

29 April 2022

# ASX ANNOUNCEMENT

## Quarterly Activities Report

### Q1 2022 Highlights

- ▶ New CTV product revenue has peaked up to 30% of total daily revenue in April 2022
- ▶ New partnership with industry leader DoubleVerify reduced ad fraud scanning costs by nearly 50% in Q2 to date, and eliminated inventory quality issues seen with previous partner, further increasing revenue
- ▶ New partnership with AdLighting reduced advertiser campaign quality scanning costs by nearly 50% in Q2 to date, and has improved false positives to increase revenue
- ▶ The Company's AdCel unit to white label its DSP (buyer platform), as an enterprise solution, creating incremental revenue opportunities
- ▶ EN1's CTV (connected TV) app partnership with comedian Jamie Kennedy, HAHAAJK! is now available to download on Roku, FireTV and AppleTV, Android TV, and Samsung TV devices
- ▶ EN1 on-boarded 13 new customers in Q1 and 3 in Q2, to date
- ▶ Engineering costs improved 26% to \$307K in Q1
- ▶ Staff costs improved 13% to \$587K in Q1
- ▶ Administrative and corporate costs improved 81% to \$120K in Q1
- ▶ Legal & Settlements improved 85% to \$29K in Q1
- ▶ Net Cash Used in Operating Activities improved 64% to \$592K, from \$1.66M in Q1
- ▶ The Company is in the final stages of completing a successful capital raising
- ▶ Distribution of revenue significantly improved to less than 15% of total for any single customer, from 85% in Q2
- ▶ Significant reduction of largest cost unit in Q2, U.S. engineering headcount reduction by 50%

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engage:BDR Limited ('Company', 'Engage' or 'EN1') trading update and commentary regarding Q1 2022 performance and activities.

Net cash used in operating activities was \$592K; cash balances at the end of the March 2022 quarter were \$182K. One-time, extraordinary legal expenses in Q1 2022 totalled \$29K, which were comprised of trade creditor settlement (existing balance sheet liabilities) and attorney's fees.

Receipts from customers totalled \$878K. Staff costs improved 13% to \$587K. Administrative and corporate costs improved 81% to \$120K, over the previous quarter. Ending cash balances were \$182K.

During the quarter there were payments of \$239,767 associated with executive and non-executive fees paid to Directors for the March 2022 quarter. This is outlined in section 6.1 of the Appendix 4C.

## Subsequent event

The Company is in the final stages of completing a \$1million convertible note raising as announced to the ASX subsequent to quarter end.

## Revenue Distribution

In August of 2021, the Company had negative revenue impact from the pausing of its largest customer, due to uneven revenue distribution. Since August 2021, Management has been onboarding new customers in several content categories to diversify the revenue mix and reduce significant dependencies on any single client. Today, no client is contributing more than 15% maximum of any day's total revenue. Management targets to break this down to half of this figure by the end of 2022.

## Reduction of U.S. Engineering Staff

By Q2, U.S. engineering costs have reduced by 50% due to reduction of staff. Management shifted focus to CTV, moving out resources focused on legacy products, mobile app and web advertising, consistent with the Company's new sole focus.

## CTV



In January 2022, Management shifted the focus of the Company to primarily transact in CTV (connected television advertising). By early Q2 2022, the Company measured CTV revenue peak to a high of 30% of total daily revenue. This revenue is all new supply and

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buyers, onboarded in 2022. Additionally, the Company recently rebranded as 'ColorTV' consistent to its new primary focus, in connected television advertising.

## New Partnerships

In Q1 2022, Management boarded new partnerships in inventory and campaign quality scanning. A new partnership with global ad inventory quality leader, DoubleVerify, enabled significant reduction of ad fraud (not flagged by previous partner) and a new campaign quality scanning partner, AdLightning. Both partnerships are saving the Company nearly 50% across all scanning costs and increasing revenue because of less false positive flags.



## AdCel Enterprise White Label



AdCel is a mobile app advertising platform which EN1 acquired in 2018. AdCel's primary focus was mobile app advertising and monetisation for app publishers. Today, AdCel owns a media buying platform (DSP – demand side platform), which it intends to license and white label to enterprise clients. Management is working on a pilot of this use case with an enterprise client currently. Additionally, AdCel is focused on monetisation for CTV app publishers and has developed a vast array of technology and solutions is CTV.

## HAHJK! Connected TV App



EN1's CTV comedy app with comedian Jamie Kennedy is now live and available for download on the app stores below. Management targets 100 new U.S. comedians' exclusive content to be on-boarded onto the platform every quarter. Once 100 comedians have been on-boarded, the Company will market the app on mainstream media, app stores and comedy websites and apps to drive user acquisition, which is expected to generate video views which are monetised by EN1 CTV advertising. The App is available for download now on Roku, FireTV & AppleTV, Android TV and Samsung TV.

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## New Customers

### Q1 2022:

Sparc media (buyer)  
Team 8 (buyer)  
Gotham Ads (buyer)  
Mommy Poppins (supply)  
Mintegral (supply)  
Ximad (supply)  
Consumable Media (supply)  
Moneytag (supply)  
Sayollo (supply)  
Digicel (supply)  
Venatus (supply)  
The First (supply)  
Edge226 (supply)

### Q2 2022:

Mobius (supply)  
SoundHound (supply)  
IronSource (supply)

## NASDAQ SEC 20F Filing

On 6 January 2021, EN1 filed a form 20F with the U.S. Securities Trade Commission to cross-list EN1 on the NASDAQ. Management is excited to potentially be listed with dozens of EN1's U.S. AdTech peers with trading multiples averaging at 20 times trailing 12 months' revenue.

The SEC responded to the submission in April and June 2021 with final commentary, which required three years' audited financials by a PCAOB certified audit firm. Since EN1 works with Australian auditors, the financials needed to be re-audited. Management signed a new U.S. audit firm; the audit is currently underway and expected to finish at the end of Q2 2022. Once the audits have been signed off, EN1 will resubmit the 20F filing to the SEC and NASDAQ for approval.

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ASX: EN1

colortv.

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 please email [investors@engageBDR.com](mailto:investors@engageBDR.com).

A handwritten signature in blue ink, appearing to read 'Ted Dhanik'.

On behalf of the Board  
Ted Dhanik  
Co-Founder and Executive Chairman

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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. Figures 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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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

engage:BDR Limited

**ABN**

39 621 160 585

**Quarter ended ("current quarter")**

31/03/2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$AUD</b>	<b>Year to date (3 months) \$AUD</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	877,850	877,850
1.2 Payments for		
(a) Engineering / research & development	(306,730)	(306,730)
(b) Ad inventory costs of goods sold	(424,324)	(424,324)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(587,869)	(587,869)
(f) administration and corporate costs	(120,031)	(120,031)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(1,817)	(1,817)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
(a) prepaid ad inventory		
(b) legal & settlements	(28,926)	(28,926)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(591,847)</b>	<b>(591,847)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		



Consolidated statement of cash flows		Current quarter \$AUD	Year to date (3 months) \$AUD
2.2	(e) intellectual property		
	(f) other non-current assets		
	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
	2.3 Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	<b>Net cash from / (used in) investing activities</b>		

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	524,870	524,870
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
	(a) finance lease obligations	(8,016)	(8,016)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>516,854</b>	<b>516,854</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	256,901	256,901
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(591,847)	(591,847)



Consolidated statement of cash flows		Current quarter \$AUD	Year to date (3 months) \$AUD
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	516,854	516,854
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>181,908</b>	<b>181,908</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	181,908	181,908
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>181,908</b>	<b>181,908</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(239,769)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	520,591	267,686
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		252,905
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Loan facility is actually a cash enhancement activity known as factoring. Advances are recorded against certain receivables balances which are factored under this facility. The credit risk associated with the transfer of trade receivables are retained with the Company.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(591,847)
8.2 Cash and cash equivalents at quarter end (item 4.6)	181,908
8.3 Unused finance facilities available at quarter end (item 7.5)	252,905
8.4 Total available funding (item 8.2 + item 8.3)	434,813
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.73
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
The company expects to have at a minimum the current level of net operating cashflows as a result of expected improvement in revenues and a reduction in operating costs flowing from management's current and ongoing restructuring programme.	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
The company has, subsequent to the end of the reporting period, commenced a capital raising process, as a result of which funds will be raised to continue its operations in the quarter ended 30 June 2022.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The company expects, based on the response to 8.6.2 and the expected improvement in performance in operating cashflows derived from a combination of revenue growth and cost restructuring measures which management have and are continuing to undertake to improve operational performance.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2022.....

Authorised by: By the Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.