

FY2022 Results

24 August 2022

About Urbanise

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

\$12.1m
Contracted ARR

86.8%
Recurring revenue

95.2%
Customer retention

16
Countries

~681k
Strata lots billed

~2.32k
FM users

FY2022 Key Metrics vs pcp¹

Revenue
\$12.67m

 **10.2%**

- Licence fees up 20.9%
- Strata licence fee rose 22.0% driven by PICA and two large Middle East customers
- FM licence revenue increased 19.0% from Nakheel and new/backlog customers.
- Professional fees down (29.9%) largely due to fixed pricing arrangements

ARR²
\$10.85m

 **3.9%**

- Growth driven by PICA completion and new customers completed during FY2022
- Loss of \$630k in ARR from Ventia³. Excluding Ventia reduction, ARR increased by 10.0%
- Backlog of \$1.2m including ~44k strata lots and 5 Facilities contracts
- Contracted ARR of \$12.1m, up 6.1% vs pcp including \$250k in wins since the Ventia reduction.

Net cash position
\$3.97m

No material debt

- \$1.57m of a \$2.50m cash burn reduction target achieved by 30 June 2022
- Average monthly cash used of \$321k
- Exceptional items of \$0.60m largely relating to redundancies. Underlying average monthly cash used of \$212k (FY2021: \$246k)
- Continuing cash in advance initiatives in Q1 FY2023

Customer retention rate⁴
95.2%

- Strata customer retention rate of 95.7% and FM 92.0% highlights *stickiness* of Urbanise's platform
- ARR retention rate⁵ of 92.8% and 98.8% excluding loss of Ventia contracts
- Loss of small Strata customers in Australia and some FM customers.
- Excluding Ventia, average value of lost customers < \$8k

Agenda

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Market and Growth Strategy

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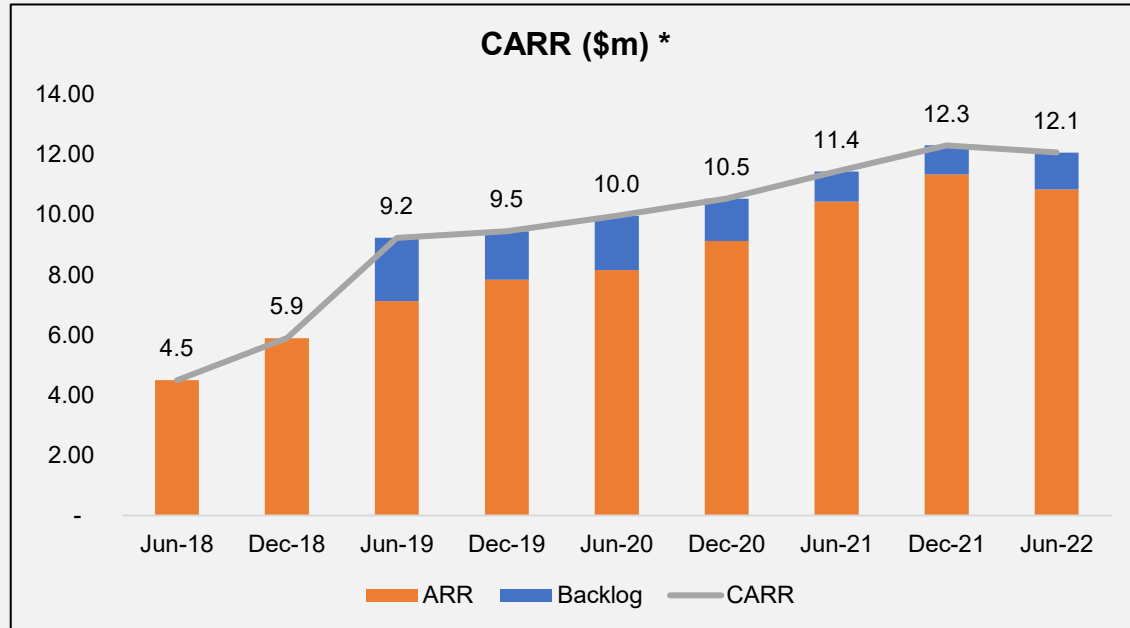
Outlook

Simon Lee – CEO and Interim CFO

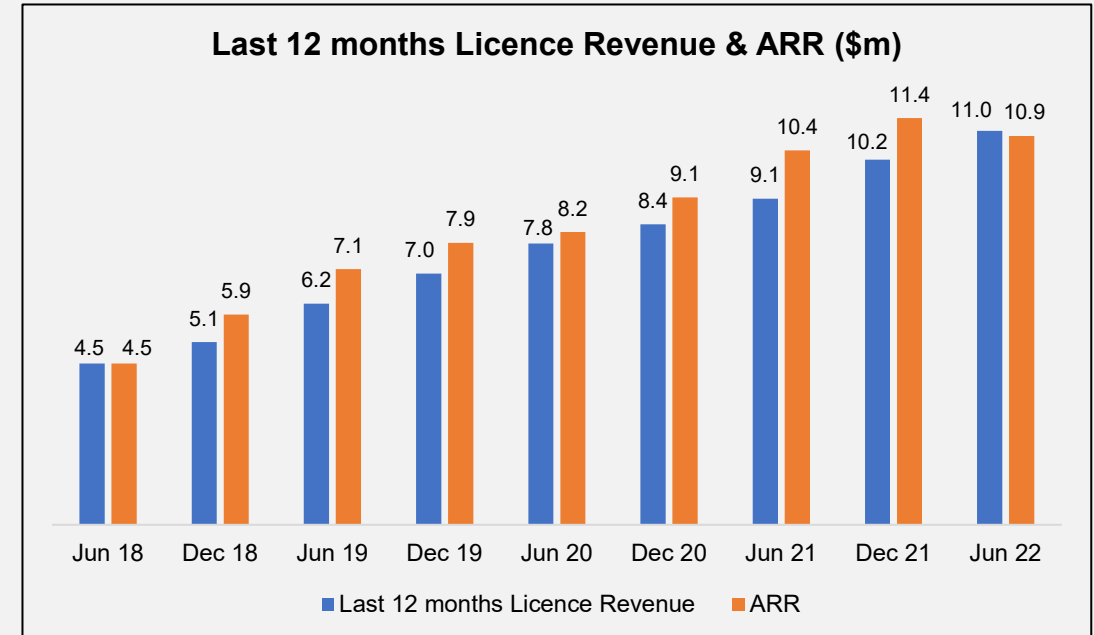
FY2022 Results



Major implementation, Q4 sales to drive FY2023 ARR growth

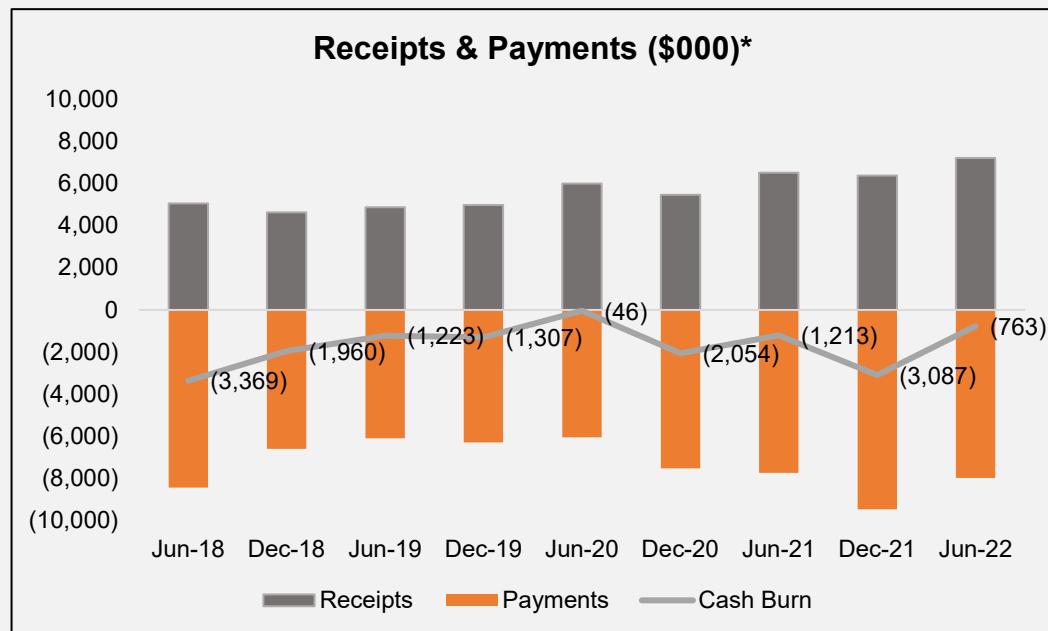


- Contracted Annual Recurring Revenue (CARR) is comprised of Annual Recurring Revenue (ARR) and Backlog (yet to be implemented)
- CARR increased by 6.1% to \$12.1m at June 2022 vs \$11.4m pcg

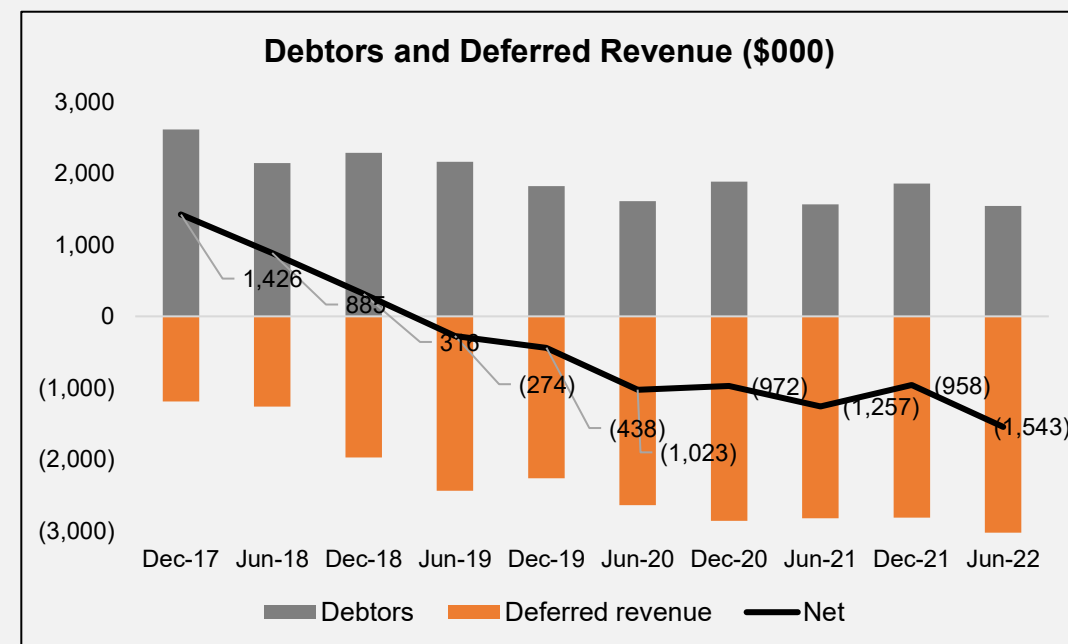


- ARR increased by 3.9% on pcg impacted by loss of \$0.63m in ARR due to Ventia's decision in April 2022 to reduce its requirements for user licences on three contracts following the implementation of a single enterprise system across its business
- Urbanise made good progress in replacing this ARR with recent sales conversions and ongoing implementation for a major customer

Ongoing focus on cash management



- Net cash used (cash burn) reduced from H1 FY2022 to H2 FY2022 by \$2.3m due to reduction in the sales and development headcount and cash in advance initiatives
- \$1.57m of \$2.50m cash burn target achieved by 30 June 2022. Cash in advance initiatives continue in Q1 FY2023



- Negative net working capital continues to progress due to sales growth and cash in advance
- Debtor balance at 30 June 2022 similar to 30 June 2021 despite revenue increase of 10.2%, reflecting ongoing focus on debtor management

FY2022 Key Metrics

- June 2022 ARR was impacted by the loss of \$630k in licence revenue from three Ventia contracts. Excluding this, underlying ARR growth was 10.0%
- Urbanise continues to work through significant backlog which includes Colliers, PICA lots and recent sales conversions, including \$250k of wins secured since Ventia reduction

	Jun 18	Dec 18	Jun 19	Dec 19	Jun 20	Dec 20	Jun 21	Dec 21	Jun 22	Backlog as at 1 Jul 2022
Strata lots	~212k	~278k	~300k	~320k	~331k	~392k	~636k	~678k	~681k	~44k
Strata ARR*	\$3.28m	\$3.95m	\$4.36m	\$4.66m	\$4.83m	\$5.83m	\$6.89m	\$7.13m	\$7.21m	Est. ~\$0.4m
Facilities users	~0.76k	~1.25k	~1.84k	~2.21k	~2.23k	~2.30k	~2.47k	~2.61k	~2.32k	5 contracts
Facilities ARR*	\$1.21m	\$1.95m	\$2.77m	\$3.19m	\$3.33m	\$3.30m	\$3.55m	\$4.22m	3.64m	Est. ~\$0.8m
Total ARR*	\$4.49m	\$5.90m	\$7.13m	\$7.85m	\$8.16m	\$9.13m	\$10.44m	\$11.35m	\$10.85m	Est. ~\$1.2m

Total Contracted Revenue of ~\$12.1m

ARR growth YoY

14.4%

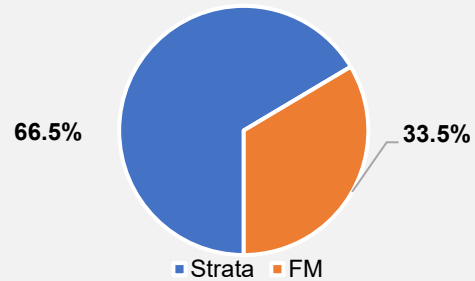
27.9%

3.9%

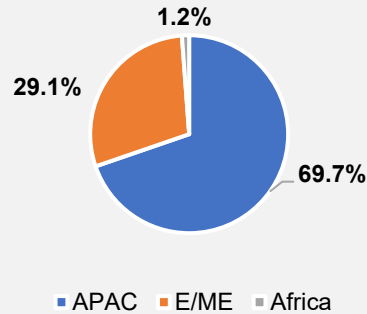
Pipeline profile reflects current customer mix

ARR¹ composition highlights opportunities across multiple product, region and industry segments

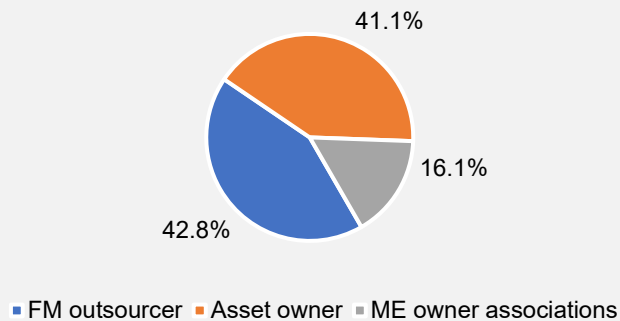
ARR by Product



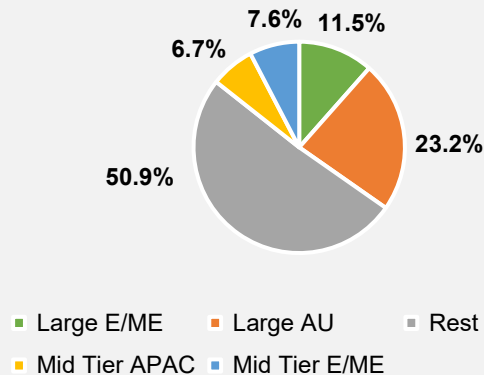
ARR by Region



FM Outsourcers vs Asset Owners
ARR Split



Strata ARR by portfolio size



- Pipeline includes customers of similar size and nature to existing portfolio.
- **APAC FM:** Opportunities with new and existing facilities managers (Tier 1 and Tier 2). Typical average annual contract value (ACV) of \$50k to \$450k. Target asset owners/custodians include aged care, utilities, education and organisations with geographically dispersed properties.
- **APAC Strata:** FY2023 targeting new small to mid-tier strata managers. Typical average ACV of \$5k to \$200k. Urbanise continues to support large customers with growth plans.
- **MENA Strata and FM:** Large Middle East property developers and owners associations requiring both strata and FM to manage large property portfolios. Typical average ACV of \$10k to \$600k.

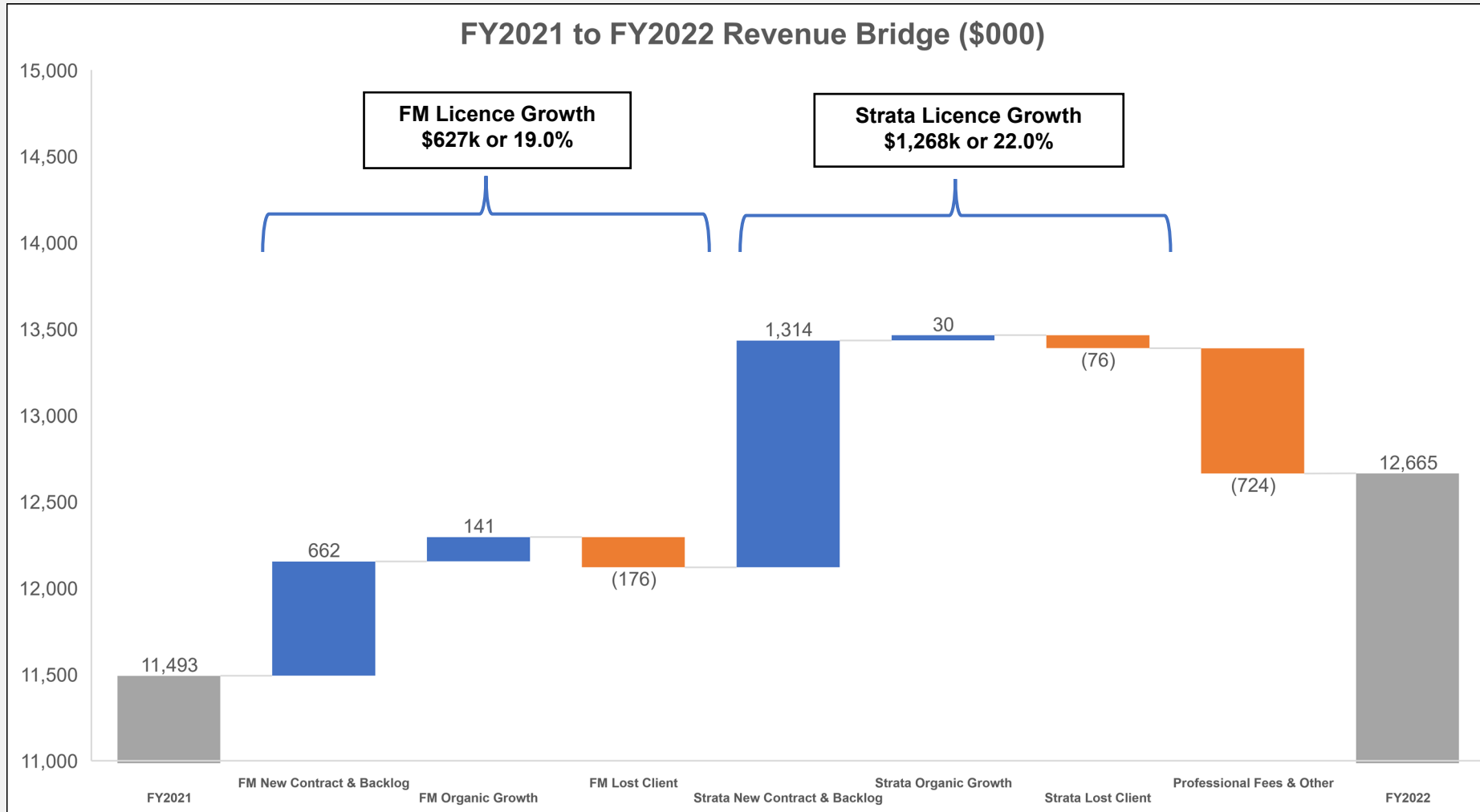
FY2022 Financial Summary

Strong licence revenue growth yoy

\$000s	FY2022	FY2021	Var	Var %
Licence Fees	10,991	9,094	1,897	20.9%
Professional fees	1,672	2,386	(714)	(29.9%)
Other revenue	2	13	(11)	(84.6%)
Total revenue	12,665	11,493	1,172	10.2%
Operating Expenses	(15,972)	(14,361)	(1,611)	(11.2%)
EBITDA	(3,307)	(2,868)	(439)	(15.3%)
Depreciation and amortisation	(1,984)	(1,810)	(174)	9.6%
Total other costs	(965)	560	(1,525)	(272.3%)
Other income	360	269	91	33.8%
Net loss	(5,896)	(3,849)	(2,047)	53.2%
Key Operational Metrics	FY2022	FY2021	Var	Var %
Recurring revenue	86.8%	79.1%	7.7ppt***	-
ARR* (\$m)	\$10.85m	\$10.44m	\$0.41m	3.9%
Backlog** (\$m)	~\$1.2m	~\$1.0m	\$0.2m	20.0%

- Licence fee revenue of \$10.9m up 20.9% vs pcg
- Professional fees down 29.9% to \$1,672k reflecting fixed pricing arrangement on two large projects which resulted in the earlier recognition of licence fees
- Total revenue of \$12,665k, up 10.2% v pcg with recurring revenue of 86.8%
- Operating expenses were up \$1,611k or 11.2% largely due to:
 - Sales & marketing headcount costs (\$264k),
 - Development and implementation headcount costs (\$411k);
 - Termination costs for the outgoing CEO, sales and development staff (\$598k); and
 - Hosting and licence costs related to growth in licence revenue and costs to optimise product performance (\$541k).
- Total other costs mainly account for unrealised foreign exchange gain on intercompany balances

Strong FY2022 licence fee growth

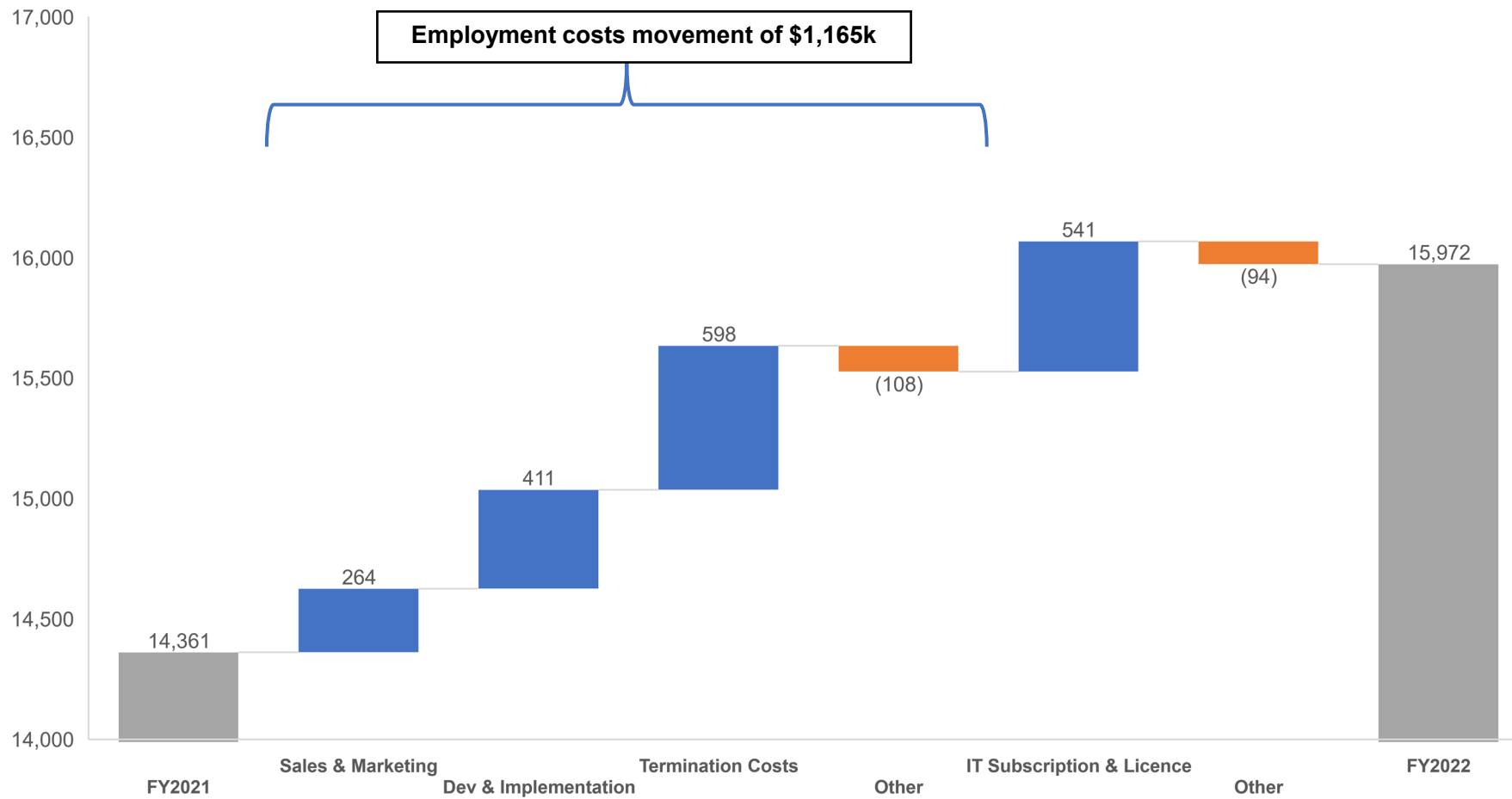


- FY2022 total revenue up by 10.2% with 20.9% growth in recurring licence fees vs pcg;
- FM licence revenue grew by 19.0% vs pcg led by:
 - Conversion of backlog & new contracts in Australia with FM outsourcers and aged care providers;
 - Roll out of Urbanise platform for Nakheel; and
 - Organic growth from existing customers.
- Strata licence revenue was up 22.0% vs pcg reflecting:
 - Full year impact from the PICA completion; and
 - Onboarding of large Middle East customers.

Cost restructure in H2 to deliver future benefits

FY2021 to FY2022 Operating Expenses Bridge \$'000

Employment costs movement of \$1,165k



Total operating expenses increased by \$1,611k vs pcip largely from:

- \$1,165k in employment costs mainly attributed to increased in sales & marketing headcount (\$264k), dev and implementation headcount (\$411k) and termination costs related to restructuring and departure of former CEO (\$598k)
- IT subscription & licence costs reflecting higher licence revenue and costs to optimise product performance
- Underlying employment costs for FY2022 were \$9.5m (based on Jun 2022 run rate), a reduction of 6.9% from FY2021 full year employment costs of \$10.2m

FY2022 Facilities Management Summary

Strong conversion of backlog to licence fees

\$000s	FY2022	FY2021	Var	Var %
Licence fees	3,921	3,294	627	19.0%
Professional fees	1,041	1,556	(515)	(33.1%)
Total revenue	4,962	4,850	112	2.3%
Licence fees % total	79.0%	67.9%		

	Month of Jun 2022	Month of Jun 2021	Var	Var %
Facilities users billed	~2.32k	~2.47k	~(0.15k)	(6.1%)
ARR*	\$3.64m	\$3.55m	\$0.09m	2.5%

As at 1 Jul 2022

Backlog	~\$0.8m
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- Licence fees of \$3,921k, up 19.0% due to implementation of new customers in FY2022
- Lower professional fees largely reflects fixed fee arrangements and a large implementation in Q2 FY2021
- Total revenue of \$4,962k, up 2.3% as the increase in licence fees was offset by the reduction in professional services revenue.
- Backlog as at 1 July 2022 includes 5 contracts estimated at \$0.8m in annual licence fee revenue

FY2022 Strata Summary

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

\$000s	FY2022	FY2021	Var	Var %
Licence fees	7,031	5,763	1,268	22.0%
Professional fees	632	829	(197)	(23.8%)
Total revenue	7,663	6,592	1,071	16.2%
Licence fees % total	91.8%	87.4%		
	Month of Jun 22	Month of Jun 21	Var	Var %
No of Strata lots billed	681k	636k	~45k	7.1%
ARR (\$m)*	\$7.21m	\$6.89m	\$0.32m	4.6%
As at 1 Jul 2022				
Backlog	~\$0.4m			

- Licence revenue of \$7,031k, up 22.0% driven by the full year impact of PICA roll-out and large Middle East customers
- Professional fees were 23.8% lower on pcp due to fixed fee arrangements and the completion of the PICA roll-out
- Total revenue of \$7,663k up 16.2% with recurring revenue of 91.8%
- Total estimated backlog of \$0.4m as at 1 July 2022

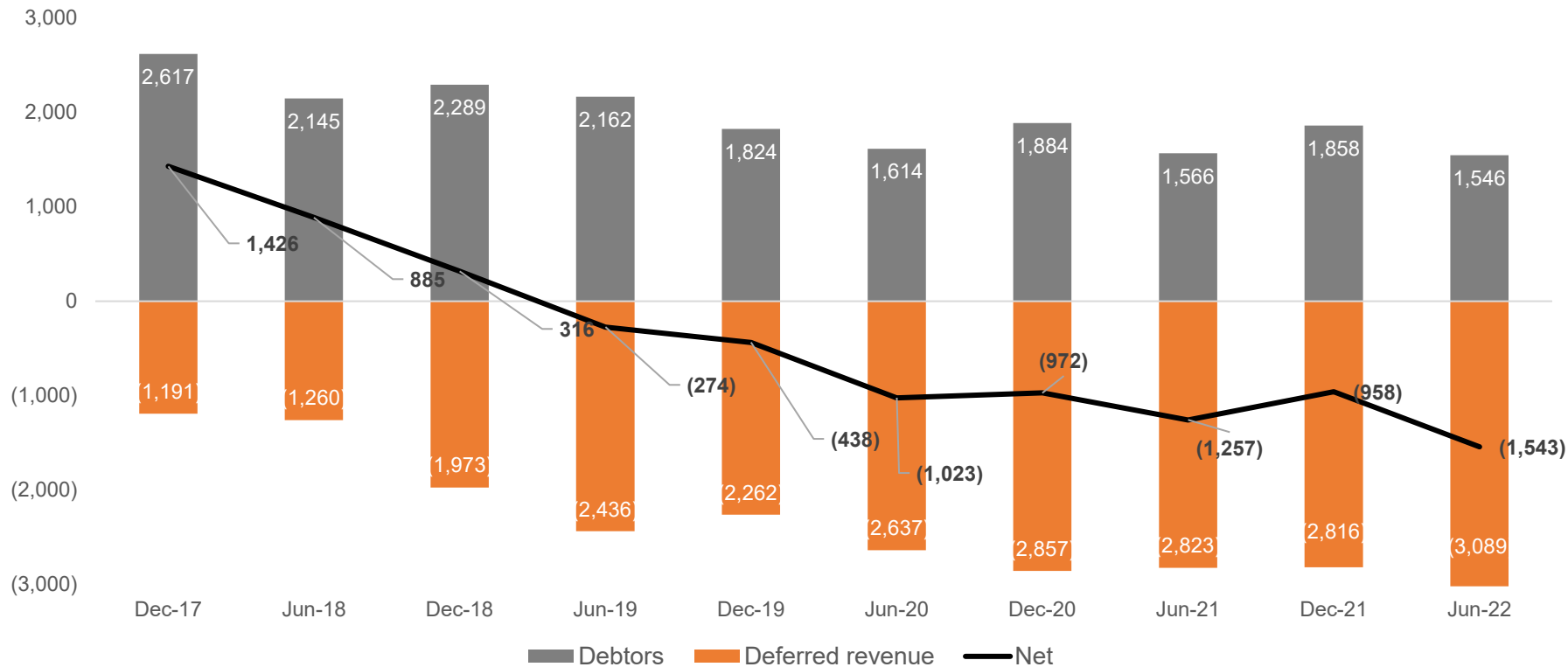
FY2022 Cash Flow

\$000s	FY2022	FY2021
Opening Cash Balance	7,820	4,545
Receipts from customers	13,590	11,997
R&D tax rebate & government incentive	352	301
Payments to suppliers and employees	(16,689)	(14,380)
Interest	(65)	(54)
Net cash used in operating activities	(2,812)	(2,136)
Payments for equipment	(96)	(142)
Payments for intangibles / capitalised development	(930)	(962)
Net cash used in investing activities	(1,026)	(1,104)
Net increase in cash and cash equivalents	(3,838)	(3,240)
Net proceeds from placement	-	6,542
Effect of movement exchange rates on cash balances	(12)	(27)
Net cash flow for the period	(3,850)	3,275
Cash at 30 June	3,970	7,820
Average Monthly Cash Generated / (Used)	(321)	273
Net cash flow for the period	(3,850)	3,275
Deferred costs	-	367
Termination payouts	598	-
Recruitment Costs	248	-
STI for ex CEO	144	-
Net proceeds from placement	-	(6,542)
Government Incentive	-	(50)
Non recurring salaries	268	-
Investment for Strata migration	49	-
Underlying cash flow for the period	(2,543)	(2,950)
Underlying Average Monthly Cash (Used)	(212)	(246)

- Receipts of \$13,590k up by \$1,593k (13.3%) driven by revenue growth and advance billing strategy
- Underlying average monthly cash used for FY2022 was \$212k vs pcg of \$246k. This is primarily due to:
 - Increase in receipts from customers related to revenue growth;
 - Exceptional costs related to restructuring of sales & development:
 - Termination payouts - \$598k
 - Recruitment costs – \$248k
 - STI for ex CEO - \$144k
 - Non-recurring salaries in Q3 FY2022 for development headcount - \$268k
 - Investment for Strata migration - \$49k

Shift to Negative Working Capital Position

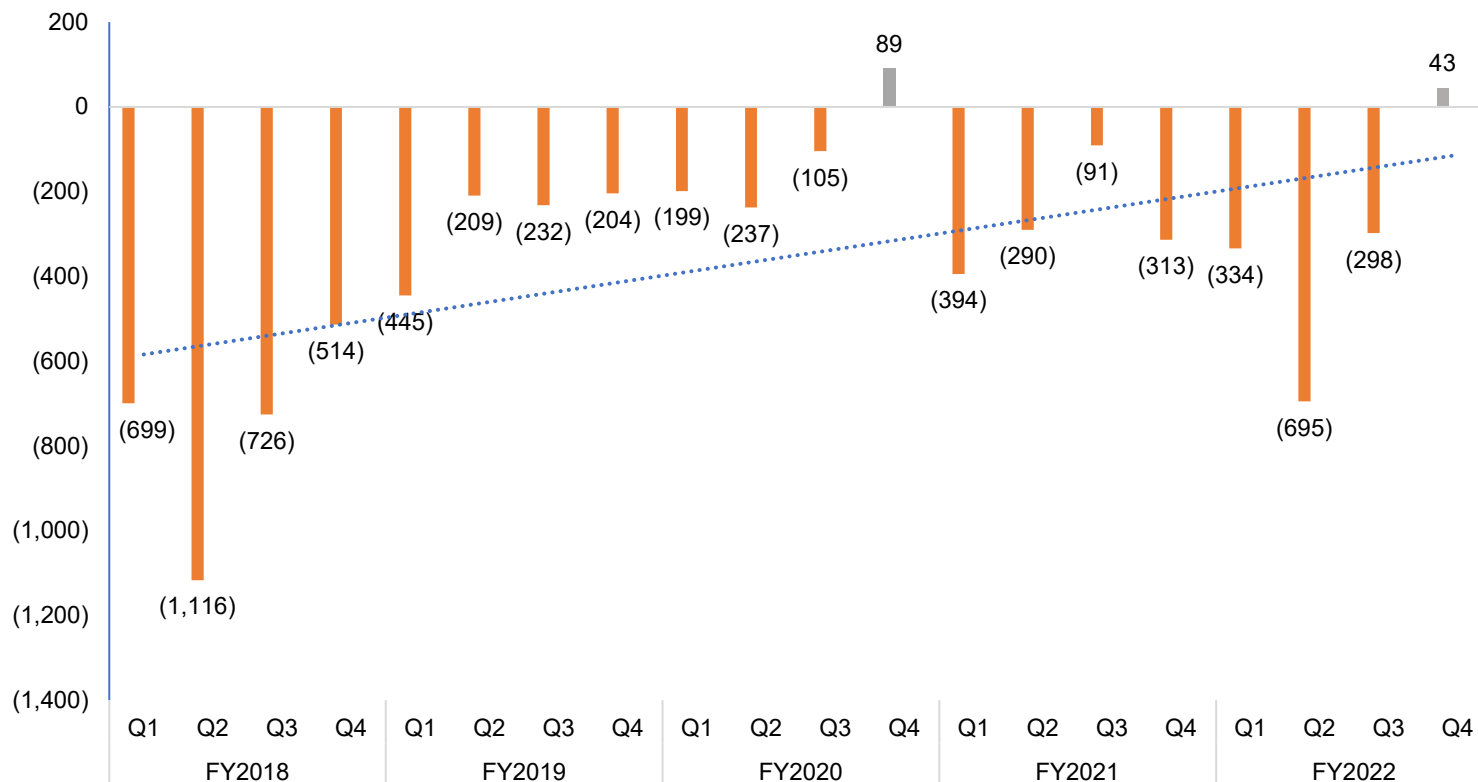
Debtors and Deferred Revenue \$000s



- 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/Generated

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



- A significant turnaround from cash burn to cash generation of \$43k a month was achieved for Q4 FY2022, as a result of the restructuring in the sales and development headcount in Q2 and Q3 FY2022 and cash in advance initiatives in Q4 FY2022
- The average monthly cash used for FY2022 was \$321k including the following exceptional costs:
 - Termination payouts (\$598k);
 - STI paid to the outgoing CEO (\$144k)
 - Recruitment costs for replacement of implementation headcount and CEO search (\$248k)
 - Non recurring salaries due to restructuring of the sales and development headcounts (\$268k)
 - Investment in Strata migration (\$49k)
- Excluding the exceptional items, the underlying average monthly cash used was \$212k.

FY2022 Balance Sheet

\$000s	30-Jun-22	30-Jun-21
Cash and cash equivalents	3,970	7,820
Trade receivables	1,405	1,472
Contract assets	141	94
Other assets	194	204
Prepayment	375	303
Total current assets	6,085	9,893
Property, plant and equipment	168	239
Development	3,271	3,064
Goodwill and other intangibles	5,667	6,535
Right of use asset	624	916
Other assets	127	127
Total non-current assets	9,857	10,881
Total assets	15,942	20,774
Trade and other payables	(1,880)	(1,991)
Provisions	(787)	(723)
Lease liabilities	(199)	(207)
Deferred revenue	(2,426)	(2,449)
Total current liabilities	(5,292)	(5,370)
Deferred revenue	(663)	(374)
Provisions	(16)	(7)
Lease liabilities	(424)	(708)
Total non-current liabilities	(1,103)	(1,089)
Total liabilities	(6,396)	(6,459)
Net Assets	9,546	14,315
Issued capital and contributed equity	107,769	107,109
Employee share reserve	457	1,343
Foreign currency translation reserve	(58)	(891)
Accumulated losses	(98,621)	(93,246)
Total equity	9,546	14,315

- Trade debtors decreased by \$67k from 30 June 2021 despite revenue increase of 10.2%, highlighting ongoing focus on debtor management
- Prepayments increased by \$72k since June 2021 reflecting an increase in third party software subscriptions, used for internal operations
- Contract assets relate to unbilled professional fees and increased by \$47k from June 2021.
- Right of use asset reduced as the lease contract is amortised over time as per AASB 16
- Development costs relate to the strata platform. From 1 July 2022, the capitalisation of development costs will cease due to the maturity of the strata product.
- Deferred revenue relates to amount of revenue to be recognised in the future and was driven by renewals, new contracts and advance billing
- Increase of \$660k in issued capital reflecting \$630k vesting of LTIs and one off award of shares of \$30k
- \$886k reduction in employee share reserve is due to derecognition of \$521k share-based payments (transferred to retained earnings), \$630k vesting of LTIs transferred to ordinary shares, offset by shared based expenses of \$264k
- Movement in foreign currency translation reserve reflects unrealised foreign exchange loss from the revaluation of inter-company debt

Markets and 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

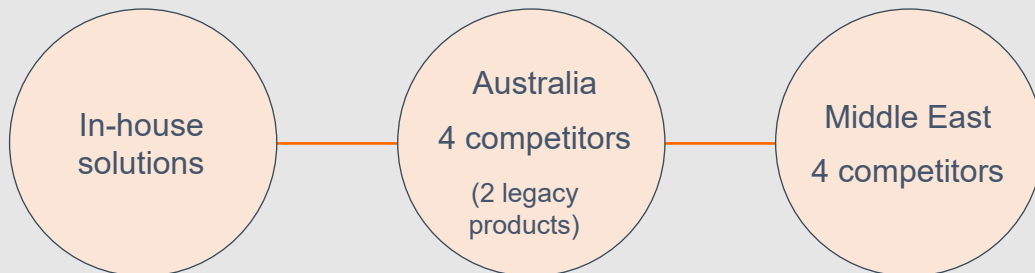
~555k lots

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



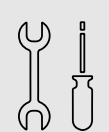
Managing by-laws and disputes



Executive committee meetings



Secretarial responsibilities



Repairs and maintenance, coordinating suppliers and contractors



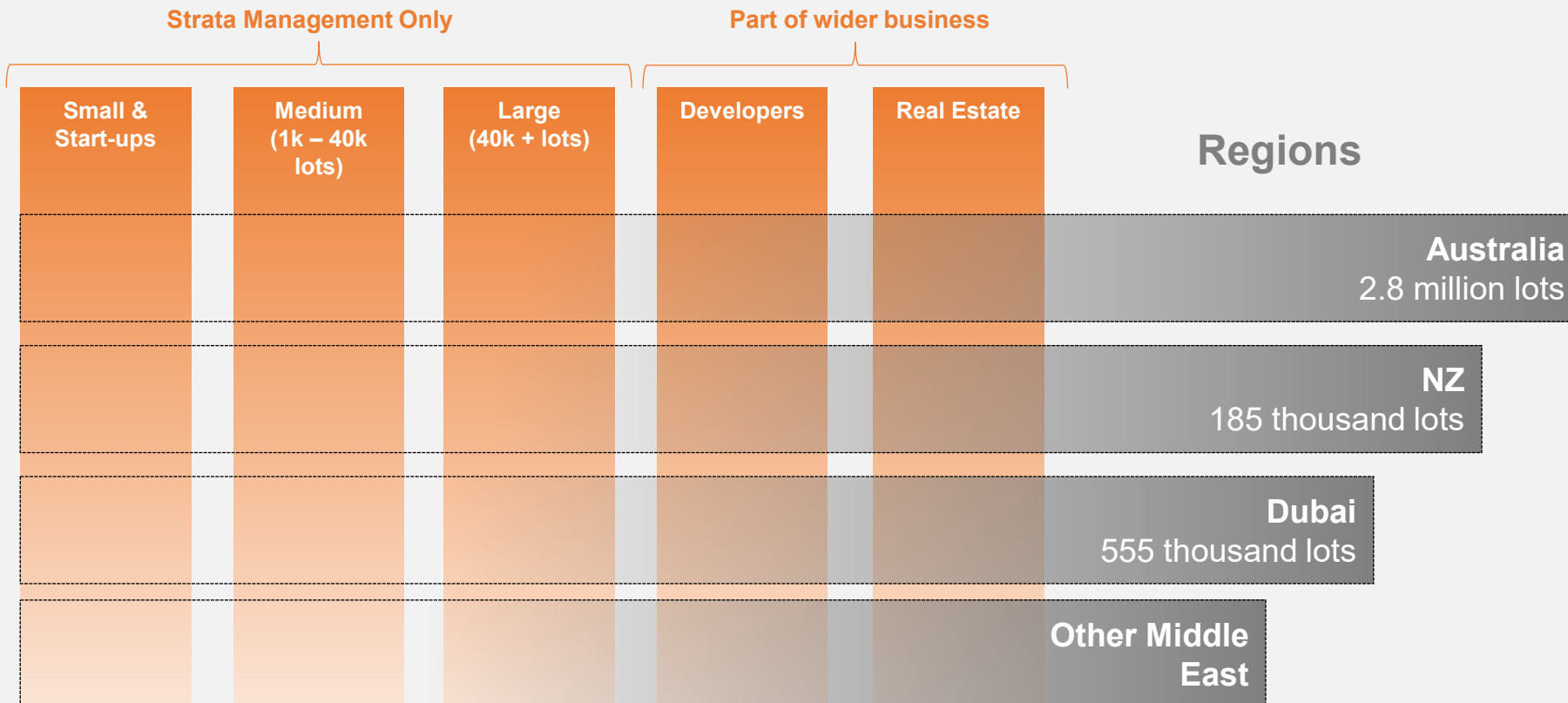
Insurance claims & valuations



Annual general meetings

Strata Market

Segmentation of strata managers



Key Players

- **Australia:** PICA, Smarter Communities, Bright and Duggan, Whittles, SSKB Strata Managers, MBCM Strata Specialists, Jamesons Strata Management, NetStrata, Strataplus
- **Middle East:** Nakheel, Damac, Provis/Aldar

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

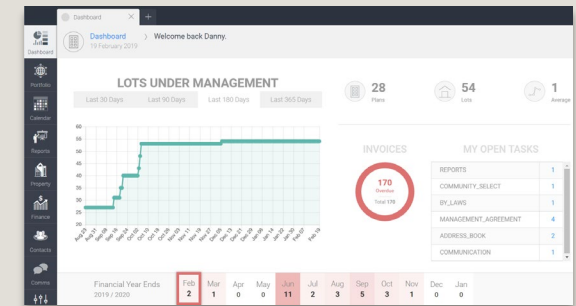
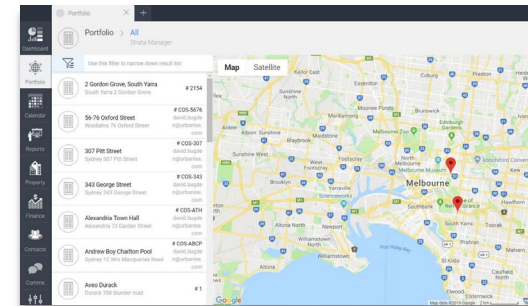
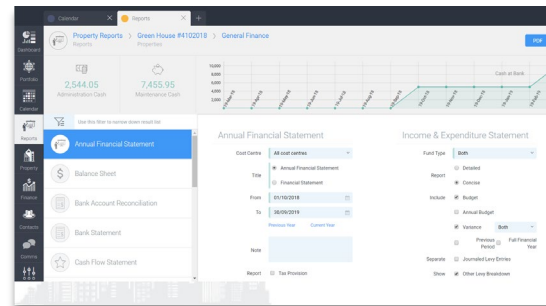
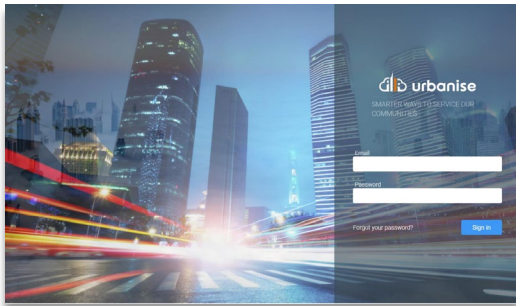
- Expand market share in all states with particular focus on small to mid-tier strata managers which involve lower customer acquisition costs.
- Continue to work with large strata managers like PICA.

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)

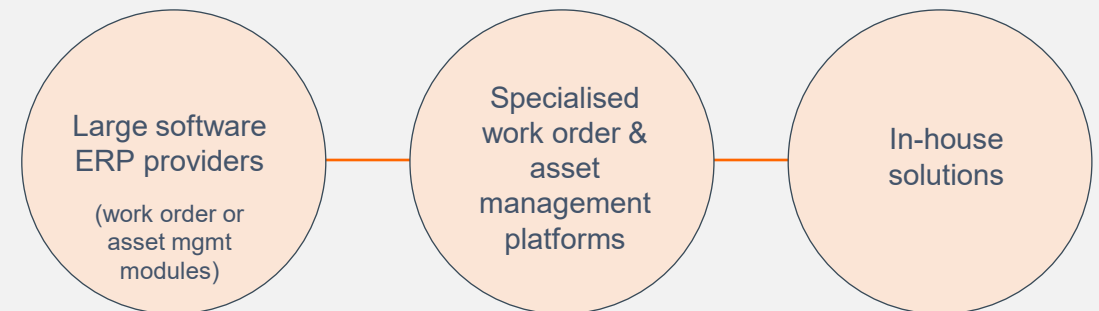


Renovations and
refurbishments



Communications
with customers

The competition



Facilities Market

Sectors

Education	Aged care / NDIS	Utilities	Mining	Councils / LGAs	Other	
						Tier 1 FM Outsourcer
						Tier 2 FM Outsourcer
						Asset Owner / Custodian
						Strata

Key Players

Australia:

- Spotless, Programmed, Ventia, Sodexo, ISS Facilities Services, JLL, CBRE, BGIS
- 400 plus FM Outsourcers

Middle East:

- 5 Major players dominate
- Owners Associations (Strata) Managers have FM responsibilities

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)

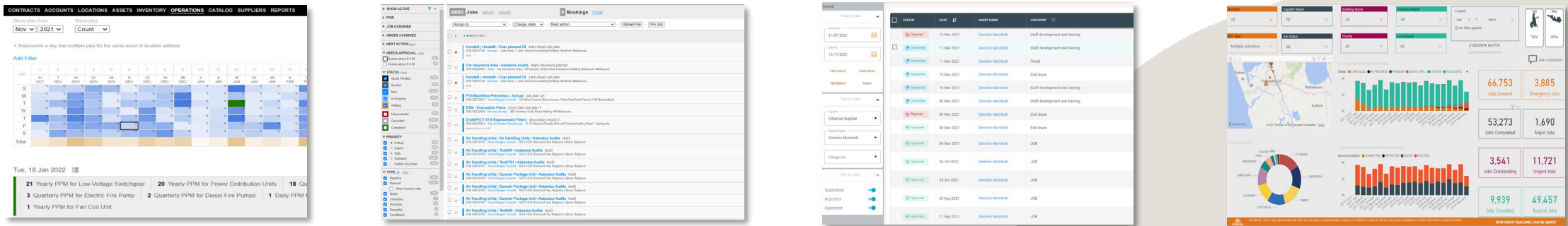
Middle East

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

To be updated

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



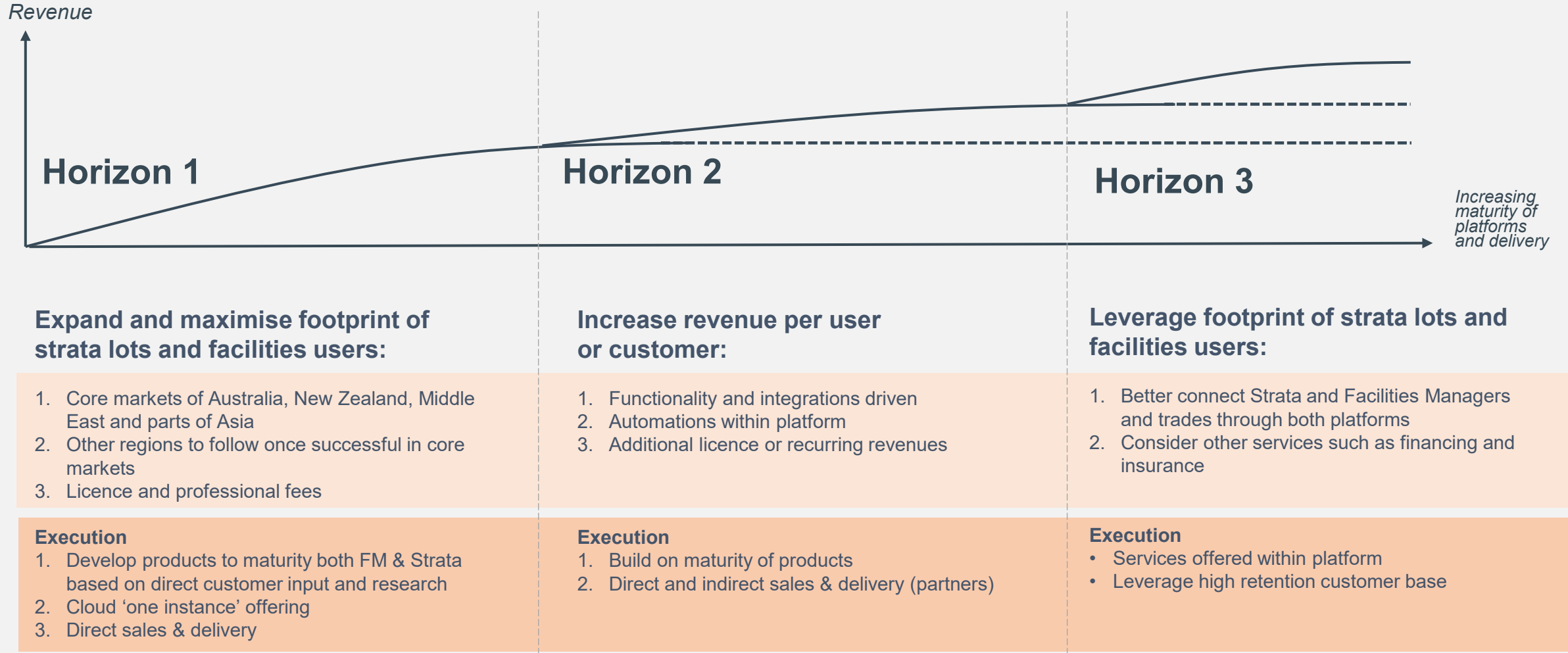
Facilities



Implementation fees

Licence fees (from data migration or go-live)

Driving sustainable growth



Outlook



FY2023 Outlook

Delivering growth with sustainable cash flow

- Drive revenue growth across core markets
- Clear \$1.2m of backlog
- Complete FM development with key Tier 1 customer, deepening the product offering
- Deliver cash flow sustainability underpinned by ARR growth
- Search continues for new CFO and additional Non-executive Director with SaaS and software experience



Q&A



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