ASX RELEASE

22 August 2023

Urbanise.com Limited reports FY2023 result

- FY2023 licence revenue of $11.16m, up 1.5% vs previous corresponding period (pcp) as new customers and organic growth deliver $1.0m in underlying licence revenue growth.
- FY2023 revenue of $12.85m, up 1.5% vs pcp driven by licence fee growth and 1.3% increase in professional fees; 87% recurring revenue.
- Annualised recurring revenue (ARR) of $11.56m, up 6.5% on pcp driven by new customer wins and organic growth.
- Contracted ARR (CARR) of $12.4m at 1 July 2023, up 2.5% on pcp and includes estimated backlog of $0.8m.
- EBITDA loss of $4.2m, 27.1% decline vs pcp (FY2022: $3.3m), largely driven by an increase in operating expenses due to the discontinuation of the capitalisation of Strata development costs.[1]
- FY2023 underlying average monthly cash used of $223k vs $241k in FY2022.[2]
- Closing cash balance of $4.25m (31 December 2022: $2.83m) and no material debt.[3]

Urbanise.com Limited (ASX: UBN) ("Urbanise" or "the Company") today provides its full year result for the twelve months to 30 June 2023. Urbanise is a leading provider of cloud-based Software-as-a-Service (SaaS) platforms, Urbanise Strata and Urbanise FM, which service the strata and facilities management sectors. Urbanise provides its solutions in Australasia, the Middle East, Europe and South Africa.

Urbanise's CEO Simon Lee said: "In FY2023, Urbanise laid the foundations for future growth with the successful implementation of the Colliers Australia project, the RERA development in the Middle East, the restructuring of the Company into two business lines and the completion of an equity raising that is expected to fund Urbanise to breakeven. In FY2024, the priorities will be to generate and convert our significant pipeline of opportunities, maintain our disciplined approach to cost and cash management and execute our product roadmap."

FY2023 Financial Summary

Total revenue for FY2023 was $12.85m, up $185k or 1.5% vs pcp (FY2022: $12.67m). Licence revenue growth was up 1.5% vs pcp as revenue from new customers and growth from existing customers more than offset reduced licences from Ventia and two other APAC customers. FY2023 professional fees were $1.69m or 1.3% higher vs pcp.

[1] From 1 July 2022, Urbanise has expensed all strata development costs. FM development costs are already fully expensed.
[2] Underlying average monthly cash used excludes one off items, capital raises and late receipts.
[3] No debt other than annual insurance premium funding.

FY2023 operating expenses of $17.05m were $1.08m or 6.8% higher than pcp. This largely reflected the discontinuation of the capitalisation of Strata development costs from 1 July 2022. In FY2022, Urbanise capitalised $930k in Strata development costs. Excluding this, adjusted operating expenses increased by $152k or 1%. Urbanise's EBITDA loss of $4.2m compared to $3.3m in FY2022 and primarily reflected this change in capitalisation accounting policy.

Urbanise's ARR of $11.56m in June 2023 was 6.5% higher on pcp and at 1 July 2023, the estimated backlog was $0.8m. ARR growth was driven by the implementation of backlog and contracts won and implemented in FY2023 which more than offset the loss of three Ventia contracts and other direct and indirect customer churn.[4] Total Contracted ARR (CARR) of $12.4m was up 2.5% on pcp.

Facilities Management

FY2023 FM licence revenue was 2.7% lower vs pcp mainly due to the loss of the three Ventia contracts in April 2022, reduced licences from an APAC customer and some small customer churn. This was partly offset by new and backlog customer growth ($329k) and organic growth from existing customers ($171k). Recurring licence fees represented 83.4% of total FM revenue in FY2023.

Lower professional fees (down 27.3% on pcp) primarily reflected a significant amount of development for Colliers in FY2022. Total revenue was down 7.8% to $4.57m mainly due to the lower professional fees.

FM ARR in June 2023 increased by 7.1% as Urbanise recognised $216k in ARR from Colliers as the leading property services company continued to roll out the FM platform across its portfolio with positive feedback received from users. The Colliers project provides an important reference for future sales, particularly for commercial and multi-site facilities management, which Urbanise has been able to promote at various trade events.[5] In Q4 FY2023, the Company also completed a number of implementations including Colliers NZ and Baptcare.[6]

At 1 July 2023, the FM backlog included three contracts expected to contribute an estimated $0.4m in annual licence fee revenue.

In APAC, Urbanise's FM pipeline is focused on aged care, FM outsourcers and commercial property as well as supporting existing FM outsourcer customers with their tender pipelines. In the Middle East, the focus is on FM outsourcers and trades management.

Strata Management

FY2023 Strata licence fees increased by 4.3% due to additional revenue from existing customers and implementation of new and backlog contracts. Professional fees were 47.3% higher on pcp due to value add and implementation projects for three Middle Eastern customers. Total revenue increased by 7.9% to $8.27m with 88.7% of revenue recurring.

Strata ARR in June 2023 increased by 6.2% reflecting the implementation of a large Middle East Strata customer and other small to medium Strata customers in Australia. At 1 July 2023, the backlog was estimated at $0.4m.

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[4] Indirect customer loss occurs when a direct customer of Urbanise loses a contract with one of their customers resulting in reduced licence usage on the Urbanise platform.
[5] Example includes the recent Australian Proptech Summit 2023 event - How Colliers are using Urbanise to drive efficiency and reduce risk
[6] Baptcare Implementation on track

Urbanise's immediate opportunity in Australia is to scale across the small to mid-tier strata managers and secure market share from on-premise (non-cloud-based) competitors. In the Middle East, Urbanise continues to focus on the strata requirements of property developers and 'pureplay' strata managers[7] who need combined FM and strata solutions. The sales pipeline allows for deeper expansion into property development groups, where the Company has an existing footprint, as well as securing new customers. There are opportunities to further expand with existing customers where the UAE government is driving the consolidation of government-owned strata and FM businesses.[8]

Integration work into Dubai's Real Estate Regulatory Authority's (RERA) platform continues to be on track for a September 2023 completion date. The integration of Urbanise Strata and FM ensures customers can meet legislative compliance obligations, specifically the provision of customer satisfaction, strata and facilities data which is automatically loaded into the government database.

Cashflow and Balance Sheet

Receipts increased by 1.1% to $13.7m largely due to revenue growth and the Company's advance billing strategy. Urbanise had a closing cash balance of $4.25m and no material debt. The underlying average monthly cash used was $223k (FY2022: $241k) after adjusting for net proceeds from the recent institutional placement and the impact of late receipts.[9]

From 1 July 2022, the Board determined that the capitalisation of development costs for the Strata platform would cease due to the maturity of the platform and be fully expensed. Facilities Management development costs were already fully expensed. 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.

FY2024 Outlook

In FY2024, Urbanise will continue to execute its growth strategy to drive revenue growth across its core markets with a particular focus on immediate sales opportunities in Middle East Strata and APAC FM. It expects to complete development and integration for the Real Estate Regulatory Authority in Dubai in H1 FY2024. It will also undertake an operational and cost review in the September Quarter and will drive further improvements in working capital. The Board and management will continue to work towards achieving cash flow sustainability in FY2025.

Investor Conference Call

CEO Simon Lee and CFO Dave Goldbach will host a conference call with the investment community including a Q&A session at **11am AEST today 22 August 2023**.

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

https://registrations.events/direct/OCP61289

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

[7] Strata managers are referred to as community managers in the UAE region.
[8] This includes the Recent merger of Eltizam Asset Management and Aldar Estates
[9] Underlying average monthly cash used excludes one off items and late receipts.

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

Forward-looking statements

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

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