

ASX RELEASE

28 April 2022

Appendix 4C & Quarterly Activities Report for the period ended 31 March 2022

- Q3 FY2022 revenue of \$3.13m¹ up 9.8% vs previous corresponding period (pcp) (Q3 FY2021: \$2.85m) driven by 21.8% growth in licence fees from new and existing customers²
- Q3 FY2022 Facilities Management (FM) licence revenue was 25.4% higher on pcp and strata licence revenue increased by 19.8%
- Q3 FY2022 professional fees of \$291k¹ were 44.0% lower on pcp reflecting fixed priced implementations and a significant implementation in Q3 FY2021
- Q3 FY2022 average monthly cash used of \$298k¹ was impacted by exceptional cash outflows in the period including \$271k in termination payments, \$268k in non-recurring salaries, \$27k in recruitment costs associated with CEO search and \$49k in costs for bots to improve the Strata migration process. An R&D tax rebate of \$352k was also received during the quarter
- Underlying monthly cash used for the March quarter was \$210k¹ after adjusting for the exceptional outflows and the R&D tax rebate (Q2 FY2022: \$360k)
- Closing cash balance of \$3.84m¹ (31 December 2021: \$4.73m) and no material debt³
- Urbanise is on track to deliver a significant reduction in cash burn (up to \$2.5m) over the nine-month period to 30 September 2022 with \$780k secured as at end of March 2022⁴
- The Board continues to progress the search for a new CEO and will update the market when an appointment has been made

Urbanise.com Limited (ASX: UBN) ("Urbanise" or "the Company") today provides a business update and quarterly cash flow report for the period ended 31 March 2022 (Appendix 4C). Urbanise is a leading provider of cloud-based Software-as-a-Service (SaaS) platforms to strata and facilities managers in Australasia, the Middle East, Europe and South Africa.

Urbanise's Interim CEO and CFO Simon Lee said: "Urbanise has delivered good growth in licence fees from new and existing customers vs pcp. The 22% increase on pcp reflected strong ongoing demand for Urbanise's Strata and FM platforms across our key markets. Lower professional fees during the quarter were due to fixed price implementations on certain projects and a significant implementation in Q3 FY2021.

¹ Unaudited financial information.

² On 5 April 2022, Urbanise announced that Ventia Services Group was reducing its requirements for user licences on three existing contracts. This decision did not impact Q3 FY2022 revenue. It is expected to apply from 1 April 2022.

³ No debt other than annual insurance premium funding.

⁴ These relate to development headcount savings and are net of redundancies of \$142k.Ongoing savings are expected to be \$115k per month.



"Managing our cashflow is a key strategic priority and during the quarter, we progressed several initiatives that are expected to reduce cash burn by up to \$2.5m between Q3 FY2022 and Q1 FY2023. By the end of March, monthly cash costs had been reduced by \$225k as we restructured our sales and development teams due to changes in our go-to-market strategy and to increase the variability of our development cost base. The full benefit of these reductions is expected to apply from the beginning of Q4 FY2022. The Board believes that these initiatives should provide the business with sufficient runway to achieve a sustainable cash position over the next six months.

"We continue to refine our sales process which has resulted in a more focused sales effort and a better pipeline of qualified opportunities. As COVID-19 concerns ease, the sales team is increasing face-to-face engagement with existing and potential customers across our core markets, supported by brand-focused marketing. From a Strata perspective, we are targeting small to medium strata managers in Australia and the Middle East, where our pipeline is increasing the most. The Facilities team continues to target asset owners and FM Outsourcers in Australia and the Middle East. Our most immediate pipeline opportunities include existing FM Outsourcers who deploy our platform across existing portfolios as well as new contracts. Increased marketing effort has been focused on promoting Urbanise through building the visibility of our brand and product across key trade events, social media channels and a website refresh.

"The priority for our development team is the successful execution of our strategic roadmap which will increase the functionality of our products, often in response to specific customer feedback. Over the next half, this will include development work for Colliers Australia, a strata comms module and the automation of strata compliance in the Middle East. We also invested in data migration tools (bots) to speed up the process of transitioning strata managers from competitors to our platform. This is a disruptive process for strata managers and our ability to do this better and faster will reduce a key friction point for potential customers. During the March quarter, we increased our resourcing in Vietnam to complete some of these enhancements and expect our pipeline opportunities to accelerate with the completion of this development.

"We remain on track to deliver key milestones for the contract with Colliers Australia in H1 FY2023 and expect this partnership to create opportunities with other areas of their global business. We also continue to focus on pipeline opportunities with strata managers, asset owners and FM outsourcers across our key markets as we further extend and diversify our customer base."

Q3 FY2022 Business Activity Update

- The Board continues to progress the search for an Australia-based CEO.
- Following a review of its go-to-market strategy, Urbanise reduced its sales headcount in December and January resulting in monthly cost savings of \$110k per month (realised from the month of March). Termination costs of \$129k were incurred in January in relation to these headcount reductions. The changes made to the FM sales team have not impacted sales or pipeline conversion.
- On 27 January 2022, Urbanise advised that it was targeting several specific opportunities that are expected to reduce cash burn by up to \$2.5m (in aggregate) between Q3 FY2022 and Q1 FY2023.
- At the end of March 2022, Urbanise had made significant progress towards this target with \$780k (31%) of the total \$2.5m cash burn reduction secured, relating to development headcount savings realised over the 9-month period, net of redundancies of \$142k. Ongoing monthly savings are expected to be \$115k per month. The restructuring of the development team across Bulgaria and Australia provides Urbanise with the ability to scale its cost base on a variable basis while preserving the core development team.



- Urbanise continues to progress development with leading property services company, Colliers
 Australia and remains on track to meet key milestones in H1 FY2023. The Colliers contract will
 deliver specific enhancements to the Urbanise Facilities platform deepening the functionality for
 facilities managers and broadening its appeal and application to the commercial building sector. It
 is expected that testing will be completed in Q2 FY2023 with go-live and licencing to follow.
- Urbanise completed the transition of a strata customer (circa 4,000 lots) from a major Australian
 competitor in April. This large-scale implementation allowed Urbanise to create a standard
 procedure for these types of transitions using automated products (bots), streamlining the data
 migration process. This procedure will significantly improve the process of transitioning customers
 from major competitors going forward.
- On 5 April 2022, Urbanise announced that Ventia Services Group Limited (ASX:VNT) had reduced its requirement for user licences on three existing contracts. This is expected to impact ARR by \$630k from 1 April 2022. Ventia's decision reflects the implementation of a single standardised enterprise system across that business resulting in the decommissioning of specialised applications from over 20 vendors. Ventia has confirmed that it will continue to use Urbanise on its Anglo-American contract which highlights the unique functionality and integration of the FM platform into that organisation's systems. The cash impact will be \$630k over the next 12 months. Urbanise's sales pipeline and total backlog is considered sufficient to replace the loss in ARR over this period.

Q3 FY2022 Financial Summary

During the March quarter, Urbanise's total revenue increased by 9.8% vs pcp. Recurring licence fees were 21.8% higher on pcp due to the inclusion of licence fees from Nakheel, and higher revenue from existing customers. The reduction in licence fees from three Ventia contracts did not impact Q3 FY2022 and will apply from 1 April 2022.⁵ Revenue from professional services was 44.0% lower than pcp reflecting fixed price implementations and a significant implementation in Q3 FY2021.

Urbanise had a cash balance of \$3.84m and no material debt⁶ at 31 March 2022. The average monthly cash used was \$298k for the quarter with several exceptional costs relating to restructuring of the development and sales teams. A detailed reconciliation is provided in the Q3 FY2022 Cash Flow Summary section below.

Table 1: Q3 FY2022 Urbanise Summary (Unaudited financial information)

\$000s	Q3 FY2022	Q3 FY2021	Var	Var %
Licence Fees	2,836	2,329	507	21.8%
Professional Fees	291	520	(229)	(44.0%)
Total revenue	3,127	2,849	278	9.8%
Average monthly cash used	(298)	(91)	(207)	(227.4%)
Underlying average monthly used	(210)	(175)	(35)	(20.0%)
Closing cash	3,840	8,760	(4,920)	
Licence fees % total	90.7%	81.7%		

Facilities Management

Q3 FY2022 FM licence fee growth of 25.4% vs pcp reflected ongoing demand for Urbanise's combined strata and facilities management platform in the Middle East and new contracts in Australia with FM

⁵ Refer to ASX announcement on 5 April 2022

⁶ No debt other than annual insurance premium funding



outsourcers and aged care providers. Professional fees were lower on pcp largely reflecting fixed fee arrangements and a significant implementation in Q3 FY2021. The FM sales pipeline includes opportunities with new and existing FM Outsourcers as well as asset owners.

Table 2: Key drivers of Q3 FY2022 FM licence fee growth

FM licence fees increased by	Additional revenue from Nakheel (\$75k)
25.4% (\$211k) vs pcp	New and backlog contracts (\$105k)
attributable to:	 Existing customer growth (\$31k)

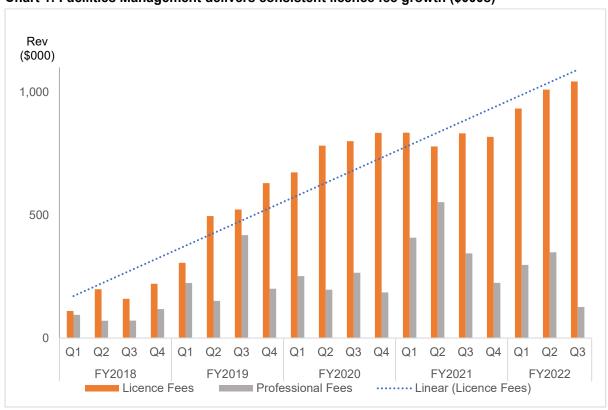
Table 3: Q3 FY2022 Facilities Management Summary (Unaudited financial information)

\$000s	Q3 FY2022	Q3 FY2021	Var	Var %
Licence Fees	1,043	832	211	25.4%
Professional fees	127	344	(217)	(63.1%)
Total revenue	1,170	1,176	(6)	(0.5%)

ıl 89.1% 70.7%

Chart 1 shows that FM has delivered strong licence fee growth over the past four years. It also highlights the variability in professional fees over the period which peaked in Q2 FY2021 with the implementation of major contracts for Dubai Asset Management and an Anglo-American mine site. In the past year, FM professional fees have been lower, as Urbanise entered into fixed price arrangements on certain projects resulting in the earlier recognition of licence fees by removing the dependency on go-live.

Chart 1: Facilities Management delivers consistent licence fee growth (\$000s)





Strata Management

Urbanise's Strata platform has continued to perform well, recording 19.8% licence fee growth for Q3 FY2022. This was due to the inclusion of additional revenue from PICA and Nakheel following the successful implementation of these projects as well as backlog conversions for customers in Australia and the Middle East.

Urbanise continues to work with PICA to deploy the strata platform across additional branches acquired by Australia's largest strata manager as the industry continues to consolidate.

Urbanise's Strata pipeline in the Middle East remains buoyant and includes contracts of similar size and nature to Nakheel. The completion of large contracts like Nakheel and PICA provides potential customers with key reference points. Urbanise is also targeting small to medium strata managers in the region.

Table 4: Key drivers of Q3 FY2022 Strata licence fee growth

Strata licence fees increased by	•
19.8% (\$295k) vs pcp	•
attributable to:	•

Licence fees % total

- Additional revenue from PICA (\$173k)
- Additional revenue from Nakheel (\$75k)

89.5%

New and backlog contracts (\$47k)

Q3 FY2022 professional fees were mainly related to the implementation of new clients in the quarter as well as change requests from existing customers.

Table 5: Q3 FY2022 Strata Summary (Unaudited financial information)

\$000s	Q3 FY2022	Q3 FY2021	Var	Var %
Licence Fees	1,783	1,488	295	19.8%
Professional fees	161	175	(14)	(8.0%)
Total revenue	1,944	1,663	281	16.9%

Chart 2 shows the step up in Strata revenue following the completion of the PICA project. It also highlights the variability in professional fees over the period as the project was implemented.

91.7%



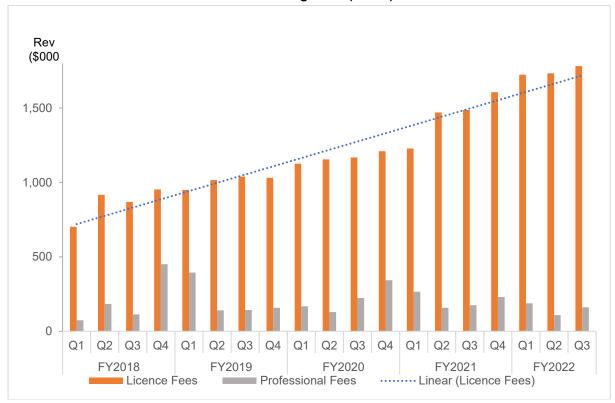


Chart 2: Strata delivers consistent licence fee growth (\$000s)

Q3 FY2022 Cashflow Summary

Cash receipts for the quarter were \$3,169k which was in line with the previous quarter (Q2 FY2022: \$3,181k) and 7% lower than Q3 FY2021 (\$3,407k). Q3 FY2021 customer receipts included a multi-year advance payment and \$140k for implementation work performed in Q2 FY2021.

Cash payments of \$4,136k for the quarter were \$835k (17%) lower than Q2 FY2022 due to reductions in staff costs (\$666k), administration and corporate costs (\$106k) and product manufacturing and operating costs (\$76k). Advertising and marketing costs were \$13k higher due to increased investment in brand and product marketing across key trade events, social media channels and a refreshed website.

Closing cash was \$3.84m⁷ and the average monthly cash used was \$298k. The underlying average monthly cash used was \$210k for Q3 FY2022 and was impacted by the following exceptional items:

- \$352k R&D rebate relating to FY2021
- \$271k of termination payouts mainly relating to development and sales headcount
- \$268k of non-recurring salaries in the quarter for development and sales headcount
- \$27k in recruitment costs associated with CEO search
- \$49k in costs for bots programming to improve the Strata migration process

Table 6 sets out the cash flow for Q3 FY2022 vs pcp and the impact of exceptional items relating to cash outflows and an R&D tax rebate.

6

⁷ Unaudited financial information



Table 6: Q3 FY2022 & Q3 FY2021 cash summary

\$000s	Q3 FY2022	Q3 FY2021
Opening Cash Balance	4,733	9,033
Receipts from customers	3,169	3,407
R&D tax rebate	352	251
Payments to suppliers and employees	(4,136)	(3,617)
Interest	(7)	(10)
Net cash used in operating activities	(622)	31
Payments for equipment	(30)	(52)
Payments for intangibles / capitalised development	(228)	(242)
Net cash used in investing activities	(258)	(294)
Net decrease in cash and cash equivalents	(880)	(263)
Effect of movement exchange rates on cash balances	(13)	(10)
Net cash flow for the period	(893)	(273)
Cash at 31 March	3,840	8,760
Average Monthly Cash Generated / (Used)	(298)	(91)
Net cash flow for the period	(893)	(273)
Termination payouts	271	-
Non-recurring salaries	268	-
CEO search costs	27	-
Investment for Strata migration	49	-
R&D tax rebate	(352)	(251)
Underlying cash flow for the period	(630)	(524)
Underlying Average Monthly Cash (Used)	(210)	(175)

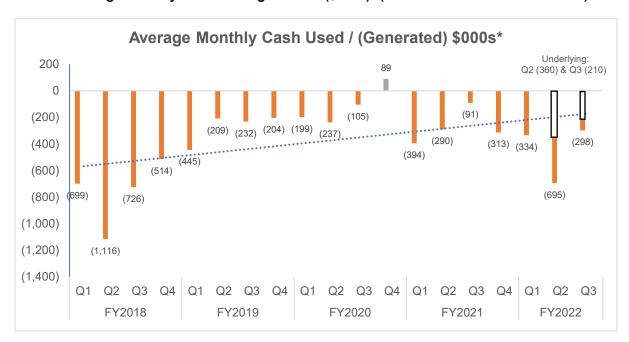
Table 7 shows the reconciliation of reported and underlying cash flows for Q2 FY2022 and Q3 FY2022 and highlights the Company's progress in reducing cash burn.



Table 7: Reconciliation between Reported and Underlying Average Monthly Cash Used

\$000	Q3 FY2022	Q2 FY2022
Reported net cash	(893)	(2,085)
Late customer receipts		342
Termination Costs (CEO & sales staff)		327
Recruitment costs		193
FY2021 STI relating to outgoing CEO		144
Termination costs - sales and dev headcount	271	
Non-recurring salaries - sales and dev headcount	268	
CEO search costs	27	
External costs for Strata migration process	49	
R&D rebate	(352)	
Underlying net cash	(630)	(1,079)
Underlying average monthly cash used	(210)	(360)

Chart 3: Average monthly cash used / generated (\$000s)* (Unaudited financial information)



^{*} Excludes proceeds from capital raises / placements and sale of business assets

Payments for intangibles reflected capitalised development costs of \$228k during the quarter related to the Strata platform. Facilities Management development costs are fully expensed as are most Strata development costs.

Urbanise continues to invest in its platform and systems to expand the features and applications available and improve the delivery of its products and solutions.

Payments to related parties in Item 6.1 of Appendix 4C consisted of fees paid to the Board of Directors.



This announcement has been authorised for release by the UBN Board of Directors

Investor enquiries

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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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

70 095 768 086

Urbanise.com Limited	
ABN	Quarter ended ("current quarter")

31 March 2022

Con	solidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	3,169	9,546
1.2	Payments for		
	research and development		
	product manufacturing and operating costs	(476)	(1,505)
	advertising and marketing	(75)	(224)
	leased assets		
	staff costs	(2,350)	(7,634)
	administration and corporate costs	(1,235)	(3,704)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid	(7)	(36)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	352	352
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(622)	(3,205)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	businesses		
	property, plant and equipment	(30)	(60)
	investments		
	intellectual property		

Con	solidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
	other non-current assets	(228)	(705)
2.2	Proceeds from disposal of:		
	(b) entities		
	businesses		
	property, plant and equipment		
	investments		
	intellectual property		
	other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(258)	(765)

3.	Cash flows from financing activities
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)
3.2	Proceeds from issue of convertible debt securities
3.3	Proceeds from exercise of options
3.4	Transaction costs related to issues of equity securities or convertible debt securities
3.5	Proceeds from borrowings
3.6	Repayment of borrowings
3.7	Transaction costs related to loans and borrowings
3.8	Dividends paid
3.9	Other (provide details if material)
3.10	Net cash from / (used in) financing activities

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,733	7,820
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(622)	(3,205)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(258)	(765)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(13)	(10)
4.6	Cash and cash equivalents at end of period	3,840	3,840

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,840	4,733
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,840	4,733

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	58
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities Note: the term "facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000	
7.1	Loan facilities			
7.2	Credit standby arrangements			
7.3	Other (please specify)			
7.4	Total financing facilities	-	-	
7.5	Unused financing facilities available at quarter end -			
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.			
N/A				
8.	Estimated cash available for future operating activities		\$A'000	
8.1	Net cash from / (used in) operating activities (Item 1.9)		(622)	
8.2	Cash and cash equivalents at quarter end (Item 4.6)		3,840	
8.3	Unused finance facilities available at quarter end (Item 7.5)			
8.4	Total available funding (Item 8.2 + Item 8.3) 3,840		3,840	
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1) 6.2		6.2	
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:			
	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?			
	Answer:			
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?			
	Answer:			
:	3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?			
	Answer:			

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28th April 2022

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

Notes

- 1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.