

ASX Announcement

12 February 2019

Pureprofile to sell Australia and New Zealand Performance business

Key Points

- Pureprofile will sell 100% of the shares of Cohort Holdings Australia Pty Ltd ("Cohort") to Unity4 Holdings Pty Ltd ("Unity4")
- Cohort comprises the Australian and New Zealand operations of the Company's Performance business unit
- Sale does not include the Performance business operating in the United Kingdom, which will continue to be operated by Pureprofile
- Sale price of \$500,000, to be paid in two tranches
- The ANZ Performance business has continued to experience declining revenues amid external challenges, becoming unsustainable to maintain with existing operating model and cost base
- The sale is expected to improve the Company's gross margin % and EBITDA
- Focuses the Company on greater investment in remaining business units

Pureprofile Limited (ASX: **PPL** or the **Company**) advises it has agreed to sell its Australia and New Zealand Performance business to Unity4 Holdings Pty Ltd (**Unity4**).

The Performance business unit comprises the Cohort-branded performance marketing business, which was acquired in 2016. The sale relates to the Australian and New Zealand operations only and does not include the Company's Performance business in the United Kingdom.

The sale follows the Board's review of the Company's business units. The ANZ Performance business continued to face declining revenues under increasingly challenging conditions in Australia. Most recently, the royal commission into banking precipitated the Company's insurance clients ceasing all lead-generation projects. These developments, coupled with

its existing cost and operating model would have made the business unit unsustainable to continue.

Unity4

The Cohort business is being sold to Unity4, a contact centre cloud (SaaS) technology company and one of the largest virtual contact centres in the world, with home-based contact centre agents operations in Australia, UK, Canada and New Zealand.

Unity4 serves many existing clients of the Cohort business and is well positioned to generate additional advantages and synergies by incorporating the Cohort business to complement its existing services.

Key terms of the sale

- Expected completion date 1 March 2019, subject to meeting net working capital requirements;
- Transfer of 100% of the shares in Cohort Holdings Australia Pty Ltd;
- Selling price of \$500,000 cash to be paid in two tranches (\$250,000 on completion and \$250,000 by 31 July 2019).

Strategic benefits of the sale

- Removal of business unit with declining revenues and lower gross margin percentage than other business units, which has negatively impacted EBITDA.
- Accordingly, the Company's gross margin percentage and EBITDA is expected to improve following the sale.
- Allocate existing resources and further investment in core areas of the business, which continues to grow and generate higher margins.
- Structures a simpler business model with greater potential for top line and bottom line growth.

Pureprofile CEO and Managing Director, Nic Jones, said: 'The ANZ arm of the Performance business faced some very tough external conditions. Since I came on board as CEO, most of my time – and indeed much of the Senior Leadership team's time – has been focused on stabilising the Performance business.'



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‘But with revenues continuing to decline and with our existing operating model, it became apparent that it would become loss-making. At our AGM, I said we were looking at all strategic options to address this problem and the sale of this business to Unity4 is an optimal outcome.

‘Following the sale, we will continue to make our business more simple, and this will include some changes to the management team so that it is better aligned to focusing on the remaining core businesses, which have continued to grow solidly. We are well aware that the issues surrounding the ANZ Performance business have been a subject of concern. Now, with its sale and with a renewed focus on a simpler, growing business, we must continue to look forward and I am truly excited by the future opportunities that this will present Pureprofile.’

- ENDS -

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About Pureprofile

Pureprofile Limited (ASX: PPL) connects brands with empowered customers across the world by finding, understanding and engaging them through direct-to-consumer technology platforms. The Pureprofile group is a global leader in data and insights, programmatic media and performance media. Pureprofile delivers next-generation marketing solutions for more than 700 brands, publishers and research groups worldwide.



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