

20 July 2020

## ASX ANNOUNCEMENT

### 2020 Strategic Plan & Key Milestones H1 Update

#### Highlights

- ▶ EN1 introduced several new revenue streams in H1 2020
- ▶ EN1's H1 2020 primary objectives were revenue growth while maintaining a low-cost base
- ▶ Programmatic integrations are considerably ahead of schedule
- ▶ New ad inventory quality initiatives (app ads.txt & sellers.json) are now live and generating \$5K incremental daily revenue on average
- ▶ All NetZero targets for H1 were met and incremental revenue is generated from these publishers
- ▶ AdCel successfully deployed new ad unit technologies on schedule, including guaranteed attention, chatbot & Native ads for apps
- ▶ During H1, tech infrastructural costs were reduced beyond 10%, as planned

engage BDR ("EN1 or Company") (ASX:EN1 and EN10) is pleased to present the Company's update to its H1 2020 strategic plan and notable milestones for the year, previously announced in Q1 2020.

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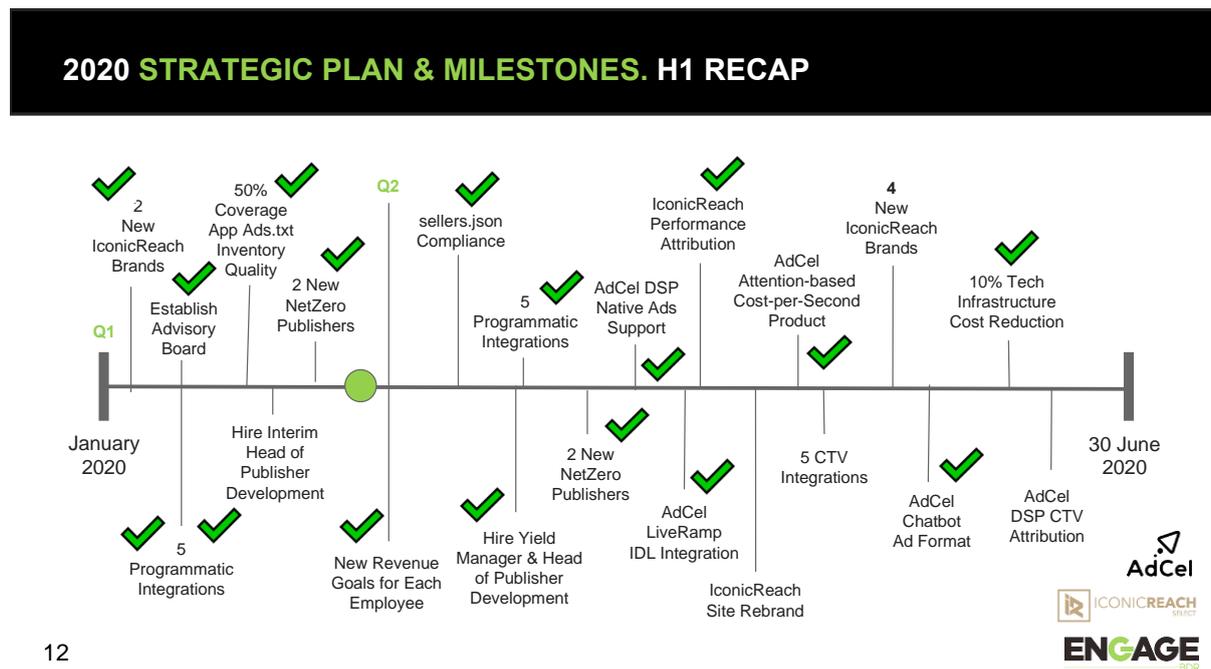
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## 2020 Strategic Plan

The Company's primary goal for H1 2020 was to **continue to scale revenues and profitability**. The plan highlighted in an announcement in Q1 2020, included the key elements of EN1's strategy including notable milestones, or KPI's which will enable more accountability to investors.

## 2020 Strategic Plan & Milestones H1 RECAP.



## EN1 H1 2020 Strategic Roadmap

### ◀ EN1 Programmatic Exchange

### Programmatic Integrations ✓

Integrations are fundamental drivers of EN1's programmatic revenue. The more programmatic partnerships the Company has integrated, the higher the supply and demand

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sell-through. The additional ad inventory and advertiser demand creates a network effect where demand on all inventory increases competition for each impression, bid-prices, sell-through and margins all increase; this will yield a direct impact on gross profit, net income and EBITDA.

The bottom line is, integrations determine the strength of the engage:BDR programmatic exchange revenue. Every two dollars in revenue is worth approximately one dollar in gross profit (54% margins in 2019), which impacts net profit tremendously. In simple terms, gross profit in a given month above approx. \$600K would mean that the Company would achieve a profit (on a cash-basis), because EN1 has a fixed-cost structure (software generates 100% of its revenue), unlike many of its competitors who have variable cost models, which scale up with revenue growth.

Integrations are key performance indicators (KPIs) to forecast the Company's future profitability. To date, the Company has onboarded over 230 integrations by H1, several new programmatic integrations in the first month of H2 2020 have also been signed. Management will soon update shareholders on recent integration activity.

Over H2 2020, the market can expect new integrations to enter into the Company's platform each quarter, in addition to updates on the revenue-generating impact of those new integrations and ones previously announced. In line with the Company's overall strategy to increase revenue and profitability, the Company intends to exceed the 238 programmatic integrations target by end of 2020. EN1 will continue to update the market with regards to traction on all integrations signed and fulfilled and their performance.

## CTV Integrations

CTV is connected TV, apps on smart televisions and set top boxes like Roku. Management reprioritised other immediate revenue-generating initiatives over CTV development as CTV was more cash-intensive when compared to lower-hanging fruit, especially due to Covid-19 revenue impact and cost-saving measures. Management expects CTV priority to rank higher for the Company once U.S. ad dollars normalise in the coming months.

## App Ads.txt Coverage

The Company successfully listed greater than 50% app ads.txt inventory quality coverage by the end of Q1 2020. App ads.txt is an industry-wide inventory quality architecture, where app publishers list their authorised sellers within a file accessible by anyone, but typically only buyers, at the time they submit their bid. The challenges in this area have been adoption of this architecture by publishers. Having 50% coverage enables revenue lift and sustainability for EN1.

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## **sellers.json** ✓

Another industry-wide, progressive ad inventory quality initiative is called sellers.json. EN1 successfully developed and deployed this initiative after nearly a year of engineering effort. This architecture enables buyers to understand how direct the ad inventory they're buying truly is. This file, accessible by programmatic buyers, lists the value chain of the inventory, down to the publisher. EN1 anticipates positive revenue impact in 2020, and in the future, a material difference in sustainability and reduction of competition and growth of margins, as middlemen would be eventually eradicated by the design of sellers.json. This initiative is currently generating about \$5K daily incremental revenue as at early July 2020.

## **IdentityLink Integration** ✓

The EN1 programmatic ad exchange integrated a new industry initiative, IdentityLink user tracking with industry leader Liveramp, which provides an anonymous identifier which pinpoints to a specific individual across multiple devices and channels, including offline. Management expects IDL to be a game-changing user targeting evolution for 2020 and beyond which potentially enables new business with top-tier brands which require this capability.

## **NetZero** ✓

NetZero new business planned to include two new, large publishers per quarter in 2020; EN1 succeeded in this endeavor in H1 2020. NetZero is a post-paid publisher payments solution which significantly improves the cashflow of publishers by providing cost-free, immediate payment of invoices the day EN1 is invoiced. In contrast, many publishers pay 25% interest on average, per year, for similar access to capital (factoring). EN1 executes campaigns, sells the ad inventory and invoices the buyers before paying the publishers; EN1 is insured for all A/R credit with Euler Hermes credit insurance.

## ◀ **IconicReach Influencer Marketplace**

### **IconicReach New Business**

All new business for IconicReach is expected to include programmatic ad buys in 2020 in addition to custom influencer content. Management targeted 2-4 new brands to be signed per quarter in 2020; unfortunately, Management temporarily furloughed these resources to shift expenses to other revenue-generating areas of EN1's business due to Covid-19 expense optimisation.

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## Performance Attribution ✓

In Q2 2020, EN1's engineering teams deployed a performance attribution technology, which enables advertisers' access to measure campaign performance and analytics across mobile apps. This measurement technology tracks all engagement with advertiser campaigns, including conversion / sales and user targeting outside of the social platforms, which is an area of extreme difficulty in the influencer advertising space currently.

## Site Rebrand

IconicReach has developed & soon will deploy an entirely new website with new marketing content & case studies in H2 2020. Resources were furloughed to optimise cost for immediate revenue-generating products in the interim. The new IconicReach site will include a simpler user interface & more concise content.

## AdCel ✓

AdCel remains a top performer in the mobile marketing ecosystem, from a yield management, fill-rate% standpoint (99.5% ad opportunities filled, for most of its publisher clients). As previously mentioned, the acquisition of AdCel in 2018 provided the Company with over 6,000 applications ("Apps"), which have significantly increased the combined Company's advertising inventory available for sale.

## DSP Native Ads Support ✓

In Q2 2020, AdCel deployed a **new revenue stream** - native advertising support, within the AdCel DSP. Native ads support is available to AdCel's publishers, as an incremental revenue stream, and to the advertisers licensing the AdCel DSP.

## Guaranteed Attention ✓

In Q2 2020, AdCel deployed its time-based guaranteed attention product for advertisers. Advertisers have been optimising their performance over recent years, almost purely based on ad viewability. Guaranteed attention takes optimisation several steps further by guaranteeing specific time metrics around the viewability of the ad to each user, down to the impression. AdCel deployed this product within the AdCel DSP, and is available for all formats (video, display and native) on mobile apps only.

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## Chatbot Ad Format ✓

Also, in Q2 2020, AdCel deployed another new ad format for publishers and AdCel DSP customers – chatbot ads. This new placement is available via the AdCel SDK mediation technology and creates chatbot ad opportunities when most appropriate for the publisher. This is also a **new revenue stream** for AdCel.

## ◀ Tactical Administrative ✓

### Advisory Board ✓

In Q1 2020, Management established a strategic advisory board, comprised of key industry players with significant influence. Members of this board include industry influencers in the areas of app publisher development, programmatic demand, and inventory quality. Assembling this group has enabled countless new partnerships previously unattainable.

### Head of Publisher Development ✓

Management hired an interim Head of Publisher Development in Q1 2020. The Company's influential and experienced new head of publisher development has enabled key incremental access to new publishers. Management feels this new resource has accelerated EN1's NetZero program and has ramped revenue much quicker, enabling nearly 44% H1 revenue growth in 2020. Management has paused plans to hire a permanent resource in this area until revenue normalises.

### New Revenue Targets ✓

In Q1 2020, all employees of EN1 were issued individual revenue targets, tactical and incentive plans. In 2019, EN1 generated \$1.15M per person; Management is targeting a considerably higher figure per person by the end of 2020 as revenue run-rate is currently stronger than 2019, with currently 12 full-time employees.

### Yield Manager

Management expected to hire a new yield manager in H1 for the EN1 ad exchange. Due to cost-saving measures, Management has delayed this onboarding until revenue normalises.

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## Tech Infrastructure Cost Reductions ✓

Management successfully reduced tech infrastructure costs by greater than 10% in H1 across all of EN1's tech infrastructure providers (colocation, bandwidth, creative scanners, malware scanners, etc). This is an on-going cost reduction exercise which will continue for the foreseeable future.

For questions or feedback, please email [info@engagebdr.com](mailto:info@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. The “~” symbol refers to figures which have not been audited, adjusted and are preliminary estimates.

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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