

7 October 2019

ASX ANNOUNCEMENT

EN1 Q3 2019

Appendix 4C & Commentary

Highlights

- ◀ Net cash from operating activities improved by A\$570K year over year
- ◀ Cash balance increased to A\$3M
- ◀ Normalised positive net cash A\$280K (prepaid assets excluded)
- ◀ Cash receipts grew 22% over Q2 2019, and 56% over Q3 2018

engage:BDR (“EN1 or Company”) (ASX:EN1 and EN1O) is pleased to provide its appendix 4C, Q3 2019 quarterly cash flow report and Management’s commentary for the quarter ended 30 September 2019.

Cash Receipts

Cash receipts grew 22% in Q3 2019 over Q2 2019 and 56% over Q3 2018. As revenue continues to grow, Management expects cash receipts to follow a similar trend.

Cash Receipts	Q3 2019	Q2 2019	Q3 2018
	4,559,552	3,730,613	2,913,924

Normalised Net Cash from Operating Activities

During Q3 2019, the Company had significant cash outflows related to future revenue as pre-payments to publishers. These pre-payments were assets, not costs and are fully refundable and available to the Company at any time. Management notes these assets were the same as cash as they typically sit in trust accounts and are quickly retrievable should the Company require them.

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Below is a table which normalises cash flows, based on the prepaid assets attributable to revenue for future periods.

Consolidated statement of cash flows		Q3 2019
1.9	Net cash from / (used in) operating activities	(701,137)
1.8a	Prepaid ad inventory	978,062
	Normalised Net Cash	276,925
1.8b	Legal and trade settlements (non-recurring)	724,671

Additionally, the Company had significant one-time cash expenses related to the settlements of legacy trade credit (current liabilities). These expenses are not expected to recur, as these creditors were settled for significantly less than balance sheet value.

Year Over Year Cash Flow Improvement

- ◀ A\$570K improvement in net cash from operating activities

Consolidated statement of cash flows	Q3 2019	Q3 2018	Improvement
1.9 Net cash from / (used in) operating activities	(701,137)	(1,270,102)	568,965

Reconciliation of Cash

- ◀ 922% improvement in cash balance achieved in one year.

5. Reconciliation of cash and cash equivalents	Q3 2019	Q3 2019	Improvement
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,983,992	323,371	922%

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



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On behalf of the Board
Ted Dhanik
Co-Founder and Executive Chairman

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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. Preliminary financial results published above are subject to audit, adjustment and closing, as they are estimates and figures may be rounded.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

engage:BDR Limited

ABN

621 160 585

Quarter ended ("current quarter")

30/09/2019

Consolidated statement of cash flows	Current quarter \$AUD	Year to date (9 months) \$AUD
1. Cash flows from operating activities		
1.1 Receipts from customers	4,559,552	10,258,545
1.2 Payments for		
(a) research and development	(115,842)	(145,588)
(b) ad inventory cost of goods sold	(1,688,257)	(4,210,001)
(c) advertising and marketing	(20,537)	(36,861)
(d) leased assets	(42,661)	(42,661)
(e) staff costs	(812,593)	(2,558,018)
(f) administration and operating costs	(870,711)	(3,016,562)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(7,355)	(23,574)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
(a) prepaid ad inventory	(978,062)	(1,604,546)
(b) legal and settlements	(724,671)	(724,671)
1.9 Net cash from / (used in) operating activities	(701,137)	(2,103,937)

Consolidated statement of cash flows	Current quarter \$AUD	Year to date (9 months) \$AUD
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	702,684
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(145,533)
3.5 Proceeds from borrowings	975,408	4,379,146
3.6 Repayment of borrowings	-	(92,477)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)		
(a) finance lease obligations	(52,683)	(178,063)
3.10 Net cash from / (used in) financing activities	922,725	4,665,757

Consolidated statement of cash flows	Current quarter \$AUD	Year to date (9 months) \$AUD
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,656,618	320,076
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(701,137)	(2,103,937)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	922,725	4,665,757
4.5 Effect of movement in exchange rates on cash held	105,786	102,096
4.6 Cash and cash equivalents at end of quarter	2,983,992	2,983,992

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 \$AUD	Previous quarter \$AUD
5.1 Bank balances	2,983,992	2,983,992
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,983,992	2,983,992

6. Payments to directors of the entity and their associates	Current quarter \$AUD
6.1 Aggregate amount of payments to these parties included in item 1.2	(197,303)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors fees paid for the September 2019 quarter

7. Payments to related entities of the entity and their associates	Current quarter \$AUD
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$AUD	Amount drawn at quarter end \$AUD
8.1 Loan facilities	46,320,531	6,133,667
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facility is actually a cash enhancement activity known as factoring. Advances are recorded against certain receivables balances which are factored under this facility. The credit risk associated with the transfer of trade receivables are retained with the Company.


In accordance with the terms noted in the Company's ASX announcement dated 25 September 2019, the Company entered into a Convertible Securities Agreement with Alto Opportunity Master for the funding of up to approximately AU\$38 million.

9. Estimated cash outflows for next quarter	\$AUD
9.1 Research and development	100,000
9.2 Ad inventory cost of goods sold	1,000,000
9.3 Advertising and marketing	15,000
9.4 Leased assets	40,000
9.5 Staff costs	800,000
9.6 Administration and operating costs	800,000
9.7 Prepaid ad inventory	900,000
9.8 Total estimated cash outflows	4,330,000

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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.

Sign here:  Date: 7/10/19

(Director/Company secretary)

Print name: TED DHANIK

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.