

18 March 2019

ASX ANNOUNCEMENT

EN1 Revenue Update on Cash Deployed for Publisher Activations

Highlights

- ▶ AUD\$1.1M deployed from February to early March to activate publishers
- ▶ Incremental revenue from cash deployed is currently approx. USD\$20k or ~AUD\$28k per day
- ▶ Near-term scale potential for these restarted publishers is approx. USD\$30k or ~AUD\$42k per day
- ▶ Current gross profit margins on this revenue are approx. 41%
- ▶ High revenue opportunity buyer StartApp is nearly integrated, live imminently

engage:BDR (“EN1 or Company”) (ASX:EN1 and EN1O) is pleased to present a market update about cash it deployed between February and early March 2019 to activate dormant publishers. EN1 announced it was raising working capital in late January 2019 to activate publishers to contribute to revenue in the first quarter and beyond for its programmatic advertising exchange. Management is excited to report cash was deployed and the preliminary results from this activity; EN1 has seen significant incremental revenue contribution specifically attributed from this strategy.

Capital Raised

At the end of January 2019, EN1 successfully raised AUD\$700k in a placement to existing shareholders and shortly after, a draw-down from its existing convertible notes facility of USD\$720k. The capital was raised specifically to activate dormant publishers; the management team had planned to activate partners which were strong contributors to EN1’s programmatic business over the past two years.

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The most recently activated publishers have been partnered and integrated with engage:BDR since 2010, when engage:BDR was one of the first in the global digital advertising industry to develop its own programmatic technologies and deploy a self-serve demand-side platform for performance marketers, direct-brands and their agencies.

Capital Deployed

This first group of publishers to be activated required about AUD\$1.1m, which was quickly deployed during February. The process to activate some publishers took nearly 3-4 weeks, but management is pleased to report that all publishers are now actively producing revenue. Management intends to continue to deploy capital to activate additional dormant and new publishers for the balance of the year.

Based on the figures below, the capital utilised will have several cycles of revenue contribution throughout the year for EN1, yielding strong ROI multiples on the cash. The average payment terms on revenue is 60-90 days from invoicing, but EN1 has a factoring facility, should it need to access the capital sooner. Management decided to deploy this capital early in the year to generate more revenue and it understands the capital will take longer than a quarter to return.

Current Performance

Many publishers required testing periods to validate numbers between the technologies and are currently throttled down as part of this process. EN1 expects to be in full volume capacity with all publishers within the next 30 to 60 days. In the interim, revenue contribution from these activations is currently about USD\$20k or AUD\$28k per day, which just recently started over the past few days. Gross profit margins for these activations are in the 30-55% range, averaging at about 41% currently. Management will be testing its new Ai technology to reduce margins to increase sell-through and increase margins further to accommodate higher gross profits to find the optimal balance; EN1's margins, at these rates, are more than double of what the industry's leading companies yield.

Future Capacity

Management expects these publishers to be in their full-capacities over the next 30 to 60 days. Revenue estimates at full-capacity would be around USD\$30k or AUD\$42k per day. Gross profit margins are expected to be in the 35-40% range.

StartApp Customer Integration Update

EN1's engineering team has been working diligently to complete the integration between the two companies since late 2019. The direction shifted to move towards a standard programmatic integration vs the original path opted, which was an adapter to programmatic

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through an API, since the client did not have fully-programmatic buying capabilities yet. The original integration (API-based) went live in the test phase in late December, but after two weeks of testing, both companies opted to build a true-programmatically integrated environment together, to accommodate scale. This development cycle has taken significantly longer than expected, but is nearly complete and engage:BDR will be one of the first to integrate with this customer through a fully-programmatic integration. Both companies have invested significant time to ensure a successful partnership.

Thank you for your time today. For questions, please email info@EN1.com.



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