ASX RELEASE

20 February 2020

Urbanise.com Limited reports H1 FY2020 result

- Licence fee revenue of $3.80m, up 33.5% on H1 FY2019
- Total revenue of $4.56m, up 17.4% on H1 FY2019, 83.3% recurring
- EBITDA loss of ($1.29m), down 24.2% on H1 FY2019
- Net loss of ($2.06m), down 6.7% on H1 FY2019
- Annualised recurring revenue (ARR) of $7.85m, up 33.1% on H1 FY2019[1]
- Backlog of $1.60m as at 1 January 2020
- Average monthly cash used of $218k for H1 FY2020, down 33.3% on H1 FY2019
- Closing cash balance of $4.59m, includes $2.20m net proceeds from institutional-led private placement in December 2019

Urbanise.com Limited (ASX:UBN) today released its first half result for the six months to 31 December 2019.

H1 FY2020 revenue of $4.56m was 17.4% higher than the previous corresponding period (pcp) due to a 33.5% increase in licence fee revenue which was driven by strong growth in strata customers and facilities users. Recurring revenue accounted for 83.3% of total revenue for the half. An EBITDA loss of ($1.29m) was 24.2% lower on pcp reflecting the strong revenue performance as well as the progress made in restructuring the cost base.

Urbanise's CEO, Saurabh Jain said: "The first half represented another important period for Urbanise as we continued to transform the company, refocusing our business model on the provision of cloud-based SaaS platforms to strata and facilities managers.

"The strong growth in recurring licence revenue highlights the "sticky" nature of our workflow products which enable our customers to realise significant efficiencies and deliver better services to their customers. The critical nature of our software was reflected in the 33.1% increase in ARR for the month of December and our backlog of $1.60m as at 1 January 2020.

"Our emphasis on better working capital management and ongoing cost discipline has delivered a significant reduction in our cash requirements. The institutional-led private placement in December 2019 was also a strong endorsement of the hard work we have been doing to reimagine the business. These efforts will continue throughout 2020 as we remain focused on delivering strong growth in licence revenue and driving positive operating leverage as we scale the business."

[1] ARR based on month of December revenue

Facilities Management Result

Facilities management produced another strong result reflecting the company's strategic focus on the delivery of multi-tenant software to Tier 2 facilities management outsourcing companies. Licence fee revenue of $1.46m increased by 81.4% on pcp due to the implementation of new customers and the network effect as facilities managers added more users to the platform. Professional fees were 18.8% higher and total revenue of $1.90m rose by 61.5% on pcp. Recurring revenue was 76.4% of the total.

Facilities users increased to approximately 2.21k over the period (H1 FY2019: approximately 1.25k). Based on revenue for the month of December 2019, annualised recurring revenue for facilities management was $3.19m, which was 63.6% higher on pcp. At 1 January 2020, the facilities backlog included four new contracts which were estimated to be worth $0.30m in annual licence fee revenue.

Strata Result

Strata reported strong licence revenue growth and the implementation of the PICA contract continued. Licence fee revenue of $2.28m, was 16.1% higher on H1 FY2019 due to the onboarding of new customers and client base expansion among existing customers. Lower professional fees in H1 FY2020 reflected the inclusion of one-off development fees in H1 FY2019 related to the PICA implementation.

Strata lots billed increased to approximately 320k during the period. Annualised recurring revenue for strata was $4.66m, which was 18.0% higher on pcp, based on revenue and billings for the month of December 2019. At 1 January 2020, the strata backlog included around 270k lots, which were estimated to be worth $1.30m in annual licence fee revenue.

Cash flow and balance sheet

Average monthly cash used was $218k for the December half, excluding proceeds from the recent institutional placement. This was 33.3% lower on H1 FY2019. Q2 FY2020 average monthly cash used of $237k was higher than Q1 FY2020 ($199k) due to the timing of cash receipts from customers and an increase in development costs related to the investment in customer onboarding and support. The closing cash balance was $4.59m (H1 FY2019: $4.92m) which includes net proceeds of $2.20m from the institutional-led private placement in December 2019.

A key priority over the past six months has been to deliver improvements in working capital. During the half, there was continued progress in reducing outstanding debts from customers and a 15.6% reduction in trade and other receivables highlighted a significant improvement in collections. Deferred revenue was $2.26m as at 31 December 2019 and relates to advance billings which are collected quarterly to annually in advance with revenue recognised over the appropriate period. The net effect of these measures has been to shift working capital from positive to negative over the past year.

FY2020 Outlook

The transformation of Urbanise's business model which began in FY2018, will continue over the next six months. The focus will remain on driving licence revenue and increasing recurring revenue as a percentage of sales. The priority for the strata team will be the ongoing PICA implementation which is progressing well. The facilities management team will continue to drive organic growth from the addition of new customers and the expanded reach of existing customers. A disciplined approach to cost will be maintained and the company expects to realise further reductions in average monthly cash used. Finally, Urbanise will continue to scale its business around the world, with a focus in the next half on extending its presence in South East Asia.

Investor Conference Call

Urbanise Executive Director and CEO Saurabh Jain and CFO Simon Lee will host a conference call with the investment community including a Q&A session at **11am AEDT today (20 February 2020)**.

To listen to the conference call, please visit:

- https://s1.c-conf.com/diamondpass/10004176-invite.html

NB: This is an analyst and investor call. The media are welcome to listen to the presentation.

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

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About Urbanise

Urbanise is the creator of a cloud-based platform for delivering building services. Designed for service providers, the Urbanise software-as-a-service industry cloud platform is transforming the traditional engineering approach to building operations; improving customer service, removing operational costs and enabling new revenue streams. Urbanise technology is used in some of the tallest towers and most prestigious communities around the globe. www.urbanise.com