indicating a potential impairment of goodwill and impairment of assets.

Goodwill is allocated to CGUs according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by the board for the first year and management projections covering a further four years. Management's determination of cash flow projections is based on past performance and its expectation for the future performance.

Key assumptions used in value in use calculations and changes in assumptions

The calculation of Value In Use (VIU) is most sensitive to the following assumptions:

- Future cash flows
- Discount rates
- Revenue growth
- Expenses

Future cash flows - VIU calculations, inclusive of working capital movements and forecast capital expenditure based on financial projections approved by the Board for 3 years forecasted by management and then reverting to a terminal value.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Revenue growth - Forecast revenue growth based on Board approved budget for year one and management projections for a further 2 years, and an assessed conversion of known revenue opportunities for the business. Years 2 and 3 onwards assume modest growth (in line with the long-term growth rate used in the terminal value) is achieved within existing business markets and geographies.

Expenses - Forecast growth based on Board approved budget for year one and management projections for a further 2 years, and an assessed cost growth for the business. Years 2 and 3 onwards assume modest growth (in line with the long-term growth rate used in the terminal value) within existing business markets and geographies.

The carrying value of Goodwill and other intangible assets relate to the Strata CGU only. The allocation of goodwill is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

The Group has considered the potential impact of COVID-19 in their assessment of immediate and long-term revenue growth rates, considering revenues under contract and the probability of converting prospective contracts.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

16. Carrying value of non-financial assets (continued)

Cash generating unit with significant goodwill - Strata

For the Strata CGU, the present value of future cash flows has been calculated using a revenue growth rate of 23% (FY2019: 17%) for year one, 15% (FY2019: 31%) in year two, 15% (FY2019: 20%) in year three and a terminal growth rate of 3% (FY2019: 3%) and a pre-tax discount rate of 9.54% (FY2019: 15.2%) to determine value in use.

The growth in year one is largely driven the completion of the PICA migration and in subsequent years by expected contract wins in line with historical growth rates. Management have assessed that there is no impairment to the Strata CGU based on the value in use calculations.

To illustrate the sensitivity to future cash flows, if key assumptions differed such that expected future cash flows decreased by 57% (FY2019 38%) across the forecast period, without implementing mitigation plans, recoverable amount would be equal to the carrying value.

Cash generating units - Facilities and Utilities

Management have assessed that the intangible assets in respect of the Facilities and Utilities CGU's remain fully impaired at 30 June 2020 based on the value in use calculations.

17. Trade and other payables

	2020 $	2019 $
Trade payables	**697,500**	155,492
Accrued expenses	**593,550**	633,056
Other payables	**688,250**	365,847
Total trade and other payables	**1,979,300**	1,154,395

18. Provisions & Lease Liabilities

Provisions	2020 $	2019 $
Current		
Employee leave (i)	**458,589**	520,678
Gratuity provision (ii)	**114,537**	78,857
Total current provisions	**573,126**	599,535
Non-current		
Employee leave (i)	**11,369**	25,903
Total non-current provisions	**11,369**	25,903

(i) The provision for employee leave represents annual leave and long service leave entitlements accrued.

(ii) Gratuity provision relates to the Middle East employees' end of service employment entitlements which are required under United Arab Emirates Labour Laws.

18. Provisions & Lease Liabilities (continued)

	2020 $	2019 $
Lease Liabilities (i)		
Current		
Lease liabilities – AASB 16	**140,172**	–
Total current lease liabilities	**140,172**	–
Non-current		
Lease liabilities – AASB 16	**224,428**	–
Total non-current lease liabilities	**224,428**	–

(i) Capitalisation of the lease contracts as per requirements for AASB 16

19. Issued capital and reserves

	2020 $	2019 $
Issued capital and contributed equity		
737,747,724 (FY2019: 682,497,724) Fully paid ordinary shares	**100,103,922**	97,634,813

Ordinary shares

	2020 No.	2020 $	2019 No.	2019 $
Opening balance	**682,497,724**	97,634,813	**530,831,549**	**93,821,895**
Vesting of performance rights (i) & (iv)	**8,250,000**	212,500	**-**	–
Private placement (ii)	**45,000,000**	2,250,000	**-**	–
Share issue costs (ii) & (iv)	**-**	(53,391)	**-**	(271,364)
Short term incentive payment (iii)	**2,000,000**	60,000	**-**	–
Rights issue (iv)	**-**	–	**151,666,175**	**4,084,282**
Closing balance	**737,747,724**	100,103,922	**682,497,724**	97,634,813

i. On 9 March 2020, a total of 500,000 performance rights shares were issued to Ian Breedon for advisory services as a resolution from the Board. On 10 March 20, 250,000 performance rights shares were exercised and converted into ordinary shares. The remaining 250,000 performance rights shares are eligible for conversion into ordinary shares on 1 July 2020.

ii. On 23 December 2019, Urbanise.com Limited received commitments to raise $2,250,000 via an institutional-led private placement for the issue of 45,000,000 fully paid ordinary shares. The shares were allotted on the 30 and 31 December 2019.

iii. On 22 November 2019, 2,000,000 fully paid ordinary shares were issued to the CEO, Saurabh Jain in lieu of a $60,000 short term incentive payment. This ordinary share issue was approved for issue by shareholders at the Annual General Meeting (AGM) of the Company on 20 November 2019.

iv. On 2 September 2019, 8,000,000 fully paid ordinary shares were issued as a result of vesting of performance share rights originally issued in accordance with the Company's remuneration strategy and under the adopted Employee Share Plan.

v. On 12 October 2018 Urbanise completed a fully underwritten rights issue of 151,666,175 shares at an issue price of 2.7 cents per share, raising funds of $4,084,282. The rights issue closed with 66,363,106 shares issued to existing shareholders and 85,303,069 to the underwriters, KTM Capital Limited.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

19. Issued capital and reserves (continued)

Capital management

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remains unchanged from FY2019. The capital structure of the Group can, at various times, consist of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and accumulated losses. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures including tax and general administrative outgoings.

Reserves

Foreign currency translation reserve

This reserve is used to record the exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars). They are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Share-based payment reserve

The share-based payment reserve is used to record the fair value of performance right shares or options granted to employees and directors as part of their remuneration. The balance is transferred to share capital when share based payments are exercised.

20. Commitments

The Group has entered into the following property leases arrangements each of which are the contractual non-cancellable lease period, excluding any potential extension options:

i. A 1 year lease for office space in Dubai, which terminates on 1 January 2021;
ii. A 3 year lease for office space in Brisbane, which terminates on 15 April 2022;
iii. A 5 year lease for office space in Sydney, which terminates on 30 November 2022; and
iv. A 3 year lease for office space in Sofia, which terminates on 1 April 2023.

There are no contingent rents. Lease liabilities over 12 months are capitalised on the balance sheet as per adoption to AASB 16 effective from 1 July 2019.

21. Subsidiaries

The parent entity of the Group is Urbanise.com Limited, which has the subsidiaries detailed in the following table.

		Ownership interest	
	Country of incorporation	**2020 %**	**2019 %**
Parent entity			
Urbanise.com Limited	Australia		
Subsidiaries			
Mystrata Pty Limited	Australia	**100**	100
Mystrata Holdings Pty Limited	Australia	**100**	100
Mystrata Middle East FZ LLC	United Arab Emirates	**100**	100
Urbanise.com Limited (Branch)	United Arab Emirates	**100**	100
Urbanise com (Pty) Limited	South Africa	**100**	100

During FY2020, Urbanise.com (SEA) Pte Limited was deregistered effective 9 January 2020. The Group has no significant restrictions on its ability to access or use the assets and settle the liabilities of the group.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

22. Cash flows from operations reconciliation

Cash and cash equivalents	2020 $	2019 $
Cash at bank	**4,544,820**	3,702,341
Cash on hand	**-**	-
Total cash and cash equivalents	**4,544,820**	3,702,341

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Cash flow information	2020 $	2019 $
Profit/(Loss) for the year:	**(4,155,233)**	(4,754,740)
Non-cash items:		
Depreciation and amortisation	**1,479,483**	1,220,666
Share based payments	**382,224**	626,133
Unrealised foreign exchange	**353,856**	73,827
Movements in foreign exchange reserves	**(318,415)**	73,352
Impairment of inventory	**-**	1,535
Doubtful debt expenses	**134,082**	356,289
Other	**58,133**	(978,144)
Changes in net assets and liabilities:		
Decrease/(increase) in trade and other receivables	**548,538**	(17,013)
Decrease/(increase) in other assets	**409,321**	48,194
Increase/(decrease) in trade and other payables	**824,905**	(253,144)
Increase/(decrease) in employee provisions	**(40,944)**	(74,951)
Increase/(decrease) in tax payable	**-**	-
Increase/(decrease) in deferred income	**201,289**	1,175,823
Net cash used in operating activities	**(122,761)**	(2,502,174)

Non-cash financing and investing activities

There were no significant non-cash financing and investing transactions during financial year 30 June 2020 (FY2019: $Nil).

23. Financial risk management

The Group's principal financial assets comprise of trade and other receivables, cash and short-term deposits. The main purpose of these financial liabilities is to facilitate the Group's operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks supported by the boards Audit and Risk Committee. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors has overall responsibility for identifying and managing operational and financial risks and mitigate through appropriate controls and risk limits.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

23. Financial risk management (continued)

The Group holds the following financial instruments:

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	**4,544,820**	3,702,341
Trade and other receivables (excluding contract assets)	**1,613,652**	2,005,253
Deposits	**130,362**	714,452
Total financial assets	**6,288,834**	6,422,046
Financial liabilities		
Trade and other payables	**1,979,300**	1,154,395
Total financial liabilities	**1,979,300**	1,154,395

The management assessed that the fair values of cash and short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Market risk comprises three types of risk: interest rate risk, currency risk and price risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Urbanise is not exposed to material price risk.

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group is not exposed to any significant interest rate risk as there are no external debts or borrowings.

Interest rate risk sensitivity analysis

At reporting date, there were no borrowings in relation to bank facilities. A 100-basis points change (a reasonably possible change) on the interest rates would result in an increase/decrease to the Group's net profit by approximately $45,448 based on the cash held at the end of the year (FY2019: $37,023).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's investments in foreign subsidiaries.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. At the end of the year the Group was exposed to US Dollar (USD), Dirhams (AED), Euro (EUR) and Singapore dollars (SGD), currency fluctuations. Exchange rate exposures are managed within approved internal policy parameters. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date were:

Foreign currency sensitivity analysis

	Liabilities		Assets	
	2020 $	2019 $	2020 $	2019 $
USD (Australian dollars equivalent)	**(38,935)**	–	**156,128**	451,641
EUR (Australian dollars equivalent)	**–**	–	**27,151**	123,750
SGD (Australian dollars equivalent)	**–**	–	**–**	6,988

23. Financial risk management (continued)

Based on the financial instruments held at 30 June 2020 the Group's post tax profit and equity would have been $14,434 higher/lower (FY2019: $82,495 higher/lower) with a 10% increase/decrease (a reasonable possible change) in the Australian dollar against other foreign currencies.

10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the possible change in foreign exchange rates in the short-term.

Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Cash deposits and trade receivables

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Credit risk for cash deposits is managed by holding all cash deposits with major banks.

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms. The ageing analysis of trade and other receivables is provided in Note 9. As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms.

The Group does not have any material credit risk exposure for other receivables or other financial instruments.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below represents the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

2020	< 1 Year $	1 - 5 years $	Total contractual cash flows $	Carrying amount $
Payables	(1,979,300)	–	(1,979,300)	(1,979,300)
Total	**(1,979,300)**	**–**	**(1,979,300)**	**(1,979,300)**

2019	< 1 Year $	1 - 5 years $	Total contractual cash flows $	Carrying amount $
Payables	(1,154,395)	–	(1,154,395)	(1,154,395)
Total	**(1,154,395)**	**–**	**(1,154,395)**	**(1,154,395)**

Fair value compared with carrying amounts

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

24. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value hierarchy

Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

- Level 1 Measurements based on quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value hierarchy during the year.

Valuation techniques and inputs used in level 3 fair value measurements

There were no financial assets or liabilities measured at fair value at 30 June 2020.

25. Key management personnel compensation

Key management is defined as Directors and other key management personnel. The aggregate compensation made to key management personnel of the Group is set out below:

	2020 $	2019 $
Short-term employee benefits	**1,147,840**	1,479,196
Long-term employee benefits	**-**	59,729
Termination payments	**25,900**	114,157
Post-employment benefits - superannuation	**49,337**	74,324
Share-based payments	**222,250**	323,297
Total key management personnel compensation	**1,445,327**	2,050,703

26. Related party transactions

Transactions with key management personnel

(i) Key management personnel compensation

Details of key management personnel compensation is disclosed in Note 25

(ii) Loans to key management personnel

There were no loans to key management personnel during the financial year.(FY2019: nil)

(iii) Other transactions with key management personnel of the Group

There were no other transactions with key management personnel of the Group during the financial year or in the prior year.

Transactions between Urbanise.com Limited and its related parties

(i) Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

27. Remuneration of auditors

	2020 $	2019 $
Auditor of the parent entity		
Audit and review of the financial report	**79,920**	215,000
Non-audit services:		
– Assurance related	**–**	–
– Taxation compliance	**–**	–
Total remuneration of auditors	**79,920**	215,000

28. Loss per share

	2020	2019
Basic earnings loss cent per share [(i)]	**(0.58)**	(0.74)
Diluted earnings loss cent per share [(ii)]	**(0.58)**	(0.74)

(i) Basic and diluted loss per share

	$	$
Net loss from operations	**(4,155,233)**	(4,754,740)

	2020 No.	2019 No.
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share		
Potentially dilutive instruments in the future:	**714,266,134**	639,283,252
Share performance rights	**32,730,444**	27,920,000
Share options	**1,246,552**	7,235,457

(ii) Diluted earnings/(loss) per share

Potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share. Accordingly, the number used to calculate the diluted earnings/(loss) per share is the same as the number used to calculate the basic earnings/(loss) per share.

29. Share-based payments

Employee share option and performance rights share plan

Share options and share performance rights are granted to executives and staff as part of their remuneration package under the Employee Share Option Plan. There are no cash settlement alternatives. The Employee Share Option Plan is designed to provide long-term incentives for senior managers and staff (including Directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and there is no individual contractual right to participate in the plan or to receive any guaranteed benefits.

Share based expenses recognised

The expense recognised for share-based payments during the year is shown in the table below:

	2020 $	2019 $
Total expenses resulting from share-based payments	**382,226**	626,133

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

29. Share-based payments (continued)

Options and performance share rights movements

The following share-based payment arrangements were in existence during the current and comparative reporting periods and are supported by the tables provided below:

Performance share rights

	No.
At 1 July 2018	**5,946,250**
Performance share rights issued (ii)	30,000,000
Performance share rights forfeited/converted to ordinary shares	(8,026,250)
At 30 June 2019	**27,920,000**
Performance share rights issued (i)	17,680,443
Performance share rights forfeited/converted to ordinary shares	(12,869,999)
At 30 June 2020	**32,730,444**

(i) Performance share rights FY2020

				Financial Year 2020					
Grant Date		Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Vested during year	Expired during the year	Forfeited during year	Balance at end of year
29/09/17		30/6/19	$0.00	556,661	–	–	–	(119,999)	436,662
21/11/17		30/6/18	$0.00	250,000	–	–	–	–	250,000
29/09/17		30/6/19	$0.00	556,668	–	–	–	–	556,668
21/11/17		30/6/19	$0.00	250,000	–	–	–	–	250,000
29/09/17		30/6/20	$0.00	556,671	–	–	–	–	556,671
21/11/17		30/6/20	$0.00	250,000	–	–	–	–	250,000
24/10/18		31/8/19	$0.00	4,500,000	–	(4,500,000)	–	–	–
24/10/18		31/8/20	$0.00	4,500,000	–	–	–	(1,500,000)	3,000,000
24/10/18		31/8/21	$0.00	4,500,000	–	–	–	(1,500,000)	3,000,000
21/11/18		31/8/19	$0.00	4,000,000	–	(3,500,000)	–	(500,000)	–
21/11/18		31/8/20	$0.00	4,000,000	–	–	–	(500,000)	3,500,000
21/11/18		31/8/21	$0.00	4,000,000	–	–	–	(500,000)	3,500,000
27/09/19	i	31/8/21	$0.00	–	4,354,265	–	–	–	4,354,265
27/09/19	i	31/8/22	$0.00	–	4,354,265	–	–	–	4,354,265
27/09/19	i	31/8/23	$0.00	–	4,354,265	–	–	–	4,354,265
22/11/19	i	31/8/21	$0.00	–	1,372,549	–	–	–	1,372,549
22/11/19	i	31/8/22	$0.00	–	1,372,549	–	–	–	1,372,549
22/11/19	i	31/8/23	$0.00	–	1,372,550	–	–	–	1,372,550
9/03/20	ii	10/3/20	$0.00	–	250,000	(250,000)	–	–	–
9/03/20	ii	1/7/20	$0.00	–	250,000	–	–	–	250,000
Total				27,920,000	17,680,443	(8,250,000)	–	(4,619,999)	32,730,444

i. On 9 September 2019, a resolution was passed by the Board to issue 17,180,443 performance rights to Urbanise employees. These performance rights are subject to performance criteria being achieved prior to vesting based on revenue, cost, EBITDA, cashflow and project targets at 30 June 2020. These performance rights would vest in 3 equal tranches on 31 August 2021, 31 August 2022 and 31 August 2023, subject to the employees' (including Key Management Personnel) continued employment. This is comprised of 13,062,796 of performance shares issued on 27 September 2019 and 4,117,674 for CEO Saurabh Jain approved at the AGM on 22 November 2019.

ii. On 9 March 2020, a total of 500,000 performance rights shares were issued to Ian Breedon for advisory services as a resolution from the Board. On 10 March 20, 250,000 performance rights shares were exercised and converted into ordinary shares. The remaining 250,000 performance rights shares are eligible for conversion into ordinary shares on 1 July 2020.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

29. Share-based payments (continued)

(ii) Performance share rights FY2019

					Financial Year 2019				
Grant Date		**Expiry Date**	**Exercise Price**	**Balance at beginning of year**	**Granted during year**	**Vested during year**	**Forfeited during year**	**Expired during year**	**Balance at end of year**
29/09/17		30/6/19	$0.00	1,346,875	–	–	(356,250)	(990,625)	–
29/09/17		30/6/19	$0.00	1,346,875	–	–	(356,250)	(990,625)	–
29/09/17		30/6/20	$0.00	834,158	–	–	(277,497)	–	556,661
21/11/17		30/6/20	$0.00	250,000	–	–	–	–	250,000
29/09/17		30/6/20	$0.00	834,167	–	–	(277,499)	–	556,668
21/11/17		30/6/20	$0.00	250,000	–	–	–	–	250,000
29/09/17		30/6/20	$0.00	834,175	–	–	(277,504)	–	556,671
21/11/17		30/6/20	$0.00	250,000	–	–	–	–	250,000
24/10/18	i	31/8/19	$0.00	–	6,000,000	–	(1,500,000)	–	4,500,000
24/10/18	i	31/8/20	$0.00	–	6,000,000	–	(1,500,000)	–	4,500,000
24/10/18	i	31/8/21	$0.00	–	6,000,000	–	(1,500,000)	–	4,500,000
21/11/18	ii	31/8/19	$0.00	–	4,000,000	–	–	–	4,000,000
21/11/18	ii	31/8/20	$0.00	–	4,000,000	–	–	–	4,000,000
21/11/18	ii	31/8/21	$0.00	–	4,000,000	–	–	–	4,000,000
Total				**5,946,250**	**30,000,000**	**–**	**(6,045,000)**	**(1,981,250)**	**27,920,000**

i. At the board meeting on 24 October 2018, a resolution was passed to issue performance share rights to Urbanise employees. 18,000,000 of the performance shares are based on cash flow targets being met at 30 June 2019. These performance shares will vest in 3 equal tranches on 31 August 2019, 31 August 2020 and 31 August 2021, subject to the employees' (including Key Management Personnel) continued employment. There is no exercise price on these performance rights. Targets were met but subject to ongoing service conditions.

ii. At the board meeting on 21 November 2018, a resolution was passed to issue performance share rights to Urbanise employees. 12,000,000 of the performance shares are based on cash flow targets being met at 30 June 2019. These performance shares will vest in 3 equal tranches on 31 August 2019, 31 August 2020 and 31 August 2021, subject to the employees' (including Key Management Personnel) continued employment. There is no exercise price on these performance rights. Targets were met but subject to ongoing service conditions.

Fair value of Performance share rights at grant date

			Financial Year 2020				
Grant Date	**Fair value of performance shares at grant date**	**No. of performance shares granted**	**Expiry date**	**Share price at grant date**	**Expected volatility of shares**	**Expected dividend yield**	**Risk-free interest rate**
27/09/19	**$0.034**	**4,354,265**	**31/08/21**	**$0.03**	**85%**	**0%**	**1.03%**
27/09/19	**$0.034**	**4,354,265**	**31/08/22**	**$0.03**	**85%**	**0%**	**1.03%**
27/09/19	**$0.034**	**4,354,265**	**31/08/23**	**$0.03**	**85%**	**0%**	**1.03%**
22/11/19	**$0.034**	**1,372,549**	**31/08/21**	**$0.03**	**85%**	**0%**	**1.03%**
22/11/19	**$0.034**	**1,372,549**	**31/08/22**	**$0.03**	**85%**	**0%**	**1.03%**
22/11/19	**$0.034**	**1,372,550**	**31/08/23**	**$0.03**	**85%**	**0%**	**1.03%**
9/03/20	**$0.050**	**250,000**	**10/03/20**	**$0.05**	**85%**	**0%**	**1.03%**
9/03/20	**$0.050**	**250,000**	**1/07/20**	**$0.05**	**85%**	**0%**	**1.03%**

– Expected volatility was determined based on historical volatility over the expected life of the shares

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

29. Share-based payments (continued)

Financial Year 2019

Grant Date	Fair value of performance shares at grant date	No. of performance shares granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
24/10/18	$0.028	6,000,000	31/08/19	$0.028	85%	0%	1.95%
24/10/18	$0.028	6,000,000	31/08/20	$0.028	85%	0%	1.95%
24/10/18	$0.028	6,000,000	31/08/21	$0.028	85%	0%	1.95%
21/11/18	$0.046	4,000,000	31/08/19	$0.046	85%	0%	1.95%
21/11/18	$0.046	4,000,000	31/08/20	$0.046	85%	0%	1.95%
21/11/18	$0.046	4,000,000	31/08/21	$0.046	85%	0%	1.95%

- Expected volatility was determined based on historical volatility over the expected life of the shares

Share Options

	No.
At 1 July 2018	**15,371,405**
Options granted over ordinary shares	1,146,552
Options expired / forfeited	(9,282,500)
At 30 June 2019	**7,235,457**
Options granted over ordinary shares	–
Options expired / forfeited	(5,988,905)
At 30 June 2020	**1,246,552**

Financial Year 2020

Grant Date	Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Exercised during year	Expired/ forfeited during year	Balance at end of year	Balance vested at end of year
4/08/14	**4/08/19**	**$0.20**	**400,000**	**-**	**-**	**(400,000)**	**-**	**-**
7/08/14	**31/08/19**	**$0.19**	**5,426,405**	**-**	**-**	**(5,426,405)**	**-**	**-**
10/12/14	**17/12/19**	**$0.65**	**100,000**	**-**	**-**	**(100,000)**	**-**	**-**
15/12/15	**15/12/20**	**$0.69**	**62,500**	**-**	**-**	**(62,500)**	**-**	**-**
29/04/16	**28/04/21**	**$0.40**	**100,000**	**-**	**-**	**-**	**100,000**	**100,000**
4/09/18	**31/12/20**	**$0.001**	**1,146,552**	**-**	**-**	**-**	**1,146,552**	**-**
Total			**7,235,457**	**-**	**-**	**(5,988,905)**	**1,246,552**	**100,000**

- No options were issued during FY2020

29. Share-based payments (continued)

					Financial Year 2019				
Grant Date		Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Exercised during year	Expired/ forfeited during year	Balance at end of year	Balance vested at end of year
11/12/13	ii	31/12/18	$0.20	2,000,000	–	–	(2,000,000)	–	–
11/12/13	ii	31/12/18	$0.24	2,000,000	–	–	(2,000,000)	–	–
11/12/13	ii	31/12/18	$0.30	2,000,000	–	–	(2,000,000)	–	–
6/06/14	iii	6/06/19	$0.20	3,000,000	–	–	(3,000,000)	–	–
4/08/14		4/08/19	$0.20	400,000	–	–	–	400,000	400,000
7/08/14		31/08/19	$0.19	5,426,405	–	–	–	5,426,405	5,426,405
10/12/14		17/12/19	$0.65	100,000	–	–	–	100,000	100,000
1/05/15	ii	31/12/18	$1.00	200,000	–	–	(200,000)	–	–
15/12/15	iii	15/12/20	$0.69	145,000	–	–	(82,500)	62,500	62,500
29/04/16		28/04/21	$0.40	100,000	–	–	–	100,000	100,000
4/9/18	i	31/12/20	$0.001	–	1,146,552	–	–	1,146,552	–
Total				**15,371,405**	**1,146,552**	**–**	**(9,282,500)**	**7,235,457**	**6,088,905**

i. On 4 September 2018, 1,146,552 share options were granted to Henry Arundel as a termination settlement with exercise prices of $0.001 vesting on 4 September 2020 and expiring on 31 December 2020.

ii. 6,200,000 share options expired during the year.

iii. 3,082,500 share options were forfeited during the year following employee departures.

Fair value of share options at grant date

No options were issued during FY2020

				Financial Year 2019				
Grant Date	Fair value of options at grant date	No. of options granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate	Exercise Price
04/09/2018	**$0.027**	**1,146,552**	**31/12/2020**	**$.028**	**85%**	**0%**	**1.98%**	**$0.001**

- Expected volatility was determined based on historical volatility over the expected life of the share options

No share options were exercised during FY2020 (FY2019: Nil). The weighted average remaining contractual life for share options outstanding at the end of the period was 0.5 years.

30. Subsequent events

Other than as already noted in the financial statements, there have been no significant subsequent events in the affairs of the Group at the date of this report.

From the changes made to the operations and feedback from the clients, the group have not seen any material impact on the business from the COVID-19 pandemic.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

31. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Director's reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The following companies are parties to a deed of cross guarantee under which each company guarantees the debts of the others:

- Urbanise.com Limited;
- Mystrata Pty Limited; and
- Mystrata Holdings Pty Limited

Urbanise.com Limited, Mystrata Pty Limited and Mystrata Holdings Pty Ltd entered into a Deed of Cross Guarantee on 26 June 2015. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and the controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2020 is set out below.

Closed group consolidated statement of comprehensive income for the year ended 30 June 2020

	2020 $	2019 $
Revenue and other income		
Sales revenue	**6,819,133**	5,172,549
Other income	**82,423**	15,723
	6,901,556	5,188,272
Less: expenses		
Doubt debt expenses	**(126,445)**	(183,478)
Employee and contractor cost	**(6,759,166)**	(7,310,235)
Depreciation and amortisation expenses	**(1,470,407)**	(380,079)
IT subscription and licence cost	**(1,460,090)**	(1,038,310)
Occupancy cost	**(303,230)**	(471,930)
Cost of implementation and materials	**(56)**	2,090
Professional fees	**(495,316)**	(386,388)
Travel cost	**(331,347)**	(332,696)
Advertising and Promotion Expenses	**(143,842)**	(139,503)
Finance costs	**(23,496)**	–
Foreign Exchange (loss)/gain	**(169,564)**	(27,612)
Other expenses	**(378,962)**	(857,888)
Total expenses	**(11,661,921)**	(11,126,031)
Profit/(loss) before tax	**(4,760,365)**	(5,937,759)
Income tax expense	**–**	–
Profit/(loss) for the year	**(4,760,365)**	(5,937,759)
Other comprehensive income for the year net of income tax	**–**	–
Total comprehensive income/(loss) for the year	**(4,760,365)**	(5,937,759)

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

31. Deed of cross guarantee (continued)

Closed group consolidated statement of financial position as at 30 June 2020

	2020 $	2019 $
Current assets		
Cash and cash equivalents	**3,864,045**	2,955,498
Trade and other receivables	**658,463**	1,147,324
Other assets	**2,099,739**	2,508,090
Total current assets	**6,622,247**	6,610,912
Non-current assets		
Property, plant and equipment	**213,709**	115,887
Intangible assets	**5,554,568**	5,444,562
Goodwill	**4,786,480**	4,786,480
Other non-current assets	**52,000**	52,000
Total non-current assets	**10,606,757**	10,398,929
Total assets	**17,229,004**	17,009,841
Current liabilities		
Trade and other payables	**1,842,520**	1,213,338
Provisions	**374,049**	451,735
Deferred revenue	**2,155,832**	1,990,206
Other liabilities	**3,252,694**	3,756,306
Lease liabilities	**140,172**	–
Total current liabilities	**7,765,267**	7,411,585
Non-current liabilities		
Provisions	**11,369**	25,903
Lease liabilities	**224,428**	-
Total non-current liabilities	**235,797**	25,903
Total liabilities	**8,001,064**	7,437,488
Net assets	**9,227,940**	9,572,353
Equity		
Issued capital and contributed equity	**103,278,236**	99,040,000
Employee option reserve	**1,119,725**	2,547,896
Foreign currency translation reserve	**(266,635)**	(225,143)
Accumulated losses	**(94,903,386)**	(91,790,400)
Total equity	**9,227,940**	9,572,353

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

32. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except for investments in subsidiaries recognised at cost. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Refer to Note 31 for detailed disclosure.

Summarised statement of financial position as at 30 June 2020

	2020 $	2019 $
Assets		
Total current assets	**3,891,218**	4,119,027
Total non-current assets	**4,970,674**	4,477,941
Total assets	**8,861,892**	8,596,968
Liabilities		
Total current liabilities	**7,334,982**	3,568,622
Total non-current liabilities	**235,797**	25,903
Total liabilities	**7,570,779**	3,594,525
Net assets	**1,291,113**	5,002,443
Equity		
Issued capital and contributed equity	**100,103,922**	97,634,813
Employee option reserve	**1,119,830**	2,547,896
Accumulated losses	**(99,932,639)**	(95,180,267)
Total equity	**1,291,113**	5,002,443

	2020 $	2019 $
Profit/(loss) for the year	**(6,350,830)**	(8,099,867)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**(6,350,830)**	(8,099,867)

Directors' Declaration

for the year ended 30 June 2020

In the Directors opinion:

i. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

ii. the attached financial statements and notes set out on pages 32 to 80 are in accordance with the *Corporations Act 2001* and give a true and fair view of the financial position and performance of the Group for the financial year ended on 30 June 2020.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 31 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors,

Almero Strauss
Chairman

27 August 2020

Independent Auditor's Report

to the members

A D Danieli Audit Pty Ltd

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**Independent Auditor's Report
To the Members of
Urbanise.com Limited
A.B.N. 70 095 768 086
And Controlled Entities**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Urbanise.com Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Carrying Value of Intangible Assets and Goodwill	
The group capitalised $1,047,568 ($1,006,307 for Development costs and $41,261 for Software) in intangibles during the period and adopted AASB 16 Leases which has led to $449,957 being accounted as an intangible asset. The total balance of intangibles increased to $5,554,567 (2019: $5,444,561) after including an amortisation charge of $1,387,519 for the year. There was no movement in the carrying value of Goodwill during the year of $4,786,480.	We have evaluated the appropriateness of management's assessment that there is no facts or circumstances that suggest the carrying amount of intangible assets may exceed the recoverable amount. Our procedures included challenging management on the suitability and reasonableness of these assumptions, through performing the following: • Review of ASX announcements. • Review of forecast sales, budgeted expenditure, projected cash flows and impairment model. • Assessing various agreements entered on future sales. Based on our procedures, we have been satisfied that the carrying values have been fairly stated.
Revenue Recognition	
The group had revenue of $9,645,626 (2019: $8,072,811) during the year. The deferred revenue balance is $2,637,119 (2019: $2,435,830). There are 2 types of revenue streams: • Licence Fees • Professional Fees	We have evaluated the appropriateness of management's assessment regarding the recognition of revenue and the allocation between revenue and deferred revenue. Our procedures included challenging management on the suitability and reasonableness of their assessment by reviewing the wording of the contract to ensure that the recognition is appropriate. Based on our procedures, we are satisfied that the revenue and deferred revenue are fairly stated.

Independent Auditor's Report

to the members (continued)

COVID-19 Impact Assessment	
COVID-19 is a global pandemic that is currently affecting the whole world. The impact of COVID-19 could negatively impact the company's operations, suppliers or other vendors and customers. Further outbreaks, including reduced operations for an unknown period of time may impact the financial position and operating results of the company.	We have evaluated the appropriateness of management's assessment regarding COVID-19 and that at this stage, there has not been any material impact on the company. Based on our procedures, we note that the COVID-19 impact assessment has been fairly and appropriately dealt with and disclosed within the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

to the members (continued)

4

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx . This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 22 to 29 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Urbanise.com Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A D Danieli Audit Pty Ltd

Sam Danieli
Director

Sydney, 27 August 2020

Additional Shareholder Information

Additional information required by the ASX Listing Rules not disclosed elsewhere in the full year report is set out below. The shareholder information set out below was applicable as at 17 August 2020.

1. Distribution of Shareholders

Distribution of ordinary shareholders and shareholdings is set out in the table below:

Range	Total holders	Units	% of Issued Capital
1–1,000	58	23,402	0.003
1,001–5,000	126	417,276	0.057
5,001–10,000	75	601,053	0.081
10,001–100,000	278	12,717,296	1.723
100,001–9,999,999,999	209	724,238,697	98.136
Total	**746**	**737,997,724**	**100.000**

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at the meeting shall have:

i. on a show of hands, one vote only; and

ii. on a poll, one vote for every fully paid ordinary share held

2. Largest Shareholders

The name of the twenty largest holders by account holding of ordinary shares are listed below:

Name	Shares Held	% of Issued Capital
1. Argosy Capital Ltd	230,643,525	31.25%
2. J P Morgan Nominees Australia Pty Ltd	86,822,331	11.76%
3. National Nominees Ltd	68,696,141	9.31%
4. Citicorp Nominees Pty Ltd	55,687,727	7.55%
5. Bannaby Investments Pty Ltd	48,124,480	6.52%
6. BNP Paribas Nominees Pty Ltd	24,090,374	3.26%
7. HSBC Custody Nominees (Australia) Ltd	23,320,439	3.16%
8. Bell Potter Nominees Ltd	18,040,228	2.44%
9. Tom Hale Pty Ltd	11,350,000	1.54%
10. Nitarae Nominees Pty Ltd	10,517,640	1.43%
11. Mr Anthony Scotton	10,000,000	1.36%
12. Construction Industry Solutions ME FZE	8,434,150	1.14%
13. IFM Pty Ltd	6,621,205	0.90%
14. Dixon Trust Pty Ltd	6,400,000	0.87%
15. BNP PARIBAS NOMS Pty Ltd	5,357,823	0.73%
16. DMX Capital Partners Ltd	5,316,860	0.72%
17. Rishi Jain Investment Pty Ltd	4,634,974	0.63%
18. Permanent Capital Ltd	4,000,000	0.54%
19. Mr Peter Tyrrell	3,006,534	0.41%
20. Mr Chris Leahy	3,005,041	0.41%
Top 20 Holdings of ordinary fully paid shares	634,069,472	85.93%
Total of Securities	**737,997,724**	**100.00%**

Additional Shareholder Information

(continued)

3. Option holders

The Company has options on issue with 1,246,552 options with 2 holders, 32,480,444 performance shares with 24 holders.

4. Register of substantial shareholders

The names of substantial shareholders in the Company and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates shown, are as follows:

Rank	Name	Shares Held	% of Issued Capital
1	Argosy Capital Ltd	230,643,525	31.25%
2	J P Morgan Nominees Australia Pty Ltd	86,822,331	11.76%
3	National Nominees Ltd	68,696,141	9.31%
4	Citicorp Nominees Pty Ltd	55,687,727	7.55%
5	Bannaby Investments Pty Ltd	48,124,480	6.52%

5. Restricted Securities

36 shareholders held a less than a marketable parcel, based on the closing market price of $0.063 on 17 August 2020.

Principal Registered Office and Postal Address
Suite 103, Level 1
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www.urbanise.com