

Appendix 4C & Quarterly Activities Report for the period ended 30 September 2024

Urbanise.com Limited (ASX: UBN) (“Urbanise” or “Company”) today provides a business update and cash flow report for the quarter ended 30 September 2024 (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 and South Africa.

Highlights

- Q1 FY2025 license revenue increased by 6.8% to \$3.0m¹ compared to the prior corresponding period (pcp) with growth driven by new contract wins and implementations.
- Q1 FY2025 total revenue of \$3.3m¹ is up 5.6% pcp; 92% recurring revenue.
- Q1 FY2025 wins totalled \$392k in ARR and \$75k in professional fees with 11 new contract wins, primarily comprising Australian strata managers, aged care and FM service providers.
- Positive cash flow in Q1 FY2025 with \$170k average monthly cash generated, driven by \$1.2m in collections from the Middle East and cost rationalisations implemented in FY2024.
- Commercial discussions with several financial institutions have progressed, with the objective to secure one or more banking service partnerships for Strata by early Q3 FY2025.
- The contract termination dispute² with Colliers Australia and a claim by Urbanise for over \$3.0m in unpaid development costs and fees is ongoing. The Board’s assessment is that there is a strong claim however, the outcome is considered uncertain at this stage.
- Closing cash balance of \$2.4m¹ (30 June 2024: \$1.9m) and no material debt³.
- Urbanise remains on track to achieve cash flow breakeven in FY2025.

Urbanise’s CEO Simon Lee said: “During Q1 FY2025, Urbanise continued to pursue new contract wins and drive cash collections to reduce cash used and extend our cash runway. Q1 FY2025 ARR wins of \$392k included APAC Strata and FM sales. Quarterly sales are increasingly underpinned by consistent sales to small and medium size enterprises in APAC (Q3 FY2024: \$246k ARR, Q4 FY2024: \$237k ARR). Over the next two quarters, we are focused on progressing our pipeline opportunities in the Middle East where there are average contract values above \$150k. The UAE market has undergone a period of consolidation over the past⁴ year which now appears to have settled. The merged entities have consolidated their headcount resources and are reviewing their IT strategy. This can create risk and opportunity for Urbanise if there is unification of systems across portfolios. Urbanise continues to engage closely with these customers to reinforce its value proposition, particularly its ability to deliver both Strata and FM, as well as its integrations capability.

¹ Unaudited information.

² Refer to ASX announcement 24 July 2024.

³ No debt other than annual insurance premium funding and lease liabilities.

⁴ Examples of activity in the market include:

<https://concord-property.com/abu-dhabis-aldar-jhc-adnec-to-merge-property-and-facilities-management-business-units/>
<https://www.globalconstructionreview.com/dubai-merges-two-of-its-biggest-developers/>

“The business continues to focus on retention strategies with total ARR retention for the quarter being 99%⁵. This includes a range of improvements on communication of product roadmap plans, the upgrade of customer support systems and key customer engagement. These efforts are intended to mitigate ongoing churn risk associated with arm’s length engagements in the Facilities Management segment and restructuring certain legacy customer engagements.

“The focus on cash collections from the Middle East resulted in a cash flow positive outcome for the quarter. A total of \$1.2m in debt from Middle East customers was collected with the remaining \$1.0m expected to be paid during Q2 FY2025.

“We also announced the five-year renewal of our long-term relationship with Crockers Body Corporate Management Limited, New Zealand’s largest body corporate management firm, servicing 22,000 lots⁶. It is important for Urbanise to continue to support and target larger strata managers across Australia and New Zealand due to potential for further industry consolidation.

“During the quarter, Urbanise announced⁷ that it had entered into a dispute resolution process with Colliers Australia in relation to the contract for the implementation and development of facilities management software. Urbanise is claiming over \$3.0m in unpaid development costs and fees. Discussions continue between the parties under the dispute resolution provisions of the contract. Urbanise is seeking to resolve the dispute on a reasonable and equitable basis, however the outcome of a settlement remains uncertain at this stage.

“During Q1 FY2025, we continued to pursue key partnerships with Strata service providers. Urbanise’s Strata platform is uniquely positioned, being cloud-based and integrations-ready, with a high volume of existing customers, that can give service providers access to strata schemes and managers. Relevant services could include debt collection⁸, strata loan finance and banking services. Our objective over the next two quarters is to focus on key partnerships in the banking sector to improve how strata managers efficiently manage vast numbers of strata scheme bank accounts. During the quarter we progressed discussions with several financial institutions who are interested in increasing their market share servicing strata scheme funds. We estimated the total market value relating to this opportunity is \$30m to \$54m per annum.

“We also announced the permanent appointment of Michelle Garlick as CFO⁶. Michelle already made a valuable contribution as Interim CFO which reflects her broad financial and global SaaS experience including her role at Altium Limited.

“The immediate priority for Urbanise is to reach cash flow positive in FY2025, through driving ARR wins and ongoing cost discipline.”

Business Activity Update

Summary Results - License and professional fees (Unaudited financial information)

\$'000	Q1 FY2025	Q1 FY2024	Var	Var %
Strata license fees	1,922	1,779	143	8.0%
FM license fees	1,106	1,057	49	4.6%
Total license revenue	3,028	2,836	192	6.8%
Professional fees	260	278	(18)	(6.5%)
Total revenue	3,296	3,114	174	5.6%
License fees % total	91.9%	91.1%		

⁵ ARR retention reflects revenue retained from existing customers, excluding organic growth and decline, and includes Colliers ARR. ARR retention excluding Colliers is 95%.

⁶ Refer to ASX announcement 20 August 2024

⁷ Refer to ASX announcement 24 July 2024

⁸ Refer to ASX announcement 30 July 2024: Urbanise announced its partnership with LevyCollect, a partnership integration that allows strata managers to easily issue outstanding levies to legal firms for debt collection. Expected revenues will be less than \$25k per annum but will increase Urbanise’s appeal to new and existing customers

Revenue movements

- Strata license fee revenue increased by 8% to \$1.9m in Q1 FY2025, driven by previous contract wins.
- FM license fee revenue increased by 4.6% for the quarter, driven by new growth and implementations.
- Q1 FY2025 ARR wins are in backlog.

Q1 FY2025 Contract Wins: \$392k ARR and \$75k Professional Fees

- Urbanise Strata converted wins totalling \$217k in ARR and \$23k in professional fees consisting mainly of small to medium APAC strata customers; and
- Urbanise FM converted \$175k of ARR and \$52k of professional fees comprised of FM service providers and aged care customers.

Strata Management

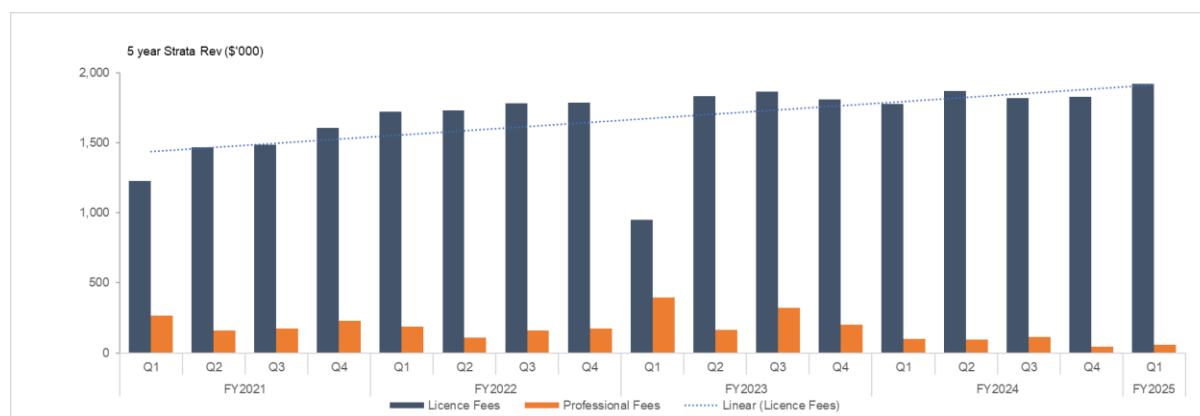
Strata Summary (Unaudited financial information)

\$'000	Q1 FY2025	Q1 FY2024	Var	Var %
License fees	1,922	1,779	143	8.0%
Professional fees	58	98	(40)	(40.8%)
Total revenue	1,980	1,877	103	5.5%
<i>License fees % total</i>	<i>97.1%</i>	<i>94.8%</i>		

Urbanise Strata converted \$217k in ARR and \$23k in professional fees from new and existing strata customers, strengthening its footprint in APAC.

Strata license fee revenue increased by 8% to \$1.9m in Q1 FY2025, driven by previous contract wins. Professional fees for the quarter were \$58k, representing a 40% decrease vs pcp, attributed to a reduction in customer-specific development, reflecting the company's strategic decision to move away from bespoke development and focus on market requirements.

Strata 5-year license fee growth (\$000s) – CAGR 9.4%



Facilities Management (FM)

Facilities Management Summary (Unaudited financial information)

\$'000	Q1 FY2025	Q1 FY2024	Var	Var %
License fees	1,106	1,057	49	4.6%

Professional fees	202	180	23	12.8%
Total revenue	1,308	1,237	72	5.8%

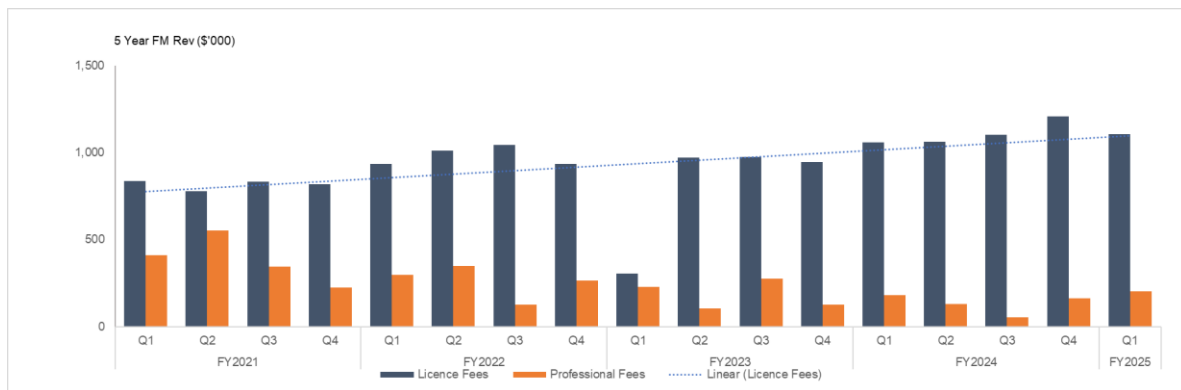
License fees % total **84.6%** **85.4%**

FM converted \$175k of ARR and \$52k of professional fees mainly from FM service providers and aged care customers.

FM license fee revenue increased by 4.6% for the quarter, driven by new growth and implementations. The impact of the Colliers agreement will be reflected in Q2 FY2025 results. The impact to run-rate ARR is circa \$500k.

Professional fees for the quarter were \$202k, an increase of \$23k (up 12.8% vs pcp), mainly due to the completion of new contract implementations and change requests from existing customers.

FM 5-year license fee growth (\$000s) – CAGR 5.8%



Cashflow Summary

As of 30 September 2024, Urbanise’s cash balance increased \$509k to \$2.4m. Average monthly cash generated for Q1 FY2025 was \$170k (Q1 FY2024: cash used \$244k) with an underlying average monthly cash generated of \$111k, after adjusting for the impact of late receipts.

Focused efforts on cash collections from the Middle East resulted in a positive cash flow for the quarter, with \$1.2m collected from Middle East customers and an additional \$1.0m expected in Q2 FY2025.

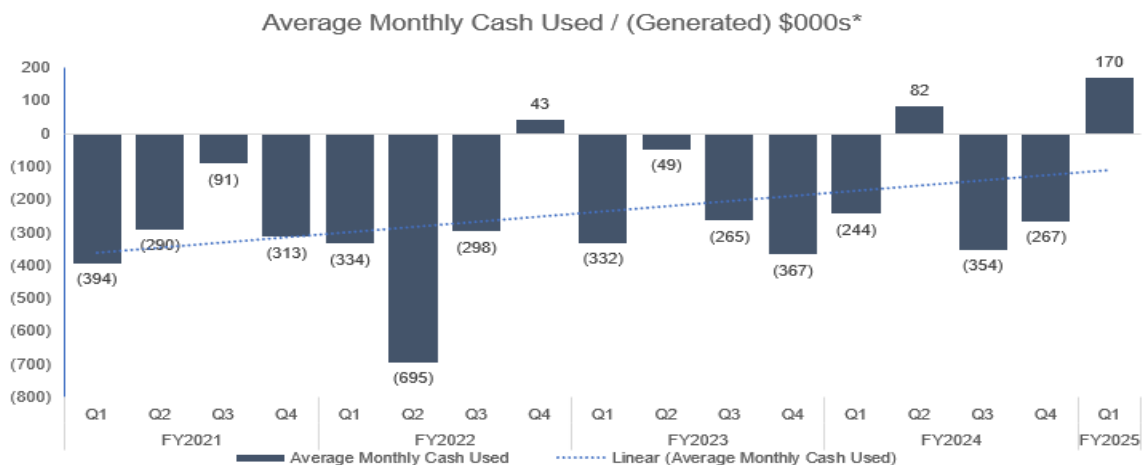
Payments to suppliers and employees reduced from the prior year due to the cost rationalisations implemented in FY2024.

Q1 FY2025 Cashflow Summary (Unaudited financial information)

\$'000	Q1 FY2025	Q1 FY2024
Opening Cash Balance	1,899	4,248
Receipts from customers	3,640	3,673
Payments to suppliers and employees	(3,051)	(4,326)
Interest	(10)	(12)
Net cash used in operating activities	579	(665)
Payments for equipment	-	(8)
Net cash used in investing activities	-	(8)

Repayment of principal portion of lease	(37)	(57)
Net cash used in financing activities	(37)	(57)
Net increase in cash and cash equivalents	542	(730)
Effect of movement exchange rates on cash balances	(33)	(1)
Net cash flow for the quarter	509	(731)
Closing Cash Balance	2,408	3,517
Average Monthly Cash Generated / (Used)	170	(244)
Net cash flow for the quarter	(509)	(731)
Late receipts collected from customers from prior quarter	(1,220)	(231)
Delayed receipts not collected within this quarter	1,043	551
Underlying cash flow for the quarter	332	(412)
Underlying Average Monthly Cash Generated / (Used)	111	(137)

Average monthly cash used / generated (\$'000)* (Unaudited financial information)



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

The Company advises that payments made to related parties in Item 6.1 of the 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

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.

For personal use only

Appendix 4C

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

Name of entity

Urbanise.com Limited

ABN

70 095 768 086

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,640	3,640
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(705)	(705)
(c) advertising and marketing	(18)	(18)
(d) leased assets		
(e) staff costs	(1,715)	(1,715)
(f) administration and corporate costs	(613)	(613)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(10)	(10)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	579	579

2. Cash flows from investing activities

2.1 Payments to acquire or for:

(a) entities

(b) businesses

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(g) entities		
(h) businesses		
(i) property, plant and equipment		
(j) investments		
(k) intellectual property		
(l) 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	-	-

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	(37)	(37)
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	(37)	(37)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,899	1,899
4.2	Net cash from / (used in) operating activities (item 1.9 above)	579	579
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(37)	(37)
4.5	Effect of movement in exchange rates on cash held	(33)	(33)
4.6	Cash and cash equivalents at end of period	2,408	2,408

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	2,408	1,899
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)	2,408	1,899

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	84
6.2 Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>	

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	509
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,408
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,408
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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: N/A	

8.6.2 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: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 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: 30 October 2024

Authorised by: By the UBN Board of Directors
(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.
2. 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.
3. 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".
5. 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.