

23 February 2022

## **Urbanise.com Limited reports H1 FY2022**

- H1 FY2022 revenue of \$6.37m up 11.1% on pcp<sup>1</sup> with strong growth in licence revenue partly offset by lower professional fees; 85.2% recurring revenue
- Licence fees increased by 25.2% reflecting new contract wins and higher revenue from existing customers due to greater utilisation and annual price rises
- Annualised recurring revenue (ARR) of \$11.35m, up 24.3% on pcp driven by PICA completion and successful onboarding of major Middle East customer
- Contracted ARR of \$12.3m at 1 January 2022, up 17.1% on pcp, includes estimated backlog of \$0.9m
- H1 FY2022 underlying average monthly cash used of \$347k (H1 FY2021: \$281k) impacted by higher hosting costs due to revenue growth, investment in sales and marketing, development and implementation
- Closing cash balance of \$4.73m (30 June 2021: \$7.82m) and no material debt<sup>2</sup>. If include late receipts of \$342k, closing cash balance would have been \$5.07m at 31 December 2021
- Urbanise has progressed plans to deliver a significant reduction in cash used (up to \$2.5m) over the next three quarters via new sales and backlog conversion, payments in advance from existing customers and other initiatives.

**Urbanise.com Limited** (ASX: UBN) (“Urbanise” or “the Company”) today provides its half year result for the six months to 31 December 2021. 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 Interim CEO / CFO Simon Lee said: “Urbanise has delivered a strong revenue result for the December half with recurring licence revenue increasing by 25% on pcp as the Company successfully completed major projects with key reference customers in Australia and the Middle East. At the same time, Urbanise continued to invest in sales, product and technology to ensure that we are well positioned to deliver ongoing year-on-year sales growth.

“We continue to focus on the delivery of outstanding products and services to our customers and maximising market share across the various segments of the strata and FM sectors. Urbanise has a growing portfolio of key reference customers who highlight our ability to implement complex projects and we will leverage these to further broaden our customer reach. We continue to closely monitor our sales pipeline which contains contract opportunities similar in size and nature to those completed in the past and have made several improvements to our sales process which are expected to lower sales conversion timeframes. Following changes made in December and January, we are pleased with the

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<sup>1</sup> Previous corresponding period

<sup>2</sup> No debt other than annual insurance premium funding

current size and experience of our sales team who have strong networks with FM outsourcers, asset owners and strata managers across Australia and the Middle East.

“At 1 January 2022, Urbanise had total contracted ARR of \$12.3m which included an estimated backlog of \$0.9m. Our focus over the second half is to clear this backlog and drive revenue growth across our core markets. We also expect to complete FM development with a key Tier 1 FM customer, deepening our product offering and providing a far more scalable platform. Managing our cash flow remains a key strategic priority and we have progressed various initiatives that will reduce cash burn over the next three quarters. Finally, the Board will continue its search for a permanent CEO and will update the market when an appointment has been made.”

## **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 by 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. The growth in recurring revenue also highlights the successful implementation of a several large projects across Australia and the Middle East.

H1 FY2022 professional fees were 31.9% lower vs pcp reflecting fixed pricing arrangements on two large projects which resulted 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.

H1 FY2022 expenses increased by 28.5% or \$1.91m due to increased investment in sales, development and implementation and higher hosting and licence costs related to the growth in licence revenue. There were also a number of exceptional costs incurred in Q2 FY2022, associated with the departure of the CEO in December, higher recruitment costs and changes made to the FM sales team. These sales headcount changes are expected to deliver savings of \$110k per month from March 2022.

Urbanise's ARR in December 2021 increased by 24.3% on pcp to \$11.35m and at 1 January 2022, the estimated backlog was \$0.9m. Total contracted ARR was estimated at \$12.3m.

## **Facilities Management**

H1 FY2022 FM licence fee growth of 20.4% 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.

Lower professional fees (down 32.6% on pcp) largely reflected fixed fee arrangements and an unusually high level of professional fees in H1 FY2021. Total revenue was up 0.6% to \$2.59m as the strong growth in licence revenue was offset by the reduction in professional fees.

FM ARR in December 2021 increased by 27.9% on pcp to \$4.22m and at 1 January 2022, the FM backlog included seven contracts expected to contribute an estimated \$0.6m in annual licence fee revenue.

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

Urbanise also continues to work with leading property services company, Colliers developing the platform and building an invaluable partnership that is expected to deepen the Company's product offering to FM outsourcers.

## Strata Management

Urbanise's Strata platform has continued to perform well, recording 28.2% licence fee growth in H1 FY2022 driven by the successful implementation of the PICA project and major Middle East customers.

Professional fees were 30.2% lower on pcp due to fixed fee arrangements and the completion of the PICA rollout. Total revenue increased by 20.2% to \$3.75m with recurring revenue accounting for 92.1%.

Strata ARR in December 2021 increased by 22.3% on pcp to \$7.13m and at 1 January 2022, the backlog was estimated at \$0.3m.

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.

## Cashflow and Balance Sheet

Receipts increased by 16.5% to \$6.38m driven by strong revenue growth. Closing cash was \$4.73m and underlying average monthly cash used was \$347k (H1 FY2021: \$281k). The increase in cash used reflected higher hosting costs due to revenue growth, increased investment in sales and marketing, implementation and development.

Payments for intangibles reflected capitalised development costs of \$477k during H1 FY2022 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.

Urbanise has also made progress on several 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.

## FY2022 Outlook

In H2 FY2022, Urbanise will continue to execute on its growth strategy, driving revenue growth across its core markets and implementing its current backlog. It expects to complete FM development with a leading Tier 1 FM customer and progress initiatives to deliver up to a \$2.5m reduction in cash burn. The Board will also continue its search for a permanent CEO.

### **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 23 February 2022**.

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

<https://s1.c-conf.com/diamondpass/10019557-asm22d.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)