

Unlockd Limited (Administrators Appointed) (Unlockd Limited)
Unlockd IP Pty Ltd (Administrators Appointed) (Unlockd IP)
Unlockd AU Pty Ltd (Administrators Appointed) (Unlocked AU)
Unlockd Operations Pty Ltd (Administrators Appointed) (Unlockd Operations)

First Meeting of Creditors

22 June 2018



McGrathNicol

UNLOCKD



Agenda

Opening

- Meeting formalities and adjournment
- Resolution (concurrent meetings)
- Purpose of meeting
- Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)
- Role of the Voluntary Administrators
- Voluntary Administrators timeline
- Extension of the convening period

Unlockd and events leading to the appointment of Voluntary Administrators

- Background, timeline and structure

Administration

- Administrators' actions since appointment
- Strategy going forward
- Deed of Company Arrangement v Liquidation
- Questions

Resolutions (Committee and replacement of Voluntary Administrators)

Meeting formalities

- Open meeting
- Administrator Chairperson: Insolvency Practice Rules 75-50
- Introductions:
 - Robert Smith (Administrator)
 - Keith Crawford (Administrator)
 - Rowena White (Herbert Smith Freehills)
- Quorum: Insolvency Practice Rules 75-105 for Unlockd Limited, Unlockd Operations, Unlockd IP, Unlockd AU
- Adjournment: Unlockd IP, Unlockd AU
- Attendance register
- Voting (on the voices & using voting slips)
- Time and place convenient: Insolvency Practice Rules 75-30
- Proofs of debt and proxies

Resolution – meetings to be held concurrently

Unlockd Limited: “That the meetings of creditors of:

- Unlockd Limited (Administrators Appointed)***
 - Unlockd Operations Pty Ltd (Administrators Appointed)***
- (Both Administrators appointed)
be held concurrently.”***

Unlockd Operations: “That the meetings of creditors of:

- Unlockd Limited (Administrators Appointed)***
 - Unlockd Operations Pty Ltd (Administrators Appointed)***
- (Both Administrators appointed)
be held concurrently.”***



Purpose of meeting

- Convened under Section 436E of the Corporations Act to:
 - determine whether to appoint a Committee of Inspection to each Company, and, if so, who are to be the Committee members; and
 - consider the removal of the Administrators and appoint an alternative Administrator who has consented to act
- This meeting has no authority to consider any other business
- At the second statutory meeting, a decision is made regarding Unlockd's future



Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) and remuneration

DIRRI

- DIRRI dated 12 June 2018 - distributed with notice of meeting
- DIRRI tabled is available for inspection
- Assessment identified no real or potential risks to our independence
- No work undertaken for Unlockd, its shareholders or its directors

Remuneration

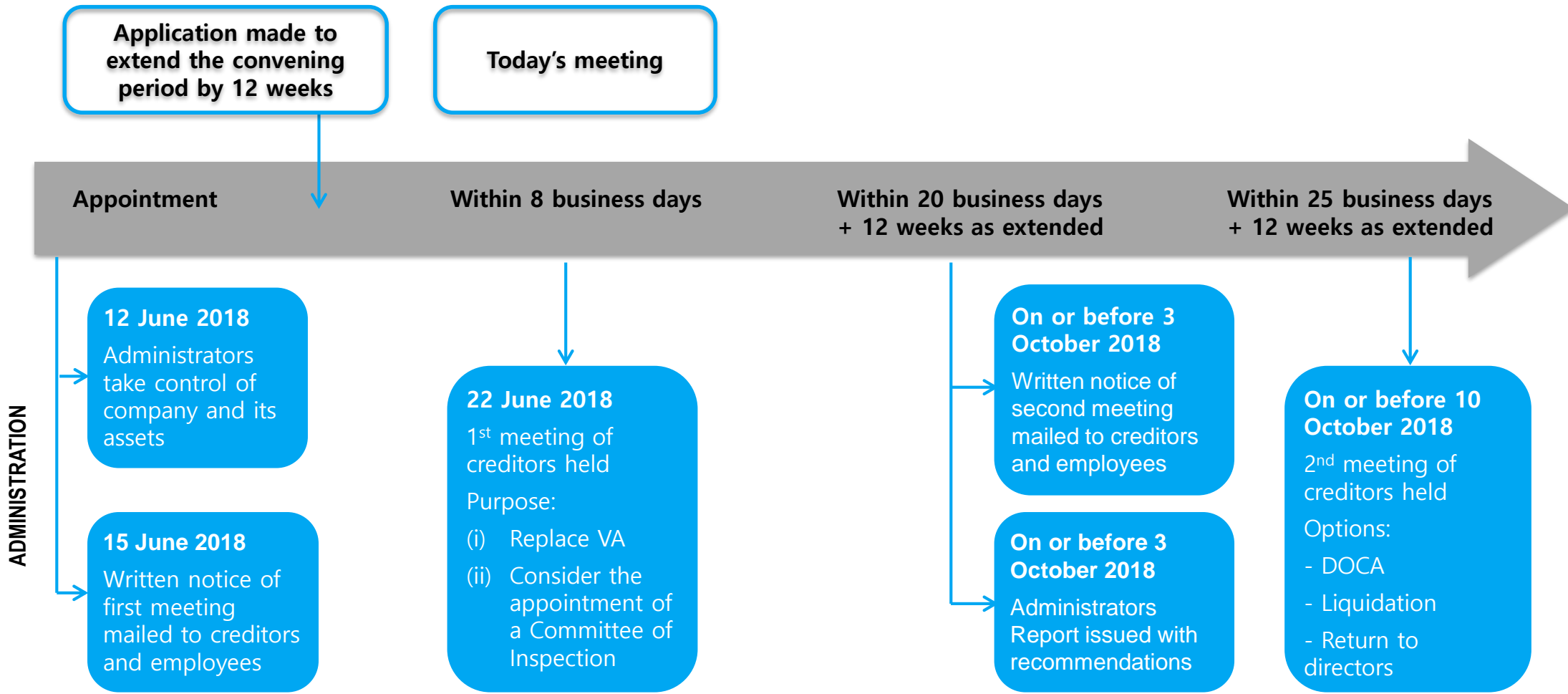
- Schedule of rates provided with meeting information
- Comprehensive remuneration report will be provided prior to the second meeting of creditors



Role of the Voluntary Administrators

- Appointed by the directors, and represent the interests of all stakeholders
- Directors' powers are suspended and Administrators are in control of the companies
- Responsible for the ongoing trading of the business
- Running a sale / recapitalization campaign for all or part of the business or its assets
- Holding meetings of creditors
- Investigating the reasons for failure of the business
- Making recommendations about the future of the companies

Voluntary Administration timeline





Extension of the convening period

Process

- Administrators successfully made an application to Court to extend the convening period for 12 weeks

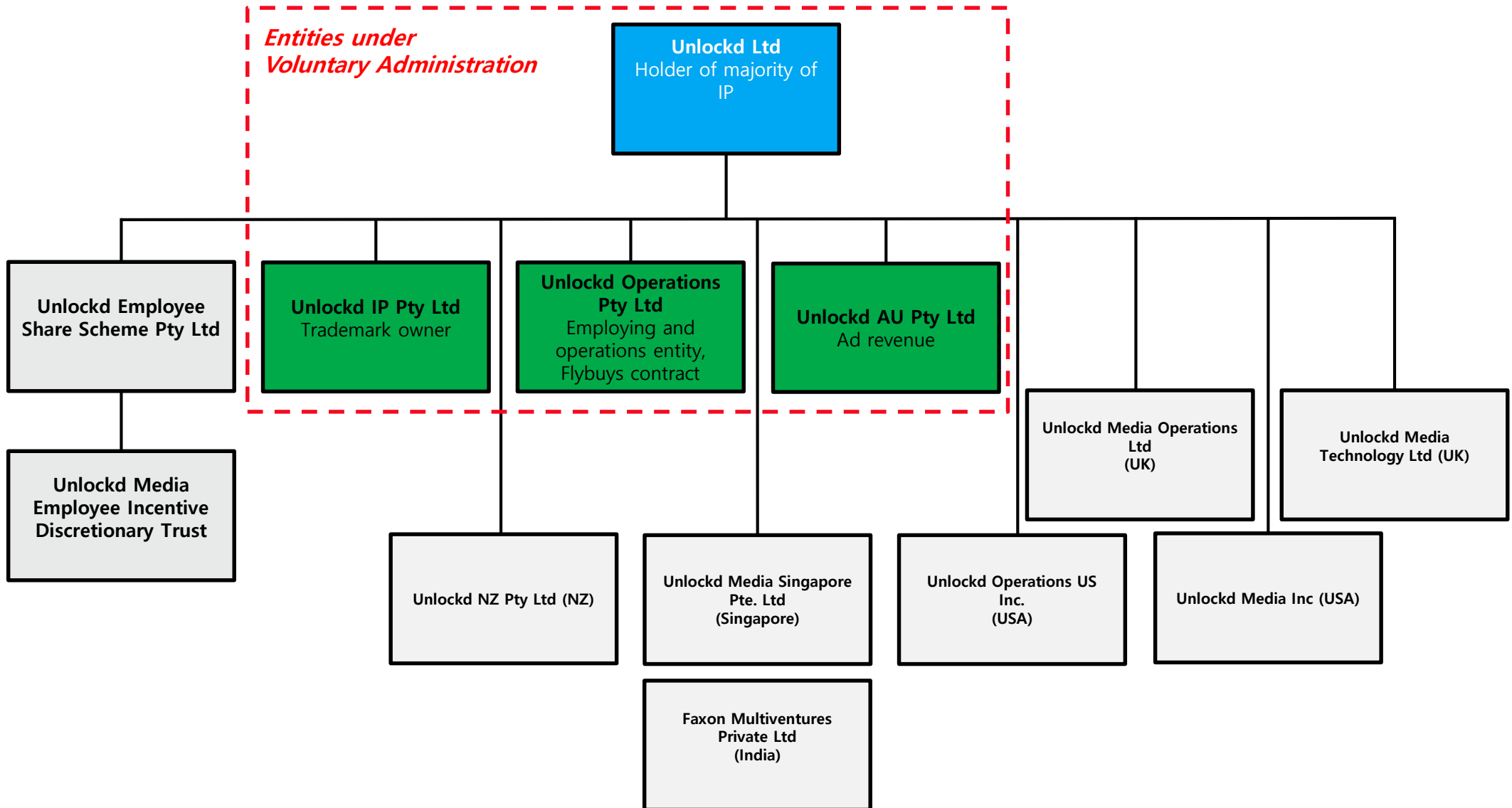
Background and purpose

- The global Unlockd group is complex, with 11 subsidiaries in 6 countries, litigation on foot in multiple jurisdictions and recently developed technology
- The application to extend the convening period was made to allow time for the sale / recapitalisation campaign to be completed and sufficient time for interested party/parties to submit a satisfactory Deed of Company Arrangement proposal

Background

- **2014:** Co-founded by Matt Berriman. Unlockd developed an attention-based mobile rewards platform that users access on the unlock of Android smart phones
- **2015-17:** Unlockd grows to become a global technology business with operations in Australia, the United States of America (USA), the United Kingdom (UK) and India
- **May-17:** Completes second round \$31m capital raising, total private capital raised over life of the business c.\$50m
- **Jun-17:** Reports FY17 revenue of \$10.9m (FY16: \$0.9m) and an EBITDA loss of \$16.2m (FY16: \$8.4m)
- **Apr-18:** Management completes an investor roadshow as preparation for IPO on the ASX. The Unlockd platform hits \$20m ARR in December 2017 with 1.17m registered users
- **Mar-18:** Google bans the Unlockd app from the Play store and AdMob marketplace in the UK. Unlockd terminates IPO
- **May & Jun-18:** Unlockd secures an injunction against Google in the UK High Court and a temporary order from the Australian Federal Court preventing Google from banning the app from the Play Store and AdMob in the UK and Australia
- **12-Jun-18:** Unlockd enters voluntary administration

Ownership / corporate structure



Administrators' key actions since appointment

- Communicated with key stakeholders, including partners, suppliers, employees and shareholders
- Restructured the workforce to reduce operating costs
- Undertaken preliminary investigations into the financial position of the Group
- Appointed an adviser to lead the sale / recapitalisation campaign, advertised the Group's business for sale and commenced other sale preparation
- Held discussions with the Group's legal advisers in the google litigation on the status of those proceedings and taken steps to preserve the Group's legal rights
- Made preliminary approaches to potential litigation funders in relation to the google litigation
- Obtained a 12 week extension to the convening period
- Sought Court approval, subject to certain conditions, for Unlockd Limited to loan monies to Unlockd Operations for the purpose of paying operating costs to support the sale / recapitalisation strategy

Application for approval to loan monies to Unlockd Operations

- The Companies have not entered into a deed of cross guarantee pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785
- Unlockd Operations has immediate funding requirements including payroll, consultant costs, web hosting charges and rent. Unlockd Operations has insufficient cash to fund these obligations
- The Unlockd Operations expenses are being incurred for the benefit of all Unlockd entities due to the integrated nature of the Australian business
- As Unlockd Operations does not have sufficient funds to meet these expenses the Administrators sought an order from the Court to enable money to be loaned from Unlockd Limited to Unlockd Operations
- The Administrators are of the view that loaning these funds between entities is in the best interest of Unlockd Limited creditors because they are likely to maximise and preserve the value of Unlockd Limited's assets



Strategy going forward

- Continue to trade the business while pursuing a sale / recapitalisation of all or part of the business or its assets:
 - Advertisement featured in newspapers on 15 June 2018
 - Non-binding expressions of interest are due by COB on 22 June 2018
- Investigate the reasons for the failure of the business and prepare a report to creditors (to be tabled at the second creditors' meeting) providing creditors with the Administrators' recommendation on the options available

Liquidation vs Deed of Company Arrangement

Deed of Company Arrangement ("DOCA")

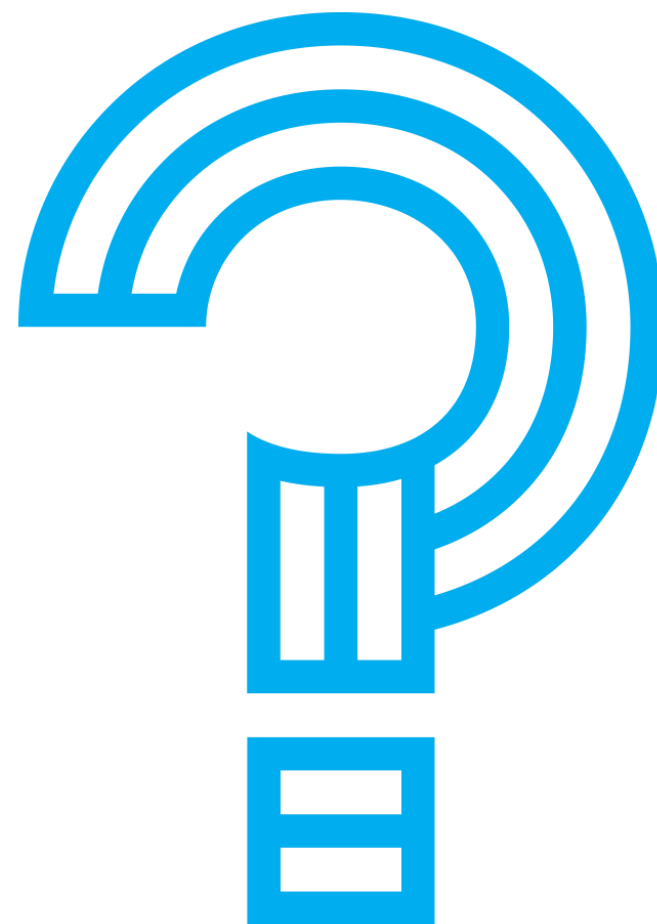
- A DOCA is a binding arrangement between a company and its creditors
- One option to effect a sale is through a DOCA

Liquidation

- At the second meeting, creditors may vote for the liquidation of the companies
- Voidable transactions can be pursued in liquidation
- Employees may access the Fair Work Entitlements Guarantee Scheme ("FEG") if necessary

- In our report to creditors, we will either recommend a DOCA or liquidation
- The Administrators are preparing for either outcome

Q & A



Resolutions – Committee of Inspection

- Role:
 - consult with the Administrators about matters relating to the administration;
 - receive and consider reports by the Administrators; and
 - approve Administrators' fees

Resolutions – Committee of Inspection – Unlockd Limited

- Resolution – Committee of Inspection (if required)

“That:

A Committee of Inspection of Unlockd Limited (Administrators Appointed) be formed”

Resolutions – Committee of Inspection – Unlockd Operations

- Resolution – Committee of Inspection (if required)

“That:

A Committee of Inspection of Unlockd Operations Pty Ltd (Administrators Appointed) be formed”

Resolutions – Committee of Inspection – Unlockd Limited

- Resolution – Committee of Inspection (if required)

“That:

..... representing
..... representing
..... representing
..... representing
..... representing

be appointed to the Committee of Inspection of Unlockd Limited (Administrators Appointed)”.



Resolutions – Committee of Inspection – Unlockd Limited

- Resolution – Committee of Inspection (if required)

“That despite the operation of IPS 80-55, members of the Unlockd Limited committee may directly or indirectly derive a profit or advantage from the external administration of the company if the profit or advantage is derived in the ordinary course of trading the business, or providing services to the Administrators in their capacity as voluntary administrators, of Unlockd Limited”

Resolutions – Committee of Inspection – Unlockd Operations

- Resolution – Committee of Inspection (if required)

“That:

..... representing
..... representing
..... representing
..... representing
..... representing

*be appointed to the Committee of Inspection of Unlockd Operations Pty Ltd
(Administrators Appointed)”.*

Resolutions – Committee of Inspection – Unlockd Operations

- Resolution – Committee of Inspection (if required)

“That despite the operation of IPS 80-55, members of the Unlockd Operations committee may directly or indirectly derive a profit or advantage from the external administration of the company if the profit or advantage is derived in the ordinary course of trading the business, or providing services to the Administrators in their capacity as voluntary administrators, of Unlockd Operations”

Resolutions – Replacement of Voluntary Administrator

- Resolution – replacement of Voluntary Administrator (if required)

“That Robert Smith and Keith Crawford are replaced as administrators of Unlockd Limited and

*..... is/are appointed as Voluntary Administrators of
Unlockd Limited*

“That Robert Smith and Keith Crawford are replaced as administrators of Unlockd Operations Pty Ltd and

*..... is/are appointed as Voluntary Administrators of
Unlockd Operations Pty Ltd*

