

1 April 2019

ASX ANNOUNCEMENT

EN1 Market Update on Revenue Growth

Highlights

- ▶ EN1 recently announced the activation of publisher integrations through a deployment of A\$1.1m, which initially yielded US\$20k / day (or ~A\$28k)
- ▶ EN1 is currently seeing much *stronger* demand than previously anticipated, as Q1 2019 closes, and is expecting continued scale
- ▶ EN1's recent daily programmatic revenue average over the past 7 days has scaled to greater than US\$28k / day (~A\$40k)
- ▶ Revenue has grown an average of 40% within the past 7 days, while sustaining ~41% gross profit margins
- ▶ Near-term scale potential previously estimated at US\$30k (~A\$42k) per day now is reset +25% to US\$37.5k (~A\$52k)
- ▶ Current daily revenue averages are ~75% *greater* than Q4 2018 average daily figures
- ▶ Management expects to deploy cash to activate more publishers to start over the next quarter

engage:BDR ("EN1 or Company") (ASX:EN1 and EN1O) is pleased to present a revenue update on the Company's recently activated programmatic publisher integrations. Management is pleased of the Company's achievements in relation to the growth in revenue over the past 7 days.

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Recap

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

About A\$1.1m was deployed during February 2019. The process to activate some publishers took nearly 3-4 weeks, and management reported on 18 March 2019 of the initial results of the activity, which yielded about US\$20k (~A\$28k) revenue per day.

Management expected full volume capacity with all publishers within 30 to 60 days from 18 March 2019. At that time, the revenue expectation was US\$30k (~A\$42k) per day. 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.

The fourth quarter of the year is typically the largest for advertising companies in the U.S., from a revenue standpoint. EN1 expected Q4 2018 to be strong, however, due to limited capital, the Company was unable to deploy cash to activate key publishers during that time. Average programmatic advertising daily revenue during this period was about US\$16k (~A\$23k).

New Results

Results over the past 7 days show average daily revenue to have grown 40% from US\$20k (~A\$28k) to US\$28k (~A\$40k) per day. Gross profit margins have sustained ~41% and management has not implemented EN1's artificial intelligence technologies to optimise margins yet but expects to start testing in the next two weeks. This proprietary auction optimization technology is targeting to deliver stronger revenues and sell-through on existing supply and demand and stronger results for EN1's brands and publishers. Management goals significant amplification of revenues from this implementation.

Revenue averages over a shorter period (less than the past 7 days) show significantly stronger results over this 40% growth to US\$28k (~A\$40k); EN1 will update the market shortly with new growth results, *once they're statistically-relevant*.

End of year and quarter daily revenues usually trend higher than overall daily averages and the market should expect these recent figures to be significantly higher than daily averages for the entire first quarter, as these publishers were activated in mid-March. The current daily revenue average is currently about 75% greater than

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(or 175% of) Q4 2018 daily averages; management feels this is a strong indication for the trends to expect for 2019.





At Scale

Management expects *these* publishers to be in their full-capacities over the next 30 to 60 days. Revenue estimates at full-capacity have now been increased 25% to about US\$37.5k (~A\$52k) per day, up from US\$30k (~A\$42k). Gross profit margins are expected to be in the 35-40% range, although the currently yield is ~41%, which is about double of what the industry's averages are.

Revenue growth could enable EN1 to generate more gross profit, which would contribute to profitability. EN1's primary objective is to **return** to profitability. Management is pleased to note that 2019 is a pivotal year for EN1 thus far; recent developments and access to capital have enabled the Company's ramp in performance. EN1 intends to deploy more capital to activate more revenue and will update the market on these activities as they develop.

For additional questions, please email info@engagebdr.com.



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