

2 September 2019

## ASX ANNOUNCEMENT

### EN1 H1 2019 Financial Performance Commentary

#### Highlights

- ▶ NPAT (A\$886k) vs. (A\$4.23M) as at 30 June 2018
- ▶ Q2 2019 NPAT A\$1.3M
- ▶ Gross profit grew to 42%
- ▶ Net Assets Improvement of A\$7.5M
- ▶ Net assets A\$858k vs. (A\$6.6M) as at 31 December 2018
- ▶ Current liabilities and current assets improved by A\$9.8M
- ▶ Payables reduced by A\$5.3M, current assets increased by A\$4.5M
- ▶ Employee & contractor costs reduced by 55%
- ▶ AdCel achieved profitability, NPAT A\$120K

engage:BDR (“EN1 or Company”) (ASX:EN1 and EN1O) is pleased to update shareholders with commentary on the Company’s H1 2019 financial performance, with an additional analysis of trajectory through a view of Q1 vs. Q2 2019.

Consolidated NPAT for H1 2019 was (A\$886k) vs. (A\$4.23M) as at 30 June 2018; a significant improvement. Management is confident the Company is on its way to profitability, revenue growth and balance sheet strength in the near term. Management expects a similar trajectory achieved in Q2, but for Q3, Q4

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and beyond. Additionally, preliminary results show August as the strongest revenue month of 2019 to date with double-digit percentage growth over July.

<b>Comparative Profit &amp; Loss</b>	<b>30/06/2019</b>	<b>30/06/2018</b>
	AUD \$	AUD \$
Revenue	6,176,341	6,083,466
Cost of goods sold	-3,571,740	-3,584,391
<b>Gross profit</b>	<b>2,604,601</b>	<b>2,499,075</b>
Gross profit margin	42%	41%
Other income	1,597,804	1,369,338
Employee and contractor costs	-1,352,044	-2,971,295
Operations and administration expense	-2,009,329	-2,286,619
Depreciation and amortisation	-926,376	-1,122,708
Advertising & marketing expense	-31,038	-224,546
Share based payment expense	-317,833	-
Finance costs	-413,944	-179,311
Other expenses	-38,156	-60,076
Impairment loss	-	-1,249,784
<b>(Loss) before income tax</b>	<b>-886,315</b>	<b>-4,225,926</b>
Income tax (expense)	-	-519
<b>(Loss) after tax</b>	<b>-886,315</b>	<b>-4,226,445</b>

The Company began 2019 unable to activate significant revenue generating publishers due to cash constraints. Management successfully raised capital in late January and deployed it to activate publishers by the end of the first quarter. Revenue in the first quarter was less than expected due to the unavailability of cash. The first quarter yielded A\$2.1M revenue and (A\$2.1M) NPAT.

On 11 February 2019, Management announced its Strategic Plan to Profitability and advised the market the Company will be deploying several tranches of cash to activate incremental revenue streams over the next two quarters. As Q2 started, the Company's revenue started to grow quickly, on a daily basis. Throughout the second quarter, the Company's revenue and profitability increased every month and EN1 established a new performance trajectory for the balance of the year. The second quarter yielded A\$4.1M

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revenue and +A\$1.3M NPAT, a 95% increase in revenue and +A\$3.4M increase in NPAT compared to Q1 2019.

<b>Q1 2019 vs. Q2 2019 Profit &amp; Loss</b>	<b>Q1 2019</b>	<b>Q2 2019</b>
<b>Total Income</b>	<b>2,118,980</b>	<b>4,057,362</b>
Total COGS	1,278,222	2,293,518
Gross Profit	840,757	1,763,844
<b>Gross profit margin</b>	<b>40%</b>	<b>43%</b>
<b>Total Expense</b>	<b>2,837,177</b>	<b>1,739,563</b>
Total Other Income	15,408	1,582,396
Total Other Expense	624,275	814,227
<b>Net Profit After Tax</b>	<b>-2,152,942</b>	<b>1,266,482</b>

AdCel achieved profitability in H1 2019 with A\$120K NPAT. Management notes, AdCel's revenue recently started to grow at stronger scale, which are not included in the figures below (June A\$131K, July A\$161K and August numbers will be published shortly).

<b>AdCel H1 2019 Profit &amp; Loss</b>	<b>TOTAL</b>
Total Income	281,476
Gross Profit	84,445
Gros profit margin	30%
Bank Service Charges	6,060
Professional Fees	40,655
Technology Expense	21,854
Total Expense	128,804
Other Income	210,664
Intangible Assets (Depreciation)	44,500
Interest Expense	2,232
Other Expense	128
Total Other Expense	46,859
Net Other Income	163,804
<b>NPAT</b>	<b>119,445</b>

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Net assets improved by A\$7.5M. The Company's current liabilities were reduced by significantly greater than A\$5.3M, however, because of significant revenue growth, new payables and liabilities were also accrued. Management notes, current assets grew significantly by A\$4.5M as a direct result of the revenue growth. The net gain attributed directly to trade creditor settlements, share-based payments and reactivations was a A\$9.8M improvement between liabilities and assets combined.

<b>Balance Sheet Comparison</b>	<b>30/06/2019</b>	<b>31/12/2018</b>
	AUD \$	AUD \$
Cash and cash equivalents	2,694,331	320,276
Trade and other receivables	3,821,640	2,026,138
Prepaid expenses	382,184	281,831
Related party receivables	2,413,021	2,229,032
Investments in equity instruments	51,738	114,314
<b>Total Current assets</b>	<b>9,362,914</b>	<b>4,971,591</b>
Property, plant & equipment	126,802	299,497
Intangible assets	2,556,816	2,519,265
Goodwill	1,468,517	1,455,522
Right to use asset	210,921	
Investments in equity instruments		50,640
<b>Total non-current assets</b>	<b>4,363,056</b>	<b>4,324,924</b>
<b>Total assets</b>	<b>13,725,970</b>	<b>9,296,515</b>
Trade and other payables	7,500,020	12,856,467
Employee liabilities	52,578	52,410
Lease liability	388,744	292,285
Borrowings	4,862,217	2,598,440
<b>Total Current liabilities</b>	<b>12,803,559</b>	<b>15,799,602</b>
Non-current liabilities	64,515	105,760
Total liabilities	12,868,074	15,905,362
<b>Net Assets/Liabilities</b>	<b>857,896</b>	<b>-6,608,847</b>

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



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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.

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