



28 November 2019

ASX Release

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

Impelus AGM: Chairman's Address

Impelus Limited (ASX: **IMS**) (**Impelus** or **Company**) is pleased to present the Chairman's address, which will be delivered at the Company's AGM today.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Brendan Birthistle
Chairman
+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.

DISCLAIMER

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.

Chairman's Address Impelus AGM 28 November 2019

Thank you all for your attendance to-day. As shareholders of Impelus, you deserve an unvarnished summary of our circumstances in plain English. I will try to do this in my Address. Afterwards, Simon Allison our CFO will provide additional financial details; then, Craig Poole our newly appointed Executive Director and David Burke our General Manager APAC will outline the challenges and exciting prospects on offer in the marketplace.

On behalf of everybody, we welcome Craig to the Board. Craig possesses extensive experience in digital marketing and his contacts have already been of great help to Impelus. He will elaborate on his initial impressions and hopes for Impelus later. Afterwards, David Burke will provide further detail.

You are invited to ask any questions that you have at the end of the four presentations.

The formal business of the meeting will then take place.

1H 2019 was a complete wipe-out; 2H 2019 showed good improvement. Simon Allison will sketch the financial picture later. It is fair to say that 95 per cent of the Company's problems were caused by external circumstances. But that is cold comfort.

Overall, we entered the new 2020 financial year with **three main problems** in Australia: soft revenue, low profit margins, and an unhealthy reliance on a few major customers. Not a completely hopeless situation - but a daunting one nonetheless. Cash outflows were, and remain, an ever-present headache.

Have things improved since? Yes and no. 1Q20 revenue has been soft necessitating further cost-cutting (about \$600,000 per annum from October 2019). We also intensified our sales efforts – Craig Poole joined our Board as an Executive Director and a new salesman was recruited. Admittedly, it is still early days but it looks as if the tide may have turned. Revenue for October and November looks encouraging with a swelling sales pipeline.

An important point. No longer are we chasing small \$5,000 jobs which can readily be terminated after a month or so. Instead, we are seeking larger assignments that could benefit from using our powerful Premium Lead Generation (PLG) technology. It has not been an easy road. We have found that using this approach is like presenting an inexperienced driver with a Ferrari. Often some hand-holding is needed to effectively transform warm leads into sales. Through third-party arrangements, we can now offer call centre assistance as part of our sales proposition. Not only that, but shortly we will be able to feed leads directly into the Customer's Salesforce or Customer Relationship Management software if required.

The **digital revolution** is only getting underway and its impact is rapidly accelerating. In ten years' time, banking, health (how you interact with your doctor), conveyancing and many other industries will be totally different. So, when shareholders ask me ask "**Has Impelus got a future?**" My answer is: "**Absolutely, Impelus is positioned in a fast-expanding industry with a great future**".

Admittedly, there are problems aplenty to overcome but we have come a long way in the past nine months. We have an excellent team in place. Just as important – we possess the grit and determination to succeed.

The next half to June 2020 will be critical to our future. It looks as if our revenues will improve, but margins and cash flow constraints remain to be tackled. Not to mention the challenge of executing to a high level the new jobs already won.

Be under no illusions – Impelus represents a high risk/high return proposition.

For myself, I have put my money where my mouth is. I have already invested \$3.2 million in the Company and remain a committed shareholder. My investment track record has been excellent - but past success offers no guarantee for the future. In my view, to sell at IMS' present depressed share price would be foolish. This statement should not be construed as personal financial advice, however.

The UK continues to be profitable but is capable of greater things. We plan to devote a lot more time to it in 2020, especially in sales. Just as in Australia, we aspire to move up the value chain.

I will now address the other main concerns of shareholders as expressed in my recent telephone conversations

Remuneration: Resolution 1

Many shareholders have expressed concern at the high cost of our ex-CEO and MD's salary package. The Board agrees. Unfortunately, Neil's package was negotiated about 5 years ago by a previous Board when times were more propitious. Rather than insisting on the strict terms of his Service Agreement, Neil has voluntarily agreed to waive a very considerable sum of money due to him on termination, and to take a 25% reduction in salary on certain conditions. During the next twelve months, he will work 3 days per week on special projects, mainly centred on the UK. Among other things, Neil will investigate the possibility of revisiting Direct Carrier Billing. He remains one of our top shareholders. He will report directly to the Board.

I have worked directly with Neil for the past 9 months and regard him very highly. He works very long hours and is very loyal to the organisation. Over the years, he has made an invaluable contribution to Impelus. It is fair to say that his contribution has been largely overlooked. On behalf of the Board, we say: "Thank you Neil. We are fortunate to retain your services."

A director and senior staff members have also taken significant salary reductions. I continue to receive no payment for my work as Chairman.

The position of CEO will remain vacant for the time being. Instead, Key Performance Indicators (KPIs) for all employees will be introduced and regularly monitored by senior Management and the Board.

Approval of Issue of Convertible Notes: Resolution 5

It has been bruited about in some quarters that I plan to take to Company private and even that I have deliberately been depressing shares prices with this object in mind. Both rumours are untrue.

My primary purpose is to improve the Company's performance, returning it to profitability and thereby increasing the share price. I know all shareholders present have suffered financially and want us to rectify this situation. This is achievable but it will take time and considerable effort, however.

I would like to thank Management, my fellow directors and our hard-working employees in the UK and Australia for their unceasing support throughout a very stressful year. But most of all, my

thanks go to our long-time supporters for their continuing interest and forbearance. My message is "Things will improve".