



ASX Announcement
27 July 2018
(ASX: UPD)

QUARTERLY ACTIVITIES REPORT

PERIOD ENDING 30 JUNE 2018

Highlights:

- Updater's Q2 2018 Bookings surged to US\$5.1m, an increase of more than 130% compared to Q1 2018 Bookings of US\$2.2m.
- Cash receipts for Q2 2018 totaled US\$3.2m, an increase of approximately 50% over Q1 2018 cash receipts of US\$2.1m.
- The Company continues to hold a significant cash balance with approximately US\$39.1m in total cash (equivalent to approximately A\$52.8m) and remains debt free.
- Updater's new PayTV/Internet and Full Service Moving features were fully deployed across key US metros in time for moving season, with strong initial transaction rates.
- Management reaffirms CY2018 total revenue guidance of US\$19m to US\$23m.

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

In conjunction, an investor webinar is scheduled to be held at 10.30am AEST today, Friday 27 July 2018, hosted by CEO David Greenberg. David will discuss highlights from Q2 2018 and the recent announcement regarding the new Local Services vertical, as well as answer questions from investors.

Material Growth in Revenue

Management is pleased to report that the Company made significant progress in Q2 with regard to selling its Business Products, deploying Paid Programs and further developing the Updater platform. As a result, Q2 2018 Bookings totaled US\$5.1m, an increase of more than 130% over Q1 2018 Bookings of US\$2.2m.

Bookings is a core financial metric for many high-growth technology platforms, and most accurately reflects the adoption of the Company's platform and the

contractual obligations of its customers to pay the Company. Bookings is particularly useful to show the anticipated future value of Business partner contracts to Updater, which may differ from the timing of cash receipts. In fact, in certain verticals, there may be significant time lags between Bookings and cash receipts due to the nature of the contractual arrangements and/or because payment is only due to Updater upon completion of the underlying services.

Core features in PayTV and Full-Service Moving are now live across numerous key metros, and Q3 represents the peak of moving season in the US. Moreover, additional Paid Programs in these verticals, as well as the Insurance, DIY Moving and Local Services verticals, are anticipated to launch in Q3 and Q4. As such, Management remains confident in continued revenue growth throughout 2018. As announced within the Company's Annual Report, CY2018 revenue forecast is derived from, among other things, internal models which assume that a certain number of Paid Programs will be operational in 5 verticals by year-end (i.e., the Company achieves its 2018 Paid Programs goals across 5 verticals). The Company is generally ahead of schedule and, therefore, Management is highly confident in launching Paid Program in 5 verticals by year-end as well as achieving its Paid Program goals.

As a result, Management reaffirms its CY2018 guidance of total revenue in the range of US\$19m to US\$23m.

Updater's CEO David Greenberg commented: "We're extremely pleased with our progress to date in 2018 across all Divisions. In particular, our constantly improving engagement metrics are a testament to our team's hard work and the value of our products. We're very excited for Q3, which is the peak of moving season, and we anticipate that more Movers than ever will trust Updater with key moving-related decisions and transactions."

Platform Development

During Q2, the Company's product and engineering teams developed and released new integrated experiences made possible by the adoption of several Business Products. In addition, key enhancements to the platform were released to drive increased engagement with the new integrated experiences and higher User conversion rates. Highlights include:

- 1) New User Sign-Up Experience: After Movers click the secure link in their invitation email, they are now directed to the new 'sign-up app'. The app achieves three goals: (a) shorter browser load time for the sign-up experience (b) an optimised mobile experience, and (c) more seamless A/B testing to improve User conversion rates.

- 2) New Product Intro: After Users create their account via the new sign-up app, they are now directed to a 'product introduction page' that guides each User to select their first step to complete. The recommended steps are personalised for each User by Updater's 'rules engine', based on the User's move date, the User persona and steps available to the User. Early results indicate significant increases in engagement with key revenue-generating steps.
- 3) New Experience for Scheduling PayTV/Internet: After testing new experiences in Q1, Updater released a new step within the Mover Product to the majority of its Users during Q2. The new step enables each User to quickly answer a series of questions about their television and internet preferences and then review recommended packages that are available at their new home and that fit their preferences (the 'results page'). The results page displays a recommended package from each available provider, ranked according to Updater's value score (an algorithmic value index to help Users compare packages and purchase with confidence). Updater then enables a simplified process for ordering and scheduling installation. Management is very pleased with initial transaction rates, which are above internal expectations for the current stage of development.

Paid Programs power the experience via an API integration. Updater's platform programmatically reviews all packages available at each User's new home to determine which packages match the User's preferences at the lowest price.

In conjunction with the new PayTV/Internet experience for Users, Updater developed a configuration engine to allow Real Estate Partners (particularly property managers) to choose which utility and PayTV/Internet providers service their communities and which, if any, are preferred vendors. Updater can then use such configurations to further personalise each User's experience.

- 4) New Experience for Reserving a Full-Service Moving Company: Updater released a new step within the Mover Product powered by the MoveHQ integration. Users are able to quickly answer a series of questions about their old and new homes and create an inventory of the household goods that need to be packed and transported. Updater then displays available moving companies and their respective price offers for the move, ranked by Updater's value score. The User can then select their preferred moving company and secure a reservation online within the Updater Mover Product. Management is very pleased with initial transaction rates, which are above internal expectation for the current stage of development.

Moving companies leverage the MoveHQ Engagement module to configure their pricing rules and manage their calendar availability. As part of the MoveHQ Engagement module, such information is shared with Updater so that Updater can programmatically display to its Users availability and pricing (i.e., such moving companies are running Paid Programs).

Paid Programs Update

Paid Programs involve contractual obligations of Business to pay the Company access and/or performance fees. In addition, Paid Programs enable integrated experiences that allow Users to complete certain transactions within Updater.

The Company previously announced that it would provide quarterly updates on its progress securing Paid Programs in key verticals. Management is pleased to highlight the following achievements:

(i) PayTV/Internet

As previously announced, the Company achieved its goal of 10+ Paid Programs with service providers and/or their affiliates in the PayTV/Internet vertical well ahead of schedule. With 10+ Paid Programs, the vast majority of Updater Users can see real-time availability and pricing options for the nation's major providers.

In addition, as set forth above, the Company completed and launched an upgraded Mover Product feature for Users to compare, purchase and schedule PayTV and Internet services. Management is very pleased with the initial performance and has already scheduled TV and/or Internet services for tens of thousands of Users in 2018. Management believes that with continued optimisation, the PayTV/Internet vertical will emerge as a significant contributor of revenue this calendar year and beyond.

(ii) Full-Service Moving

During Q2 2018, the Company formally launched the MoveHQ Engagement feature, enabling moving companies to manage their calendar availability and configure their pricing rules within the new MoveHQ platform, and connect such information to the Updater platform. MoveHQ Engagement powers the Updater Full-Service Moving feature described above, which has already launched in 16 major metros in the US. Management is very pleased with its initial performance, and pleased to see that numerous moving companies now recognise that Updater will serve as a key source of customers for years to come.

MoveHQ has now secured 117 Paid Programs for the Full-Service Moving Vertical with many of the nation's most reputable moving companies. Management remains very confident that MoveHQ will exceed its full-year goal of 150 Paid Programs. With 150 Paid Programs, Updater can deliver a comprehensive view of the market to its Users in at least 20 major metros in the US.

(iii) **Insurance**

The Company previously announced that the Insurance Division had advanced into an execution phase to deploy its growth plan.

To date, the Insurance Division has successfully secured licenses to distribute property and casualty insurance in 48 US states (and Washington DC), identified dozens of revenue opportunities across multiple lines of business, and commenced development of a streamlined insurance purchasing workflow.

The Insurance Division has secured 3 Paid Programs to date, primarily related to strategic renters insurance integrations and security deposit replacement programs.

The primary platform for purchasing auto/home/renters insurance is expected to launch in Q4. The Company anticipates partnering with a select group of insurance agencies and carriers to power the new insurance experience within Updater. By year-end, Updater expects to deploy 15+ Paid Programs through which it can deliver a seamless transfer or purchase process for insurance products for the vast majority of its Users.

During Q2, executives in the Insurance Division met with dozens of agencies and carriers as part of a rigorous selection process to identify partners that can operate within the product requirements of the Updater platform. To date, the Insurance Division has identified an initial pool of 6 agencies that it will invite to subscribe to the platform in Q3. In Q4 the Insurance Division anticipates inviting a significantly larger group of agencies to join the platform.

The CY2018 total revenue forecast does not contemplate a material contribution from the Insurance Division.

(iv) **DIY Moving**

As previously announced, Updater estimates that approximately 75% of Users execute a DIY move without the assistance of a full-service moving company. As such, the Company's product team is currently architecting a

proprietary experience for such 'DIY' Users to seamlessly (a) catalogue items in their home, (b) identify the exact amount of boxes and packing supplies required to pack the items in their home, (c) purchase such supplies at the lowest possible price, (d) secure delivery of the supplies to their current home in advance of packing or arrange for pickup at a retail partner location, and (e) arrange transportation for the packed items via rented truck or container.

The Company can enable such an experience for the majority of its Users with a partnership and integration across only a small number of key suppliers. As such, the Company's goal is to secure 5 Paid Programs in the DIY Moving Vertical by year-end 2018. To date, the Company has secured commitments for 2 such Paid Programs.

(v) Local Services

As announced earlier this week, the Company has already begun developing a core API for Local communication and anticipates securing 500+ Paid Programs by year-end 2018. With 500 Paid Programs, the Company will demonstrate the scalability of the Local Services platform. For further information, please refer to the ASX announcement on 25 July 2018.

Additional Activity Highlights

- In Q2, Updater appointed Jarrett Sidaway as the General Manager of the Real Estate Division. As General Manager, Jarrett will lead continued market penetration growth, client success initiatives, and product development for Real Estate partners. Jarrett was previously the GM of Coupons at Groupon. In Q2, the Real Estate team signed 30 new property management and real estate brokerage partners, onboarded an additional 28 partners to the Updater platform, including multiple Top 50 property management companies (per NMHC 2017 ranking), and maintained a 99% partner retention rate. In addition, the engineering team continued to build out the integrations platform, improving existing integrations and commencing work for new integrations with two of the largest transaction management software systems in the real estate brokerage channel.
- The Company is pleased to announce that it has appointed Todd Stephan as VP Engineering. Todd will oversee and grow Updater's Engineering team in New York City, which now totals 29 engineers. His expertise in scaling processes and structuring engineering organisations will be instrumental in evolving the technology efforts to align with the Company's divisional structure and deliver on the myriad business opportunities requiring

development work. Todd was previously the VP of Engineering at IAC Applications, where he led an engineering team that worked on approximately 125 different products generating revenue of US\$350m per year.

- MoveHQ is pleased to announce that it has appointed Jason Smith as its new Chief Operating Officer. Jason has extensive experience in operations and technology management. At MoveHQ, Jason will oversee operations for the teams in both Missouri and Ohio. He will drive the continued development of MoveHQ's new platform as well as key integrations with Updater to enable a next-generation User experience for booking a full-service moving company.
- Following the transition from set-up to execution phase, the Insurance Division has continued building an implementation-focused leadership team under Rachel Loeffler, President of the Insurance Division.
 - The Insurance Division recently appointed the following leaders:
 - Ash Bell, a four-year veteran of Updater, was appointed Executive Vice President of Real Estate for the Insurance Division. Ash will focus on bringing Updater's innovative insurance solutions to top property management companies.
 - Daniel Weaver was appointed Head of Strategic Partnerships for the Insurance Division. Daniel has already made great progress cultivating initial launch partners through a rigorous process of partner selection. Previously, as Head of Carrier Relations at Goji (an insurance comparison and shopping platform), Daniel drove product strategy to expand from a single insurance carrier offering to a robust platform of over a dozen national carriers offering choice to hundreds of thousands of customers annually.
 - Thomas Steffes was appointed Director of Engineering for the Insurance Division. Thomas will lead a team to develop deep integrations with insurance partners to enable Users to secure insurance through the Updater platform. Tom recently served as the Chief Technology Officer for Locus Health, where he led a 25-person organisation to deploy a platform serving 70,000 patients at 10 healthcare organisations in the U.S.
 - Following the progression to execution phase, Chris Burke, Dean Shibler and certain others leaders from the initial set-up and licensing phase of the Insurance Division have stepped down from their positions as employees of the Company. Certain members of the set-up team may continue to serve in an advisory capacity.

- The Company made tremendous progress expanding its team with top talent: 16 new team members joined Updater in Q2, including 8 new engineers. The Company now has approximately 184 full time employees, including 87 people in the Mover, Real Estate and Business divisions (primarily in NYC), and 97 within the Insurance and MoveHQ divisions.
- The Company's cross-divisional data team, led by VP of Data Zack Shalvarjian, has rolled-out numerous initiatives including the introduction of a hub-and-spoke analytics model to the organisation, and completed construction and implementation of a set of automated status reports to power the Client Success team, thereby eliminating thousands of manual hours of data pulls per year. Data and Engineering leadership also completed Updater's data platform architecture and began building the platform in Q2. As part of the buildout, the Data team hired their first senior data engineer, negotiated and signed a contract with Snowflake, a next-generation data infrastructure provider, and successfully migrated numerous jobs resulting in the reduction of associated daily runtime processes from over 36 hours to less than 20 minutes per day.

Strong Cash Position

The attached Appendix 4C covers cash flow for Q2 2018. The Company held approximately US\$39.1m in total cash (equivalent to approximately A\$52.8m) as at 30 June 2018, well within the Company's budget. The Company continues to remain debt-free. Cash receipts for Q2 2018 totaled US\$3.2m, an increase of approximately 50% over Q1 2018 cash receipts of US\$2.1m.

Investor Webinar

Investors are invited to join a webinar today 27 July 2018 at 10.30am AEST hosted by Updater CEO David Greenberg.

Investors are invited to submit questions prior to the webinar to simon@updater.com

Registration in advance of the webinar is required, and can be completed via the link below:

<https://attendee.gotowebinar.com/register/5956124149226121729>

For more information, please contact:

David Greenberg
Founder and CEO
david.greenberg@updater.com

Simon Hinsley
Investor & Media Relations
simon@updater.com
+61 401 809 653

About Updater:

Updater, the US leader in ReloTech™, makes moving easier for the millions of American households that relocate every year. With Updater, Users seamlessly update accounts and records, schedule TV/Internet, reserve a moving company, 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 to help their clients transition to their new home with a branded and personalised moving experience. With significant market penetration of all US household moves, Updater enables 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.

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")

30 June 2018

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
1. Cash flows from operating activities			
1.1 Receipts from customers		3,204	5,347
1.2 Payments for			
(a) research and development		(710)	(1,396)
(b) product manufacturing and operating costs		(21)	(67)
(c) advertising and marketing		(301)	(597)
(d) leased assets		-	-
(e) staff costs		(5,335)	(10,223)
(f) administration and corporate costs		(1,877)	(3,201)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		198	335
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)		-	-
1.9 Net cash from / (used in) operating activities		(4,842)	(9,802)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(820)	(1,111)
(b) businesses (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	(6)
2.2	Proceeds from disposal of:		
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(820)	(1,117)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	336	402
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)	-	-
3.10	Net cash from / (used in) financing activities	336	402

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	44,464	49,655
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,842)	(9,802)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(820)	(1,117)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	336	402

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	39,138	39,138

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	37,919	43,245
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (security deposit related to office lease agreement)	1,219	1,219
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	39,138	44,464

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

**Current quarter
\$USD'000**

100

-

Payroll for Executive Directors David Greenberg and Ryan Hubbard

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. Financing facilities available <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.		
-		

9. Estimated cash outflows for next quarter	\$USD'000
9.1 Research and development	304,500
9.2 Product manufacturing and operating costs	10,400
9.3 Advertising and marketing	280,500
9.4 Leased assets	-
9.5 Staff costs	6,137,400
9.6 Administration and corporate costs	1,599,000
9.7 Other (Office build-out costs)	105,000
9.8 Total estimated cash outflows	8,436,800

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		-
10.2 Place of incorporation or registration		-
10.3 Consideration for acquisition or disposal		-
10.4 Total net assets		-
10.5 Nature of business		-

Quarterly report for entities subject to Listing Rule 4.7B

- 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..... Date:27 July 2018.....
(CEO)

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.