



# ANNUAL REPORT 2022

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URBANISE.COM LIMITED

# Urbanise provides world-leading software for Strata and Facilities Management



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# Chairman's Overview

## Dear Shareholder,

Urbanise delivered another solid result in FY2022 highlighting strong ongoing demand for our Strata and Facilities Management platforms. We made significant changes across the business with the appointment of a new CEO and the restructuring of our sales and development teams to enhance our sales process and increase the variability of our development cost base. Managing our cash flow was a key strategic priority and we made good progress towards realising a sustainable cash position in FY2023.

This was achieved against a backdrop of continuing global uncertainty due to COVID-19-related lockdowns and border closures, increased geopolitical tensions, disrupted supply chains and inflationary cost pressures that affected all businesses, directly or indirectly during the 2022 financial year.

Despite the challenging macro environment, Urbanise continues to benefit from several tailwinds which highlight the strengths of our business model.

- We provide mission-critical software to strata and facilities managers who deliver essential services, often underpinned by legislation.
- Our platforms are enterprise solutions that sit at the heart of our customers' operations and address key technology challenges.
- We have extensive experience in Australia and the Middle East and a growing portfolio of key reference contracts which showcase the quality of our platforms and ability to implement complex projects.



## Team and leadership

During the year, the Board continued to build out the executive team with senior managers put in place across the business. In December 2021, the Board decided to make a change at the CEO level and in June, our Chief Financial Officer and Interim CEO Simon Lee was appointed to the role permanently. This followed an extensive search with the Board deciding that Simon, with his deep understanding of the business, strong customer relationships and effective leadership, was the right person to take the Company forward. I would like to take this opportunity to thank Simon for his significant contribution in improving the operational and financial performance of the business during this period. Urbanise concluded its search for a new CFO with David Goldbach due to commence in the role on 6th October 2022. We welcome David to our leadership team and believe he will make a valuable contribution as CFO given his broad financial experience and strong operational background.

Our talented team of software developers, and sales, implementation, and customer support specialists are another key point of difference for Urbanise. We work closely with our customers to develop products that are aligned to the requirements of both industries as reflected in our high retention rates. Our subject matter experts design well thought out solutions that evolve to meet our customers' changing needs.

It is important to ensure we attract, retain and inspire our team by continuing to improve our approach to employee engagement and well-being. This involves deeper engagement with our global workforce through frequent review of training requirements, well-being and remuneration benchmarking. The Board pays close attention to employee surveys and is working with management to deploy several initiatives over the next 18 months that will be critical to sustaining our most valued asset - our team.

### **Sustainable cash flow**

Urbanise continues to prioritise getting to a sustainable cash flow breakeven position. From December 2021, the Board and management implemented several measures to reduce cash burn whilst preserving our ability to drive new sales. These tactical initiatives, which are outlined below, have ensured the Company has sufficient cash runway to achieve new sales conversions.

- Cost reduction for sales and development. Following a change in our go-to-market strategy, we right-sized the sales team to reflect a more targeted sales approach. Within development, we increased access to variable resource allowing us to accelerate development from time to time, while retaining our core product teams.
- Working capital has been leveraged and the team have been successful to date in generating temporary benefits from cash in advance which has extended our cash runway.
- Urbanise's sales strategy underpins cash flow sustainability. The Board and management are confident that the product, its position in the market and our ability to deliver, are all at the point where Urbanise can leverage new sales to achieve profitability. The investment in the team and product over many years has resulted in a sizeable Annual Recurring Revenue (ARR) base and we are satisfied that Urbanise's pipeline and go-to-market strategy can deliver cash flow sustainability.

### **Strategic growth and risk management**

The Board are supportive of the target market and go-to-market strategies being executed by the management team. Our primary objective is to maximise our market share in our core markets of Australia, New Zealand and the Middle East by leveraging our existing footprint and physical presence in these regions. The Board continues to closely monitor the sales pipeline which contains contract opportunities that are similar in size and nature to those implemented in the past and reflects the diversity of our customer base.

### **Board composition**

As part of its ongoing succession planning, Urbanise concluded its search for a non-executive director who can bring a deeper technical SaaS skillset to the Board with the appointment of Daniel Bignold with effect from 1 October. Pierre Goosen, who has served on the Urbanise Board since 2018, will step down from 1 October. We welcome Daniel to the Board and believe that his in-depth understanding of emerging and innovative technologies, entrepreneurial mindset and Prop Tech expertise will prove invaluable as we continue to deepen our software offering and expand our global footprint. I would also like to take this opportunity to thank Pierre for his long service and commitment to Urbanise and wish him all the best in his future endeavours.

### **Outlook**

Looking ahead, the priorities for FY2023 are clear: drive revenue growth in our core markets to pave the way for cash flow breakeven.

On behalf of the Board, I would like to thank the Executive and our talented global team for their tireless efforts and dedication to building an exceptional company. Finally, I would like to thank our customers and shareholders for their ongoing support.



**Almero Strauss**

Non-Executive Chairman and Director

# CEO's Report

## Dear Shareholder,

I am pleased to deliver the annual report for FY2022, my first as CEO. It is a privilege to lead Urbanise and continue my journey with the Company after serving as CFO for three years.

Prior to joining Urbanise, I spent many years in the engineering and maintenance sectors and developed an understanding of the critical nature of work order management systems like the FM platform. It was this experience that first sparked my interest in Urbanise but in recent years, I have also come to appreciate the strengths of our strata management software which serves an industry that critically needs technology to scale. It also has a loyal customer base, if serviced well, and mandated cash inflows, thanks to strata legislation.

Upon becoming Interim CEO in December 2021, the immediate priority for the Urbanise team was to drive initiatives to support sustainable cash flow. The key focus areas are to ensure we have:

- comprehensive strata and integration-ready FM solutions;
- faster implementation and migration processes;
- targeted direct sales, making full use of our industry and customer networks; and
- careful cash management.

The focus areas are outlined in more detail below.

## Product development and implementations

The demand for technology in both strata and facilities management remains strong. Our expectation is that over time, our target markets will invest in software solutions to remain compliant and to scale.

At Urbanise, our product roadmap is scheduled approximately 9 - 12 months in advance. This promotes a flexible development approach, to respond to market trends, legislation, customer requirements and technology advancements.



Our goal to increase ARR through our products means:

- Ensuring customers are compliant with their requirements: strata legislation, work order approval limits, contract service level agreements, safety and financial governance.
- Saving costs and driving efficiencies for customers. For example, strata managers want to spend more time winning work and engaging with owners, while facilities managers benefit from automated workflows.
- Ease of on-boarding additional strata lots or FM contracts. During FY2022, our investment to automate part of the migration process has helped reduce time to implement. We expect larger strata managers to be more willing to transition as a result.
- End user engagement is more important and investment has been applied into communications functionality, portals and mobile applications.

As our customers digitise more of their processes, a major investment consideration will be whether we build or integrate new functionality. We would consider the cost of development, speed to market and in-house expertise before making these decisions. During the year, we engaged with external parties to outsource integrations and analytics and we continue to expand our partnerships to integrate with other software.

## Sales focus

Our target markets remain favourable and our go-to-market strategy is as follows:

- Leads generated through our market databases and industry networks;
- Direct sales engagement; and
- Further build brand awareness from appearances at trade shows and social media.

Generating and converting sales pipeline remains an absolute priority for the Company. As shown below, these opportunities reflect the diversity of Urbanise's customer base in terms of size, sector and geography.

- **APAC FM:** We are focused on FM Outsourcers similar to our current clients including Colliers, Sodexo, Campeyn and Knight FM. We have also a pipeline comprised of asset owners / custodians, including aged care and education. The annual contract value of these opportunities typically varies from \$50,000 to \$450,000.
- **APAC Strata:** For FY2023, our focus is on securing new small to medium size strata customers and to continue supporting our existing larger customers with their growth ambitions. Our investment into a modern cloud based strata platform will help increase our market share in Australia. The investment into the migration process is an important selling point, to reduce the disruptive nature of transitioning. The annual contract value of these opportunities typically range from \$5,000 to \$200,000. Other new opportunities in Asia are being explored, particularly in Singapore where strata legislation is similar.
- **MENA Strata and FM:** The market in the Middle East continues to be attractive for Urbanise as property developers increase the number of buildings. 'Pure play' owners associations continue to need combined solutions. The annual contract value of these opportunities typically range from \$10,000 to \$600,000.

### FY2022 Results Overview

During FY2022, Urbanise achieved solid revenue growth with several new wins across FM and Strata. These included:

- the completion of the Nakheel roll-out in Q1 FY2022;
- securing Colliers as an FM client. Urbanise is working with this customer to enhance our platform significantly for the commercial property market; and
- securing a number of asset custodians such as aged care providers, FM outsourcers and a leading tyre retailer and wholesaler.

The loss of part of the Ventia portfolio reported in April 2022, has been partially offset by subsequent wins highlighted above. In total, the business lost \$0.63m in ARR due to Ventia and recovered \$0.25m in wins subsequent to that loss.

Urbanise achieved Annualised Recurring Revenue (ARR) growth of 3.9% to \$10.85m and total revenue growth of \$10.2% to \$12.67m.

The key highlights are as follows:

- ARR: \$10.85 million (FY2021: \$10.44 million)
- Revenue: \$12.67 million (FY2021: \$11.49 million)
- EBITDA: \$3.31 million loss (FY2021: \$2.87 million)  
The increase in EBITDA loss includes exceptional items of \$0.60m largely related to restructuring activities
- Underlying average monthly cash used of \$212k (FY2021: \$246k)
- Closing cash: \$3.97 million (FY2021: \$7.82 million)

### Cash management

As at 30 June 2022, we reported a closing balance of \$3.97m which we consider as sufficient runway to achieve sustainable cash flow breakeven. This will be achieved through:

- Careful cost management. During FY2022, we reduced headcount while ensuring we could still develop, deliver, sell and support our customers. We also established a variable developer resource in Vietnam to facilitate a 'scale up/scale down' approach. This has been effective for our work with Colliers, ensuring we could accelerate development for a fixed period.
- Working capital initiatives to drive up cash in advance via multi-year deals with customers. This provides temporary cash flow to allow further time for sales conversion.
- New sales achieved via the sales strategy outlined above, to boost ARR and professional fees to a sustainable position to cover our costs.

### Outlook

I would like to reiterate the Chairman's comment that our immediate mandate is to target a sustainable cash flow breakeven.

I would like to thank the Board and our shareholders for their ongoing support, and our team for their hard work and dedication.

I look forward to the year ahead as we continue to Urbanise the world.



**Simon Lee**

Executive Director and Chief Executive Officer

# Urbanise & Facilities Management

## Markets<sup>1</sup>

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

**New Zealand**  
Outsourced FM ~ \$19m  
In-house FM ~ \$19m

**Asia Pacific<sup>2</sup>**  
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



1 Data taken from GlobalFM: Global Facilities Management Market Report 2018, assuming 1% of GDP equates to spend on technology

2 Excluding Australia and New Zealand



# Facilities Market

## Sectors

Education	Aged Care/ NDIS	Utilities	Mining	Councils/ LGA	Other
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■

## 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

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

# Urbanise & Strata

## Key markets

1961

First strata title legislation introduced in NSW – widely used model

**Australia<sup>1</sup>**  
~2.9m lots

**New Zealand<sup>1</sup>**  
~186k lots

**UAE<sup>2</sup>**  
~555k lots

### Other strata jurisdictions

- Middle East, Singapore, Canada, parts of Europe

## 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**

## The competition

**In-house solutions**

**Australia**  
**4 competitors**  
(2 legacy products)

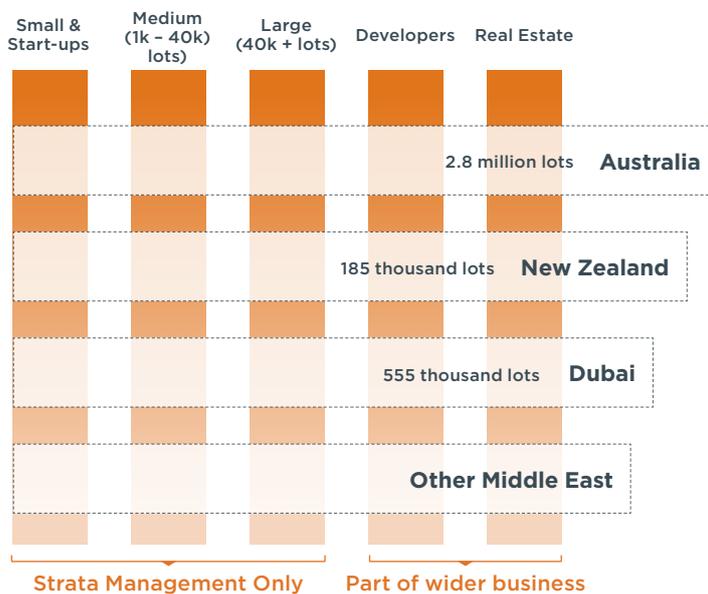
**Middle East**  
**4 competitors**

1 [https://cityfutures.be.unsw.edu.au/documents/612/Australasian\\_Strata\\_Insights\\_2020\\_Final.pdf](https://cityfutures.be.unsw.edu.au/documents/612/Australasian_Strata_Insights_2020_Final.pdf)

2 [https://www.zawya.com/mena/en/business/story/Nearly\\_5000\\_residential\\_units\\_made\\_available\\_in\\_Dubai\\_in\\_Q1\\_2020-SNG\\_172248964/](https://www.zawya.com/mena/en/business/story/Nearly_5000_residential_units_made_available_in_Dubai_in_Q1_2020-SNG_172248964/)

# 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

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.

# Sales and Delivery

WINNING NEW WORK	ON-BOARDING NEW CLIENTS	RETAIN & GROW	CUSTOMER SUPPORT
<p><b>Direct sales approach</b></p> <ul style="list-style-type: none"> <li>- Subject Matter Experts direct selling</li> <li>- Marketing presence across trade shows, social media</li> <li>- Inbound sales</li> <li>- Reference clients</li> </ul>	<p><b>In-house implementation</b></p> <ul style="list-style-type: none"> <li>- Data migration</li> <li>- Configuration and set-up</li> <li>- Training</li> <li>- Go-live</li> </ul>	<p><b>Customer Success &amp; Subscription Management</b></p> <ul style="list-style-type: none"> <li>- Additional services &amp; subscriptions</li> <li>- Platform utilisation</li> <li>- Product feedback</li> </ul>	<p><b>Technical Support</b></p> <ul style="list-style-type: none"> <li>- Troubleshooting</li> <li>- Additional training</li> </ul>

## Strata



## Facilities



# Driving Sustainable Growth



**Expand and maximise footprint of strata lots and facilities users:**

1. Core markets of Australia, New Zealand, Middle East and parts of Asia
2. Other regions to follow once successful in core markets
3. Licence 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 licence or recurring revenues

**Execution**

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

**Leverage footprint of strata lots and facilities users:**

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

# FY2022 Key Metrics



**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



**ARR<sup>2</sup>**  
**\$10.85m**

**↑ 3.9%**

- Growth driven by PICA completion and new customers completed during FY2022
- Loss of \$630k in ARR from Ventia<sup>3</sup>. 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 Rate<sup>4</sup>**  
**95.2%**

- Strata customer retention rate of 95.7% and FM 92.0% highlights stickiness of Urbanise's platform
- ARR retention rate<sup>5</sup> 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

1 Prior corresponding period

2 Annualised Recurring Revenue (ARR) based on the month of June

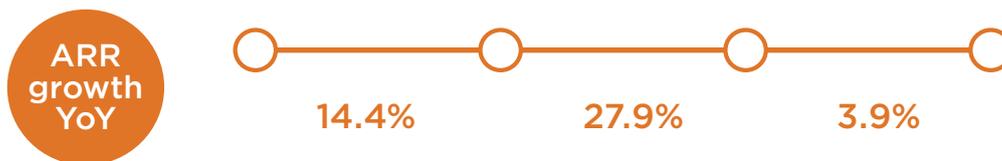
3 Refer to Urbanise ASX announcement on 5 April 2022

4 Customer retention rate based on number of customers from the beginning of the period, that were retained

5 ARR retention rate based on \$10.44m ARR at the beginning of the financial year

# FY2022 Key Metrics

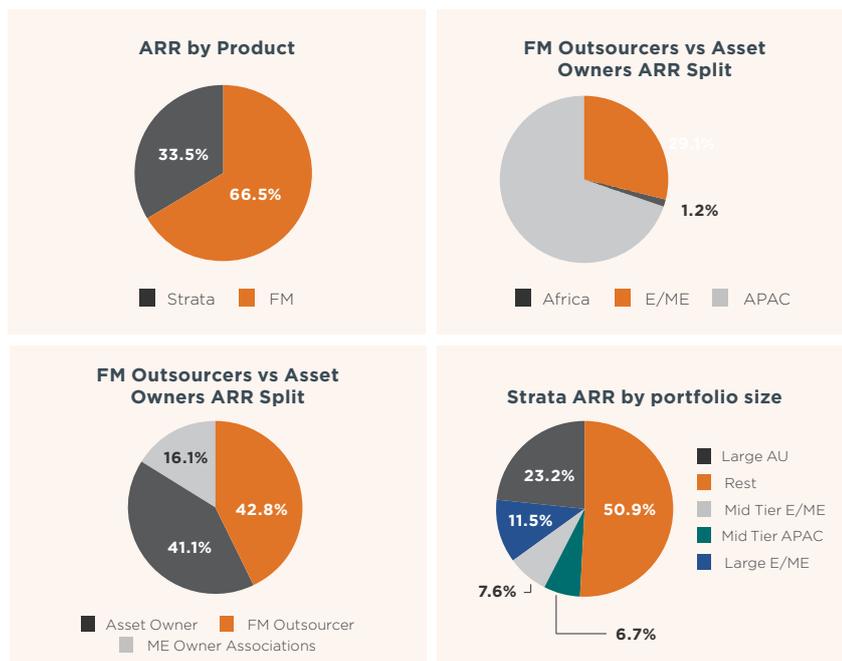
	Jun 18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22	Total Contracted Revenue of ~\$12.1m Backlog as at 1 Jul 2022
Strata lots	~212k	~278k	~300k	~320k	~331k	~392k	~636k	~678k	~681k	~44k
Strata ARR*	\$3.28m	\$3.95m	\$4.36m	\$4.66m	\$4.83m	\$5.83m	\$6.89m	\$7.13m	\$7.21m	Est. ~\$0.4m
Facilities 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
<b>Total ARR*</b>	<b>\$4.49m</b>	<b>\$5.90m</b>	<b>\$7.13m</b>	<b>\$7.85m</b>	<b>\$8.16m</b>	<b>\$9.13m</b>	<b>\$10.44m</b>	<b>\$11.35m</b>	<b>\$10.85m</b>	<b>Est. ~\$1.2m</b>



\* Annualised Recurring Revenue based on the month of June/December revenue

## Pipeline profile reflects current customer mix

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



- 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.

A background image of a city skyline with various skyscrapers, rendered in a monochromatic orange color. The buildings are of varying heights and architectural styles, creating a dense urban scene.

# Financial Report FY22

For the year ended 30 June 2022

# Directors' Report

The Directors of Urbanise.com Limited (Urbanise) present their report together with the consolidated annual financial report of the Company for the year ended 30 June 2022 (FY2022) and auditor's report thereon.

## Information on Directors and Company Secretary



**Almero Strauss**  
Non-Executive Chairman

(appointed as Director on 8 February 2017, Executive Chairman on 3 April 2018, Non-Executive Chairman 21 January 2019)

Almero joined the Board of Urbanise on 8 February 2017, was appointed Executive Chairman on 3 April 2018, and Non-Executive Chairman on 21 January 2019. Almero is a director and an executive member of Mergon's investment team since 2008. Mergon is a private investment group that was founded in 1980. From a single, start-up business, Mergon has grown a diversified investment portfolio with significant interests in companies in the SaaS, commercial property, insurance, telecoms and fintech industries. Almero represents Mergon on the Boards of Infotech, one of South Africa's oldest technology companies, FREI (a Mobile Virtual Network Enabler) and Mertech Marine.

After starting his career as an electronic engineer Almero also obtained pre- and postgraduate accountancy qualifications from the University of Cape Town before launching his career in strategy and management consulting with leading international firms Bain & Company and Deloitte in South Africa and the USA. Almero was a founding member of Decipher Consulting, a South African niche consulting firm, where he was an executive director of the business.

Almero is a member of the Audit and Risk Committee.



**Simon Lee**  
Executive Director and Chief Executive Officer

(appointed 28 June 2022)

Simon joined Urbanise as CFO in 2019 from ASX listed public company BSA Limited where, since 2014, he had held senior finance roles including General Manager Finance. Simon was promoted to CEO of Urbanise in June 2022 after a period as Interim CEO.

Prior to this he worked in several finance, commercial and business development roles at Lendlease and UGL. He commenced his career in audit and M&A with Grant Thornton and PwC. Simon has broad experience across corporate functions, operations, shared services, business development, client service and contract management.

Simon is a qualified Chartered Accountant (ICAEW), holds a Bachelor of Laws (LLB) from the University of Exeter and is a graduate of the Australian Institute of Company Directors.



**Pierre Goosen**  
Non-Executive Director

(appointed 3 April 2018)

Pierre is the managing director of Argosy Capital, a European based private equity and venture capital business.

Pierre is based on the Isle of Man and serves as a director on several boards of private and listed companies in which Argosy is an investor.

Pierre is an admitted attorney in South Africa and solicitor in England and Wales. Prior to joining Argosy, he gained professional experience as a commercial, private equity and funds lawyer.

Pierre is Chair of the Remuneration and Nomination Committee.

# Directors' Report



**Tod McGrouter**  
Non-Executive Director

(appointed 16 October 2018)

Tod has a Bachelor of Law (First Class Honors) and University Medal from the University of Sydney, a Bachelor of Commerce (First Class Honors) and University Medal majoring in Accounting and Finance from the University of New South Wales and a Diploma in Applied Finance from the Securities Institute of Australia.

Tod has worked in the Australian corporate advisory industry since 1986 and has specialised in the provision of corporate advice in the areas of corporate valuation, equity capital raising both for private and public equity and investor relation advice for ASX listed companies. Tod was as Associate Director of Bankers Trust Australia between 1986 and 1994.

Between 1994 until 1998 Tod was a Director of the Corporate Finance Department of Prudential Bache Securities Limited. From 1998 until the present Tod is co-founder and Director of KTM Capital. KTM provides corporate advisory and equity capital markets services across mid-market resources, IT, financial and other services sector companies.

Tod is a Director of ASX listed NSX Limited, Love Group Global Ltd and AC8 limited.

Tod is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.



**Sam Cuccurullo**  
Non-Executive Director

(appointed 4 March 2021)

Sam brings broad experience in property services to the Board and a deep understanding of the requirements of facility management in the Asia-Pacific region. During a career spanning more than 40 years, Sam has held executive positions with leading firms in this sector and has been responsible for several global strategic initiatives involving the implementation of new business systems.

Until March 2020, Sam was Head of Property & Asset Management, APAC for Cushman & Wakefield, and from 1995 to 2014, Executive Managing Director of Asset Services, APAC for CBRE.

Sam has a Bachelor of Commerce (Land Economy) from the University of Western Sydney and is a Fellow of the Australian Property Institute (FAPI). He is also a Certified Property Manager (Property Council of Australia) and Licensed Real Estate Agent.

Sam is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

**Saurabh Jain**  
Executive Director and Chief Executive Officer

(appointed 21 January 2019 and ceased 14 December 2021)

Saurabh Jain was the Chief Executive Officer and Executive Director until 14 December 2021.

## Directors' interest in the shares, performance rights and options of Urbanise.com Limited

As at the date of this report, the interest of the directors in the shares, performance rights and options of the Group:

Directors	Number of fully paid ordinary shares	Number of performance rights	Number of Options
Almero Strauss	266,000	-	-
Pierre Goosen <sup>(i)</sup>	15,376,235	-	-
Simon Lee	110,758	284,545	-
Tod McGrouter <sup>(ii)</sup>	441,413	-	-
Sam Cuccurullo	1,666	-	-

(i) The shares are held by Argosy Capital Limited. Mr Goosen is the Managing Director of Argosy.

(ii) The shares are held by IFM Pty Ltd as trustee for the IFM Superannuation Fund. Mr McGrouter is a director of the trustee and beneficiary to the fund.

# Directors' Report

## Company secretary

Kim Clark held the position of company secretary of Urbanise.com Limited at the end of the financial year. Kim is an experienced business professional with over 21 years' experience in the Banking and Finance industries and 7 years as a Company Secretary of an ASX300 company prior to her current role. She has over 16 years experience as a Company Secretary of ASX Listed entities.

Her experience includes debt and capital raising, risk management, mergers and acquisitions, compliance and governance. Kim currently acts as Company Secretary to various ASX listed and unlisted companies in Australia and is the Head of Corporate Services for Boardroom's Queensland office.

## Directorships of other listed companies

Directorships of other ASX listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Urbanise Office
Almero Strauss	nil	Non-Executive Chairman and Director
Pierre Goosen	nil	Non-Executive Director
Simon Lee	nil	Executive Director
Tod McGrouther	NSX Limited, Love Group Global Limited, AC8 Limited	Non-Executive Director
Sam Cuccurullo	nil	Non-Executive Director

## Dividends

No dividends have been paid or declared since the start of the financial year.

## Principal activities

Urbanise.com Limited and its associated entities (the Group) is a leading provider of cloud-based software platforms designed and developed for the Strata and Facilities Management industries.

## Operating and financial review

The commentary below should be read with the consolidated financial statements and related notes in this report. Some parts of this commentary may include information regarding the plans and strategy for the business and may include forward looking statements that involve risks and uncertainties. Actual results and the timing of certain events may differ materially from future results expressed or implied in the forward-looking statements contained in the commentary. References to FY2022 are to the financial year ended 30 June 2022.

The Group continued investment in staff and operational infrastructure in existing geographies to position for significant growth within its markets, and to build scale. In addition, the Group undertook cost reductions for sales and development. The team has now been right sized for our markets and is of the skillset and experience appropriate for our niche markets.

The strategy continued to be successful in the Australasian and Middle Eastern markets where investment was made in the improvement and localisation of Urbanise's platforms to continue support for client contracts. The Group maintained its existing footprint in Australasia and the Middle East. The Group maintained its software development teams in Bulgaria and software development and customer support teams in South Africa.

Global headcount averaged at around 81 throughout the financial year (FY2021: 87).

## COVID-19

The overall financial performance of the Group has not been materially impacted to date, as a result of the COVID-19 pandemic. The Board and management continue to monitor the situation as part of its ongoing risk management.

# Directors' Report

## Financial performance

### Sales revenue

Total sales revenue growth was up by 10.2% to \$12.67 million (FY2021: \$11.49 million), primarily driven by a 20.9% increase in licence fees revenue to \$10.99 million (FY2021: \$9.09 million) which was partially offset by a 29.9% reduction in professional services revenue to \$1.67 million (FY2021: \$2.39 million).

### Expenses

Total operating expenses increased by 11.2% or \$1.61 million from \$14.36 million to \$15.97 million mainly due to:

- One-off restructuring costs to right size the cost base; and
- IT subscriptions and licence fee increase in relation to licence revenue growth and testing environments for the backlog of contracts.

Foreign exchange loss was \$0.90 million (FY2021: \$0.61 million gain) which was largely unrealised losses arising from movements in exchange rates from the revaluation of the intercompany balance sheets.

	2022 \$	2021 \$
Employee benefits and contractor costs	<b>(11,326,279)</b>	(10,161,110)
IT Subscription and licence cost	<b>(2,684,332)</b>	(2,143,622)
Occupancy cost	<b>(139,609)</b>	(125,854)
Professional fees	<b>(603,638)</b>	(637,477)
Travel costs	<b>(211,258)</b>	(163,368)
Cost of implementation and materials	<b>(275,745)</b>	(266,727)
Advertising and promotion expenses	<b>(251,528)</b>	(354,510)
Other expenses	<b>(341,033)</b>	(389,299)
Doubtful debt expenses	<b>(139,013)</b>	(118,909)
<b>Total operating expenses</b>	<b>(15,972,435)</b>	(14,360,876)
Depreciation and amortisation	<b>(1,984,417)</b>	(1,810,155)
Finance costs	<b>(65,080)</b>	(54,927)
Foreign exchange (loss)/gain	<b>(898,996)</b>	614,984
<b>Total expenses</b>	<b>(18,920,928)</b>	(15,610,974)

### Loss before tax

The reported loss before tax increased from \$3.85 million to \$5.90 million (53.2% increase) due to an increase in depreciation and amortisation expenses, a foreign exchange loss offset by an increase in research and development rebate income received.

### Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) reconciliation:

	2022 \$	2021 \$
<b>Loss for the Period</b>	<b>(5,895,936)</b>	(3,849,017)
<b>Add Back:</b>		
Depreciation and amortisation expenses	<b>1,984,417</b>	1,810,155
Finance costs	<b>65,080</b>	54,927
Foreign exchange loss/(gain)	<b>898,996</b>	(614,984)
Other income	<b>(359,848)</b>	(269,363)
<b>EBITDA</b>	<b>(3,307,291)</b>	(2,868,282)

# Directors' Report

## Cashflow

The net cash outflow from operating activities and investing activities was \$3.84 million, a 18.5% increase in net outflow from the prior period (FY2021: \$3.24 million), partly reflecting the increase in operating expenses noted above. However, following a range of significant cash initiatives instigated by the management team, the business substantially reduced net cash outflows and generated a net positive cashflow in the final quarter of the year. The group will continue to pursue the cash in advance opportunities.

## Capital and financial structure

As at 30 June 2022 Urbanise had a net cash position of \$3.97 million with no material debt<sup>1</sup> or borrowings.

## Business strategies and prospects

Urbanise will continue to focus on growing its recurring revenue over the next twelve months. Contracted revenue is expected to increase through continued growth of the Australasian and Middle East Facilities Management and Strata markets.

The Board believes that the strategic initiatives undertaken will deliver increased shareholder value over the medium to long term.

In the coming financial year Urbanise will continue to build on its solid foundation to:

- Deliver comprehensive strata & integration ready FM solutions
- Continue to enhance the implementation and migration processes
- Target direct sales go-to-market, leveraging industry and customer networks
- Manage cash carefully

## Build scale

Urbanise has invested in operations in the Australasia, Middle East regions and will continue to grow scale in these regions while some of the development function remains in Bulgaria and South Africa, and customer support and back-office support remains in South Africa.

## Impact of COVID-19 on operations

Since the start of the COVID-19 pandemic, Urbanise took the following steps:

- Where necessary, operated offices remotely and provided support to staff
- Sales continued to provide software demonstrations via meeting platforms and travel increased recently as the local restriction were eased
- Implementations and training were delivered remotely and via meeting platforms
- Customer support and accounts were not impacted and continued delivering billing and collection
- All international travel suspended until safe to travel
- All domestic travel limited based on local government restrictions
- Updating risk management assessments and forecasts for potential scenarios

## Significant events after the balance sheet date

Other than as already noted in the financial statements, there have been no significant subsequent events in the affairs of the Group at the date of this report.

From the changes made to the operations and feedback from the clients, the group has not seen any material impact on the business from the COVID-19 pandemic.

## Ordinary shares, options and performance rights shares

### Share Options

#### Unissued shares

At the date of this report, nil ordinary shares were under option.

Option holders do not have any right, by virtue of the option or performance right shares, to participate in any share issue of the Company or any related body corporate.

<sup>1</sup> No debt other than annual insurance premium funding.

# Directors' Report

## Shares issued and exercised as a result of the exercise of options

Nil options were issued during the financial year 2022 (FY2021: nil) and nil options were on the company registers as of 30 June 2022 (FY2021: Nil).

## Performance rights

### Unissued shares

At the date of this report, there were 1,268,716 ordinary shares under performance rights. Refer to the Director's Remuneration Report for further details of the performance rights outstanding for Key Management Personnel (KMP) and Note 30 for further details of the performance rights shares outstanding.

Performance rights holders do not have any right, by virtue of the performance rights, to participate in any share issue of the Company or any related body corporate.

### Shares issued as a result of the performance rights

During the year 471,836 performance rights shares were issued (FY2021: 734,639 performance rights shares), 894,873 performance rights shares were exercised (FY2021: 548,039 performance rights shares) and 315,784 performance rights shares were forfeited (FY2021: 361,064).

## Indemnification of officers and auditors

The Group has entered into agreements to indemnify all the Directors and Officers against all liabilities to persons (other than the Group), which arise out of the Directors and Officers conduct unless the liability relates to conduct involving a lack of good faith or is otherwise prohibited by law. The Group has agreed to indemnify the Directors and Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

To the extent permitted by law, the Group has agreed to indemnify its auditors, A D Danieli Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify the Auditors during or since the financial year.

## Directors' meetings

The number of Directors' meetings (including meetings of Board Committees) and the number of meetings attended by each of the Directors of the Company held during the financial year are detailed in the following table:

Name	Directors' Meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Almero Strauss	6	6	5	5	-	-
Saurabh Jain <sup>(i)</sup>	3	3	-	-	-	-
Pierre Goosen	3	6	-	-	1	2
Tod McGrouther	6	6	5	5	2	2
Sam Cuccurullo	6	6	5	5	2	2
Simon Lee <sup>(ii)</sup>	6	6	5	5	2	2

(i) Ceased on 14 December 2021

(ii) Appointed on 28 June 2022 as Chief Executive Officer and Executive Director.

# Directors' Report

## Environmental, Social and Governance

Urbanise has taken a decision to expand its Environmental, Social and Governance (ESG) reporting and the Board recognises the importance of enhancing the Group's disclosures over time. Urbanise already has policies and strategies in place that minimise the environmental impact of our operations, promote social responsibility and demonstrate governance best practice.

As a growth technology company, Urbanise's global operations are primarily focused on software development delivered by a globally diverse workforce that is mostly employed on a full-time basis.

## Environmental

Our activities as a software developer result in a relatively low impact to the environment. Our key focus areas are summarised below:

### Software solutions

Urbanise's software solutions are primarily designed for the benefit of reducing cost and driving efficiency in the management of building assets. Our customers are facilities managers and strata managers who have direct and indirect responsibilities to reduce the environmental impact associated with managing residential, commercial and industrial buildings assets. Some of the key benefits of our products are:

- To minimise or replace the use of paper for our clients, except where paper copies are required under legislation;
- To assist our customers (directly and indirectly) to optimise energy consumption associated with the building assets they maintain; and
- To assist our customers to comply with various safety, environmental and labour legislation

### Development processes

Our software development processes and implementation services are executed with the use of computers and hosted servers. Most of our work can be performed remotely. As a result, we do not manufacture physical products or deliver services that rely on the use of raw materials or transport logistics. Our internal back-office processes, including maintaining books and records, invoicing and administration are 100% digitised and cloud-based.

## Energy consumption

The key areas of energy consumption managed by the group are as follows:

- Our team works from leased offices that all have a small square meter footprint. Our head office is located at 201 Miller Street, North Sydney which currently has a 5-star NABERS energy rating. Energy consumption mainly relates to the use of electricity to power our equipment and to heat/cool our global offices.
- Except for electricity consumption in our global offices, a significant portion of indirect energy consumption is through the data centres of Amazon Web Services (AWS), our cloud services platform provider. Supplier relationships are reviewed periodically to understand their environmental impact. An example of our drive for improvement within our supply chain is demonstrated by our largest supplier committing to progressing to the use of 100% renewable energy by 2030.

The Group is not exposed to any material regulatory risks because of climate change. The Group's operations are not subject to any significant environmental regulation under Commonwealth or State regulations or laws.

## Social

### People and Culture

People are critical to the Group and our customers success, and we prioritise the attraction and retention of key talent. This includes a focus on our team's wellbeing and their continuing career development.

Review processes are in place across the organisation to:

- Collate individual employee feedback on job satisfaction;
- Review the training and development requirements based on role-based competency considerations; and
- Enhance performance management

# Directors' Report

## Health, Safety and Well-Being

The Group's approach to ensuring health and safety includes the following commitments:

- We are committed to compliance with the applicable legislation of the countries in which we operate;
- All employees and those working on our behalf have a responsibility for their health and safety;
- We collate individual feedback from employees on their wellbeing on a regular basis;
- We foster a culture where all people, are held accountable for fulfilling their health and safety responsibilities; and
- We have a Group health and safety policy in place.

## Remuneration and reward

The Board closely reviews and monitors remuneration to ensure alignment to the retention objectives. Another key aspect of this program is our ongoing review of pay rates for roles and incentives across the organisation to ensure we maintain a close eye on relevant market rates and that remuneration packages are set accordingly.

The Group's remuneration policies and practices can be found in the remuneration report within the Directors' report below.

## Diversity and inclusion

Urbanise is an equal opportunity employer and continually seeks to maintain a culture of diversity and inclusion through several key approaches:

- Creating a workplace culture that embraces and respects diversity
- Developing diversity throughout the organisation
- Continuing to deliver transparent recruitment and remuneration processes
- Maintaining hybrid and flexible working practices

The gender split within Urbanise is shown in the table below:

	As at 30 June 2022	Average across FY2022
Male	68%	74%
Female	32%	26%

## Governance

### Overview

Overall governance is managed by the Board of Directors and their core responsibilities include the following key areas:

- Strategic direction, purpose and values
- Risk management and reporting
- Compliance with legislation and best practice
- Management composition and structures
- Remuneration setting
- KPI setting and performance management

# Directors' Report

## Policies

The following corporate compliance policies are in place and can be found on the Group's website:

- Corporate Governance Charter
- Corporate Governance Statement
- Statement of Values
- Audit & Risk Management Committee Charter
- Remuneration & Nomination Committee Charter
- Code of Conduct
- Urbanise Share Trading Policy
- Urbanise Whistle-Blower Policy
- Urbanise Shareholder Communication Policy
- Anti-Bribery Anti-Corruption Policy

## Board composition and reviews

The Board of Directors currently comprises five directors including two independent Directors and as at the Reporting Date is seeking to appoint a third independent Director. Each Director is on a 3-year rotation and is required to seek re-election at the end of this period.

The Board composition and its involvement in setting the direction of the business, is reviewed against the long-term strategy of the business. In addition, the Board has a skills matrix by which the Board in its entirety and its individuals are measured. The skills matrix is periodically updated by senior management and the Board, in response to the needs of the business and an annual self-assessment addressing key aspects of the operation of the Board is undertaken.

The Board administers governance through regular reports from management together with Board meetings as well as the operation of the Remuneration and Nomination Committee and the Audit and Risk Committee.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

## Non-audit services

The auditors were not engaged in any non-audit services for the financial year ended 30 June 2022.

## Proceedings on behalf of the Group

The Group has not applied for leave of court to bring any proceedings on its behalf.

# Directors' Report – Audited Remuneration Report

The prescribed details for each person covered by this report are detailed below under the following headings:

- Remuneration Report Overview
- Overview of Executive Remuneration
- Overview of Non-Executive Director Remuneration
- Statutory and Share-based Reporting
- Loans to Key Management Personnel
- Other Transactions with Key Management Personnel

## Remuneration Report Overview

The Directors of Urbanise.com Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the financial year ended 30 June 2022. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for Urbanise's key management personnel (KMP):

- Non-Executive directors (NEDs)
- Executive Directors and Senior Executives (collectively the Executives).

KMPs are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

**The table below outlines the KMP of the Group and their movements during FY2022:**

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### Non-Executive Directors

Almero Strauss	(Non-Executive Director – appointed 8 February 2017) (Executive Chairman – appointed 3 April 2018) (Non-Executive Chairman – 21 January 2019)
Pierre Goosen	(Non-Executive Director – appointed 3 April 2018)
Tod McGrouther	(Non-Executive Director – appointed 16 October 2018)
Sam Cuccurullo	(Non-Executive Director – appointed 4 March 2021)

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### Executive Director

Simon Lee	(Executive Director and Chief Executive Officer – appointed 28 June 2022)
Saurabh Jain	(Executive Director and Chief Executive Officer – appointed 21 January 2019 and ceased 14 December 2021)

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## Overview of Executive Remuneration

The Board policy for determining the nature and amount of key management personnel remuneration is agreed by the Board of Directors after review, approval and recommendation by the Remuneration and Nomination Committee.

The Board or the Remuneration and Nomination Committee may engage external consultants to provide independent advice where it considers it appropriate to ensure that the Group attracts and retains talented and motivated directors and employees who can enhance Group performance through their contributions and leadership. During the year ended 30 June 2022 neither the Board nor the Committee engaged any external consultants.

Compensation levels and structures for key management of the Group are competitively set to attract and retain appropriately qualified and experienced people, and to reward the achievement of strategic objectives and achieve the broader outcome of protecting and enhancing shareholder value. The compensation structure is designed to account for the capability and experience of key management and the ability of key management to control areas of their respective responsibilities.

# Directors' Report – Audited Remuneration Report

The principles used to determine the nature and amount of remuneration are as follows:

- a) Alignment to shareholder interests:
  - Controllable financial drivers of the business including annualised recurring revenue, total revenue, cost management, net profit, working capital, cash flow and operational drivers of the business including sales, market growth, risk and security, innovation, and product development; and
  - Remuneration is set at a level to attract and retain high calibre executives.
- b) Alignment to the key management interests:
  - Appropriate rewards for capability and experience;
  - Clear policies for earning rewards; and
  - Recognition for contribution.

The framework provides a mix of fixed pay and variable at risk incentives and a blend of short and long-term incentives. In relation to long-term incentives, as executive's contribution and term with Urbanise increase they can be rewarded by gaining exposure to growth in the value of the Group through access to the Employee Share Option Plan.

## Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee which provides recommendations to the Board on remuneration and incentive policies and practices. The Committee provides specific recommendations on remuneration packages and other terms of employment for Executive Directors, Executives and Non-Executive Directors. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Directors and Senior Executives on a periodic basis by reference to relevant employment market conditions with an overall objective of the retention of a high-quality Board and Executive team.

## Executive remuneration arrangements

For executives, the Group provides a remuneration package that incorporates both cash-based remuneration and share based remuneration. The contracts for service between the Group and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment thereby aligning executive and shareholder interests.

The following table outlines the summary terms of employment for the CEO and other executive KMP:

	Notice period by Executive	Notice period by Company	Termination Benefits
Simon Lee	3 months	3 months	Statutory benefits only

## Executive remuneration policies and structures

Executives are awarded with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy. Executives receive fixed remuneration and variable remuneration consisting of short-term and long-term incentive opportunities.

Executive remuneration levels are reviewed annually by the Remuneration and Nomination Committee with reference to the remuneration guiding principles and market movements. The structure of executive remuneration in FY2022 is comprised of the following elements:

- Fixed remuneration
- Variable remuneration, split between:
  - Short Term Incentives
  - Long Term Incentives

# Directors' Report – Audited Remuneration Report

## Elements of remuneration

### 1. Fixed remuneration

Fixed remuneration consists of base salary and superannuation and is designed to reward for:

- The scope of the executive's role
- The executive's skills, experience and qualifications
- Individual performance

It is set with reference to comparable roles in similar companies.

### 2. Variable remuneration

#### a) *Short-Term Incentives (STI)*

- The objective of the STI program is to link the achievement of personal Key Performance Indicators (KPI's) and the Group's annual financial and operational targets with the remuneration received by the Executives charged with meeting those targets.
- The total potential STI available is set at a level that provides sufficient reward to the Executive for exceeding the financial and operational targets and at such a level that the cost to the Group is reasonable in the circumstances.
- STI rewards are assessed annually and are usually paid in cash. Actual STI payments granted to each Executive depend on the extent to which specific personal Key Performance Indicators (KPI's) and annual financial and operational targets set at the beginning of the financial year are met or exceeded.

## Performance Criteria

- KPIs cover financial (annualised recurring revenue, total revenue, EBITDA, cash collections and working capital) and non-financial as a group, regional and product level performance. For each KPI, a target is set. The targets are set by the Remuneration and Nomination Committee and the Board for the year ahead.

#### b) *Long-Term Incentives (LTI)*

Long-Term Incentives are assessed annually and are usually awarded as performance rights. The performance rights are designed to align employee remuneration with the creation of shareholder value and improving cash flows over the long-term and enable the company to recruit and retain the talented people needed to achieve the Company's business objectives.

Executives are awarded an LTI in accordance with the Group's Employee Share Option Plan (ESOP). The number of performance rights granted is determined using the fair value at the date of grant, considering the terms and conditions upon which the performance rights were granted.

Executives are eligible to receive performance rights (one performance right equals one ordinary share in the company upon meeting the performance criteria). The performance rights vest over a 3-year period, dependent on continued employment with the company unless otherwise determined by the Board. The first year of vesting occurs one year after the performance targets have been achieved.

The treatment of vested and unexercised awards will be determined by the Board with reference to the circumstances of cessation. Performance rights do not vest until all vesting or performance criteria set at granting have been met in accordance with the terms and conditions of the ESOP. There are no voting or dividend rights attached to the performance rights. Voting rights will attach to the ordinary shares when the performance rights have been exercised. Unvested performance rights cannot be transferred and will not be quoted on the ASX. All performance rights expire on the earlier of their expiry date or subject to Directors' discretion.

## Performance Criteria

Performance criteria include the Group achieving revenue targets, cash flow targets and other financial targets as set by the Board. The performance criteria are set by the Remuneration and Nomination Committee and the Board for the year ahead.

# Directors' Report – Audited Remuneration Report

## LTI Schemes

- During FY2022, a resolution was passed by the Board to issue 471,836 performance rights to Urbanise employees. These performance rights are subject to performance criteria being achieved prior to vesting based on achieving Annualised Recurring Revenue, total revenue, EBITDA and cash targets.

These performance rights would vest in 3 equal tranches on 31 August 2023, 31 August 2024 and 31 August 2025, subject to the employees' (including Key Management Personnel) continued employment. There is no exercise price on these performance rights. Targets are subject to review post reporting date.

- During FY2021, a resolution was passed by the Board to issue 734,639 performance rights (11,019,579 performance rights prior to the share consolidation) to Urbanise employees. These performance rights are subject to performance criteria being achieved prior to vesting based on achieving Annualised Recurring Revenue, total revenue, EBITDA and cash targets.

These performance rights would vest in 3 equal tranches on 31 August 2022, 31 August 2023 and 31 August 2024, subject to the employees' (including Key Management Personnel) continued employment. There is no exercise price on these performance rights. Targets are subject to review post reporting date.

## Dividends

Executives are not eligible to receive dividends on unvested performance rights. Executives will receive dividends on vested performance rights.

## Overview of company performance

The table below sets out information about Urbanise.com Limited's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	FY2022	FY2021	FY2020	FY2019	FY2018
Revenue (\$m)	<b>13.0</b>	11.8	9.7	8.1	6.5
Sales revenue (\$m)	<b>12.7</b>	11.5	9.6	8.1	5.4
Profit / (loss) after tax (\$m)	<b>(5.9)</b>	(3.8)	(4.2)	(4.8)	(27.6)
EBITDA (\$m)	<b>(3.3)</b>	(2.9)	(2.4)	(3.5)	(25.2)
Operating cash flow (\$m)	<b>(2.8)</b>	(2.1)	(0.1)	(2.5)	(8.0)
Investing cash flow (\$m)	<b>(1.0)</b>	(1.1)	(1.2)	(0.7)	(0.8)
Share price (cents)	<b>60</b>	160	96	45	45

## Overview of Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the appropriate calibre.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a General Meeting.

The amount of aggregate remuneration and the way it is apportioned amongst Directors is reviewed annually.

The Board can access independent advice and industry benchmarks on fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. During the year no independent advice was obtained, however reference was made to public information.

NEDs receive fees only and do not participate in any performance-related incentive awards. NED fees reflect the demands and responsibilities of the directors.

NED fees consist of base fees. The Board fees payable to NEDs for FY2022 was in a range of \$36,000 to \$60,000 per year (inclusive of superannuation).

NEDs may be reimbursed for expenses reasonably incurred in attending to the Group's affairs.

### Maximum aggregate NED fee pool

NED fees are determined within an aggregate NED fee pool limit, which is periodically approved by shareholders. The - maximum aggregate amount that may be paid to NEDs for their services is \$250,000 during any financial year.

The Board will not seek an increase to the aggregate NED fee pool limit at the 2022 AGM.

# Directors' Report – Audited Remuneration Report

## Statutory and Share-based Reporting

### Executive KMP remuneration for the years ended 30 June 2022 and 30 June 2021

		Salary & fees	STI	Long service leave	Super-annuation	Termination payment	Performance rights and ordinary shares	Performance related	Total
Simon Lee <sup>(i)</sup>	2022	266,607	181,561 <sup>(i)</sup>	-	23,568	-	131,561 <sup>(ii)</sup>	52%	603,297
	2021	229,635	88,008	-	21,815	-	88,008	41%	427,466
S Jain <sup>(iii)</sup>	2022	223,214	-	-	13,381	219,420	-	0%	456,015
	2021	386,482	144,900	-	25,000	-	144,900	41%	701,282
Total executive KMP	2022	489,821	181,561	-	36,949	219,420	131,561	30%	1,059,312
	2021	616,117	232,908	-	46,815	-	232,908	41%	1,128,748

(i) Includes STI of \$101,561 subject to Board approval post reporting date and a one-off STI of \$80,000 for performing additional duties as interim CEO.

(ii) Includes LTI of \$101,561 subject to Board approval post reporting date and a one-off LTI of \$30,000 (or 50,000 in ordinary shares) for performing additional duties as interim CEO.

(iii) Ceased on 14 December 2021.

The following table outlines the proportion of maximum STI and LTI earned in relation to the FY2022 financial year.

	Maximum STI opportunity (% of fixed remuneration)	Maximum LTI opportunity (% of fixed remuneration)
S Lee	35%	35%

### NED remuneration for the years ended 30 June 2022 and 30 June 2021

		Director Fees	Allowances	Options and Performance Rights	Total
R Bate <sup>(i)</sup>	2022	-	-	-	-
	2021	30,000	-	-	30,000
S Cuccurullo <sup>(ii)</sup>	2022	60,000	-	-	60,000
	2021	15,000	-	-	15,000
P Goosen <sup>(iii)</sup>	2022	36,000	-	-	36,000
	2021	37,198	-	-	37,198
T McGrouther <sup>(iv)</sup>	2022	60,000	-	-	60,000
	2021	60,000	-	-	60,000
A Strauss <sup>(v)</sup>	2022	36,721	-	-	36,721
	2021	36,018	-	-	36,018
Total NED's	2022	192,721	-	-	192,721
	2021	178,216	-	-	178,216

(i) Appointed March 2014, retired April 2021.

(ii) Appointed March 2021.

(iii) Appointed April 2018.

(iv) Appointed October 2018.

(v) Appointed February 2017.

## Directors' Report – Audited Remuneration Report

### Options and performance rights awarded, vested and lapsed during the year

The table below discloses the number of share options and performance rights granted, vested or lapsed during the year. Share options or performance rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met.

### Options

No options were issued for both FY2022 and FY2021. Nil options remain on the company share register as of 30 June 2022 (Nil 30 June 2021)

### Performance rights issued to KMP

	Year	PR awarded during the year No	Award date	Fair price at award date \$	Vesting date	Exercise price	Expiry date	No Vested during year	Value of PR forfeited during year	Value of PR granted during the year	Value of PR exercised during the year
		24,087			31/08/23						
S Lee	2022	24,087	13/09/21	\$1.406	31/08/24	\$0.00	-	-	-	101,561	-
		24,086			31/08/25						
		36,427			31/08/23						
S Jain	2022	36,427	25/11/21	\$1.406	31/08/24	\$0.00	-	-	(153,594)	153,594	-
		36,427			31/08/25						

### Shares issued on exercise of performance rights to KMP during FY2022.

Date	No of shares issued	Paid per share dollar
31/08/21	345,261	\$0.00
14/12/21	149,003	\$0.00
<b>Total</b>	<b>494,264</b>	<b>\$0.00</b>

### Performance rights holdings of KMP

	Balance at 30 Jun 21	Granted	Forfeited / lapsed	Exercised	Balance at 30 Jun 22
<b>Executives</b>					
S Lee	266,043	72,260		(53,758)	284,545
H Venter <sup>(i)</sup>	100,000	-	-	(100,000)	-
S Jain <sup>(ii)</sup>	547,009	109,281	(315,784)	(340,506)	-
<b>Total</b>	<b>913,052</b>	<b>181,541</b>	<b>(315,784)</b>	<b>(494,264)</b>	<b>284,545</b>

(i) Ceased 24 May 2019. The performance rights were retained on departing the Group at the Board's discretion.

(ii) Ceased on 14 December 2021.

# Directors' Report – Audited Remuneration Report

## Shareholdings of KMP

	Balance at 1 Jul 21	Initial Interest	Awarded as compensation	Exercise of performance rights	Acquired	Balance at 30 Jun 22
Non-Executive Directors	Number	Number	Number	Number	Number	Number
T McGrouther <sup>(i)</sup>	441,413	-	-	-	-	441,413
P Goosen <sup>(ii)</sup>	15,376,235	-	-	-	-	15,376,235
A Strauss	200,000	-	-	-	66,000	266,000
S Cuccurullo	1,666	-	-	-	-	1,666
<b>Executives</b>						
S Lee	-	7,000	50,000	53,758	-	110,758
<b>Total</b>	<b>16,019,314</b>	<b>7,000</b>	<b>50,000</b>	<b>53,758</b>	<b>66,000</b>	<b>16,196,072</b>

(i) The shares are held by IFM Pty Ltd as trustee for the IFM Superannuation Fund. Mr McGrouther is a director of the trustee and beneficiary to the fund.

(ii) The shares are held by Argosy Capital Limited. Mr Goosen is the Managing Director of Argosy.

## Loans to Key Management Personnel

There were no loans issued to or from key management personnel during FY2022 (FY2021: nil).

## Other Transactions with Key Management Personnel

There were no other transactions with key management personnel during FY2022 (FY2021: nil) other than those already stated.

## Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors,



**Almero Strauss**  
Chairman

24<sup>th</sup> August 2022

# Auditor's Independence Declaration



## A D Danieli Audit Pty Ltd

Authorised Audit Company  
ASIC Registered Number 339233  
Audit & Assurance Services

Level 1 261 George Street  
Sydney NSW 2000  
PO Box H88  
Australia Square NSW 1215  
ABN: 56 136 616 610  
Ph: (02) 9290 3099  
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add3@addca.com.au  
Website:  
www.addca.com.au

**Auditor's Independence Declaration  
Under Section 307c of The Corporations Act 2001  
To the Directors of Urbanise.com Limited  
ABN 70 095 768 086  
And Controlled Entities**

I declare that, to the best of our knowledge and belief, during the year ended 30 June 2022, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the review.

**A D DANIELI AUDIT PTY LTD**

**Sam Danieli**

**Sydney, 24 August 2022**

Liability limited by a scheme approved under Professional Standards Legislation

# Corporate Governance Statement

The Board of Directors of Urbanise.com Limited (‘Urbanise’ or ‘the Company’) is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (“CGS”) in accordance with the 4th edition of the ASX Corporate Governance Council’s Principles and Recommendations under which the CGS may be made available on a Group’s website.

Accordingly, a copy of the Group’s CGS is available on the Urbanise website at [www.urbanise.com](http://www.urbanise.com) under the Corporate Governance section.

# Consolidated Statement of Comprehensive Income

for the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Revenue and other income</b>			
Revenue from contracts with customers	7	12,665,144	11,492,594
Other income	8	359,848	269,363
		<b>13,024,992</b>	11,761,957
<b>Less: expenses</b>			
Employee benefits and contractor costs	9	(11,326,279)	(10,161,110)
Depreciation and amortisation expenses	9	(1,984,417)	(1,810,155)
IT Subscription and licence cost		(2,684,332)	(2,143,622)
Occupancy cost		(139,609)	(125,854)
Professional fees	9	(603,638)	(637,477)
Travel costs		(211,258)	(163,368)
Cost of implementation and materials		(275,745)	(266,727)
Doubtful debt expense/impairment from expected credit loss	9	(139,013)	(118,909)
Advertising and promotion costs		(251,528)	(354,510)
Finance costs	9	(65,080)	(54,927)
Foreign exchange (loss)/gain	9	(898,996)	614,984
Other expenses		(341,033)	(389,299)
<b>Total Expenses</b>		<b>(18,920,928)</b>	(15,610,974)
Loss before tax		(5,895,936)	(3,849,017)
Income tax (expense)/benefit	10	-	-
<b>Net Loss for the year</b>		<b>(5,895,936)</b>	(3,849,017)
Other comprehensive income(loss), net of income tax			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		832,588	(669,523)
Other comprehensive income/(loss) for the year net of income tax		832,588	(669,523)
<b>Total comprehensive loss for the year</b>		<b>(5,063,348)</b>	(4,518,540)
Loss for the year attributable to:			
Owners of the parent		(5,895,936)	(3,849,017)
<i>Total comprehensive loss attributable to:</i>			
<i>Owners of the parent</i>		<b>(5,063,348)</b>	(4,518,540)
<b>Loss per share</b>			
From continuing operations:			
Basic (cents per share)	29	(10.47)	(7.20)
Diluted (cents per share)	29	(10.47)	(7.19)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

at 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
<b>Current assets</b>			
Cash and cash equivalents	22	<b>3,970,135</b>	7,819,705
Trade receivables <sup>(i)</sup>	11	<b>1,404,822</b>	1,472,769
Contract assets <sup>(i)</sup>	11	<b>140,681</b>	93,603
Other assets <sup>(ii)</sup>	12	<b>193,625</b>	204,327
Prepayments <sup>(ii)</sup>	12	<b>375,324</b>	302,695
<b>Total current assets</b>		<b>6,084,587</b>	9,893,099
<b>Non-current assets</b>			
Property, plant and equipment	13	<b>167,894</b>	239,119
Intangible assets <sup>(iii)</sup>	14	<b>4,151,776</b>	4,812,373
Right of use assets <sup>(iii)</sup>	20	<b>623,584</b>	915,571
Goodwill	15	<b>4,786,480</b>	4,786,480
Other assets	12	<b>127,348</b>	127,348
<b>Total non-current assets</b>		<b>9,857,082</b>	10,880,891
<b>Total assets</b>		<b>15,941,669</b>	20,773,990
<b>Current liabilities</b>			
Trade and other payables	17	<b>1,879,769</b>	1,991,159
Provisions	18	<b>787,292</b>	722,242
Deferred revenue	7	<b>2,426,137</b>	2,449,351
Lease Liabilities	18	<b>199,227</b>	207,462
<b>Total current liabilities</b>		<b>5,292,425</b>	5,370,214
<b>Non-current liabilities</b>			
Deferred revenue	7	<b>662,670</b>	373,585
Provisions	18	<b>16,096</b>	7,015
Lease Liabilities	18	<b>424,357</b>	708,109
<b>Total non-current liabilities</b>		<b>1,103,123</b>	1,088,709
<b>Total liabilities</b>		<b>6,395,548</b>	6,458,923
<b>Net assets</b>		<b>9,546,121</b>	14,315,067
<b>Equity</b>			
Issued capital and contributed equity	19	<b>107,768,805</b>	107,109,440
<b>Employee share reserve</b>	19	<b>456,619</b>	1,342,591
Foreign currency translation reserve	19	<b>(58,182)</b>	(890,770)
Accumulated losses		<b>(98,621,121)</b>	(93,246,194)
<b>Total equity</b>		<b>9,546,121</b>	14,315,067

(i) Trade receivables and Contract assets were previously reported in the FY2021 financial accounts as combined Trade and other receivables.

(ii) Other assets and Prepayments were previously reported in the FY2021 financial accounts as combined Other assets.

(iii) Intangibles and Right of use assets were previously reported in the FY2021 financial accounts as combined Intangible Assets.

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes In Equity

for the year ended 30 June 2022

	Note	Issued capital and contributed equity \$	Employee share reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2020</b>		<b>100,103,922</b>	<b>1,118,989</b>	<b>(221,247)</b>	<b>(89,397,177)</b>	<b>11,604,487</b>
Profit/(loss) for the period		-	-	-	(3,849,017)	(3,849,017)
Foreign currency reserve		-	-	(669,523)	-	(669,523)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(669,523)</b>	<b>(3,849,017)</b>	<b>(4,518,540)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Conversion of performance rights		462,382	(462,382)	-	-	-
Conversion of options		1,147	(1,147)	-	-	-
Recognition of share-based payments	30	-	687,131	-	-	687,131
Cost of rights issue	19	(258,011)	-	-	-	(258,011)
Rights issue	19	6,800,000	-	-	-	6,800,000
<b>Transactions with owners in their capacity as owners for the period</b>		<b>7,005,518</b>	<b>223,602</b>	<b>-</b>	<b>-</b>	<b>7,229,120</b>
<b>Balance at 30 June 2021</b>		<b>107,109,440</b>	<b>1,342,591</b>	<b>(890,770)</b>	<b>(93,246,194)</b>	<b>14,315,067</b>
Profit/(loss) for the period		-	-	-	(5,895,936)	(5,895,936)
Foreign currency reserve		-	-	832,588	-	832,588
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>832,588</b>	<b>(5,895,936)</b>	<b>(5,063,348)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Conversion of performance rights		629,365	(629,365)	-	-	-
De-recognition of share-based payments		-	(521,009)	-	521,009	-
Recognition of share-based payments	30	30,000	264,402	-	-	294,402
<b>Transactions with owners in their capacity as owners for the period</b>		<b>659,365</b>	<b>(885,972)</b>	<b>-</b>	<b>521,009</b>	<b>294,402</b>
<b>Balance at 30 June 2022</b>		<b>107,768,805</b>	<b>456,619</b>	<b>(58,182)</b>	<b>(98,621,121)</b>	<b>9,546,121</b>

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		13,590,445	11,997,138
Payments to suppliers and employees		(16,689,665)	(14,379,416)
R&D Tax refund & Government Incentive		351,886	300,830
Interest		(65,080)	(54,348)
Net cash used in operating activities	23	(2,812,414)	(2,135,796)
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(95,539)	(142,312)
Payments for intangible assets		(929,517)	(961,683)
Net cash used in investing activities		(1,025,056)	(1,103,995)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	19	-	6,800,000
Payments for share issue costs	19	-	(258,011)
Net cash provided by financing activities		-	6,541,989
Net increase/(decrease) in cash and cash equivalents		(3,837,470)	3,302,198
Cash and cash equivalents at the beginning of the period		7,819,705	4,544,820
Effect of movement in exchange rates on cash balances		(12,100)	(27,313)
<b>Cash and cash equivalents at the end of the period</b>		<b>3,970,135</b>	<b>7,819,705</b>

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

for the year ended 30 June 2022

## 1. Corporate information

### General information

The consolidated financial statements of Urbanise.com Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 24th August 2022.

Urbanise.com Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The addresses of its registered office and principal place of business are disclosed in the corporate information section. The principal activities of the Company and its subsidiaries are the development and commercialisation of intellectual property associated software licensing and consulting services. Further information on the nature of the operations and principal activities of the Group is provided in the Directors' report.

## 2. Significant accounting policies

### Basis of preparation

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars, except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

The consolidated financial statements provide comparative information in respect of the previous period.

### Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### Summary of significant accounting policies

#### (a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed of operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### (b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### (c) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### (d) Revenue from contracts with customers

The Group is in the business of developing and licencing software and providing support and implementation services. Revenue from contracts with customers is recognised when the benefit of services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring the benefit to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### Platform licence

The Group's hosted Software-as-a-Service ("SaaS") application, which allows customers to use hosted software over the contract period without taking possession of the software, is provided on a subscription basis, and recognised over time (rateably over the contract period) on a straight-line basis, because the customer simultaneously receives and consumes the benefits, commencing on the date an executed contract exists and the customer has the right-to-use and access to the platform.

Payment credit terms range from 14 to 60 days upon invoice date. Throughout the contract, Urbanise has an enforceable right to payment for performance to date.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated based on their standalone selling price ("SSP"). In determining the transaction price for each performance obligation, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

#### (i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for providing access to the software to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### (ii) Volume discounts

Revenue is constrained and the Group provides volume discounts to certain customers once the quantity of licences purchased during the period exceeds a threshold specified in the contract. The Group has certain contracts whereby the license fee changes based on a tiered pricing schedule. In these contracts, any variable consideration (lower prices for increased volumes), is allocated to the period in which the revenue relates.

Variable consideration is constrained and the group does not estimate this variable consideration in advance of the variability being resolved as the incremental fees attributable to additional volumes are recognised in the reporting period when the new volumes are activated.

### Professional services

Professional services are typically billed on a time and material basis and revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the performance obligation, as the services are performed. For professional services contracts billed on a fixed price basis, revenue is recognised over time based on the proportion of services performed.

The Group recognises revenue from professional services over time, using an input method based on hours incurred to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers or self-delivered by the customer.

#### (e) Contract balances

##### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) Financial instruments – initial recognition and subsequent measurement.

##### Deferred revenue

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Deferred revenue is recognised as revenue when the Group performs under the contract.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for license fees and professional services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits) because the amortisation period of the asset that the Group otherwise would generally have used is twelve months based on the minimum contract term.

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### (f) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount at initial recognition.

### (g) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### (h) Income tax

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Uncertainty over Income Tax treatments

The Group assesses the tax position for the financial year ended and considers:

- Where there is uncertainty over a tax treatment, or group of tax treatments, whether it is likely that the proposed tax treatment to be included in the entity's tax return would be accepted by the appropriate authority (usually the Australian Taxation Office).
- In determining the likelihood of acceptance of any particular treatment, the Group will assume that the tax authority will perform an examination of all amounts that it has the right to examine, and that this examination will have full access to, and knowledge of, all books, records and other relevant information. In other words, financial statements cannot be prepared on an assumption that the tax authority may fail to detect an inappropriate tax treatment.
- Where it is considered probable that the proposed tax treatment will be accepted by the tax authority, the financial statements should be prepared upon this basis.
- Where it is considered not probable that the proposed tax treatment will be accepted by the tax authority, the Group must choose one of two methods, based on which is considered to give a better prediction of the resolution of the matter:
  - make an estimate of the most likely outcome in terms of tax treatment and recognise the current and deferred tax payable based on that estimate.
  - make an estimate of the expected value of the tax treatment, for example where there is a range of potential outcomes. The Group will assess the likelihood of each of them and calculate a probability-weighted average value based on this assessment.
- The Group will reassess these estimates and update them for each financial reporting period, based on whether there has been any change to the relevant facts and circumstances.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

The Group has assessed the tax position for the financial year ended 30 June 2022 and based on the carrying value of the financial losses from prior years, the Directors have assessed and have determined that there is no material uncertainty over Income Tax treatments.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date where recognised during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Australian Tax consolidation legislation

Urbanise.com Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2014 for Mystrata Holdings Pty Limited and 1 July 2015 for Mystrata Pty Limited.

The head entity, Urbanise.com Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

In addition to its own current and deferred tax amounts, Urbanise.com Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

### Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

### (i) Foreign currency

#### Functional and presentation currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss respectively).

#### Foreign subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### (j) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### (k) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 4).

The depreciation rates used for each class of assets are:

Class of assets	Useful life	Depreciation method
Other plant and equipment	1 - 5 years	Straight line
Leasehold improvements	The shorter of the useful life or the remaining term of the lease	Straight line

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### Product development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Together with management, the Board of Directors assess expenditure by product against the above criteria on an ongoing basis. Where expenditure does not meet the above criteria then no further expenditure will be capitalised for the product until the above criteria are met and the expenditure meets the accounting requirements for recognition as a capitalised development asset.

Costs capitalised include direct payroll and payroll related costs of employees' time spent on the software development projects.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

### Intellectual Property

Intellectual property acquired separately is measured on initial recognition at cost. The cost of intellectual property acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intellectual property is carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intellectual property is not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

### Goodwill

Goodwill is initially measured at the excess over the aggregate of the consideration transferred, the fair value (or proportionate share of net assets value) of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

### Trademarks

Trademarks acquired separately are measured on initial recognition at cost. The cost of trademarks acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, trademarks are carried at cost and not amortised. Internally generated trademarks are not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

### Customer relationships

Customer relationships acquired separately is measured on initial recognition at cost. The cost of customer relationships acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, customer relationships are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated customer relationships are not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### Software

Software acquired separately is measured on initial recognition at cost. The cost of software acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, software is carried at cost less any accumulated amortisation and accumulated impairment losses.

The amortisation rates used for each class of assets are:

Class of assets	Useful life	Amortisation method
Software	1 – 5 years	Straight line
Intellectual Property	7 years	Straight line
Product Development Costs	7 years	Straight line
Trademarks	0 – 7 years	Straight line
Customer Relationships	7 years	Straight line
Goodwill	NA	Impairment tested

The Group reviews the useful lives, amortisation method and estimated residual value of all intangible assets at the end of each reporting period.

### (m) Impairment of tangible and intangible assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Property, plant and equipment Note 13
- Intangible assets Note 14

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit and loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### (n) AASB 16 leases

AASB 16 requires a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

The right of use asset and lease liability are recorded on the balance sheet in respect of the Group's portfolio of property leases, currently accounted for as operating leases.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group has analysed all their leases and has determined that the appropriate interest rate to calculate the net present value due to the adoption of AASB 16 would be the incremental borrowing rate. Currently, all right-of-use assets are calculated based on an interest rate of 7.70% p.a. (FY2021: 6.95%).

Right-of-use assets are measured at present value comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

### (o) Borrowing costs

Borrowing costs directly attributable to the acquisition or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### (p) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in section (d) Revenue from contracts with customers.

For a financial asset that is a debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

### Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Trade receivables including contract assets Note 11

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Based on historical experience, the Group considers a financial asset is in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### (ii) Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

### (iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (q) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### (r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:

- i. there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
- ii. the employees affected have been notified of the plan's main features.

### Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### (s) Employee benefits

#### Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### Long-term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled wholly within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

### Retirement benefit obligations

The Group makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

### Short term incentive plan

The Group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

### Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The Group recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 30.

That cost is recognised in employee benefits expense (Note 9), together with a corresponding increase in equity (Employee share option reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 29).

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 2. Significant accounting policies (continued)

### (t) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount at initial recognition.

### (u) Earnings/loss per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### (v) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

### (w) Rounding of amounts

The parent entity and the Group have applied the relief available under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly, amounts in the consolidated financial statements have been rounded off to the nearest dollar.

## 3. Changes in accounting policies and disclosures

As at 30 June 2022, the Group has adopted the accounting standards as required under AASB.

## 4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### a. Going concern

The consolidated financial statements have been prepared on the going concern basis which assumes the Group will have sufficient cash to pay its debts as and when they become payable for a period of at least 12 months from the date the financial report was authorised for issue.

For the financial year ended 30 June 2022, the Group produced a Net Loss After Tax (NLAT) of \$5,895,936. The Group has net assets of \$9,546,121 at reporting date inclusive of cash reserves of \$3,970,135 with no external debt or borrowings.

The Group has prepared a three-year cash flow forecast based on its current level of expenditure which indicates that the Group will not require an improved cash flow position within the next 12 months to meet its forecast net outgoings.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 4. Significant accounting judgements, estimates and assumptions (continued)

The key assumptions underpinning the three-year forecast are:

- Revenue: The ARR at June 22 and then added all the known and relatively certain changes and conservative growth in existing client and new client revenues.
- Employee cost based on current level of employees plus additional staff as identified in the budget, adjusted for annual increases. Employee costs include casual labour costs that will vary based on development activity. It is expected that these casual labour costs can be flexed up and down by the Group based on availability of funds.
- Other expenses based on current expense base with escalations.
- Working capital changes: This includes receipts from increases or decreases to debtors and deferred revenue based on increases or decreases to sales of the prior period and changes to payables.

### Result

It is forecasted that Urbanise has enough cash on hand to fund the business at the forecasted levels of revenue and cost. The forecast is dependent on:

- Forecasted sales being realised
- Cost base not materially increasing or the Group's ability to reduce casual labour costs in a timely manner
- No unusual or unexpected cash outflow higher than the current levels
- Timing of cash inflows not delayed
- Achieving working capital improvements

The forecast assumes revenue growth based on recent years, sensitised for potential impacts from delayed sales. Cost growth is modelled to reflect a relatively fixed base of operating costs.

Successfully executing the above strategies are material to the Group's ability to continue as a going concern. The directors are confident that they will be able to achieve the Group's projected cash flow to ensure that the Group meet its minimum expenditure commitments and support its planned level of overhead expenditures, and therefore that it is appropriate to prepare the financial statements on the going concern basis.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unable to achieve its cash flows with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

### b. Revenue from contracts with customers

Contracts with customers often include promises to deliver multiple products and services. Determining whether such bundled products and services are considered:

- distinct performance obligations that should be separately recognised, or
- non-distinct and therefore should be combined with another good or service and recognised as a combined unit of accounting may require significant judgment.

In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers or self-delivered by the customer.

The determination of stand-alone selling prices for distinct performance obligations can also require judgment and estimates. The Group allocates the transaction price based on the relative stand-alone selling prices of the platform licence and activation fees and professional services.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 4. Significant accounting judgements, estimates and assumptions (continued)

### Identifying performance obligations

The Group provides professional services that are either sold separately or bundled together with the sale of licenses to a customer. The professional services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determines that both the professional services and licenses are capable of being distinct. The fact that the Group regularly sells both professional services and licenses on a stand-alone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the licenses and to provide professional services are distinct within the context of the contract. The licenses and professional services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the license and professional services together in this contract do not result in any additional or combined functionality. Consequently, the Group allocates a portion of the transaction price to the licences and the professional services based on relative stand-alone selling prices.

### Determining the timing of satisfaction of professional services

The Group determined that the input method is the best method in measuring progress of the professional services because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

### c. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16.

### Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information, based on the economic conditions of the geography it operates in. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 11.

### d. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or performance right, volatility and dividend yield and making assumptions about them.

The calculation of the fair value of options and performance rights issued requires significant estimates to be made with regards to several variables such as volatility, dividend policy and the probability of options / performance rights reaching their vesting period. The Group measures the cost of equity settled share-based payments at fair value at the grant date using an appropriate valuation model, considering the terms and conditions upon which the instruments were granted and expected vesting period.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 4. Significant accounting judgements, estimates and assumptions (continued)

### e. Development costs

The Group capitalises costs for product development projects where the requirements meet the accounting definition for developments as outlined in Note 2I.

Capitalised development costs have a finite life and are amortised on a systematic basis over the period beginning in the year following capitalisation and cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Costs capitalised include direct payroll and payroll related costs of employees' time spent on the software development projects. During the year the Group capitalised \$929,517 (FY2021: \$961,384) of development costs.

In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30 June 2022, the carrying amount of capitalised development costs was \$3,271,202 (FY2021: \$3,064,103).

Following review by the Directors at 30 June 2022, it has been determined that the Strata product has reached a stage of maturity where current development focus on improving the Strata product, and the future expenditure will not be likely to lead to substantial improvements in the product or generate future economic benefits. As such, the future expenditure will not meet the accounting standards necessary to be capitalised as development costs and from 1 July 2022 will be expensed in the year in which they occur. Amounts capitalised for the Strata product up to 30 June 2022 will continue to be amortised.

### f. Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of current, long service leave and gratuity at 30 June 2022:

- Future increases in wages and salaries;
- Future on-cost rates;
- Experience of employee departures; and
- Experience of employee annual leave taken in relevant period.

## 5. Accounting Standards issued but not yet effective

There are no standards or amendments that have been issued but are not yet effective that are expected to have a significant impact on the Group.

The Group has not adopted, and currently does not anticipate adopting any standards prior to their effective dates.

## 6. Segment information

For management purposes, the Group is organised into business units based on its 3 geographical regions as follows:

### Geographies

- APAC - Australia, New Zealand and Asia
- E/ME - Middle East and Europe
- Africa - South Africa and rest of Africa

No operating segments have been aggregated to form the above reportable operating segments. Each operating segment includes professional service and licence and activation fees.

The Executive Management is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 6. Segment information (continued)

### Revenue and results

The following is an analysis of the Group's revenue and results by reportable operating segments for the periods under review:

Revenue by geography	2022 \$	2021 \$
APAC	9,500,851	8,880,234
E/ME	2,958,064	2,268,460
Africa	206,229	343,900
<b>Total revenue of all segments</b>	<b>12,665,144</b>	<b>11,492,594</b>

### Segment results

Continuing operations	2022 \$	2021 \$
APAC	(3,648,997)	(2,820,245)
E/ME	1,489,404	921,845
Africa	(818,799)	(732,063)
<b>Total of all segments</b>	<b>(2,978,392)</b>	<b>(2,630,463)</b>
Depreciation and amortisation	(1,984,417)	(1,810,155)
Finance cost	(65,080)	(54,927)
Other corporate revenue	359,848	269,363
Impairment reversal of trade receivables	(139,013)	(118,909)
Interest income	-	-
Other	(1,088,882)	496,074
<b>Profit/(loss) after tax</b>	<b>(5,895,936)</b>	<b>(3,849,017)</b>

The assets and liabilities of the Group collaboratively support the various segment revenues generated by the Group.

The revenue reported above represents the revenue generated from external customers. Segment result represents the profit or loss incurred by each segment without the allocation of interest income, finance costs, depreciation and amortisation, foreign exchange gain/loss and impairment. General and administrative costs including employee costs for the senior leadership team have not been allocated between regions and are included within the region where they are employed, mainly APAC. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The amount of total external revenue derived from major customers where each contract's revenue is greater than 10% of total revenue is \$3.76 million (FY2021: \$3.27 million).

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 7. Revenue from contracts with customers

### Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Type of good or service	For the year ended 30 June 2022				
	Strata	Facilities	Utilities	Other	Total
Platform licence and activation fee	7,031,064	3,920,998	38,764	-	10,990,826
Professional services	631,552	1,041,266	-	-	1,672,818
Other Revenue	-	-	-	1,500	1,500
<b>Total revenue from contracts with customers</b>	<b>7,662,616</b>	<b>4,962,264</b>	<b>38,764</b>	<b>1,500</b>	<b>12,665,144</b>

	For the year ended 30 June 2021				
	Strata	Facilities	Utilities	Other	Total
Platform licence and activation fee	5,762,326	3,294,003	37,173	-	9,093,502
Professional services	829,201	1,555,963	907	-	2,386,071
Other Revenue	-	-	-	13,021	13,021
<b>Total revenue from contracts with customers</b>	<b>6,591,527</b>	<b>4,849,966</b>	<b>38,080</b>	<b>13,021</b>	<b>11,492,594</b>

Geographical markets	For the year ended 30 June 2022				
	Strata	Facilities	Utilities	Other	Total
APAC	5,540,405	3,958,946	-	1,500	9,500,851
E/ME	2,010,320	947,744	-	-	2,958,064
Africa	111,891	55,574	38,764	-	206,229
<b>Total revenue from contracts with customers</b>	<b>7,662,616</b>	<b>4,962,264</b>	<b>38,764</b>	<b>1,500</b>	<b>12,665,144</b>

	For the year ended 30 June 2021				
	Strata	Facilities	Utilities	Other	Total
APAC	4,833,299	4,033,914	-	13,021	8,880,234
E/ME	1,543,392	725,068	-	-	2,268,460
Africa	214,836	90,984	38,080	-	343,900
<b>Total revenue from contracts with customers</b>	<b>6,591,527</b>	<b>4,849,966</b>	<b>38,080</b>	<b>13,021</b>	<b>11,492,594</b>

Timing of revenue recognition	For the year ended 30 June 2022				
	Strata	Facilities	Utilities	Other	Total
Goods transferred at a point in time	-	-	-	-	-
Services transferred over time	7,662,616	4,962,264	38,764	1,500	12,665,144
<b>Total revenue from contracts with customers</b>	<b>7,662,616</b>	<b>4,962,264</b>	<b>38,764</b>	<b>1,500</b>	<b>12,665,144</b>

	For the year ended 30 June 2021				
	Strata	Facilities	Utilities	Other	Total
Goods transferred at a point in time	-	-	-	-	-
Services transferred over time	6,591,527	4,849,966	38,080	13,021	11,492,594
<b>Total revenue from contracts with customers</b>	<b>6,591,527</b>	<b>4,849,966</b>	<b>38,080</b>	<b>13,021</b>	<b>11,492,594</b>

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 7. Revenue from contracts with customers (continued)

### Contract balances

	For the year ended 30 June 2022				
	Strata	Facilities	Utilities	Other	Total
Trade receivables	1,203,842	393,514	-	-	1,597,356
Contract assets	62,493	78,188	-	-	140,681
Current deferred revenue	1,495,631	930,506	-	-	2,426,137
Non-current deferred revenue	-	662,670	-	-	662,670

	For the year ended 30 June 2021				
	Strata	Facilities	Utilities	Other	Total
Trade receivables	792,580	738,504	93	-	1,531,177
Contract assets	34,082	59,521	-	-	93,603
Current deferred revenue	1,632,988	816,363	-	-	2,449,351
Non-current deferred revenue	-	373,585	-	-	373,585

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days.

Deferred revenue includes license revenue received in advance as well as transaction price allocated to professional services not yet completed. The remaining consideration under contracts is variable and is constrained.

Set out below is the amount of revenue recognised from:

	2022 \$	2021 \$
Amount included in deferred revenue at the beginning of the year	2,822,936	2,637,119

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

Deferred revenue	2022 \$	2021 \$
Current	2,426,137	2,449,351
Non-current	662,670	373,585
<b>Total</b>	<b>3,088,807</b>	<b>2,822,936</b>

## 8. Other Income

	2022 \$	2021 \$
<b>Other income</b>		
Research and development tax refund	351,560	251,330
Other <sup>(i)</sup>	8,288	18,033
<b>Total other income</b>	<b>359,848</b>	<b>269,363</b>

(i) Other income relates to account setup fees from a third-party platform.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 9. Expenses

	2022 \$	2021 \$
<b>Expenses</b>		
<b>Employee benefits expense</b>		
Share-based payments	294,402	687,131
Contractors	427,809	522,306
Employee remuneration	10,604,068	8,951,673
<b>Total employee benefits and contractor cost</b>	<b>11,326,279</b>	<b>10,161,110</b>
<b>Depreciation and amortisation expenses</b>		
<b>Depreciation</b>		
Other plant and equipment	166,370	131,665
Leasehold improvement	393	4,214
<b>Total depreciation</b>	<b>166,763</b>	<b>135,879</b>
<b>Amortisation</b>		
Intellectual property	793,599	793,599
Development	722,418	585,691
Trademarks	-	-
Customer relationships	32,471	35,424
Software	41,626	38,062
Right of use assets	227,540	221,500
<b>Total amortisation</b>	<b>1,817,654</b>	<b>1,674,276</b>
<b>Total depreciation and amortisation</b>	<b>1,984,417</b>	<b>1,810,155</b>
<b>Professional fees</b>		
Accounting, Audit and tax	165,305	144,372
Legal fees	42,546	54,681
Listed company compliance	131,682	177,918
Consultants	264,105	260,506
<b>Total professional fees expense</b>	<b>603,638</b>	<b>637,477</b>
<b>Doubtful debt expenses</b>		
Doubtful debt expenses	139,013	118,909
<b>Total Doubtful debt expenses</b>	<b>139,013</b>	<b>118,909</b>
<b>Finance costs</b>		
Interest expense	65,080	54,927
<b>Total finance costs</b>	<b>65,080</b>	<b>54,927</b>
<b>Foreign exchange gain/(loss)</b>		
Realised foreign exchange gain/(loss)	(2,813)	38,294
Unrealised foreign exchange gain/(loss)	(896,183)	576,690
<b>Foreign exchange gain/(loss)</b>	<b>(898,996)</b>	<b>614,984</b>

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 10. Income taxes

	2022 \$	2021 \$
<b>Income tax</b>		
<b>(a) Components of tax expense</b>		
Current tax	-	-
Deferred tax	-	-
Derecognition of temporary differences	-	-
Under/(over) provision in prior years	-	-
<b>Total tax (benefit)/expense</b>	<b>-</b>	<b>-</b>
<b>(b) Prima facie tax payable</b>		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Accounting loss before income tax	<b>(5,895,936)</b>	(3,849,017)
<b>Income tax benefit calculated at 25.0% (FY2021: 26.0%)</b>	<b>(1,473,984)</b>	(1,000,744)
<b>Add tax effect of:</b>		
Non-deductible items	<b>247,692</b>	23,575
R&D eligible expenditure	<b>(87,890)</b>	(65,346)
Non-recognition of deferred tax assets on current year losses	<b>899,945</b>	889,629
Effect of foreign tax rates	<b>414,237</b>	152,886
<b>Income tax expense/(benefit) attributable to profit</b>	<b>-</b>	<b>-</b>
<b>(c) Deferred tax assets not brought to account</b>		
Foreign entity tax losses	<b>3,083,719</b>	2,594,621
Operating tax losses	<b>14,700,219</b>	14,115,211
Temporary differences - Australia	<b>1,987,980</b>	1,700,602
<b>Total deferred tax assets not brought to account</b>	<b>19,771,918</b>	18,410,434

Management assessed deferred tax assets and liabilities for the reporting period 30 June 2022 and their recoverability based on the forecasted taxable profit over five years. Management deemed it is appropriate not to recognise deferred tax assets and liabilities due to uncertainty on whether those assets and liabilities would be utilised against future profits generated in Australia, South Africa and Bulgaria.

Tax losses carried forward from 30 June 2021 along with tax losses incurred for the period ended 30 June 2022 have not been recognised. Deferred tax assets from temporary differences have been recognised and offset against deferred tax liabilities from temporary differences resulting in \$nil net deferred tax asset or deferred tax liability being recognised (FY2021: \$nil).

Management will assess this position at each reporting period. Deferred tax assets have been recognised only to the extent to offset deferred tax liabilities.

### Tax consolidation

Urbanise.com Limited and its 100% owned Australian resident subsidiaries Mystrata Holdings Pty Limited and Mystrata Pty Limited have implemented the tax consolidation legislation. The accounting policy for the implementation of the tax consolidation legislation is set out in Note 1.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 11. Trade receivables, other receivables and contract assets

	2022 \$	2021 \$
<b>Total trade receivables</b>		
Trade receivables	1,597,356	1,531,177
Doubtful debt provision	(192,534)	(58,408)
<b>Total trade receivables</b>	<b>1,404,822</b>	<b>1,472,769</b>

Summary of trade receivables for the year ended 30 June 2022:

	APAC	E/ME	Africa	Group
<b>Age of trade receivables</b>				
Current	426,707	417,362	9,318	853,387
31-60 days	110,729	110,408	7,483	228,620
61-90 days	62,525	22,567	6,454	91,546
90+days	203,783	191,790	28,230	423,803
<b>Total</b>	<b>803,744</b>	<b>742,127</b>	<b>51,485</b>	<b>1,597,356</b>
<b>Age of doubtful debt provision</b>				
Current	-	-	-	-
31-60 days	(1,674)	-	-	(1,674)
61-90 days	(3,516)	-	-	(3,516)
90+days	(126,808)	(55,397)	(5,139)	(187,344)
<b>Total</b>	<b>(131,998)</b>	<b>(55,397)</b>	<b>(5,139)</b>	<b>(192,534)</b>
<b>Age of trade receivables net of doubtful debt provision</b>				
Current	426,707	417,362	9,318	853,387
31-60 days	109,055	110,408	7,483	226,946
61-90 days	59,009	22,567	6,454	88,030
90+days	76,975	136,393	23,091	236,459
<b>Total</b>	<b>671,746</b>	<b>686,730</b>	<b>46,346</b>	<b>1,404,822</b>
<b>Age of trade receivables net of doubtful debt provision %</b>				
Current	30.3%	29.7%	0.7%	60.7%
31-60 days	7.8%	7.9%	0.5%	16.2%
61-90 days	4.2%	1.6%	0.5%	6.3%
90+days	5.5%	9.7%	1.6%	16.8%
<b>Total</b>	<b>47.8%</b>	<b>48.9%</b>	<b>3.3%</b>	<b>100.0%</b>

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 11. Trade receivables, other receivables and contract assets (continued)

Summary of trade receivables for the year ended 30 June 2021:

	APAC	E/ME	Africa	Group
<b>Age of trade receivables</b>				
Current	728,932	533,771	14,351	1,277,054
31-60 days	29,725	14,694	7,962	52,381
61-90 days	19,940	19,011	5,879	44,830
90+days	79,977	68,378	8,557	156,912
<b>Total</b>	<b>858,574</b>	<b>635,854</b>	<b>36,749</b>	<b>1,531,177</b>
<b>Age of doubtful debt provision</b>				
Current	-	-	-	-
31-60 days	-	-	-	-
61-90 days	-	-	-	-
90+days	(37,995)	(20,413)	-	(58,408)
<b>Total</b>	<b>(37,995)</b>	<b>(20,413)</b>	<b>-</b>	<b>(58,408)</b>
<b>Age of trade receivables net of doubtful debt provision</b>				
Current	728,932	533,771	14,351	1,277,054
31-60 days	29,725	14,694	7,962	52,381
61-90 days	19,940	19,011	5,879	44,830
90+days	41,982	47,965	8,557	98,504
<b>Total</b>	<b>820,579</b>	<b>615,441</b>	<b>36,749</b>	<b>1,472,769</b>
<b>Age of trade receivables net of doubtful debt provision %</b>				
Current	49.5%	36.2%	1.0%	86.7%
31-60 days	2.1%	1.0%	0.5%	3.6%
61-90 days	1.3%	1.3%	0.4%	3.0%
90+days	2.8%	3.3%	0.6%	6.7%
<b>Total</b>	<b>55.7%</b>	<b>41.8%</b>	<b>2.5%</b>	<b>100.0%</b>
<b>Movement in the doubtful debts provision</b>				
<b>At 30 June 2020</b>				<b>170,068</b>
Expected doubtful debts (expensed)				118,909
Utilised during period				(230,569)
<b>At 30 June 2021</b>				<b>58,408</b>
Expected doubtful debts (expensed)				139,013
Utilised during period				(4,887)
<b>At 30 June 2022</b>				<b>192,534</b>
			<b>2022</b>	<b>2021</b>
			<b>\$</b>	<b>\$</b>
<b>Contract assets</b>				
Contract assets			<b>140,681</b>	93,603
<b>Total contract assets</b>			<b>140,681</b>	93,603

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 12. Other assets & prepayments

	2022 \$	2021 \$
<b>Other current assets</b>		
Deposits	193,625	204,327
<b>Total other current assets</b>	<b>193,625</b>	<b>204,327</b>
<b>Other non-current assets</b>		
Bank Guarantee for leases	127,348	127,348
<b>Total other non-current assets</b>	<b>127,348</b>	<b>127,348</b>
<b>Prepayments</b>		
Software subscriptions	348,907	302,695
Prepaid travel	26,417	-
<b>Total prepayments</b>	<b>375,324</b>	<b>302,695</b>

## 13. Property, plant and equipment

	Other plant and equipment \$	Leasehold improve- ments \$	Total \$
<b>At cost</b>			
At 1 July 2020	539,118	98,678	637,796
Additions	142,741	-	142,741
Disposals	-	-	-
<b>At 30 June 2021</b>	<b>681,859</b>	<b>98,678</b>	<b>780,537</b>
Additions	95,538	-	95,538
Disposals	-	-	-
<b>At 30 June 2022</b>	<b>777,397</b>	<b>98,678</b>	<b>876,075</b>
<b>Depreciation and impairment</b>			
At 1 July 2020	311,468	94,071	405,539
Depreciation charge for the year	131,665	4,214	135,879
Disposals	-	-	-
<b>At 30 June 2021</b>	<b>443,133</b>	<b>98,285</b>	<b>541,418</b>
Depreciation charge for the year	166,370	393	166,763
Disposals	-	-	-
<b>At 30 June 2022</b>	<b>609,503</b>	<b>98,678</b>	<b>708,181</b>
<b>Net book value</b>			
At 30 June 2021	238,726	393	239,119
<b>At 30 June 2022</b>	<b>167,894</b>	<b>-</b>	<b>167,894</b>

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 14. Intangible assets<sup>(i)</sup>

	Intellectual property at cost \$	Development at cost \$	Trademarks \$	Customer relationships \$	Software \$	Total \$
<b>At cost</b>						
At 1 July 2020	18,013,259	9,928,329	790,000	220,000	185,443	29,137,031
Additions	-	961,384	-	-	113,798	1,075,182
<b>At 30 June 2021</b>	<b>18,013,259</b>	<b>10,889,713</b>	<b>790,000</b>	<b>220,000</b>	<b>299,241</b>	<b>30,212,213</b>
Additions	-	929,517	-	-	-	929,517
<b>At 30 June 2022</b>	<b>18,013,259</b>	<b>11,819,230</b>	<b>790,000</b>	<b>220,000</b>	<b>299,241</b>	<b>31,141,730</b>
<b>Amortisation and impairment</b>						
At 1 July 2020	16,419,526	7,239,919	-	152,105	135,514	23,947,064
Amortisation charge for the year	793,599	585,691	-	35,424	38,062	1,452,776
<b>At 30 June 2021</b>	<b>17,213,125</b>	<b>7,825,610</b>	<b>-</b>	<b>187,529</b>	<b>173,576</b>	<b>25,399,840</b>
Amortisation charge for the year	793,599	722,418	-	32,471	41,626	1,590,114
<b>At 30 June 2022</b>	<b>18,006,724</b>	<b>8,548,028</b>	<b>-</b>	<b>220,000</b>	<b>215,202</b>	<b>26,989,954</b>
<b>Net book value</b>						
At 30 June 2021	800,134	3,064,103	790,000	32,471	125,665	4,812,373
<b>At 30 June 2022</b>	<b>6,535</b>	<b>3,271,202</b>	<b>790,000</b>	<b>-</b>	<b>84,039</b>	<b>4,151,776</b>

(i) Right of use assets was reported under Intangible Assets for FY2021 and is reclassified separately for FY2022.

## 15. Goodwill

	\$
<b>Gross carrying amount</b>	
Balance at 1 July 2020	15,304,268
Movement during the period	-
<b>Balance at 30 June 2021</b>	<b>15,304,268</b>
Movement during the period	-
<b>Balance at 30 June 2022</b>	<b>15,304,268</b>
<b>Accumulated amortisation and impairment</b>	
Balance at 1 July 2020	(10,517,788)
Movement during the period	-
<b>Balance at 30 June 2021</b>	<b>(10,517,788)</b>
Movement during the period	-
<b>Balance at 30 June 2022</b>	<b>(10,517,788)</b>
<b>Net book value</b>	
Balance at 30 June 2021	4,786,480
<b>Balance at 30 June 2022</b>	<b>4,786,480</b>

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 16. Carrying value of non-financial assets

For impairment testing, goodwill acquired through business combinations and intangible assets are allocated to the Strata CGU.

Carrying amount of goodwill and intangible assets allocated to each of the CGUs:

	Strata		Facilities		Utilities		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Goodwill	<b>4,786,480</b>	4,786,480	-	-	-	-	<b>4,786,480</b>	4,786,480
Intellectual property	<b>6,535</b>	800,134	-	-	-	-	<b>6,535</b>	800,134
Development cost	<b>3,271,202</b>	3,064,103	-	-	-	-	<b>3,271,202</b>	3,064,103
Trademarks	<b>790,000</b>	790,000	-	-	-	-	<b>790,000</b>	790,000
Customer relationships	-	32,471	-	-	-	-	-	32,471
<b>Total</b>	<b>8,854,217</b>	9,473,188	-	-	-	-	<b>8,854,217</b>	9,473,188

The Group performed its annual impairment test in June 2022 and June 2021 to support the carrying value of goodwill, intangible assets and property, plant and equipment. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2022, the market capitalisation of the Group was above the book value of its equity, the Group continues to be loss making and have cash outflows, indicating a potential impairment of goodwill and impairment of assets.

Goodwill is allocated to CGUs according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by the Board for the first year and management projections covering a further two years plus a terminal value calculation. Management's determination of cash flow projections is based on past performance and its expectation for the future performance.

### Key assumptions used in value in use calculations

The calculation of Value In Use (VIU) is most sensitive to the following assumptions:

- Future cash flows
- Discount rates
- Revenue growth
- Expenses

*Future cash flows* - VIU calculations, inclusive of working capital movements and forecast capital expenditure based on financial projections approved by the Board for the first year and 2 additional years forecasted by management and then reverting to a terminal value.

*Discount rates* - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments. Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows in order to reflect a pre-tax discount rate.

*Revenue growth* - Forecast revenue growth was based on Board approved budget for year one and management projections for a further 2 years, and an assessed conversion of known revenue opportunities for the business. Years 2 and 3 onwards assume modest growth (in line with the long-term growth rate used in the terminal value) and is achieved within existing business markets and geographies.

*Expenses* - Forecast growth based on Board approved budget for year one and management projections for a further 2 years, and an assessed cost growth for the business. Years 2 and 3 onwards assume modest growth (in line with the long-term growth rate used in the terminal value) within existing business markets and geographies.

The carrying value of Goodwill and other intangible assets relate to the Strata CGU only. The allocation of goodwill is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

The Group has considered the potential impact of COVID-19 in the assessment of immediate and long-term revenue growth rates, considering revenues under contract and the probability of converting prospective contracts.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 16. Carrying value of non-financial assets (continued)

### Cash generating unit with significant goodwill - Strata

For the Strata CGU, the present value of future cash flows has been calculated using a revenue growth rate of 13% for year one (FY2021: 12%), 11% for year two (FY2021: 12%), 11% for year three (FY2021: 13%) and a terminal growth rate of 3% (FY2021: 3%) and a pre-tax discount rate of 12.47% (FY2021: 9.54%) to determine value in use.

The growth in year one is largely driven by a conversion rate for the existing pipeline opportunities and in subsequent years by expected contract wins in line with historical growth rates. Management have assessed that there is no impairment to the Strata CGU based on the value in use calculations.

To illustrate the sensitivity to future cash flows, if key assumptions differed such that expected future cash flows decreased by 64% (FY2021 69%) across the forecast period, without implementing mitigation plans, recoverable amount would be equal to the carrying value.

### Cash generating units - Facilities and Utilities

Management have assessed that the intangible assets in respect of the Facilities and Utilities CGU's remain fully impaired at 30 June 2022 based on the value in use calculations.

## 17. Trade and other payables

	2022 \$	2021 \$
<b>Trade and other payables</b>		
Trade payables	728,753	651,824
Accrued expenses	674,734	783,346
Other payables	476,282	555,989
<b>Total trade and other payables</b>	<b>1,879,769</b>	<b>1,991,159</b>
Further breakdown of accrued expenses and other payables:		
<b>Accrued expenses</b>		
Hosting and other cost of service	304,000	257,000
Other expenses	121,971	144,425
Salary & wages and employee benefit	248,763	381,921
<b>Total accrued expenses</b>	<b>674,734</b>	<b>783,346</b>
<b>Other payables</b>		
General expenses	217,052	98,394
GST/VAT	125,981	105,753
Payroll compliance	4,215	203,079
Superannuation	129,034	148,763
<b>Total other payables</b>	<b>476,282</b>	<b>555,989</b>

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 18. Provisions & Lease Liabilities

Provisions	2022 \$	2021 \$
<b>Current</b>		
Annual leave provision	533,722	485,962
Long service leave provision	110,082	106,934
Gratuity provision <sup>(i)</sup>	143,488	129,346
<b>Total current provisions</b>	<b>787,292</b>	<b>722,242</b>
<b>Non-current</b>		
Long service leave provision	16,096	7,015
<b>Total non-current provisions</b>	<b>16,096</b>	<b>7,015</b>

(i) Gratuity provision relates to the Middle East employees' end of service employment entitlements which are required under United Arab Emirates Labour Laws.

Lease Liabilities <sup>(i)</sup>	2022 \$	2021 \$
<b>Current lease liabilities</b>		
Lease liabilities - AASB 16	199,227	207,462
<b>Total current lease liabilities</b>	<b>199,227</b>	<b>207,462</b>
<b>Non-current lease liabilities</b>		
Lease liabilities - AASB 16	424,357	708,109
<b>Total non-current lease liabilities</b>	<b>424,357</b>	<b>708,109</b>

(i) Capitalisation of property lease contracts as per AASB 16 and the group does not capitalise leases with less than 12 months lease terms. Further details on the lease commitment is detailed in Note 20.

## 19. Issued capital and reserves

Issued capital and contributed equity	2022 \$	2021 \$
56,564,079 (2021: 55,619,206) Fully paid ordinary shares	107,768,805	107,109,440

	2022 No.	2021 No.	2022 \$	2021 \$
<b>Ordinary shares</b>				
Opening balance	55,619,206	737,747,724	107,109,440	100,103,922
Vesting of performance rights <sup>(i)</sup>	894,873	8,220,588	629,365	462,382
Conversion of options	-	1,146,552	-	1,147
Private Placement	-	87,179,492	-	6,800,000
Share issue costs	-	-	-	(258,011)
Short term incentive payment	50,000	-	30,000	-
Share consolidation 15 for 1 basis	-	(778,675,150)	-	-
<b>Closing balance</b>	<b>56,564,079</b>	<b>55,619,206</b>	<b>107,768,805</b>	<b>107,109,440</b>

- (i) On 31 August 2021, 745,870 ordinary shares were issued as a result of vesting of performance share rights originally issued in accordance with the Company's remuneration strategy and under the adopted Employee Share Plan.
- (ii) On 15 December 2021, 149,003 ordinary shares were issued as part of the termination payment for the outgoing CEO.
- (iii) On 15 June 2022, 50,000 ordinary shares were issued to Simon Lee for performing additional duties as interim CEO since December 2021.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 19. Issued capital and reserves (continued)

### Capital management

The Group manages its capital to ensure that all entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group can, at various times, consist of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and accumulated losses. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures including tax and general administrative outgoings.

### Reserves

#### Foreign currency translation reserve

This reserve is used to record the exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars). They are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

#### Share-based payment reserve

The share-based payment reserve is used to record the fair value of performance right shares or options granted to employees and directors as part of their remuneration. The balance is transferred to share capital when share based payments are exercised.

## 20. Commitments

The Group has entered into the following property leases arrangements each of which are the contractual non-cancellable lease period, excluding any potential extension options:

- i. A 1 year lease for office space in Dubai, which expires on 1 January 2023;
- ii. A 3 year lease for office space in Sofia, which expires on 1 April 2023;
- iii. A 5 year lease for office space in Melbourne, which expires on 30 June 2025; and
- iv. A 5 year lease for office space in Sydney, which expires on 30 April 2026.

There are no contingent rents. Lease liabilities over 12 months are capitalised on the balance sheet as per adoption to AASB 16 effective from 1 July 2019.

	2022 \$	2021 \$
<b>Right of use assets at cost</b>		
Opening balance	1,222,428	449,957
Additions	-	772,471
Adjustment	(64,447)	-
<b>Closing balance</b>	<b>1,157,981</b>	1,222,428
<b>Amortisation</b>		
Opening balance	306,857	85,357
Amortisation expenses	227,540	221,500
<b>Closing balance</b>	<b>534,397</b>	306,857
<b>Net balance</b>	<b>623,584</b>	915,571

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 21. Subsidiaries

The parent entity of the Group is Urbanise.com Limited, which has the subsidiaries detailed in the following table.

	Country of incorporation	Ownership interest	
		2022 %	2021 %
<b>Parent entity</b>			
Urbanise.com Limited	Australia		
<b>Subsidiaries</b>			
Mystrata Pty Limited	Australia	100	100
Mystrata Holdings Pty Limited	Australia	100	100
Mystrata Middle East FZ LLC	United Arab Emirates	100	100
Urbanise.com Limited (Branch)	United Arab Emirates	100	100
Urbanise com (Pty) Limited	South Africa	100	100
Urbanise (Bulgaria) EOOD	Bulgaria	100	100

During FY2021, Urbanise (Bulgaria) EOOD was registered effective from 03/02/2021.

## 22. Cash and cash equivalents

	2022 \$	2021 \$
<b>Cash and cash equivalents</b>		
Cash at bank	3,970,135	7,819,705
<b>Total cash and cash equivalents</b>	<b>3,970,135</b>	<b>7,819,705</b>

## 23. Cash flow from operations reconciliation

	2022 \$	2021 \$
<b>Profit/(Loss) for the year:</b>	<b>(5,895,936)</b>	<b>(3,849,017)</b>
<b>Non-cash items:</b>		
Depreciation and amortisation	1,984,417	1,810,155
Share based payments	294,402	687,131
Other	617,149	(977,634)
<b>Changes in net assets and liabilities:</b>		
Decrease/(increase) in trade receivables & contract assets	20,869	47,279
Decrease/(increase) in other assets & prepayments	(61,927)	(196,145)
Increase/(decrease) in trade and other payables	(111,390)	11,858
Increase/(decrease) in employee provisions	74,131	144,760
Increase/(decrease) in deferred revenue	265,871	185,817
<b>Net cash used in operating activities</b>	<b>(2,812,414)</b>	<b>(2,135,796)</b>

### Non-cash financing and investing activities

There were no significant non-cash financing and investing transactions during financial year 30 June 2022 (FY2021: \$Nil).

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 24. Financial risk management

The Group's principal financial assets comprise of trade and contract assets, cash and short-term deposits. The main purpose of these financial assets is to facilitate the Group's operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks supported by the Board's Audit and Risk Committee. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors has overall responsibility for identifying and managing operational and financial risks and mitigate through appropriate controls and risk limits.

The Group holds the following financial instruments:

	2022 \$	2021 \$
<b>Financial assets</b>		
Cash and cash equivalents	3,970,135	7,819,705
Trade receivables	1,404,822	1,472,769
Contract assets	140,681	93,603
Other assets	193,625	204,327
<b>Total financial assets</b>	<b>5,709,263</b>	<b>9,590,404</b>
<b>Financial liabilities</b>		
Trade and other payables	1,879,769	1,991,159
<b>Total financial liabilities</b>	<b>1,879,769</b>	<b>1,991,159</b>

The management assessed that the fair values of cash and short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Market risk comprises three types of risk: interest rate risk, currency risk and price risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Urbanise is not exposed to material price risk.

### Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group is not exposed to any significant interest rate risk as there are no external debts or borrowings.

### Interest rate risk sensitivity analysis

At the reporting date, there were no borrowings in relation to bank facilities. A 100-basis points change (a reasonably possible change) on the interest rates would result in an increase/decrease to the Group's net profit by approximately \$39,701 based on the cash held at the end of the year (FY2021: \$78,197).

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's investments in foreign subsidiaries.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. At the end of the year the Group was exposed to US Dollar (USD), Dirhams (AED), Euro (EUR) and Oman Riyals (OMR), currency fluctuations. Exchange rate exposures are managed within approved internal policy parameters. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date were:

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 24. Financial risk management (continued)

Foreign currency sensitivity analysis

	Liabilities		Assets	
	30 June 2022 \$	30 June 2021 \$	30 June 2022 \$	30 June 2021 \$
USD (Australian dollars equivalent)	(34,082)	(32,241)	359,438	90,533
EUR (Australian dollars equivalent)	-	-	8,029	8,029
OMR (Australian dollars equivalent)	-	-	-	22,235
<b>Total</b>	<b>(34,082)</b>	<b>(32,241)</b>	<b>367,467</b>	<b>120,797</b>

Based on the financial instruments held at 30 June 2022 the Group's Net financial assets would have been \$33,339 higher/lower (FY2021: \$8,856 higher/lower) with a 10% increase/decrease (a reasonable possible change) in the Australian dollar against other foreign currencies.

10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the possible change in foreign exchange rates in the short-term.

### Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

### Cash deposits and trade receivables

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Credit risk for cash deposits is managed by holding all cash deposits with major banks.

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms. The ageing analysis of trade and other receivables is provided in Note 11. As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms.

The Group does not have any material credit risk exposure for other receivables or other financial instruments.

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below represents the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 24. Financial risk management (continued)

	< 1 Year \$	1 - 5 years \$	Total contractual cash flows \$	Carrying amount \$
<b>2022</b>				
Payables	(1,879,769)	-	(1,879,769)	(1,879,769)
<b>Total</b>	<b>(1,879,769)</b>	<b>-</b>	<b>(1,879,769)</b>	<b>(1,879,769)</b>
	< 1 Year \$	1 - 5 years \$	Total contractual cash flows \$	Carrying amount \$
<b>2021</b>				
Payables	(1,991,159)	-	(1,991,159)	(1,991,159)
<b>Total</b>	<b>(1,919,159)</b>	<b>-</b>	<b>(1,991,159)</b>	<b>(1,991,159)</b>

### Fair value compared with carrying amounts

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

## 25. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

### Fair value hierarchy

Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

- Level 1 Measurements based on quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

### Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value hierarchy during the year.

### Valuation techniques and inputs used in level 3 fair value measurements

There were no financial assets or liabilities measured at fair value as at 30 June 2022.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 26. Key management personnel compensation

Key management is defined as Directors and other key management personnel. The aggregate compensation made to key management personnel of the Group is set out below:

	2022 \$	2021 \$
Short-term employee benefits	864,103	1,027,241
Long-term employee benefits	-	-
Termination payments	219,420	-
Post-employment benefits - superannuation	36,949	46,815
Share-based payments	131,561	232,908
<b>Total key management personnel compensation</b>	<b>1,252,033</b>	<b>1,306,964</b>

## 27. Related party transactions

Transactions with key management personnel

### (i) Key management personnel compensation

Details of key management personnel compensation is disclosed in Note 26.

### (ii) Loans to key management personnel

There were no loans to key management personnel during the financial year. (FY2021: nil)

### (iii) Other transactions with key management personnel of the Group

There were no other transactions with key management personnel of the Group during the financial year or in the prior year.

## Transactions between Urbanise.com Limited and its related parties

### (i) Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

## 28. Remuneration of auditors

	2022 \$	2021 \$
Auditor of the parent entity		
Audit and review of the financial report	81,200	81,200
Non-audit services:		
- Assurance related	-	-
- Taxation compliance	-	-
<b>Total remuneration of auditors</b>	<b>81,200</b>	<b>81,200</b>

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 29. Loss per share

	2022 \$	2021 \$
Basic earnings loss cent per share <sup>(i)</sup>	(10.47)	(7.20)
Diluted earnings loss cent per share <sup>(ii)</sup>	(10.47)	(7.19)
<b>(i) Basic and diluted loss per share</b>		
<b>Net loss from operations</b>	<b>(5,895,936)</b>	<b>(3,849,017)</b>
	2022 No.	2021 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share after share consolidation	56,320,856	53,468,228
Weighted average number of ordinary shares for the purposes of diluted earnings per share after share consolidation	56,320,856	53,505,994

### (ii) Diluted earnings/(loss) per share

Potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share. Accordingly, the number used to calculate the diluted earnings/(loss) per share is the same as the number used to calculate the basic earnings/(loss) per share.

## 30. Share-based payments

### Employee share option and performance rights share plan

Share options and share performance rights are granted to executives and staff as part of their remuneration package under the Employee Share Option Plan. There are no cash settlement alternatives. The Employee Share Option Plan is designed to provide long-term incentives for senior managers and staffs (including Directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and there is no individual contractual right to participate in the plan or to receive any guaranteed benefits.

### Share based expenses recognised

The expense recognised for share-based payments during the year is shown in the table below:

	2022 \$	2021 \$
Total expenses resulting from share-based payments	294,402	687,131

### Options and performance share rights movements

The following share-based payment arrangements were in existence during the current and comparative reporting periods and are supported by the tables provided below:

### Performance share rights

	No.
<b>At 30 June 2020</b>	<b>32,730,444</b>
Performance share rights issued	11,019,579
Performance share rights forfeited/converted to ordinary shares	(13,636,544)
Share consolidation <sup>(i)</sup>	(28,105,942)
<b>At 30 June 2021</b>	<b>2,007,537</b>
Performance share rights issued	471,836
Performance share rights forfeited/converted to ordinary shares	(1,210,657)
<b>At 30 June 2022</b>	<b>1,268,716</b>

i) Share consolidation completed on 4 May 2021 on the basis of 1 share for every 15 shares issued or outstanding. Rounding of 27 performance share rights were adjusted during the process.

## Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

### 30. Share-based payments (continued)

#### (i) Performance share rights FY2022

Financial Year 2022								
Grant Date		Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Exercised during year	forfeited during year	Balance at end of year
24/10/18	i	31/8/21	\$0.00	200,000	-	(200,000)	-	-
21/11/18	i	31/8/21	\$0.00	233,333	-	(233,333)	-	-
27/9/19	i	31/8/21	\$0.00	221,041	-	(221,041)	-	-
27/9/19		31/8/22	\$0.00	221,041	-	-	-	221,041
27/9/19		31/8/23	\$0.00	123,001	-	-	-	123,001
22/11/19	i	31/8/21	\$0.00	91,503	-	(91,503)	-	-
22/11/19	iii	31/8/22	\$0.00	91,503	-	(91,503)	-	-
22/11/19	iv	31/8/23	\$0.00	91,503	-	-	(91,503)	-
1/10/20		31/8/22	\$0.00	187,380	-	-	-	187,380
1/10/20		31/8/23	\$0.00	187,380	-	-	-	187,380
1/10/20		31/8/24	\$0.00	187,379	-	-	-	187,379
30/10/20	iii	31/8/22	\$0.00	57,500	-	(57,500)	-	-
30/10/20	iv	31/8/23	\$0.00	57,500	-	-	(57,500)	-
30/10/20	iv	31/8/24	\$0.00	57,500	-	-	(57,500)	-
4/5/21	i			(27)	-	7	-	(20)
13/9/21	ii	31/8/23	\$0.00	-	120,852	-	-	120,852
13/9/21	ii	31/8/24	\$0.00	-	120,852	-	-	120,852
13/9/21	ii	31/8/25	\$0.00	-	120,851	-	-	120,851
25/11/21	iv	31/8/23	\$0.00	-	36,427	-	(36,427)	-
25/11/21	iv	31/8/24	\$0.00	-	36,427	-	(36,427)	-
25/11/21	iv	31/8/25	\$0.00	-	36,427	-	(36,427)	-
<b>Total</b>				<b>2,007,537</b>	<b>471,836</b>	<b>(894,873)</b>	<b>(315,784)</b>	<b>1,268,716</b>

- i) On 31 August 2021, a total of 745,870 ordinary shares were issued as a result of vesting of performance share rights originally issued in accordance with the Company's remuneration strategy and under the adopted Employee Share Plan. 345,261 of the 745,870 ordinary shares were issued to KMP.
- ii) During FY2022, a total of 471,836 performance share rights were issued in accordance with the Employee Share Plan. These performance rights are subject to performance criteria being achieved at 30 June 2022 and would vest in 3 equal tranches on 31 August 2023, 31 August 2024 and 31 August 2025. Subject to employees' (including Key Management Personnel) continued employment.
- iii) On 15 December 2021, a total of 149,003 performance share rights were converted into ordinary shares as part of the termination payment for the outgoing CEO.
- iv) On 15 December 2021, a total of 315,784 performance share rights were forfeited for the outgoing CEO.

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 30. Share-based payments (continued)

### (ii) Performance share rights FY2021

Financial Year 2021									
Grant Date	Expiry Date	Exercise Price	Balance at beginning of year	Granted during year	Exercised during year	Forfeited during year	Share Consolidation <sup>(iii)</sup>	Balance at end of year	
29/9/17	30/6/19	\$0.00	436,662	-	-	(436,662)	-	-	-
21/11/17	30/6/18	\$0.00	250,000	-	-	(250,000)	-	-	-
29/9/17	30/6/19	\$0.00	556,668	-	-	(556,668)	-	-	-
21/11/17	30/6/19	\$0.00	250,000	-	-	(250,000)	-	-	-
29/9/17	30/6/20	\$0.00	556,671	-	-	(556,671)	-	-	-
21/11/17	30/6/20	\$0.00	250,000	-	-	(250,000)	-	-	-
24/10/18	i 31/8/20	\$0.00	3,000,000	-	(3,000,000)	-	-	-	-
24/10/18	31/8/21	\$0.00	3,000,000	-	-	-	(2,800,000)	200,000	
21/11/18	i 31/8/20	\$0.00	3,500,000	-	(3,500,000)	-	-	-	-
21/11/18	31/8/21	\$0.00	3,500,000	-	-	-	(3,266,667)	233,333	
27/9/19	i 31/8/20	\$0.00	1,470,588	-	(1,470,588)	-	-	-	-
27/9/19	i 31/8/21	\$0.00	4,354,265	-	-	(1,038,652)	(3,094,572)	221,041	
27/9/19	i 31/8/22	\$0.00	4,354,265	-	-	(1,038,652)	(3,094,572)	221,041	
27/9/19	i 31/8/23	\$0.00	2,883,677	-	-	(1,038,652)	(1,722,024)	123,001	
22/11/19	31/8/21	\$0.00	1,372,549	-	-	-	(1,281,046)	91,503	
22/11/19	31/8/22	\$0.00	1,372,549	-	-	-	(1,281,046)	91,503	
22/11/19	31/8/23	\$0.00	1,372,550	-	-	-	(1,281,047)	91,503	
9/3/20	i 1/7/20	\$0.00	250,000	-	(250,000)	-	-	-	-
1/10/20	ii 31/8/22	\$0.00	-	2,810,693	-	-	(2,623,313)	187,380	
1/10/20	ii 31/8/23	\$0.00	-	2,810,693	-	-	(2,623,313)	187,380	
1/10/20	ii 31/8/24	\$0.00	-	2,810,693	-	-	(2,623,314)	187,379	
30/10/20	ii 31/8/22	\$0.00	-	862,500	-	-	(805,000)	57,500	
30/10/20	ii 31/8/23	\$0.00	-	862,500	-	-	(805,000)	57,500	
30/10/20	ii 31/8/24	\$0.00	-	862,500	-	-	(805,000)	57,500	
04/05/21	iii		-	-	-	-	(27)	(27)	
<b>Total</b>			<b>32,730,444</b>	<b>11,019,579</b>	<b>(8,220,588)</b>	<b>(5,415,957)</b>	<b>(28,105,941)</b>	<b>2,007,537</b>	

- i) During FY2021, a total of 548,039 ordinary shares (8,220,588 ordinary shares prior to share consolidation) were issued as a result of vesting of performance share rights originally issued in accordance with the Company's remuneration strategy and under the adopted Employee Share Plan. During FY2021, a total of 361,064 performance share rights (5,415,956 performance share rights prior to share consolidation) were forfeited in accordance with the Employee Share Plan.
- ii) During FY2021, a total of 734,639 performance share rights (11,019,579 prior to share consolidation) were issued to employees. These performance rights are subject to performance criteria being achieved at 30 June 2021 and would vest in 3 equal tranches on 31 August 2022, 31 August 2023 and 31 August 2024, subject to the employees' (including Key Management Personnel) continued employment.
- iii) Share consolidation completed on 4 May 2021 on the basis of 1 share for every 15 shares issued or outstanding. Rounding of 27 performance rights were adjusted during the process.

## Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

### 30. Share-based payments (continued)

#### Fair value of Performance share rights at grant date

Financial Year 2022							
Grant Date	Fair value of performance shares at grant date	No. of performance shares granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
13/9/21	\$1.406	120,852	31/8/23	\$1.40	85%	0%	1.67%
13/9/21	\$1.406	120,852	31/8/24	\$1.40	85%	0%	1.67%
13/9/21	\$1.406	120,851	31/8/25	\$1.40	85%	0%	1.67%
25/11/21	\$1.406	36,427	31/8/23	\$1.09	85%	0%	1.67%
25/11/21	\$1.406	36,427	31/8/24	\$1.09	85%	0%	1.67%
25/11/21	\$1.406	36,427	31/8/25	\$1.09	85%	0%	1.67%

– Expected volatility was determined based on historical volatility over the expected life of the shares

Financial Year 2021*							
Grant Date	Fair value of performance shares at grant date	No. of performance shares granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
1/10/20	\$0.84	187,380	31/8/22	\$0.84	85%	0%	1.03%
1/10/20	\$0.84	187,380	31/8/23	\$0.84	85%	0%	1.03%
1/10/20	\$0.84	187,379	31/8/24	\$0.84	85%	0%	1.03%
30/10/20	\$0.84	57,500	31/8/22	\$0.84	85%	0%	1.03%
30/10/20	\$0.84	57,500	31/8/23	\$0.84	85%	0%	1.03%
30/10/20	\$0.84	57,500	31/8/24	\$0.84	85%	0%	1.03%

– Expected volatility was determined based on historical volatility over the expected life of the shares

\* After share consolidation

Financial Year 2021**							
Grant Date	Fair value of performance shares at grant date	No. of performance shares granted	Expiry date	Share price at grant date	Expected volatility of shares	Expected dividend yield	Risk-free interest rate
1/10/20	\$0.056	2,810,693	31/8/22	\$0.06	85%	0%	1.03%
1/10/20	\$0.056	2,810,693	31/8/23	\$0.06	85%	0%	1.03%
1/10/20	\$0.056	2,810,693	31/8/24	\$0.06	85%	0%	1.03%
30/10/20	\$0.056	862,500	31/8/22	\$0.06	85%	0%	1.03%
30/10/20	\$0.056	862,500	31/8/23	\$0.06	85%	0%	1.03%
30/10/20	\$0.056	862,500	31/8/24	\$0.06	85%	0%	1.03%

– Expected volatility was determined based on historical volatility over the expected life of the shares

\*\* Before share consolidation

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 30. Share-based payments (continued)

### Share Options

	No.
<b>At 30 June 2020</b>	<b>1,246,552</b>
Options converted	(1,146,552)
Options expired / forfeited	(100,000)
<b>At 30 June 2021</b>	<b>-</b>
No issue of options	-
<b>At 30 June 2022</b>	<b>-</b>

(i) No options were issued during FY2022

(ii) Options FY2021

Grant Date	Expiry Date	Exercise Price	Financial Year 2021				Balance at end of year
			Balance at beginning of year	Granted during year	Exercised during year	Expired/ forfeited during year	
29/4/16	28/4/21	\$0.40	100,000 <sup>(i)</sup>	-	-	(100,000) <sup>(i)</sup>	-
4/9/18	31/12/20	\$0.001	1,146,552 <sup>(ii)</sup>	-	(1,146,552) <sup>(ii)</sup>	-	-
<b>Total</b>			<b>1,246,552</b>	<b>-</b>	<b>(1,146,552)<sup>(ii)</sup></b>	<b>(100,000)<sup>(i)</sup></b>	<b>-</b>

i) Share consolidation completed on 4 May 2021 on the basis of 1 share for every 15 shares issued or outstanding. 100,000 options prior to share consolidation (6,667 options after share consolidation).

ii) Share consolidation completed on 4 May 2021 on the basis of 1 share for every 15 shares issued or outstanding. 1,146,552 options prior to share consolidation (76,437 options after share consolidation).

iii) No options were issued during FY2021.

## 31. Subsequent events

Other than as already noted in the financial statements, there have been no significant subsequent events in the affairs of the Group at the date of this report.

From the changes made to the operations and feedback from the clients, the group have not seen any material impact on the business from the COVID-19 pandemic.

## 32. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Director's reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The following companies are parties to a deed of cross guarantee under which each company guarantees the debts of the others:

- Urbanise.com Limited;
- Mystrata Pty Limited; and
- Mystrata Holdings Pty Limited

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 32. Deed of cross guarantee (continued)

Urbanise.com Limited, Mystrata Pty Limited and Mystrata Holdings Pty Ltd entered into a Deed of Cross Guarantee on 26th June 2015. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and the controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2022 is set out below.

### Closed group consolidated statement of comprehensive income for the year ended 30 June 2022

	2022 \$	2021 \$
<b>Revenue and other income</b>		
Sales revenue	9,508,589	8,790,930
Other income	355,929	267,768
	<b>9,864,518</b>	9,058,698
<b>Less: expenses</b>		
Doubtful debt expenses	(88,830)	(10,513)
Employee and contractor cost	(7,984,189)	(7,524,951)
Depreciation and amortisation expenses	(1,958,879)	(1,797,501)
IT subscription and licence cost	(2,611,754)	(1,780,430)
Occupancy cost	(40,543)	(101,052)
Cost of implementation and materials	(274,109)	(256,520)
Professional fees	(520,597)	(622,555)
Travel cost	(137,954)	(143,500)
Advertising and Promotion Expenses	(156,958)	(354,111)
Finance costs	(38,631)	(54,927)
Foreign Exchange (loss)/gain	(877,296)	609,784
Other expenses	(269,416)	(350,931)
<b>Total expenses</b>	<b>(14,959,156)</b>	(12,387,207)
Loss before tax	(5,094,638)	(3,328,509)
Income tax expense	-	-
<b>Loss for the year</b>	<b>(5,094,638)</b>	(3,328,509)
Other comprehensive income for the year net of income tax	-	-
<b>Total comprehensive loss for the year</b>	<b>(5,094,638)</b>	(3,328,509)

# Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

## 32. Deed of cross guarantee (continued)

Closed group consolidated statement of financial position as at 30 June 2022

	2022 \$	2021 \$
<b>Current assets</b>		
Cash and cash equivalents	2,742,423	7,393,620
Trade receivables	698,975	834,664
Contract assets	107,868	67,484
Other assets	1,812,178	1,829,544
Prepayment	330,200	293,390
<b>Total current assets</b>	<b>5,691,644</b>	<b>10,418,702</b>
<b>Non-current assets</b>		
Property, plant and equipment	105,460	207,922
Intangible assets	4,972,776	4,812,373
Right of use assets	623,584	915,571
Goodwill	4,786,480	4,786,480
Other non-current assets	127,348	127,348
<b>Total non-current assets</b>	<b>10,615,648</b>	<b>10,849,694</b>
<b>Total assets</b>	<b>16,307,292</b>	<b>21,268,396</b>
<b>Current liabilities</b>		
Trade and other payables	1,864,099	1,767,203
Provisions	442,672	489,736
Deferred Revenue	2,650,476	2,170,067
Other liabilities	2,970,732	3,097,261
Lease liabilities	199,227	207,462
<b>Total current liabilities</b>	<b>8,127,206</b>	<b>7,731,729</b>
<b>Non-current liabilities</b>		
Provisions	16,098	7,015
Lease liabilities	424,357	708,109
<b>Total non-current liabilities</b>	<b>440,455</b>	<b>715,124</b>
<b>Total liabilities</b>	<b>8,567,661</b>	<b>8,446,853</b>
<b>Net assets</b>	<b>7,739,631</b>	<b>12,821,543</b>
<b>Equity</b>		
Issued capital and contributed equity	110,936,488	110,283,753
Employee option reserve	457,356	1,343,329
Foreign currency translation reserve	(848,679)	(573,644)
Accumulated losses	(102,805,534)	(98,231,895)
<b>Total equity</b>	<b>7,739,631</b>	<b>12,821,543</b>

## Notes to the Financial Statements

for the year ended 30 June 2022 (continued)

### 33. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except for investments in subsidiaries recognised at cost. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Refer to Note 32 for detailed disclosure.

#### Summarised statement of financial position as at 30 June 2022

	2022 \$	2021 \$
<b>Assets</b>		
Total current assets	5,940,354	7,352,589
Total non-current assets	3,046,653	6,050,064
<b>Total assets</b>	<b>8,987,007</b>	13,402,653
<b>Liabilities</b>		
Total current liabilities	7,775,632	9,227,653
Total non-current liabilities	440,453	715,122
<b>Total liabilities</b>	<b>8,216,085</b>	9,942,775
<b>Net assets</b>	<b>770,922</b>	3,459,878
<b>Equity</b>		
Issued capital and contributed equity	107,695,064	107,037,225
Employee option reserve	512,609	1,398,582
Accumulated losses	(107,436,751)	(104,975,929)
<b>Total equity</b>	<b>770,922</b>	3,459,878
	2022 \$	2021 \$
Profit/(loss) for the year	(4,074,236)	(5,043,290)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>(4,074,236)</b>	(5,043,290)

# Directors' Declaration

for the year ended 30 June 2022

In the Directors' opinion:

- i. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- ii. the attached financial statements and notes set out on pages 32 to 80 are in accordance with the *Corporations Act 2001* and give a true and fair view of the financial position and performance of the Group for the financial year ended on 30 June 2022.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 32 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors,



**Almero Strauss**  
Chairman

24<sup>th</sup> August 2022

# Independent Auditor's Report

to the members



## A D Danieli Audit Pty Ltd

Authorised Audit Company  
ASIC Registered Number 339233  
Audit & Assurance Services

Level 1 261 George Street  
Sydney NSW 2000  
PO Box H88  
Australia Square NSW 1215  
ABN: 56 136 616 610  
Ph: (02) 9290 3099  
Email:  
add3@addca.com.au  
Website:  
www.addca.com.au

**Independent Auditor's Report  
To the Members of  
Urbanise.com Limited  
ABN 70 095 768 086  
And Controlled Entities**

### Report on the audit of the Financial Report

#### Opinion

We have audited the consolidated financial report of Urbanise.com Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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# Independent Auditor's Report

to the members (continued)

## Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 4(a) in the financial report, which indicates that the Group had cash and cash equivalents of \$3,970,135. In addition, we note the Group incurred a loss of \$5,063,348 and had total current net assets of \$792,162. This with the conditions noted by the directors as to how they expect the Group to continue as a going concern indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern should they be unable to achieve projected revenue and raise additional capital.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p><i>Carrying Value of Intangible Assets and Goodwill</i></p> <p>The group capitalised \$929,517 for Development costs in intangibles during the period. The group also had an amortisation charge of \$1,590,114 for the year which decreased the total balance of intangibles to \$4,151,776 (2021: \$4,812,373).</p> <p>There was no movement in the carrying value of Goodwill during the year of \$4,786,480.</p>	<p>We have evaluated the appropriateness of management's assessment that there are no facts or circumstances that suggest the carrying amount of intangible assets may exceed the recoverable amount.</p> <p>Our procedures included challenging management on the suitability and reasonableness of these assumptions, through performing the following:</p> <ul style="list-style-type: none"><li>• Review of ASX announcements.</li><li>• Review of forecast sales, budgeted expenditure, projected cash flows and impairment model.</li><li>• Assessing various agreements entered on future sales.</li></ul> <p>Based on our procedures, we have been satisfied that the carrying values have been fairly stated.</p>



# Independent Auditor's Report

to the members (continued)

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## *Going Concern*

At 30 June 2022, the group had cash and cash equivalents of \$3,970,135 (2021: \$7,819,705). In addition we note the group incurred a loss of \$5,063,348, operating cash outgoing of \$2,812,414 and total current net assets of \$792,162.

We have evaluated the appropriateness of management's assessment regarding going concern by performing the following:

- Analysing budgets prepared by management
- Review cash flow forecasts.
- Review of forecast sales/potential growth, budgeted expenditure and timing of these cash inflows/outflows.

We have also had numerous discussions with management about this issue including strategies and initiatives in place to reduce risk of uncertainty regarding going concern. At this stage, there has not been any indicators present that would require a qualified audit opinion to be issued due to material uncertainty regarding going concern. Based on our procedures, we noted that the going concern assessment has been fairly and appropriately disclosed within the financial statements.

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## *Revenue Recognition*

The group had revenue of \$12,665,144 (2021: \$11,492,594) during the year, of which \$3,088,807 (2021: \$2,822,936) was classified as deferred revenue

There are 2 types of revenue streams:

- Licence Fees
- Professional Fees

We have evaluated the appropriateness of management's assessment regarding the recognition of revenue and the allocation between revenue and deferred revenue.

Our procedures included challenging management on the suitability and reasonableness of their assessment by reviewing the wording of the contract to ensure that the recognition is appropriate.

Based on our procedures, we are satisfied that the revenue and deferred revenue are fairly stated.

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# Independent Auditor's Report

to the members (continued)

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## *COVID-19 Impact Assessment*

COVID-19 is a global pandemic that is currently affecting the whole world and could impact the company's operations, suppliers or other vendors and customers.

We have evaluated the appropriateness of management's assessment regarding COVID-19 and that at this stage, there has not been any material impact on the company.

Based on our procedures, we note that the COVID-19 impact assessment has been fairly and appropriately dealt with and disclosed within the financial report.

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## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



# Independent Auditor's Report

to the members (continued)

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



# Independent Auditor's Report

to the members (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included on pages 23 to 29 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Urbanise.com Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**A D Danieli Audit Pty Ltd**



**Sam Danieli**  
Director

Sydney, 24 August 2022



## Additional Shareholder Information

Additional information required by the ASX Listing Rules not disclosed elsewhere in the full year report is set out below. The shareholder information set out below was applicable as at 30 August 2022.

### 1. Distribution of Shareholders

Distribution of ordinary shareholders and shareholdings is set out in the table below:

Range	Total holders	Units	% of Issued Capital
1-1,000	279	118,019	0.21%
1,001-5,000	203	507,285	0.90%
5,001-10,000	86	661,341	1.17%
10,001-100,000	119	3,707,434	6.55%
100,001-9,999,999,999	33	51,570,000	91.17%
<b>Total</b>	<b>720</b>	<b>56,564,079</b>	<b>100.00%</b>

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at the meeting shall have:

- i. on a show of hands, one vote only; and
- ii. on a poll, one vote for every fully paid ordinary share held

### 2. Largest Shareholders

The name of the twenty largest holders by account holding of ordinary shares are listed below:

Rank	Name	Shares Held	% of Issued Capital
1	National Nominees Ltd	18,089,859	31.98%
2	Argosy Capital Ltd	15,376,235	27.18%
3	J P Morgan Nominees Australia Pty Ltd	9,674,079	17.10%
4	HSBC Custody Nominees (Australia) Ltd	1,294,269	2.29%
5	Dinwoodie Investments Pty Ltd	769,138	1.36%
6	Construction Industry Solutions ME FZE	562,276	0.99%
7	Citicorp Nominees Pty Ltd	548,596	0.97%
8	Nitarae Nominees Pty Ltd	468,509	0.83%
9	IFM Pty Ltd	441,971	0.78%
10	Dixon Trust Pty Ltd	430,000	0.76%
11	Ryder Investment Management Pty Ltd	427,350	0.76%
12	Mr Chris Leahy	310,649	0.55%
13	BNP Paribas Nominees Pty Ltd	230,242	0.41%
14	Mrs Sunaina Kalra	217,267	0.38%
15	Mr Sundeep Kalra & Mr Anoop Kalra & Mrs Shikha Mohanty	216,680	0.38%
16	Viss Holdings Pty Ltd	211,431	0.37%
17	Mr Peter Tyrrell	201,435	0.36%
18	Highlands Investments Holdings Pty Ltd	200,000	0.35%
19	Mrs Emma Gracey	159,999	0.28%
20	Mr Gary Bugden	153,319	0.27%
Top 20 Holdings of ordinary fully paid shares		49,983,304	88.35%
<b>Total of Securities</b>		<b>56,564,079</b>	<b>100.00%</b>

# Additional Shareholder Information

(continued)

## 3. Option holders

The Company has nil option issued as at 30 August 2022.

## 4. Register of substantial shareholders

The names of substantial shareholders in the Company and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates shown, are as follows:

Rank	Name	Shares Held	% of Issued Capital
1	Argosy Capital Ltd	15,376,235	27.18%
2	NAOS Assets Management Limited	12,718,358	22.48%
3	Jencay Capital Pty Limited	5,720,267	10.11%
4	Australian Ethical Investment Limited	5,151,035	9.11%
5	Ryder Capital Limited	3,103,893	5.49%

## 5. Restricted Securities

205 shareholders held a less than a marketable parcel, based on the closing market price of \$0.80 on 30 August 2022.

# Corporate Directory

## Company Directors

Almero Strauss  
Simon Lee  
Pierre Goosen  
Tod McGrouther  
Sam Cuccurullo

## Company Secretary

Kim Clark  
Boardroom Pty Limited  
Suite 46, Level 5, 320 Adelaide Street  
Brisbane QLD 4000

## Principal Registered Office and Postal address

Ground Floor  
201 Miller Street  
North Sydney NSW 2060

## ASX Code

UBN  
[www.urbanise.com](http://www.urbanise.com)

## Share Registry

**Boardroom Smart Business Solutions**  
Level 12, 225 George Street  
Sydney NSW 2000

## Bankers

**HSBC Australia Bank Limited**  
Ground Level, 271 Collins Street  
Melbourne VIC 3000

## Auditors

**A D Danieli Audit Pty Ltd**  
Level 1, 261 George St  
Sydney NSW 2000





**Principal Registered Office**

Ground Floor, 201 Miller St,  
North Sydney NSW 2060

[www.urbanise.com](http://www.urbanise.com)