

Urbanise.com Limited Reports FY2024 Result

Urbanise.com Limited (ASX: UBN) (“Urbanise” or “the Company”) today provides its full-year results for the year ended to 30 June 2024. Urbanise is a leading provider of cloud-based Software-as-a-Service (SaaS) platforms, Urbanise Strata and Urbanise FM, which service the strata and facilities management sectors. Urbanise provides its solutions in Australasia, the Middle East, Europe and South Africa.

- FY2024 license revenue of \$11.7m, up 5.1% vs prior corresponding period (pcp).
- FY2024 total revenue of \$12.6m, down 1.9% vs pcp with increase in license fees offset by a decline in professional fees; 93% recurring revenue.
- Annualised Recurring Revenue (ARR) of \$11.6m¹, up 0.3% vs pcp as new customer and organic growth was offset by customer losses and reductions in services.
- Contracted ARR (CARR) of \$12.2m at 1 July 2024, down 1.6% vs pcp; includes estimated backlog of \$0.6m.
- EBITDA loss of \$2.0m, 52.1% improvement vs pcp (FY2023: \$4.2m), largely driven by a reduction in operating expenses implemented in Q1 FY2024.
- FY2024 underlying average monthly cash used of \$146k vs \$223k in FY2023.²
- Closing cash balance of \$1.9m (30 June 2023: \$4.3m) and no material debt.³
- On 24 July 2024, Urbanise disclosed a contract termination dispute with Colliers Australia and a claim by Urbanise for over \$3.0m in unpaid development costs and fees.⁴ The potential impact to run-rate ARR is circa \$500k and June 2024 ARR has been reduced to reflect this provision. Urbanise is seeking to resolve the dispute at the earliest opportunity.
- On 20 August 2024, Urbanise announced a five-year contract extension with Crockers Body Corporate Management Limited (Crockers), New Zealand’s largest body corporate management firm, servicing 22,000 lots.⁵
- Urbanise remains on track to achieve cash flow breakeven in FY2025.

Urbanise’s CEO Simon Lee said: “During FY2024, Urbanise continued to build a strong pipeline of opportunities and secured ARR wins of \$1,044k reflecting a more disciplined sales approach. Within strata, we increased our footprint in our core markets and reached agreement with a major APAC strata customer on revised contract terms. Turning to FM, new customers included retirement villages,

¹ Excludes Colliers expected run-rate ARR of \$500k

² Underlying average monthly cash used excludes one off items and late receipts.

³ No debt other than annual insurance premium funding.

⁴ Refer to ASX announcement on 24 July 2024

⁵ Refer to ASX announcement on 20 August 2024

property managers and FM service providers reflecting our targeting of these key sectors. We also continued to focus on improving win run-rates and reducing conversion lead times, implementing learnings related to customer buying needs and Urbanise's competitive value proposition.

"We continued to execute our growth strategies including a new strata solution which connects strata managers with service providers. This will enable Urbanise to compete in an expanded market estimated at \$30m-\$54m per annum. Urbanise also developed additional features and modules in its product roadmap including predictive analysis and the provision of more pricing options to customers which deliver quantifiable cost savings, operating efficiencies and increased automation.

"During FY24, Urbanise remained focused on prudent cost and working capital management with \$2.4m in cash flow improvements identified and on track to be realised by September 2024. Looking ahead to FY25, our priorities will centre around the generation and conversion of our sales pipeline, ongoing cost discipline and the achievement of our key objective of achieving cash flow sustainability."

FY2024 Financial Summary

Total revenue for FY2024 was \$12.6m, a decrease of \$246k or 1.9% vs pcp (FY2023: \$12.9m). License revenue grew by 5.1% vs pcp, with growth of \$1.7m, partially offset by a \$1.1m decline due to customer losses and license fee reductions, including a temporary reduction from a major Strata APAC customer.

Professional fees of \$0.9m were down 48.3% on pcp, reflecting the successful completion of development work for customers in FY2023 and the shift away from bespoke development, resulting in substantial cost reductions and more efficient, automated and tiered implementation processes for our customers. This change in development strategy is expected to deliver significant long-term gains by driving ARR growth and margin expansion.

The EBITDA loss of \$2.0m was a 52% improvement on pcp due to a 14.3% reduction in operating expenses reflecting the cash flow improvement initiatives identified in Q1 FY24. These centred around headcount savings and reductions in non-wage overheads largely due to two primary drivers. First, The Company believes it has substantially completed the development of the Strata Management solution to a level that positions it for compelling competitive leadership in the market. Secondly, the decision to discontinue bespoke development. Both these factors reduced the requirement for the associated headcount and overhead costs and are the primary drivers for the reduction in operating expenses.

Urbanise's ARR at June 2024 was \$11.6m, reflecting a 0.3% increase vs pcp. As of 1 July 2024, the estimated backlog was \$0.6m. ARR growth was driven by new wins, backlog conversions, and organic growth from existing customers offset by customer losses. Total CARR was down 1.6% to \$12.2m.

Strata Management

In FY2024, total Strata revenue of \$7.7m was 7.4% lower vs pcp with 95.4% of revenue recurring. Strata license fees of \$7.3m were marginally lower on the prior year, primarily due to the temporary reduction in license fees from a large APAC customer of \$479k. New wins of \$367k offset customer losses and this temporary license fee reduction. Recent wins have not yet been implemented and are currently in backlog.

Professional fees were 62.5% lower on pcp due to significant customer specific development work in FY2023. This decline also reflects a strategy to reduce bespoke development work, as outlined above.

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Strata ARR of \$7.7m at 30 June 2024 was in line with pcp, with an estimated backlog of \$0.5m as of 1 July 2024. This reflects Strata ARR wins of \$367k in FY2024, mainly from small to medium APAC strata customers, offset by previously reported customer losses.

Facilities Management

In FY2024, total FM revenue of \$4.95m was up 8.3% vs pcp reflecting the strong growth in license fees during the year. FM license revenue of \$4.4m was 16% higher vs pcp reflecting growth from new and backlog customers including Colliers Australia which went live from April 2023. Recurring license fees represented 89.3% of total FM revenue in FY2024. Professional fees of \$528k were 30.2% lower on pcp due to the implementation of Colliers Australia in FY2023.

FM ARR at June 2024 increased by 1.0% pcp to \$3.94m, with \$677k in new wins and backlog conversions, and growth from existing customers, offset by customer losses. At 1 July 2024, the FM backlog included six contracts expected to contribute an estimated \$0.1m in annual license fee revenue. These customers included retirement villages, property managers and FM service providers and reflected the Company's focus on these key sectors.

Cash flow

As of 30 June 2024, the cash balance of \$1.9m was impacted by late receipts of \$1.2m and total debtors of \$3.9m. This related to payment process disruptions associated with the consolidation of two key customers in the Middle East. These issues have now been resolved with these customers committing to clear outstanding debts over the next three months with over \$1m received to date.

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 careful management of costs and working capital.

FY2025 Outlook

In FY2025, the priorities will be to generate and convert our sales pipeline, accelerate the capture of share in our target markets, maintain our disciplined approach to cost and cash management and achieve our goal of reaching cash flow breakeven.

FY2024 Investor Webinar

CEO Simon Lee and CFO Michelle Garlick will host a zoom webinar with the investment community including a Q&A session at **9:30am AEST today 27 August 2024**.

To register for the zoom webinar, please follow the link below.

https://us02web.zoom.us/webinar/register/WN_QvbhlkkRcOFubnr6n5H0A

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

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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.