ASX: UPD
ASX Announcement
29 February 2016

PRELIMINARY FINAL REPORT
YEAR ENDING 31 DECEMBER 2015

Updater has a big vision: we are reimagining the entire relocation ecosystem in the United States. For the 17 million households that move every year in the US, we are turning a formerly painful process into a helpful, efficient, and enjoyable experience with our Mover Product.

For the Real Estate Companies that regularly interact with Movers, we are delivering technology that enables them to add unprecedented value and improve their bottom line. For the Businesses that currently (mis)spend billions of dollars each year trying to target Movers, we plan to build them valuable technology to facilitate helpful, relevant and contextual communication with Movers, which will in turn dramatically improve the Mover Product experience.

Management is thrilled that our team executed on our vision in many significant ways in 2015. I am pleased to set forth highlights of our year below.

2015 Highlights

- Our key performance metric, Estimated Market Share, hit all-time highs in each quarter of 2015 (see Figure 1). In December 2015, Updater processed 2.56% of all US household moves. With 5% Estimated Market Share, management believes that we will be positioned to unlock a very substantial revenue opportunity after the launch of our Business Products in 2017.

- On 7 December 2015, we successfully listed on the ASX after raising A$22M. The IPO fundraise was heavily over-subscribed with leading institutional investors participating.

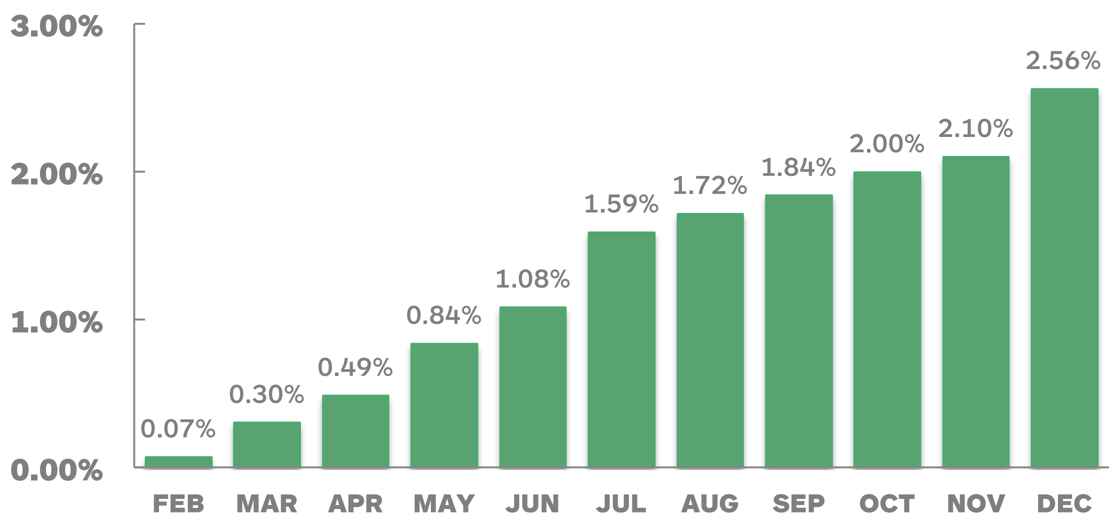
- We appointed Antony Catalano, CEO of Domain Group, as Non-Executive Director.

- Our progress through 2015 was publicly recognized as we won two exciting awards. We received an American Business Award in the category of *Most Innovative Tech Company of the Year,* and we won the highly-coveted

Apartment Technology Innovator Award from the National Multifamily Housing Council.

- Our team grew to 26 full-time employees. A healthy culture and fierce dedication to Updater's vision has contributed to the execution of many crucial projects.

Figure 1: Estimated Market Share



Reasons for Success

Updater's growing market share is a reflection of certain key trends and dynamics:

- Our team has spent four years building key industry relationships and innovative technology, which now serve as the foundation on which we are scaling and the source of our defensibility from competitors.

- The enthusiasm for Updater in the market and the rapid adoption of our technology, from both real estate company partners and transaction management software vendors, proves our product-market fit and the need for an improved relocation system.

- The dedication and high quality of the Updater team, which includes leading sales professionals in the real estate industry and some of New York's top engineers, enables consistent client growth and product iteration.

Strong Financial Position

Following this letter is Updater's Preliminary Final Report. We are pleased to report that at year-end 2015, we held approximately US$16,800,000 / $A23,600,000 cash in the bank, well within our planned budget and more than enough capital to achieve the near-term business objectives outlined in the Prospectus. Updater also remains debt-free.

Updater's 2015 normal operating expenses totaled US$5,158,264, the majority of which related to personnel. This loss also includes a non cash entry of US$854,600 for stock based compensation. Therefore, Updater's total cash burn was approximately US$4,300,000, and the average monthly cash burn in 2015 from normal operations was approximately US$350,000.

Although 2015 revenue of $183,492 increased as compared to 2014 revenue of $109,712, it is important to note that *increased market share, not revenue, was Updater's sole 2015 business objective, and this continues to be the objective in 2016*. All of Updater's 2015 revenue related to our Real Estate Products, as we are not yet selling Business Products.

Updater is fortunate to have a strong cash position and can afford to continue its planned strategy of focusing the majority of its resources on increasing market share. Management believes that the strategy of focusing on market share, rather than short-term revenue, will increase the probability of emerging as the clear industry leader in 2017, potentially resulting in far greater revenue in the long-term, a more defensible business, and innovative integrations with Businesses that result in a superior experience for Movers.

Looking Ahead

2016 will be a very exciting year for Updater, as we continue to scale our operations to achieve our goal of 5% Estimated Market Share, the key step to reimagining the relocation experience and unlocking a massive revenue opportunity.

Thank you for your continued support,

David M. Greenberg
Founder and CEO

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About Updater:

Updater makes moving easier for the 17 million households that relocate every year in the US. With Updater, users seamlessly transfer utilities, update accounts and records, forward mail, and much more. Hundreds of the most prominent real estate companies in the US (from real estate brokerages to property management companies) rely on Updater's real estate products to save clients hours with a branded and personalised Updater moving experience. With significant market share of all US household moves, Updater can enable contextual and personalised communication between relocating consumers and the US businesses spending billions of dollars trying to reach them.

Updater is headquartered in New York City, and prior to listing on the ASX, Updater received significant investments from leading US venture capital firms including SoftBank Capital, IA Ventures, and Second Century Ventures (the strategic investment division of the National Association of REALTORS®).

For more information, please visit www.updater.com.

All capitalised terms used in this announcement and not otherwise defined shall have the meaning ascribed in the Prospectus, dated 17 November 2015.

ABRN 609 188 329

Appendix 4E
Unaudited Preliminary Final Report
for the Year Ended 31 December 2015

Appendix 4E and Unaudited Preliminary Final Report for the Year Ended 31 December 2015

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Results for Announcement to the Market

Reporting Period

Financial year ended:	**Previous corresponding period**:
31 December 2015	31 December 2014

Results for announcement to the market

Description	**31 December 2015 (US$)**	**31 December 2014 (US$)**	**% change**
Revenue from ordinary activities	183,492	109,712	67
Loss from ordinary activities	(5,158,264)	(3,613,153)	(45)
Loss for the period attributable to members	(5,158,264)	(3,613,153)	(45)

Commentary on results for the period

Updater Inc. (the "Company") is pleased to report its strong financial position at year end 2015.

At 31 December 2015, the Company held approximately US$16,800,000 in cash, well within the Company's planned budget and more than enough capital to achieve the near-term business objectives outlined in the Company's Prospectus. The Company also remains debt-free.

The Company's 2015 normal operating loss totaled US$5,158,264, the majority of which related to personnel expenses. This loss also includes a non cash entry of US$854,600 for stock based compensation. Therefore, the Company's total cash burn was approximately US$4,300,000, and the 2015 average monthly cash burn from normal operations was approximately US$350,000.

Although 2015 revenue of US$183,492 increased as compared to 2014 revenue of US$109,712, it is important to note that *increased market share, not revenue, was the Company's sole 2015 business objective, and this continues to be the objective in 2016*. All of the Company's 2015 revenue related to the sale of Real Estate Products, as the Company is not yet selling Business Products.

The Company is fortunate to have a strong cash position and can afford to continue its planned strategy of focusing the majority of its resources on increasing market share. Management believes that the strategy of focusing on market share, rather than short-term revenue, will increase the probability of the Company emerging as an industry leader in 2017, potentially resulting in far greater revenue in the long-term, a more defensible business, and innovative integrations with Businesses that will deliver a superior experience for Movers.

Please note that the Company's net loss for 2015 includes a non cash entry related to an outstanding warrant issued to the National Association of REALTORS® that contains a contingent put provision which could require the Company to settle the warrant in cash if various extraordinary conditions are met. Management believes that there is not a material risk of the conditions ever occurring.

Please note that the Company had no material advertising costs in 2015 because the Company did not engage in any direct to Mover (B2C) acquisition campaigns. After the Company launched its integration platform, Movers could only gain access to the Mover Product via an invitation from a Real Estate Company.

Capitalized terms in this section have the meaning set forth in the Company's Prospectus.

Shares of stock

"Shares" refer to shares of common stock of the Company. The Company has CHESS Depositary Interests ("CDIs") over shares that are publicly traded on the Australian Securities Exchange ("ASX").

25 CDIs are transferable for 1 share of common stock.

Dividends

The Company did not declare a dividend during the reporting period or the previous corresponding period.

Net Tangible Asset per share

	2015 Number	2014 Number
Net tangible asset per share (US$ cents per share)	91.85	14.89

Details of Entities Where Control has been Gained or Lost during the Period

N/A

Associates and Joint Ventures

The Company does not have any holdings in joint ventures or associates.

Audit Report

This preliminary final report is based on unaudited financial statements which are currently in the process of being audited.

Statement of Operations for the year ended 31 December 2015

	Note	Consolidated Group	
		31 December 2015 US$	31 December 2014 US$
Revenue, net		183,492	109,712
Cost of revenue		27,460	56,216
Gross margin		156,032	53,496
Expenses			
Research and development expense		1,369,546	1,508,564
Sales and marketing expense		1,908,398	1,331,794
General and administrative expense		2,036,,352	826,291
Total expenses		5,314,296	3,666,649
Loss from operations		(5,158,264)	(3,613,153)
Other income (expense)			
Interest expense		(42,347)	-
Interest income		2,158	1,273
Change in fair value of warrants		(896,122)	(30,709)
Other income		5,000	839
Total other income (expense)		(931,311)	(28,597)
Net loss		(6,089,575)	(3,641,750)

The Notes to financial Statements are an integral part of these statements

Balance Sheet as at 31 December 2015

	Note	Consolidated Group	
		31 December 2015 US$	31 December 2014 US$
Assets			
Current assets			
Cash and cash equivalents	2	16,605,391	1,995,062
Restricted cash		100,225	25,013
Accounts receivable		27,882	10,172
Prepaid expenses		115,989	-
Total current assets		16,849,487	2,030,247
Property and equipment, net		34,610	56,522
Other assets		50,881	50,881
		16,934,978	**2,137,650**
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable and accrued expenses		241,092	116,654
Deferred revenue		34,771	55,778
Total current liabilities		275,863	172,432
Long term liabilities			
Warrant liability		959,689	63,567
Deferred rent		12,768	10,989
Total long term liabilities		972,457	74,556
Stockholders' equity			
Series A-1 convertible preferred stock, US$.001 par value, (Liquidation preference - US$4,999,992.47)		-	3,355
Series A convertible preferred stock, US$.001 par value, (Liquidation preference - US$2,999,999.66)			3,135
Common stock, US$.001 par value,		17,080	5,645
Additional paid in capital		29,885,371	10,004,745
Accumulated deficit		(14,215,793)	(8,126,218)
Total stockholders' equity		15,686,658	1,890,662
		16,934,978	**2,137,650**

The Notes to financial Statements are an integral part of these statements

Statement of Cash Flows for the year ended 31 December 2015

	Note	Consolidated Group	
		31 December 2015 US$	31 December 2014 US$
Cash flows from operating activities			
Net loss		(6,089,575)	(3,641,750)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation expense		28,054	23,834
Change in fair value of warrants		896,122	30,709
Stock based compensation expense		854,600	80,169
Changes in operating assets and liabilities:			
Accounts receivable		(17,710)	(4,236)
Prepaid expenses		(115,989)	-
Deferred rent		1,779	1,893
Deferred revenue		(21,007)	55,778
Accounts payable and accrued expenses		124,437	28,205
Net cash used by operating activities		(4,339,289)	(3,425,398)
Cash flows from investing activities			
Purchases of property and equipment		(6,141)	(28,990)
Increase in restricted cash		(75,213)	(6)
Increase in security deposit		-	(15,766)
Net cash used by investing activities		(81,353)	(44,762)
Cash flows from financing activities			
Proceeds from issuance of common stock, net		18,936,176	23,260
Repurchase of common stock		1,000,000	-
Proceeds from issuance of common stock to related parties		(1,000,000)	
Proceeds from issuance of series A convertible preferred stock, net		-	4,953,042
Proceeds from exercise of warrants		-	88,470
Proceeds from exercise of options		94,795	-
Net cash provided by financing activities		19,030,971	5,064,772
Net (decrease) increase in cash and cash equivalents		14,610,327	1,594,612
Cash and cash equivalents			
Beginning of period		1,995,062	400,450
End of period		16,605,389	1,995,062
Supplemental disclosure of cash flow information			
Cash paid for interest		23,208	-

The Notes to financial Statements are an integral part of these statements

Statement of Changes in Stockholders' Equity for the year ended 31 December 2015

	Series A-1 Convertible Preferred Stock		Series A Convertible Preferred Stock		Common Stock				
	No. of Shares	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**	**Paid in Capital**	**Accumulated Deficit**	**Total Stockholders Equity (Deficit)**
December 31, 2013	-	-	3,135,451	3,135	5,351,888	5,352	4,863,452	(4,484,468)	387,471
Issuance of preferred stock for cash, net	3,354,799	3,355	-	-	-	-	4,949,687	-	4,953,042
Issuance of common stock for cash	-	-	-	-	193,024	193	23,067	-	23,260
Exercise of warrants	-	-	-	-	100,000	100	88,370	-	88,470
Stock based compensation expense	-	-	-	-	-	-	80,169	-	80,169
Net loss	-	-	-	-	-	-	-	(3,641,750)	(3,641,750)
December 31, 2014	3,354,799	3,355	3,135,451	3,135	5,644,912	5,645	10,004,745	(8,126,218)	1,890,662
Issuance of common stock for cash, net of expense	-	-	-	-	5,876,167	5,876	18,930,300	-	18,936,176
Issuance of common stock to related parties for cash	-	-	-	-	341,706	342	999,658	-	1,000,000
Conversion of Preferred to Common Stock	(3,354,799)	(3,355)	(3,135,451)	(3,135)	6,543,236	6,543	(53)	-	-
Repurchase of Common Stock	-	-	-	-	(4,641,494)	(4,641)	(995,359)	-	(1,000,000)
Exercise of Options	-	-	-	-	40,000	40	94,755	-	94,795
Stock based compensation expense (restricted stock)	-	-	-	-	3,274,960	3,275	389,720	-	392,995
Stock based compensation expense (options)	-	-	-	-	-	-	461,605	-	461,605
Net loss	-	-	-	-	-	-	-	(6,089,575)	(6,089,575)
December 31, 2015	-	-	-		17,079,487	17,080	29,885,371	(14,215,793)	15,686,658

The Notes to financial Statements are an integral part of these statements

1. Summary of significant accounting policies

These preliminary consolidated financial statements relate to Updater Inc. at the end of, or during the period ended 31 December 2015 and have been prepared in accordance with rule 4.3A of the ASX listing rules (Appendix 4E).

The principal accounting policies adopted in preparing the preliminary final report of Updater Inc. for the period ended 31 December 2015 are stated to assist in a general understanding of the financial report. For the purposes of preparing the preliminary final report, the Company is a for-profit entity.

Updater Inc. ARBN 609 188 329 (the "Company") is a company incorporated in the State of Delaware, United States of America, and has CHESS Depositary Interests ("CDIs") over shares of common stock in the Company that are publicly traded on the Australian Securities Exchange ("ASX").

Compliance with USGAAP
The Consolidated Preliminary Final Report of the the Company complies with USGAAP.

Nature of Business
The Company, a Delaware C-Corporation, develops and markets tools for consumers to complete their move-related tasks. The Company partners with companies in the relocation services industry such as real estate agents and brokers, property managers, moving companies, and title insurance companies to provide a co-branded version of its product to relocating consumers. The Company serves real estate companies and relocating consumers throughout the United States.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Significant estimates include stock based compensation expense, warrant expense, and revenue recognition.

Cash and Cash Equivalents
The Company considers cash equivalents to be only those investments which are highly liquid, readily convertible to cash and have a maturity date within ninety days from the date of purchase.

Accounts Receivable and Credit Policies
Accounts receivable are uncollateralized, non-interest bearing customer obligations due under normal trade terms, usually within 30 days of services provided. Customer account balances with invoices dated over 90 days are considered delinquent.

The Company applies collections of accounts receivable to specific invoices in accordance with customer specifications, or if unspecified, to the oldest outstanding invoices.

Management individually reviews all accounts receivable balances that exceed 90 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management may also utilize the direct write off method for specific balances that are deemed uncollectible between financial reporting periods. Management determined that no allowance for doubtful accounts was required as of December 31, 2015 and 2014.

Revenue Recognition

Revenue is recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the fee is fixed or determinable, and (iv) collectability is reasonably assured.

The Company typically enters into fixed fee contracts with enterprise and small business clients which dictate both revenue recognition and billings to customers. These contracts are typically for a 1-year initial term, with annual renewals thereafter. Fees are due under the contracts in varying terms either monthly or annually. Revenue is recognized upon delivery of the service. The Company occasionally receives payment in advance of service, this payment is deferred and recognized into revenue upon delivery of the service.

The Company enters into annual fixed fee contracts with individual real estate agents. All fees are due under the contracts in advance of the annual term. Payments received upon the inception of the contract are deferred and recognized into revenue upon delivery of the service.

In early 2014, the Company charged consumers in advance for one-time use of its product. Revenue from these sales were recognized at the time of receipt. The Company discontinued sales of its direct-to-consumer product in 2014 and has no further obligations to perform resulting from these sales.

The Company occasionally enters into fee-sharing agreements with its enterprise and small business clients or other referral sources. The total amount paid out pursuant to these agreements has, to date, been de-minimus.

Property and Equipment

Property and equipment are carried at cost less depreciation. Depreciation of property and equipment are provided using the straight-line method at the following rates:

Description	*Estimated Life (Years)*
Computer equipment	5
Furniture and other equipment	5

Expenditures for major renewals and betterments that extend the useful lives of equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Concentration of Credit Risk

The Company periodically maintains cash balances in excess of the FDIC insurance limit of its financial institutions. The Company has had no losses related to these financial institutions.

Research and Development

Costs incurred for research and product development, which primarily comprise salaries, taxes, and benefits, are expensed as incurred. In addition, the Company recognizes research and development expenses in the period in which it becomes obligated to incur such costs.

Advertising
The Company expenses the cost of advertising and marketing as incurred. Total advertising costs were approximately US$500 the year ended December 31, 2015, and US$130,000 for the year ended December 31, 2014.

Cost of Revenue
Cost of revenue consists primarily of payments for data authentication and outside services.

Sales and Marketing
Sales and marketing consists primarily of advertising expense, salaries, taxes and benefits, and travel, meals and entertainment.

General and Administrative
General and administrative consists primarily of salaries, taxes and benefits, facilities costs, depreciation and amortization, professional services, stock based compensation, and other general overhead.

Stock-Based Compensation
Stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense, net of estimated pre-vesting forfeitures, ratably over the vesting period of the award. Calculating stock-based compensation expense requires the input of highly subjective assumptions, including the expected term of the stock-based awards, volatility, dividend yield, risk free rates and pre-vesting forfeitures. The assumptions used in calculating the fair value of stock-based awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. If factors change and the Company uses different assumptions, its stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected pre-vesting forfeiture rate and only recognize expense for those shares expected to vest. If the actual forfeiture rate is materially different from its estimate, stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

Income Taxes
The Company accounts for its income taxes using the asset and liability method. Under the asset and liability method, deferred taxes are determined for differences between the carrying values of assets and liabilities for financial and tax reporting purposes. Deferred income taxes are recognized as assets for net operating loss carry forwards that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company is required to file tax returns in the U.S. federal jurisdiction and various states/cities. The Company has no open years prior to December 31, 2012.

The Company had no uncertain tax positions at any of its balance sheet dates. In addition, the Company has no material income tax related penalties or interest for the periods reported in these financial statements.

The Company follows the accounting pronouncement dealing with uncertain tax positions. The pronouncement clarifies the accounting for uncertainty in income taxes recognized in the Company's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The pronouncement also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Fair Value Measurements

The carrying amounts of the Company's cash and cash equivalents, accounts payable, accrued expenses, and its line of credit approximate fair value due to the short-term nature of these instruments. The Company presents its warrant liability at fair value in accordance with the accounting pronouncement dealing with fair value measurements.

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.
Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.
Level 3 - Significant unobservable inputs that cannot be corroborated by market data.

The assets or liability's fair value measurement within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transactions. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. The Company uses the Black Scholes pricing model to value Level 3 financial liabilities at inception and on subsequent valuation dates. This simulation incorporates transaction details such as the Company's stock price, contractual terms, maturity, risk free rates, and volatility. The inputs utilized by management are highly subjective, changes to the inputs could result in a material change to the calculated value.

2. Restricted cash

The restricted cash balance consists of a certificate of deposit which collateralizes the Company credit card as required by the banking institution.

3. Property and Equipment

Property and equipment consists of the following at:

	December 31 2015 (US$)	December 31 2014(US$)

Computer equipment	78,156	72,015
Furniture	22,153	22,153
Subtotal	100,309	94,168
Accumulated depreciation	(65,699)	(37,646)
Property and equipment, net	34,610	56,522
Depreciation expense charged to operations	28,053	23,834

4. Income taxes

A summary of the Company's deferred income taxes are as follows:

	December 31 2015 (US$)	December 31 2014 (US$)
Net operating loss carry forward	5,942,162	4,417,441
Other	423,452	(1,141)
Total deferred tax assets, net	6,365,614	4,416,300
Valuation allowance	(6,365,614)	(4,416,300)
Net deferred tax assets	-	-

Deferred tax assets consist primarily of net operating loss carry forwards. The Company has provided for a 100% valuation allowance for all periods presented as the realization of sufficient future taxable income during the expiration period of the net operating loss carry forwards is uncertain. As of December 31, 2015, the Company has approximately US$11 million in federal, state and city net operating loss carry forwards available to offset future taxable income. The majority of the federal and state net operating loss carry forwards will begin to expire in 2032. The Company's effective income tax rate differs from the federal and state statutory rates for all periods presented due to the valuation allowance recorded against the deferred tax assets.

5. Line of Credit

In January 2015 the Company entered into an agreement for a secured credit line facility with Silicon Valley Bank ("SVB") that provides for borrowings of up to US$1,500,000, which can be drawn down in increments of at least US$500,000 during the draw period, which ends on January 13, 2016. The line was secured by a first perfected security interest in all assets, excluding intellectual property. Commencing on March 1, 2015, the Company commenced interest only monthly payments. Interest was charged at 1.25% above the Prime Rate. On September 11, 2015, the Company repaid this facility in full and terminated the agreement. The Company issued to SVB a warrant for 22,000 shares of common stock with an exercise price of US$0.47 per share and a term of 10 years in connection with this loan. The value of the warrants was determined to be immaterial and no value was ascribed to them. As of December 31, 2015, all of the aforementioned warrants remained outstanding.

6. Commitments

The Company has office space in New York City under a non-cancellable lease which expires January 2017. For the years ended December 31, 2015 and 2014, rent expense amounted to US$136,335 and US$154,684, respectively.

The future minimum rental payments due under the lease agreement is as follows for December 31:

2016	123,767
2017	10,337
	134,104

7. Concentrations

The Company periodically maintains cash balances in excess of the FDIC insurance limit of US$250,000 in its financial institutions. The Company has had no losses related to these financial institutions.

During the year ended December 31, 2014, the Company had sales to one customer approximating 12% of total revenue.

8. Stockholders' Equity

2015 Equity Overview

Authorized and Outstanding

At December 31, 2015, the authorized capital of the Company consists of 55,000,000 shares of common stock and 55,000,000 shares of common prime stock. 17,079,487 shares of common stock were issued and outstanding and there were no shares of common prime stock issued and outstanding.

Sale of Stock

On September 15, 2015, the Company sold 1,476,167 shares of common stock to new stockholders for cash totalling US$4,290,979.

On September 15, 2015, the Company sold 113,902 shares of common stock to an existing stockholder for cash totalling US$333,333, and 227,804 shares of common stock to certain Company officers in exchange for two stock subscription receivables totalling US$666,667, which were fully repaid by November 9, 2015.

On December 7, 2015 the Company listed CHESS Depositary Interests ("CDIs") on the Australian Securities Exchange ("ASX") after successfully raising approximately US$16,150,000 in gross proceeds from new Australian investors. Net cash proceeds were reduced by approximately US$1,370,000 of issuance costs. The Company issued a total of 4,400,000 new shares of common stock as part of the IPO fundraising transaction. CDIs, not the Company's common stock, are traded on the ASX. At the option of the holder, 25 CDIs can be converted to 1 share of common stock, and vice versa.

Grants of Restricted Stock
On August 28, 2015, 3,274,960 shares of restricted common stock were issued to existing employees and directors in exchange for services.

Exercise of Stock Options
During the year ended December 31, 2015, 40,000 shares of common stock were issued upon the exercise of stock options for cash totalling US$94,795.

Recapitalization
On August 28, 2015, the Company signed a recapitalization agreement, whereby all of the existing preferred stockholders converted their shares into common stock and the Company repurchased 4,641,494 shares of common stock for cash totalling US$1,000,000. The recapitalization of the Company's stock closed on September 15, 2015, and since that date there has been no preferred stock outstanding.

Liquidation Preference
In the event of a sale of the Company or all or substantially all of its assets, a merger or consolidation of the Company (except a merger or consolidation in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity), or either a voluntary or involuntary liquidation, dissolution, or winding up of the Company, the Company is obligated to pay a group of investors (the "preferred stockholders") who formerly held preferred stock the aggregate amount of US$7,199,991.94 less (y) any proceeds received by the preferred stockholders from the sale of their common stock, and less (z) any proceeds to be paid to the preferred stockholders from a sale or liquidation of the Company by virtue of their common stock ownership.

2014 Equity Overview

Authorized and Outstanding
At December 31, 2014, the authorized capital of the Company consisted of 18,000,000 shares of common stock and 6,490,250 shares of preferred stock. Of the preferred stock, 3,135,451 shares were designated Series A preferred stock and 3,354,799 were designated Series A-1 preferred stock. All preferred stock was issued and outstanding and 5,644,912 shares of common stock were issued and outstanding.

Sale of Stock

On February 7, 2014, the Company issued 3,354,799 shares of Series A-1 preferred stock for cash totalling US$4,953,042.

Exercise of Stock Options
During the year ended December 31, 2014, 189,899 shares of common stock were issued upon the exercise of stock options for cash totalling US$22,413.

9. Stock-Based Compensation Plan

The Company has a stock-based compensation plan for certain employees, Board members and consultants (as amended and restated, the “Plan”). The Plan provides for the granting of options and restricted stock at the discretion of the Board to employees, Board members and consultants. The Board determines the strike price of options at the date of grant based on the fair market value of the stock. Under the Plan, the total number of shares that may be optioned as of December 31, 2015 is 11,500,000 shares of common stock. Options with performance related vesting conditions generally become exercisable after achieving certain predetermined conditions that relate to company specific objectives. Options with service conditions become exercisable over terms ranging from two to four years. Options with market based conditions vest after the achieving of certain predetermined conditions related to the Company’s share price on the ASX exchange. Option terms are generally 10 years. The fair value of market based awards is estimated using a Monte Carlo simulation designed to calculate the probability of achieving the vesting condition. The fair value of options with performance or service conditions is estimated on the date of the grant using the Black-Scholes option valuation model based on the assumptions noted in the following table. The expected term of options represents the period that the Company's stock-based awards are expected to be outstanding. The risk-free interest rate for periods related to the expected life of the options is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected volatility is based on historical volatilities noted within the Company's industry. The expected dividend yield is zero, as the Company does not anticipate paying dividends in the near future.

Restricted stock is valued at its grant date fair value. The Company has recognized US$392,995 in stock based compensation expense related to the restricted shares.

Performance Based Options
In connection with the Company’s ASX listing, the Company issued certain Directors and Officers of the Company an aggregate of 575,000 options at a strike price of US$3.61, which vest upon achievement of certain performance milestones. These options vest upon the Company surpassing 5% Estimated Market Share, as defined in the Company’s Prospectus dated November 17, 2015, in any month in calendar year 2016. As of December 31, 2015, the Company recognized US$75,974 in stock based compensation expense related to these options.

Market Based Options
In connection with the Company’s ASX listing, the Company issued certain Directors and Officers of the Company an aggregate of 575,000 shares of options at a strike price of US$3.61, which vest upon achievement of certain market based milestones. These options vest when the 20-day volume weighted average price of the Company’s CDIs quoted on the ASX are equalling to or exceeding an amount that is two times the IPO offer price (AU$0.20) at any time within 18 months of the date of the Company’s listing

on the ASX. As of December 31, 2015, the Company recognized US$27,472 in stock based compensation expense related to these options.

Stock-based compensation expense recognized during the years ended December 31, 2015 and 2014, was US$461,605 and US$80,169, respectively. As of December 31, 2015, the total unrecognized stock-based compensation balance for unvested options was US$2,352,105, which is expected to be recognized ratably through December 2019.

The weighted average grant date fair value of options granted during the year ended December 31, 2015 and 2014 was US$1.41 per share and US$0.47, respectively.

The following assumptions were used to determine stock-based compensation:

	Year Ended December 31 2015	**Year Ended December 31 2014**
Expected term (in years)	7.00	6.92
Volatility	35.54%	40.30%
Risk-free interest rate	2.09%	1.00%
Dividend yield	0.00%	0.00%

The following describes changes in the outstanding stock-based compensation for the year ended December 31, 2015:

	Options Outstanding	**Weighted Average Exercise Price**
Balance at December 31, 201	1,301,500	$0.67
Options granted	2,192,500	$3.53
Options forfeited	(439,161)	$0.98
Options exercised	(40,000)	$2.37
Balance at December 31, 2015	3,014,833	$2.68
Exercisable at December 31, 2015	640,703	$0.93

The following table summarizes the information about options outstanding at December 31 2015:

Options Outstanding			**Options Exercisable**
Number Outstanding	**Average Contractual Life (Years)**	**Weighted Average Exercise Price**	**Number Exercisable at Dec 31, 2015**
2,500	5.05 Years	$0.0100	2,500

65,000	7.26 Years	$0.2700	44,896
794,833	8.52 Years	$0.4700	292,715
45,000	6.21 Years	$1.4908	43,452
2,107,500	9.87 Years	$3.6100	280,683
3,014,833			640,703

The aggregate intrinsic value of stock options outstanding at December 31, 2015 is US$6,216,598. The aggregate intrinsic value of stock options exercised during the year ended December 31, 2015 was US$41,430. A stock option has intrinsic value, at any given time, if and to the extent that the exercise price of such stock option is less than the market price of the underlying common stock at such time. The weighted-average remaining contractual life of options vested or expected to vest is 9.4 years.

10. Warrants

As of December 31, 2015 and 2014,, the Company issued a warrant for 212,750 shares of common stock with an exercise price of US$0.27 per share in exchange for participation in a mentorship and marketing program (the NAR REach program). On the date of issuance, the warrants were fully vested, exercisable at the option of the holder, in whole or in part, and expire 10 years from the date of issuance. The fair value of the warrants upon issuance was US$32,858 and was recorded as a sales and marketing expense and a liability on the accompanying balance sheets. The warrant contains a contingent put provision that could allow the holder to require the Company to settle the warrant in cash. The Company determined that the warrant qualified as a derivative instrument. Accordingly, this instrument has been classified as a liability on the accompanying balance sheets. The warrant liability is recorded at fair value, using the Black-Scholes Pricing Model, at each balance sheet date, with the change in fair value being recorded in the statements of operations.

The following assumptions were used to determine the warrant liability:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Expected term (in years)	7	9
Volatility	35.54%	40.30%
Risk-free interest rate	2.27%	2.17%
Dividend yield	0.00%	0.00%

The following table presents the Company's liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy (all Level 3) at December 31, 2015.

	Year Ended December 31, 2015	Year Ended December 31, 2014

Liability:		
Warrants at fair value	$ 959,689	$ 63,567
Fair value of warrants – beginning balance	$ 63,567	$ 32,858
Change in fair value included in results of operations	896,122	30,709
Fair value of warrants – ending balance	$ 959,689	$ 63,567

Corporate Information

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ASX Code

ASX: UPD