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**Annual  
Report  
2018**

Pureprofile Limited ABN 37 167 522 901

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**WE BELIEVE IN A WORLD WHERE CONSUMERS  
HAVE ACCESS TO MORE OF WHAT THEY WANT,  
AND BUSINESSES HAVE THE OPPORTUNITY TO  
CONNECT WITH MORE OF THE PEOPLE THAT MATTER.**

## General Information

The financial statements cover Pureprofile Ltd. as a group consisting of Pureprofile Ltd. and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Pureprofile Ltd.'s functional and presentation currency. Pureprofile Ltd. is a listed public Company limited by shares, incorporated and domiciled in Australia. Its registered and principal business address is: Level 20, 233 Castlereagh Street, Sydney NSW 2000. A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements. The financial statements were authorised for issue in accordance with a resolution of directors, on 28 September 2018. The directors have the power to amend and reissue the financial statements.

# Our Mission, Vision & Values

**Mission:** Help people thrive in the new world.

**Vision:** Create a world where people know what's important.

**Values:** Reflect our identity and help shape our culture.

We are committed to:

- **Discovery:** We're always learning, keeping an open mind, empowering creative thinking and always innovating.
- **Ownership:** We take ownership for delivering work we are proud of and we genuinely care about our relationships with stakeholders.
- **Trust:** Honesty, transparency and mutual respect are non-negotiable. We act with integrity and kindness.
- **Teamwork:** We work as a team, respect our stakeholders and get in the trenches and win together.

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## WE ASPIRE TO BE THE FIRST CONSUMER-TRUSTED DATA BRAND.

### **Data & Insights, powered by technology**

We believe in a world where consumers have access to more of what they want, and businesses have the opportunity to connect with more of the people that matter.

Our platform helps businesses identify, connect and engage with consumers as part of a mutually beneficial relationship. By capturing declared, first-party data and the formation of deep consumer profiles, our clients gain the ability to segment, target and engage with their audiences for the purpose of research, advertising, customer acquisition and consumer profiling. In exchange, consumers receive value for their data and opinions, both as an immediate reward and through the delivery of preferred, more relevant content and advertising.

Pureprofile is at the nexus of consumers realising the value of their data and the importance of transparency. We aspire to be the first consumer-trusted data brand by enabling consumers to take ownership and control of their data and helping them derive substantial benefit from it.

## Financial Highlights



Reduced cost base  
as a result of \$5m  
annualised  
savings



Improved  
normalised  
EBITDA  
in H2



Improved  
Gross Margin  
performance  
in H2 v H1



Normalised EBITDA for H2 was

**\$1.0m**

up \$0.8m on H1 driven by the success  
of the cost restructuring program



Gross Margin for H2 was

**49%**

up from 44% in H1 due to the  
increased focus on selling  
higher margin services



Other costs were \$11.0m in H2, down

**\$1.4m**

on H1 due to the elimination of  
approximately \$5.0m of annualised costs



Data & Insights growth  
continued in FY18 with

**21%**

global growth with the UK growing

**26%**

# Chairman's Letter



## DEAR FELLOW INVESTORS,

It's a true pleasure to present you with Pureprofile's Annual Report for the 2018 financial year. And it's an even greater pleasure to see the progress the Company has made over the past 12 months: a cost base in line with expectations, a positive and improving monthly EBITDA contribution by Q4, an impressive new executive leadership team, a focus on bringing products to market, and of course a new CEO.

Nic Jones joined as CEO in December 2017 and inherited a Company undergoing significant change. Many new challenges emerged during his first few months but Nic maintained an impressive enthusiasm for the challenges, never wavering, and has made a huge, positive difference to Pureprofile's structure, culture and performance.

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## A COST BASE IN LINE WITH EXPECTATIONS, A MONTHLY POSITIVE EBITDA CONTRIBUTION, AN IMPRESSIVE EXECUTIVE LEADERSHIP TEAM, A FOCUS ON BRINGING PRODUCTS TO MARKET, AND OF COURSE A NEW CEO.

It was always my intention to move back to a Non-Executive role once the new CEO was employed and his probation period successfully navigated. This occurred in June 2018 and as of 1st July, I reverted to Non-Executive Chairman albeit still dedicating some time each week to Pureprofile in support of Nic's vision.

I am delighted to have Nic as our new CEO.

We also said farewell to Paul Chan, Pureprofile's Founder and former CEO. Paul decided to leave the Company in early 2018 and pursue other entrepreneurial dreams. I have known Paul for over 15 years and he remains a respected and good friend. I wish him all the best with his future endeavours.

FY2018 was a year where the focus was squarely placed on restructuring the Company's cost base whilst employing the right calibre of leaders to drive the business forward. Whilst we all wish that the effects of change could be felt immediately on financial performance, this is not realistic. What we have

done over the last 12 months has placed the Company in a position of strength - one of profit generation and net cash flow positivity.

**In FY2018:**

- **Total revenue for FY2018 was \$52m down 2% compared to FY2017**
- **The average gross margin was 47% down from 49% in FY2017**
- **Normalised EBITDA for FY2018 was \$1.2m down from \$3.3m in FY2017**

However, as the year progressed the effects of the changes made began to drop to the bottom line, with the second half delivering:

- **Gross margin of 49%**
- **Normalised EBITDA of \$1.0m**
- **Average normalised monthly cost base of \$1.78m (\$21m annualised)**

Now is the time to re-engage with profitable revenue growth. Nic's background is very much in this space and more of his time can now be focussed on sales related activities. This, coupled with the proven sales track record of recent new hires, both locally and overseas, and a new and invigorated sales culture across all elements of the Group, gives me confidence that the Company's revenue will be back to growth in FY2019.

I am pleased to welcome Sue Klose and Marcelo Ulvert to the Board of Directors of Pureprofile. Sue brings a wealth of board experience and has a diverse and extremely relevant background in digital business growth, strategy and marketing. Marcelo is a sales and marketing expert, with in-depth knowledge of the lead generation business that will add enormous value to the board and the Company. Both Non-Executive Directors commenced on 1st September 2018.

I would like to thank my board colleagues for their commitment and support over the year. I'd particularly like to thank Cliff Rosenberg for his continued focus and support during a period of great change with limited resource.

Looking ahead I am excited by the momentum of this Company, the increasing relevance of our product offering and the opportunities that exist both locally and overseas.



**ANDREW EDWARDS**  
**CHAIRMAN**

# CEO's Report



## DEAR SHAREHOLDERS,

I am pleased to share with you my report for the 2018 financial year, as well as give you a window into the future for Pureprofile. 2018 was a year of significant change as the Company laid solid foundations for a future where we **deliver on our promises**.

### Financial Performance

The Company generated revenues of \$52m which were down 1.8% on prior comparable period (pcp). Whilst I am disappointed with this revenue result, it is important to understand the major focus of my first six months has been to get costs under control and fix what could be termed as a 'pretty leaky bucket' to ensure a sustainable healthy business moving forward.

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## 2018 WAS A YEAR OF SIGNIFICANT CHANGE AS THE COMPANY LAID SOLID FOUNDATIONS FOR A FUTURE WHERE WE DELIVER ON OUR PROMISES.

At mid-year, we had an annualised cost run rate of over \$25m which is unsustainable for a business writing 45% margins on \$50m+ revenues. It has been vital to understand the structure of the business and identify where costs could be saved before investing and speculating to grow revenue. Without due diligence into the processes and fundamentals of the business we could not have successfully moved forward.

I am extremely pleased that we are now through that process, have stabilised our cost base and are now ready to move forward on firm foundations, a stronger margin (49% in the second half) and annualised cost base ~\$5m lower than the first half run rate. Despite all this focus on cost, the Data & Insights business unit continued to grow to \$16.1m up 21% on pcp and further entrenched itself at our core as the engine to power our media, audience and platform solutions.

Our Audience business unit (formerly Cohort) generated revenue of \$19.6m, struggling to deliver on expected revenue

forecasts due to delays in product investment while retiring the old platform and a need to be integrated into the overall business. Both of these issues were confronted in the second half of the year and continue to be addressed now. The benefits of these remedial actions will filter through into the business from the second half of FY2019.

The Media business sits in the extremely competitive and ever-changing digital and programmatic space. Our core Media offering to clients has grown \$1m, up 17% on pcp, however overall revenues were \$16.4m (down 27% on pcp). Previously, the Company was able to boost Media revenues by capitalising on consistent short-term opportunities, which arose as a result of the constantly evolving digital media landscape. As this environment matures and becomes more sophisticated and stable, these short-term opportunities have also started to decline. As shareholders may be aware, the Company will be shifting its focus away from these short-term opportunities to focus on growing the core Media business.

Internationally, our UK business continues to grow the fastest and has the potential to grow even faster. We have a small strategic business in the US which has successfully built relationships with big global brands, and is starting to realise the potential of the investment made there more than a year ago.

### **Staff and Company Culture**

Since I joined the Company in December 2017 I have been excited by the capability and attitude of our staff in what has been a difficult time. Whilst a change of senior leadership and a refresh of talent was required in some cases the overwhelming belief of the staff in the business and their desire to help it be realised has helped us move more quickly than would otherwise have been possible. I want to take this opportunity to thank all of our wonderful staff for their passion, determination and patience to help ensure the business has the opportunity to deliver on its enormous promise.

We have an extremely talented Executive Leadership team in place, with new personnel in the roles of: Chief Technology Officer, Chief Financial Officer, Head of Revenue and Operations AUNZ, Head of Marketing and Communications and Managing Director UK. These executives join our US Managing Director and our Head of People and Talent. I have every faith in this team to build Pureprofile into a prosperous business with sustained growth over the coming years.



It has been important to simplify and clarify our message to energise the whole Company under the one clear Mission and Vision as outlined at the beginning of this Annual Report. With input from all staff to build a set of agreed Values we have given clear direction of who we are and what we stand for.

### **Business Focus**

One of the major priorities has been to build a stronger sales culture across all areas of the business; to integrate, streamline and simplify the solutions we take to market all under the one Pureprofile brand, whilst keeping our costs under control and not living beyond our means.

Simply put, we are a Data & Insights business underpinned by technology that combines research and behavioural data from multiple sources. This produces enriched insights that power our media, research and customer acquisition solutions.

We welcome what is becoming a global desire for clarity, transparency and simplicity in the collection and use of consumer data. We are very well positioned to help connect businesses to the right consumers and help consumers better understand the power of owning their own profile.

### **Looking Ahead**

We are under no illusion that we have work to do. As the world changes so too does the need for businesses like ours to innovate as we recognise and meet new challenges.

Growing our international business in the UK will be a major focus in FY2019. Just as important will be fostering strong relationships with decision-makers at large global strategic businesses based in the US to focus on growing our business there. Late in FY2018 we saw the strength in this strategy as we successfully signed News Corp as a global partner out of the US, and kickstarted the initial stages of working with many other big global brands.

As brands continue to struggle to find the most effective way to communicate with consumers and maintain relevancy, Pureprofile has a very strong business opportunity that must, and will be, better capitalised on and more effectively implemented.

With our Shareholders' continued support we will focus on nourishing and growing our Data & Insights capabilities to enrich the holistic business across Australia, the UK and the US in recognition of this wonderful opportunity.

  
NIC JONES  
CEO

## Meet our Directors



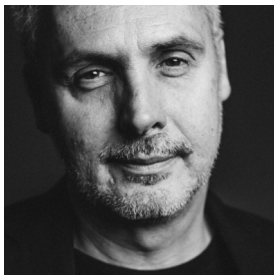
### ANDREW EDWARDS

Non-Executive Chairman

Andrew has more than 30 years of marketing experience and, prior to joining Pureprofile, was the Chairman and CEO of internationally-renowned advertising and marketing agency Leo Burnett Group UK and President of Leo Burnett Central Europe. Andrew also sat on its Global Executive Leadership Team with the specific remit of M&A (EMEA) and the rollout of the groups Social and Mobile Strategy.

Prior to his roles at Leo Burnett, Andrew ran Australia's most-awarded direct marketing company, Cartwright Williams.

Andrew now focusses his time on his portfolio of business interests.



### NIC JONES

Managing Director & Chief Executive Officer

With over 30 years of industry experience, Nic has led the digital business for some of the world's largest media companies. Nic was most recently Chief Revenue Officer at music video publisher, Vevo. Based in San Francisco, Nic was responsible for Vevo's global commercial interests and international operations including the United Kingdom, Asia Pacific, Europe and South America.

Prior to Vevo, Nic was also Managing Director of Yahoo! Australia & New Zealand; Managing Director (News Digital Media) at News Corp; Managing Director (Digital) AUNZ and Chief Digital Officer (EMEA) at Starcom MediaVest Group.

Currently, Nic is also chairman of Advertising Week APAC's advisory council.

**CLIFF ROSENBERG**

Non-Executive Director

Cliff has spent more than 20 years working at digital companies leading innovation and change in the industry, both as an entrepreneur and senior executive. He was most recently the Managing Director for LinkedIn South-East Asia, Australia and New Zealand.

Prior to LinkedIn, Cliff was the Managing Director of Yahoo! Australia and New Zealand, and previously the Founder and Managing Director of iTouch Australia and New Zealand, one of the largest mobile content and application service providers in Australia. He currently serves as a Non-Executive Director to ASX-listed companies Afterpay Touch Group Limited, Nearmap Limited and Cabcharge Australia Limited.

**SUE KLOSE**

Non-Executive Director

Sue is an experienced executive, board director and team leader, with a diverse background in digital business growth, corporate development, strategy and marketing. Previously the Chief Marketing Officer of GraysOnline, she was responsible for brand strategy, marketing operations and digital product strategy.

Prior roles in consulting and global media companies, including 12WBT and News Ltd, Sue has led strategic planning and development and helped teams continually seek new opportunities for growth and innovation. As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, leading multiple acquisitions, establishing the CareerOne and Carsguide joint ventures.

Sue is currently a Non-Executive Director of ASX-listed Nearmap, and Aftercare, one of Australia's largest mental health care providers.

**MARCELO ULVERT**

Non-Executive Director

With 25 years sales and marketing experience, Marcelo oversaw the inception, development and growth of the global sales and marketing strategy for Cohort Global, delivering \$30m in annual revenue. Marcelo is a compelling and sought-after speaker with a natural ability to engage clients and stakeholders, and build confidence within internal teams.

A member of the Australian Institute of Company Directors, since leaving Cohort, Marcelo has mentored the founders of Lusio Rehab, a medical tech start-up that is part of Remarkable's Accelerator programme, which is funded by the Telstra Foundation. He is also the Founding Director of Give a Little Love Foundation which has delivered over \$500,000 in funding to many leading charities including Cerebral Palsy Alliance and ChildFund Australia.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Pureprofile Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

### **Directors**

The following persons were directors of Pureprofile Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Edwards - Non-Executive Chairman  
Nic Jones - Managing Director & Chief Executive Officer (appointed on 5 February 2018)  
Clifford Rosenberg - Non-Executive Director  
Sue Klose - Non-Executive Director (appointed 1 September 2018)  
Marcelo Ulvert - Non-Executive Director (appointed 1 September 2018)  
Paul Chan - Managing Director & Chief Executive Officer (resigned on 5 February 2018)  
Matthew Berriman - Non-Executive Director (resigned on 9 November 2017)

### **Principal activities**

During the financial year the principal continuing activities of the group consisted of the provision of profile marketing and insights technology services.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Review of operations**

The loss for the group after providing for income tax amounted to \$25,979,877 (30 June 2017: \$1,998,302).

Total revenue for the financial year ended 30 June 2018 ('FY2018') was down by 2% compared to the financial year ended 30 June 2017 ('FY2017'). Second half revenues were impacted by the additional time and resources that were focused on the cost restructuring program. This has eliminated approximately \$5 million of annualised costs and resulted in an ongoing annualised cost base of around \$20 million to \$21 million for the financial year ending 30 June 2019.

The group also moved away from lower-margin/highly-commoditised services within its Media and Performance business units, reducing overall sales in these areas but maintaining higher margins.

In this regard, gross margin percentage for the year fell by 2% to 47% (FY2017: 49%). However, the gross margin in the second half of FY2018 was considerably better than the first half (H2FY2018: 50%; H1FY2018: 44%) which reflects management's increased focus on selling higher margin services where the group has stronger competitive advantages.

Normalised earnings before interest, tax, depreciation and amortisation ('EBITDA') for the financial year amounted to \$1,220,696 (30 June 2017: \$3,257,917).

Normalised EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items.

Although normalised EBITDA was down on FY2017, the focus on higher margin products in the second half of the year started to impact on the bottom line and encouragingly, normalised EBITDA for Q4 FY2018 was positive in each month and totalled \$1,200,000.

The group recognised an impairment to the remaining goodwill of the acquired Cohort business in the current year over future years. The group also recognised an impairment to Cohort's technology, which would be migrated into Pureprofile's existing capabilities and decommissioned. These impairments accounted for nearly \$18 million of the stated losses.

The following table summarises key reconciling items between statutory loss after income tax and normalised EBITDA:

|                                               | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|-----------------------------------------------|----------------------------|------------------|
| Loss after income tax                         | (25,979,877)               | (1,998,302)      |
| Add: Depreciation and amortisation            | 5,251,229                  | 3,491,458        |
| Add: Impairment of assets                     | 17,994,882                 | -                |
| Add: Loss on disposal of intangible assets    | 1,058,000                  | -                |
| Less: Interest income                         | (5,584)                    | (13,343)         |
| Add: Finance costs                            | 1,574,900                  | 209,272          |
| Add: Share-based payment expense              | 90,612                     | 130,411          |
| Add: Restructuring, acquisition and IPO costs | 1,745,869                  | 2,418,747        |
| Less: Revaluation of earn-out liability       | (1,356,699)                | (977,778)        |
| Less: Income tax expense/(benefit)            | 847,364                    | (2,548)          |
| Normalised EBITDA                             | <u>1,220,696</u>           | <u>3,257,917</u> |

### Significant changes in the state of affairs

In November 2017, the company secured a \$10 million loan facility with global funds manager, Lucerne Finance, replacing its previous facilities with Commonwealth Bank of Australia. As part of the arrangement, the company issued to Lucerne:

- 950,000 performance rights, which will become convertible to fully paid ordinary shares upon the 60-day volume weighted average price ('VWAP') of the shares reaching \$0.40 per share; and
- 1,150,000 performance rights, which will become convertible to fully paid ordinary shares upon the 60-day VWAP of the company's shares reaching \$0.60 per share.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

### Likely developments and expected results of operations

During the financial year ended 30 June 2019, the group's management team will continue to focus on cost control with the recent appointment of its new Chief Financial Officer. Further margin improvements are expected to be realised through targeted revenue growth, enhanced by the appointments of the group's new Head of Revenue and Operations (ANZ) and Managing Director (UK/EU) in revenue-focused roles.

### Environmental regulation

The group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## Information on directors

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:                                | Andrew Edwards                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Title:                               | Non-Executive Chairman                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Experience and expertise:            | Andrew has more than 30 years of marketing experience behind him. Most recently, he was Chairman and CEO of internationally-renowned advertising and marketing agency Leo Burnett Group UK and President of Leo Burnett Central Europe. Andrew joined Leo Burnett as the Global Discipline Lead for DM and CRM of Arc in 2003 and was soon promoted to Managing Director of Leo Burnett Sydney, incorporating Arc. During his tenure, the agency topped the new business league, and in September 2005, Leo Burnett/Arc was voted Australia's number one agency. For over 10 years, Andrew was appointed to several senior roles within the company, including President of Arc for the EMEA region, Chairman of Arc UK and Deputy Chairman of the Leo Burnett Group London, before becoming CEO of the UK Group in November 2007 and Chairman in December 2010. Andrew was a member of the Global Executive Board and was tasked to drive Leo Burnett's Global Strategy for Social and Mobile and Acquisitions in EMEA. Prior to his roles for Leo Burnett and Arc, Andrew ran Australia's most-awarded Database and Direct Marketing company, Cartwright Williams. Andrew now focusses his time on his growing portfolio of business interests. |
| Other current directorships:         | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Former directorships (last 3 years): | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Special responsibilities:            | Chairman of the Audit Committee and member of the Nomination and Remuneration Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Interests in shares:                 | 984,691 ordinary shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Interests in options:                | 400,000 options over ordinary shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Interests in rights:                 | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Contractual rights to shares:        | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Name:                                | Nic Jones                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Title:                               | Managing Director & Chief Executive Officer (appointed on 5 February 2018)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Qualifications:                      | Nic holds a bachelor's degree in Social Psychology and Sociology                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Experience and expertise:            | Nic brings a wide and deep range of experience on online and digital media. His career spans over 30 years, including roles as Managing Director of Yahoo! Australia and New Zealand; Managing Director (Digital Media) at News Corp; Managing Director (Digital) AUNZ and Chief Digital Officer (EMEA) at Starcom MediaVest Group; and most recently as Chief Revenue Officer of music video publisher, Vevo, based in both London and San Francisco. Nic is also Chairman of Advertising Week APAC's advisory council.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Other current directorships:         | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Former directorships (last 3 years): | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Special responsibilities:            | Member of the Audit Committee and member of the Nomination and Remuneration Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Interests in shares:                 | 1,067,548 ordinary shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Interests in options:                | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Interests in rights:                 | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Contractual rights to shares:        | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Name: Clifford Rosenberg  
Title: Non-Executive Director  
Qualifications: Cliff holds a Master of Science degree in Management, as well as a Bachelor of Business Science in Economics and Marketing. He is also a member of the Australian Institute of Company Directors (AICD).  
Experience and expertise: Cliff Rosenberg has worked at companies driving innovation and change in the digital space for more than 20 years, both as an entrepreneur and senior executive. He was most recently the Managing Director for LinkedIn South East Asia, Australia and New Zealand. Prior to this, Cliff was the Managing Director of Yahoo! Australia and New Zealand, where he was responsible for all aspects of the local operation for more than three years. Prior to joining Yahoo!, Cliff was the Founder and Managing Director of iTouch Australia and New Zealand, a leading wireless application service provider. He grew the Australian office to one of the largest mobile content and application providers in Australia, forming key partnerships with companies such as Telstra and Ninemsn. Previously, Cliff was also head of corporate strategy for Vodafone Australasia and served as an international management consultant with Gemini Consulting and Bain Consulting.  
Other current directorships: Non-Executive Director of Nearmap (ASX: NEA), Afterpay Touch Group Ltd (ASX: APT) and Cabcharge Australia Limited (ASX: CAB)  
Former directorships (last 3 years): None  
Special responsibilities: Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee  
Interests in shares: 233,000 ordinary shares  
Interests in options: 400,000 options over ordinary shares  
Interests in rights: None  
Contractual rights to shares: None

Name: Sue Klose  
Title: Non-Executive Director (appointed on 1 September 2018)  
Qualifications: Sue has an MBA in Finance, Strategy and Marketing from the JL Kellogg School of Management at Northwestern University, and a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania.  
Experience and expertise: Sue is an experienced executive, board director and team leader, with a diverse background in digital business growth, corporate development, strategy and marketing. Previously the Chief Marketing Officer of GraysOnline, Sue was responsible for brand strategy, marketing operations and digital product strategy.

In prior roles in consulting and global media companies, including 12WBT and News Ltd, Sue has led strategic planning and development and is passionate about helping teams continually seek new opportunities for growth and innovation. As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, leading multiple acquisitions, establishing the CareerOne and Carsguide joint ventures, and holding multiple board roles in high-growth digital and SaaS business.  
Other current directorships: Non-Executive Director of Nearmap (ASX: NEA)  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: None  
Interests in options: None  
Interests in rights: None  
Contractual rights to shares: None



Name: Marcelo Ulvert  
Title: Non-Executive Director (appointed on 1 September 2018)  
Qualifications: Marcelo is a member of the Australian Institute of Company Directors (AICD).  
Experience and expertise: With 25 years sales and marketing experience, Marcelo oversaw the inception, development and growth of the global sales and marketing strategy for Cohort, delivering \$30m in annual revenue.

A commercial innovator, Marcelo has a proven ability to drive strategic partnerships with blue chip brands and conceptualize and develop mutually profitable relationships across a global client base. He executes independently whilst mentoring and driving the teams around him, ensuring a level of continuity through the business. Marcelo is a compelling and sought-after speaker with a natural ability to engage clients and stakeholders and build confidence within internal teams.

A member of the Australian Institute of Company Directors, since leaving Cohort, Marcelo has mentored the founders of Lusio Rehab, a medical tech start-up that is part of Remarkable's Accelerator programme, which is funded by the Telstra Foundation. He is also the Founding Director of Give a Little Love Foundation, which has delivered over \$500,000 in funding to many leading charities including Cerebral Palsy Alliance and ChildFund Australia.

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 3,888,889 ordinary shares  
Interests in options: None  
Interests in rights: None  
Contractual rights to shares: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### Company secretary

Kohei Katagiri was appointed Company Secretary on 1 May 2018. Kohei has been integral to many of the company's major achievements, including its IPO. Kohei is an admitted solicitor and holds a Bachelor of Arts (Psychology) / Bachelor of Laws from Macquarie University, and a Graduate Diploma in Taxation and a Master of Laws from the University of Sydney. He is an associate member of the Governance Institute of Australia.

### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

|                    | Full Board |      | Nomination and Remuneration Committee |      | Audit and Risk Committee        |                             |
|--------------------|------------|------|---------------------------------------|------|---------------------------------|-----------------------------|
|                    | Attended   | Held | Attended                              | Held | Attended                        | Held                        |
| Andrew Edwards     | 6          | 6    | 1                                     | 1    | 1                               | 1                           |
| Nic Jones          | 3          | 3    | 1                                     | 1    | 1                               | 1                           |
| Paul Chan          | 3          | 3    | -                                     | -    | -                               | -                           |
| Clifford Rosenberg | 6          | 6    | 1                                     | 1    | 1                               | 1                           |
| Matthew Berriman   | -          | 3    | -                                     | -    | -                               | -                           |
|                    |            |      |                                       |      | Board sub-committee<br>Attended | Board sub-committee<br>Held |
| Andrew Edwards     |            |      |                                       |      | 1                               | 1                           |
| Paul Chan          |            |      |                                       |      | 1                               | 1                           |



Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

### Principles used to determine the nature and amount of remuneration

The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for reviewing and making recommendations to the Board on remuneration packages and policies relating to the directors and executives and to ensure that the remuneration policies and practices are consistent with the group's strategic goals and human resource objectives.

In consultation with external remuneration consultants (refer to the section 'use of remuneration consultants' below), the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focussing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

### Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive short-term incentives and their remuneration must not include a commission on, or a percentage of, operating revenue.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. Under the company's constitution and as set out in the IPO Prospectus, total aggregate remuneration available to non-executive directors is set currently at \$600,000 per annum. Non-executive director fees (directors' fees and committee fees, inclusive of superannuation) proposed for the year ending 30 June 2019 are summarised as follows:

| Name               | FY 2019 Fees |
|--------------------|--------------|
| Andrew Edwards     | \$120,000    |
| Clifford Rosenberg | \$70,000     |
| Sue Klose          | \$70,000     |
| Marcelo Ulvert     | \$70,000     |

All directors are also eligible for additional long term incentives under the company's Long Term Incentive plan ('LTI'). The company has granted each of Clifford Rosenberg and Andrew Edwards 400,000 share options under the LTI. Refer to Long Term Incentives section below for key terms and conditions of the LTI.

#### *Executive remuneration*

The group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration. The remuneration packages for executives are considered by the Nomination and Remuneration Committee and approved by the Board. At the absolute discretion of the Nomination and Remuneration Committee, the company may seek external advice on the appropriate level and structure of remuneration packages from time to time.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the group and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. Under the STI, eligible executives may be offered cash incentives ('rewards') which may be subject to vesting conditions set by the Board. Each offer of rewards under the STI is, or will be, on the terms generally described as follows:

- the Board will determine the total dollar amount of the STI, calculated as a percentage of their salary package;
- the payment (or part payment) of the STI will be subject to fulfilment (or part fulfilment) of performance conditions set by the Board;
- any STI that becomes payable will be paid in cash and, at the discretion of the Board, by the grant of rights to receive shares ('service rights') of equivalent value (as determined by the Board at the time of grant);
- if granted, the service rights will vest 13 months from grant date provided that the eligible employee is still employed by the company at the vesting date;
- on vesting employees will receive the shares that are subject to the service rights without payment of any exercise price;
- service right holders are not entitled to participate in new issues of shares or other securities made by the company to holders of shares without receiving the shares that are subject to the service rights before the record date for the relevant issue;
- if, prior to the receipt of shares that are subject to the service right, the company makes a pro rata bonus issue to the holders of its shares, and the shares that are subject to the service right are not issued prior to the record date in respect of that bonus issue, the service right will, when vested, entitle the holder to one share plus the number of bonus shares which would have been issued to the holder if the shares that are subject to the service right had been issued prior to the record date; and
- if, prior to the receipt of shares that are subject to the service right, the company undergoes a reorganisation of capital (other than by way of a bonus issue for cash), the terms of the service rights will be changed to the extent necessary to comply with the ASX Listing Rules as they apply at the relevant time.

The long-term incentives include long service leave and share-based payments. The company has adopted a long term incentive plan ('LTI') in order to assist in the motivation and retention of key staff. The LTI is designed to align the interest of eligible executives and employees more closely with the interests of the shareholders by providing an opportunity for eligible executives and employees to receive an equity interest in the company.

Under the LTI, eligible executives and employees may be given options to acquire shares which may be subject to vesting conditions set by the Board. Each grant of options under the LTI is, or will be, on the terms generally described as follows:

- the Board will determine the number of options to be granted to each eligible employee;
- options will vest progressively over the periods which were determined by the Board at the time of the grant. As outlined in the prospectus, for the initial grant of options under the LTI, one third of the options vested on completion of the IPO; another one third of the options vested on 31 August 2016 and the remaining one third of the options vested on 31 August 2017;
- the options will expire five years from the vesting date;
- the exercise price is set by the Board at the time of the grant. For the initial grant of options under the LTI as outlined in the prospectus, the exercise price is \$0.60 for non-executive directors and \$0.50 for all other executives and employees issued options;
- options holders are not entitled to participate in new issues of shares or other securities made by the company to holders of shares without exercising the options before the record date for the relevant issue;
- if, prior to the exercise of an option, the company makes a pro rata bonus issue to the holders of its shares, and the option is not exercised prior to the record date in respect of that bonus issue, the option will, when vested, entitle the holder to one share plus the number of bonus shares which would have been issued to the holder if the option had been exercised prior to the record date; and
- if, prior to the exercise of an option, the company undergoes a reorganisation of capital (other than by way of a bonus issue for cash), the terms of the options will be changed to the extent necessary to comply with the ASX Listing Rules as they apply at the relevant time.

#### *Group performance and link to remuneration*

Remuneration for certain individuals is directly linked to the performance of the group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the adoption of performance based compensation will have a positive impact on its earnings, which in turn will have a positive impact on its share price. This is expected to increase shareholder wealth if maintained over the coming years.

*Consequences of performance on shareholder wealth*

In considering the group's performance and benefits to shareholder wealth, the remuneration committee has had regard to the share price in respect of the current financial year and the previous three financial years.

|             | 2018   | 2017   | 2016   |
|-------------|--------|--------|--------|
| Share price | \$0.14 | \$0.34 | \$0.58 |

*Use of remuneration consultants*

During the financial year ended 30 June 2018, the company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

*Details of remuneration*

*Amounts of remuneration*

Details of the remuneration of key management personnel of the group are set out in the following tables.

The key management personnel of the group consisted of the following directors of Pureprofile Ltd:

- Andrew Edwards - Non-Executive Chairman
- Nic Jones - Managing Director & Chief Executive Officer (appointed on 5 February 2018)
- Clifford Rosenberg - Non-Executive Director
- Paul Chan - Managing Director & Chief Executive Officer (resigned on 5 February 2018)
- Matthew Berriman - Non-Executive Director (resigned on 9 November 2017)

|                                 | Short-term benefits  |            |       | Post-employment benefits | Long-term benefits | Share-based payments |         |
|---------------------------------|----------------------|------------|-------|--------------------------|--------------------|----------------------|---------|
|                                 | Cash salary and fees | Cash bonus | Other | Super-annuation          | Employee leave     | Equity-settled*      | Total   |
| 2018                            | \$                   | \$         | \$    | \$                       | \$                 | \$                   | \$      |
| <i>Non-Executive Directors:</i> |                      |            |       |                          |                    |                      |         |
| C. Rosenberg                    | 62,832               | -          | -     | 1,518                    | -                  | 778                  | 65,128  |
| M. Berriman**                   | 29,165               | -          | -     | -                        | -                  | -                    | 29,165  |
| <i>Executive Directors:</i>     |                      |            |       |                          |                    |                      |         |
| A. Edwards                      | 242,451              | -          | -     | 20,049                   | -                  | 778                  | 263,278 |
| N. Jones**                      | 237,821              | -          | -     | 17,679                   | -                  | -                    | 255,500 |
| P. Chan**                       | 330,351              | -          | -     | 20,049                   | -                  | 23,345               | 373,745 |
|                                 | 902,620              | -          | -     | 59,295                   | -                  | 24,901               | 986,816 |

\* Represents share options granted to KMP

\*\* Represents remuneration from the date of appointment and/or to the date of resignation

|                                 | Short-term benefits  |            |              | Post-employment benefits | Long-term benefits | Share-based payments |           |
|---------------------------------|----------------------|------------|--------------|--------------------------|--------------------|----------------------|-----------|
|                                 | Cash salary and fees | Cash bonus | Non-monetary | Superannuation           | Employee leave     | Equity-settled*      | Total     |
|                                 | \$                   | \$         | \$           | \$                       | \$                 | \$                   | \$        |
| <b>2017</b>                     |                      |            |              |                          |                    |                      |           |
| <i>Non-Executive Directors:</i> |                      |            |              |                          |                    |                      |           |
| C. Rosenberg                    | 63,927               | -          | -            | 6,073                    | -                  | 6,049                | 76,049    |
| M. Berriman**                   | 45,338               | -          | -            | -                        | -                  | -                    | 45,338    |
| <i>Executive Directors:</i>     |                      |            |              |                          |                    |                      |           |
| A. Edwards                      | 189,027              | -          | -            | 16,228                   | -                  | 6,049                | 211,304   |
| P. Chan                         | 326,243              | -          | -            | 24,157                   | -                  | 31,026               | 381,426   |
| G. Nesbitt***                   | 281,217              | -          | -            | 18,783                   | -                  | 11,480               | 311,480   |
|                                 | 905,752              | -          | -            | 65,241                   | -                  | 54,604               | 1,025,597 |

\* Represents share options granted to KMP

\*\* Represents remuneration from the date of appointment

\*\*\* Resigned from position of Executive Director on 8 June 2017 but remained in office as Chief Financial Officer. Represents remuneration for the 12 months to 30 June 2017.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name                            | Fixed remuneration |      | At risk - STI | At risk - LTI |      |
|---------------------------------|--------------------|------|---------------|---------------|------|
|                                 | 2018               | 2017 | 2018          | 2018          | 2017 |
| <i>Non-Executive Directors:</i> |                    |      |               |               |      |
| C. Rosenberg                    | 100%               | 92%  | -             | -             | 8%   |
| M. Berriman                     | 100%               | 100% | -             | -             | -    |
| <i>Executive Directors:</i>     |                    |      |               |               |      |
| A. Edwards                      | 100%               | 97%  | -             | -             | 3%   |
| N. Jones                        | 100%               | -    | -             | -             | -    |
| P. Chan                         | 100%               | 92%  | -             | -             | 8%   |
| G. Nesbitt                      | -                  | 96%  | -             | -             | 4%   |

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:                | Andrew Edwards                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Title:               | Non-Executive Chairman (Executive Chairman from 8 November 2016 to 30 June 2018)                                                                                                                                                                                                                                                                                                                                                                |
| Agreement commenced: | 12 June 2015                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Term of agreement:   | Appointment until next Annual General Meeting, at which he will be eligible for re-election                                                                                                                                                                                                                                                                                                                                                     |
| Details:             | Base salary for the year ended 30 June 2018 of \$262,500 including superannuation, to be reviewed from time to time by the Nomination and Remuneration Committee in accordance with constitution and policies. Share options of up to 400,000 granted in year 1, and eligibility to short-term and long-term incentives under the Incentives Scheme, which defines the amount, form, frequency KPIs and targets to which the incentives relate. |

Name: Nic Jones  
Title: Managing Director and Chief Executive Officer  
Agreement commenced: 1 December 2017  
Term of agreement: No fixed end date  
Details: Base salary for the year ended 30 June 2018 of \$400,000 p.a. plus statutory superannuation, to be reviewed from time to time by the Nomination and Remuneration Committee in accordance with constitution and policies. Reimbursement of reasonable out-of-pocket expenses incurred in connection with the performance of duties. 3 month termination notice period by either party. Eligibility to short-term incentive reward of up to \$200,000 and long-term incentives of 3,000,000 options under the Incentives Scheme, which defines the amount, form, frequency, KPIs and targets to which the incentives relate.

Name: Clifford Rosenberg  
Title: Non-Executive Director  
Agreement commenced: 12 June 2015  
Term of agreement: Appointment until next Annual General Meeting, at which he will be eligible for re-election  
Details: Base salary for the year ended 30 June 2018 of \$70,000 plus superannuation and any GST, to be reviewed from time to time by the Nomination and Remuneration Committee in accordance with constitution and policies. Share options of up to 400,000 granted in year 1, and eligibility to long-term incentives under the Incentives Scheme, which defines the amount, form, frequency KPIs and targets to which the incentives relate.

Name: Sue Klose  
Title: Non-Executive Director  
Agreement commenced: 1 September 2018  
Term of agreement: Appointment until next Annual General Meeting, at which he will be eligible for re-election  
Details: Base salary of \$70,000 plus superannuation and any GST, to be reviewed from time to time by the Nomination and Remuneration Committee in accordance with constitution and policies. Eligibility to long-term incentives under the Incentives Scheme, which defines the amount, form, frequency KPIs and targets to which the incentives relate.

Name: Marcelo Ulvert  
Title: Non-Executive Director  
Agreement commenced: 1 September 2018  
Term of agreement: Appointment until next Annual General Meeting, at which he will be eligible for re-election  
Details: Base salary of \$70,000 plus superannuation and any GST, to be reviewed from time to time by the Nomination and Remuneration Committee in accordance with constitution and policies. Eligibility to long-term incentives under the Incentives Scheme, which defines the amount, form, frequency KPIs and targets to which the incentives relate.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### Share-based compensation

#### Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Grant date     | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|----------------|-----------------------------------|-------------|----------------|-------------------------------------|
| 29/05/2015 (a) | 31/08/2017                        | 29/05/2020  | \$0.50         | \$0.0931                            |
| 29/05/2015 (b) | 31/08/2017                        | 29/05/2020  | \$0.60         | \$0.0789                            |

All options were granted over unissued fully paid ordinary shares in the company. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

(a) Paul Chan was granted 500,000 options

(b) Andrew Edwards and Clifford Rosenberg were each granted 400,000 options

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

|                 | Number of options granted during the year 2018 | Number of options granted during the year 2017 | Number of options vested during the year 2018 | Number of options vested during the year 2017 | Total number of options vested as at 30 June 2018 | Total number of options vested as at 30 June 2017 |
|-----------------|------------------------------------------------|------------------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Paul Chan       | -                                              | -                                              | 133,334                                       | 133,333                                       | 500,000                                           | 333,334                                           |
| Andrew Edwards  | -                                              | -                                              | 166,666                                       | 166,667                                       | 400,000                                           | 266,666                                           |
| Cliff Rosenberg | -                                              | -                                              | 133,334                                       | 166,667                                       | 400,000                                           | 266,666                                           |

### Service rights

The terms and conditions of each grant of service rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name      | Number of rights granted | Grant date | Vesting date and exercisable date | Expiry date | Fair value per right at grant date |
|-----------|--------------------------|------------|-----------------------------------|-------------|------------------------------------|
| Paul Chan | 115,067                  | 19/12/2016 | 31/01/2018                        | 28/02/2018  | \$0.3500                           |

Service rights granted carry no dividend or voting rights.

The number of service rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

| Name      | Number of rights granted during the year 2018 | Number of rights granted during the year 2017 | Number of rights vested during the year 2018 | Number of rights vested during the year 2017 |
|-----------|-----------------------------------------------|-----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Paul Chan | -                                             | 115,067                                       | 115,067                                      | -                                            |



*Additional disclosures relating to key management personnel*

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

|                        | Balance at<br>the start of<br>the year | Received<br>as part of<br>remuneration | Additions        | Disposals/<br>other* | Balance at<br>the end of<br>the year |
|------------------------|----------------------------------------|----------------------------------------|------------------|----------------------|--------------------------------------|
| <i>Ordinary shares</i> |                                        |                                        |                  |                      |                                      |
| Andrew Edwards         | 384,691                                | -                                      | 600,000          | -                    | 984,691                              |
| Nic Jones              | -                                      | -                                      | 1,067,548        | -                    | 1,067,548                            |
| Clifford Rosenberg     | 233,000                                | -                                      | -                | -                    | 233,000                              |
| Paul Chan              | 7,200,989                              | -                                      | -                | (7,200,989)          | -                                    |
| Matthew Berriman       | 212,300                                | -                                      | -                | (212,300)            | -                                    |
|                        | <u>8,030,980</u>                       | <u>-</u>                               | <u>1,667,548</u> | <u>(7,413,289)</u>   | <u>2,285,239</u>                     |

\* Disposals/other represents a member no longer being designated as a KMP and does not represent a disposal of holding.

*Option holding*

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

|                                     | Balance at<br>the start of<br>the year | Granted  | Exercised | Disposals/<br>other* | Balance at<br>the end of<br>the year |
|-------------------------------------|----------------------------------------|----------|-----------|----------------------|--------------------------------------|
| <i>Options over ordinary shares</i> |                                        |          |           |                      |                                      |
| Andrew Edwards                      | 400,000                                | -        | -         | -                    | 400,000                              |
| Paul Chan                           | 500,000                                | -        | -         | (500,000)            | -                                    |
| Clifford Rosenberg                  | 400,000                                | -        | -         | -                    | 400,000                              |
|                                     | <u>1,300,000</u>                       | <u>-</u> | <u>-</u>  | <u>(500,000)</u>     | <u>800,000</u>                       |

\* Disposals/other represents a member no longer being designated as a KMP and does not represent a disposal of holding.

*Service rights holding*

The number of service rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

|                                            | Balance at<br>the start of<br>the year | Granted  | Exercised        | Expired/<br>forfeited/<br>other | Balance at<br>the end of<br>the year |
|--------------------------------------------|----------------------------------------|----------|------------------|---------------------------------|--------------------------------------|
| <i>Service rights over ordinary shares</i> |                                        |          |                  |                                 |                                      |
| Paul Chan                                  | 115,067                                | -        | (115,067)        | -                               | -                                    |
|                                            | <u>115,067</u>                         | <u>-</u> | <u>(115,067)</u> | <u>-</u>                        | <u>-</u>                             |

*Other transactions with key management personnel and their related parties*

During the financial year, expenses totalling \$362 were reimbursed to key management personnel.

During the financial year, sales to Publicis Group (director-related entity of Andrew Edwards) of nil (2017: \$1,925) were made. The current amount receivable at 30 June 2018 was \$nil (2017: \$2,118). All transactions were made on normal commercial terms and conditions and were at market rates.

During the financial year, sales to AfterPay Holdings Limited (director-related entity of Clifford Rosenberg) of \$nil (2017: \$4,750) were made. All transactions were made on normal commercial terms and conditions and were at market rates.

During the financial year, expenses for subscription and recruitment services from LinkedIn (director-related entity of Clifford Rosenberg) of \$nil (2017: \$30,814) were incurred. The current amount payable at 30 June 2018 was \$nil (2017: \$2,956). All transactions were made on normal commercial terms and conditions and were at market rates.



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During the financial year, expenses for services from Straight6 Group Pty Ltd (director-related entity of Matthew Berriman) of \$nil (2017: \$45,338) were incurred. All transactions were made on normal commercial terms and conditions and were at market rates.

*This concludes the remuneration report, which has been audited.*

**Shares under option**

Unissued ordinary shares of Pureprofile Ltd under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|------------|-------------|----------------|---------------------|
| 29/05/2015 | 29/05/2020  | \$0.50         | 2,009,000           |
| 29/05/2015 | 29/05/2020  | \$0.60         | 1,200,000           |
|            |             |                | <u>3,209,000</u>    |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**

There were no ordinary shares of Pureprofile Ltd issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

**Shares under service rights**

There were no unissued ordinary shares of Pureprofile Ltd under service rights outstanding at the date of this report.

**Shares issued on the exercise of service rights**

The following ordinary shares of Pureprofile Ltd were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of performance rights granted:

| Date performance rights granted | Exercise price | Number of shares issued |
|---------------------------------|----------------|-------------------------|
| 19 December 2016                | \$0.00         | 435,125                 |

**Shares under performance rights**

Unissued ordinary shares of Pureprofile Ltd under performance rights at the date of this report are as follows:

| Grant date       | Expiry date     | Exercise price | Number under rights |
|------------------|-----------------|----------------|---------------------|
| 12 December 2017 | 2 November 2019 | \$0.00         | 2,100,000           |

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of performance rights**

There were no ordinary shares of Pureprofile Ltd issued on the exercise of performance rights during the year ended 30 June 2018 and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

#### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

#### Non-audit services

There were no non-audit services provided during the financial year by the auditor.

#### Officers of the company who are former partners of Grant Thornton

There are no officers of the company who are former partners of Grant Thornton.

#### Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in the Directors' Report and Financial Report have been rounded to the nearest dollar.

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

#### Auditor

Grant Thornton continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Andrew Edwards  
Non-Executive Chairman

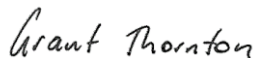
28 September 2018  
Sydney

## Auditor's Independence Declaration

### To the Directors of Pureprofile Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Pureprofile Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S M Coulton  
Partner – Audit & Assurance

Sydney, 28 September 2018

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Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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[www.grantthornton.com.au](http://www.grantthornton.com.au)

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**Pureprofile Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2018**

|                                                                                                           | <b>Note</b> | <b>Consolidated<br/>2018<br/>\$</b> | <b>2017<br/>\$</b> |
|-----------------------------------------------------------------------------------------------------------|-------------|-------------------------------------|--------------------|
| <b>Revenue</b>                                                                                            | 6           | 51,989,693                          | 52,937,637         |
| Other income                                                                                              | 7           | 1,427,802                           | 977,778            |
| <b>Expenses</b>                                                                                           |             |                                     |                    |
| Direct costs of revenue                                                                                   |             | (27,787,670)                        | (27,021,542)       |
| Employee benefits expense                                                                                 |             | (14,744,668)                        | (14,993,576)       |
| Foreign exchange loss                                                                                     |             | (150,672)                           | (319,932)          |
| Depreciation and amortisation expense                                                                     | 8           | (5,251,229)                         | (3,491,458)        |
| Impairment of assets                                                                                      |             | (17,994,882)                        | -                  |
| Loss on disposal of intangible assets                                                                     |             | (1,058,000)                         | -                  |
| Technology, engineering and licence fees                                                                  |             | (3,556,234)                         | (3,273,108)        |
| Share-based payment expense                                                                               |             | (90,612)                            | (130,411)          |
| Restructuring, acquisition and IPO costs                                                                  |             | (1,745,869)                         | (2,418,747)        |
| Occupancy costs                                                                                           |             | (1,655,542)                         | (1,112,155)        |
| Other expenses                                                                                            |             | (2,939,730)                         | (2,946,064)        |
| Finance costs                                                                                             | 8           | (1,574,900)                         | (209,272)          |
| <b>Loss before income tax (expense)/benefit</b>                                                           |             | (25,132,513)                        | (2,000,850)        |
| Income tax (expense)/benefit                                                                              | 9           | (847,364)                           | 2,548              |
| <b>Loss after income tax (expense)/benefit for the year attributable to the owners of Pureprofile Ltd</b> |             | (25,979,877)                        | (1,998,302)        |
| <b>Other comprehensive loss</b>                                                                           |             |                                     |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                      |             |                                     |                    |
| Foreign currency translation                                                                              |             | 17,581                              | (101,851)          |
| Other comprehensive loss for the year, net of tax                                                         |             | 17,581                              | (101,851)          |
| <b>Total comprehensive loss for the year attributable to the owners of Pureprofile Ltd</b>                |             | <u>(25,962,296)</u>                 | <u>(2,100,153)</u> |
|                                                                                                           |             | <b>Cents</b>                        | <b>Cents</b>       |
| Basic earnings per share                                                                                  | 35          | (22.22)                             | (2.08)             |
| Diluted earnings per share                                                                                | 35          | (22.22)                             | (2.08)             |

Refer to note 4 for detailed information on Restatement of comparatives.

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Pureprofile Ltd**  
**Statement of financial position**  
**As at 30 June 2018**

|                                | <b>Note</b> | <b>Consolidated<br/>2018<br/>\$</b> | <b>2017<br/>\$</b>  |
|--------------------------------|-------------|-------------------------------------|---------------------|
| <b>Assets</b>                  |             |                                     |                     |
| <b>Current assets</b>          |             |                                     |                     |
| Cash and cash equivalents      | 10          | 2,481,770                           | 4,047,928           |
| Trade and other receivables    | 11          | 6,802,663                           | 12,081,363          |
| Other                          | 12          | 785,419                             | 877,304             |
| Total current assets           |             | <u>10,069,852</u>                   | <u>17,006,595</u>   |
| <b>Non-current assets</b>      |             |                                     |                     |
| Property, plant and equipment  | 13          | 377,982                             | 356,863             |
| Intangibles                    | 14          | 19,144,187                          | 39,248,521          |
| Deferred tax                   | 15          | 422,870                             | 1,228,421           |
| Total non-current assets       |             | <u>19,945,039</u>                   | <u>40,833,805</u>   |
| <b>Total assets</b>            |             | <u>30,014,891</u>                   | <u>57,840,400</u>   |
| <b>Liabilities</b>             |             |                                     |                     |
| <b>Current liabilities</b>     |             |                                     |                     |
| Trade and other payables       | 16          | 11,497,849                          | 18,339,640          |
| Borrowings                     | 17          | -                                   | 3,496,426           |
| Income tax                     |             | 303,676                             | 714,536             |
| Provisions                     | 18          | 1,806,635                           | 2,067,296           |
| Deferred revenue               |             | 385,556                             | 297,039             |
| Total current liabilities      |             | <u>13,993,716</u>                   | <u>24,914,937</u>   |
| <b>Non-current liabilities</b> |             |                                     |                     |
| Borrowings                     | 19          | 10,000,000                          | 2,875,000           |
| Provisions                     | 20          | 132,085                             | 155,546             |
| Total non-current liabilities  |             | <u>10,132,085</u>                   | <u>3,030,546</u>    |
| <b>Total liabilities</b>       |             | <u>24,125,801</u>                   | <u>27,945,483</u>   |
| <b>Net assets</b>              |             | <u>5,889,090</u>                    | <u>29,894,917</u>   |
| <b>Equity</b>                  |             |                                     |                     |
| Issued capital                 | 21          | 41,803,151                          | 39,937,294          |
| Reserves                       | 22          | 234,203                             | 126,010             |
| Accumulated losses             |             | <u>(36,148,264)</u>                 | <u>(10,168,387)</u> |
| <b>Total equity</b>            |             | <u>5,889,090</u>                    | <u>29,894,917</u>   |

Refer to note 4 for detailed information on Restatement of comparatives.

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Pureprofile Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2018**

| <b>Consolidated</b>                                          | <b>Issued capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated losses<br/>\$</b> | <b>Total equity<br/>\$</b> |
|--------------------------------------------------------------|------------------------------|------------------------|----------------------------------|----------------------------|
| Balance at 1 July 2016                                       | 19,190,010                   | 97,450                 | (8,170,085)                      | 11,117,375                 |
| Loss after income tax benefit for the year                   | -                            | -                      | (1,998,302)                      | (1,998,302)                |
| Other comprehensive loss for the year, net of tax            | -                            | (101,851)              | -                                | (101,851)                  |
| Total comprehensive loss for the year                        | -                            | (101,851)              | (1,998,302)                      | (2,100,153)                |
| <i>Transactions with owners in their capacity as owners:</i> |                              |                        |                                  |                            |
| Contributions of equity, net of transaction costs (note 21)  | 20,747,284                   | -                      | -                                | 20,747,284                 |
| Share-based payments (note 36)                               | -                            | 130,411                | -                                | 130,411                    |
| Balance at 30 June 2017                                      | <u>39,937,294</u>            | <u>126,010</u>         | <u>(10,168,387)</u>              | <u>29,894,917</u>          |

Refer to note 4 for detailed information on Restatement of comparatives.

| <b>Consolidated</b>                                          | <b>Issued capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated losses<br/>\$</b> | <b>Total equity<br/>\$</b> |
|--------------------------------------------------------------|------------------------------|------------------------|----------------------------------|----------------------------|
| Balance at 1 July 2017                                       | 39,937,294                   | 126,010                | (10,168,387)                     | 29,894,917                 |
| Loss after income tax expense for the year                   | -                            | -                      | (25,979,877)                     | (25,979,877)               |
| Other comprehensive income for the year, net of tax          | -                            | 17,581                 | -                                | 17,581                     |
| Total comprehensive loss for the year                        | -                            | 17,581                 | (25,979,877)                     | (25,962,296)               |
| <i>Transactions with owners in their capacity as owners:</i> |                              |                        |                                  |                            |
| Contributions of equity, net of transaction costs (note 21)  | 1,865,857                    | -                      | -                                | 1,865,857                  |
| Share-based payments (note 36)                               | -                            | 90,612                 | -                                | 90,612                     |
| Balance at 30 June 2018                                      | <u>41,803,151</u>            | <u>234,203</u>         | <u>(36,148,264)</u>              | <u>5,889,090</u>           |

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Pureprofile Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2018**

|                                                                  | <b>Note</b> | <b>Consolidated<br/>2018<br/>\$</b> | <b>2017<br/>\$</b>      |
|------------------------------------------------------------------|-------------|-------------------------------------|-------------------------|
| <b>Cash flows from operating activities</b>                      |             |                                     |                         |
| Receipts from customers (inclusive of GST)                       |             | 60,452,603                          | 52,176,548              |
| Payments to suppliers and employees (inclusive of GST)           |             | (54,606,462)                        | (49,589,590)            |
| Interest received                                                |             | 5,846,141                           | 2,586,958               |
| Interest and other finance costs paid                            |             | 5,584                               | 13,343                  |
| Income taxes (paid)/refunded                                     |             | (1,574,900)                         | (209,272)               |
|                                                                  |             | (452,673)                           | (15,499)                |
| Net cash from operating activities                               | 37          | <u>3,824,152</u>                    | <u>2,375,530</u>        |
| <b>Cash flows from investing activities</b>                      |             |                                     |                         |
| Payment for purchase of business, net of cash acquired           | 32          | -                                   | (300,000)               |
| Payment for purchase of subsidiary, net of cash acquired         | 32          | -                                   | (14,680,244)            |
| Final payments for prior period's purchase of subsidiary         |             | (4,298,856)                         | -                       |
| Payment for expenses relating to acquisitions                    |             | (498,322)                           | (2,238,747)             |
| Payments for property, plant and equipment                       | 13          | (306,354)                           | (133,540)               |
| Payments for intangibles                                         | 14          | (3,914,542)                         | (5,194,100)             |
| Proceeds from disposal of property, plant and equipment          |             | -                                   | 42,697                  |
| Net cash used in investing activities                            |             | <u>(9,018,074)</u>                  | <u>(22,503,934)</u>     |
| <b>Cash flows from financing activities</b>                      |             |                                     |                         |
| Proceeds from issue of shares                                    | 21          | -                                   | 17,000,416              |
| Share issue transaction costs                                    |             | (810)                               | (620,732)               |
| Proceeds from borrowings                                         |             | 10,000,000                          | 4,000,000               |
| Repayment of borrowings                                          |             | (4,000,000)                         | (125,000)               |
| Net cash from financing activities                               |             | <u>5,999,190</u>                    | <u>20,254,684</u>       |
| Net increase in cash and cash equivalents                        |             | 805,268                             | 126,280                 |
| Cash and cash equivalents at the beginning of the financial year |             | 1,676,502                           | 1,622,628               |
| Effects of exchange rate changes on cash and cash equivalents    |             | -                                   | (72,406)                |
| Cash and cash equivalents at the end of the financial year       | 10          | <u><u>2,481,770</u></u>             | <u><u>1,676,502</u></u> |

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. General information

The financial statements cover Pureprofile Ltd as a group consisting of Pureprofile Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Pureprofile Ltd's functional and presentation currency.

Pureprofile Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 20  
233 Castlereagh Street  
Sydney NSW 2000  
Australia

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2018. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business.

The group incurred a loss after income tax of \$25,979,877 (2017: loss after income tax of \$1,998,302) and was in a net current liability position of \$3,923,864 (2017: \$7,908,342, of which \$4,000,000 represented shares that were issued in November 2017). The group generated positive cash flows from operations of \$3,824,152 (2017: cash inflows of \$2,375,530).

The directors believe that there are reasonable grounds to conclude that the consolidated entity will continue as a going concern, after consideration of the following factors:

- net cash from operating activities are positive;
- EBITDA and gross margin performance has improved strongly in the second half of FY2018 following the execution of strategic decisions on the Group's operating segments;
- further margin improvements are projected to be realised through targeted revenue growth in 2019. This initiative will be supported by the recent appointments of Head of Revenue and Operations (ANZ) and Managing Director UK/EU in revenue-focused roles; and
- restructuring activities were executed in the second half of FY2018, which resulted in cost savings through the identification of synergies between existing infrastructure and the elimination of non-value-add activities.

Accordingly, the directors believe the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report. Should the consolidated entity be unable to continue as a going concern it may be required to release its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying value amounts of the amounts of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.



## Note 2. Significant accounting policies (continued)

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 31.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pureprofile Ltd ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Pureprofile Ltd and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of common control subsidiaries is accounted for at book value. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Pureprofile Ltd's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## Note 2. Significant accounting policies (continued)

### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, after taking into account any trade discounts and volume rebates allowed.

### *Sales revenue - data and insights, media and performance*

Revenue relating to the provision of services, consisting of data and insights, media and performance, is recognised with reference to the stage of completion of the transaction at the end of the reporting period.

Stage of completion is measured by reference to the services performed to date as a percentage of total anticipated services to be performed. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### **Grant income**

Grant income received is recognised as income in the period in which it is received.

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

## Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Pureprofile Ltd. (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group with tax funding agreements, under the tax consolidation regime, effective 7 November 2014. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

## Note 2. Significant accounting policies (continued)

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

|                               |              |
|-------------------------------|--------------|
| Office and computer equipment | 3 to 9 years |
|-------------------------------|--------------|

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements (including make-good asset) and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

#### *Software*

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reductions are capitalised. Costs capitalised include external direct costs of materials and service and employee costs. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset. Software costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between four and five years.

#### *Customer and partnership network relationships*

In November 2016, Pureprofile, with the acquisition of the Cohort Group, acquired customer and partner network relationships which will be amortised over their useful economic life of between 6 to 8 years, on a straight line basis.

#### *Membership base*

In November 2016, Pureprofile, with the acquisition of the Cohort Group, acquired a membership database which will be amortised over its useful economic life of 7 years, on a straight line basis.

#### *Brand names*

Acquired brand names are not amortised. Instead, brand names are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, and is carried at cost less accumulated impairment losses.

## Note 2. Significant accounting policies (continued)

### Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-45 days of recognition.

### Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### *Reward redemption*

The group invites its internet panel members to complete surveys in exchange for a cash or points-based incentive. These amounts are not paid until a predetermined target value has accrued on a members account. An assessment of incentives likely to be paid (present obligation) is made taking into account past behaviour and activity. This is recognised as an expense in the period in which the service is provided.

### Employee benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for employee benefits not expected to be settled wholly within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

## Note 2. Significant accounting policies (continued)

### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### **Issued capital**

Ordinary shares are classified as equity.



## Note 2. Significant accounting policies (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pureprofile Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

## Note 2. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this Report have been rounded to the nearest dollar.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2018. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

#### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The group will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that the main financial assets recognised represent cash and cash equivalent and trade receivables that do not carry a significant financing component and involve a single cash flow representing the repayment of principal, which in the case of trade receivables is the transaction price. Both asset classes will continue to be measured at face value. Other financial asset classes are not material to the group. Financial liabilities of the consolidated entity are not impacted as the group does not carry them at fair value.



## Note 2. Significant accounting policies (continued)

### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The group will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that most of the group's revenue is recognised at the time of transfer of units to customers which represents the satisfaction of the primary performance obligation.

### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The group will adopt this standard from 1 July 2019 and the impact of the its adoption is yet to be assessed by the group.

### *IASB revised Conceptual Framework for Financial Reporting*

The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accountings standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

### Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### *Estimation of useful lives of assets*

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Goodwill and other indefinite life intangible assets*

The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

#### *Impairment of non-financial assets other than indefinite life intangible assets*

The group assesses impairment of non-financial assets other than indefinite life intangible assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### *Income tax*

The group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

#### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### *Reward redemption provision*

In determining the level of provision required for reward redemptions the group has made judgements in respect of the expected outflows necessary to settle the redemptions. The provision represents the maximum amount that the group estimates is likely to be claimed by panel members and is based on estimates made from historical data and likely redemption patterns. Balances accrued by panel members that have been inactive (i.e. not completed any transaction) for more than one year are written back to profit or loss.

### Note 4. Restatement of comparatives

#### *Correction of error*

The contingent consideration for the acquisition of Cohort Australia Holdings Pty Limited and its controlled entities was not revalued as at 30 June 2017, resulting in an adjustment to increase other income and decrease trade and other payables by \$977,778 for the year ended 30 June 2017. This adjustment to the financial statements is shown as follows:

**Note 4. Restatement of comparatives (continued)**

*Reclassification*

The deferred tax assets and deferred tax liabilities have been reclassified to present total deferred taxes on a net basis.

*Statement of profit or loss and other comprehensive income*

|                                                                                                           | 2017<br>\$<br>Reported    | Consolidated<br>\$<br>Adjustment | 2017<br>\$<br>Restated    |
|-----------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------|---------------------------|
| <b>Revenue</b>                                                                                            | 52,937,637                | -                                | 52,937,637                |
| Other income                                                                                              | -                         | 977,778                          | 977,778                   |
| <b>Expenses</b>                                                                                           |                           |                                  |                           |
| Direct costs of revenue                                                                                   | (27,021,542)              | -                                | (27,021,542)              |
| Employee benefits expense                                                                                 | (14,993,576)              | -                                | (14,993,576)              |
| Foreign exchange loss                                                                                     | (319,932)                 | -                                | (319,932)                 |
| Depreciation and amortisation expense                                                                     | (3,491,458)               | -                                | (3,491,458)               |
| Technology, engineering and licence fees                                                                  | (3,273,108)               | -                                | (3,273,108)               |
| Share-based payment expense                                                                               | (130,411)                 | -                                | (130,411)                 |
| Restructuring, acquisition and IPO costs                                                                  | (2,418,747)               | -                                | (2,418,747)               |
| Occupancy costs                                                                                           | (1,112,155)               | -                                | (1,112,155)               |
| Other expenses                                                                                            | (2,946,064)               | -                                | (2,946,064)               |
| Finance costs                                                                                             | (209,272)                 | -                                | (209,272)                 |
| <b>Loss before income tax benefit</b>                                                                     | (2,978,628)               | 977,778                          | (2,000,850)               |
| Income tax benefit                                                                                        | 2,548                     | -                                | 2,548                     |
| <b>Loss after income tax (expense)/benefit for the year attributable to the owners of Pureprofile Ltd</b> | (2,976,080)               | 977,778                          | (1,998,302)               |
| <b>Other comprehensive loss</b>                                                                           |                           |                                  |                           |
| Foreign currency translation                                                                              | (101,851)                 | -                                | (101,851)                 |
| Other comprehensive loss for the year, net of tax                                                         | (101,851)                 | -                                | (101,851)                 |
| <b>Total comprehensive loss for the year attributable to the owners of Pureprofile Ltd</b>                | <u>(3,077,931)</u>        | <u>977,778</u>                   | <u>(2,100,153)</u>        |
|                                                                                                           | <b>Cents<br/>Reported</b> | <b>Cents<br/>Adjustment</b>      | <b>Cents<br/>Restated</b> |
| Basic earnings per share                                                                                  | (3.10)                    | 1.02                             | (2.08)                    |
| Diluted earnings per share                                                                                | (3.10)                    | 1.02                             | (2.08)                    |

*Statement of financial position at the beginning of the earliest comparative period*

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2016. However, as there were no adjustments made as at 1 July 2016, the group has elected not to show the 1 July 2016 statement of financial position.

**Note 4. Restatement of comparatives (continued)**

*Statement of financial position at the end of the earliest comparative period*

|                                | 2017<br>\$<br>Reported | Consolidated<br>\$<br>Adjustment | 2017<br>\$<br>Restated |
|--------------------------------|------------------------|----------------------------------|------------------------|
| <b>Assets</b>                  |                        |                                  |                        |
| <b>Current assets</b>          |                        |                                  |                        |
| Cash and cash equivalents      | 4,047,928              | -                                | 4,047,928              |
| Trade and other receivables    | 12,081,363             | -                                | 12,081,363             |
| Other                          | 877,304                | -                                | 877,304                |
| Total current assets           | 17,006,595             | -                                | 17,006,595             |
| <b>Non-current assets</b>      |                        |                                  |                        |
| Property, plant and equipment  | 356,863                | -                                | 356,863                |
| Intangibles                    | 39,248,521             | -                                | 39,248,521             |
| Deferred tax                   | 3,951,547              | (2,723,126)                      | 1,228,421              |
| Total non-current assets       | 43,556,931             | (2,723,126)                      | 40,833,805             |
| <b>Total assets</b>            | 60,563,526             | (2,723,126)                      | 57,840,400             |
| <b>Liabilities</b>             |                        |                                  |                        |
| <b>Current liabilities</b>     |                        |                                  |                        |
| Trade and other payables       | 19,317,418             | (977,778)                        | 18,339,640             |
| Borrowings                     | 3,496,426              | -                                | 3,496,426              |
| Income tax                     | 714,536                | -                                | 714,536                |
| Provisions                     | 2,067,296              | -                                | 2,067,296              |
| Deferred revenue               | 297,039                | -                                | 297,039                |
| Total current liabilities      | 25,892,715             | (977,778)                        | 24,914,937             |
| <b>Non-current liabilities</b> |                        |                                  |                        |
| Borrowings                     | 2,875,000              | -                                | 2,875,000              |
| Deferred tax                   | 2,723,126              | (2,723,126)                      | -                      |
| Provisions                     | 155,546                | -                                | 155,546                |
| Total non-current liabilities  | 5,753,672              | (2,723,126)                      | 3,030,546              |
| <b>Total liabilities</b>       | 31,646,387             | (3,700,904)                      | 27,945,483             |
| <b>Net assets</b>              | 28,917,139             | 977,778                          | 29,894,917             |
| <b>Equity</b>                  |                        |                                  |                        |
| Issued capital                 | 39,937,294             | -                                | 39,937,294             |
| Reserves                       | 126,010                | -                                | 126,010                |
| Accumulated losses             | (11,146,165)           | 977,778                          | (10,168,387)           |
| <b>Total equity</b>            | 28,917,139             | 977,778                          | 29,894,917             |

**Note 5. Operating segments**

*Identification of reportable operating segments*

The Group is organised into three operating segments:

- Data & Insights;
- Media; and
- Performance

## Note 5. Operating segments (continued)

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

### Types of products and services

The principal products and services are as follows:

|                 |                                                                                                      |
|-----------------|------------------------------------------------------------------------------------------------------|
| Data & Insights | Conducting market research and providing research technology platforms                               |
| Media           | Buying and selling online advertising inventory on behalf of advertisers and publishers              |
| Performance     | Generates leads for clients through its consumer database and proprietary and partner digital assets |

### Major customers

During the years ended 30 June 2018 and 30 June 2017 no customer contributed more than 10% to the Group's external revenue.

### Operating segment information

|                                                                                                      | Data &<br>Insights<br>\$ | Media<br>\$       | Performance<br>\$   | Corporate<br>\$    | Total<br>\$         |
|------------------------------------------------------------------------------------------------------|--------------------------|-------------------|---------------------|--------------------|---------------------|
| <b>Consolidated - 2018</b>                                                                           |                          |                   |                     |                    |                     |
| <b>Revenue</b>                                                                                       |                          |                   |                     |                    |                     |
| Sales revenue from continuing operations                                                             | 16,058,862               | 16,359,632        | 19,565,615          | -                  | 51,984,109          |
| Interest                                                                                             | -                        | -                 | -                   | 5,584              | 5,584               |
| <b>Total revenue</b>                                                                                 | <u>16,058,862</u>        | <u>16,359,632</u> | <u>19,565,615</u>   | <u>5,584</u>       | <u>51,989,693</u>   |
| <b>Profit/(loss) before significant items, net finance costs, tax, depreciation and amortisation</b> | 586,065                  | 483,307           | (328,458)           | -                  | 740,914             |
| Depreciation and amortisation                                                                        | (1,535,246)              | (1,228,676)       | (2,487,307)         | -                  | (5,251,229)         |
| Loss on disposal of intangible assets                                                                | -                        | -                 | (1,058,000)         | -                  | (1,058,000)         |
| Impairment of assets                                                                                 | -                        | -                 | (17,994,882)        | -                  | (17,994,882)        |
| Interest revenue                                                                                     | -                        | -                 | -                   | 5,584              | 5,584               |
| Finance costs                                                                                        | -                        | -                 | -                   | (1,574,900)        | (1,574,900)         |
| <b>Loss before income tax expense</b>                                                                | <u>(949,181)</u>         | <u>(745,369)</u>  | <u>(21,868,647)</u> | <u>(1,569,316)</u> | <u>(25,132,513)</u> |
| Income tax expense                                                                                   |                          |                   |                     |                    | (847,364)           |
| <b>Loss after income tax expense</b>                                                                 |                          |                   |                     |                    | <u>(25,979,877)</u> |
|                                                                                                      |                          |                   |                     |                    |                     |
|                                                                                                      | Data &<br>Insights<br>\$ | Media<br>\$       | Performance<br>\$   | Corporate<br>\$    | Total<br>\$         |
| <b>Consolidated - 2017</b>                                                                           |                          |                   |                     |                    |                     |
| <b>Revenue</b>                                                                                       |                          |                   |                     |                    |                     |
| Sales revenue from continuing operations                                                             | 13,278,947               | 22,289,882        | 17,355,465          | -                  | 52,924,294          |
| Interest                                                                                             | -                        | -                 | -                   | 13,343             | 13,343              |
| <b>Total revenue</b>                                                                                 | <u>13,278,947</u>        | <u>22,289,882</u> | <u>17,355,465</u>   | <u>13,343</u>      | <u>52,937,637</u>   |
| <b>Profit/(loss) before significant items, net finance costs, tax, depreciation and amortisation</b> | 1,535,285                | 4,632,505         | 2,841,148           | (7,322,401)        | 1,686,537           |
| Depreciation and amortisation                                                                        | (1,566,601)              | (449,283)         | (1,436,539)         | (39,035)           | (3,491,458)         |
| Interest revenue                                                                                     | -                        | -                 | -                   | 13,343             | 13,343              |
| Finance costs                                                                                        | -                        | -                 | -                   | (209,272)          | (209,272)           |
| <b>Profit/(loss) before income tax benefit</b>                                                       | <u>(31,316)</u>          | <u>4,183,222</u>  | <u>1,404,609</u>    | <u>(7,557,365)</u> | <u>(2,000,850)</u>  |
| Income tax benefit                                                                                   |                          |                   |                     |                    | 2,548               |
| <b>Loss after income tax benefit</b>                                                                 |                          |                   |                     |                    | <u>(1,998,302)</u>  |

## Note 5. Operating segments (continued)

All assets and liabilities, including taxes are not allocated to the operating segments as they are managed on an overall group basis.

### Revenue by geographical area

The group operates in 3 (2017: 3) regions. The sales revenue for each region is as follows:

|                                    | Consolidated<br>2018<br>\$ | 2017<br>\$        |
|------------------------------------|----------------------------|-------------------|
| <b>Sales to external customers</b> |                            |                   |
| Australasia                        | 35,434,931                 | 31,084,737        |
| Europe                             | 9,467,086                  | 11,268,833        |
| United States                      | 7,082,092                  | 10,570,724        |
|                                    | <u>51,984,109</u>          | <u>52,924,294</u> |

## Note 6. Revenue

|                      | Consolidated<br>2018<br>\$ | 2017<br>\$        |
|----------------------|----------------------------|-------------------|
| <b>Sales revenue</b> |                            |                   |
| Data & Insights      | 16,058,862                 | 13,278,947        |
| Media                | 16,359,632                 | 22,289,882        |
| Performance          | 19,565,615                 | 17,355,465        |
|                      | <u>51,984,109</u>          | <u>52,924,294</u> |
| <b>Other revenue</b> |                            |                   |
| Interest             | 5,584                      | 13,343            |
| Revenue              | <u>51,989,693</u>          | <u>52,937,637</u> |

## Note 7. Other income

|                                   | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|-----------------------------------|----------------------------|----------------|
| Revaluation of earn-out liability | 1,356,699                  | 977,778        |
| Rental income                     | 71,103                     | -              |
| Other income                      | <u>1,427,802</u>           | <u>977,778</u> |

Note 8. Expenses

|                                                                  | Consolidated<br>2018<br>\$ | 2017<br>\$ |
|------------------------------------------------------------------|----------------------------|------------|
| Loss before income tax includes the following specific expenses: |                            |            |
| <i>Depreciation</i>                                              |                            |            |
| Office and computer equipment                                    | 285,235                    | 197,502    |
| <i>Amortisation</i>                                              |                            |            |
| Software                                                         | 4,025,693                  | 2,681,939  |
| Customer contracts and partner network arrangement               | 545,125                    | 351,303    |
| Membership base                                                  | 395,176                    | 260,714    |
| Total amortisation                                               | 4,965,994                  | 3,293,956  |
| Total depreciation and amortisation                              | 5,251,229                  | 3,491,458  |
| <i>Impairment</i>                                                |                            |            |
| Goodwill                                                         | 13,396,158                 | -          |
| Software                                                         | 4,598,724                  | -          |
| Total impairment                                                 | 17,994,882                 | -          |
| <i>Finance costs</i>                                             |                            |            |
| Interest and finance charges paid/payable                        | 1,574,900                  | 209,272    |
| <i>Rental expense relating to operating leases</i>               |                            |            |
| Minimum lease payments                                           | 1,616,732                  | 1,012,511  |
| <i>Superannuation expense</i>                                    |                            |            |
| Defined contribution superannuation expense                      | 996,683                    | 1,118,872  |
| <i>Share-based payments expense</i>                              |                            |            |
| Share-based payments expense                                     | 90,612                     | 130,411    |
| <i>Employee benefits expense excluding superannuation</i>        |                            |            |
| Employee benefits expense excluding superannuation               | 13,747,985                 | 13,874,704 |

**Note 9. Income tax expense/(benefit)**

|                                                                                               | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|-----------------------------------------------------------------------------------------------|----------------------------|----------------|
| <i>Income tax expense/(benefit)</i>                                                           |                            |                |
| Current tax                                                                                   | 116,814                    | 131,625        |
| Deferred tax - origination and reversal of temporary differences                              | 805,551                    | (591,500)      |
| Adjustment recognised for prior periods                                                       | (75,001)                   | 457,327        |
|                                                                                               | <u>847,364</u>             | <u>(2,548)</u> |
| Aggregate income tax expense/(benefit)                                                        |                            |                |
| Deferred tax included in income tax expense/(benefit) comprises:                              |                            |                |
| Decrease/(increase) in deferred tax assets (note 15)                                          | 805,551                    | (591,500)      |
| <i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i> |                            |                |
| Loss before income tax (expense)/benefit                                                      | (25,132,513)               | (2,000,850)    |
| Tax at the statutory tax rate of 30%                                                          | (7,539,754)                | (600,255)      |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income:          |                            |                |
| Entertainment expenses                                                                        | 20,157                     | 29,288         |
| Share-based payments                                                                          | 20,610                     | 42,504         |
| Eligible research and development expenditure                                                 | 146,795                    | 194,775        |
| Impairment/Revaluation on Cohort earn-out payment                                             | 4,991,455                  | -              |
| Merger and acquisition expenditure                                                            | 7,064                      | 312,997        |
| Disposal of intangible assets                                                                 | 317,400                    | -              |
| Sundry items                                                                                  | (15,509)                   | (149,934)      |
|                                                                                               | (2,051,782)                | (170,625)      |
| Adjustment recognised for prior periods                                                       | (75,001)                   | 457,327        |
| Current year tax losses not recognised                                                        | 2,169,532                  | -              |
| Prior year deferred tax balances no longer recognised                                         | 962,283                    | -              |
| Difference in overseas tax rates                                                              | 33,202                     | (37,761)       |
| Research and development tax concession                                                       | (176,773)                  | (251,489)      |
| Tax refund previously not provided for                                                        | (14,097)                   | -              |
|                                                                                               | <u>847,364</u>             | <u>(2,548)</u> |
| Income tax expense/(benefit)                                                                  |                            |                |
|                                                                                               |                            |                |
|                                                                                               | Consolidated<br>2018<br>\$ | 2017<br>\$     |
| <i>Amounts credited directly to equity</i>                                                    |                            |                |
| Deferred tax assets (note 15)                                                                 | -                          | (167,600)      |
| <i>Tax losses not recognised</i>                                                              |                            |                |
| Potential unused tax benefit for which no deferred tax asset has been recognised              | 2,464,379                  | 294,847        |

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.



**Note 10. Current assets - cash and cash equivalents**

|                  | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|------------------|----------------------------|------------------|
| Cash at bank     | 2,289,560                  | 3,855,542        |
| Cash on deposit* | 192,210                    | 192,386          |
|                  | <u>2,481,770</u>           | <u>4,047,928</u> |

*Reconciliation to cash and cash equivalents at the end of the financial year*

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Balances as above        | 2,481,770        | 4,047,928        |
| Bank overdraft (note 17) | -                | (2,371,426)      |
|                          | <u>2,481,770</u> | <u>1,676,502</u> |

\* Cash on deposit of \$192,210 (2017: \$192,386) is a restricted cash balance which is held and maintained as security over the group's bank overdraft facility, bank guarantees and leased properties.

**Note 11. Current assets - trade and other receivables**

|                                               | Consolidated<br>2018<br>\$ | 2017<br>\$        |
|-----------------------------------------------|----------------------------|-------------------|
| Trade receivables                             | 7,266,126                  | 12,063,992        |
| Less: Provision for impairment of receivables | (615,897)                  | (199,302)         |
|                                               | <u>6,650,229</u>           | <u>11,864,690</u> |
| Other receivables                             | 152,434                    | 216,673           |
|                                               | <u>6,802,663</u>           | <u>12,081,363</u> |

The group has recognised a loss of \$528,941 (2017: \$116,581) in profit or loss in respect of impairment of receivables for the year ended 30 June 2018.

The ageing of the impaired receivables provided for above are as follows:

|                       | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|-----------------------|----------------------------|----------------|
| 0 to 3 months overdue | 93,858                     | 10,841         |
| 3 to 6 months overdue | 31,229                     | 24,566         |
| Over 6 months overdue | 490,810                    | 163,895        |
|                       | <u>615,897</u>             | <u>199,302</u> |

**Note 11. Current assets - trade and other receivables (continued)**

Movements in the provision for impairment of receivables are as follows:

|                                                          | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|----------------------------------------------------------|----------------------------|----------------|
| Opening balance                                          | 199,302                    | 109,276        |
| Additional provisions recognised                         | 540,090                    | 127,482        |
| Receivables written off during the year as uncollectable | (112,347)                  | (26,555)       |
| Unused amounts reversed                                  | (11,148)                   | (10,901)       |
|                                                          | <u>615,897</u>             | <u>199,302</u> |
| Closing balance                                          |                            |                |

*Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to \$3,612,073 as at 30 June 2018 (\$1,755,837 as at 30 June 2017).

The group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

|                       | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|-----------------------|----------------------------|------------------|
| 0 to 3 months overdue | 3,140,665                  | 1,588,043        |
| 3 to 6 months overdue | 303,550                    | 108,108          |
| Over 6 months overdue | 167,858                    | 59,686           |
|                       | <u>3,612,073</u>           | <u>1,755,837</u> |

**Note 12. Current assets - other**

|                      | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|----------------------|----------------------------|----------------|
| Other current assets | 268,481                    | 82,191         |
| Prepayments          | 516,938                    | 795,113        |
|                      | <u>785,419</u>             | <u>877,304</u> |

**Note 13. Non-current assets - property, plant and equipment**

|                                         | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|-----------------------------------------|----------------------------|----------------|
| Office and computer equipment - at cost | 1,235,488                  | 704,352        |
| Less: Accumulated depreciation          | (857,506)                  | (347,489)      |
|                                         | <u>377,982</u>             | <u>356,863</u> |

**Note 13. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| <b>Consolidated</b>                               | Office and<br>computer<br>equipment<br>\$ | Total<br>\$    |
|---------------------------------------------------|-------------------------------------------|----------------|
| Balance at 1 July 2016                            | 256,828                                   | 256,828        |
| Additions                                         | 133,540                                   | 133,540        |
| Additions through business combinations (note 32) | 213,112                                   | 213,112        |
| Disposals                                         | (49,115)                                  | (49,115)       |
| Depreciation expense                              | (197,502)                                 | (197,502)      |
| Balance at 30 June 2017                           | 356,863                                   | 356,863        |
| Additions                                         | 306,354                                   | 306,354        |
| Depreciation expense                              | (285,235)                                 | (285,235)      |
| Balance at 30 June 2018                           | <u>377,982</u>                            | <u>377,982</u> |

**Note 14. Non-current assets - intangibles**

|                                                              | <b>Consolidated<br/>2018<br/>\$</b> | <b>2017<br/>\$</b> |
|--------------------------------------------------------------|-------------------------------------|--------------------|
| Goodwill - at cost                                           | 19,003,285                          | 19,003,285         |
| Less: Impairment                                             | (13,396,158)                        | -                  |
|                                                              | <u>5,607,127</u>                    | <u>19,003,285</u>  |
| Software - at cost                                           | 22,745,638                          | 18,831,095         |
| Less: Accumulated amortisation                               | (9,467,946)                         | (5,442,252)        |
| Less: Impairment                                             | (4,598,724)                         | -                  |
|                                                              | <u>8,678,968</u>                    | <u>13,388,843</u>  |
| Customer contracts and partner network arrangement - at cost | 3,622,000                           | 3,622,000          |
| Less: Accumulated amortisation                               | (896,428)                           | (351,303)          |
|                                                              | <u>2,725,572</u>                    | <u>3,270,697</u>   |
| Membership base - at cost                                    | 2,694,410                           | 2,694,410          |
| Less: Accumulated amortisation                               | (655,890)                           | (260,714)          |
|                                                              | <u>2,038,520</u>                    | <u>2,433,696</u>   |
| Brand names - at cost                                        | 94,000                              | 1,152,000          |
|                                                              | <u>19,144,187</u>                   | <u>39,248,521</u>  |

**Note 14. Non-current assets - intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|                                                   | Goodwill<br>\$   | Software<br>\$   | Customer<br>contracts and<br>partner<br>network<br>arrangement<br>\$ | Membership<br>base<br>\$ | Brand<br>names<br>\$ | Total<br>\$       |
|---------------------------------------------------|------------------|------------------|----------------------------------------------------------------------|--------------------------|----------------------|-------------------|
| <b>Consolidated</b>                               |                  |                  |                                                                      |                          |                      |                   |
| Balance at 1 July 2016                            | 5,607,127        | 5,386,682        | -                                                                    | 47,175                   | 94,000               | 11,134,984        |
| Additions                                         | -                | 5,194,100        | -                                                                    | -                        | -                    | 5,194,100         |
| Additions through business combinations (note 32) | 13,396,158       | 5,490,000        | 3,622,000                                                            | 2,647,235                | 1,058,000            | 26,213,393        |
| Amortisation expense                              | -                | (2,681,939)      | (351,303)                                                            | (260,714)                | -                    | (3,293,956)       |
| Balance at 30 June 2017                           | 19,003,285       | 13,388,843       | 3,270,697                                                            | 2,433,696                | 1,152,000            | 39,248,521        |
| Additions                                         | -                | 3,914,542        | -                                                                    | -                        | -                    | 3,914,542         |
| Disposals                                         | -                | -                | -                                                                    | -                        | (1,058,000)          | (1,058,000)       |
| Impairment of assets                              | (13,396,158)     | (4,598,724)      | -                                                                    | -                        | -                    | (17,994,882)      |
| Amortisation expense                              | -                | (4,025,693)      | (545,125)                                                            | (395,176)                | -                    | (4,965,994)       |
| Balance at 30 June 2018                           | <u>5,607,127</u> | <u>8,678,968</u> | <u>2,725,572</u>                                                     | <u>2,038,520</u>         | <u>94,000</u>        | <u>19,144,187</u> |

*Impairment testing*

Goodwill and brand names are tested annually for impairment. Goodwill and brand names are allocated to two cash-generating units ("CGU"), which is based on the consolidated entity's media and performance operating segments. Goodwill and brand names are allocated to the CGU's as follows:

|             | <b>Consolidated<br/>2018<br/>\$</b> | <b>2017<br/>\$</b> |
|-------------|-------------------------------------|--------------------|
| Media       | 5,607,127                           | 5,607,127          |
| Performance | -                                   | 13,396,158         |
|             | <u>5,607,127</u>                    | <u>19,003,285</u>  |

The recoverable amount of the CGU has been determined based on a value in use calculation. This calculation uses a 5 year cash flow projection based upon financial budgets approved by management. Cash flows beyond the five year period are extrapolated using the long term growth rate stated below. The growth rate does not exceed the long term average growth rate for the business.

*Key assumptions used in the value in use calculations*

**Media CGU**

- Forecast growth 8%-12% (2017: 8%-12%);
- Long-term growth rate 1.0% (2017: 3.0%); and
- Pre-tax discount rate 17.00% (2017: 18.76%).

**Performance CGU**

- Forecast growth 2%-12% (2017: 2%-12%);
- Long-term growth rate 3.0% (2017: 1.0%); and
- Pre-tax discount rate 17.00% (2017: 17.67%).

#### Note 14. Non-current assets - intangibles (continued)

##### *Impairment test results - Media CGU*

Based on the testing performed no impairment was recognised for this CGU, for the year ended 30 June 2018.

##### *Impairment test results - Performance CGU*

Based on the testing performed an impairment of \$13,396,158 was recognised against goodwill and an impairment of \$4,598,724 was recognised against software, for the year ended 30 June 2018. The recoverable amount of the Performance CGU was \$2,931,000 based on the value in use calculation.

##### *Impact of possible changes in assumptions*

The directors have made judgments and estimates in respect of impairment testing of goodwill. Should these judgments and estimates not occur the resulting goodwill carrying may decrease. The sensitivities specific to the Media CGU are as follows:

- (a) budgeted revenue growth would be required to be less than 6% before further goodwill and other intangibles assets would be impaired, with all other assumptions remaining constant.
- (b) the discount rate would be required to increase to 18.5% before goodwill and other intangibles assets would be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

#### Note 15. Non-current assets - deferred tax

|                                                                            | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|----------------------------------------------------------------------------|----------------------------|------------------|
| <i>Deferred tax asset comprises temporary differences attributable to:</i> |                            |                  |
| Amounts recognised in profit or loss:                                      |                            |                  |
| Tax losses                                                                 | 422,870                    | 342,553          |
| Impairment of receivables                                                  | 137,315                    | 50,152           |
| Prepayments                                                                | (936)                      | (2,319)          |
| Capitalised expenditure                                                    | (1,802,235)                | (2,323,946)      |
| Deferred research and development credit                                   | -                          | (396,861)        |
| Membership base                                                            | (792,107)                  | -                |
| Brand names                                                                | (28,200)                   | -                |
| Employee benefits                                                          | 216,943                    | 293,619          |
| Accrued expenses and other payables                                        | 146,352                    | 173,211          |
| Provision for reward redemptions                                           | 349,105                    | 454,254          |
| Other assets                                                               | 5,507                      | -                |
| Unrealised foreign exchange loss                                           | (15,312)                   | -                |
| Business related capital expenditure                                       | 535,218                    | 748,429          |
| Research and development expenditure                                       | 1,205,199                  | 1,889,329        |
| Borrowing costs                                                            | 43,151                     | -                |
| Deferred tax asset                                                         | <u>422,870</u>             | <u>1,228,421</u> |
| <i>Movements:</i>                                                          |                            |                  |
| Opening balance                                                            | 1,228,421                  | 1,446,608        |
| Credited/(charged) to profit or loss (note 9)                              | (805,551)                  | 591,500          |
| Credited to equity (note 9)                                                | -                          | 167,600          |
| Additions through business combinations (note 32)                          | -                          | (977,287)        |
| Closing balance                                                            | <u>422,870</u>             | <u>1,228,421</u> |

**Note 15. Non-current assets - deferred tax (continued)**

The group has unused tax losses of \$2,464,379 (2017: \$294,847) for which no tax benefit has been recognised. Based on management's assessment, taking into consideration the group's future forecasts, deferred tax assets on tax losses have only been recognised to the extent that it is probable that there will be taxable future income from which to off set the tax losses.

**Note 16. Current liabilities - trade and other payables**

|                          | Consolidated<br>2018<br>\$ | 2017<br>\$        |
|--------------------------|----------------------------|-------------------|
| Trade payables           | 5,276,716                  | 5,300,111         |
| Contingent consideration | -                          | 7,522,222         |
| Accrued expenses         | 4,663,772                  | 3,346,962         |
| Other payables           | 1,557,361                  | 2,170,345         |
|                          | <u>11,497,849</u>          | <u>18,339,640</u> |

Refer to note 24 for further information on financial instruments.

As at 30 June 2017, contingent consideration of \$7,522,222 represented consideration for the acquisition of Cohort Australia Holdings Pty Limited and its controlled entities which at 30 June 2017 was payable subject to the achievement of certain performance criteria. Contingent consideration comprised 8,888,889 of Pureprofile Ltd's shares at \$0.34 per share to be issued and \$4,500,000, in either cash or Pureprofile Ltd's shares at the discretion of the vendor. During the year ended 30 June 2018, contingent consideration of \$4,298,856 was paid to the vendor of Cohort in cash, \$1,866,667 of Pureprofile Ltd's shares were issued (8,888,889 shares at \$0.21 per share) in lieu of cash and \$1,356,699 (2017: \$977,778) was written back to the profit or loss due to a change in share price impacting the valuation and an adjustment related to the final tranche of the earn-out consideration.

**Note 17. Current liabilities - borrowings**

|                | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|----------------|----------------------------|------------------|
| Bank overdraft | -                          | 2,371,426        |
| Bank loans     | -                          | 1,125,000        |
|                | <u>-</u>                   | <u>3,496,426</u> |

Refer to note 24 for further information on financial instruments.

**Note 18. Current liabilities - provisions**

|                   | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|-------------------|----------------------------|------------------|
| Employee benefits | 529,616                    | 538,542          |
| Lease make good   | -                          | 16,327           |
| Reward redemption | 1,277,019                  | 1,512,427        |
|                   | <u>1,806,635</u>           | <u>2,067,296</u> |

**Lease make good**

The provision represents the present value of the estimated costs to make good the premises leased by the group at the end of the respective lease terms.

## Note 18. Current liabilities - provisions (continued)

### Reward redemption

This provision represents the estimated costs of rewards awarded to customers in respect of services sold. The provision is estimated based on historical reward redemption information, sales levels and any recent trends that may suggest future reward redemptions could differ from historical amounts.

### Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

|                                          | Lease<br>make good<br>\$ | Reward<br>redemption<br>\$ |
|------------------------------------------|--------------------------|----------------------------|
| <b>Consolidated - 2018</b>               |                          |                            |
| Carrying amount at the start of the year | 16,327                   | 1,512,427                  |
| Additional provisions recognised         | -                        | 3,048,823                  |
| Amounts used                             | (2,985)                  | -                          |
| Payments                                 | -                        | (2,419,380)                |
| Unused amounts reversed                  | (13,342)                 | (864,851)                  |
| Carrying amount at the end of the year   | -                        | 1,277,019                  |

## Note 19. Non-current liabilities - borrowings

|            | Consolidated<br>2018<br>\$ | Consolidated<br>2017<br>\$ |
|------------|----------------------------|----------------------------|
| Bank loans | 10,000,000                 | 2,875,000                  |

Refer to note 24 for further information on financial instruments.

### \$10,000,000 bank loan facility

The loan is repayable on 2 November 2019 with interest only payments to be made monthly in arrears. Interest is fixed and payable at 9.5% per annum. The facility expires on 2 November 2019. As at 30 June 2018, the facility is fully used and there are no unused amounts. The loan is secured over all the assets to the group.

As part consideration for the financing facility the group also issued the following performance rights to the lender:

- 950,000 performance rights, which will convert to fully paid-up ordinary shares upon the 60-day volume weighted average price ('VWAP') of Pureprofile shares reaching \$0.40 per share; and
- 1,150,000 performance rights, which will convert to fully paid-up ordinary shares upon the 60-day VWAP of Pureprofile shares reaching \$0.60 per share.

### Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

|                | Consolidated<br>2018<br>\$ | Consolidated<br>2017<br>\$ |
|----------------|----------------------------|----------------------------|
| Bank overdraft | -                          | 2,371,426                  |
| Bank loans     | 10,000,000                 | 4,000,000                  |
|                | 10,000,000                 | 6,371,426                  |

The bank overdraft and bank loan are secured by the assets of the group.

**Note 19. Non-current liabilities - borrowings (continued)**

Unrestricted access was available at the reporting date to the following lines of credit:

|                              | Consolidated<br>2018<br>\$ | Consolidated<br>2017<br>\$ |
|------------------------------|----------------------------|----------------------------|
| Total facilities             |                            |                            |
| Bank overdraft               | -                          | 3,000,000                  |
| Bank loans                   | 10,000,000                 | 4,000,000                  |
| Bank guarantees              | -                          | 500,000                    |
|                              | <u>10,000,000</u>          | <u>7,500,000</u>           |
| Used at the reporting date   |                            |                            |
| Bank overdraft               | -                          | 2,371,426                  |
| Bank loans                   | 10,000,000                 | 4,000,000                  |
| Bank guarantees              | -                          | 127,904                    |
|                              | <u>10,000,000</u>          | <u>6,499,330</u>           |
| Unused at the reporting date |                            |                            |
| Bank overdraft               | -                          | 628,574                    |
| Bank loans                   | -                          | -                          |
| Bank guarantees              | -                          | 372,096                    |
|                              | <u>-</u>                   | <u>1,000,670</u>           |

**Note 20. Non-current liabilities - provisions**

|                   | Consolidated<br>2018<br>\$ | Consolidated<br>2017<br>\$ |
|-------------------|----------------------------|----------------------------|
| Employee benefits | <u>132,085</u>             | <u>155,546</u>             |

**Note 21. Equity - issued capital**

|                              | 2018<br>Shares     | 2017<br>Shares     | Consolidated<br>2018<br>\$ | Consolidated<br>2017<br>\$ |
|------------------------------|--------------------|--------------------|----------------------------|----------------------------|
| Ordinary shares - fully paid | <u>120,495,625</u> | <u>111,171,611</u> | <u>41,803,151</u>          | <u>39,937,294</u>          |



## Note 21. Equity - issued capital (continued)

### Movements in ordinary share capital

| Details                                             | Date              | Shares             | Issue price | \$                |
|-----------------------------------------------------|-------------------|--------------------|-------------|-------------------|
| Balance                                             | 1 July 2016       | 63,727,181         |             | 19,190,010        |
| Shares issued on acquisition of Sparc Media         | 29 July 2016      | 3,000,000          | \$0.40      | 1,200,000         |
| Issue of shares                                     | 28 September 2016 | 8,660,448          | \$0.45      | 3,897,202         |
| Issue of shares                                     | 7 November 2016   | 28,450,649         | \$0.45      | 12,803,214        |
| Issue of shares                                     | 8 November 2016   | 666,666            | \$0.45      | 300,000           |
| Shares issued on acquisition of Cohort              | 8 November 2016   | 6,666,667          | \$0.45      | 3,000,000         |
| Less: share issue costs net of taxation             |                   | -                  | \$0.00      | (453,132)         |
| Balance                                             | 30 June 2017      | 111,171,611        |             | 39,937,294        |
| Shares issued on acquisition of Cohort              | 8 November 2017   | 8,888,889          | \$0.21      | 1,866,667         |
| Conversion of performance rights to ordinary shares | 7 May 2018        | 435,125            | \$0.00      | -                 |
| Less: share issue costs net of taxation             |                   | -                  | \$0.00      | (810)             |
| Balance                                             | 30 June 2018      | <u>120,495,625</u> |             | <u>41,803,151</u> |

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Share buy-back

There is no current on-market share buy-back.

### Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the previous period.

## Note 22. Equity - reserves

|                              | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|------------------------------|----------------------------|----------------|
| Foreign currency reserve     | (215,038)                  | (232,619)      |
| Share-based payments reserve | 449,241                    | 358,629        |
|                              | <u>234,203</u>             | <u>126,010</u> |

### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| Consolidated                 | Foreign<br>currency<br>\$ | Share-based<br>payments<br>\$ | Total<br>\$    |
|------------------------------|---------------------------|-------------------------------|----------------|
| Balance at 1 July 2016       | (130,768)                 | 228,218                       | 97,450         |
| Foreign currency translation | (101,851)                 | -                             | (101,851)      |
| Share-based payments         | -                         | 130,411                       | 130,411        |
| Balance at 30 June 2017      | (232,619)                 | 358,629                       | 126,010        |
| Foreign currency translation | 17,581                    | -                             | 17,581         |
| Share-based payments         | -                         | 90,612                        | 90,612         |
| Balance at 30 June 2018      | <u>(215,038)</u>          | <u>449,241</u>                | <u>234,203</u> |

## Note 23. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 24. Financial instruments

### Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

### Market risk

#### Foreign currency risk

The group operates internationally and is exposed to foreign currency risk from various currency exposures, primarily with respect to the US dollar and GB Pound.

#### Note 24. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the group's foreign currency denominated financial assets and financial liabilities at the reporting date were not significant.

##### Price risk

The group is not exposed to any significant price risk.

##### Interest rate risk

The group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

As at the reporting date, the group had the following variable rate borrowings outstanding:

|                                              | 2018                             |            | 2017                             |            |
|----------------------------------------------|----------------------------------|------------|----------------------------------|------------|
|                                              | Weighted average interest rate % | Balance \$ | Weighted average interest rate % | Balance \$ |
| <b>Consolidated</b>                          |                                  |            |                                  |            |
| Bank overdraft                               | -                                | -          | 6.14%                            | 2,371,426  |
| Bank loans                                   | -                                | -          | 1.90%                            | 4,000,000  |
| Net exposure to cash flow interest rate risk |                                  | -          |                                  | 6,371,426  |

As at the 30 June 2018, the group's borrowings were subject to a fixed interest rate, hence the group was not susceptible to interest rate risk.

An analysis by remaining contractual maturities is shown in the liquidity section below.

As at the 30 June 2018, the group's borrowings were subject to a fixed interest rate, hence the group was not susceptible to interest rate risk arising from fluctuation in the variable interest rate. As at 30 June 2017, outstanding borrowing subject to variable interest rates totalled \$6,371,426. For the financial year ended 30 June 2017, an official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on loss before tax of \$63,714 per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

##### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not have any material credit risk exposure to any single debtor or group of debtors and does not hold any collateral.

The group has a concentration of credit risk exposure with its debtors financing facility. The finance provider, as at 30 June 2018, is owed \$5,628,291 (2017: \$nil) from the group's trade receivables. In the event that the group's trade receivables are not collected the group will be liable for amounts owed to the finance provider. Amounts owing represent 81.6% (2017: n/a) of trade receivables at 30 June 2018. The group has recognised a provision for impairment of receivables of \$615,897 at 30 June 2018 and management is confident of collection of the remaining trade receivables balances. There are no guarantees against these receivables but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

##### Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

**Note 24. Financial instruments (continued)**

The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Financing arrangements*

Unused borrowing facilities at the reporting date:

|                 | <b>Consolidated</b> |                  |
|-----------------|---------------------|------------------|
|                 | <b>2018</b>         | <b>2017</b>      |
|                 | <b>\$</b>           | <b>\$</b>        |
| Bank overdraft  | -                   | 628,574          |
| Bank guarantees | -                   | 372,096          |
|                 | <u>-</u>            | <u>1,000,670</u> |

*Remaining contractual maturities*

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

|                                      | Weighted<br>average<br>interest rate<br>% | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
|--------------------------------------|-------------------------------------------|----------------------|--------------------------------|--------------------------------|--------------------|----------------------------------------------|
| <b>Consolidated - 2018</b>           |                                           |                      |                                |                                |                    |                                              |
| <b>Non-derivatives</b>               |                                           |                      |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>          |                                           |                      |                                |                                |                    |                                              |
| Trade payables                       | -                                         | 5,276,716            | -                              | -                              | -                  | 5,276,716                                    |
| Other payables                       | -                                         | 1,557,361            | -                              | -                              | -                  | 1,557,361                                    |
| Reward redemption provision          | -                                         | 1,277,019            | -                              | -                              | -                  | 1,277,019                                    |
| <i>Interest-bearing - fixed rate</i> |                                           |                      |                                |                                |                    |                                              |
| Bank loans                           | 9.50%                                     | 950,000              | 10,316,667                     | -                              | -                  | 11,266,667                                   |
| Total non-derivatives                |                                           | <u>9,061,096</u>     | <u>10,316,667</u>              | <u>-</u>                       | <u>-</u>           | <u>19,377,763</u>                            |
|                                      | Weighted<br>average<br>interest rate<br>% | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
| <b>Consolidated - 2017</b>           |                                           |                      |                                |                                |                    |                                              |
| <b>Non-derivatives</b>               |                                           |                      |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>          |                                           |                      |                                |                                |                    |                                              |
| Trade payables                       | -                                         | 5,300,111            | -                              | -                              | -                  | 5,300,111                                    |
| Other payables                       | -                                         | 2,170,345            | -                              | -                              | -                  | 2,170,345                                    |
| Contingent consideration             | -                                         | 4,500,000            | -                              | -                              | -                  | 4,500,000                                    |
| Reward redemption provision          | -                                         | 1,512,427            | -                              | -                              | -                  | 1,512,427                                    |
| <i>Interest-bearing - variable</i>   |                                           |                      |                                |                                |                    |                                              |
| Bank overdraft                       | 6.14%                                     | 2,571,032            | -                              | -                              | -                  | 2,571,032                                    |
| Bank loans                           | 1.90%                                     | 1,195,656            | 2,290,375                      | 627,969                        | -                  | 4,114,000                                    |
| Total non-derivatives                |                                           | <u>17,249,571</u>    | <u>2,290,375</u>               | <u>627,969</u>                 | <u>-</u>           | <u>20,167,915</u>                            |

\* Contingent consideration - cash payable to vendor held in escrow at 30 June 2016. It was released to the vendor on 28 July 2016.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Note 24. Financial instruments (continued)

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

## Note 25. Fair value measurement

### Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

|                            | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
|----------------------------|---------------|---------------|---------------|-------------|
| <b>Consolidated - 2017</b> |               |               |               |             |
| <i>Liabilities</i>         |               |               |               |             |
| Contingent consideration   | -             | -             | 7,522,222     | 7,522,222   |
| Total liabilities          | -             | -             | 7,522,222     | 7,522,222   |

There were no transfers between levels during the financial year.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

### Valuation techniques for fair value measurements categorised within level 2 and level 3

The fair value of the contingent consideration has been valued using a discounted cash flow model and the fair value of shares to be issued.

### Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

|                                                  | Contingent<br>consideration<br>\$ | Total<br>\$ |
|--------------------------------------------------|-----------------------------------|-------------|
| <b>Consolidated</b>                              |                                   |             |
| Balance at 1 July 2016                           | 1,500,000                         | 1,500,000   |
| Additions                                        | 8,500,000                         | 8,500,000   |
| Payment of contingent consideration              | (1,500,000)                       | (1,500,000) |
| Fair value movement recognised in profit or loss | (977,778)                         | (977,778)   |
| Balance at 30 June 2017                          | 7,522,222                         | 7,522,222   |
| Payment of contingent consideration              | (4,298,856)                       | (4,298,856) |
| Issue of shares in lieu of payment               | (1,866,667)                       | (1,866,667) |
| Fair value movement recognised in profit or loss | (1,356,699)                       | (1,356,699) |
| Balance at 30 June 2018                          | -                                 | -           |

## Note 26. Key management personnel disclosures

### Compensation

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

|                              | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|------------------------------|----------------------------|------------------|
| Short-term employee benefits | 902,620                    | 905,752          |
| Post-employment benefits     | 59,295                     | 65,241           |
| Share-based payments         | 24,901                     | 54,604           |
|                              | <u>986,816</u>             | <u>1,025,597</u> |

## Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the company, and unrelated firms:

|                                                                 | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|-----------------------------------------------------------------|----------------------------|----------------|
| <i>Audit services - Grant Thornton (2017: Pitcher Partners)</i> |                            |                |
| Audit or review of the financial statements                     | <u>160,028</u>             | <u>140,344</u> |
| <i>Audit services - other firms</i>                             |                            |                |
| Audit or review of the financial statements                     | <u>99,900</u>              | <u>43,794</u>  |
| <i>Other services - other firms</i>                             |                            |                |
| Taxation services                                               | 120,899                    | 82,304         |
| Assistance in financial due diligence                           | <u>35,050</u>              | <u>21,316</u>  |
|                                                                 | <u>155,949</u>             | <u>103,620</u> |
|                                                                 | <u>255,849</u>             | <u>147,414</u> |

## Note 28. Contingent liabilities

The group has given a bank guarantee as at 30 June 2018 of \$182,337 (2017: \$182,337) to its landlord for leased property.

## Note 29. Commitments

|                                                                             | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|-----------------------------------------------------------------------------|----------------------------|------------------|
| <i>Lease commitments - operating</i>                                        |                            |                  |
| Committed at the reporting date but not recognised as liabilities, payable: |                            |                  |
| Within one year                                                             | 1,271,783                  | 950,171          |
| One to five years                                                           | 1,161,844                  | 349,308          |
| More than five years                                                        | 1,806,350                  | -                |
|                                                                             | <u>4,239,977</u>           | <u>1,299,479</u> |

Operating lease commitments includes contracted amounts for offices and plant and equipment under non-cancellable operating leases expiring within 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

## Note 30. Related party transactions

### *Parent entity*

Pureprofile Ltd is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 33.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

### *Transactions with related parties*

The following transactions occurred with related parties:

|                                                             | Consolidated<br>2018<br>\$ | 2017<br>\$ |
|-------------------------------------------------------------|----------------------------|------------|
| Sale of goods and services:                                 |                            |            |
| Sale of services to director-related entity                 | -                          | 6,675      |
| Payment for goods and services:                             |                            |            |
| Payment for services from director-related entities         | -                          | 30,764     |
| Payment for expenses reimbursed to key management personnel | 362                        | -          |

### *Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

|                                                | Consolidated<br>2018<br>\$ | 2017<br>\$ |
|------------------------------------------------|----------------------------|------------|
| Current receivables:                           |                            |            |
| Trade receivables from director-related entity | -                          | 2,118      |
| Current payables:                              |                            |            |
| Payables to director-related entities          | -                          | 2,956      |

### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

### Note 30. Related party transactions (continued)

#### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

### Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

#### Statement of profit or loss and other comprehensive income

|                          | Parent       |             |
|--------------------------|--------------|-------------|
|                          | 2018<br>\$   | 2017<br>\$  |
| Loss after income tax    | (32,297,136) | (2,959,549) |
| Total comprehensive loss | (32,297,136) | (2,959,549) |

#### Statement of financial position

|                              | Parent       |             |
|------------------------------|--------------|-------------|
|                              | 2018<br>\$   | 2017<br>\$  |
| Total current assets         | 227,218      | 38,576,741  |
| Total assets                 | 16,040,212   | 43,683,184  |
| Total current liabilities    | 151,122      | 4,578,427   |
| Total liabilities            | 10,151,122   | 7,453,427   |
| Equity                       |              |             |
| Issued capital               | 41,803,151   | 39,937,294  |
| Share-based payments reserve | 449,241      | 358,629     |
| Accumulated losses           | (36,363,302) | (4,066,166) |
| Total equity                 | 5,889,090    | 36,229,757  |

#### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity is a party to a deed of cross guarantee (refer note 35), under which it guarantees the debts of certain of its subsidiaries as at 30 June 2018 and 30 June 2017.

#### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017 other than those disclosed in note 29 .

#### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

#### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.



**Note 32. Business combinations**

*Acquisition of Cohort Holdings Australia Pty Limited and it's controlled entities (prior year)*

On 8 November 2016, the Group acquired 100% of the share capital of Cohort Australia Holdings Pty Limited and its controlled entities (collectively referred to as 'Cohort') for total consideration of \$27,542,462. Cohort specialises in digital marketing and lead generation. It was acquired to accelerate Pureprofile's expansion into media sales and to access Cohort's highly skilled workforce and proprietary technology platforms. The goodwill of \$13,396,158 represents the strategic drivers of the business including enabling Pureprofile to strengthen its pipeline of campaign opportunities as well as publisher and agency relationships by leveraging Cohort's database with its proprietary and partner digital assets. None of the goodwill recognised is expected to be deductible for tax purposes. The acquired business contributed revenues of \$17,860,287 and profit after tax of \$2,275,951 to the consolidated entity for the period from 8 November 2016 to 30 June 2017. If the acquisition occurred on 1 July 2016, the contributions for the year to 30 June 2017 would have been revenues of \$28,231,456 and profit after tax of \$3,240,737.

Details of the acquisition are as follows:

|                                                                                    | Fair value<br>\$  |
|------------------------------------------------------------------------------------|-------------------|
| Cash and cash equivalents                                                          | 1,362,218         |
| Trade receivables                                                                  | 5,078,503         |
| Prepayments                                                                        | 321,633           |
| Other current assets                                                               | 159,404           |
| Plant and equipment                                                                | 213,112           |
| Software                                                                           | 5,490,000         |
| Membership base                                                                    | 2,647,235         |
| Customer and partnership relationships                                             | 3,622,000         |
| Brand names                                                                        | 1,058,000         |
| Deferred tax asset                                                                 | 109,313           |
| Trade payables                                                                     | (3,994,446)       |
| Provision for income tax                                                           | (663,207)         |
| Deferred tax liability                                                             | (1,086,600)       |
| Employee benefits                                                                  | (145,143)         |
| Other liabilities                                                                  | (25,718)          |
| Net assets acquired                                                                | 14,146,304        |
| Goodwill                                                                           | 13,396,158        |
| Acquisition-date fair value of the total consideration transferred                 | <u>27,542,462</u> |
| Representing:                                                                      |                   |
| Cash paid or payable to vendor                                                     | 16,042,462        |
| Pureprofile Ltd. shares issued to vendor                                           | 3,000,000         |
| Contingent consideration - Pureprofile Ltd. shares and cash to be issued to vendor | 8,500,000         |
|                                                                                    | <u>27,542,462</u> |

**Note 32. Business combinations (continued)**

|                                                                                            | Consolidated<br>2018<br>\$ | 2017<br>\$        |
|--------------------------------------------------------------------------------------------|----------------------------|-------------------|
| Cash used to acquire business, net of cash acquired:                                       |                            |                   |
| Acquisition-date fair value of the total consideration transferred                         | 27,542,462                 | 27,542,462        |
| Less: cash and cash equivalents                                                            | (1,362,218)                | (1,362,218)       |
| Less: payments made in prior periods                                                       | (14,680,244)               | -                 |
| Less: contingent consideration                                                             | -                          | (7,522,222)       |
| Less: shares issued by company as part of consideration during the year ended 30 June 2017 | (3,000,000)                | (3,000,000)       |
| Less: shares issued by company as part of consideration during the year ended 30 June 2018 | (1,866,667)                | -                 |
| Less: fair value adjustment to contingent consideration during the year ended 30 June 2017 | (977,778)                  | (977,778)         |
| Less: fair value adjustment to contingent consideration during the year ended 30 June 2018 | (1,356,699)                | -                 |
| Net cash used                                                                              | <u>4,298,856</u>           | <u>14,680,244</u> |

Total acquisition costs in relation to the acquisition of Cohort of \$246,420 (2017: \$2,279,984) were expensed to the profit or loss during the year ended 30 June 2018.

**Note 33. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name                                  | Principal place of business /<br>Country of incorporation | Ownership interest<br>2018<br>% | 2017<br>% |
|---------------------------------------|-----------------------------------------------------------|---------------------------------|-----------|
| Pureprofile.com, Inc.                 | USA                                                       | 100.00%                         | 100.00%   |
| Pureprofile Australia Pty Limited     | Australia                                                 | 100.00%                         | 100.00%   |
| Pureprofile Global Pty Ltd            | Australia                                                 | 100.00%                         | 100.00%   |
| Pureprofile Media PLC                 | United Kingdom                                            | 100.00%                         | 100.00%   |
| Pureprofile UK Ltd                    | United Kingdom                                            | 100.00%                         | 100.00%   |
| Pureprofile US Inc.                   | USA                                                       | 100.00%                         | 100.00%   |
| Pure Network Pty Ltd                  | Australia                                                 | 100.00%                         | 100.00%   |
| Real Research Global Pty Ltd          | Australia                                                 | 100.00%                         | 100.00%   |
| Real Research Pty Ltd                 | Australia                                                 | 100.00%                         | 100.00%   |
| Sparc Media Pty Ltd                   | Australia                                                 | 100.00%                         | 100.00%   |
| Funbox India Private Limited          | India                                                     | 100.00%                         | 100.00%   |
| Sparc Media sp. Z o.o.                | Poland                                                    | 100.00%                         | 100.00%   |
| Pureprofile NZ Ltd                    | New Zealand                                               | 100.00%                         | 100.00%   |
| Cohort Holdings Australia Pty Limited | Australia                                                 | 100.00%                         | 100.00%   |
| Cohort Australia Pty Ltd              | Australia                                                 | 100.00%                         | 100.00%   |
| Cohort Developments Pty Ltd           | Australia                                                 | 100.00%                         | 100.00%   |
| Cohort Global LLC                     | USA                                                       | 100.00%                         | 100.00%   |
| Cohort Global Ltd                     | United Kingdom                                            | 100.00%                         | 100.00%   |

#### Note 34. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Pureprofile Australia Pty Limited  
Pureprofile Global Pty Ltd  
Pure Network Pty Ltd  
Real Research Global Pty Ltd  
Real Research Pty Ltd  
Sparc Media Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Pureprofile Ltd, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

|                                                                   | 2018<br>\$          | 2017<br>\$          |
|-------------------------------------------------------------------|---------------------|---------------------|
| <b>Statement of profit or loss and other comprehensive income</b> |                     |                     |
| Revenue                                                           | 31,706,698          | 35,325,205          |
| Other income                                                      | -                   | 977,778             |
| Direct costs of revenue                                           | (16,094,793)        | (17,509,159)        |
| Employee benefits expense                                         | (9,102,649)         | (9,742,018)         |
| Foreign exchange loss                                             | (400,441)           | (334,904)           |
| Depreciation, amortisation and impairment expense                 | (21,904,282)        | (2,045,795)         |
| Technology, engineering and licence fees                          | (3,177,898)         | (2,957,469)         |
| Share-based payment expense                                       | (68,700)            | (109,181)           |
| Restructuring, acquisition and IPO costs                          | (23,548)            | (2,268,747)         |
| Other expenses                                                    | (5,611,871)         | (5,799,630)         |
| <b>Loss before income tax (expense)/benefit</b>                   | (24,677,484)        | (4,463,920)         |
| Income tax (expense)/benefit                                      | (278,974)           | 1,286,782           |
| <b>Loss after income tax (expense)/benefit</b>                    | (24,956,458)        | (3,177,138)         |
| Other comprehensive income for the year, net of tax               | -                   | -                   |
| <b>Total comprehensive loss for the year</b>                      | <u>(24,956,458)</u> | <u>(3,177,138)</u>  |
|                                                                   | 2018<br>\$          | 2017<br>\$          |
| <b>Equity - accumulated losses</b>                                |                     |                     |
| Accumulated losses at the beginning of the financial year         | (14,629,692)        | (11,452,554)        |
| Loss after income tax (expense)/benefit                           | <u>(24,956,458)</u> | <u>(3,177,138)</u>  |
| Accumulated losses at the end of the financial year               | <u>(39,586,150)</u> | <u>(14,629,692)</u> |

**Note 34. Deed of cross guarantee (continued)**

|                                        | 2018<br>\$        | 2017<br>\$        |
|----------------------------------------|-------------------|-------------------|
| <b>Statement of financial position</b> |                   |                   |
| <b>Current assets</b>                  |                   |                   |
| Cash and cash equivalents              | 948,962           | 586,562           |
| Trade and other receivables            | 4,207,371         | 7,481,528         |
| Other                                  | 437,345           | 628,470           |
|                                        | <u>5,593,678</u>  | <u>8,696,560</u>  |
| <b>Non-current assets</b>              |                   |                   |
| Property, plant and equipment          | 125,186           | 191,097           |
| Intangibles                            | 14,393,271        | 13,707,959        |
| Deferred tax                           | 1,559,248         | 2,011,686         |
| Investment in subsidiary               | 9,181,561         | 28,307,923        |
|                                        | <u>25,259,266</u> | <u>44,218,665</u> |
| <b>Total assets</b>                    | <u>30,852,944</u> | <u>52,915,225</u> |
| <b>Current liabilities</b>             |                   |                   |
| Trade and other payables               | 7,892,508         | 14,096,175        |
| Borrowings                             | -                 | 3,496,426         |
| Income tax                             | 459,101           | 618,839           |
| Provisions                             | 1,559,815         | 1,803,571         |
| Related party payables                 | 7,893,261         | 4,193,332         |
| Deferred revenue                       | 224,594           | 116,442           |
|                                        | <u>18,029,279</u> | <u>24,324,785</u> |
| <b>Non-current liabilities</b>         |                   |                   |
| Borrowings                             | 10,000,000        | 2,875,000         |
| Provisions                             | 71,992            | 71,271            |
|                                        | <u>10,071,992</u> | <u>2,946,271</u>  |
| <b>Total liabilities</b>               | <u>28,101,271</u> | <u>27,271,056</u> |
| <b>Net assets</b>                      | <u>2,751,673</u>  | <u>25,644,169</u> |
| <b>Equity</b>                          |                   |                   |
| Issued capital                         | 41,803,151        | 39,937,294        |
| Reserves                               | 534,672           | 336,567           |
| Accumulated losses                     | (39,586,150)      | (14,629,692)      |
| <b>Total equity</b>                    | <u>2,751,673</u>  | <u>25,644,169</u> |

## Note 35. Earnings per share

|                                                                                           | Consolidated<br>2018<br>\$ | 2017<br>\$  |
|-------------------------------------------------------------------------------------------|----------------------------|-------------|
| Loss after income tax attributable to the owners of Pureprofile Ltd                       | (25,979,877)               | (1,998,302) |
|                                                                                           | Number                     | Number      |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 116,934,616                | 96,032,731  |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 116,934,616                | 96,032,731  |
|                                                                                           | Cents                      | Cents       |
| Basic earnings per share                                                                  | (22.22)                    | (2.08)      |
| Diluted earnings per share                                                                | (22.22)                    | (2.08)      |

Options have been excluded from the diluted earnings per share as they were anti-dilutive.

## Note 36. Share-based payments

### Share options and service rights

A long term incentive plan ('LTI') and short term incentive plan ('STI') has been established by the group, whereby the group may, at the discretion of the Board, grant options or performance rights (in the case of an LTI) or service rights (in the case of an STI) over ordinary shares in the company to certain key management personnel and employees of the group. The existing options are issued for consideration and are granted in accordance with guidelines established by the Board. The existing service rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

The general terms under which the share options and service rights are granted are summarised in the Remuneration report section of the Directors' report.

### Performance rights

On 12 December 2017, the company issued 2,100,000 performance rights to its finance facility provider, as part consideration for the financing facility obtained in November 2017. The general terms under which the performance rights are granted are summarised in note 19.

Share-based payments expense for the financial year was \$90,612 (2017: \$130,411).

Set out below are summaries of options granted under the long term incentive plan:

| 2018                            |             |                |                                  |         |           |                           |                                |
|---------------------------------|-------------|----------------|----------------------------------|---------|-----------|---------------------------|--------------------------------|
| Grant date                      | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
| 29/05/2015                      | 29/05/2020  | \$0.50         | 2,009,000                        | -       | -         | -                         | 2,009,000                      |
| 29/05/2015                      | 29/05/2020  | \$0.60         | 1,200,000                        | -       | -         | -                         | 1,200,000                      |
|                                 |             |                | 3,209,000                        | -       | -         | -                         | 3,209,000                      |
| Weighted average exercise price |             |                | \$0.54                           | \$0.00  | \$0.00    | \$0.00                    | \$0.54                         |

**Note 36. Share-based payments (continued)**

2017

| Grant date                      | Expiry date | Exercise price | Balance at the start of the year | Granted  | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|----------|-----------|---------------------------|--------------------------------|
| 29/05/2015                      | 29/05/2020  | \$0.50         | 2,111,000                        | -        | -         | (102,000)                 | 2,009,000                      |
| 29/05/2015                      | 29/05/2020  | \$0.60         | 1,200,000                        | -        | -         | -                         | 1,200,000                      |
|                                 |             |                | <u>3,311,000</u>                 | <u>-</u> | <u>-</u>  | <u>(102,000)</u>          | <u>3,209,000</u>               |
| Weighted average exercise price |             |                | \$0.54                           | \$0.00   | \$0.00    | \$0.50                    | \$0.54                         |

Set out below are the options that have vested and are exercisable at the end of the financial year:

| Grant date | Expiry date | 2018 Number      | 2017 Number      |
|------------|-------------|------------------|------------------|
| 29/05/2015 | 29/05/2020  | 2,009,000        | 1,407,336        |
| 29/05/2015 | 29/05/2020  | 1,200,000        | 799,998          |
|            |             | <u>3,209,000</u> | <u>2,207,334</u> |

The weighted average share price during the financial year was \$0.18 (2017: \$0.43).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.9 years (2017: 2.9 years).

Set out below are summaries of service rights granted under the short term incentive plan:

2018

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted  | Exercised        | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|----------|------------------|---------------------------|--------------------------------|
| 28/02/2018 | 31/01/2018  | \$0.00         | 435,125                          | -        | (435,125)        | -                         | -                              |
|            |             |                | <u>435,125</u>                   | <u>-</u> | <u>(435,125)</u> | <u>-</u>                  | <u>-</u>                       |

2017

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted        | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|----------------|-----------|---------------------------|--------------------------------|
| 19/12/2016 | 31/01/2018  | \$0.00         | -                                | 435,125        | -         | -                         | 435,125                        |
|            |             |                | <u>-</u>                         | <u>435,125</u> | <u>-</u>  | <u>-</u>                  | <u>435,125</u>                 |

No service rights are exercisable at the end of the financial year (2017: nil)

The weighted average remaining contractual life of service rights outstanding at the end of the financial year was nil (2017: 0.6 years).

### Note 36. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

| 2018       |             |                |                                  |           |           |                           |                                |
|------------|-------------|----------------|----------------------------------|-----------|-----------|---------------------------|--------------------------------|
| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted   | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
| 12/12/2017 | 02/11/2019  | \$0.00         | -                                | 2,100,000 | -         | -                         | 2,100,000                      |
|            |             |                | -                                | 2,100,000 | -         | -                         | 2,100,000                      |

No performance rights are exercisable at the end of the financial year (2017: n/a)

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.3 years (2017: n/a).

### Note 37. Cash flow information

*Reconciliation of loss after income tax to net cash from operating activities*

|                                                      | Consolidated<br>2018<br>\$ | 2017<br>\$  |
|------------------------------------------------------|----------------------------|-------------|
| Loss after income tax (expense)/benefit for the year | (25,979,877)               | (1,998,302) |
| Adjustments for:                                     |                            |             |
| Depreciation and amortisation                        | 5,251,229                  | 3,491,458   |
| Impairment of intangibles                            | 17,994,882                 | -           |
| Share-based payments                                 | 90,612                     | 130,411     |
| Net loss on disposal of non-current assets           | 1,058,000                  | 6,418       |
| Foreign currency differences                         | 17,581                     | (29,445)    |
| Payment for expenses relating to acquisitions        | 498,322                    | 2,238,747   |
| Revaluation of earn-out liability                    | (1,356,699)                | (977,778)   |
| Change in operating assets and liabilities:          |                            |             |
| Decrease/(increase) in trade and other receivables   | 5,278,700                  | (1,077,842) |
| Decrease in income tax refund due                    | -                          | 522,124     |
| Decrease/(increase) in deferred tax assets           | 889,887                    | (532,724)   |
| Decrease/(increase) in accrued revenue               | (186,290)                  | 210,313     |
| Decrease/(increase) in prepayments                   | 278,175                    | (72,189)    |
| Increase in trade and other payables                 | 768,948                    | 481,490     |
| Increase/(decrease) in provision for income tax      | (410,860)                  | 51,329      |
| Decrease in deferred tax liabilities                 | (84,336)                   | (58,776)    |
| Increase/(decrease) in employee benefits             | (32,387)                   | 188,706     |
| Decrease in other provisions                         | (251,735)                  | (198,410)   |
| Net cash from operating activities                   | 3,824,152                  | 2,375,530   |

**Note 37. Cash flow information (continued)**

*Changes in liabilities arising from financing activities*

| <b>Consolidated</b>                | Bank loans<br>\$         | Total<br>\$              |
|------------------------------------|--------------------------|--------------------------|
| Balance at 1 July 2016             | 125,000                  | 125,000                  |
| Net cash from financing activities | <u>3,875,000</u>         | <u>3,875,000</u>         |
| Balance at 30 June 2017            | 4,000,000                | 4,000,000                |
| Net cash from financing activities | <u>6,000,000</u>         | <u>6,000,000</u>         |
| Balance at 30 June 2018            | <u><u>10,000,000</u></u> | <u><u>10,000,000</u></u> |

**Note 38. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Andrew Edwards  
Non-Executive Chairman

28 September 2018  
Sydney

# Independent Auditor's Report

## To the Members of Pureprofile Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Pureprofile Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of \$25,979,877 during the year ended 30 June 2018, and as of that date, the Group's current liabilities exceeded its current assets by \$3,923,864. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Carrying value of intangible assets Note 14</b></p> <p>At 30 June 2018, the Group's consolidated statement of financial position included intangible assets of \$19,144,187.</p> <p>AASB 136 <i>Impairment of Assets</i> requires, for the purposes of impairment testing, that goodwill acquired in a business combination be allocated to each of the Group's cash-generating units (CGUs). Each CGU to which goodwill has been allocated must be tested for impairment at least annually or when indicators of impairment are present.</p> <p>Management determined that indicators of impairment were present at 30 June 2018 and performed an impairment assessment as required by AASB 136. This assessment was performed by comparing the carrying amount of each CGU with their recoverable amounts, which were determined using a value-in-use impairment model.</p> <p>We considered this to be a key audit matter given the value of these assets relative to total assets and the significant judgements and assumptions involved in the application of the value-in-use model used by management in testing intangible assets for impairment and determining the impairment write-down.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed whether the impairment testing model ("the model") used by management met the requirements of Australian Accounting Standard AASB136;</li> <li>• Evaluated the determination of CGUs with respect to the independence of cash inflows generated by each CGU;</li> <li>• Tested the mathematical accuracy of the models;</li> <li>• Assessed the underlying assumptions regarding future cash flows used in the model by comparing these to approved budgets, historical performance, business plans, industry forecasts and other supporting information;</li> <li>• Evaluated the historical accuracy of the Group's forecasting ability;</li> <li>• Assessed the discount rates and the terminal growth rates used in the model, with involvement from our valuation specialists;</li> <li>• Considered the sensitivity of the model, focussing on areas where a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount and therefore indicate impairment; and</li> <li>• Assessed the adequacy of the disclosures relating to intangible assets in the financial statements, including those made with respect to judgements and estimates.</li> </ul> |

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Capitalisation of development costs Note 14</b></p> <p>During the year ended 30 June 2018, the Group capitalised \$3,914,542 of costs related to the development of its software assets.</p> <p>AASB 138 <i>Intangible Assets</i> sets out the criteria that are required to be met in order to record intangible assets arising from the development phase of a project.</p> <p>Judgment is required by management in determining if the internal labour and external supplier costs incurred are directly attributable to the development projects and the appropriateness of these costs to be capitalised under AASB 138.</p> <p>Due to the magnitude of amounts capitalised and the judgments and estimates involved in determining which costs may be capitalised throughout the life of the project and determining the useful life of the asset, this was considered to be a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the assumptions used and estimates made in capitalising development costs;</li> <li>• Assessed whether the useful life of development costs is appropriate;</li> <li>• Tested on a sample basis, costs capitalised to underlying evidence including employment contracts, payroll reports and invoices from external suppliers to assess the nature and eligibility of development costs for capitalisation as an intangible asset under AASB 138, and</li> <li>• Considered the adequacy of the financial report disclosures.</li> </ul> |

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

#### Report on the remuneration report

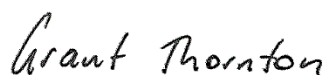
##### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 15 to 23 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Pureprofile Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S M Coulton  
Partner – Audit & Assurance

Sydney, 28 September 2018

|                                  |                                                                                                                                                                                                                                                                          |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors                        | Andrew Edwards<br>Nic Jones<br>Cliff Rosenberg<br>Sue Klose<br>Marcelo Ulvert                                                                                                                                                                                            |
| Company secretary                | Kohei Katagiri                                                                                                                                                                                                                                                           |
| Notice of annual general meeting | The details of the annual general meeting of Pureprofile Ltd. are:<br>Friday, 30 November 2018 at 11:00am at:<br>Grant Thornton<br>Level 17, 383 Kent Street<br>Sydney NSW 2000                                                                                          |
| Registered office                | Level 20, 233 Castlereagh Street<br>Sydney<br>NSW 2000<br>Tel: +61 2 9333 9700                                                                                                                                                                                           |
| Principal place of business      | Level 20, 233 Castlereagh Street<br>Sydney<br>NSW 2000<br>Tel: +61 2 9333 9700                                                                                                                                                                                           |
| Share register                   | Automic<br>Level 3/50 Holt St<br>Surry Hills<br>NSW 2010<br>Tel: +61 2 9698 5414                                                                                                                                                                                         |
| Auditor                          | Grant Thornton<br>Level 17, 383 Kent Street<br>Sydney<br>NSW 2000<br>Tel: +61 2 8297 2400                                                                                                                                                                                |
| Stock exchange listing           | Pureprofile Ltd. shares are listed on the Australian Securities Exchange (ASX code: PPL)                                                                                                                                                                                 |
| Website                          | <a href="http://www.pureprofile.com">www.pureprofile.com</a>                                                                                                                                                                                                             |
| Business objectives              | Pureprofile Ltd. has used cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives.                                                                                                                                |
| Corporate Governance Statement   | The Corporate Governance Statement was approved by the Board of Directors at the same time as the Annual Report and can be found on the Investor Relations page at <a href="https://business.pureprofile.com/investors/">https://business.pureprofile.com/investors/</a> |

The shareholder information set out below was applicable as at 1 September 2018.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

|                                       | Number of holders of ordinary shares | Number of holders of options over ordinary shares |
|---------------------------------------|--------------------------------------|---------------------------------------------------|
| 1 to 1,000                            | 28                                   | -                                                 |
| 1,001 to 5,000                        | 174                                  | 1                                                 |
| 5,001 to 10,000                       | 95                                   | -                                                 |
| 10,001 to 100,000                     | 321                                  | 7                                                 |
| 100,001 and over                      | 128                                  | 10                                                |
|                                       | <b>746</b>                           | <b>18</b>                                         |
| Holding less than a marketable parcel | <b>119</b>                           | <b>-</b>                                          |

### Equity security holders

#### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

|                                                            | Ordinary shares<br>Number held | % of total<br>shares issued |
|------------------------------------------------------------|--------------------------------|-----------------------------|
| Merrill Lynch (Australia) Nominees Pty Limited             | 11,732,839                     | 9.74                        |
| Citicorp Nominees Pty Limited                              | 10,019,072                     | 8.31                        |
| FMG Holdings Pty Ltd                                       | 8,837,701                      | 7.33                        |
| OCP Shelf 2 Pty Ltd                                        | 6,777,778                      | 5.62                        |
| Mr. Paul Augustine Chan (The Chan Family A/C)              | 6,202,090                      | 5.15                        |
| Mrs. Leora Shamgar                                         | 4,000,000                      | 3.32                        |
| Est Late Frederick Swaab                                   | 3,921,977                      | 3.25                        |
| MDJU Number 1 Pty Ltd (The MDJU No 3 A/C)                  | 3,888,889                      | 3.23                        |
| Ribekow Pty Ltd (The Ribekow Family A/C)                   | 3,888,889                      | 3.23                        |
| HSBC Custody Nominees (Australia) Limited                  | 2,718,383                      | 2.26                        |
| Onmell Pty Ltd (Onm BPSF A/C)                              | 2,411,755                      | 2.00                        |
| Pilmore Pty Ltd (Miwa Super Fund A/C)                      | 1,814,699                      | 1.51                        |
| Myall Resources Pty Ltd (Myall Group Super Fund A/C)       | 1,781,412                      | 1.48                        |
| Dato Lim Sen Yap                                           | 1,758,756                      | 1.46                        |
| BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP) | 1,582,826                      | 1.31                        |
| Nofusa Pty Ltd (Hersch Family A/C)                         | 1,500,000                      | 1.24                        |
| Depofo Pty Ltd (Super A/C)                                 | 1,300,000                      | 1.08                        |
| Appwam Pty Ltd                                             | 1,100,000                      | 0.91                        |
| Super Options Fund Pty Ltd                                 | 1,100,000                      | 0.91                        |
| Osgood Holdings Pty Ltd (Nicky6 Family A/C)                | 1,067,548                      | 0.89                        |
|                                                            | <b>77,404,614</b>              | <b>64.23</b>                |

*Unquoted equity securities*

|                                         | Number<br>on issue | Number<br>of holders |
|-----------------------------------------|--------------------|----------------------|
| Options over ordinary shares            | 3,209,000          | 17                   |
| Performance rights over ordinary shares | 2,100,000          | 1                    |

The following person holds 20% or more of unquoted equity securities:

| Name            | Class                                          | Number held |
|-----------------|------------------------------------------------|-------------|
| Lucerne Finance | Performance rights over ordinary shares issued | 2,100,000   |

**Substantial holders**

Substantial holders in the company are set out below:

|                                                | Number held | Ordinary shares<br>% of total<br>shares<br>issued |
|------------------------------------------------|-------------|---------------------------------------------------|
| Merrill Lynch (Australia) Nominees Pty Limited | 11,732,839  | 9.74                                              |
| Citicorp Nominees Pty Limited                  | 10,019,072  | 8.31                                              |
| FMG Holdings Pty Ltd                           | 8,837,701   | 7.33                                              |
| OCP Shelf 2 Pty Ltd                            | 6,777,778   | 5.62                                              |
| Mr Paul Augustine Chan (The Chan Family A/C)   | 6,202,090   | 5.15                                              |

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.



Pureprofile 