

27 January 2021

Appendix 4C & Quarterly Activities Report for the period ended 31 December 2020

- Q2 FY2021 revenue \$2.98m¹, up 29.4% vs previous corresponding period (pcp) due to record professional fees for Facilities Management and licence fee growth
- Q2 FY2021 professional fees of \$711k¹, up 118.8% vs pcp reflecting recent contract wins and expanding customer base among asset owners as well as Tier 2 FM outsourcers
- Q2 FY2021 recurring licence revenue of \$2.26m¹, up 15.2% vs pcp as a 27.3% increase in Strata licence fees due to progress on PICA implementation and new Dubai Asset Management contract was offset by a mixed performance in the Middle East
- H1 FY2021 revenue of \$5.73m¹, up 25.6% vs pcp and licence fee revenue of \$4.33m¹, up 14.0% vs pcp; 75.6% recurring revenue
- Underlying² cash out flow of \$870k¹ in Q2 FY2021 and underlying average monthly cash used of \$290k largely reflecting additional investment in sales and marketing
- Closing cash balance of \$9.03m¹ (31 Dec 2019: \$4.59m) and no material debt³ following successful completion of \$6.80m placement during the December quarter
- COVID-19 Update: To date, there has been no material impact on the demand for Urbanise's cloud-based software
- Urbanise's H1 FY2021 result will be released in February

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 2020 (Appendix 4C). Urbanise is a leading provider of multi-tenant cloud-based Software-as-a-Service (SaaS) platforms to strata and facilities managers in Australasia, the Middle East, Europe and South Africa.

Urbanise's CEO Saurabh Jain said: "This month marks the completion of my second year as CEO and during this time, our focus has been on getting our product right and expanding our implementation capability. Looking ahead, the priority now is to increase our investment in sales and marketing to establish Urbanise as the system of choice in our key markets. During the December quarter, we have secured new sales and pre-sales headcount as our recent capital raising provides us with the financial flexibility to accelerate ARR growth across our regional footprint where the total addressable market for FM software is estimated at \$3.6bn.

"We are already seeing the benefit of an expanded sales team with record professional fees for our FM business this quarter. It also highlights the broad demand for our work order management platform with our customer base comprising Tier 2 FM outsourcers as well as a growing number of asset owners across multiple industry sectors including electricity grids, councils, cemeteries, aged care and mining.

¹ Unaudited financial information

² Excluding net proceeds from placement received in November

³ No debt other than annual insurance premium funding

These customers are driving network growth as they win clients or require sub-contractors to use our platform.

“During the December quarter, the focus of our strata business was the ongoing PICA implementation. The Queensland portfolio went live in August 2020 resulting in a significant uplift in revenue in Q2 FY2021 vs pcip. With the rollout across NSW underway, completion of the project remains on track for FY2021. Although COVID-19 continues to affect some markets in which we operate, there has been no material impact on the business reflecting the essential nature of the industries we serve.”

December Quarter Financial Summary

Total revenue of \$2.98m⁴, increased by 29.4% vs pcip due to a 118.8% increase in professional fees driven by implementations relating to several new major customers in Australia and the Middle East. This included the provision of a combined strata and FM platform for Dubai Asset Management which was secured at the end of FY2020 and achieved go-live in December. During Q2 FY2021, Urbanise also secured and implemented a large FM contract for an Anglo American plc mine site managed by Ventia.

Recurring licence fee revenue of \$2.26m⁴ increased by 15.2% vs pcip reflecting the successful onboarding of new contracts across several markets but was offset by the loss of two customers (one FM and one Strata) in the Middle East. In relation to FM, the legacy customer had ongoing requirements that were no longer aligned with Urbanise's strategic roadmap or investment priorities, while the Strata customer had financial challenges and was terminated due to non-payment (resulting in a bad debt write-off of \$60k in the quarter).

These two customers contributed approximately ~\$660k in ARR but new customers signed up during H1 FY2021 are expected to limit the impact on ARR. Urbanise will provide updated ARR (based on licence fees for the month of December 2020) and backlog estimates (as at 1 January 2021) when it reports its H1 FY2021 result in February.

Net cash in-flow of \$5.67m⁴ for the quarter included \$6.54m in net proceeds from an institutional placement in October and an underlying cash out flow of \$870k. Underlying average monthly cash used was \$290k for the quarter vs pcip of \$237k (Q1 FY2021: \$272k) reflecting investment in sales and marketing headcount and lower receipts due to the bad debt write-off referred to above. Urbanise also incurred upfront third-party costs for the implementation of the mine site contract which will be recovered in Q3 FY2021.

At 31 December 2020, Urbanise had a cash balance of \$9.03m⁴ and no material debt⁵.

Table 1: Q2 FY2021 Summary (Unaudited financial information)

\$000s	Q2 FY2021	Q2 FY2020	Var	Var %
Licence Fees	2,263	1,964	299	15.2%
Professional Fees	711	325	386	118.8%
Other revenue	8	15	(7)	(46.7%)
Total revenue	2,982	2,305	678	29.4%
Average monthly cash generated	1,890	495	1,395	281.8%
Underlying average month cash (used)	(290)	(237)	(53)	(22.4%)
Closing cash	9,033	4,591	4,442	96.8%

⁴ Unaudited financial information

⁵ No debt other than annual insurance premium funding

December Half Revenue Summary

Total revenue for H1 FY2021 revenue was \$5.73m, up 25.6% vs pcp driven by a 14.0% increase in licence fees and an 85.8% increase in professional fees. The increase in licence fees was driven by the successful implementation of new FM and Strata contracts and ongoing progress in on-boarding PICA, offset by the loss of two Middle East customers in Q2 FY2021.

The increase in professional fees was driven by implementations relating to several new major customers in Australia and the Middle East.

Table 2: H1 FY2021 Summary (Unaudited financial information)

\$000s	H1 FY2021	H1 FY2020	Var	Var %
Licence Fees	4,330	3,799	531	14.0%
Professional Fees	1,384	745	639	85.8%
Other revenue	13	15	(2)	(13.3%)
Total revenue	5,727	4,559	1,168	25.6%
Licence fees % total	75.6%	83.3%		

Facilities

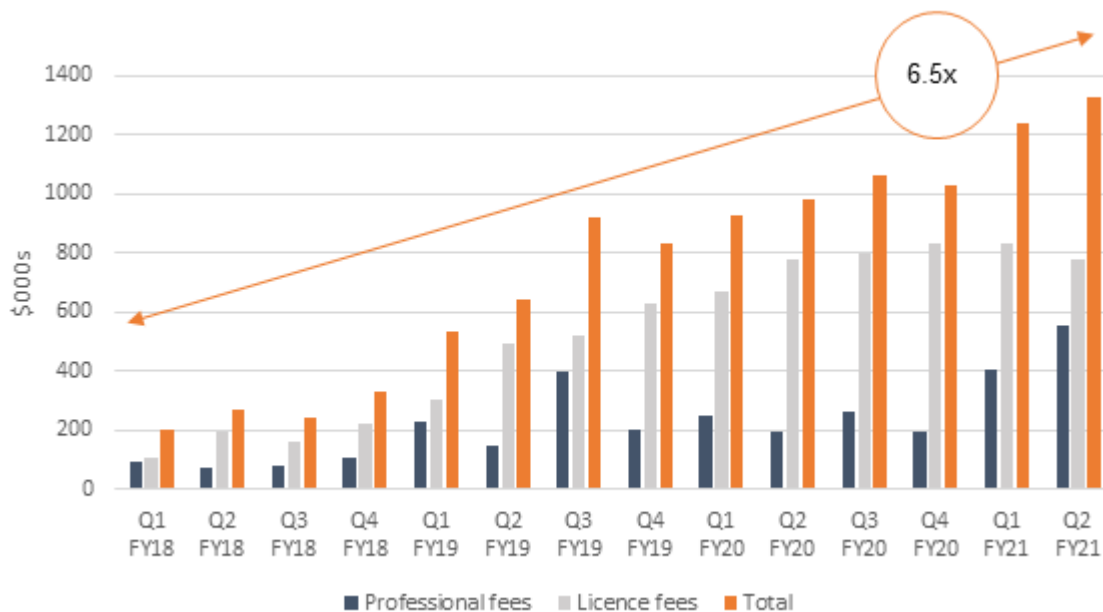
During the December quarter, Urbanise focused on the implementation of its backlog, including major contracts with Dubai Asset Management and an Anglo American plc mine site for Ventia. This resulted in a 180.2% vs pcp increase in professional fees. Facilities Management licence revenue decreased by 0.4% vs pcp due to the loss of a legacy Middle East customer, as noted above.

Table 3: Q2 FY2021 Facilities Management Summary (Unaudited financial information)

\$000s	Q2 FY2021	Q2 FY2020	Var	Var %
Licence Fees	779	782	(3)	(0.4%)
Professional fees	552	197	355	180.2%
Total revenue	1,331	979	352	36.0%
Licence fees % total	58.5%	79.9%		

Chart 1 (on the next page) shows that Urbanise has delivered two consecutive quarters of record professional fees for FM in FY2021. The FM business has a track record of strong growth with Q2 FY2021 revenue over six times higher than Q1 FY2018 highlighting the ongoing expansion in its customer base and the network effect as customers add clients and subcontractors to their platform.

Chart 1: Strong track record of FM growth with Q2 FY2021 revenue 6.5x higher than Q1 FY2018⁶



Strata

Urbanise and PICA completed the QLD roll-out in Q1 FY2021. This contributed to the strong growth in licence fees in Q2 but was partly offset by the loss of a Middle East customer terminated for non-payment. The implementation of the NSW backlog is on track for completion in H2 FY2021. Professional fees mainly relate to the PICA contract.

Table 4: Q2 FY2021 Strata Summary (Unaudited financial information)

\$000s	Q2 FY2021	Q2 FY2020	Var	Var %
Licence Fees	1,470	1,155	315	27.3%
Professional fees	159	129	30	23.3%
Total revenue	1,629	1,284	345	26.9%
Licence fees % total	90.2%	90.0%		

Q2 FY2021 Cashflow Summary

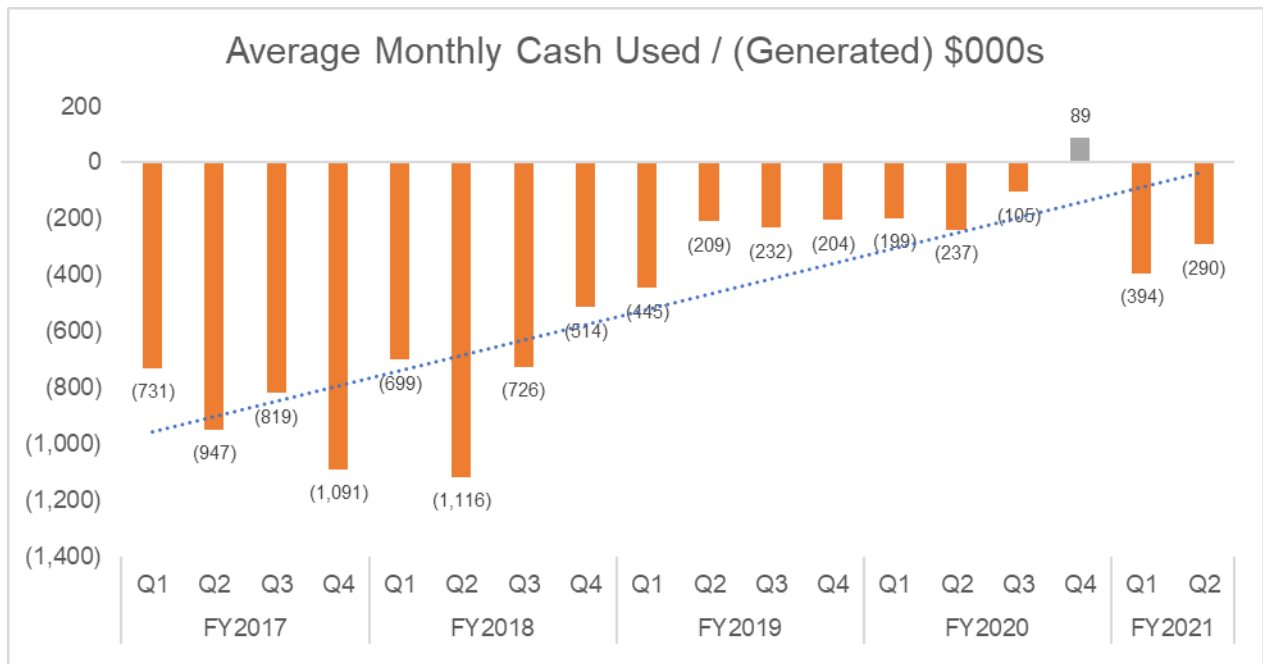
Net cash in-flow of \$5.67m for the quarter included net proceeds of \$6.54m following an institutional placement, with an underlying cash out flow of \$870k. This equates to an underlying average monthly cash used of \$290k for the quarter vs pcp of \$237k (Q1 FY2021: \$272k), due to investment in sales and marketing headcount and lower receipts following the loss of two customers which included a bad debt write-off of \$60k.

Urbanise is in a strong financial position with no material debt and a closing cash balance of \$9.03m at 31 December 2020.

Chart 2 (on the next page) shows the long-term trend and decline in average monthly cash used as Urbanise has shifted its business model to focus on the delivery of industry specific cloud-based SaaS platforms.

⁶ Unaudited financial information for Q1 FY2021 and Q2 FY2021

Chart 2: Significant reduction in average monthly cash used* (Unaudited financial information)



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

Payments for intangibles reflected capitalised development costs of \$237k 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.

Table 5: Q2 FY2021 Cashflow Summary (Unaudited financial information)

\$000s	Q2 FY2021	Q2 FY2020
Cash at 30 Sep	3,361	3,106
Receipts from customers	2,917	2,323
Payments to suppliers and employees	(3,474)	(2,677)
Interest	(34)	(11)
Net cash used in operating activities	(591)	(365)
Payments for equipment	(31)	(55)
Payments for intangibles / capitalised development	(237)	(275)
Net cash used in investing activities	(268)	(330)
Net decrease in cash and cash equivalents	(859)	(695)
Net proceeds from placement	6,542	2,197
Effect of movement exchange rates on cash balances	(11)	(17)
Net cash flow for quarter	5,672	1,485
Cash at 31 Dec	9,033	4,591
Average Monthly Cash Generated	1,890	495
Net cash flow for quarter	5,672	1,485
Net proceeds from placement	(6,542)	(2,197)
Underlying cash flow for quarter	(870)	(712)
Underlying Average Monthly Cash (Used)	(290)	(237)

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

Investor enquiries

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About Urbanise

Urbanise is the creator of a cloud-based platform for delivering building services. Designed for service providers, the Urbanise software-as-a-service industry cloud platform is transforming the traditional engineering approach to building operations; improving customer service, removing operational costs and enabling new revenue streams. Urbanise technology is used in some of the tallest towers and most prestigious communities around the globe. 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 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,917	5,476
1.2 Payments for		
research and development		
product manufacturing and operating costs	(419)	(698)
advertising and marketing	(147)	(195)
leased assets		
staff costs	(1,968)	(4,227)
administration and corporate costs	(952)	(1,851)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(34)	(44)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	12	50
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(591)	(1,490)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
businesses		
property, plant and equipment	(31)	(58)
investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	intellectual property		
	other non-current assets	(237)	(486)
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)		
2.6	Net cash from / (used in) investing activities	(268)	(544)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,800	6,800
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	(258)	(258)
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)		
3.10	Net cash from / (used in) financing activities	6,542	6,542

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,361	4,545
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(591)	(1,490)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(268)	(544)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,542	6,542
4.5	Effect of movement in exchange rates on cash held	(11)	(20)
4.6	Cash and cash equivalents at end of period	9,033	9,033

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,033	3,361
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,033	3,361

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**

31

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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

-

- 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)	(591)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	9,033
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	9,033
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	15.2

- 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 January 2021

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.