26 February 2021

ASX ANNOUNCEMENT

EN1 2020 Financials Commentary

2020 Full Year - Review of Operations:

- Revenue $15.4M, down 9%
- EBITDA operating loss $1.39M
- Cash increased 170% to $3M (from $1.8M)
- Trade & payables improved 39% to $3.6M (from $5.9M)
- Borrowings reduced by 66% to $2.3M (from $6.8M)
- Total liabilities improved by 53% to $6.2M (from $13M)
- Net assets improved by 223% to $8.7M (from $3.9M)
- Working capital (net current assets) improved by $4.2M to $3M
- Net cashflow from operating activities improved by $3.4M to (464K)
- Daily ad auctions increased 220% to 44BN (from 20BN)
- Alto convertible notes balance is now US$35K
- EN1 pivoted all efforts to CTV as of 1 January 2021

engage:BDR (“EN1 or Company”) (ASX:EN1 and EN1O) is pleased to present its financial commentary for the 2020 full year audited financials and prospects for 2021.

EBITDA Operating Loss	**$1.39M**
--------------- below the line, **non-cash** expenses -----------------	
Depreciation & Amortisation	$861K
Finance Costs	$2M
Impairment Cost	$856K

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Share Based Payment Expense	$1.7M
Loss after Taxes	-$6.8M

I want to thank all of those who have supported us over the last 12 years. Engage:BDR has been fortunate to thrive with a wonderful team of colleagues, customers, partners, and investors who have helped contribute to EN1's success.

EN1 provides infrastructure in the form of a specialized cloud-based platform (or ad exchange), that enables real-time programmatic advertising transactions between publishers and media buyers. Our innovative approach across the digital advertising ecosystem has created a sustainable and resilient business. We have a large and increasing market opportunity with several growth drivers that we are executing against.

According to eMarketer, global digital ad spend is a US$395 billion industry in 2021. It is expected to grow at more than 10% annually over the next three years. Magna Global estimates that programmatic or automated approaches to digital advertising will represent 87% of global digital ad spend by 2025. And we believe it will eventually represent the entire digital market.

One example has been the accelerated growth of e-commerce as people do more of their shopping online, in contrast to going to brick and mortar stores. This was particularly relevant during the Q4 holiday shopping season. Based on the pandemic and consumer changes we witnessed over 2020, the e-commerce or shopping vertical was the largest contributor on our platform in the second half of 2020.

From every dimension, 2020 was a uniquely challenging year for the advertising business. In parallel, however, 2020 also presented an inflection point for the Company. The drivers of change in 2020 were countless, which included an unprecedented global pandemic, the election in the United States and strong economic pressures and higher levels of uncertainty weighing on all of the consumers in the world.

So much happened in 2020 both inside and outside of the Company that better positions EN1 for a stellar future. The pressure of advertiser budgets shifting quicker than U.S. states going into lockdown was just one of the challenges our team faced. The Company had to change its business and thinking entirely to set itself up to succeed in 2021 and the future.

According to eMarketer, global ad spend was down 4.5%, while regional and hyper-targeted (geographic / local) mobile ad spending was down double digits. Hyper-localized mobile advertising was EN1's core advertising product in 2019 and early 2020 which contributed to a 50% revenue increase in 2019. This same product is where the Company had to pivot away from in the middle of 2020, and quickly learn, develop technologies and scale new media products by the end of the year, yielding only a 9% revenue loss when compared to 2019 and (1.39M) EBITDA operating loss.

During the uncertainty of 2020, most marketers were forced to reevaluate their ad budgets and marketing strategies. Marketers got smarter and more efficient with their spending, contributing to enormous growth in new channels, mainly CTV (connected television). We're happy to say EN1 was early to the CTV business; over the past three years, EN1 played a small role in CTV. This role expanded significantly in 2020 and by the end of December, CTV became our only and sole priority as a media trading and technology company for the foreseeable future.

Connected television is so important to marketers because as eMarketer and Magna Global's numbers show, much of the 18–34-year-olds highly targeted by advertisers, are not reachable by any other format; CTV is the only channel to reach certain audiences. Also, linear television (cable TV and broadcast) budgets are migrating quickly to CTV. Advertisers can apply data to drive precise user, audience and geographic targeting via CTV; in contrast, with linear television they cannot.

Today, the vast majority of transactions in OTT/CTV are via non-programmatic insertion orders. In other words, they are transacted manually. We are focused on disrupting the CTV market by bringing our programmatic technology to this fast-growing market, just as we have successfully done with mobile app and digital video.

We feel strongly that all TV and video advertising will be programmatic and will represent half of the $1 trillion advertising market very soon. EN1 has been well-positioned in the programmatic video ad space since 2011; and now the Company's sole focus in CTV as of January 1, 2021.

We finished 2020 incredibly strong, closing a solid year for the Company, despite the challenges which accompanied the pandemic, EBITDA for 2020 was ($1.39M). The key add-backs between EBITDA and NPAT figures are **non-cash items:** interest expense (finance costs of $2M), depreciation and amortisation ($861K), impairment costs ($856K) and share-based payment expenses ($1.7M), non-cash items totaled $5.5M for 2020.

The backbone of the business improved in all key components of the Company's balance sheet. Areas of significant improvement included net assets, which increased to $8.7M (from $3.9M). Throughout 2020, we continued to pay down our liabilities (trade payables) which cut the outstanding balance in half; total liabilities reduced to $6.2M (from $13M). During 2020, we also paid down and reduced our borrowings by $4.5M to $2.3M (from $6.8M). We're extremely pleased to note that the Company's working capital (net current assets) improved by $4.2M to $3M (from -$1.2M). We exited 2020 with a strong cash balance and liquidity position of $3M (from $1.8M). In addition, the Company generated significant operating cashflow improvement as well, to ($464K) in 2020 (from -$3.8M), in the most challenging year the Company has faced to date.

With regards to the Company's convertible note (Alto), as of today, the facility is nearly retired with a current cash balance due to Alto of US$35K, and collateral shares due back to the Company by Alto, valued at AU$132K; the net value would be AU$87K due back to EN1.

Our business still continues to be impacted by the COVID-19 pandemic that has significantly affected our advertisers and their demand for advertising. We also note the Company and ad industry face relatively leaner top-line revenue targets, proportionally, in the first half of 2021, and then ramp up stronger performance in the second half of the year, in particular Q4.

Average daily ad auctions grew over 2 times to 44 billion per day, (from 20 billion). This indicator represents more customer integrations signed and onboarded onto EN1's advertising exchange and potential revenue opportunity once marketing budgets and rates restore to pre-Covid-19. However, the peak volume days in 2020 were up to 100 billion auctions per day.

With 2020 being the most challenging year for the Company to date, it was also our greatest building and most transformative year. We are extremely excited for what we're building towards in 2021.

We encourage our Shareholders to register their details using the QR Code below to ensure they're kept up to date with the latest news and to be notified of any upcoming Shareholder presentations or events.

For further investor enquires please contact Viriathus Capital on 1300 509 924 or investors@engageBDR.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.