



**ASX Announcement**  
**30 January 2018**

**QUARTERLY ACTIVITIES REPORT**  
**PERIOD ENDED 31 DECEMBER 2017**

**Highlights:**

- Updater reports Q4 2017 cash receipts of US\$1.69m, materially higher than Q3 2017 cash receipts of US\$0.40m;
- Strong revenue growth is expected to continue throughout CY2018 with Updater forecasting revenue growth in the range of 8-10 times its unaudited CY2017 revenue of US\$2.37m;
- The acquisition of MoveHQ has been successful, with the initial technology integration between the Updater and MoveHQ platforms on schedule for completion by the end of Q1 2018;
- Updater's Insurance Division secured licenses to distribute property and casualty insurance in 46 US states and is well positioned to achieve its 2018 goals;
- The material results of the PayTV/Internet Pilot Program proved that Users exposed to certain Updater communications purchased a recommended Pay TV Product at a 224% higher rate than Users not exposed to Updater communications; and
- Updater's balance sheet remains strong with US\$49.67m in cash (~A\$63.63m) as at 31 December 2017.

Updater Inc. ("Updater" or the "Company") (ASX: UPD), the US technology company improving the moving process for the millions of US households moving each year, is pleased to release its Quarterly Activities Report and Appendix 4C.

**Material Growth of Revenue**

Since 2012, the Company has focused on partnering and integrating with hundreds of Real Estate Companies in the US to expand national market penetration of Moves Processed. In Q4 2017, the Company began selling its Business Products after achieving substantial national scale (over 15% market penetration). The Company's Q4 2017 cash receipts totaled US\$1.69m, a material increase over Q3 2017 cash receipts of US\$0.40m.

The Company's unaudited CY2017 revenue totaled approximately US\$2.37m. The Company is pleased to advise that based on the reception to its Business Products in the initial verticals, it anticipates exceptionally strong growth in its CY2018 revenue, in the range of 8-10 times CY2017 revenue.

The Company began selling its Business Products in two verticals in Q4 2017: Insurance and Full-Service Moving. The Company is commencing sales of Business Products in the PayTV/Internet vertical in Q1 2018. In the future, the Company intends to sell Business Products in over 15 verticals. Therefore, the Company's current Business Products revenue remains in its earliest stages.

**Updater CEO David Greenberg commented:** "We're extremely pleased with the strong reception for the Company's Business Products in the Insurance and Full-Service Moving industries, which is a testament to the unique industry position that we've established over the last six years."

### **Successful Integration of MoveHQ Team and Technology**

The acquisitions of IGC & ACI have been successfully executed, and the teams in Missouri and Ohio have unified as MoveHQ. MoveHQ will deliver best-in-class technology to streamline operations and deliver more booked customers to the nation's premier full-service moving companies.

The Company is pleased to report that the initial technology integration between the Updater and MoveHQ platforms is on schedule for completion by the end of Q1 2018. The integration will enable (a) a new 'engagement' feature within the MoveHQ platform for moving companies to seamlessly secure Updater Users as customers, and (b) new features within Updater's Mover Product for Users to review pricing and availability of premier moving companies and instantly book online.

In addition to building the integration into the Updater platform, MoveHQ is focused on selling its new SaaS platform, which will drive increased recurring revenue at improved margins.

The MoveHQ acquisition has already unlocked numerous operational efficiencies and benefits resulting from complementary assets and skills. For example, the MoveHQ team is benefiting from the B2B marketing and sales expertise of Updater's personnel, and the product teams at Updater developing new features for Users to schedule a full-service moving company are benefiting from the decades of industry experience of MoveHQ's leadership team.

**Brian Ferguson, Co-President of MoveHQ, commented:** "We're excited to launch a transparent, unbiased experience that enables Updater's Users to shop for and purchase a full-service move based on both quality and price. Relocating

consumers have never had access to such a powerful, simple interface for comparing the quality of moving companies, ensuring that they make a great decision that meets their specific preferences. We also believe that connecting into the Updater platform will drive massive revenue and margin improvement for the country's best moving companies.”

### **Insurance Division Continues to Advance**

The Company's Insurance Division successfully secured licenses to distribute property and casualty insurance in 46 US states in Q4 2017 (applications for the four remaining states have been submitted and are pending final approval). With these licenses, the Insurance Division is actively negotiating for authority to conduct business on behalf of the nation's largest carriers. In addition, the Insurance Division is actively negotiating multiple strategic contracts with certain other carriers and insurance companies.

In addition to Christopher Burke, Dean Shibler, Tim Gould, and John Bowden, the Insurance Division continues to build its leadership team with industry experts. Importantly, the Insurance Division appointed Galen Warren as Executive Vice President of Engineering. Galen was formerly the Chief Scientist at S&P Global Market Intelligence and Chief Technology Officer (CTO) at SNL Financial. Galen brings over a decade of senior leadership architecting and building complex database integrations across numerous third-party systems.

The Insurance Division, headquartered in Charlottesville, Virginia, will build numerous integrations with insurance companies and develop next generation experiences that enable Users to purchase curated insurance products during the move event.

**Christopher Burke, President of the Insurance Division, commented:** “We're actively speaking with major insurance companies to help them connect with their customers in a new way, and disrupting traditional distribution models that are broken. Insurance companies currently lose approximately 35% of their customers during the move event. Updater's Insurance Division is well positioned to build products that help our partners maintain customer relationships, and simultaneously help Updater Users secure insurance products at a great price with minimal effort.”

Management is pleased with the Insurance Division's progress and remains confident that it will deliver on its 2018 goal of securing 15 Paid Programs, which, if achieved, will materially contribute to future revenue growth.

## **On Track for 35% Market Penetration**

As announced in 2017, the Company will report its market penetration on an annual basis going forward. The Company will report its 2017 full-year market penetration in its Annual Report. Management remains focused on executing on strategic priorities that will enable the Company to accelerate to 35% market penetration.

In 2017, the Company's Property Management team sold and onboarded over 1 million units, and the Company expects an additional 1M+ units will be onboarded in 2018. The Company also expects to significantly increase the number of moves processed in 2018 via new relationships with van line agents and independent moving companies that purchase the MoveHQ 'engagement' feature. Further, the Company is actively negotiating new integration partnerships with client relationship tools that are widely used by leading real estate brokerages, effectively expanding the Company's addressable market for homeowners.

The Company is pleased to report its continued exceptional retention rate for Real Estate partners that have purchased a Real Estate Product. Measured by Moves Processed from existing partners, the Company has achieved 99%+ retention rates for each quarter in 2017, reflecting the tremendous value that the Updater platform delivers to its Real Estate partners.

## **PayTV Pilot Program Results**

In Q4 2017, the Company announced material positive results in its Pay TV Pilot Program. The results proved that Users exposed to certain Updater communications purchased a recommended Pay TV Product at a 224% higher rate than Users not exposed to Updater communications. The results are powerful validation that the Company can provide tremendous value both to PayTV/Internet partners and Users looking to purchase such products.

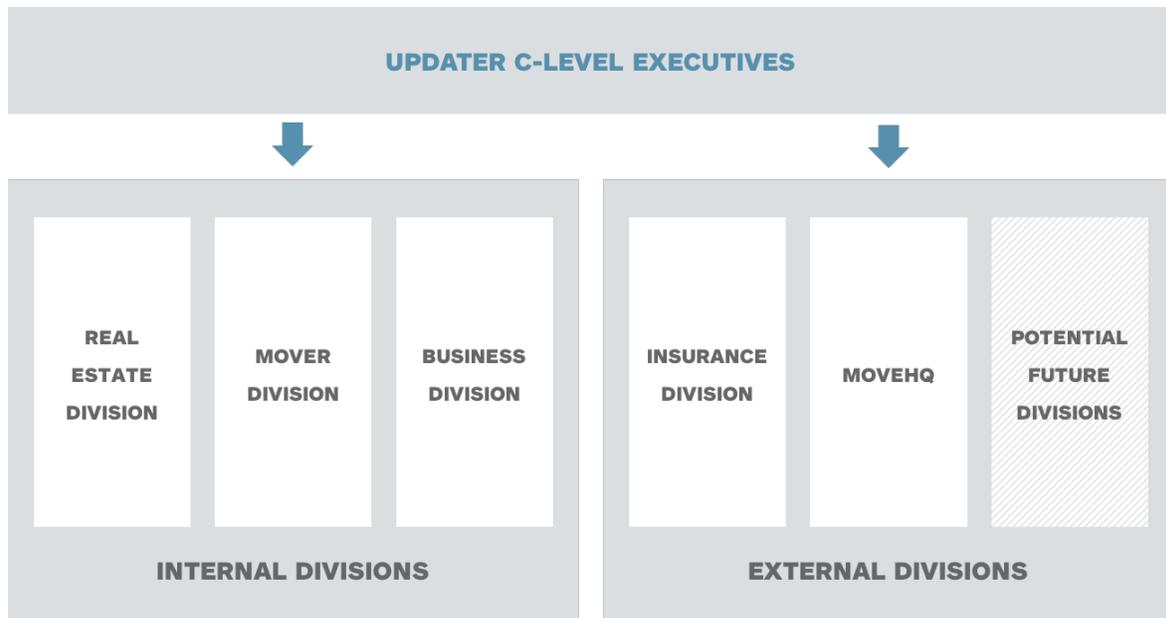
The Company will commence selling Business Products in the PayTV/Internet vertical in early 2018. Management believes that if its 2018 goal of securing 10 Paid Programs is achieved, then the PayTV/Internet vertical will drive material revenue growth.

## **Optimisation of User Conversion Funnel**

The Company continued to optimise its User conversion funnel throughout 2017. In Q4 2017, the Company announced that 30-40% of Mover invite recipients complete the conversion funnel and become Updater Users. Prior to extensive optimisation, the Company had previously advised investors that the email conversion rate was greater than 12.5%, a rate that was already considered to be among the highest for B2C technology platforms.

## Organisational Structure and Key Hires

The Company is now actively building products for numerous stakeholders. As a result, the Company has begun reorganising its personnel into 'Divisions'. Each Division will be primarily responsible for the development of a core product for a core stakeholder in the Updater ecosystem.



- Real Estate Division: Dedicated to building and selling the Company's Real Estate Products and managing its relationships with Real Estate Partners.
- Mover Division: Dedicated to building and refining the Company's Mover Product, ensuring an unparalleled User experience.
- Business Division: Dedicated to building, optimising and selling certain Business Products, such as products for PayTV/Internet providers and other verticals that will launch in the future.
- Insurance Division: Dedicated to gaining the licenses and contracts/appointments to distribute insurance products on behalf of various insurance companies (i.e., selling Business Products to insurance companies), and distributing such insurance products directly to Updater's Users.
- MoveHQ: Dedicated to building and selling operational and marketing Business Products for full-service moving companies.

Each Division will have its own dedicated resources, such as sales, support, product, and/or engineering teams. The Divisional structure will enable the Company to operate as numerous 'small companies' focused on specific products

and/or partners. As the Company has entered into its next growth phase, Management is confident that this new organisational structure will be more effective for servicing its diverse partners, operating lean and fast, and building products that exceed partner expectations.

During Q4 2017 the Company added a number of key executives including Zack Shalvarjian, the new Vice President of Data, and Chad Horenfeldt, the new Vice President of Client Success.

### **2018 Key Performance Metrics**

During Q4 2017, the Company announced the following 2018 key performance metrics to be achieved by year-end 2018:

- The Company will actively sell Business Products in five (5) verticals.
- In the Insurance Vertical, the Company will secure 15 Paid Programs running on the Updater platform.
- In the Full-Service Moving Vertical, the Company will secure 150 Paid Programs running on the Updater platform.
- In the Pay TV/Internet Vertical, the Company will secure 10 Paid Programs running on the Updater platform.

In the Full-Service Moving vertical, companies must purchase the MoveHQ 'engagement' product to run Paid Programs on the Updater platform. Therefore, MoveHQ is the division selling the Company's Business Products in the Full-Service Moving vertical. Similarly, the Insurance Division is selling the Company's Business Products in the Insurance vertical.

The Company is pleased to report that it has already secured partnerships to run Paid Programs in both verticals that launched in Q4 2017. The Company will confirm the number of Paid Programs running on the Updater platform at the end of each quarter throughout 2018.

### **Strong Cash Position**

The attached Appendix 4C covers cash flow for Q4 2017. The Company held approximately US\$49.67m in total cash (equivalent to approximately A\$63.63m) as at 31 December 2017, well within the Company's budget. The Company continues to remain debt-free.

The Company began selling initial Business Products in Q4 2017. Previously the Company was only selling its Real Estate Products and running Pilot Programs for Business Products. Q4 2017 cash receipts were US\$1.69m with cash receipts increasing each quarter since listing on the ASX in December 2015.

Management is confident that if the Company is actively selling Business Products in five (5) verticals in 2018 and it achieves its stated vertical-specific goals for Paid Programs, then revenue will increase materially throughout 2018.

The acquisition of MoveHQ successfully closed in Q4. Both expenses and cash receipts associated with MoveHQ and the Insurance Division are reflected in the attached Appendix 4C.

As per Management's strategy, overall spend increased in Q4 2017 as compared to Q3 2017 primarily as a result of expanded operations, including the hiring of multiple new team members, the acquisition of MoveHQ, and the launch of the new Insurance Division. There are approximately 80 full-time employees of Updater's 'internal' divisions, 70 full-time employees of MoveHQ, and 10 full-time employees of the Insurance Division. Throughout 2018, the Company will continue to increase investment in optimising operations, expanding personnel, and product development across each internal and external division.

Management is confident that the Company's cash reserves are adequate to continue its growth and development plans to solidify the Company's position as the long-term technology leader in the US relocation industry. Further, Management is confident that its current growth plans will result in cash-flow break-even without the need for additional capital.

**For more information, please contact:**

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**About Updater:**

Updater makes moving easier for the millions of US 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. Updater has established significant market penetration of all US household moves and can therefore 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](http://www.updater.com).

**Forward Looking Statements:**

This Quarterly Activities Report and Appendix 4C contains forward-looking statements. Please see Updater's Prospectus regarding the careful consideration of risk factors for evaluating forward-looking statements.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Updater Inc.

**ABN**

609 188 329

**Quarter ended ("current quarter")**

31 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$USD'000</b>	<b>Year to date (12 months) \$USD'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,694	2,597
1.2 Payments for		
(a) research and development	(311)	(678)
(b) product manufacturing and operating costs	(53)	(90)
(c) advertising and marketing	(308)	(936)
(d) leased assets	-	-
(e) staff costs	(4,112)	(9,489)
(f) administration and corporate costs	(1,919)	(4,222)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	141	349
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (executive search fees)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,868)</b>	<b>(12,469)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(243)	(698)
(b) businesses (see item 10)	(14,481)	(14,481)
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (12 months) \$USD'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(14,724)</b>	<b>(15,179)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	44,156
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	12	98
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>12</b>	<b>44,254</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	69,254	33,068
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,868)	(12,469)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(14,724)	(15,179)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	12	44,254

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$USD'000</b>	<b>Year to date (12 months) \$USD'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>49,674</b>	<b>49,674</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$USD'000</b>	<b>Previous quarter \$USD'000</b>
5.1	Bank balances	49,009	68,589
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (security deposit related to office lease agreement)	665	665
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>49,674</b>	<b>69,254</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payroll for Executive Directors David Greenberg and Ryan Hubbard

**Current quarter  
\$USD'000**

100

-

**7. Payments to related entities of the entity and their associates**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

-

**Current quarter  
\$USD'000**

-

-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$USD'000
9.1 Research and development	169,000
9.2 Product manufacturing and operating costs	12,000
9.3 Advertising and marketing	237,000
9.4 Leased assets	-
9.5 Staff costs	5,294,000
9.6 Administration and corporate costs	1,862,000
9.7 Other	-
<b>9.8 Total estimated cash outflows</b>	<b>7,574,000</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	MoveHQ	-
10.2 Place of incorporation or registration	Delaware	-
10.3 Consideration for acquisition or disposal (includes cash, value of stock consideration, and any future payments, such as release of holdback amounts)	\$21,000,000	-
10.4 Total net assets	\$21,000,000	-
10.5 Nature of business	Software company in full service moving vertical	-

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### 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.

Sign here:     .../S/...David Greenberg.....  
                  (CEO)

Date: .....30 January 2018.....

Print name:     David Greenberg

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

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