

H1 FY2022 Results

23 February 2022

About Urbanise

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

\$12.3m
Contracted ARR

85.2%
Recurring revenue

96.4%
Customer retention

16
Markets

~678k
Strata lots billed

~2.61k
FM users

Agenda

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Introduction – Almero Strauss, Chairman

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H1 FY2022 Financial Result – Simon Lee, Interim CEO/CFO

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Growth Strategy & Outlook – Simon Lee, Interim CEO/CFO

H1 FY2022 Results



H1 FY2022 Key Metrics vs pcp¹

Revenue

\$6.37m

 **11.1%**

- Licence fees up 25.2%
- Strata licence fee rose 28.2% driven by PICA and two large ME customers
- FM revenue increased 20.4% from Nakheel and new/backlog customers
- Professional fees down (31.9%) due to fixed pricing arrangements and exceptionally high professional fees in Q2 FY2021

ARR

\$11.35m

 **24.3%²**

- Growth driven by PICA completion and new customers completed in H1
- Backlog of \$0.9m including ~42k strata lots and 7 Facilities contracts
- Contracted ARR of \$12.3m, up 17.1%

Net cash position

\$4.73m

No material debt

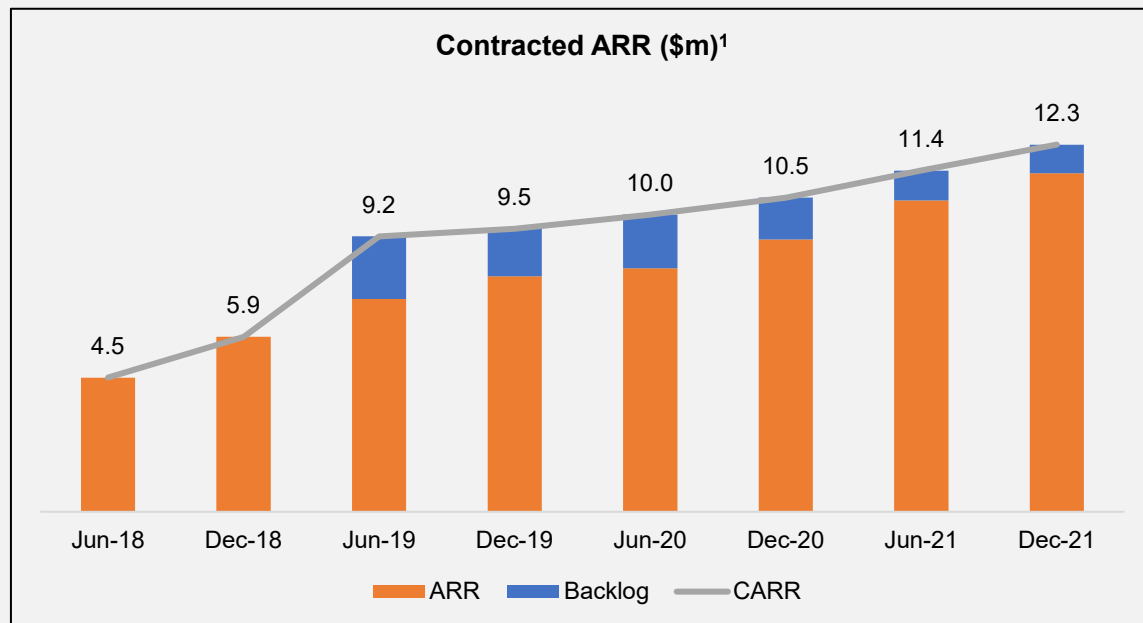
- Closing cash balance would have been \$5.07m if late receipts of \$342k were included (received early Jan 2022)
- Underlying average monthly cash used of \$347k
- Higher cash used due to increased spend and exceptional items
- Several initiatives expected to reduce cash burn by up to \$2.5m over next 3 quarters

Customer retention rate³

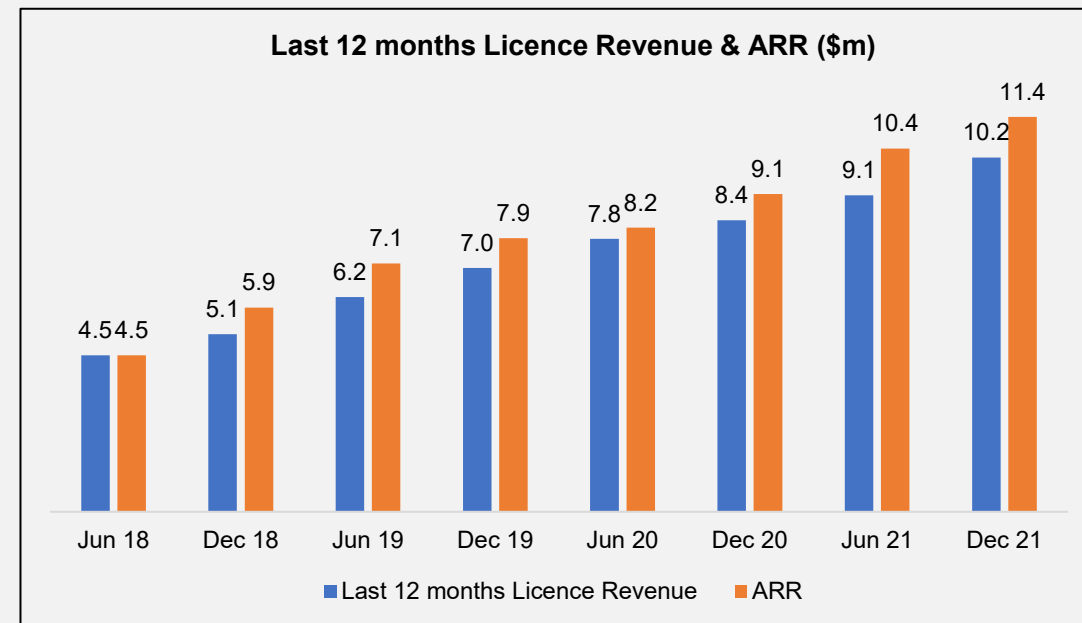
96.4%

- Strata customer retention rate of 96.5% and FM 96.2% highlights *stickiness* of Urbanise's platform
- Loss of small Strata customers in Australia and some FM customers in South Africa
- Average value of lost customers less than \$5k

Delivering consistent top line growth

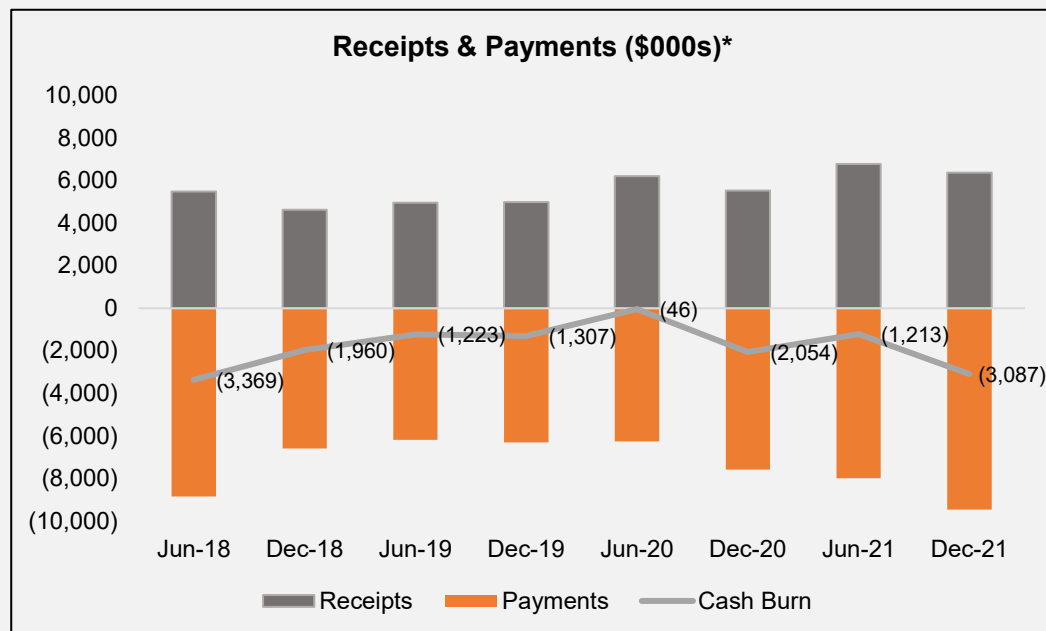


- Contracted Annual Recurring Revenue (CARR) is comprised of Annual Recurring Revenue and Backlog (yet to be implemented).
- CARR increased by 17.1% from \$10.5m at December 2020 to \$12.3m at December 2021

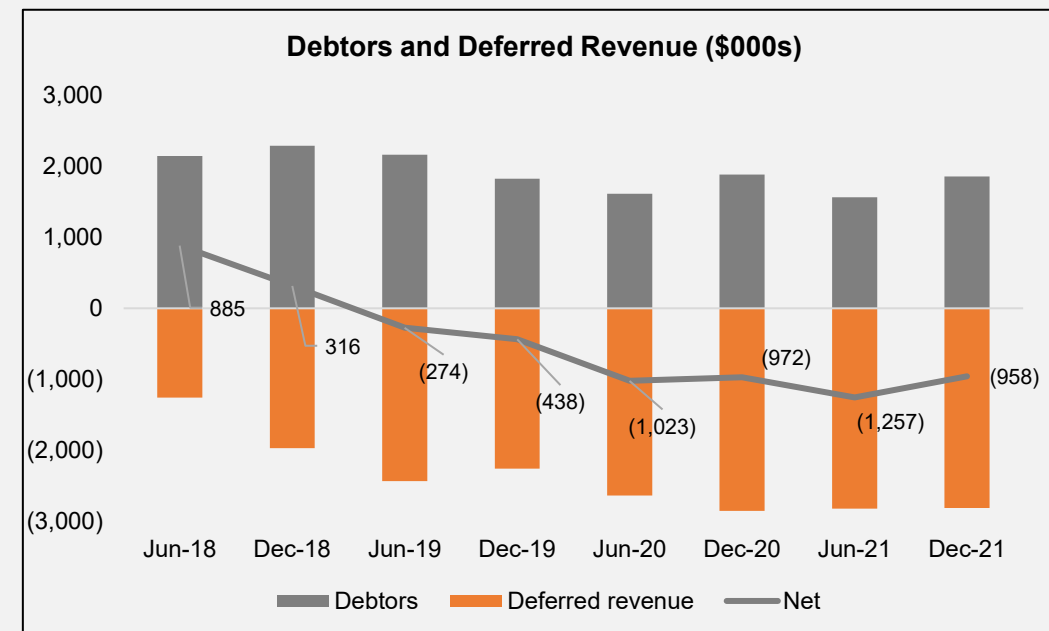


- ARR increased by 24.3% on pcip as the \$1.0m backlog @ June 2021 was almost completely implemented
- ARR growth reflects completion of major projects in Australia and the Middle East, new contract wins and existing customer growth

Focus on cash management



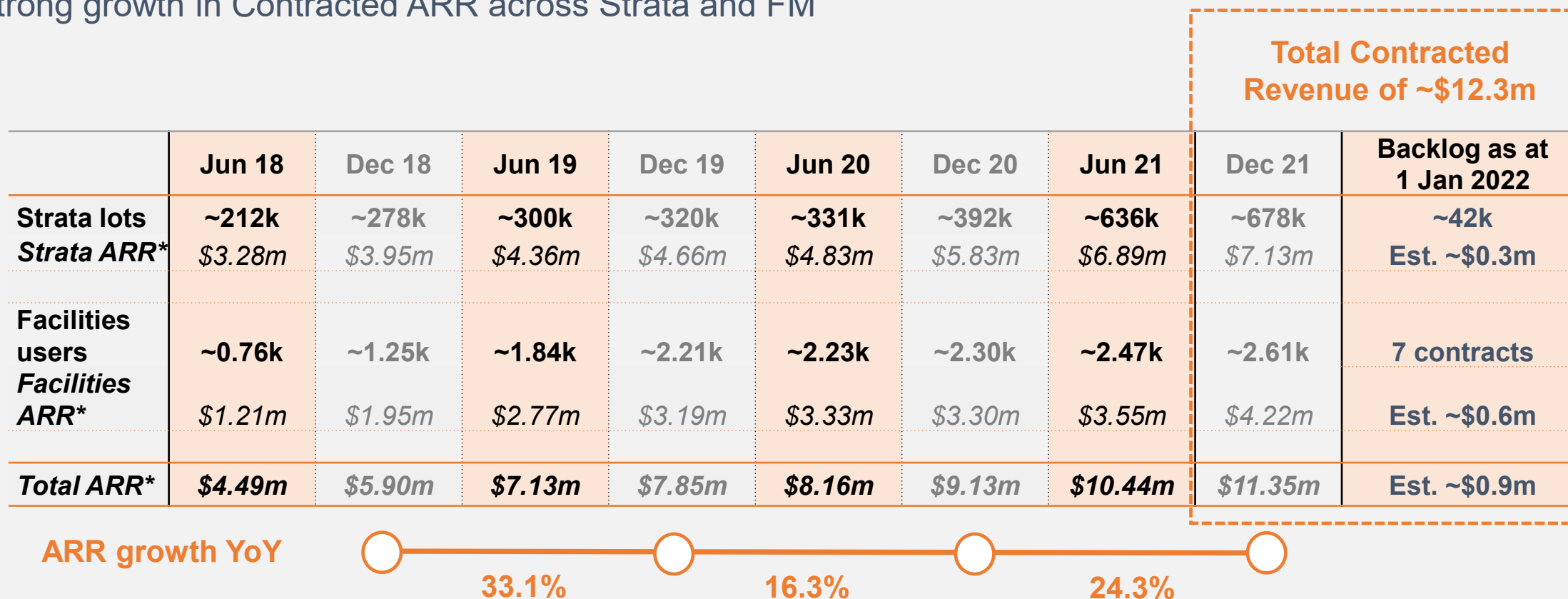
- Net cash used (cash burn) has increased in H1 FY2022 due to increased costs and exceptional items
- Cash in and out flow initiatives are planned to reduce cash burn by up to \$2.5m over the next three quarters



- Net working capital remains negative in line with cash in advance model.
- Debtors increased in December 2021 due to a late payment from one customer of \$342k

H1 FY2022 Key Metrics

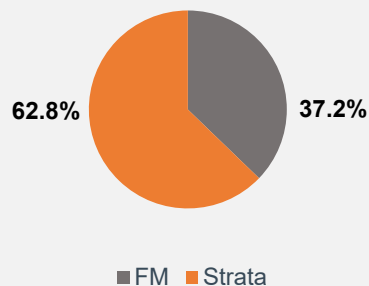
Strong growth in Contracted ARR across Strata and FM



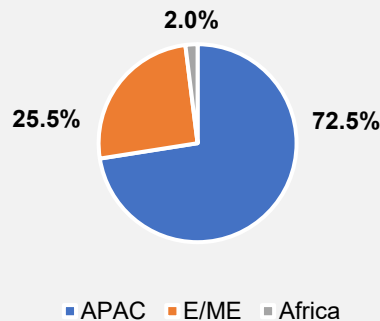
Pipeline profile reflects current customer mix

ARR composition highlights opportunities across multiple product, region and industry segments¹

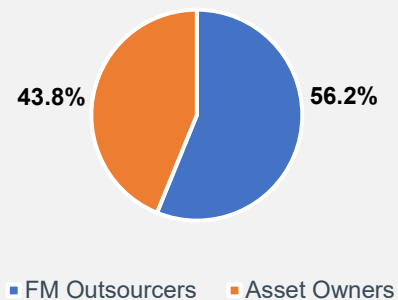
ARR by Product



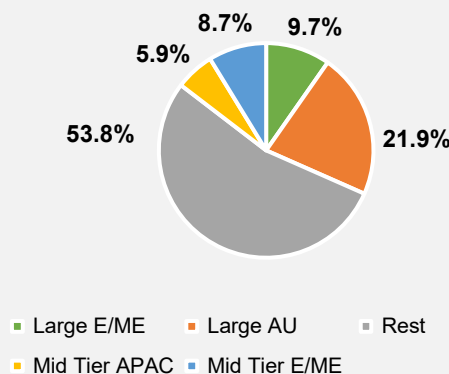
ARR by Region



FM ARR
FM Outsourcers vs Asset Owners



Strata ARR by portfolio size



- Size of pipeline is increasing and includes customers of similar size and nature to existing portfolio.
- Opportunities with new and existing facilities managers (Tier 1 and Tier 2)
- Target asset owners in aged care, utilities and education
- Large Middle East developers with both strata and FM requirements
- Small to mid-tier strata managers in Australia

H1 FY2022 Financial Summary

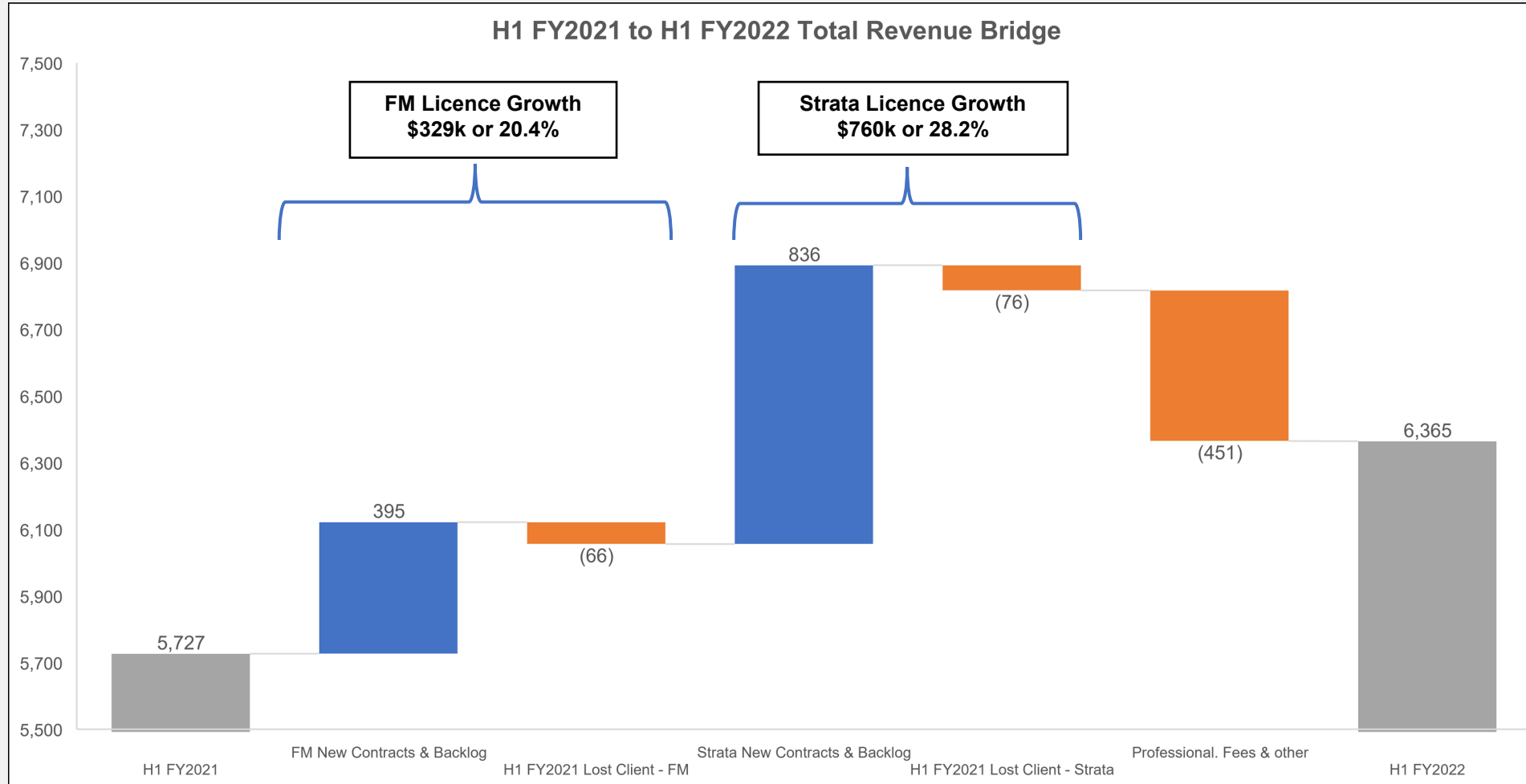
Strong licence revenue growth over H1 FY2021

\$000s	H1 FY2022	H1 FY2021	Var	Var %
Licence Fees	5,420	4,330	1,090	25.2%
Professional fees	943	1,384	(441)	(31.9%)
Other revenue	2	13	(11)	(84.6%)
Total revenue	6,365	5,727	638	11.1%
Operating Expenses	(8,614)	(6,704)	(1,910)	28.5%
EBITDA	(2,249)	(977)	(1,272)	130.2%
Depreciation and amortisation	(961)	(862)	(99)	11.5%
Total other costs	(459)	410	(869)	(212.0%)
Other income	6	6	-	0.0%
Net loss	(3,663)	(1,423)	(2,240)	157.4%

Key Operational Metrics	H1 FY2022	H1 FY2021	Var	Var %
Recurring revenue	85.2%	75.6%	9.6ppts***	-
ARR(\$m)*	\$11.35m	\$9.13m	\$2.22m	24.3%
Backlog(\$m)**	~\$0.9m	~\$1.4m	\$(0.5m)	(35.7%)

- Licence fee revenue of \$5.42m up 25.2% vs pcg
- Professional fees down 31.9% to \$0.9m reflecting fixed pricing arrangement on two large projects which resulted in the earlier recognition of licence fees.
- Total revenue of \$6.37m, up 11.1% v pcg; recurring revenue of 85.2%
- Operating expenses were up \$1.91m or 28.5% largely due to:
 - Sales & marketing costs (\$0.76m), development and implementation (\$0.36m);
 - Termination costs (\$0.34m) for the outgoing CEO and sales staffs;
 - Recruitment costs for the replacements of implementation and development resources (\$0.2m);
 - Hosting and licence costs related to growth in licence revenue (\$0.22m)
- Total other costs mainly accounts for unrealised foreign exchange gain on intercompany balances

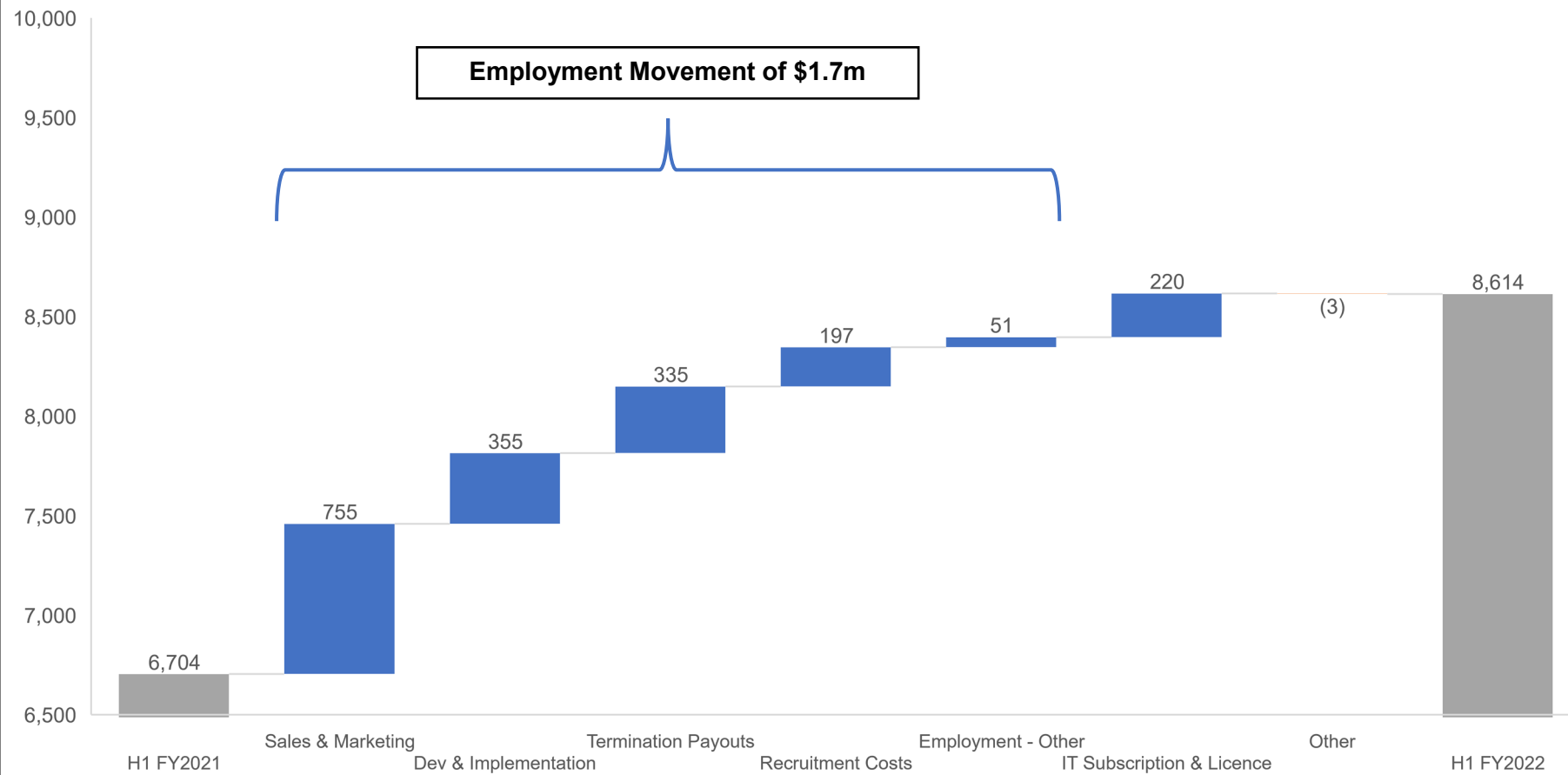
Strong H1 FY2022 licence fee growth



- H1 FY2022 total revenue up by 11.1% with a 25.2% growth in recurring licence vs pcg;
- FM licence revenue grew by 20.4% vs pcg led by:
 - Conversion of backlog & new contracts in Australia with FM outsourcers and aged care providers;
 - Roll out of Urbanise platform for Nakheel; and
 - Growth from existing customers.
- Strata licence revenue was up 28.2% vs pcg reflecting:
 - Full half year impact from the PICA completion; and
 - Onboarding of large Middle East customers.

Higher spend from increased sales and marketing & exceptional costs

H1 FY2021 to H1 FY2022 Operating Expenses Bridge \$000



- Total operating expenses increased by \$1.9m vs pcp.
- The main increase in total operating expenses was from employment costs of \$1.7m;
 - Sales & marketing (\$0.76m);
 - Dev and implementation (\$0.36m);
 - Termination payments (\$0.34m); and
 - Recruitment costs for replacement resources of implementation and development team members.
- IT subscription & licence costs reflected higher licence revenue.
- Underlying employee costs for H1 FY2022 were \$5.7m (excluding termination payouts and recruitment costs), an increase of \$100k or 1.8% on H2 FY2021 (\$5.6m).

H1 FY2022 Facilities Management Summary

Strong conversion of backlog to licence fees

\$000s	H1 FY2022	H1 FY2021	Var	Var %
Licence Fees	1,943	1,614	329	20.4%
Professional fees	647	960	(313)	(32.6%)
Total revenue	2,590	2,574	16	0.6%
Licence fees % total	75.0%	62.7%		
	Month of Dec 2021	Month of Dec 2020	Var	Var %
Facilities Users Billed	~2.61k	~2.30k	~0.31k	13.5%
ARR (\$m)*	\$4.22m	\$3.30m	\$0.92m	27.9%
As at 1 Jan 2022				
Backlog	~\$0.6m			

- Licence fees of \$1.94m, up 20.4% due to implementation of new customers in H1 FY2022
- Lower professional fees largely reflects fixed fee arrangements and an unusually high level of professional fees in Q2 FY2021
- Total revenue of \$2.59m, up 0.6% as the increase in licence fees was offset by the reduction in professional services.
- Backlog as at 1 Jan 2022 includes 7 contracts estimated at \$0.6m in annual licence fee revenue

H1 FY2022 Strata Summary

Full year impact from PICA completion and implementation of new customers in the Middle East

\$000s	H1 FY2022	H1 FY2021	Var	Var %
Licence Fees	3,458	2,698	760	28.2%
Professional fees	296	424	(128)	(30.2)%
Total revenue	3,754	3,122	632	20.2%

Licence fees % total	92.1%	86.4%		
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	Month of Dec 2021	Month of Dec 2020	Var	Var %
Strata Lots Billed	~678k	~392k	~286k	73.0%
ARR (\$m)*	\$7.13m	\$5.83m	\$1.30m	22.3%

As at 1 Jan 2022	
Backlog	~\$0.3m

- Licence revenue of \$3.46m, up 28.2% driven by the roll-out of PICA and large Middle East customers
- Professional fees were 30.2% lower on pcp due to fixed fee arrangements and the completion of the PICA roll-out
- Total revenue of \$3.75m, up 20.2%; recurring revenue of 92.1%
- Total estimated backlog of \$0.3m at 1 January 2022

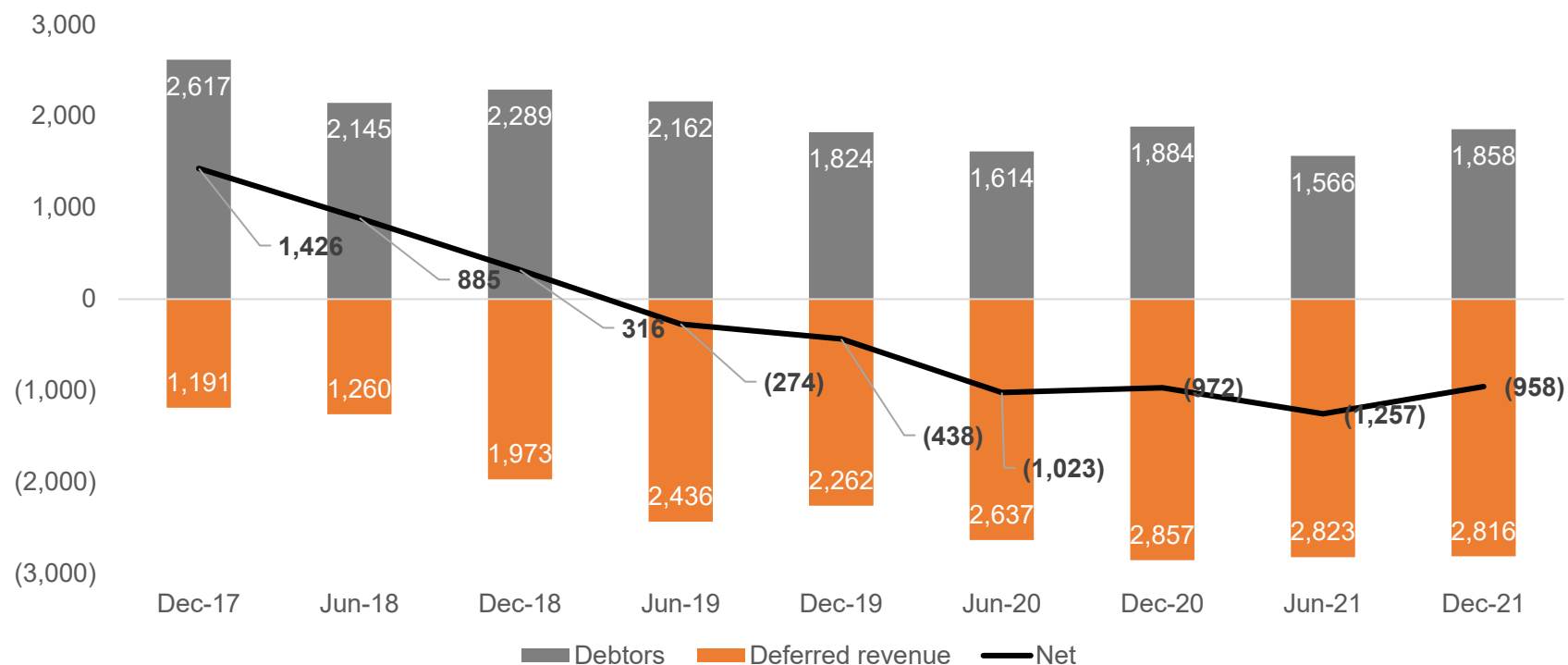
H1 FY2022 Cash Flow

\$000s	H1 FY2022	H1 FY2021
Opening Cash Balance	7,820	4,545
Receipts from customers	6,377	5,476
Government Incentive	-	50
Payments to suppliers and employees	(8,931)	(6,972)
Interest	(29)	(44)
Net cash used in operating activities	(2,583)	(1,490)
Payments for equipment	(30)	(58)
Payments for intangibles / capitalised development	(477)	(486)
Net cash used in investing activities	(507)	(544)
Net increase in cash and cash equivalents	(3,090)	(2,034)
Net proceeds from placement	-	6,542
Effect of movement exchange rates on cash balances	3	(20)
Net cash flow for the period	(3,087)	4,488
Cash at 31 December	4,733	9,033
Net cash flow for the period	(3,087)	4,488
Late customer receipts	342	-
Termination costs (outgoing CEO & sales staff)	327	-
Recruitment costs	193	-
FY2021 STI relating to outgoing CEO	144	-
Deferred costs ¹	-	367
Net proceeds from placement	-	(6,542)
Underlying cash flow for the period	(2,081)	(1,687)
Underlying Average Monthly Cash (Used)	(347)	(281)

- Receipts of \$6.38m up by \$0.9m (16.5%) driven by revenue growth
- Underlying average monthly cash used for H1 FY2022 was \$347k vs pcg of \$281k. This is primarily due to:
 - hosting costs related to revenue growth;
 - sales & marketing for FM growth; and
 - investment in development and implementation

Shift to Negative Working Capital Position

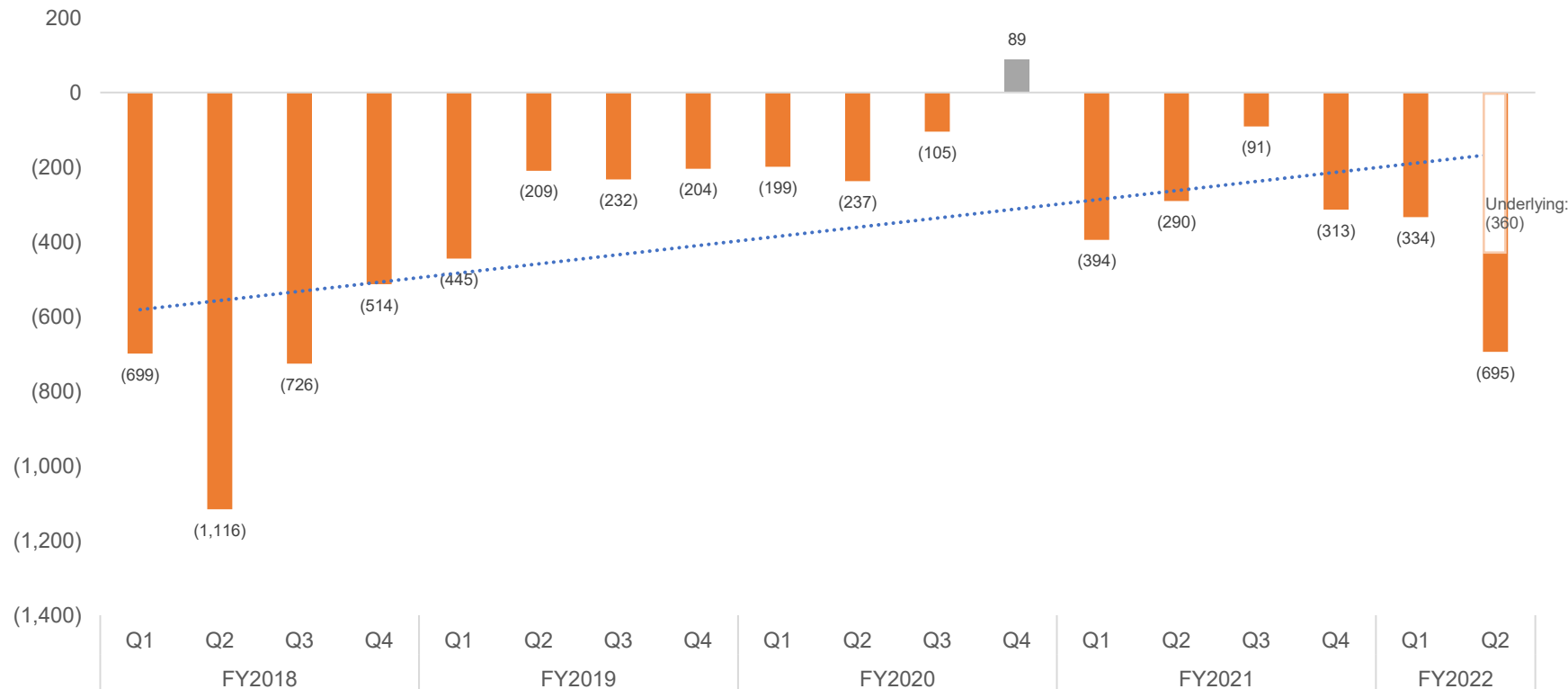
Debtors and Deferred Revenue \$000s



- Continued progress to reduce outstanding debts from customers
- Advance billings (quarterly & annually) recognised as deferred revenue drive advance payments
- Net effect has shifted working capital from positive to a sustainable negative position

Cash Used

Average Monthly Cash Used / (Generated) \$000s*



- The average monthly cash used for Q2 FY22 was \$695k, this was impacted by:
 - Termination costs relating to the out going CEO and sales staff (\$327k)
 - STI paid to the outgoing CEO (\$144k)
 - Recruitment costs for the replacement of implementation and development resources (\$193k)
 - Late receipts from a large customer (\$342k)
- Excluding the significant items, the underlying average monthly cash used is \$360k.

H1 FY2022 Balance Sheet

\$000s	31-Dec-21	30-Jun-21
Cash and cash equivalents	4,733	7,820
Trade and other receivables	1,858	1,566
Other assets	761	507
Total current assets	7,352	9,893
Property, plant and equipment	236	239
Development	3,193	3,064
Goodwill and other intangibles	6,120	6,535
Right of use asset	745	916
Other assets	127	127
Total non-current assets	10,421	10,881
Total assets	17,773	20,774
Trade and other payables	(2,220)	(1,991)
Provisions	(729)	(722)
Lease liabilities	(223)	(207)
Deferred revenue	(2,816)	(2,823)
Total current liabilities	(5,988)	(5,744)
Provisions	(7)	(7)
Lease liabilities	(522)	(708)
Total non-current liabilities	(529)	(715)
Total liabilities	(6,517)	(6,459)
Net Assets	11,256	14,315
Issued capital and contributed equity	107,739	107,109
Employee Share Option Reserve	350	1,343
Foreign currency translation reserve	(445)	(891)
Accumulated losses	(96,388)	(93,246)
Total equity	11,256	14,315

- Trade debtors increased by \$292k from 30 June 2021 largely impacted by the late receipt of \$342k from a large customer. Excluding the late receipts, trade debtors are in line with June 2021.
- Increase in other assets reflect an increase in prepaid expenses since June 2021 and an increase in accrued revenue (asset).
- Right of use asset reduced due to the amortisation of the lease liability as per AASB 16 requirement.
- Deferred revenue relates to advance billings driven by renewals and new contracts.
- Increase of \$630k in issued capital reflected vesting of LTIs.
- \$993k reduction in employee share option reserve is due to \$630k vesting of LTIs, a derecognition of \$521k share-based payments (transferred to retained earnings), offset by shared based expenses of \$158k.
- Movement in foreign currency translation reserve reflects unrealised foreign exchange loss from the revaluation of inter-company debt.

Growth Strategy



Urbanise & Strata

1961

First strata title legislation introduced in NSW – widely used model

Key markets

~2.9m lots

Australia¹

~186k lots

New Zealand¹

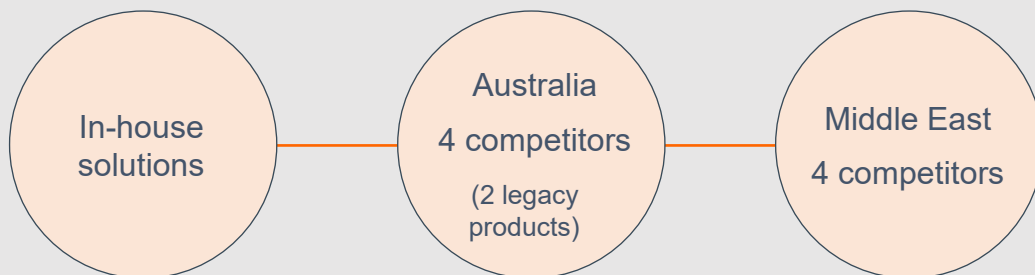
~555k lots

UAE²

Other strata jurisdictions

- Middle East, Singapore, Canada, parts of Europe

The competition



Strata Manager Role and Responsibilities

Strata Managers look after:

- the administration and management of buildings
- oversee the finances, administration, maintenance and compliance of a strata scheme



Accounting services
& record keeping



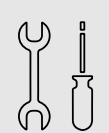
Managing by-laws
and disputes



Executive committee
meetings



Secretarial
responsibilities



Repairs and
maintenance,
coordinating
suppliers and
contractors



Insurance claims
& valuations



Annual general
meetings

Why Urbanise

The **Urbanise Strata** platform is used to manage strata schemes for apartment buildings and large housing communities. The system is cloud-based and integrates management, communication and accounting functions all on one integrated platform.

Why strata managers need software?

- Required for 10+ buildings to manage workload
- Compliance with strata specific legislation
- Bank transactions
- Reporting to owners
- Communicating with owners
- Acquisitive strata businesses unifying their portfolio

Key differentiators

- Cloud-based platform
- Modern user interface and experience
- Continuous updates to support changes to strata legislation
- Additional features to win work
- Integration with FM

Urbanise's Growth Plan

Direct sales model supported by brand awareness marketing.

Develop features and integrations based on sector research and customer feedback.

Australia

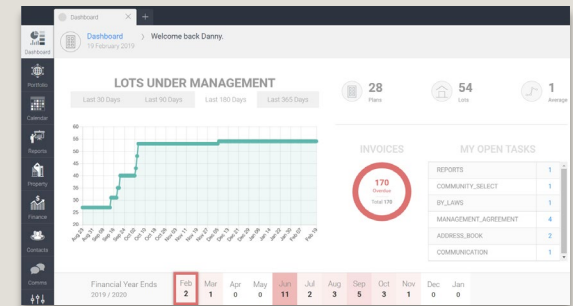
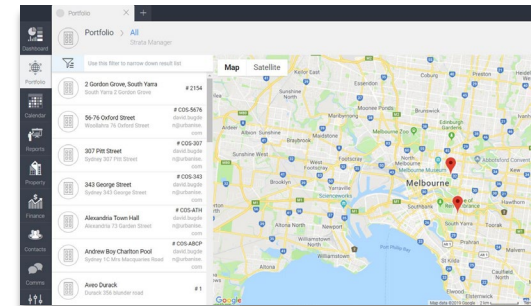
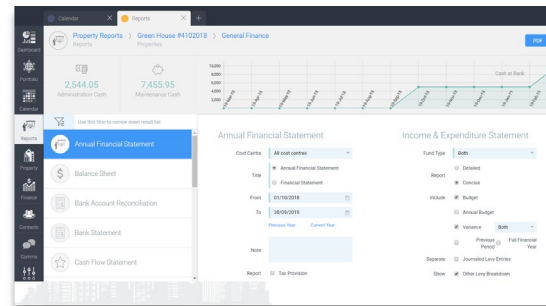
- Expand market share in all states with particular focus on small to mid-tier strata managers which involve lower customer acquisition costs.
- Continue to work with large strata managers like PICA.

Middle East

- Growing market demand due to continuous changes to legislation. Urbanise is well placed to update platform to comply.
- Leverage appeal of integrated FM & Strata offering to large developers.

Urbanise **Strata Cloud**

A modern user interface and experience across our strata platform



Community Apps

- Owner Comms
- Live financials
- Insurance
- Online Payments

Strata Accounting

- Levies
- General ledger
- Budgets
- Bank integration

Contact Centre

- Accounts /Contracts
- Full Activity History
- Contact Center

Automated services

- Automated Printing and Mailing of Strata Documents
- Account payable invoice scanning

Building Dashboards

- Usage Tracking
- Comparisons
- Savings Reporting

Urbanise & Facilities Management

Markets¹

Australia

Outsourced FM ~ \$290m
In-house FM ~ \$180m

New Zealand

Outsourced FM ~ \$19m
In-house FM ~ \$19m

Asia Pacific²

Outsourced FM ~ \$2.2bn
In-house FM ~ \$3.5bn

UAE

Outsourced FM ~ \$48m
In-house FM ~ \$26m

FM overview

- Facilities management is focused on the broad delivery of services related to a property including maintenance, space management and general operations
- Demand for facility management solutions and services continues to grow significantly due to increasing investments by governments and commercial entities
- Service providers offer their services by contracting with building management. Contract management includes workforce, equipment and other services
- Facilities Managers are often responsible for the maintenance and upkeep of an organisation's buildings, ensuring that they meet legal requirements as well as supporting operational and commercial objectives of the organisation e.g. capital growth, yield and function

Roles and Responsibilities

Facilities Managers (FMs) operate across different functions, working on both a strategic and operational level. FMs are often tasked with providing, maintaining and developing a number of different services such as:



Building maintenance
and administration



Managing multiple
contracts



Compliance
(environment, health & safety)

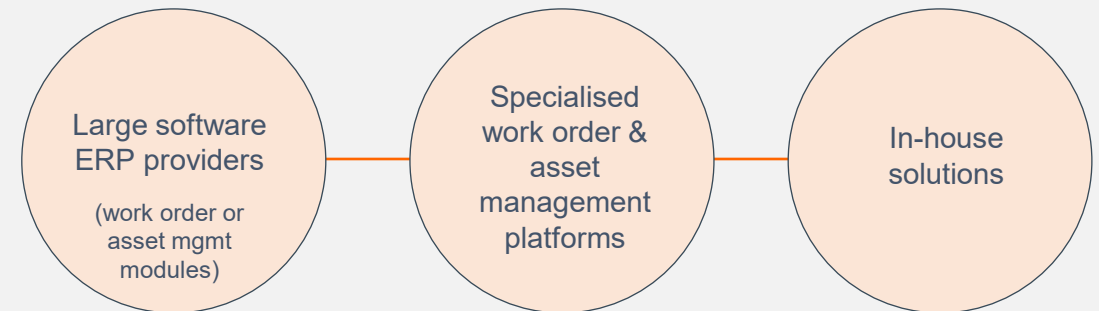


Renovations and
refurbishments



Communications
with customers

The competition



Why Urbanise

The **Urbanise FM** platform is specifically designed to assist facilities managers with their work orders to direct trades, track their asset management and keep on top of their customer contractual obligations.

Why FM's need software?

- FMs with scale cannot manage without a system
- Make operations more efficient and reduce cost
- Management tool for repairs and maintenance
- Compliance reporting
- Management of multiple vendors
- Customer contract management

Key differentiators

- Quick to implement and mobilise, reducing margin risk for FMs
- Sector expertise in FM delivery
- Flexible workflow configuration
- Mobile app to liaise with suppliers and contractors

Urbanise's Growth Plan

Direct sales model supported by brand awareness marketing. Leverage on FM Outsourcer network.

Deepen features and integrations developed with key FM customers.

Asia Pacific:

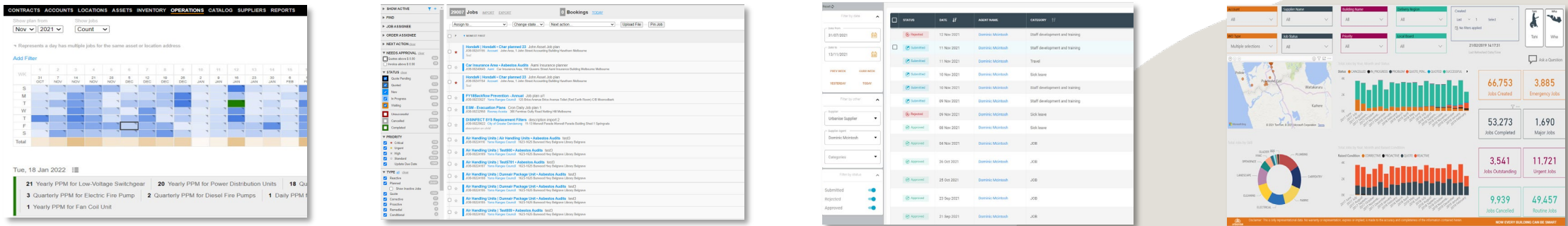
- Roll-out across Tier 1 FM Outsourcers recently secured
- Convert Tier 2 FM providers and asset owners (aged care, utilities, mining, education)

Middle East

- Leverage appeal of integrated FM & Strata offering to large developers
- Convert Tier 2 FM providers

The Urbanise FM Cloud

A unified cloud platform for the building & facilities services ecosystem



Contact Center

- Manage property / facilities helpdesk
- Landlord vs Tenant Accounts
- Client Contracts
- Service History
- Service Billing
- Satisfaction survey

Customer / Tenant Portals

- Service requests & status tracking
- E-commerce catalogues
- Quotes approval
- Online / electronic billing
- Buy vs sell rates management

Asset Maintenance

- Asset registers
- Configurable asset types / attributes
- Electronic tagging
- Planned maintenance scheduling
- 52-week schedule / calendar view

Vendor Management

- Service Contracts
- Vendor Compliance
- Manage individual technicians / skills
- Job scheduling
- Timesheets
- RCTI / Invoicing
- Performance Mgmt.

Mobile Workforce Apps

- Onsite job mgmt.
- Pre-start & completion checklists
- Track GPS location
- Asset capture / lookup & audits
- Inspections & surveys

Analytics & Integrations

- Property / facilities benchmarking
- SLA / KPI reporting
- Asset mgmt reports & lifecycle planning
- Financial reporting, budgets/ actuals
- Finance & other system integrations

Sales and Delivery

WINNING NEW WORK

Direct sales approach

- Subject Matter Experts direct selling
- Marketing presence across trade shows, social media
- Inbound sales
- Reference clients

ON-BOARDING NEW CLIENTS

In-house implementation

- Data migration
- Configuration and set-up
- Training
- Go-live

RETAIN & GROW

Customer Success & Subscription Management

- Additional services & subscriptions
- Platform utilisation
- Product feedback

CUSTOMER SUPPORT

Technical Support

- Troubleshooting
- Additional training

Strata



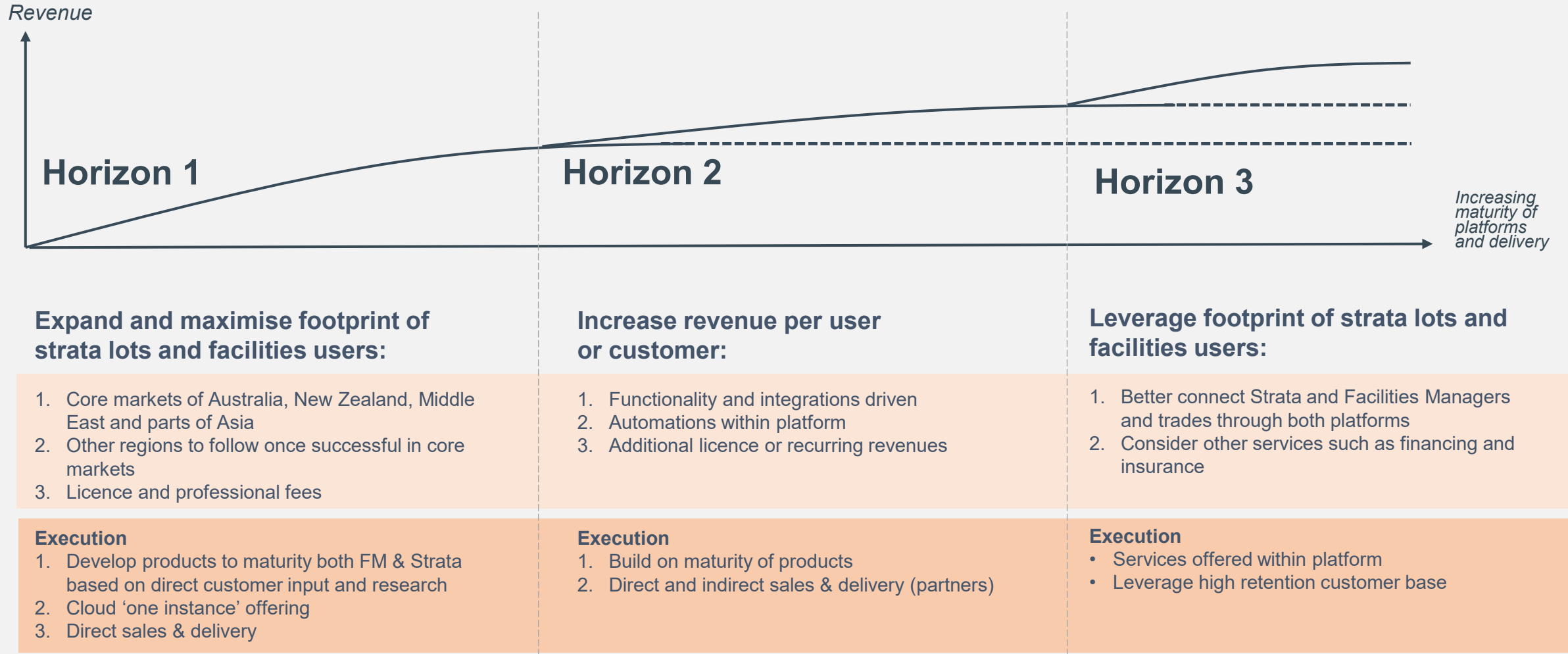
Facilities



Implementation fees

Licence fees (from data migration or go-live)

Driving sustainable growth



Outlook



FY2022 Outlook

Delivering growth with sustainable cash flow

- Drive revenue growth across core markets
- Clear \$0.9m of backlog
- Complete FM development with key Tier 1 customer, deepening the product
- Execute initiatives to deliver up to \$2.5m of reduction to cash burn
- Board seeking permanent CEO replacement as priority



Q&A



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