engage:BDR Limited ACN 621 160 585

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ASX ANNOUNCEMENT

EN1 Achieves 85% EBITDA Improvement in Core Business, April 2019

Highlights

- EN1's engage:BDR LLC U.S. company improved EBITDA 85% in April 2019 (A$56k) vs. (A$376k) April 2018
- U.S. business EBITDA (A$56k), LTD (AU listed company) EBITDA (A$50K) and AdCel EBITDA (A$42K)
- Consolidated revenue A$1.21M
- A$66k expenses expected to non-recur in May, reducing operating expenses an additional 10%
- Listed company costs totaled A$51k; expected to reduce to A$29k
- U.S. normalised EBITDA (A$11k), LTD (AU listed company) nEBITDA (A$29k); EN1 consolidated nEBITDA (A$83k)

engage:BDR ("EN1 or Company") (ASX:EN1 and EN1O) is pleased to update the market with its preliminary April 2019 financial results. Management notes EBITDA improvement of 85% in April 2019 when compared to April 2018. Additionally, the Company provides details below with regards to all three entities, including a statement of consolidated cash flows. Management also provides its commentary, current outlook and sentiment on the business.

EBITDA Improvement, year over year

EN1's U.S. company, or core-business, yielded **EBITDA of (A$56K) in April 2019**. When compared to April 2018, EN1 achieved an 85% improvement in EBITDA. April 2018 EBITDA was (A$376k). Management notes, additional improvements were made at the end of April 2019 to reduce the operating expenses further for potentially better performance in May 2019 and beyond.

Net Income

Net income contains other expenses such as interest expense, tax and non-cash items depreciation, amortization and intangible asset impairment. Management expects these figures to be provided through adjustments made by the Company's auditors during the half-year review. Due to the technical complexity of these figures, the Company's accounting team, currently one full-time person, was unable to provide this data at this stage.

engage:BDR LLC (core-business, U.S. Operating Corp)

engage:BDR LLC (USA)	**April 2019**		
Revenue	$1,164,276		
Gross Profit	$464,728	Gross Margin	40%
		Expense Reduction	Since April
Meals & Entertainment	$23		
Marketing & Promotional			
Bank Service Charges	$2,211		
Human Resource Expense	$7		
Insurance Expense	$51,332		
Tech Expenses	$105,489	Tech	$19,886
Office Expense	$14,456		
Professional Fees	$72,915		
Payroll Expense	$250,154	Payroll	$25,142
Rent	$22,222		
Travel	$2,378		
Total Expenses	$521,188	Total Non-Recurring	$45,028
EBITDA	**($56,460)**	**Normalised EBITDA**	**($11,432)**

	April 2018		
EBITDA	($375,579)	**EBITDA Improvement**	**85%**

Non-Recurring Costs USA Company

Management made several expense reductions for the core business at the end of April, specifically in the areas of technology and payroll costs. EN1's engineering team creatively found a solution to eliminate a third-party infrastructure provider, which saved the Company about A$20k per month moving forward. Additionally, Management reduced payroll expenses by A$25k through cost-saving exercises.

Additional expenses are planned to be reduced or eliminated across most categories throughout the year, as this monthly exercise is now part of the Company's culture.

engage:BDR LTD (AU Listed Company)

engage:BDR LTD	**2019**		
Revenue	-		
Gross Profit	-		
		Expense Reduction	Since April
Bank Service Fees	$10		
Director's Fees	$8,794		
Board Secretary	$5,500		
Legal Fees	$10,415	Legal Fees	$5,207
ASX	$22,467	ASX	$15,727
Share Registry	$3,378		
Total Expenses	$50,565	Total Non-Recurring	$20,935
EBITDA	**($50,565)**	**Normalised EBITDA**	**($29,630)**

Non-Recurring Costs AU Listed Company

Management had several one-time expenses related to specific corporate development activities in April 2019. The Company does not expect these costs to recur as high as they did in April and as a result, the expense reduction for May is estimated at A$21k. The expense reduction opportunities for the Australian listed company are limited as these are basic expenses listed companies must pay for. However, Management is determined to optimise the Company's existing costs and relationships to yield leaner expenses and better results, as every dollar counts towards EN1's profitability goal.

AU Public Company Revenue

Management plans to offset listed company costs through servicing local Australian customers in 2019. To date, the Australian entity's revenue streams have been consolidated from its U.S. holdings, engage:BDR LLC and AdCel. The Company targets to board Australian customers and generate local revenue in the listed company this year.

AdCel

Management expects AdCel revenue to scale with StartApp and several other integrations planned to go live throughout the year. AdCel has an extraordinary automation technology infrastructure which enables an extremely low fixed-cost base of about A$56k per month, which includes all expenses for the entire company. When AdCel's revenue scales, this cost-base is expected to stay static as higher revenue will yield profitability and strong operating margins. AdCel was acquired in July 2018; EN1 did not consolidate its financials prior to July 2018.

AdCel	**2019**
Revenue	$44,361
Gross Profit	$13,308
Professional Fees	$47,292
Other Expenses	$8,377
Total Expenses	$55,669
EBITDA	**($42,361)**

April Consolidated Cashflows

April's preliminary consolidated receipts and cash outflows were about A$1.41M. Net cash used in operating activities was about A$1.42M. Management notes, A$250k of April's cash outflow was deployed for future revenue, unrelated to April's operating activities. Preliminary figures are listed below and subject to adjustment and audit and are based on current exchange rates.

- A$1.41M receipts
- A$1.42M cash outflows
- A$10k net cash used in operating activities

- A$250K deployed in April for publisher reactivations (future revenue)
- Normalised net cash positive A$240k for April

Management's Outlook on Q2

Management is excited to report April's preliminary financial results and the Company's recent market updates in relation to revenue growth, expense reduction and balance sheet improvement. **The month of April 2019 yielded the strongest revenue in company history for the programmatic exchange**. Gross profit margins sustained 40%. Management feels the quarter 2 outlook is very positive and potentially could be the most successful quarter the Company has delivered in many years. The current trajectory enables the Company to compound its revenue before the peak demand starts in the second half of the year.

Cost reductions are in effect for the balance of the quarter and additional are planned throughout the year in stages. Since EN1 has a fixed-cost structure, operating expenses stay consistent when revenue scales, driving compounding profitability. All of EN1's revenues are generated by software, on an automated capacity by a team of 15 people. Management expects the Company to beat the $1M revenue per person ratio in 2019, further illustrating EN1's maximised efficiency. Additionally, Management does not plan to expand the team, so payroll costs are targeted to stay the same or improve for the balance of the year in the existing business units.

Revenue growth expected from the second group of publisher activations recently announced is about A$10.7k per day. The second group is comprised of 6 publishers. Group 2 will start to go live within one week; the entire list is expected to be live within one month. This group is expected to yield the full A$10.7k per day within 60 days or less after all have been activated. Management is working on the third group of publisher activations now and plans to deploy payments in mid-June or sooner, depending on the performance of the second group of activations.

Revenue Seasonality

Advertising companies traditionally expect 65-75% of their revenues in the second half of the year. Management also expects quarters 3 and 4 to be the strongest for EN1 in 2019. The availability of capital is critical during the late part of quarter 2 until the end of December. As of the last 4C report, EN1 had approximately A$13.5M available in its financing facilities; Management is confident the Company has the capital to deliver strong results for the balance of 2019.

Conventional Line of Credit for Incremental Publisher Activations

Currently, Management is working with a debt lender to potentially obtain a non-equity-based line of credit. Management plans to leverage this line of credit to attract a significant volume of new publishers to EN1's programmatic advertising exchange through offering net 0 payment terms. Many publishers in the programmatic ecosystem have challenges with cashflow, as brands and agency buyers typically pay net 30-120 days. Broadcasting aggressive and competitive payment terms could enable large volumes of in-bound publisher interest to the Company, in-turn potentially creating *exponential* incremental revenue.

Management's Sentiment

Management is excited to update the market with April's performance as it was the strongest month to date for EN1 as a listed company. Expenses have significantly been reduced and revenue is expected to grow; Management expects results for the quarter and balance of the year to continue to improve.

"The team has worked incredibly hard to rebound the business from every angle. We're taking it one month at a time to gain credibility with the market, starting with being accountable to shareholders at a micro-level, delivering transparency quicker and more frequently than required. We're looking forward to more wins in Q2 and a strong 2019 together!" – Ted Dhanik, CEO & Executive Chairman

In the interim, for questions or creative feedback, please email info@EN1.com.

On behalf of the Board
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~ Preliminary financial results published above are subject to audit, adjustment and closing, as they are estimates and figures may be rounded.

Forward Looking Statements

Statements made in this release which are forward-looking statements and are based on the Company's expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements. These words are not the exclusive means of identifying such statements. Any forward-looking statement made by the Company in this announcement is based only on information currently available to the Company and its current intentions (which may change) and speaks only as of the date on which it is made. Forward-looking statements are subject to a range of risks and uncertainties, some of which are beyond the Company's control. Risks and uncertainties can include matters inherent in the business of the Company, its management, its activities generally, and the market in which it operates. As a result, actual results could materially differ from those in the forward-looking statements. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company does not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring, or as a result of new information, future developments or otherwise after the date of this release except as required by the listing rules of ASX, by law or by appropriate regulatory authorities.