Urbanise
Urbanise.com Limited
Suite 2, Level 1, 201 Miller St,
North Sydney NSW 2059

ABN: 70 095 768 086
W: urbanise.com

ASX RELEASE

29 November 2024

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

In accordance with ASX Listing Rule 3.13.1, 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 Company Secretary.

- ENDS -

Investor enquiries

Françoise Dixon
ir@urbanise.com
+61(0) 412 292 977

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. Urbanise technology is used in some of the tallest towers and most prestigious communities around the globe. 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.

Chairman’s Address

Before moving to the formal business of the meeting, I would like to provide an overview of Urbanise and the markets in which it operates. The opportunities and challenges going forward and in light of these, the Company’s go forward strategic priorities. I will then hand over to our CEO and Executive Director, Simon Lee to discuss the FY2024 result in more detail and provide a business update.

In January 2024, I was honoured to take on the role of Chairman, having joined the Board as Non-Executive Director in April 2023. This reflected my recognition of Urbanise’s potential to become a market leader in the Strata Management market. To achieve this the Board and Management collaborated to develop a clear strategy to realise the Company’s full potential and have moved into the first phase of execution against this plan. Today I would like to share with you my perspective on the opportunity and progress towards it.

Urbanise is uniquely positioned in the Strata Management market as the first and still only leading enterprise grade cloud software provider among a field of legacy systems still used by the vast majority of the market. The industry is lagging in the uptake of new modern enterprise class cloud-based solutions and is ripe for disruption.

I have been fortunate to have been part of the drive to upgrade over 21 industries worldwide from legacy technology to modern solutions. I was frankly surprised to find the strata industry still hamstrung by legacy technology and recognised the opportunity for Urbanise. There are still a few other industries left that are lagging in this way. From my experience with other ASX listed Boards, the global Utilities industry is a good example of that. I invite you to explore that as an indicator of the opportunity that lies ahead for Urbanise.

The Time for Change in the Strata Industry has arrived.

For over two decades, the Strata industry has relied on largely unchanged technology. However, a convergence of key factors is now driving the need for modernization. Legacy systems no longer meet changing industry dynamics, making it increasingly difficult for Strata Managers to adapt to and address, among other factors:

1. Shifting customer expectations, Integration & eco-system choice
2. Cyber Security risks
3. Rising regulatory and compliance pressures
4. A highly competitive labour market
5. Shrinking profit margins

First on Shifting customer expectations, Integration & eco-system choice

The strata industry is an eco-system of a multitude of participants. At the centre are the Owners, and their tenants, and to service them the Strata Managers coordinate across scores of different trades, insurance companies and financial service providers. Modern enterprise class integration capabilities are essential to provide effective and cost efficient services across this eco-system. Key here is also the ability for Strata Managers to have free market choice of which providers they engage with. Our observation of the industry is that Strata Managers suffer under a near monopoly across a number of essential services they require to operate, essentially due to the lack of modern technology and enterprise grade integration. Modern integration technology that Urbanise provides has the ability to break that nexus, giving the industry greater choice in their procurement of services but also providing significantly higher levels of efficiency, real time visibility and transparency across their business.

Second on Cyber Security

Legacy technology is simply unable to meet today's security standards and open their customers to the risk of cyber-attacks. Urbanise is built on modern cloud technology that exceeds these high standards, including ISO27001 certification and continually invests to meet these standards. There is no shortage of high-profile examples in other industries where bad actors have exploited these legacy systems.

Third on Rising regulatory and compliance pressures

The industry today is struggling to meet the current compliance and legislative requirements. As highlighted by recent highly public press coverage, the industry is under increasing levels of scrutiny. Current solutions struggle to provide them and their suppliers with the information, process and visibility they need to comply. To add to that challenge, it is clear that legislative and compliance requirements will become even more stringent. Legacy technology will struggle at best to meet these challenges.

Fourth on the Competitive Labour Market

The strata industry is struggling to attract and retain quality employees who, among other factors, are unwilling to work with outdated, complex and clunky systems and conduct menial data processing that modern systems handle automatically. This inhibits the industry from attracting and retaining quality talent as well as drives up costs of hiring, training and servicing their customers effectively.

Fifth on Shrinking Profit Margins

All the above factors, and more, have combined to see continuously shrinking profit margins for Strata Managers over the past number of years. The most recent Macquarie Bank, Strata Industry Benchmarking report provides further details and insights on this. I encourage you to read this report. The problem has become so severe that some Strata Managers have negative incremental unit economics. Meaning they lose money for every additional Body Corporate (Customer) they bring on board. Meanwhile, their customers see other industries providing modern facilities around customer engagement, payments and services and are demanding better from the industry.

Urbanise has developed the leading cloud-based solution that provides the modern enterprise class capabilities necessary to address these and other emerging industry challenges. The Company is winning and converting Strata Body Corporate Managers from legacy systems driving down their Total Cost of Ownership, improving their cash flow management and services to their customers and saving up to 50% of administrative and finance staff requirements. Strata Management companies that are growing their operations organically and by acquisition look in particular to the Urbanise solution as a crucial part of their scaling strategy.

Conversely, it is clear that Urbanise, as the only current leading cloud-based system in the Strata market, is uniquely positioned to partner with one or more banks to effectively bring these modern technology solutions to market. As previously announced in our quarterly reporting, we have targeted to secure such a partnership in the near term.

The Board and Management have reframed the Company's strategy in light of the above and are executing on plans to take advantage of these dynamics. The outcomes are not certain, as is the case with any strategy, and the timeframes for execution, while targeted across the next 12 months, are also not certain.

While the Company has opportunities it also continues to face general headwind risk to revenue as demonstrated by historical churn. I would like to summarise the nature of these risks and outline how the Company is seeking to mitigate them.

The Company continues to support several material contracts based on arm's length arrangements in the Facilities Management (FM) business as well as legacy bespoke contracts and customers exposed to merger activity.

These enterprise contracts have growth opportunity and churn risk, often beyond the control or influence of Urbanise. I will talk about the three types of contract in turn.

Firstly, the risk of churn as a result of arm's length arrangements in the FM business is driven by the fact that third party Service Providers include the Urbanise FM solution as one part of a broader offering they provide to their customers. If the Service Provider loses their contract with their customer that will drive churn for Urbanise. This despite the fact the end customer may be very satisfied with the Urbanise FM solution. Today this arm's length/channel revenue represents 45% of the FM business. To mitigate this risk going forward the Company is seeking to grow its direct business more rapidly to reduce that percentage and consequently the impact.

Secondly, legacy and bespoke contract risks are being addressed by re-negotiating these contracts as they come up for renewal. This is a process that will take time, driven by the cadence of contract renewal. There is a risk that a comprehensive or material change in contracts will trigger a competitive bidding process.

Thirdly and finally, merger activity of large corporate groups, particularly outside of Australia, may either result in growth or churn in the customer base. Merger activity in the Company's overseas business units has been reported by Urbanise for over a year. Some of the dynamics of this are driven by factors outside of Urbanise's control. The Board and Management are actively engaged in risk mitigating these situations.

With any business, the timing of risks and opportunities is critical. If further risk materialises ahead of opportunities, it could impact the Company's ability to achieve its FY2025 positive cash flow target.

Our forecasts continue support the FY2025 positive cash flow target and the Board and Management are highly focused on mitigating risks and delivering on this goal.

Excellent progress has been made in restructuring the business away from non-strategic, low margin bespoke development engagements that generated low quality non-recurring revenue.

Likewise, the collection of long outstanding debtors has significantly improved, vastly improving Debtors Aging and consequently improving cash flow.

The win rate in the Strata business has grown at a healthy rate. Conversions from competing legacy solutions is growing. This despite the current lack of a close alignment with a bank and the fact that the cash constraints on the business means there is only one Strata sales executive covering all of Australia.

The Board and Management are highly focused on executing against these opportunities and managing the risks. In addition to that, the Company is considering strategic corporate options to both accelerate the opportunities, further increase win rates and cash flow fund the sales growth opportunities.

The Company believes Urbanise is uniquely positioned in the Strata Management market and at a competitive advantage in the FM business. Market dynamics, technological progress, customer demands and the nature of a technologically lagging Strata industry presents a generational opportunity for disruption and growth. The Board and Management have developed a clear plan to capitalise on this and are sharply focused on executing against that in the coming year.

Finally, on behalf of the Board, I would like to acknowledge the herculean efforts and commitment of our management, senior leadership and talented team around the globe in recent months.

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

-END-

Chief Executive Officer's Address

As a leading provider of cloud-based platforms to strata and facilities managers, our software helps to streamline our customer's workflows, providing critical automation that can help them scale and grow.

Our team has deep industry and domain expertise and a strong customer network that provides us with valuable engagement and feedback. We strive to understand what customers want, what they expect and what their pain points are.

Our products are solutions to customer pain points which include complex administrative processes, legislative compliance and disclosure, and data management and security. Solving these pain points help improve our customers' profitability and creates a springboard for revenue growth, as they can take on more on more customers, of their own.

As of June 2024, Urbanise's scale had reach $12.2m in Contracted Annual Recurring Revenue or "CARR" of which 93% of total revenue came from recurring licence fees. Our ARR retention rate for FY2024 was 87%.

Urbanise is a global company with our footprint extending across 18 countries, with our core markets being APAC and the Middle East.

Our growth model follows a three-horizon approach, with our Horizon 1 focussed on increasing market share in our current geographical markets and maximising our customer footprint through new sales and customer retention.

Horizon 2 involves the delivery of additional benefits to customers through innovative value-add features and functions. This is where Urbanise customers can increase the ROI on our software, in return for paying additional fees.

Finally, Horizon 3 leverages our customer footprint by connecting key service providers, to customers through our software.

Turning to the progress we made in FY2024.

We achieved new sales of $1.04m in annual recurring revenue or ARR. We increased customer engagement touch points to improve customer retention, such as the recently launched 'Urbanise Central' knowledge news channel.

Our sales conversion has been as a result of building relationships with new customers through our sales team and industry engagement forums. We are reaching our third consecutive year of membership of the Strata Community Association in NSW, QLD and VIC and are regular supporters of the other state-based forums and New Zealand.

Our sales focus will continue to focus on our competitors customers. For example, a high proportion of our APAC strata wins over the past 18 months are from Stratamaster and we will expand our targeting heavily toward Stratamax customers. These are two of our biggest competitors in Australia.

Product development remains at the forefront of our value offering. We have developed additional features and modules, including predictive analytics, enhanced contractor management and we are offering a range of pricing options to customers. These result in quantifiable cost savings, operating efficiencies and increased automation for our customers. Looking ahead to the next half year, we will continue to add more functionality to our Strata communications module and FM planned preventative maintenance module. On both platforms we will be enhancing our open APIs to create more possibilities for integration.

We have already expanded the strata opportunity through new integration capabilities that connect our customers with service providers, with our first success achieved through a partnership with LevyCollect, an integration that allows strata managers to easily issue outstanding levies to legal firms for debt collection.

Our integration capability has also opened the door for Urbanise to partner with financial institutions (or banks), as outlined by Darc earlier. The solution will allow Urbanise to offer a combined cloud-based solution in partnership with a bank. This is an expanded market opportunity, estimated at $30m-$54m per annum.

We have progressed discussions with several financial institutes with the objective of securing one or more banking service partnerships.

Turning to our results for the 2024 financial year, licence revenue increased by 5.1% on the prior corresponding period or pcp.

Licence revenue growth of $1.7m came from new wins, the implementation of the 1 July 2023 backlog, and organic growth.

The new wins were primarily from small to medium strata managers in Australia, aged care and FM Service Providers in APAC and MENA.

This was partly offset by $1.1m in revenue reductions related to customer loss and a temporary licence fee reduction from a large APAC customer which has since been resolved.

Total revenue of $12.6m was 1.9% lower vs pcp due to a 48.3% reduction in professional fees which reflected the deliberate strategy to reduce bespoke development.

Urbanise had previously developed bespoke solutions for customers for a fee. While this provided initial upfront revenue and margin, the inclusion of these bespoke solutions in the Company's software increased the long-term cost to maintain and enhance these solutions over time.

Critically, they affected Urbanise's ability to quickly adapt our software to new market requirements. This decision also reflected a very deliberate effort to reduce the time, effort and cost to implement Urbanise's solutions. More efficient, automated and tiered implementation processes have been successfully designed and rolled out with success across an increasing number of new Urbanise customers. This improves the Company's competitive position, reducing customer costs and enabling new revenue to be on-boarded and recognised earlier.

We believe this change in strategy will ultimately deliver significant long-term gains by supporting ARR growth and the achievement of higher margins.

In FY2024, ARR was marginally higher on pcp and totalled $11.6m, as new customer and organic growth across strata and FM was partly offset by the loss of customers and licence reductions.

CARR of $12.2m was 1.6% lower on pcp with the backlog mainly relating to strata lots for a large Australian strata company.

The closing cash position of $1.9m was impacted by $1.2m in late payments from three Middle East customers, all of which we can report now, has now been received. Importantly, Urbanise has no material debt.

The customer retention rate in FY2024 was 83.2% for Strata and 81.5% for FM. This is based on the number of unique customers using our FM and strata platforms.

Strata customer retention was affected by the loss of small customers, with less than $5k in annual billing, following the introduction of minimum pricing and rates. The FM customer retention rate was impacted by the loss of some residual South African customers who we are no longer supporting.

The ARR retention rate for Strata was impacted by customer churn in H1 FY2024, due to the loss of an APAC customer and a Middle East customer following the consolidation of systems post an acquisition.

The ARR retention rate for FM has been adjusted for Colliers ARR. In July 2024, Urbanise announced that it had entered into a dispute resolution process with Colliers Australia in relation to a contract for the implementation and development of facilities management software. The potential impact to run rate ARR if this termination becomes effective is approximately $500k.

Discussions continue with the parties under the dispute resolution provisions of the contract. Urbanise is seeking to resolve the dispute on a reasonable and equitable basis, however the outcome of a settlement remains uncertain at this stage.

Despite the potential impact, we are confident that Urbanise has sufficient cash runway to reach cash flow positive in FY2025. This will be achieved from sales conversions, future sales and the prudent management of costs and working capital.

I would like to add that our contract with Colliers New Zealand is not affected by the dispute.

Last month, we released our First Quarter FY2025 result. License revenue of $3.0m was 6.8% higher on pcp driven by new contract wins and implementations. Quarterly sales were once again underpinned by consistent sales to small and medium size enterprises in APAC, and our focus on retention strategies contributed to overall ARR retention of 99%.

Total revenue for the quarter of $3.3m was up 5.6% on pcp with recurring revenue being 92%.

Importantly, our laser-focus on cash collections from Middle East resulted in a cash flow positive outcome for the quarter. A total of $1.2m in debt was collected from Middle East customers with the remaining $1.0m also now collected.

Looking ahead to FY25 and beyond, our key priorities will remain focused on the execution of our growth strategies, conversion of our sales pipeline and the delivery of significant cash flow improvements.

In particular, we aim to increase our sales run rate to maximise market share including capturing share from on-premise competitors. We will also focus on progressing pipeline opportunities in the Middle East where the average contract values exceed $150k.

We will continue to improve ARR retention rates through increased customer engagement and enhance license and professional fee profitability by upselling additional features and services.

In addition, we will pursue key partnerships including with those in the banking sector to realise an expanded market opportunity estimated in total at $30m-$54m.

We will continue to drive improvements in working capital and will closely monitor our cash requirements as we progress towards our target of achieving cash flow breakeven in FY2025.

Before handing back to the Chairman, I would like to thank the Board for their counsel during the year and our team for their hard work and dedication.

And finally, to our customers and shareholders, thank you for your ongoing support.

-END-

Urbanise.com Ltd

2024 Annual General Meeting

29 November 2024

CEO's Address

Simon Lee

Why Urbanise?

Streamline, automate, excel and grow with Urbanise.

Our Solutions

- **Industry specific platforms**: Urbanise Strata and Urbanise FM
- **Comprehensive solutions** for streamlined operations and data-driven insights
- Focus on **automation, efficiency, and profitability**

Our Expertise

- **Deep domain expertise, specialising in product development**, implementation, data migration, and support
- Proven track record of successful system roll-outs

Our Commitment

- Dedicated team **committed to client success and growth**
- **Continuous innovation** to meet evolving industry needs
- End-to-end services including implementation, training, and support

~652k
Strata lots billed

$12.2m
Contracted ARR

87%
ARR retention*

~2.92k
FM users billed

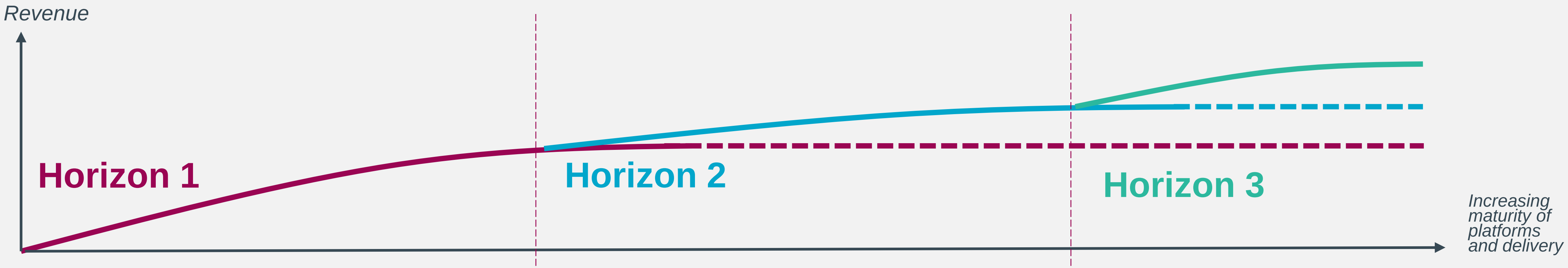
93%
Recurring revenue

18
Countries

urbanise

* ARR retention rate based on $11.56m ARR at the beginning of July 2023.

Driving Sustainable Growth



Expand and maximise customer footprint:

1. Core markets of Australia, New Zealand, Middle East and parts of Asia
2. Other regions to follow once successful in core markets
3. License and professional fees

Execution

1. Develop products to maturity both FM & Strata based on direct customer input and research
2. Cloud 'one instance' offering
3. Direct sales & delivery

Increase revenue per user or customer:

1. Functionality and integrations driven
2. Automations within platform
3. Additional license or recurring revenues

Execution

1. Build on maturity of products
2. Direct and indirect sales and delivery (partners)

Leverage footprint of customer footprint:

1. Better connect Strata and Facilities Managers and trades through both platforms
2. Consider other services such as financing and insurance

Execution

1. Services offered within platform
2. Leverage high retention customer base

Horizon 1:
Expand and maximise customer footprint

Progress

- Additional $1.04m of ARR through customer growth, primarily:
  - Small to Medium APAC strata managers
  - FM Service Providers in APAC and MENA
  - Aged care providers
- Renewal and on-going relationships with largest New Zealand and Australian strata managers[1]

FY2025 Outlook

- Increase sales run-rate and increase market share including:
  - Targeting of Stratamax and Stratamaster on-prem solutions; and
  - Using outsource partners to accelerate migration from competitor systems
- Improve ARR retention through customer engagement touchpoints and feedback

Horizon 2:
Increase revenue per user or customer

Progress

- Development of additional features and services including:
  - Predictive analytics and reports;
  - Enhanced communications
  - Training modules and support options

FY2025 Outlook

- Increase license fee per user or per lot
- Increase professional fees

Horizon 3:
Leverage customer footprint

Progress

- Expanded strata market opportunity with integrated solution that connects customers with service providers:
  - New partnership with LevyCollect connecting strata customers with legal firms for debt collection services
  - Expanded market value estimated at $30m-$54m per annum

FY2025 Outlook

- Pursue key partnerships in banking sector to improve how strata managers efficiently manage vast numbers of strata scheme bank accounts

[1] Five-year contract extension with Crockers Body Corporate Management Limited announced on 20 August 2024.

FY2024 Key Metrics vs pcp[1]

$12.6m
Revenue
Down 1.9%

- License fees up $0.6m or 5.1%
- Underlying license revenue growth of $1.7m offset by $1.1m revenue reduction (loss of customers, license fee reductions)
- Professional fees down $0.9m or 48.3%

$11.59m
ARR[2]
Up 0.3%

- New customer and organic growth across strata and FM offset the loss of customers, including Colliers
- Conversion of backlog and implementation of new wins within the year led to growth of ARR

$12.2m
CARR
Down 1.6%

- Contracted ARR decreased 1.6% vs pcp
- Size of backlog remains consistent, new wins offsetting contracts implemented

$1.9m
Net cash position
No Material Debt

- Underlying average monthly cash used of $146k vs $223k for FY2023
- Urbanise remains committed to being cashflow breakeven in FY2025
- >$1m in late receipts at 30 June 2024 has been received to date

87%
ARR Retention[3]

- ARR retention rate[3] of 87.0%
- ARR retention for Strata of 89.3% and FM 82.6%.
- Customer retention rate[4] of 83.2% and 81.5% for Strata and FM respectively
- ACV[5] of lost customers was $34.5k

urbanise

[1] Prior corresponding period.
[2] Annualised Recurring Revenue (ARR) based on June 2024 License revenue.
[3] ARR retention rate based on $11.56m ARR at the beginning of July 2023

[4] Customer retention rate for FY2024 is based on the number of customers from the beginning of the period, that were retained.
[5] Average contract value

Q1 FY2025 Result

$3.30m
Revenue
↑ 5.6%

$3.03m
License Revenue
↑ 6.8%

91.9%
Recurring Revenue
↑ 0.9%

$392k ARR
New contract wins
July – Sep 2024

$170k
Average monthly cash generated

$2.41m
Closing cash balance

$2.4m in cash flow improvement initiatives over 12 months from October 2024

Outlook

Sales growth and operating leverage to drive cashflow sustainability

- Increase sales run-rate to maximise market share, including targeting market share of on-prem competitors
- Improve ARR retention rates through increased customer engagement
- Improve license fee and professional fee profitability through upsell of additional features and services
- Pursue key partnerships in expanded strata market opportunity estimated at $30m-$54m including those in the banking sector
- Achieve cashflow breakeven in FY2025

Important Notice

This presentation is given on behalf of Urbanise.com Limited.

Information in this presentation is for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in Urbanise.com Limited. The information should be read in conjunction with, and is subject to, the Company's latest and prior interim and annual reports and the Company's releases on the ASX. Certain statements in this document regarding the Company's financial position, business strategy and objectives, may contain forward-looking statements (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 document 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 presentation to reflect any change to expectations or assumptions; and disclaim all responsibility and liability for any loss arising from reliance on this presentation or its contents.