Urbanise.com Ltd

H1 FY2025 Results

28 February 2025

Agenda

Why Urbanise?

Streamline, automate, excel and grow with Urbanise.

Our Solutions

- **Industry specific platforms**: Urbanise Strata and Urbanise FM
- **Comprehensive solutions** for streamlined operations and data-driven insights
- Focus on **automation, efficiency, and profitability**

Our Expertise

- **Deep domain expertise, specialising in product development**, implementation, data migration, and support
- Proven track record of successful system roll-outs

Our Commitment

- Dedicated team **committed to client success and growth**
- **Continuous innovation** to meet evolving industry needs
- End-to-end services including implementation, training, and support

~677k
Strata lots billed

$11.9m
Contracted ARR

87%
ARR retention*

~3.48k
FM users billed

93%
Recurring revenue

18
Countries

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* ARR retention rate based on $11.59m ARR at the beginning of July 2024

H1 FY2025 Key Metrics vs pcp[1]

$6.3m
Revenue
Increased 0.6%

- License fees up $0.1m or 2.0%
- License revenue growth of $0.7m offset by $0.6m revenue reduction (loss of customers, license fee reductions)
- Professional fees down $0.08m or 16.1%

$11.3m
ARR[2]
Down 3%

- New customer and organic growth offset largely by the discontinuation of low margin pass-through revenue of 3rd party software in FM of $390k. This increases quality and margin of the remaining ARR.
- ARR flat excluding discontinued 3rd Party Revenue

$11.9m
CARR
Down 2%

- Contracted ARR decreased 2% vs pcp
- Size of backlog remains consistent with new wins offsetting contracts implemented during the period

$2.7m
Net cash position
No Material Debt

- Average monthly cash generated of $139k vs ($80k) for H1 FY2024
- Urbanise remains committed to being cashflow breakeven in FY2025

87%
ARR Retention[3]

- ARR retention rate[3] of 87.3%
- Strata ARR retention 97.1%
- FM ARR retention 72.9%.

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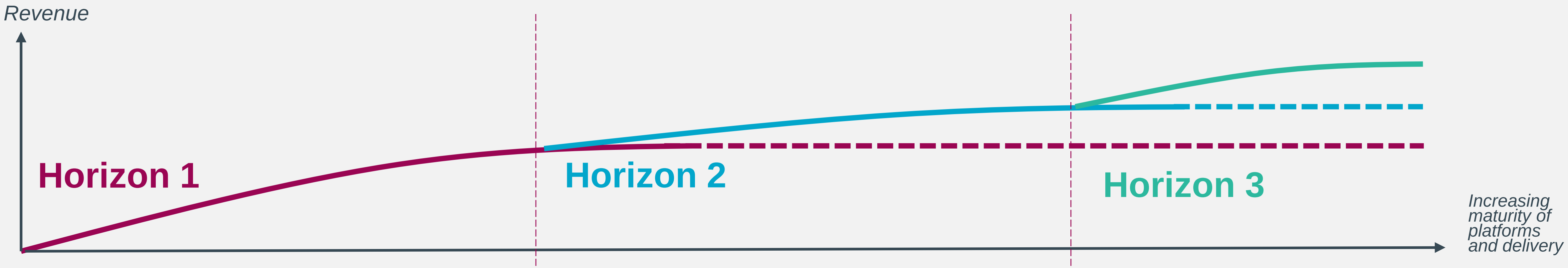
[1] Prior corresponding period.
[2] Annualised Recurring Revenue (ARR) based on December 2024 License revenue.
[3] ARR retention rate based on $11.59m ARR at the beginning of July 2024. This was normalised for MENA contract reallocation.

Driving Sustainable Growth



Expand and maximise customer footprint:

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

Execution

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

Leverage customer footprint:

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

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Horizon 1:
Expand and maximise customer footprint

Progress

- Additional ARR through customer growth, primarily:
  - Small to Medium APAC strata managers
  - FM Service Providers in APAC and MENA
  - Aged care providers
- Renewal and on-going relationships with largest New Zealand and Australian strata managers[1]

FY2025 Outlook

- Increase sales run-rate and increase market share including:
  - Targeting of Stratamax and Stratamaster on-prem solutions; and
  - Using outsource partners to accelerate migration from competitor systems
- Improve ARR retention through customer engagement touchpoints and feedback

Horizon 2:
Increase revenue per user or customer

Progress

- Development of additional features and services including:
  - Predictive analytics and reports;
  - Enhanced communications
  - Training modules and support options

FY2025 Outlook

- Increase license fee per user or per lot
- Increase professional fees

Horizon 3:
Leverage customer footprint

Progress

- Expanded strata market opportunity with integrated solution that connects customers with service providers:
  - New partnership with LevyCollect connecting strata customers with legal firms for debt collection services
  - Expanded market value estimated at $30m-$54m per annum

FY2025 Outlook

- Pursue key partnerships in banking sector to improve how strata managers efficiently manage vast numbers of strata scheme bank accounts

[1] Five-year contract extension with Crockers Body Corporate Management Limited announced on 20 August 2024.

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Strata Organic Growth 2024-2029 : 25%

Australia is one of the world's most urbanised countries, with 90% of the population living in cities.

Housing Shortage Driving Growth

	2024	2029	Growth
Dwellings	11.25m	12.7m	13%
Strata Managed	2.2m	2.7m	25%

Additional **500,000** Strata Managed Dwellings by **2029**

25% GROWTH

4.7% Over 5 Years annualised growth

Strata Banking Market

~$19.3+ Billion

Strata Transactions per annum

~$9.6+ Billion

Strata Funds Deposits

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Strata

KEY PROFIT METRIC FOR BANKS
Net Interest Margin (NIM)

1.7 % — Average Bank NIM across all deposits

3 % — Strata Funds NIM

Growth in funds follow the organic growth in lots **(~25% over 5 years)** plus increased regulatory requirements and climate change repairs and upgrades.

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Source :
1. Deposits & Transactions estimated based on Bank provided information & back solving from publicly available information & proprietary UBN source & insights.
2. NIM (3%+) discounted for Liquidity Reserve, Capital Reduction & TD/AC mix and then discounted by 1% for conservatism.

State of Industry Technology

Technology in Strata

Strata Software

~60%

DOS/Windows On-premise based systems

Banking

100%

on 20+ year old payment & banking systems

Impacting:

Lack of Automation & Scaling capability

Work from home / Offshoring

Staff hiring costs, training, retention & turnover

Ability to service customers expectations
(who benchmark to non-Strata services)

Falling Profit Margins through to Negative Marginal Returns

Products and Market Overview

community

Available on the App Store

Get it on Google play

Owner and resident Community Portal for LIVE 24/7 access

INTEGRATIONS

Public API's

STRATAVOTE

LevyCollect

Bing

ePost

Quick AP

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Strata

Unparalleled automation built for strata managers.

End-to-end Financial Management

Budgeting | Levy Management | Arrears Management | Banking Integration | Automated Reconciliation | Invoice Processing | Reports

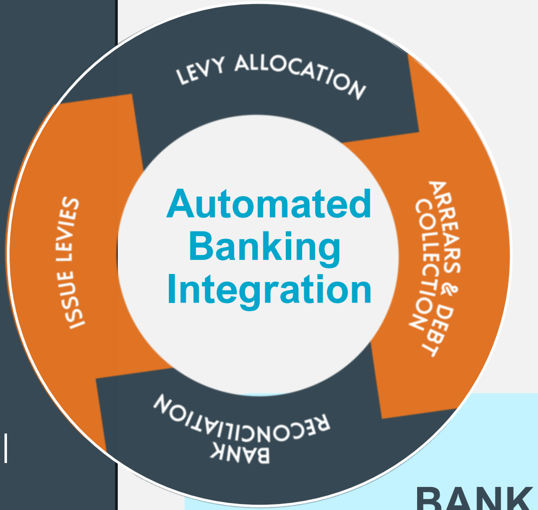
Day-to-day Strata Admin

Management Agreements | Facilities Maintenance – repairs and maintenance | Conflict Resolution | Insurance | Owner/Resident Enquiries

Meeting Management

AGM's | Committee meetings

Compliance



BANK

Each strata scheme maintains a bank account to receive levy payments from owners, manage accounts receivable, and process accounts payable.

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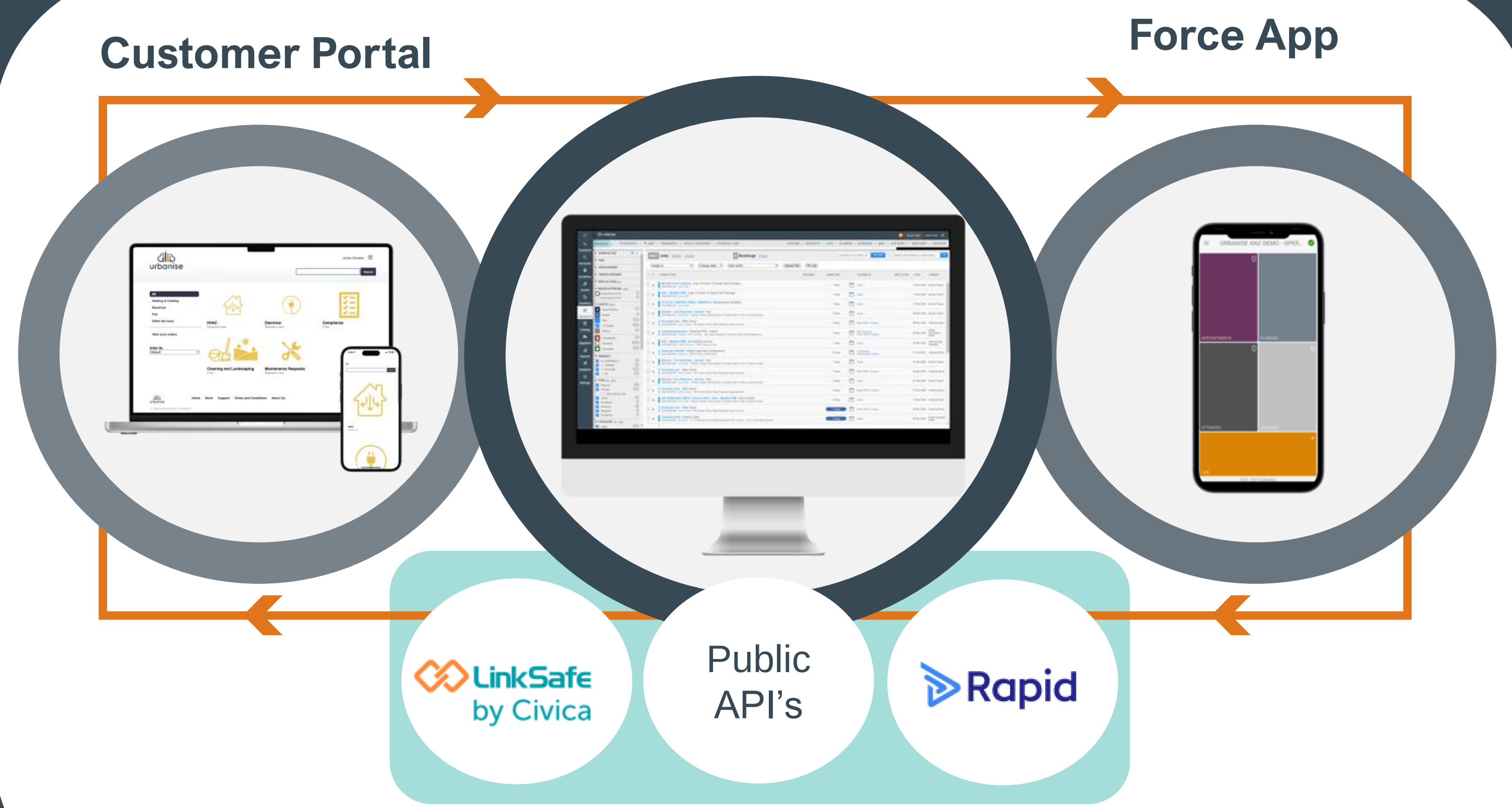

Analytics powered by Microsoft Power BI

All-in-one professional facilities management solution

- Works Management
- Asset Management
- Compliance
- Reporting & Analytics
- End User Engagement
- Integrations

H1 FY2025 Results

H1 FY2025 Financial Summary

$'000s	H1 FY2025	H1 FY2024	Var	Var %
License fees	**5,883**	**5,767**	**116**	**2.0%**
Professional fees	422	503	(81)	(16.1%)
Total revenue	**6,305**	**6,270**	**35**	**0.6%**
Operating expenses	(6,382)	(7,382)	990	13.4%
Share-based payments	(809)	(411)	(398)	96.8%
EBITDA	**(896)**	**(1,523)**	**627**	**41.2%**
Depreciation and amortisation	(492)	(558)	66	11.8%
Foreign exchange (loss)/gain	(273)	108	(381)	(352.8%)
Other income	-	461	(461)	(100.0%)
Finance costs	(31)	(43)	12	(27.9%)
Net loss	**(1,692)**	**(1,555)**	**(137)**	**(8.8%)**

Key Operational Metrics	H1 FY2025	H1 FY2024	Var	Var %
Recurring revenue	93.3%	92.0%	1.3%	
	December 2024	**June 2024**	**Var**	**Var %**
ARR* ($m)	$11.25m	$11.59m	(0.34m)	(2.9%)
Backlog** ($m)	~$0.6m	~$0.6m		

License Revenue:
Increased by $116k to $5,883k, driven by growth from new, backlog, and existing customers, offsetting customer losses.

Professional Fees:
Reduced by 16.1% to $422k, driven by delays in completing implementations over the holiday period as well as measures to streamline implementation, reduce costs, and accelerate customer onboarding.

Operating Expenses:
A comprehensive operational review in Q1 FY2024 resulted in a $990k reduction in operating expenses.

Urbanise expenses all R&D costs as incurred, ensuring a transparent financial position with no capitalised development expenses.

Share-based Payments:
In FY2025, Urbanise issued Share Appreciation Rights (SARs) and Performance Rights (PRs) under a new Employee Incentive Plan. These awards are non-cash and expensed based on fair value estimates.

EBITDA:
Loss reduced by 41.2% to $896k, primarily driven by lower operating expenses.

Other Income:
Consists of R&D rebate and interest income. The R&D rebate for FY2024 is still in the process of being finalized and is expected to be consistent with the previous year's rebate.

H1 FY2025 Key Metrics

1. Underlying Strata ARR Growth of 2%

2. Total ARR flat excluding 3rd party pass through

Total Contracted Revenue of ~$11.9m

	Jun 21	Dec 21	Jun 22	Dec 22	Jun 23	Dec 23	Jun 24	Dec 24	Backlog as at 1 Jan 2025
Strata lots	~636k	~678k	~681k	~689k	~684k	~688k	~652k	~677k	~52k
*Strata ARR**	$6.89m	*$7.13m*	$7.21m	*$7.39m*	$7.66m	$7.82m	$7.65m	$7.03m[1]	Est. ~$0.5m
Facilities users	~2.47k	~2.61k	~2.32k	~2.45k	~2.61k	~2.90k	~2.92k	~3.48k	10 contracts
*Facilities ARR**	$3.55m	*$4.22m*	3.64m	*$3.89m*	3.90m	$4.17m	$3.94m	$4.22m	Est. ~$0.1m
*Total ARR**	$10.44m	*$11.35m*	$10.85m	*$11.28m*	$11.56m	$11.99m	$11.59m	$11.25m[2]	Est. ~$0.6m

ARR growth YoY 3.9% 6.5% 0.3% (2.9%)

1. Following a review of revenue recognition of combined Strata and FM contracts in the Middle East, Urbanise has adjusted the ARR to more appropriately reflect the value delivered. This has resulted in a $780k ARR reallocation from Strata to FM. Excluding this reallocation Strata ARR grew by 2%.

2. In FM, the reallocation benefit was offset largely by the discontinuation of low margin pass-through revenue of third-party software (ARR: $390k). The third-party application is no longer directly supported by Urbanise for its FM customers due to low margins and high support costs. Excluding this discontinuation total ARR remains flat.

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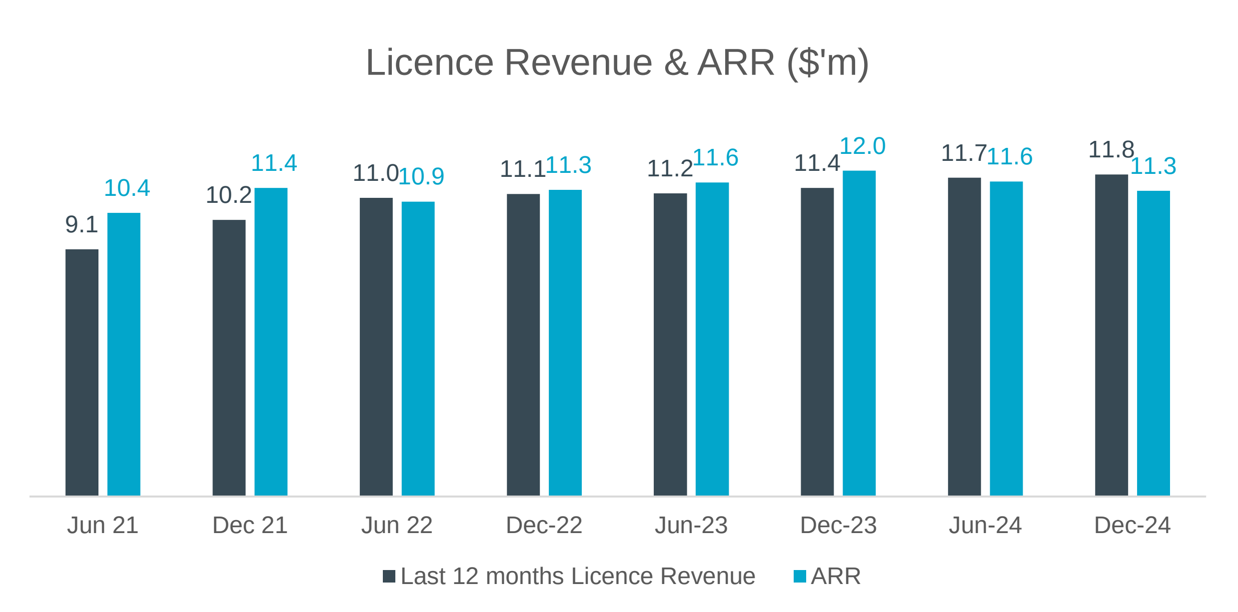
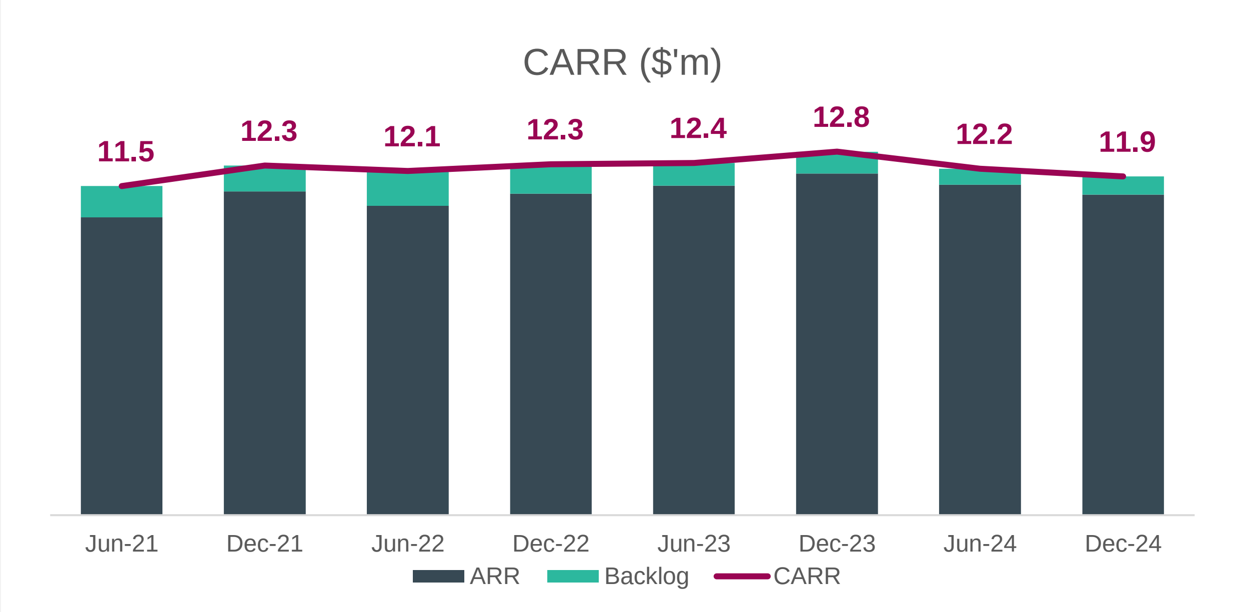
* Annualised Recurring Revenue based on the month of December license revenue.

5-year growth in ARR and CARR





Contract Wins H1 FY2025

- $563k in ARR and $250k in Professional Fees.

ARR

- ARR decreased from June 2024 to $11.3m, driven largely by the discontinuation of low margin pass-through revenue of third-party software (ARR: $390k). The third-party application is no longer directly supported by Urbanise for its FM customers due to low margins and high support costs.

- Contracted Annual Recurring Revenue (CARR) is comprised of Annual Recurring Revenue (ARR) and Backlog (yet to be implemented).
- CARR reduced to $11.9m at December 2024. The customer backlog has remained consistent at $0.6m since June 2024.

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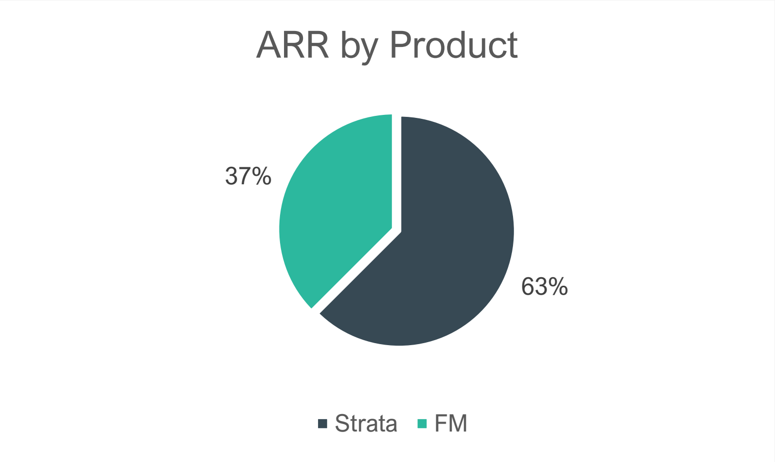
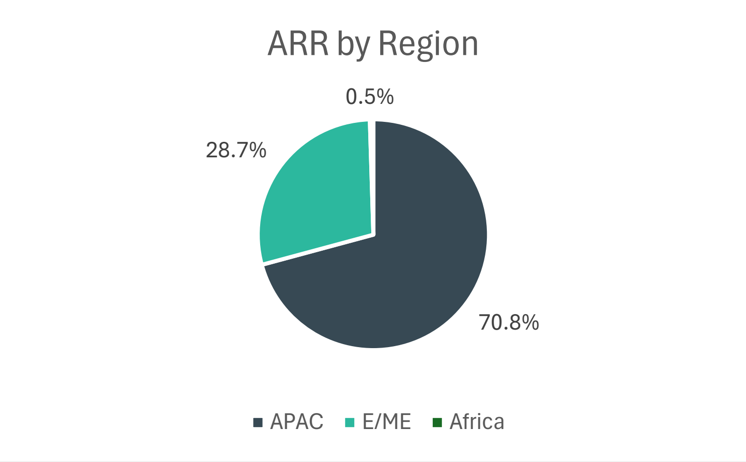
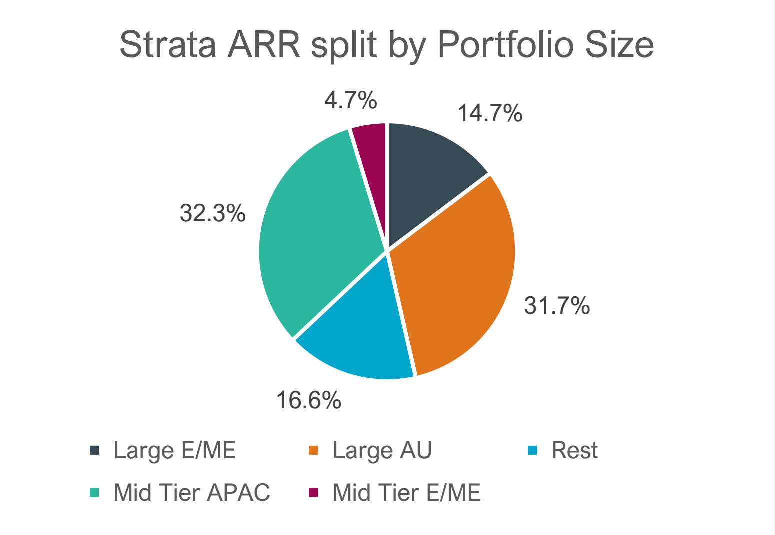
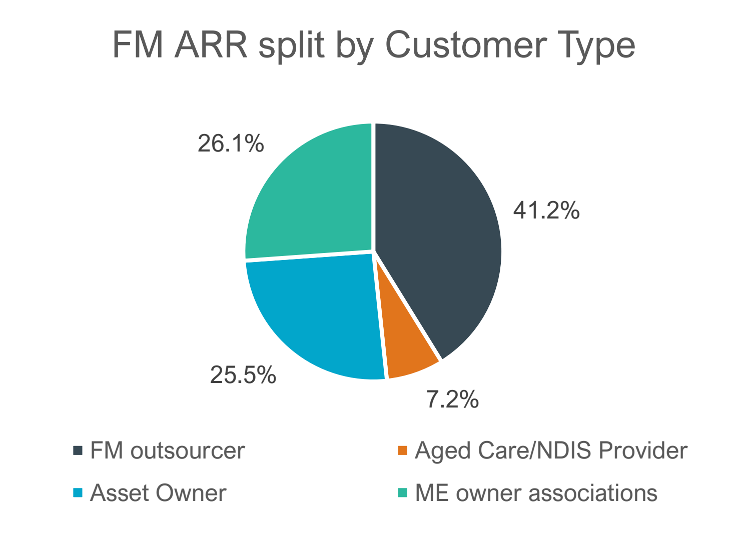
ARR by Customer and Product









- **ARR by Product**
  Composition of ARR in December 2024 shows Urbanise's strategic focus on its key markets of APAC and the Middle East.
- **Strata ARR split by Portfolio Size**
  Within Strata, Urbanise's platform is used by a broad range of strata managers in terms of size and geography.
- **FM ARR split by Customer Type**
  Within FM, FM Outsourcers accounted for 41% of FM ARR. Urbanise continues to expand its presence with asset owners, ME owner associations and aged care/NDIS providers.
- Following a review of revenue recognition of combined strata and FM contracts in the Middle East, Urbanise has adjusted the ARR to more appropriately reflect the value delivered. This has resulted in a $780k ARR reallocation from Strata to FM.

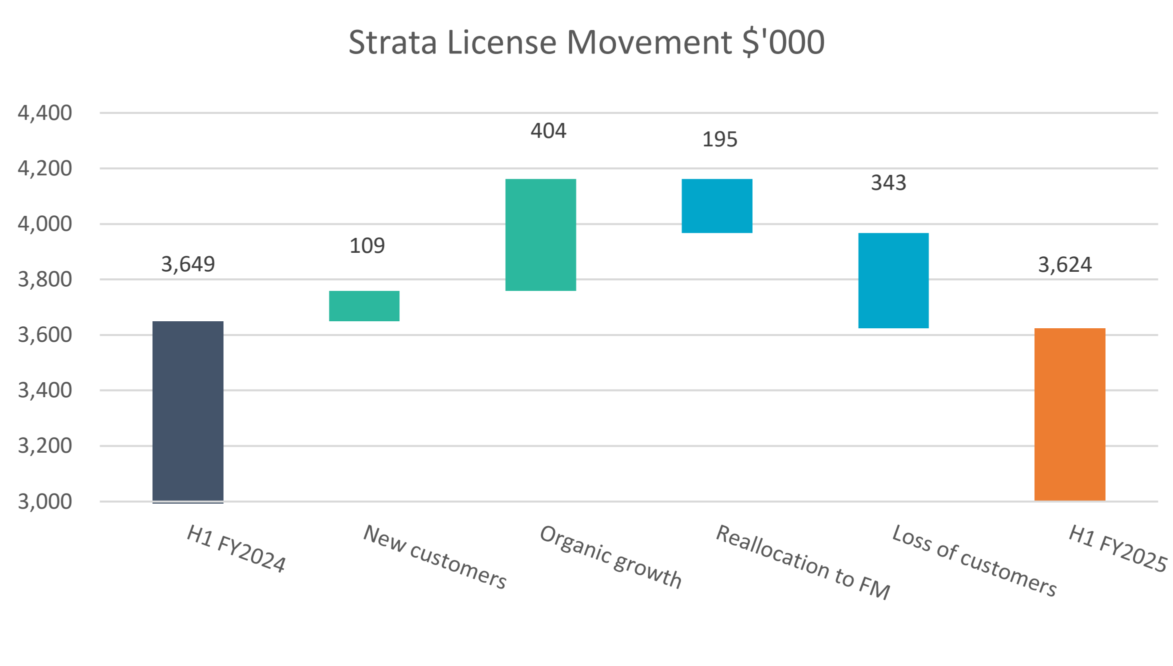
urbanise Annualised Recurring Revenue is based on December 2024 revenue.

H1 FY2025 Strata Summary

$'000s	H1 FY2025	H1 FY2024	Var	Var %
License fees	3,624	3,649	(25)	(0.7%)
Professional fees	96	192	(96)	(50.0%)
Total revenue	**3,720**	**3,841**	**(121)**	**(3.2%)**
License fees % total	**97.4%**	**95.0%**		

	Dec 2024	Jun 2024	Var	Var %
No of Strata lots billed	677k	652k	25k	3.8%
ARR ($m)*	$7.03m	$7.65m	($0.62m)	(8.1%)

	Dec 2024
Backlog	~$0.5m



- Urbanise Strata License fees remained flat. New wins of $109k and customer growth of $404k offset customer losses. Recent wins have not been implemented and are in backlog.
- Following a review of revenue recognition of combined strata and FM contracts in the Middle East, Urbanise has adjusted the revenue allocation to more appropriately reflect the value delivered. This has resulted in a $780k ARR reallocation from strata to FM and a $195k revenue reallocation in Q2.
- Excluding the reallocation to FM, **Strata License fees grew by 4.7%.**
- Professional fees are down $96k or 50% on pcp reflecting some delays in implementations and increased implementation efficiencies.
- Backlog of $0.5m consists of ~52k lots.

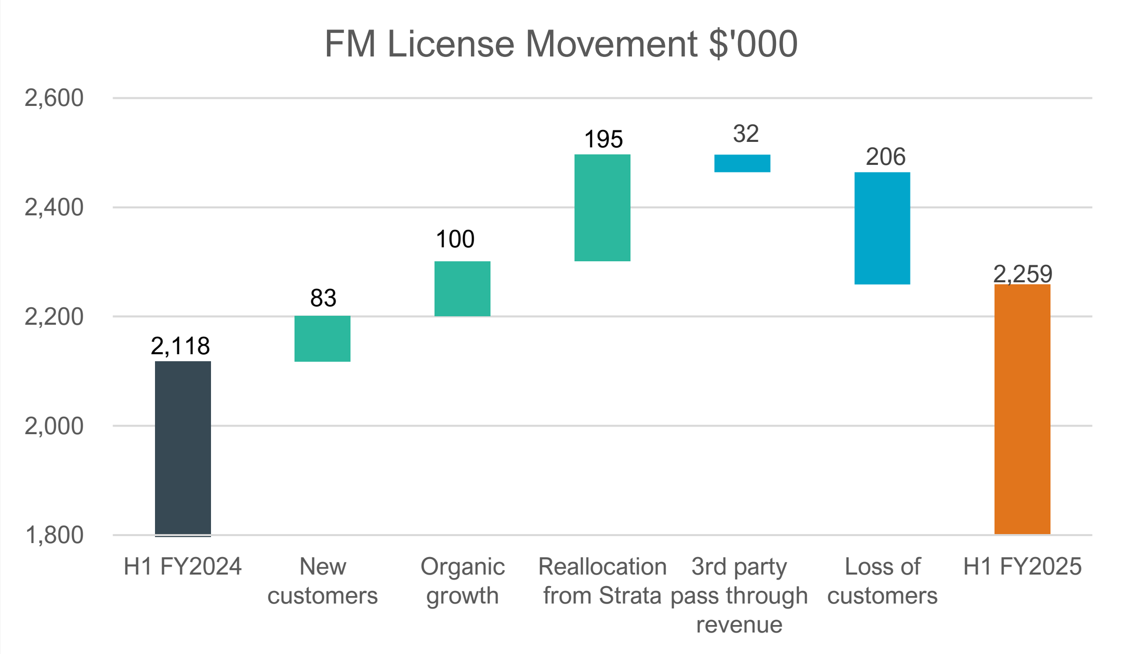
* Annualised Recurring Revenue based on the month of December revenue

H1 FY2025 Facilities Management Summary

$'000s	H1 FY2025	H1 FY2024	Var	Var %
License fees	2,259	2,118	141	6.7%
Professional fees	326	310	17	5.5%
Total revenue	**2,585**	**2,428**	**158**	**6.5%**
License fees % total	**87.4%**	**87.2%**		

	Dec 2024	Jun 2024	Var	Var %
Facilities users billed	~3.48k	~2.92k	~0.56k	19.2%
ARR*	$4.22m	$3.94m	$0.28m	7.1%

	Dec 2024
Backlog	~$0.1m



- License fees of $2,259k, were up $141k or 6.7%. New wins, backlog customer growth and organic growth from existing customers was offset by customer losses.
- FM revenue increased by $195k due to a change in revenue recognition in combined Strata / FM contracts in the Middle East (Refer to Slide 18). Excluding this reallocation, FM License fees declined by 2.5%.
- FM ARR has increased by $780k post the review recognition of combined Middle East contracts. This has been offset by customer losses and the discontinuation of low margin pass-through revenue of third-party software (ARR: $390k).
- Backlog as 1 January 2025 consists of 10 contracts estimated at $0.1m in annual license fee revenue and professional fees.

Colliers Dispute**

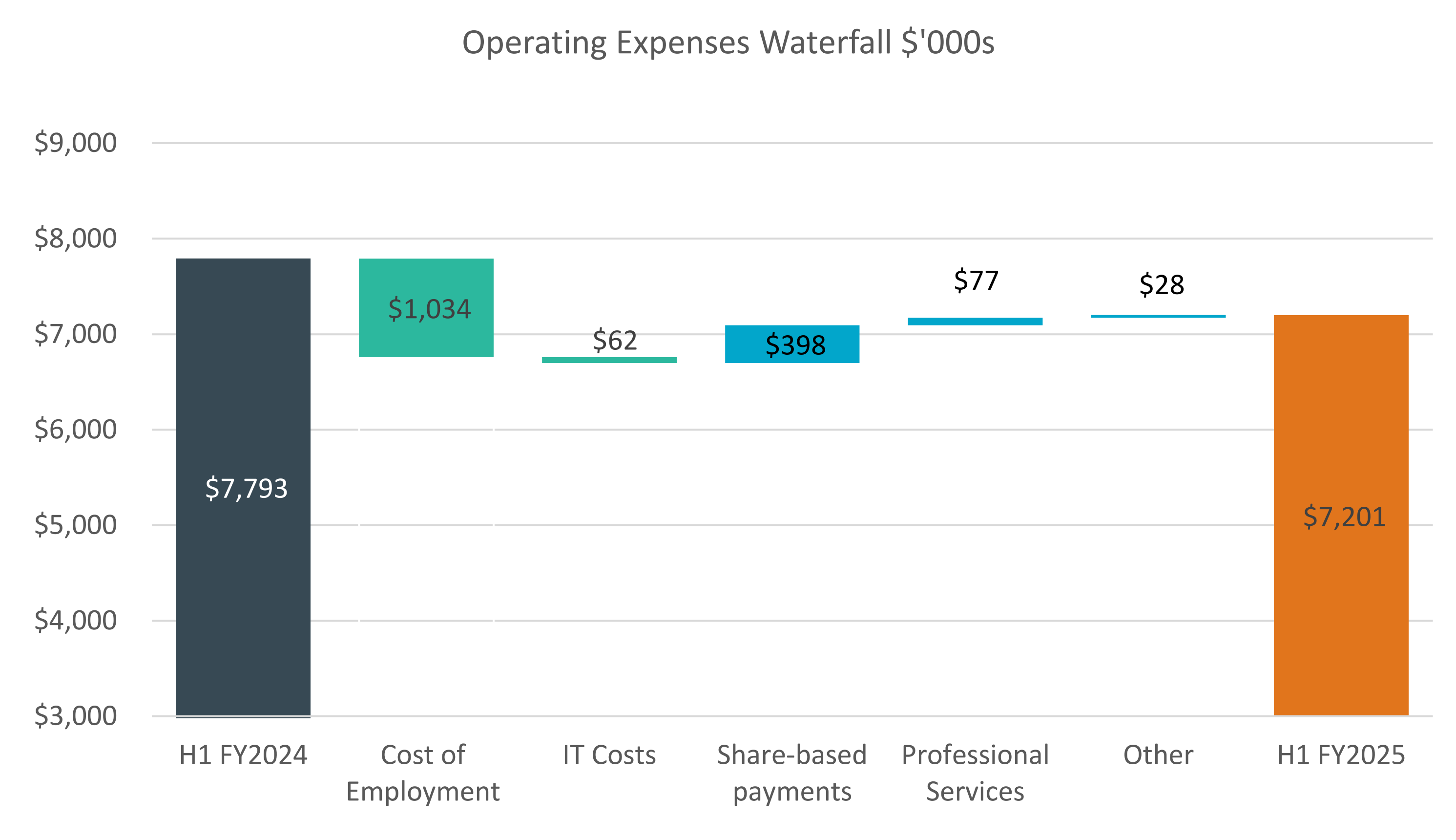
- In July 2024, Urbanise entered into a contractual dispute with Colliers Australia
- 4-year agreement, effective from September 2021. Initial value of $680k in ARR
- Urbanise believes there is a strong legal basis for the claim, but outcome is still uncertain
- No revenue recognised for Colliers in H1 FY2025

* Annualised Recurring Revenue based on the month of December revenue.

** For further information, refer to ASX announcement on 24 July 2024.

Operating expenses

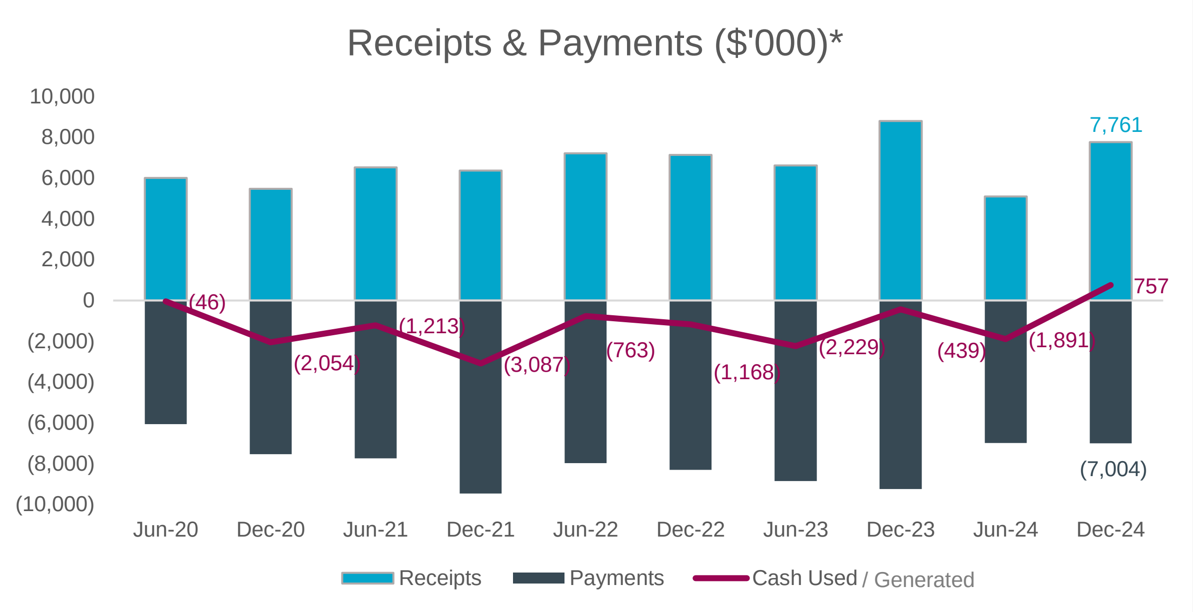
Urbanise's cost optimisation strategy reduces H1 FY2025 operating expenses by $592k vs pcp

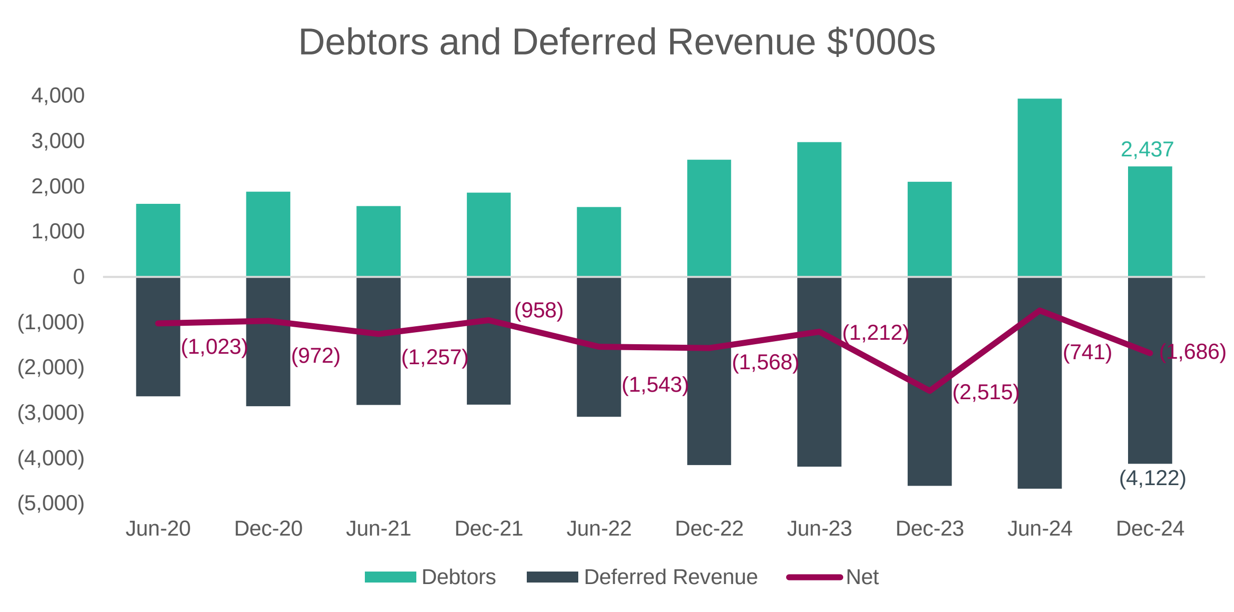


- Operating expenses decreased by 7.6% or $592k to $7.2m, following the completion of a comprehensive operational review in Q1 FY2024.
- Achieved $1,034k reduction in headcount and overhead costs via operational efficiencies, the conclusion of major development efforts and discontinuation of bespoke customer development.
- Increase in share-based payments of $398k reflects the introduction of a new Employee Incentive Plan in H1 FY2025 to ensure greater shareholder alignment.[1]

1. During H1 FY2025, Urbanise issued Share Appreciation Rights (SARs) to employees and Non-Executive Directors (NEDs). Following an independent review, the Company adopted a new Employee Incentive Plan (New Plan) to enhance flexibility and align with industry practice.

Ongoing Focus on Cash Management





- In H2 FY2024, receipts were impacted by payment process disruptions which paused payments due to the consolidation of two key Middle East customers. In H1 FY2025, Urbanise recovered all but $500k of these outstanding amounts, demonstrating significant progress in resolving payment delays.
- H1 FY2025 payments to suppliers and employees remained consistent with H2 FY2024, illustrating sustained operational efficiency and cost discipline post the Q1 FY2024 operational review.

- The net of debtors and deferred revenue decreased vs pcp due to an increase in deferred revenue from upfront annual billing and delayed cash collection.
- Debtors decreased through successful collection efforts, particularly in the Middle East. Debtors were also impacted by the timing of invoicing customers.

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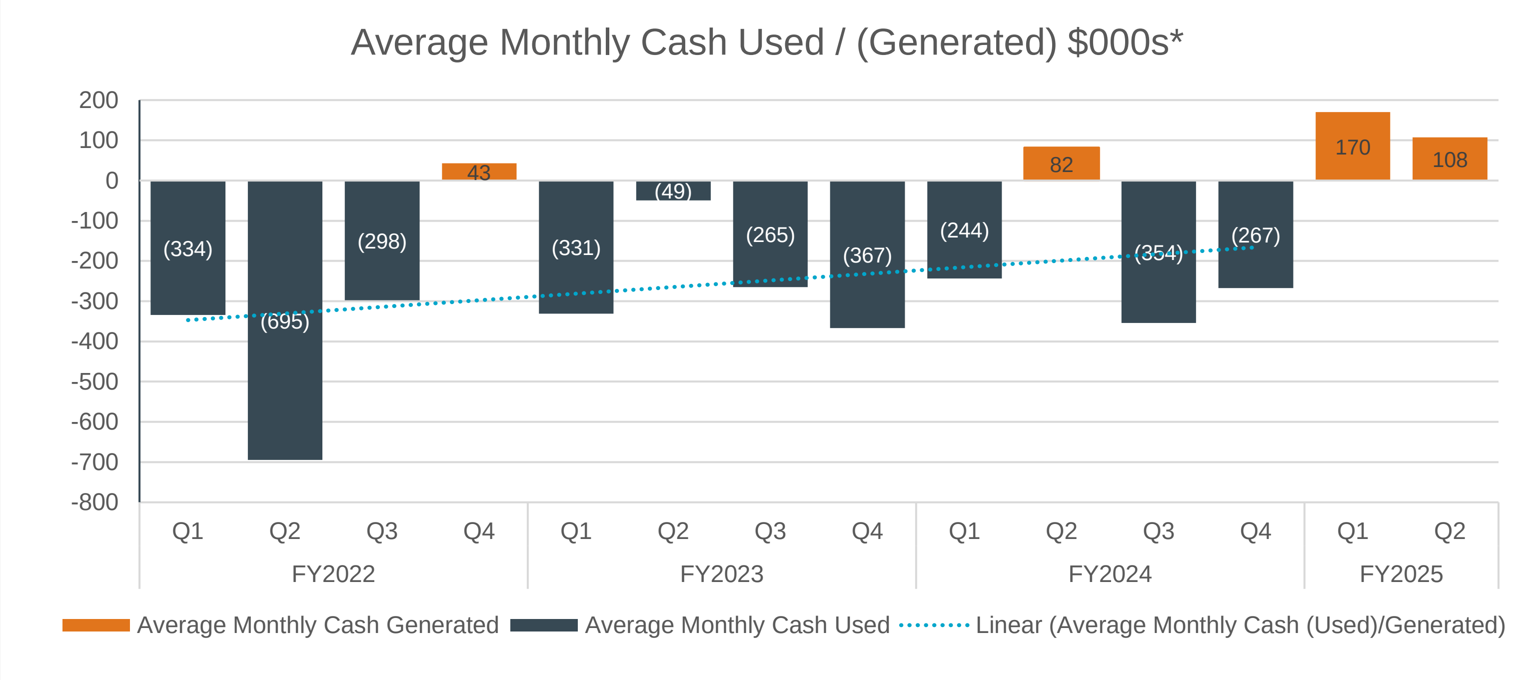
* Excluding capital raise and private placement

Cash Used/Generated



The average monthly cash generated for H1 FY2025 was $139k.

- Urbanise continues to optimise its cost base and working capital strategies.
- Increased focus on leveraging developed product leadership to drive topline growth.

Urbanise still on track to achieve cashflow breakeven in FY2025

Current Cash Run Rate	$'m
ARR	11.2
Professional fees and backlog	1.3
Cash costs (excluding Share-based payments)	(13.0)
Annual cash gap	**(0.5)**
Current monthly cash generated run rate	0.1
H1 FY25 actual average monthly cash generated	0.8

Projected ARR growth expected to bridge the cash gap.

*.Excludes proceeds from capital raises / placements and sale of business assets

H1 FY2025 Cash Flow

$'000s	H1 FY2025	H1 FY2024
Opening Cash Balance	**1,899**	**4,248**
Receipts from customers	7,761	8,344
R&D tax rebate and government incentive	-	461
Payments to suppliers and employees	(6,910)	(9,108)
Interest	(18)	(16)
Net cash generated/(used) in operating activities	**833**	**(319)**
Payments for equipment	-	(8)
Repayment of leases	(76)	(112)
Net cash used in financing and investing activities	**(76)**	**(120)**
Net increase/(decrease) in cash and cash equivalents	**757**	**(439)**
Effect of exchange rates on cash balances	75	(46)
Net cash flow for the period	**832**	**(485)**
Cash at 31 December	**2,731**	**3,763**
Average Monthly Cash Generated/(Used)	**139**	**(80)**
Net cash flow for the period	**832**	**(485)**
R&D rebate	-	(461)
Employee severance	-	161
Late receipts collected from prior year	(716)	(231)
Late customer receipts	504	551
Underlying cash flow for the period	**620**	**(466)**
Underlying Average Monthly Cash Generated/ (Used)	**103**	**(77)**

- H1 FY2025 receipts of $7,761k were $583k lower vs pcp due to the impact of Colliers Australia and timing of other customer billing.
- Payments to suppliers and employees reduced by $2,198k due to cost reduction initiatives undertaken in Q1 FY2024 and realised throughout the year.
- The R&D rebate for FY2024 is still in the process of being finalised and is expected to be consistent with the previous year's rebate.
- The underlying average monthly cash generated/(used) was adjusted for:
  - R&D rebate

  offset by
  - Employee severance costs
  - Net material late receipts from Middle East customers and collection of prior year late receipts.
- Average monthly cash generated for H1 FY2025 was $139k vs average monthly cash used of $80k in H1 FY2024.
- Underlying average monthly cash generated improved in H1 FY2025 to $103k vs $77k cash used in H1 FY2024.

H1 FY2025 Balance Sheet

$'000s	31 Dec 24	30 Jun 24
Cash and cash equivalents	2,731	1,899
Trade receivables	2,193	3,931
Contract assets	244	40
Other assets	151	130
Prepayment	380	327
Total current assets	**5,699**	**6,327**
Property, plant and equipment	279	389
Intangible assets	2,037	2,380
Goodwill and other intangibles	4,786	4,786
Other assets	122	123
Total non-current assets	**7,224**	**7,678**
Total assets	**12,923**	**14,005**
Trade and other payables	(2,767)	(2,972)
Provisions	(741)	(738)
Lease liabilities	(226)	(258)
Deferred revenue	(3,529)	(3,955)
Total current liabilities	**(7,263)**	**(7,923)**
Deferred revenue	(592)	(717)
Provisions	(71)	(44)
Lease liabilities	(69)	(147)
Total non-current liabilities	**(732)**	**(908)**
Total liabilities	**(7,995)**	**(8,831)**
Net Assets	**4,928**	**5,174**

Trade receivables decreased by $1,738k compared to 30 June 2024, following the resolution of payment process disruptions from two key Middle East customers. Remaining late receipts are being actively managed.

Property, plant and equipment includes right to use assets relating to office rentals.

Intangible assets - Development costs relate to the Strata platform. From 1 July 2022, the capitalisation of the development costs ceased due to the maturity of the Strata product.

Deferred revenue is driven by renewals, new contracts and advance billing strategies. Total Deferred revenue was $4,121 of which $3,529k is current and will be recognised within the next 12 months.

Outlook

Outlook

Sales growth and operating leverage to drive cashflow sustainability

- Increase sales run-rate to maximise market share, including targeting market share of on-prem competitors
- Improve ARR retention rates through increased customer engagement
- Improve license fee and professional fee profitability through upsell of additional features and services
- Pursue key partnerships in expanded strata market opportunity estimated at $30m-$54m including those in the banking sector
- Achieve cashflow breakeven in FY2025

Q&A

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