Urbanise
Urbanise.com Limited
Ground Floor, 201 Miller St,
North Sydney NSW 2059

ABN: 70 095 768 086
W: urbanise.com

ASX RELEASE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S ADDRESSES AND PRESENTATION TO ANNUAL GENERAL MEETING

Tuesday, 22 November 2022: In accordance with ASX Listing Rules, Urbanise.com Limited (ASX:UBN) provides a copy of the Chairman and Chief Executive Officer addresses and accompanying presentation to the Annual General Meeting.

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

- ENDS –

For further information please contact:

Kim Clark
Company Secretary
T: +61-7 3010 9393
E: kim.clark@boardroomlimited.com.au

Chairman's Address

Urbanise delivered another solid result in FY2022 highlighting strong ongoing demand for our Strata and Facilities Management platforms. We also made significant changes across the business with the appointment of a new CEO and the restructuring of our sales and development teams to enhance our go-to-market strategy and increase the variability of our development cost base. Managing our cashflow remained a key priority and we made good progress towards realising a sustainable cash position in FY2023.

This was achieved against a backdrop of continuing global uncertainty due to COVID-19, increased geopolitical tensions, disrupted supply chains and inflationary cost pressures, which affected all businesses during the FY2022 financial year.

Despite the challenging macro environment, Urbanise continues to benefit from several tailwinds which highlights the strength of our business model.

To begin with, we provide mission-critical software to strata and facilities managers who deliver essential services often underpinned by legislation.

Secondly, our platforms are enterprise solutions that sit at the heart of our customers' operations and address key technology challenges.

Finally, we have extensive experience in Australia and the Middle East, and a growing portfolio of key reference customers, which demonstrates the quality of our platforms and ability to implement complex projects.

These factors were reflected in our FY2022 result as shown on Slide 2. At 30 June 2022, Urbanise had $12.1m in contracted annual recurring revenue or CARR, and almost 87% of total revenue came from recurring licence fees. Both our Strata and FM platforms are incredibly sticky with a combined retention rate of 95%. We have an extensive global footprint with a presence in 16 countries.

Sustainable cash flow

Urbanise continues to prioritise getting to a sustainable cash flow breakeven position. From December 2021, the Board and management implemented several measures to reduce cash burn while preserving our ability to drive new sales. These tactical initiatives have ensured our Company has sufficient cash runway to achieve sales conversions. These are focused around:

- Cost reduction within our sales and development teams to ensure a more targeted sales approach and increased access to variable development resource. This allows us to accelerate development from time to time, while retaining our core product teams.
- The leveraging of working capital to generate temporary benefits from cash-in-advance deals that extend our cash runway.
- Our sales strategy which the Board and management are confident will underpin cash flow sustainability. Urbanise's product, its market position, and our ability to deliver are at a point where we can leverage new sales to achieve profitability.

The Board are supportive of the target market and go-to-market strategies being executed by the management team. Our primary objective is to maximise our market share in our core markets of Australia, New Zealand and the Middle East by leveraging our existing footprint and physical presence in those regions. The Board continues to closely monitor the sales pipeline which contains contract opportunities that are similar in size and nature to those implemented in the past and reflects the diversity of our customer base.

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Board and leadership

During the year, the Board continued to build out the executive team with senior managers put in place across the business. In December 2021, the Board decided to make a change at the CEO level. Following an extensive search, Simon Lee, our Chief Financial Officer and Interim CEO, was appointed to the role permanently in June 2022. The Board decided that Simon was the right person to take the Company forward due to his deep understanding of the business, strong customer relationships and effective leadership. I would like to take this opportunity to thank Simon for his significant contribution in improving the financial and operational performance of the business.

Our talented team of software developers, sales, implementation, and customer support specialists are a key point of difference for Urbanise. We work closely with our customers to develop products that are aligned to the requirements of both industries as illustrated by our high retention rates. Our subject matter experts design well thought out solutions that evolve to meet our customers' changing needs.

As part of our ongoing succession planning, we welcomed Daniel Bignold to the Board in October. We believe that his in-depth understanding of emerging and innovative technologies, entrepreneurial mindset and Prop Tech expertise will prove invaluable as we continue to deepen our software offering and expand our global footprint.

At the same time, we farewelled Pierre Goosen who has been a member of the Urbanise Board since 2018. I would like to thank Pierre for his long service and commitment to the Company.

Looking ahead, the priorities for FY2023 are clear - drive revenue growth in our core markets to pave the way for cash flow breakeven.

As a Board, we do not feel the current share price accurately reflects the underlying value of our Company or its long-term prospects. We believe we have the right strategies in place to deliver strong returns for shareholders and positive outcomes for our employees and customers.

On behalf of the Board, I would like to thank the Executive and our talented global team for their tireless efforts and dedication to building an exceptional company.

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

CEO's Address

Good morning, ladies and gentlemen, and I would like to extend my welcome to today's AGM which is my first as CEO. It is a privilege to lead Urbanise and continue my journey with the Company after serving as CFO for three years.

My immediate priority upon becoming Interim CEO in December 2021 was to drive initiatives to support sustainable cash flow. The key focus areas are to ensure we have:

- comprehensive strata and integrated-ready FM solutions;
- faster implementation and migration processes;
- targeted direct sales, leveraging our industry and customer networks; and
- careful cash management.

The demand for technology in both strata and facilities management remains strong. Our expectation is that over time, organisations in our target markets will invest in software solutions to meet their compliance requirements, realise cost efficiencies, and deliver enhanced end-user engagement through communications functionality, portals and mobile applications.

At Urbanise, our product roadmap is scheduled approximately nine to twelve months in advance. This promotes a flexible development approach which allows us to respond to market trends, legislation, customer requirements and technology advancements.

Our target markets remain favourable, and our go-to-market strategy is based on generating leads via our market databases and industry networks, direct sales engagement and enhanced brand awareness from appearances at trade shows and through the use of social media.

Generating and converting sales pipeline remains an absolute priority for the Company. Our qualified pipeline of opportunities reflects the diversity of our customer base and focus on small to medium strata managers in Australia and New Zealand, large property developers and Owners Associations in the Middle East, and FM outsourcers and asset owners in APAC.

The Middle East market, in particular, continues to be attractive for Urbanise as our integrated strata and FM platform addresses the unique needs of developers who manage large portfolios and face increasingly complex legislative requirements. Urbanise has a proven track record in this market with key reference customers including Nakheel and Dubai Asset Management.

We continue to focus on careful cash management which centres around cost discipline, working capital initiatives to drive cash in advance via multi-year deals with customers and new sales conversion that will boost ARR and professional fees. At the end of September, we had achieved 85.6% of our cash burn reduction target of $2.5m. Cash in advance negotiations are ongoing and Urbanise expects to meet or exceed this target by the end of Q2 FY2023.

FY2022 Results Overview

Turning to our FY2022 results, Slide 4 provides a summary of our key metrics against the previous corresponding period. Revenue increased by 10% to $12.67m driven by a 21% increase in licence fees, which was offset by a decrease in professional fees due to fixed price arrangements. Licence fee growth was driven by full period impacts from the successful implementation of the PICA contract in FY2021, two large Middle East customers as well as new and backlog customers.

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ARR growth was up 3.9% versus pcp and totaled $10.85m. This was impacted by the decision by Ventia Services Group to reduce its requirements for user licenses on three existing contracts. This took effect from 1 April 2022 as Ventia moved to a single system resulting in the decommissioning of applications from over 20 vendors. The loss of these contracts reduced ARR by $630,000. Excluding this, ARR at 30 June increased by 10% on pcp. Ventia continues to use Urbanise on its Anglo-American contract and we have already made good progress in replacing this ARR.

Contracted ARR of $12.1m was up 6.1% versus pcp. The backlog of $1.2m at 1 July 2022 related to Strata lots for PICA and Facilities customers, including Colliers. The closing cash position at 30 June 2022 was $3.97m and Urbanise had no material debt.

Our customer retention rate was 95.2% based on the number of unique customers using our FM and Strata platforms. The ARR retention rate was 92.8% and was 98.8% excluding the loss of the Ventia contracts.

Q1 FY2023 Result

I would also like to briefly address our Q1 FY2023 result which was released on 26 October. Slide 5 shows that during the September quarter, we continued to focus on our strategic priorities of expanding our footprint in core markets, executing our product roadmap and achieving a sustainable cash flow position.

We secured new sales contacts including a Tier 1 FM outsourcer in New Zealand and several Middle East Strata customers. We also progressed our backlog of work including Colliers Australia and new customers secured in Q4 FY2022.

Total revenue of $3.24m increased by 2.8% vs pcp with license fees 3.1% due to the implementation of new clients and organic growth from existing clients. This was largely offset by the reduction in Ventia license fees mentioned above. Professional fees were in line with pcp due to change requests generated from existing clients and new clients signed up since June 2022.

The cash balance closed at $2.98m with no material debt at 30 September 2022. The average monthly cash used of $332k was impacted by late receipts of $654,000 mainly relating to two large customers which were collected in early October. The underlying average monthly cash used was $114,000 if these late receipts were included.

Following a review of the Strata product, Urbanise's Board has determined that strata development costs will no longer be capitalised due to the maturity of the platform. From 1 July 2022, all development costs are fully expensed.

FY2023 Outlook
Turning to the FY2023 Outlook on Slide 6. We will continue to focus on driving our pipeline and revenue across our core markets in APAC and the Middle East.

We have $1.2m of backlog to clear over the next six to nine months leading to additional ARR. Part of this backlog includes Colliers, a Tier 1 FM customer. Our development should deepen our product for the Tier 1 and Tier 2 FM markets.

We remain on track to deliver cash flow sustainability in FY2023.

Before handing back to Almero, I would like to welcome our new CFO Dave Goldbach to the leadership team and we believe he will make a valuable contribution given his broad financial experience and strong operational background.

Finally, I would like to thank the Board for their guidance and our team for their hard work and dedication during the year. I would also like to thank our customers and shareholders for their ongoing support.

\- **ENDS** -

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Chairman’s Address

Almero Strauss

About Urbanise

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

$12.1m Contracted ARR	**86.8%** Recurring revenue	**95.2%** Customer retention
16 Countries	**~681k** Strata lots billed	**~2.32k** FM users

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CEO's Address

Simon Lee

FY2022 Key Metrics vs pcp[1]

Revenue

$12.67m

↑ 10.2%

- Licence fees up 20.9%
- Strata licence fee rose 22.0% driven by PICA and two large Middle East customers
- FM licence revenue increased 19.0% from Nakheel and new/backlog customers.
- Professional fees down (29.9%) largely due to fixed pricing arrangements

ARR[2]

$10.85m

↑ 3.9%

- Growth driven by PICA completion and new customers completed during FY2022
- Loss of $630k in ARR from Ventia.[3] Excluding Ventia reduction, ARR increased by 10.0%
- Backlog of $1.2m including ~44k strata lots and 5 Facilities contracts
- Contracted ARR of $12.1m, up 6.1% vs pcp including $250k in wins since the Ventia reduction.

Net cash position

$3.97m

No material debt

- $1.57m of a $2.50m cash burn reduction target achieved by 30 June 2022
- Average monthly cash used of $321k
- Exceptional items of $0.60m largely relating to redundancies. Underlying average monthly cash used of $212k (FY2021: $246k)
- Continuing cash in advance initiatives in Q1 FY2023

Customer retention rate[4]

95.2%

- Strata customer retention rate of 95.7% and FM 92.0% highlights *stickiness* of Urbanise's platform
- ARR retention rate[5] of 92.8% and 98.8% excluding loss of Ventia contracts
- Loss of small Strata customers in Australia and some FM customers in South Africa
- Excluding Ventia, average value of lost customers < $8k

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[1] Prior corresponding period
[2] Annualised Recurring Revenue (ARR) based on the month of June
[3] Refer to Urbanise ASX announcement on 5 April 2022
[4] Customer retention rate based on number of customers from the beginning of the period, that were retained
[5] ARR retention rate based on $10.44m ARR at the beginning of the financial year

Q1 FY2023 Result

$3.24m
Revenue

$2.75m
Licence Revenue

84.8%
Recurring Revenue

$114k
Underlying average monthly cash used

$332k
Average monthly cash used

$2.98m
Closing cash balance

85.6% of cash burn reduction target of $2.5m achieved by 30 September 2022

FY2023 Outlook

Delivering growth with sustainable cash flow

- Drive revenue growth across core markets
- Clear $1.2m of backlog
- Complete FM development with key Tier 1 customer, deepening the product offering
- Deliver cash flow sustainability underpinned by ARR growth

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