



ASX Announcement  
27 August 2018  
ASX: UPD

## **CORRECTIONS TO MISINFORMATION CIRCULATING IN THE INVESTMENT COMMUNITY**

### **Key points**

- Updater has become aware of a Voting Advisory Report circulating in the investment community that contains numerous factual errors and, under ASX Listing Rule 3.1, the Company wishes to correct these errors for the benefit of all shareholders
- Contrary to the Report's assertions:
  - The proposed delisting will *not* enable vesting of any stock options held by Updater Directors or any others
  - The intrinsic value figure in Updater's Half Year Report covers *all* stock options on issue, not the amount held by 'Directors and their Associated Entities'
  - Updater's authorized capital is clear: 55 million shares of common stock are authorized, and this figure has not changed since Updater's IPO on ASX in December 2015
  - Liquidity for Updater shares as a private company is, by definition, not yet known, and therefore it is impossible to conclude that 'there will be no liquid market'

Updater Inc. (ASX: UPD) ("Updater" or the "Company") has become aware of misinformation circulating in the investment community (and more broadly) as a result of a Voting Advisory Report prepared by a Proxy Advisory Firm ahead of the Special Meeting of Updater Shareholders to be held on 7 September 2018. As required by ASX Listing Rule 3.1, the Company wishes to correct this misinformation.

**Voting Advisory Report allegation:** The Board has discretion to vest options because the delisting is a 'reorganization event', creating a conflict of interest in the Board's recommendation.

**Updater response:** The delisting is *not* a "reorganization event" and *will not* enable vesting of stock options held by Directors or any others.

The Voting Advisory Report states that the delisting is a 'reorganization event'. That is inaccurate. The delisting is neither (a) a merger/consolidation, (b) a transfer/disposition of

all common stock, nor (c) a liquidation of the company. Therefore, section 9(c) of Updater's Stock Option Plan regarding a 'reorganization event' does not apply to the delisting, and the Board *cannot* vest any stock options in connection with the delisting.

Further, all stock options held by Directors David Greenberg, Ryan Hubbard and Grant Schaffer *have already vested as of 2016*. Therefore, it is impossible to vest such options in connection with the delisting. The stock options held by Independent Directors Antony Catalano and Jessica Nagle vest over the course of 4 years from their appointment (as approved by shareholders). The delisting does not change such terms.

As clearly stated in the Notice of Meeting released to ASX and dispatched to shareholders and CDI holders, the delisting will have *no impact* on outstanding options.

**Voting Advisory Report allegation:** Updater's half year report revealed that Directors and their associated entities held stock options with an intrinsic value of \$75 million.

**Updater response:** The intrinsic value figure in the half year report is *not* the amount held by 'Directors and their Associated Entities', it is the amount held by *all* holders of stock options.

The Voting Advisory Report alleges that 'Directors and their associated entities' held stock options with intrinsic value of \$75 million. That is inaccurate. As clearly indicated in the Half Year Review, such figure relates to *all* stock options, including options in favor of 150+ employees, all advisors, consultants, etc. (including Australians). In fact, nearly all of the exercised options reported in the most recent half year period related to options held by Australian advisors.

Directors David Greenberg, Ryan Hubbard, Grant Schaffer and their related entities have received zero additional stock options since the Company's IPO in December 2015. Independent Directors Antony Catalano and Jessica Nagle have each received options over 40,000 shares of common stock at the time of their appointment, as approved by shareholders, and as previously filed on the ASX.

**Voting Advisory Report allegation:** The UPD capital structure is "opaque", and 5 million shares of common stock are authorized.

**Updater response:** Updater's capital structure is clearly stated in the Certificate of Incorporation and all audit reports and *remains exactly the same* as it did at the time of Updater's IPO in December 2015, with 55 million shares of common stock authorized.

The Voting Advisory Report indicates that Updater's capital structure is 'opaque' and states that the capital structure consists of 5 million shares of common stock and 55 million shares of common prime stock. That is inaccurate. As clearly stated in the Certificate of Incorporation and all audit reports, the capital structure includes 55 million shares of common stock and 55 million shares of common prime stock. As per the Appendix 3Bs regularly released to ASX, of the 55 million shares of authorized common stock, currently 21,826,964 shares have been issued (equivalent to 545,674,100 CDIs).

Zero shares of common *prime* stock have been issued. This class of non-voting stock with no dividend entitlements was created purely for the purpose of enforcing any breaches of ASX escrow requirements. All ASX escrow periods have now expired and therefore shares of common prime stock will never be issued.

Updater's capital structure has remained exactly the same since the IPO on ASX and has not changed.

**Voting Advisory Report allegation:** Following delisting there will be 'no liquid market for shares in UPD'.

**Updater response:** Liquidity for Updater shares as a private company is not yet known and therefore it is impossible to conclude that there will be 'no liquid market' once private.

The Voting Advisory Report asserts that after delisting 'there will be no liquid market for CDIs or shares in UPD'. This factual assertion is, by definition, unknowable. Updater management has clearly stated that it seeks to implement future buy-backs to enable further liquidity after delisting, but no guarantee can be provided. Therefore, the Voting Advisory Report is definitively concluding that Updater will fail to secure an investment round that will enable larger or full buy-back programs.

Also, the Report fails to mention the rapidly growing market for secondary transactions for high-growth private technology companies, with many billions (US\$) of stock in US private companies changing hands each year.

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**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.

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