

ASX Announcement



6 March 2018

Update on Oceania Capital Partners Limited's ("OCP") investment in Pureprofile Limited (ASX: PPL)

Shareholders are referred to the ASX Announcement by Pureprofile Limited ("PPL"), dated 6 March 2018, in relation to the request by OCP Shelf 2 Pty Ltd (a wholly owned subsidiary of OCP and the owner of 7,777,778 PPL shares) to convene a general meeting of PPL shareholders to consider and pass resolutions for the removal of Andrew Edwards as a director of PPL and the appointment of Marcelo Ulvert as a director of PPL.

OCP has taken this action in an attempt to protect and enhance the value of its shareholding in PPL. OCP's view is that the passing of the resolutions will be in the best interests of all PPL's stakeholders. An explanatory statement setting out OCP's reasons in more detail is attached to this announcement.

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Explanatory Statement

Background

OCP Shelf 2 Pty Ltd (“OCP”) has requisitioned a General Meeting of Pureprofile Limited (“the Company”) to consider and pass resolutions for the removal of Andrew Edwards (“Edwards”) as a director and the appointment of Marcelo Joaquin Ulvert (“Ulvert”) as a director in his stead.

OCP has taken this action in an attempt to protect and enhance the value of its shareholding in the Company. OCP’s view is that the passing of the resolutions will be in the best interests of all the Company’s stakeholders.

Reasons for the removal of Edwards

Appointments / Share price

1. Edwards was a director in July 2015 when the Company’s shares were listed on the ASX at a price of 50c.
2. Edwards was appointed Chairman from 1 April 2016. The Company’s share price was then 47c.
3. Edwards was appointed Executive Chairman on 8 November 2016. The share price was then 45c.
4. Edwards has been a director for all the Company’s public capital raisings.

Core Business and Acquisitions

1. At listing, the Company’s core business was the Pureprofile business founded and managed by Paul Chan.
2. Simultaneously with the listing, the Company made a substantial acquisition. It acquired the SparcMedia Business run by Wout van Damme. The rationale for the listing was partly to raise funds to acquire this business.
3. On 8 November 2016 the Company announced the completion of the Cohort Acquisition, another significant acquisition. OCP was one of the vendors of Cohort. An initial \$15 million in cash and \$3 million in shares at 45 cents was payable to the Sellers. Two further Earn Out Payments were also contemplated. These became payable as announced on 22 August 2017. To fund the initial payment, the Company borrowed monies and raised additional capital by issuing shares at 45c per share. On 3 November 2017, the Company announced new financing facilities to *“support ... estimated capital requirements, including the remaining cash consideration to the vendors of Cohort”*.
4. In his Chairman’s Address dated 30 November 2017 Edwards stated *“the final payout to the Cohort Vendors ... was actioned today”*. OCP discloses that an amount of \$1,363,274.15, which was due on 30 November 2017, has been unpaid by Cohort and that OCP and the other vendors have issued statutory demands against the Company for the amount withheld plus accrued interest.

Absence of Management

1. Both the acquired businesses are people-dependent. Management is crucial to their success.
2. Whatever reasons may be given, it is alarming that both businesses have been denuded of crucial leadership under Edwards’ stewardship. For example, the leader of SparcMedia, van Damme (who was commended previously for his expertise and welcomed to the Company’s leadership team) is no longer employed in that business. Similarly, the appointed Global MD of Cohort, Will Langton,

is no longer there. Paul Chan said at the time of Langton's engagement as Global MD: *"I can think of no one better for the role"*. Alarming, nothing was announced about his departure – seemingly he has no successor.

3. Paul Chan resigned abruptly on 5 February 2018.
4. There are no key historic founders or leaders in any of the Company's underlying businesses.

Senior Officers / Advisors

1. Geoff Nesbitt was the Chief Financial Officer of the Company at listing. On 8 June 2017 it was announced that he was "stepping down" as an Executive Director. Other than to meaninglessly advise that changes to the Company's finance team and Board were *"to support the next phase of growth and the operation integration of ...Cohort"* – no explanation was given.
2. The Company simultaneously announced that Jennifer Butler was appointed as Head of Finance. OCP understands that she left the Company 4 months later! Alarming, shareholders were not informed of her departure and no explanation was given.
3. The Company also announced that it was in the process of appointing a new NED with strong financial and audit experience. No such appointment has been made. On the contrary, on 9 November 2017 the Company announced the resignation of Matt Berriman without any replacement. Mr Berriman had been appointed just 1 year earlier to *"strengthen its board"*.
4. Paul Chan's resignation came without warning or meaningful explanation. Just a couple of months earlier, Edwards stated that he was *"pleased to have Paul focused on the Company's product vision as Chief Innovation Officer."*
5. It was also announced that Deloitte was to be appointed as financial controller. It is alarming that the Company has no in-house financial control resource.
6. In OCP's view, these occurrences, all under the stewardship of Edwards, point to a Company in turmoil.

Erosion of value

1. When Edwards was appointed Chairman the share price was 45 cents. It is currently 13 cents. Shareholders have lost approximately 70% of their value over that time.
2. Inadequate forward planning for the payment of the balance of the Earn Out for the Cohort acquisition led the Company to enter into a series of onerous funding transactions leaving it exposed and vulnerable. It also terminated its then existing mainstream funding arrangements with Commonwealth Bank.

No confidence

Given the circumstances above, OCP has no confidence in Edwards' ability to serve the Company as a director and seeks his removal.

Appointment of Ulvert

1. Ulvert is a Member of the Australian Institute of Company Directors.
2. Spanning a career in sales and marketing exceeding 25 years, Ulvert was most recently CEO at Cohort Australia having co-founded the business in 2008. Ulvert took Cohort through rapid growth and success manifested in several BRW Fast Starter/Fast 100 and Deloitte Technology Awards.

3. Ulvert is experienced in the Company's industry and has enduring relationships with blue chip clients.
4. Ulvert is the beneficial owner of 3,888,888 Company shares and is incentivised to ensure its success.
5. OCP considers that the appointment of Ulvert as a director will benefit the Company and all its stakeholders.

Voting

OCP urges all shareholders to **vote in favour of both resolutions.**