



ASX Announcement
25 October 2017

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 SEPTEMBER 2017

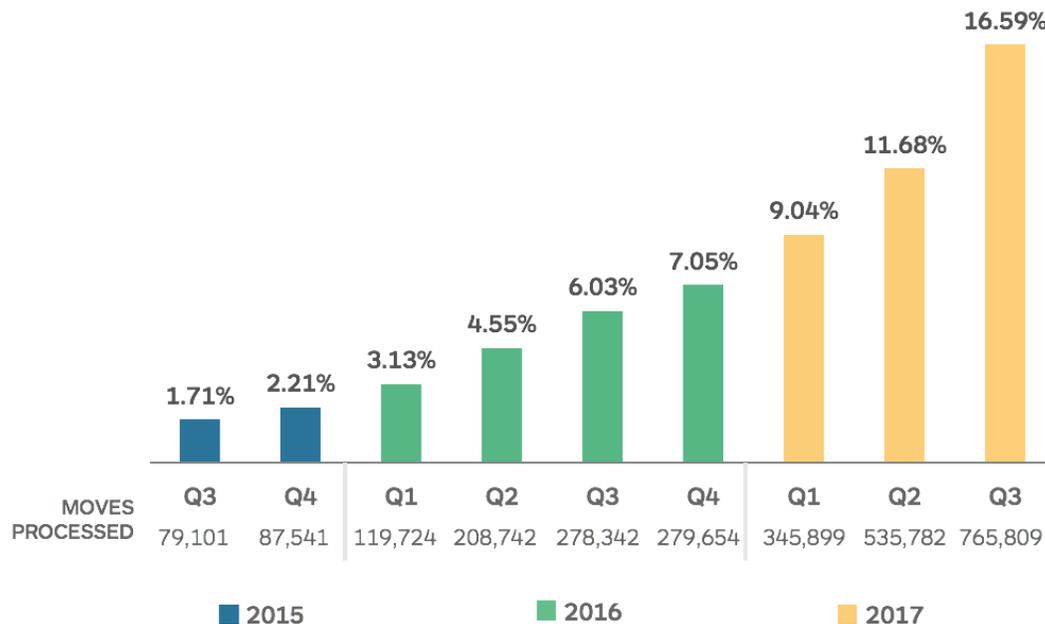
Updater Inc. (“Updater” or the “Company”) (ASX: UPD), the US technology company improving the moving process for the 17 million US households moving each year, is pleased to report activity highlights for Q3 2017 along with Appendix 4C.

The Company is pleased to report that at 30 September 2017 the Company held US\$69,254,477 in total cash (equivalent to approximately A\$88,403,340).

Activity Highlights

- Estimated Market Penetration hit an all-time high in Q3 2017, increasing more than 42% over Q2, to 16.59% of all US household moves. The Company processed 765,809 unique household moves during the quarter, continuing the trend of significant and rapid growth. Management believes that increased market penetration directly correlates with the value of Updater’s Business Products. The Company has set a new market penetration goal of 35%, which, if achieved, will solidify Updater’s long-term defensible position as the nation’s platform for all facets of relocation.

Estimated Market Penetration (Q3 2015 – Q3 2017)



- Having now achieved over 16% national market penetration, the Company has already reached the scale at which it can emerge as the core platform for the relocation industry. Therefore, going forward, the Company's primary reporting will focus on the establishment of a next-generation relocation platform via the development and sales of its Business Products.
- The Company announced that it will begin implementing go-to-market strategies and selling Business Products in two verticals: insurance and full-service moving. To fund those strategies and accelerate growth, the Company raised A\$50 million in an institutional placement, and US\$5 million in a placement to accredited US investors that included participation by Christopher F. Burke and other key executives of Updater's new Insurance Division.
- As part of its go-to-market strategy in the insurance vertical, the Company announced that it has established a new Insurance Division. The Insurance Division will, among other things, distribute property and casualty insurance policies on behalf of many of the largest US carriers. As the Insurance Division is a wholly-owned subsidiary of the Company, Updater will control the entire customer journey, and can thereby simplify and improve the insurance renewal, transfer and buying experience for Movers and generate massive value for insurance carriers.
- As part of its go-to-market strategy in the full-service moving vertical, the Company announced that it acquired two leading software companies: IGC Software and Asset Controls Inc. The two companies now operate as MoveHQ Inc. ("MoveHQ"), a wholly-owned subsidiary of the Company. The acquisition enables Updater to offer a suite of products and services that management believes can transform the moving and storage industry. Initial product integration between the Updater and MoveHQ platforms is underway and expected to be completed by the end of Q1 2018. Once the integration is complete, the Company will launch a full-scale sales operation for Business Products in the vertical.
- The Company's Pilot Program with AT&T went live in Q3. AT&T (NYSE:T) helps millions of consumers connect with leading entertainment, business, mobile and high-speed Internet services. The primary goal of the Pilot is to improve the Mover Product experience and prove the value of Updater's platform for AT&T and other businesses in the telecommunications industry.

- The Company launched an upgraded Mover Product dashboard that includes a smart timeline and intelligent grouping of tasks in order to more seamlessly guide users through the moving process. Early results are very positive in terms of increased engagement and Net Promoter Score (NPS).
- The Company appointed Chris Avery as its new VP of Real Estate. Chris started in July and is responsible for driving Updater's sales and partnerships in the residential real estate vertical, working with brokerages and technology companies in the real estate industry. Chris brings more than 10 years of experience at top real estate technology companies including Market Leader, Trulia (owned by Zillow) and Lone Wolf Technologies.
- The Company made tremendous progress expanding its team with top talent. In addition to the new VP of Real Estate, the Company hired a Director of User Experience, Head of Public Relations, a financial controller, two internal recruiters for both business and engineering roles, multiple engineers and multiple client success managers.
- The Company continues to build a brand as one of the top tech companies to work for in the US. The Company recently won the highly coveted designation of Best Tech Work Culture in NYC at the 2017 Timmy Awards. Across four categories, there were 250 technology companies nominated, 31 finalists, and just 4 winners. The Company's internship program was also recently ranked as one of the Top 100 programs in the US by careers site WayUp.

Cash Position (as of 30 September 2017)

The attached Appendix 4C covers cash flow for Q3 2017. The Company is pleased to report that at 30 September 2017, the Company held approximately US\$69,254,477 in total cash (equivalent to approximately A\$88,403,340 at 30 September 2017), well within the Company's planned budget. This cash balance excludes the impact of the Q4 cash outflows (~US\$15,000,000) for the acquisitions of IGC Software and Asset Controls Inc, which closed in October 2017. The Company continues to remain debt-free.

Overall spend increased in Q3 2017 as compared to Q2 2017 primarily as a result of expanded operations, including the hiring of new team members.

Q3 2017 cash receipts totaled US\$401,184, an increase of 55% over Q2. Although cash receipts have increased each quarter since listing on the ASX, revenue growth has not been a goal of the company. Nearly all cash receipts in Q3 related

to the sale of Real Estate Products and fees for Pilot Program testing, as the Company was not selling Business Products in Q3.

The Company continues to focus on increasing market penetration, operating its various Pilot Programs, and preparing go-to-market strategies in the insurance and full-service moving verticals. Management remains confident that the Company will commence selling Business Products in Q4 and will be generating material revenue from the sales of Business Products in a number of different verticals in 2018.

The Company's bank is holding a US\$664,776 security deposit in connection with a letter of credit that the bank issued to the landlord of the Company's new office. The security deposit represents the difference between the total cash and cash-on-hand, US\$69,254,477 and US\$68,589,701, respectively.

During Q3 2017, the Company continued to increase investment in its operations, personnel, and marketing, as it aggressively captured additional market penetration. This trend of increased investment will continue through the remainder of 2017. Management is confident that the Company's cash reserves are adequate to enable the Company to continue its growth plans and further advance the business.

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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 personalized Updater moving experience. With significant market penetration 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.

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 September 2017

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (9 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	401	903
1.2 Payments for		
(a) research and development	(200)	(366)
(b) product manufacturing and operating costs	(9)	(37)
(c) advertising and marketing	(247)	(627)
(d) leased assets	-	-
(e) staff costs	(1,994)	(5,377)
(f) administration and corporate costs	(1,130)	(2,304)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	91	208
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	(3,089)	(7,601)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(455)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (9 months) \$USD'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
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	(7)	(455)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	44,156	44,156
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	86
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	44,156	44,242

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	28,194	33,068
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,089)	(7,601)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(7)	(455)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	44,156	44,242

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (9 months) \$USD'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	69,254	69,254

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	68,589	27,529
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (security deposit related to office lease agreement)	665	665
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	69,254	28,194

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**

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-

-

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	(160)
9.2 Product manufacturing and operating costs	(16)
9.3 Advertising and marketing	(203)
9.4 Leased assets	(50)
9.5 Staff costs	(4,645)
9.6 Administration and corporate costs	(1,162)
9.7 Other (Initial purchase consideration, and associated legal fees, for acquisition of MoveHQ)	(15,000)
9.8 Total estimated cash outflows	(21,236)

* Q4 cash outflows will include costs associated with MoveHQ and the new Insurance Division.

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	-	-

