

## Appendix 4C & Quarterly Activities Report for the period ended 31 December 2021

- H1 FY2022 revenue of \$6.37m<sup>1</sup> up 11.1% vs previous corresponding period (pcp) (H1 FY2021: \$5.73m) driven by 25.2% growth in licence fees reflecting new contract wins and higher revenue from existing customers due to greater utilisation and annual price rises
- Q2 FY2022 total revenue of \$3.21m<sup>1</sup> up 7.7% vs pcp with recurring licence fee growth of 21.2% reflecting a strong performance across both Strata and Facilities Management
- Q2 FY2022 average monthly cash used of \$695k<sup>1</sup> impacted by \$342k in late receipts from a Middle East customer and exceptional payments of \$664k (termination payments of \$327k, FY2021 STI payment to former CEO of \$144k and recruitment costs of \$193k)
- Underlying monthly cash used for the December quarter was \$360k<sup>1</sup>. In December and January, Urbanise reduced sales headcount by \$110k per month due to a shift in its FM go-to-market strategy<sup>2</sup>
- Closing cash balance of \$4.73m<sup>1</sup> (30 September 2021: \$6.82m) and no material debt<sup>3</sup>. If late receipts of \$342k are included, closing cash balance would have been \$5.07m at 31 December 2021
- Urbanise has several specific opportunities that are expected to deliver a reduction in cash used by up to \$2.5m over the next three quarters including new sales and backlog conversion, payments in advance from existing customers and other initiatives.
- Urbanise will release its H1 FY2022 result in late February 2022 when it will provide further information on Annualised Recurring Revenue (ARR) and backlog

**Urbanise.com Limited** (ASX: UBN) (“Urbanise” or “the Company”) today provides a business update and quarterly cash flow report for the period ended 31 December 2021 (Appendix 4C). Urbanise is a leading provider of cloud-based Software-as-a-Service (SaaS) platforms to strata and facilities managers in Australasia, the Middle East, Europe and South Africa.

Urbanise’s Chairman Almero Strauss said: “In December, the Board made the decision to make a change at the CEO level. Urbanise has scaled quickly over the past year as we built out the executive team and put senior managers in place across the business. Maintaining a positive culture in a fast-growing organisation can be challenging but is critical to long-term success. The Board concluded that a different style of leader was needed for the next phase of growth and an extensive search process has begun for an Australia-based replacement. The Board has appointed CFO Simon Lee as Interim CEO and will work closely with him to implement our strategy and support our team as they continue to deliver outstanding products and services to our customers.

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<sup>1</sup> Unaudited financial information

<sup>2</sup> Full benefit will not come through until March 2022. Has not impacted December quarter

<sup>3</sup> No debt other than annual insurance premium funding

“Urbanise delivered strong revenue growth in the December half with recurring licence revenue increasing by 25% on pcp. This reflects revenue derived from a diverse customer base in terms of size, sector and geography and includes PICA Group, Anglo American plc, Nakheel Properties and Dubai Asset Management. Given the significant investment in sales, product and technology made to date, Urbanise is well positioned to continue to deliver year-on-year sales growth.

“We were disappointed to report a significant increase in cash outflows in the quarter, which included several exceptional expenses. Managing our cash flow remains a key strategic priority of the business. We believe that Urbanise has the resources available to get to cash flow breakeven based on advanced pipeline opportunities and cost management initiatives. The Board and management are working hard to decrease cash burn to a sustainable level in the coming quarters.

“Strategically, we continue to focus on maximising market share in our existing markets. Winning key reference customers showcases the quality of our platform and ability to implement complex projects. The Board continues to closely monitor the sales pipeline which contains contract opportunities similar in size and nature to those implemented in the past. Larger strata and FM organisations are increasingly interested in replicating our recent contract go-lives, giving the Board confidence that larger sales opportunities can close in the near term.

“Since his appointment in October 2021, our new Chief Revenue Officer Paul Mitchell has instituted several improvements to our sales process which are expected to lower sales conversion timeframes. During December and January, Urbanise also reduced the size of its FM sales team as it determined that it can scale FM markets in the Middle East and Australia with fewer sales staff than originally forecast. The sales team has strong networks and broad experience with FM outsourcers, asset owners and strata managers in the Middle East who buy or promote our platform. We have a significant market opportunity ahead of us with hard to replicate platforms that are delivering real, tangible value for our customers of all sizes across multiple sectors and geographies.”

### **Q2 FY2022 Business Activity Update**

- On 15 December, Urbanise announced a change in CEO with the departure of Saurabh Jain and appointment of Chief Financial Officer, Simon Lee as Interim CEO
- The Board has begun an extensive search for an Australia-based CEO and will consider both external and internal candidates
- There has been no significant impact to business operations, staff or customers from the departure of the CEO reflecting the depth of the executive team and well-established customer relationships
- The Company has recently reviewed its FM go-to-market strategy resulting in a reduction in FM sales headcount in December and January which will reduce cash burn by \$110k per month. This reflects market insights gained over the past six months and is not expected to impact sales or pipeline conversion
- Recruitment costs were higher than expected (\$193k) with the Company experiencing increased turnover during the quarter and a highly competitive labour market
- The on-going COVID-19 pandemic continues to have no direct material impact on Urbanise.

### **H1 FY2022 Financial Summary**

H1 FY2022 total revenue was up 11.1% reflecting strong growth in recurring licence fees (up 25.2% vs pcp) across both platforms. FM licence fees increased 20.4% and Strata by 28.2% during the half on pcp due to new contract wins and higher revenue from existing customers as a result of greater utilisation and annual price increases. This growth in recurring revenue also highlights the successful implementation of a several large projects across Australia and the Middle East.

**Table 1: Key drivers of H1 FY2022 licence fee growth by segment**

H1 FY2022 FM licence fee growth of 20.4% (\$329k) from:	H1 FY2022 Strata licence fee growth of 28.2% (\$760k) from:
<ul style="list-style-type: none"> <li>Nakheel licences commencing Q1 FY2022 (\$144k)</li> <li>New and backlog contracts (\$141k)</li> <li>Existing customer growth (\$110k)</li> </ul> <p><i>offset by</i> Customer loss reported in Q2 FY2021 (\$66k)<sup>4</sup></p>	<ul style="list-style-type: none"> <li>Full half impact PICA (\$449k)</li> <li>Large Middle East Customers (\$295k)</li> <li>New customers (\$74k)</li> <li>Existing customer growth (\$18k)</li> </ul> <p><i>offset by</i> Customer loss reported in Q2 FY2021 (\$76k)</p>

H1 FY2022 professional fees were 32% lower (\$442k) vs pcp reflecting fixed pricing arrangements on two large projects which result in the earlier recognition of licencing fees by removing the dependency on go-live. Urbanise recognised ARR on this basis for one project in Q1 FY2022, with the other project currently in backlog.

**Table 2: H1 FY2022 Urbanise Summary (Unaudited financial information)**

\$000s	H1 FY2022	H1 FY2021	Var	Var %
FM Licence Fees	1,943	1,614	329	20.4%
Strata Licence Fees	3,458	2,698	760	28.2%
Utilities Licence Fees	19	18	1	5.6%
<b>Total Licence revenue</b>	<b>5,420</b>	<b>4,330</b>	<b>1,090</b>	<b>25.2%</b>
Professional Fees	942	1,384	(442)	(32.0%)
Other Revenue	3	13	(10)	(76.9%)
<b>Total Revenue</b>	<b>6,365</b>	<b>5,727</b>	<b>638</b>	<b>11.1%</b>
<b>Licence fees % total</b>	<b>85.2%</b>	<b>75.6%</b>		

Urbanise will release its audited half year financial results at the end of February 2022.

### Q2 FY2022 Financial Summary

During the December quarter, Urbanise's total revenue increased by 7.7% vs pcp. Recurring licence fees were 21.2% higher on pcp due to the inclusion of licence fees from Nakheel for a full quarter, new contract wins and higher revenue from existing customers. Compared to Q1 FY2022, total licence revenue was 3.1% higher, with Facilities licence fees up 8.3% and Strata 0.6%.

Revenue from professional services was 35.4% lower than pcp reflecting the fixed price arrangements referred to above. Urbanise also achieved exceptionally high professional fees on one FM implementation in Q2 FY2021.

Urbanise had a cash balance of \$4.73m and no material debt<sup>5</sup> at 31 December 2021. The average monthly cash used was \$695k for the quarter with several exceptional costs and late receipts from a

<sup>4</sup> Customer loss occurred at the beginning of Q2 FY2022

<sup>5</sup> No debt other than annual insurance premium funding

Middle East customer impacting closing cash. A detailed reconciliation is provided in the Q2 FY2022 Cash Flow Summary section below.

**Table 3: Q2 FY2022 Urbanise Summary (Unaudited financial information)**

\$000s	Q2 FY2022	Q2 FY2021	Var	Var %
Licence Fees	2,753	2,271	482	21.2%
Professional Fees	458	711	(253)	(35.4%)
<b>Total revenue</b>	<b>3,211</b>	<b>2,982</b>	<b>229</b>	<b>7.7%</b>
Average monthly cash generated/(used)	(695)	1,890	(2,585)	(136.8%)
Underlying average month cash (used)	(360)	(290)	(70)	(24.1%)
<b>Closing cash</b>	<b>4,733</b>	<b>9,033</b>	<b>(4,300)</b>	<b>(47.6%)</b>
<b>Licence fees % total</b>	<b>85.7%</b>	<b>76.2%</b>		

### Facilities Management

Q2 FY2022 FM licence fees growth of 30% vs pcp reflected ongoing demand for Urbanise's combined strata and facilities management platform in the Middle East and new contracts in Australia with FM outsourcers and aged care providers.

**Table 4: Key drivers of Q2 FY2022 FM licence fee growth**

FM licence fees increased by 29.7% (\$231k) vs pcp attributable to:	<ul style="list-style-type: none"> <li>• Full quarter impact from Nakheel (\$77k)</li> <li>• New and backlog contracts (\$111k)</li> <li>• Existing customer growth (\$43k)</li> </ul>
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Urbanise continues to work with leading property services company, Colliers developing the platform and building an invaluable partnership that deepens the Company's product offering to FM outsourcers.

Urbanise's immediate sales pipeline includes aged care opportunities, new FM outsourcers and further opportunities with existing FM outsourcer customers.

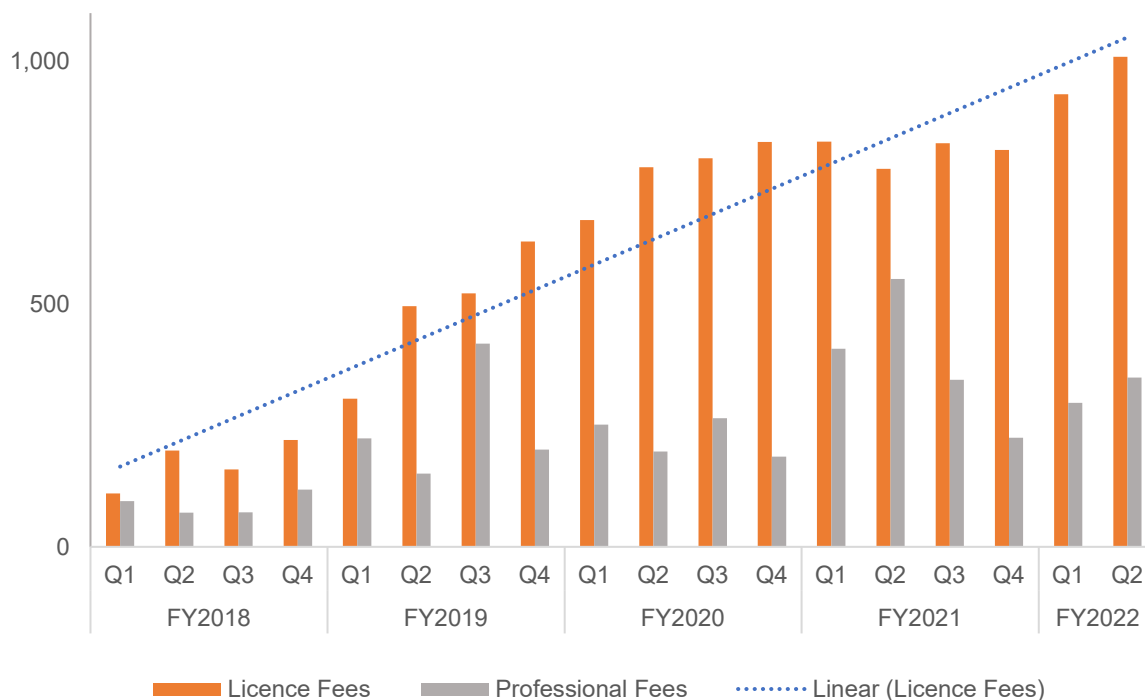
Professional fees decreased by 36.8% vs pcp largely reflecting fixed fee arrangements and an unusually high level of professional fees in Q2 FY2021.

**Table 5: Q2 FY2022 Facilities Management Summary (Unaudited financial information)**

\$000s	Q2 FY2022	Q2 FY2021	Var	Var %
Licence Fees	1,010	779	231	29.7%
Professional fees	349	552	(203)	(36.8%)
<b>Total revenue</b>	<b>1,359</b>	<b>1,331</b>	<b>28</b>	<b>2.1%</b>
<b>Licence fees % total</b>	<b>74.3%</b>	<b>58.5%</b>		

Chart 1 shows that FM has delivered strong quarterly revenue growth over the past four years. It also highlights the variability in professional fees over the period which peaked in Q2 FY2021 with the implementation of major contracts for Dubai Asset Management and an Anglo American mine site.

**Chart 1: FM has strong track record in delivering revenue growth (\$000s)**



### Strata Management

Urbanise’s Strata platform has continued to perform well, recording 18% licence fee growth in Q2 FY2022. This highlights the strong appeal of the Company’s platform in the Middle East and increasing sales to smaller strata customers in Australia and the Middle East.

Urbanise continues to work with PICA to deploy the platform across additional branches acquired by Australia’s largest strata manager as the industry continues to consolidate.

Urbanise’s immediate opportunity in Australia is to scale across the small to mid-tier strata managers. The Company’s development team is completing upgrades to various modules and integrations that would accelerate sales to this group.

Urbanise’s Strata pipeline in the Middle East remains buoyant and includes contracts of similar size and nature to Nakheel. The completion of these large contracts provides potential customers with key reference points.

**Table 6: Key drivers of Q2 FY2022 Strata licence fee growth**

<p>Strata licence fees increased by 18.0% (\$264k) vs pcp attributable to:</p>	<ul style="list-style-type: none"> <li>• Full quarter impact PICA (\$172k)</li> <li>• Large Middle East Customers (\$143k)</li> <li>• New and backlog contracts (\$17k)</li> </ul> <p><i>offset by;</i></p> <p>a customer loss reported from Q2 FY2021 (\$68k)</p>
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Q2 FY2022 Professional fees mainly related to the implementation of new clients in the quarter as well as change requests from existing customers.

**Table 7: Q2 FY2022 Strata Summary (Unaudited financial information)**

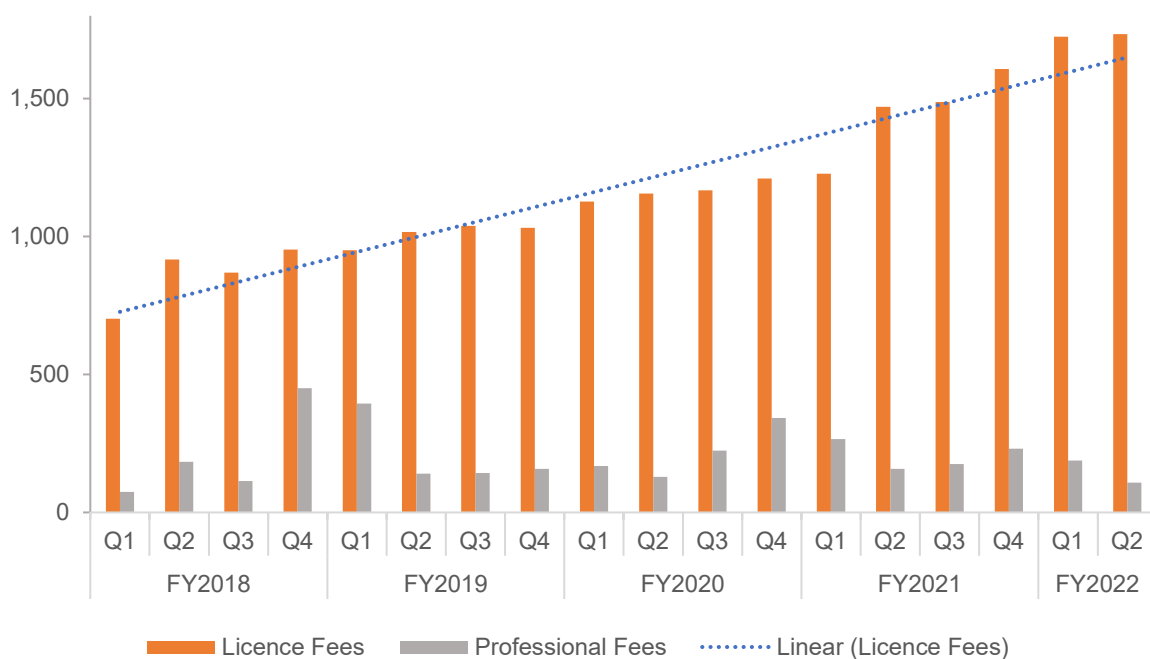
\$000s	Q2 FY2022	Q2 FY2021	Var	Var %
Licence Fees	1,734	1,470	264	18.0%
Professional fees	108	159	(51)	(32.1%)
<b>Total revenue</b>	<b>1,842</b>	<b>1,629</b>	<b>213</b>	<b>13.1%</b>

<b>Licence fees % total</b>	<b>94.1%</b>	<b>90.2 %</b>
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Chart 2 shows the step up in Strata revenue following the completion of the PICA project. It also highlights the variability in professional fees over the period as the project was implemented.

**Chart 2: Strata delivers consistent revenue growth (\$000s)**



### Q2 FY2022 Cashflow Summary

Closing cash was \$4.73m<sup>1</sup> and the average monthly cash used was \$695k. This was a significant increase compared to Q1 FY2022 (\$334k cash used) with the quarter impacted by:

- Termination costs relating to the outgoing CEO \$267k and sales staff \$60k
- STI paid to the outgoing CEO \$144k, relating to FY2021 performance
- Recruitment costs \$193k for the replacements of implementation and development resources
- Late receipts of \$342k from a large customer which were received in January

Table 8 sets out the cash flow for Q2 FY2022 vs pcp and provides a reconciliation showing significant items impacting the closing cash balance. It shows that after adjusting for the above items, the underlying average monthly cash used was \$360k.

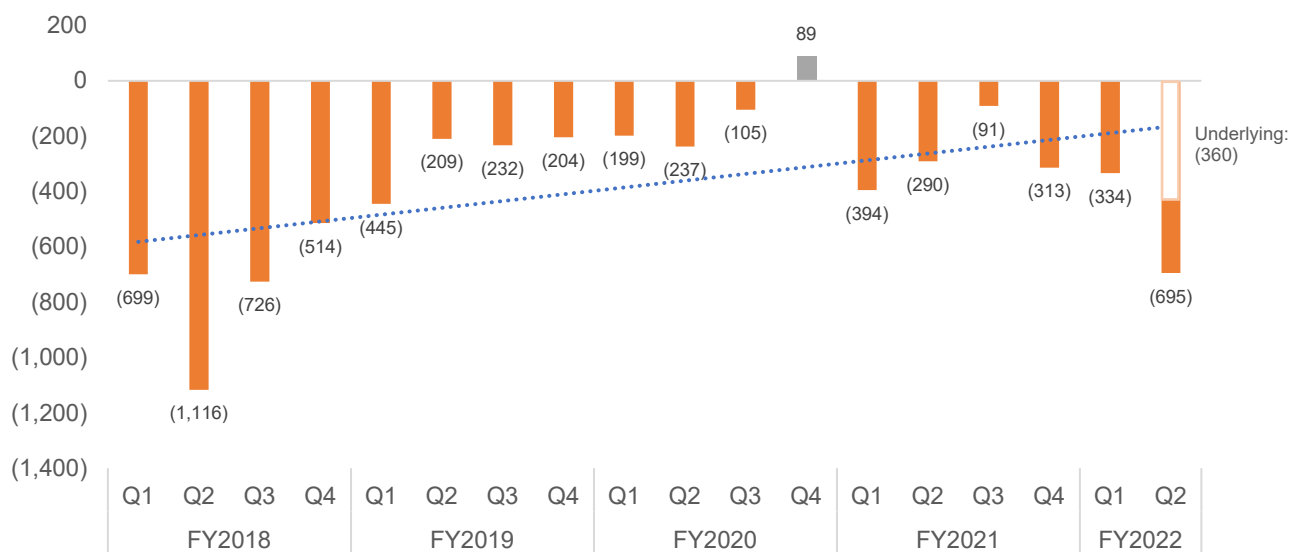
In December and January, sales headcount savings of \$110k per month were implemented, following a review of the FM go-to-market strategy. As a result, further termination costs of \$129k were incurred in January relating to these headcount reductions.

Urbanise also has a number of opportunities that are expected to deliver a reduction in cash used by up to \$2.5m over the next three quarters including new sales and backlog conversion, payments in advance from existing customers and other initiatives.

**Table 8: Q2 FY2022 & Q2 FY2021 cash summary**

<b>\$000s</b>	<b>Q2 FY2022</b>	<b>Q2 FY2021</b>
<b>Cash as at 1 October</b>	<b>6,818</b>	<b>3,361</b>
Receipts from customers	3,181	2,917
Payments to suppliers and employees	(4,971)	(3,474)
Interest	(23)	(34)
<b>Net cash used in operating activities</b>	<b>(1,813)</b>	<b>(591)</b>
Payments for equipment	(10)	(31)
Payments for intangibles / capitalised development	(241)	(237)
<b>Net cash used in investing activities</b>	<b>(251)</b>	<b>(268)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,064)</b>	<b>(859)</b>
Net proceeds from placement	-	6,542
Effect of movement exchange rates on cash balances	(21)	(11)
<b>Net cash flow for the period</b>	<b>(2,085)</b>	<b>5,672</b>
<b>Cash as at 31 December</b>	<b>4,733</b>	<b>9,033</b>
<b>Average Monthly Cash Generated / (Used)</b>	<b>(695)</b>	<b>1,890</b>
<b>Net cash flow for the period</b>	<b>(2,085)</b>	<b>5,672</b>
Late customer receipts	342	-
Termination costs (outgoing CEO & sales staff)	327	-
Recruitment costs	193	-
FY2021 STI relating to outgoing CEO	144	-
Net proceeds from placement	-	(6,542)
<b>Underlying cash flow for the period</b>	<b>(1,079)</b>	<b>(870)</b>
<b>Underlying Average Monthly Cash Used</b>	<b>(360)</b>	<b>(290)</b>

**Chart 3: Average monthly cash used / generated (\$000s)\* (Unaudited financial information)**



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

Payments for intangibles reflected capitalised development costs of \$241k during the quarter related to the Strata platform. Facilities Management development costs are fully expensed as are the majority of Strata development costs.

Urbanise continues to invest in its platform and systems to expand the features and applications available and improve the delivery of its products and solutions.

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

### Investor Conference Call

Urbanise's Chairman Almero Strauss and Interim CEO / CFO Simon Lee will host a conference call with the investment community including a Q&A session at **5.30pm AEDT today 27 January 2022**.

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

<https://s1.c-conf.com/diamondpass/10019132-qb64f8.html>

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

### Investor enquiries

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### **About Urbanise**

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

## Appendix 4C

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

**Name of entity**

Urbanise.com Limited

**ABN**

70 095 768 086

**Quarter ended ("current quarter")**

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,181	6,377
1.2 Payments for		
research and development		
product manufacturing and operating costs	(552)	(1,029)
advertising and marketing	(62)	(149)
leased assets		
staff costs	(3,016)	(5,284)
administration and corporate costs	(1,341)	(2,469)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(23)	(29)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,813)</b>	<b>(2,583)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
businesses		
property, plant and equipment	(10)	(30)
investments		
intellectual property		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
other non-current assets	(241)	(477)
2.2 Proceeds from disposal of:		
(b) entities		
businesses		
property, plant and equipment		
investments		
intellectual property		
other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(251)</b>	<b>(507)</b>

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

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	6,818	7,820
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,813)	(2,583)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(251)	(507)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(21)	3
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,733</b>	<b>4,733</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,733	6,818
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,733</b>	<b>6,818</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

40

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-

7.5 **Unused financing facilities available at quarter end**

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

**8. Estimated cash available for future operating activities****\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

(1,813)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

4,733

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

4,733

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

2.6

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

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

Answer:

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

Answer:

**Compliance statement**

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

Date: 27<sup>th</sup> January 2022

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

**Notes**

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