

24 July 2024

Urbanise in contract dispute with Colliers Australia

Urbanise.com Limited (ASX:UBN) (“Urbanise” or “the Company”) today announces that its contract with Colliers International (NSW) Pty Limited (“Colliers Australia”) has entered a contractual dispute process to resolve claims for outstanding fees and costs to develop their platform. Colliers Australia are claiming for early termination of the contract. Urbanise is disputing the validity of the termination.

The key terms of the Colliers Australia contract are as follows:

- 4-year contract term from September 2021;
- Urbanise was contracted to deliver significant development of its FM platform for the benefit of Colliers Australia; and
- \$680k in initial ARR licence fees at contract value.

Colliers Australia took the platform live across its business in April 2023 except for its NSW portfolio. The parties had been in discussions post go-live regarding further development relating to customisation of the platform for Colliers Australia.

The nature of the contractual dispute is a claim by Urbanise for unpaid costs and fees for the delivery of the project. Colliers Australia is claiming early termination of the contract and Urbanise is disputing the validity of the termination. Urbanise is endeavouring to resolve the dispute through the dispute resolution process defined in the contract.

Based on legal advice received by the Company, Urbanise believes that significant costs and fees are recoverable under the contract, particularly in relation to:

- Licence fee structure which was designed to recover in-scope project development costs over the term of the contract and through expanded opportunities;
- Licence fees outstanding for the remainder of the term;
- Cost escalation of fees reflecting prevailing inflation rates; and
- Significant out-of-scope development costs incurred by Urbanise at the direction of Colliers Australia and payable by Colliers under the terms of the contract.

Urbanise estimate the value of the claim to be in excess of \$3m. The above matters have not been resolved and Urbanise will pursue the resolution of the dispute at the earliest opportunity. Based on legal advice, Urbanise believes there is a strong legal basis for the claim, however the outcome of any resolution is uncertain.

Urbanise’s contract with Colliers New Zealand is not affected by the above dispute and will continue.

Urbanise remains on track to achieve cash flow breakeven

The potential impact to the run-rate ARR if this termination becomes effective is circa \$500k compared to the contract value of \$680k. The delta between the run-rate and the contract value is a matter of the dispute.



The Board have reviewed the impact of the dispute with Colliers Australia and believes the Company has sufficient cash runway to achieve cash flow breakeven in FY2025 without the inclusion of fees from the Colliers Australia contract. This will be achieved from sales conversions to date, future sales and the prudent management of costs and working capital.

Urbanise's CEO, Simon Lee said "While we are disappointed that Colliers Australia has chosen not to pursue the contract's intention to develop their bespoke solution with us, the Urbanise FM platform has a dedicated user base across multiple sectors including FM service providers, Australia's largest mining companies, aged care, commercial offices, commercial retail and utilities. We have a strong pipeline of sales opportunities across our key markets in APAC and the Middle East with our value proposition reflecting the cost savings and efficiencies derived from our integrated workflow and invoicing processes. FM service providers also continue to use our FM technology as a unique selling point to their end customers. Over the past year, our sales conversion has improved in APAC, and in the Middle East, our sales pipeline continues to build due to demand from a growing volume of building assets in the region."

A further update will be provided when Urbanise releases its Appendix 4C and Quarterly Activities Report for Q4 FY2024 at the end of July 2024.

This announcement has been approved and authorised by the Board of Urbanise.

Investor enquiries

Françoise Dixon

ir@urbanise.com

+61(0) 412 292 977

About Urbanise

Urbanise is a leading provider of cloud-based Software as a Service (SaaS) platforms for property management, specifically strata and facilities management. The Strata platform manages the communications and accounting functions for apartment buildings, strata commercial towers and large housing communities. The Facilities Management platform manages the repair and maintenance for infrastructure, buildings, residential and commercial properties. Urbanise technology is used in some of the tallest towers and most prestigious communities around the globe. www.urbanise.com

Forward-looking statements

This announcement may contain forward-looking statements regarding the Company's financial position, business strategy and objectives (rather than being based on historical or current facts). Any forward-looking statements are based on the current beliefs of the Company's management as well as assumptions made by, and information currently available to, the Company's management. Forward-looking statements are inherently uncertain and must be read accordingly. There can be no assurance that some or all of the underlying assumptions will prove to be valid.

All data presented in this announcement reflects the current views of the Company with respect to future events. Forward-looking statements are subject to risk, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. To the maximum extent permitted by law, the Company, its officers, employees and agents do not accept any obligation to release any updates or revisions to the information (including any forward-looking statements) in this announcement to reflect any change to expectations or assumptions; and disclaim all responsibility and liability for any loss arising from reliance on this announcement or its contents.