

23 March 2020

ASX ANNOUNCEMENT

\$1.6M Profit and 50% Revenue Growth 2019 Audited Financials Commentary

2019 Full Year Growth Highlights:

- ▶ Revenue increased 50% to \$17.1M (from \$11.4M)
- ▶ EBITDA (operating profit) increased to \$1.6M (from -\$6.3M)
- ▶ Gross margin increased to 54% (from 38%, 42% growth)
- ▶ Gross profit increased 216% to \$9.3M (from \$4.3M)
- ▶ Net assets increased to \$3.9M (from -\$6.6M)
- ▶ Net tangible assets grew to \$876K (from -\$9.1M)

engage:BDR ("EN1 or Company") (ASX:EN1 and EN1O) is pleased to present its financial commentary for the 2019 calendar year audited financials. Management is pleased to report, 2019 was a pivotal, successful and profitable year for EN1.

EBITDA	\$1.60M
----- below the line, non-cash expenses -----	
Depreciation & Amortisation	\$882K
Finance Costs	\$1.59M
Impairment Losses	\$140K
Share Based Payment Expense	\$327K
Loss after Taxes	-\$1.34M

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Revenue, Gross Profit & Margin Growth

Revenue grew to \$17.1M, or 50% (\$11.4M in 2018). Gross profit earned grew 216% to \$9.3M (\$4.3M in 2018). Additionally, gross margins grew to 54% from 38% in 2018, representing a 42% increase in the gross margin percentage.

EBITDA (operating profit) & NPAT

EBITDA in 2019 yielded \$1.6M in profit. The key differences between EN1's EBITDA and NPAT figures are directly related to non-cash items interest expense (finance costs), depreciation and amortisation, impairment losses and share-based payment expenses which totaled \$2.94M for 2019. The interest expense (finance costs) for 2019 was \$1.59M; this includes the Company's factoring facility (7-8% APR), non-cash items (embedded derivatives) for convertible notes financing facility costs and commissions to brokers for attaining financing early in 2019. EN1's NPAT in 2019 was (\$1.34M), a \$9.5M improvement over 2018 (\$10.8M).

2019 Accomplishments to Goals

On 11 February 2019, EN1 announced the Strategic Plan to Profitability with Key Milestones for 2019. Within this plan, EN1 committed to achieving specific milestones within certain timeframes, with the ultimate goal of achieving profitability. Management is proud to report, 100% of the initial milestones and 100% of the subsequent, upgraded milestones were achieved on or before schedule in 2019. In addition, EN1 achieved seven-figure profitability with 50% revenue growth and 42% gross margin growth.

Significant Cost Reductions

The Company consistently executed several cost-saving measures to reduce operating expenses. EN1 was able to achieve the following in 2019, over the prior year:

- Total staff costs decreased 43%
- Operating and administrative expenses (including tech infrastructure) reduced about 26%

Balance Sheet Improvement

Net assets increased to \$3.9M from -\$6.6M (2018). Additionally, net tangible assets also improved to \$876K from -\$9.1M (2018). Trade and other payables decreased to \$5.8M from \$12.9M (2018), or 66% less. Cash improved to \$1.8M from \$320K (2018). Trade and other receivables increased to \$5.9M from \$2M (2018), or 290%.

Growth Prospects Today

From Management's perspective, EN1 has never been positioned better for exponential revenue, profitability and market share growth. EN1 has a healthy balance sheet, is profitable, has scaling revenue and margins and has access to significant capital. More importantly, EN1 has the partnership integrations which differentiate the Company from many U.S. peers; Management expects revenue, gross margins, EBITDA and NPAT to continue to increase in 2020 as a result of the Company's client and partnership mix.

As of 15 March 2020, the Company has generated about 300% of 2019 (revenue), year to date. In January 2020, EN1 achieved about 281% of January 2019; EN1's February exceeded January 2020, and 322% of February 2019. Run-rate for March 2020 is within 10% of December 2019's revenues (the highest revenue month in 2019) with significantly stronger gross margins; Management expects Q1 2020 to close at about 300% of Q1 2019 revenues. Gross margins grew from 38% in 2018 to 54% in 2019.

Management notes, to keep things simple and scalable, EN1 is hyper-focused in 3 key areas for 2020:

- NetZero publisher boarding
- AdCel growth
- New integrations for EN1's programmatic ad exchange and scale existing

"2019 was a pivotal year for EN1. At the beginning of the year, we set out to move a mountain with just a strong plan...I believe we moved several mountains by believing in and daily execution of that plan. We grew revenues 50%, grew gross margins 42%, achieved profitability and consistently signed key customers and new partnerships, previously unattainable. We now have a blank slate; we are positioned well with a strong balance sheet, key and unique partnerships and most importantly, the winning team. We have a head start on 2020 with about 3 times the revenue we had this time last year; we're focused on keeping that momentum growing. I'm looking forward to enjoying greater wins with you in 2020!" – Ted Dhanik, Exec Chairman & CEO

Thank you. For questions, please email info@EN1.com



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

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Forward Looking Statements

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

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.