

31 August 2020

## ASX ANNOUNCEMENT

### 31.5% Revenue Growth H1 2020 Financials Commentary

#### 2020 Half Year Highlights:

- ▶ Revenue grew 31.5% to \$8.1M (from \$6.1M)
- ▶ EBITDA Operating Profit (\$211K)
- ▶ Net assets increased by 14% to \$4.5M
- ▶ Total liabilities improved by 25% to \$9.7M (from \$13M)
- ▶ H1 net cash outflow from operating activities \$123K
- ▶ Programmatic auctions per day grew 275% to 55BN (from 20BN)

engage:BDR (“EN1 or Company”) (ASX:EN1 and EN1O) is pleased to present its financial commentary for the 2020 half year reviewed financials. Management is pleased to report, H1 2020 revenue grew 31.5%, while sustaining a nearly break-even operating profit (EBITDA).

<b>EBITDA Operating Profit</b>	<b>(\$211K)</b>
----- below the line, <b>non-cash</b> expenses -----	
Depreciation & Amortisation	\$519K
Finance Costs	\$1.85M
Share Based Payment Expense	\$1.72K
Loss after Taxes	-\$4.30M

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## H1 2020 Comparative Analysis (to H1 2019)

Management notes, the Company has restated the H1 2019 financials to move the other income line to the cost of advertising inventory. As a result, profitability (both EBITDA and NPAT) have shifted significantly when compared to the version announced on 2 September 2019 (by about +\$1.6M).

### Revenue Growth

H1 2020 revenue grew to \$8.1M, or 31.5% (\$6.1M in 2019).

### EBITDA (operating profit) & NPAT

EBITDA in H1 2020 resulted in (\$211K). The key differences between EBITDA and NPAT figures are directly related to non-cash items interest expense (finance costs), depreciation and amortisation (\$519K), and share-based payment expenses (\$1.72M) which totaled \$4.1M for H1 2020. The interest expense (finance cost) was \$1.85M; this encompasses the Company's factoring facility and non-cash finance charges associated with the Company's convertible notes.

### Balance Sheet Improvement

Net assets increased to \$4.5M from \$3.9M (2019). Liabilities improved to \$9.7M from \$13M (2019). Cash balance as of 30 June 2020 was \$1.7M; however, cash balance grew to \$3.4M, as at 31 August 2020.

### Cashflow from Operating Activities

EN1 yielded cash outflow of \$123K (from operating activities) in H1 2020. This figure does not include any financing activities and is limited to operating activities only.

### Average Programmatic Transactions per Day

Average programmatic ad auctions on a daily basis grew nearly 3 times to 55 billion per day, from 20 billion (in 2019). This indicator represents more programmatic integrations signed and onboarded onto EN1's ad exchange and potential revenue opportunity once demand and CPM's (rates) restore to pre-Covid-19. Peak volume days in H1 2020 were up to 100 billion auctions per day.

### 2020 Accomplishments to Goals

On 26 March 2020, EN1 announced the Strategic Plan to Profitability with Key Milestones for 2020. Within this plan, EN1 committed to achieving specific milestones within certain timeframes, with the ultimate goal of achieving profitability. Management is proud to report, despite Covid-19 impact, 95% of the initial milestones were achieved on or before schedule in H1 2020 (announced 20 July 2020). In addition, EN1

sustained near break-even EBITDA operating profitability with 31.5% revenue growth over H1 2019.

## Monthly Trading Updates

EN1 has consistently reported monthly revenue figures for several years now, through interim trading update announcements. Management is mainly focused on the allocation of resources for revenue generating activities at this time. Because the Company is very human resource-constrained (hiring freeze & furloughed employees), Management will move to report monthly trading activities if there is material change, positive or negative. August 2020 trading figures are expected to be similar to July's, with no material change to report. If there is a material improvement or decline for September, Management will update shareholders immediately.

"I'm proud of our team's accomplishment of reaching a 31.5% increase in revenue over H1 2019, in one of the toughest economic eras of our time. We are now very well-positioned to grow beyond our early 2020 trajectory because of the extra heavy-lifting the team has done since March, as commerce continues to be restored in the U.S. Programmatic advertising is the future of all advertising, not just desktop, mobile and television – EN1 has been strategically building the infrastructure to support the incremental, new programmatic opportunities (such as digital out of home). Our new tomorrow requires efficiency more than ever; programmatic marketing will deliver consistent return on investment for advertisers, which will always keep EN1 in high demand." Ted Dhanik Executive Chairman & CEO

Thank you. For questions, please email [info@EN1.com](mailto:info@EN1.com)



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

## 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.

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