



Impelus Ltd (ASX:IMS)
ABN 24 089 805 416
t +612 9360 3385
info@impelus.com
Level 23 100 William St
East Sydney NSW 2011
Australia
impelus.com

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ASX Release

Market Update

- **Group EBITDA for H2 FY2019 expected to improve slightly on H1 FY2019.**
- **H2 FY2019 Group Performance Marketing revenue tracking for small improvement on H1 FY2019.**
- **Impelus has invested strongly in the development of its Digital Lead Generation products and technology. Results to date are encouraging with benefits already apparent.**
- **Significant product and IT systems development advances are underway in AU operations leading to improved margins and increased efficiencies currently and in the future.**
- **UK operations profitable with Premium Lead Generation (PLG) trials progressing.**

Digital Customer Generation Company Impelus Limited (ASX: IMS) (IMS, Impelus or Company) provides this market update to shareholders.

Financial Performance and Discipline

- H2 FY2019 Group EBITDA and Group Performance Marketing revenue are expected to improve on H1 FY2019 satisfying our stated expectation of steady and gradual improvement. We aspire to accelerate the improvements. Much remains to be done, however.
- H2 FY2019 Group revenue will be lower than H1 FY2019 due to non-inclusion of revenue from Clipp which was divested in H1 FY2019.
- Our traditional Australian lead campaign types, impacted by the Royal Commission into Banking and Insurance (see ASX announcement 30 November 2018), have not yet recovered. However, the success of the Company's focus on Premium Lead Generation (PLG) has offset this loss. Overall, Australian HY2 FY2019 **total** lead generation revenue is tracking to be in line or a small improvement on HY1 FY2019. We are currently working hard to increase revenue and improve profit margins.
- UK business continued its profitable performance. HY2 FY2019 revenue is tracking to be a small improvement on H1 FY2019. PLG was launched in EMEA in April with client trials currently underway. Encouraging results from an ongoing trial in Portugal give us heart but some refinements may be required.



- The Board regularly considers the cashflow requirements needed for the Company to maximise its growth potential with especial emphasis on development expenditures to deliver revenue growth. The Board at all times remains focused on maximising shareholder returns. This involves ensuring that the Company has the required funding to enable it to reach its objectives.
- Soft sales revenue has put pressure on cash resources. As announced on 7 June 2019, an additional \$620,000 loan facility has been put in place to assist the Company in overcoming this problem.
- Bank debt has reduced further during HY2 FY2019.
- The circa \$1.75m of annualised cost savings (see ASX AGM Presentation 30 November 2018) have continued to be progressively realised.
- The sales pipeline in both AU and UK is encouraging presently and continues to improve.

Operations

Impelus has invested significantly in its operations to accelerate the development of its Digital Lead Generation products and technology. The Australian business rebuild in sales and lead delivery has proved to be slower and more difficult than anticipated. An internal product and systems review identified the measures necessary to increase digital lead delivery capacity in order to service more clients and grow revenue. We have confronted problems head-on with vim and determination. Our operations and sales team has been strengthened and our reporting systems improved.

The objectives of the work, in line with the Company's strategy, include:

- Strengthen the platform for revenue generation through expansion of lead delivery capacity.
- Increase scalability and cost base efficiency through systems automation.
- Grow marketing return on investment (MROI) and drive gross profit performance through
 - advanced reporting & analytics and;
 - integration of multiple disparate audience channels and data sources.

As a result of this effort, substantial product and systems development progress has been made with heartening results gradually becoming evident. This work, now being undertaken in AU, will be deployed and quickly utilised in the larger UK market.

The benefits of this work will start to flow during H1 FY2020.

Outlook

Digital marketing industry expenditures are forecast to grow strongly. Generating leads and lead generation return on investment (ROI) are major challenges across business sectors globally.

Impelus intends to harness this growth through its products, technology and agility. We believe our strategy is well-founded and that our team possesses the persistence and grit to complete the job.

The Board thanks shareholders for their continued support and forbearance. We will provide progress updates over the coming months.

On behalf of the Board

Brendan Birthistle

Non-executive Chairman

Neil Wiles

CEO and Managing Director



FOR FURTHER INFORMATION, PLEASE CONTACT:

Neil Wiles
CEO and Managing Director, Impelus Limited
+61 2 9360 3385
investor.relations@impelus.com

ABOUT IMPELUS LIMITED

Impelus Limited (ASX: IMS) is a Customer Acquisition Engine that enables businesses to cost efficiently find customers through digital channels, at scale, globally. To learn more please visit www.impelus.com.

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Forecasts and estimates may be materially different and may be affected by many factors such as the timely release of products and services, dependencies on third parties, the overall global economy, competition in the industry and other events beyond the control of or unforeseen by Impelus Limited and its subsidiaries.