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ASX ANNOUNCEMENT

30 OCTOBER 2020

IMPELUS LIMITED SEPTEMBER 2020 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Highlights

- Cash Receipts from Customers in the September quarter decreased by $592,000 (or 28.4%) from the June quarter to $1,495,000 as the full impact of COVID-19 restrictions was felt.
- In quick response, Staff and Administration were reduced by $462,000 in the quarter – mainly as a result of benefiting from government grants and by a reduction in staff numbers and cost containment.
- Cash and cash equivalents at the end of the September stood at $790,000 – a reduction of $223,000 from the previous quarter. This amount, although a cause of concern, was expected and was within budget. It includes unavoidable legacy liabilities and general tidying-up expenses.
- APAC (primarily AU and NZ) is now running smoothly as a branch of EMEA (mainly UK). Impelus' overall operations are now markedly more efficient and more focused. Costs have been reduced and further significant reductions are in prospect.
- Marketing conditions in general have improved lately, and Impelus' renewed and invigorated sales campaigns are slowly beginning to bear fruit. The world remains, and will remain, an unforgiving place for some time, however. We vow to continue to concentrate on our priorities of efficiency, cost containment and improved marketing.

Key areas of activity during the first quarter of the 2021 financial year related to:

EMEA Operations

EMEA revenues and profits to date have shown some resilience to COVID-19 impacts. The Rate of Return on media spending has increased since July 2020. However, the continued severity of the COVID-19 pandemic in Europe has slowed the pace of recovery.

Family Solvers, the new Solvers product, was launched in August 2020 in UK to an encouraging initial client sales reception. The recent introduction of fraud software, while reducing the quantity of leads captured, has improved the quality of client leads. This had a positive effect on our brand building enabling us to attract more new clients.

40% of the UK staff are still on the UK Government's Coronavirus Job Retention Scheme, which means the UK Government will pay 80% of our employees' wages for

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the Company. This scheme reduces the stress on the EMEA team while helping to maintain a healthy cash balance.

APAC Operations

APAC operation has been recovering slowly since June 2020. However, the lockdown of Victoria in July 2020 posed challenges to increasing leads generated in that area. It also adversely affected the pace of recovery in Performance Marketing.

All employees are presently working from home with most on the Government JobKeeper program. As a result significant overhead savings have been realised.

The merging of AU and UK systems and platforms is proceeding well, improving the Group's efficiency and saving unnecessary and duplicate costs.

Principal Activities

Impelus Limited (ASX:IMS) is a technology led Digital Customer Acquisition company that is building out its Digital Performance Marketing (DPM) Platforms and infrastructure globally. This infrastructure employs its proprietary technology, tools and data assets in the UK, Australia and New Zealand to seamlessly connect and engage consumers with sought-after products, thereby enabling better customer accumulation at scale via digital channels and devices.

Impelus is expanding its catalogue of Digital Performance Marketing products to provide increased value and market opportunity to its clients and partners.

Businesses globally are urgently seeking to combat the growing complexities of marketing through digital channels - such as advertising fraud, viewability, transparency, brand safety and overall marketing spend wastage. Impelus empowers businesses, through its technology, engagement mechanics and data assets, to measure ROI (Return on Investment) for every dollar spent, thus minimising these complexities and simplifying digital customer acquisition.

Businesses can reach and acquire their best customers, at scale, through digital channels and, most importantly, by means of devices on which consumers choose to spend more and more of their time.

Payments to related parties of the entity and their associates

During September 2020 Quarter, Impelus has paid $24,416 to directors as director's fees and superannuation.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Impelus Limited	
ABN	**Quarter ended ("current quarter")**
24 089 805 416	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,495	1,495
1.2	Payments for		
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(1,280)	(1,280)
	(c) advertising and marketing	0	0
	(d) leased assets	0	0
	(e) staff costs	(341)	(341)
	(f) administration and corporate costs	(77)	(77)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	0	0
1.5	Interest and other costs of finance paid	(12)	(12)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	105	105
1.8	Other (provide details if material)	0	0
1.9	**Net cash from / (used in) operating activities**	**(110)**	**(110)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	(53)	(53)
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	**Net cash from / (used in) investing activities**	**(53)**	**(53)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Finance Lease payment	(60)	(60)
3.10	**Net cash from / (used in) financing activities**	**(60)**	**(60)**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,013	1,013
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(110)	(110)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(53)	(53)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(60)	(60)
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**790**	**790**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	500	723
5.2	Call deposits	290	290
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**790**	**1,013**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	24
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	4,518	4,518
7.2	Credit standby arrangements	0	0
7.3	Personal Loan	1,650	1,650
7.4	**Total financing facilities**	6,168	6,168

7.5	**Unused financing facilities available at quarter end**	0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

1. AUD$4,175,000 facility from Commonwealth Bank of Australia at 4.25% interest rate, maturing at 22/06/2022
2. AUD$343,024 facility from Commonwealth Bank of Australia at 5.34% interest rate, maturing at 01/04/2021
3. Director's loan $500,000 from chairman Mr Brendan Birthistle at 14.71% interest rate, maturing at 15/12/2021
4. Director's loan $500,000 from chairman Mr Brendan Birthistle at 15.71% interest rate, maturing at 15/12/2022
5. Director's loan $500,000 from chairman Mr Brendan Birthistle at 15.71% interest rate, maturing at 15/12/2022
6. Director's loan $150,000 from chairman Mr Brendan Birthistle at 13.71% interest rate, maturing at 15/12/2022

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(110)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	790
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	790
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	7

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: ..30 October 2020.....

Authorised by: .....By the board.....

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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