

26 April 2018

ASX ANNOUNCEMENT

Company Continues to Expand its Core Programmatic Business and Consider Strategic Acquisitions

Highlights

- **The Company's programmatic advertising platform has continued to experience rapid growth in the first quarter of 2018**
- **The Company's programmatic business is expected to be profitable and cash flow positive in the 2018 financial**

engage:BDR (**ASX:EN1 and EN10**) is pleased to provide an update on the progress of its programmatic advertising business in Q1 2018.

In order to assist shareholders and potential investors to better understand programmatic advertising, the Company has also provided a brief description of its programmatic business and the programmatic industry in general below:

About programmatic advertising

Programmatic advertising is basically the use of software to buy and sell advertising space digitally. In this process, software is used to automate the buying, placement, and optimisation of advertising inventory through an online bidding system.

Anyone using the internet will have experienced programmatic advertising, in many cases multiple times a day. Cookies are bits of data generated by a web browser and stored on the computer, providing everything a website needs to keep track of a user.

Advertisers use Cookies to collect information about a website's visitors. They then use this information to create profiles containing specific details about a user so they can display relevant advertisements to them.

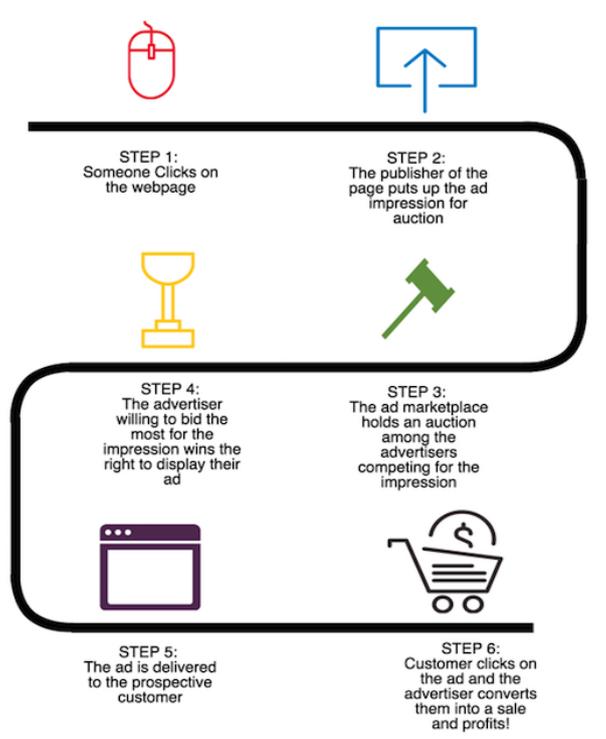
engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
info@engagebdr.com.au

For personal use only

Below is a simplified infographic on how programmatic advertising works:



Source: *SmartInsights website*
www.smartinsights.com

Set out below is an example of a programmatic advertising campaign designed by engage:BDR for McDonalds Corporation (**McDonalds**).

McDonalds wished to increase its market share of the breakfast market in Southern California. engage:BDR helped McDonalds achieve its goals by delivering targeted ads containing incentives to consumers in an effort to drive foot traffic into their local McDonalds outlet.

engage:BDR employed “State of Mind” targeting tactics such as geo-fencing (identifying the users proximity to their closest McDonald’s location via Latitude and Longitude coordinates), coupled with third party supplied user data (eg: people who dine at fast

engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
info@engagebdr.com.au

For personal use only

food restaurants one or more times per week) and delivery of media during breakfast hours to deliver against MacDonald's KPI's.

Update on engage:BDR's programmatic advertising division

engage:BDR has processed 86 client integrations to date, with a further 15 clients expected to be integrated by end of Q2 2018. 18 integrations have been completed so far this calendar year.

Two new clients that have been integrated into engage:BDR's programmatic platform are described below.

ROCKYOU – Rockyou is a full service entertainment and media company headquartered in San Francisco, with branches in New York, Los Angeles, Portland, India and Thailand.

RockYou's video network reaches 75 million monthly viewers, developed and optimised by publishers of leading social media apps. RockYou Media provides brands and publishers with engaging content for a multicultural audience.
<https://rockyou.com>



BEACHFRONT – Beachfront Media is a leading video technology company enabling distribution and monetisation of video across all screens. With their video ad technology, customers can serve video ads instantly across all major platforms, such as iOS and Android platforms. <http://beachfrontmedia.com/>



BEACHFRONT

An integration involves connecting the client's systems to engage:BDR's systems to ensure that both systems are communicating with each other properly. In reality, the

engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
info@engagebdr.com.au

integration is quite complex and time consuming. A client integration typically takes 3 weeks to 6 months to complete and 80+ man-hours involving several team members from both companies.

Due to the complexity and time consuming nature of the process, once a client is on the engage:BDR platform, it would only very rarely choose to leave the platform and go through the entire process again with another company. In addition engage:BDR puts considerable effort into ensuring client satisfaction so that clients should have no reason to leave the engage:BDR platform once integrated.

The programmatic advertising industry is not a typical industry where clients are transient and regularly come and go from a particular programmatic platform. When the Company secures a client, it anticipates that it will retain that client for many years. engage:BDR believes that the programmatic advertising division and the industry in general will continue to grow rapidly over the next 1-3 years.

As noted in previous ASX announcement, the Company's programmatic advertising in January 2018 was 280% higher than the corresponding month in 2017 and the February 2018 programmatic advertising was 310% higher than the corresponding month in 2017.

The Company expects this high growth rate to continue for the remainder of the calendar year. It should also be noted that the second half of the calendar year is by far the busiest time of the year in the advertising industry due to advertisers increasing their spending because of the many events that occur in the later part of the year, including Halloween, Thanksgiving and Christmas.

As previously announced engage:BDR expects its annual revenues to grow to between AUD \$24 million to AUD \$24.5 million in 2018 and EBITDA to between AUD \$1.25 million and AUD \$1.5 million. engage:BDR will provide further updates to this previously announced guidance as the year progresses.

New product features

engage:BDR has also recently developed a new 100% viewable proprietary display slider ad unit. This means that the advertisement will still be viewable even when the user is scrolling down the webpage making the advertisement 100% viewable at all times.

engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
info@engagebdr.com.au

BDR ENGAGE

The traditional method of digital advertising is that the advertisement remains stationary on the webpage, and accordingly it will not be seen if the user is looking at another part of the page. This new feature, which is currently being beta tested by the Company, is expected to deliver significant benefits for advertisers who will pay a premium for that style of advertising if they know that their advertisement is guaranteed to be visible on the webpage at all times.

The engage:BDR value proposition

engage:BDR has built its proprietary programmatic platform over several years. It believes that it has several unique characteristics, which give it a significant competitive advantage over its competitors.

The platform features unique demand, allowing engage:BDR to net the publisher incremental revenues from buyers who would not be able to connect directly to the publisher.

Demand is sourced through a mixture of our programmatic buyers as well as audience extension and re-targeting campaigns sold in house through IconicReach. IconicReach uses the Company's programmatic technology to increase its footprint beyond social media influencer campaigns.

In addition the Company's platform enables more transparency and user data to be made available to its clients. engage:BDR does not allow ad fraud, which can boost revenues for the programmatic company to the detriment of the client. Proprietary brand safety measures, as well as third party brand safety tools, protect publishers from being served ads that detract from the user experience.

engage:BDR has developed a considerable economic moat in terms of maintaining its competitive advantage. This includes the considerable capital and technical knowhow required to develop the platform and the relationships that the Company's team has built up with publishers over many years.

Proposed acquisitions

The previously announced financial projections referred to above are based on the performance of the current engage:BDR business and do not include the likely acquisitions that the Company is currently working on.

engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
info@engagebdr.com.au

For personal use only



As previously noted, engage:BDR is in discussions with several potential companies for strategic acquisitions. All the businesses being considered have high annual repeat revenues and are EBITDA positive or approximately break-even.

As stated previously in the Company's various ASX announcements, engage:BDR's cost structure is now largely fixed with the shift in its business to programmatic advertising. Accordingly if engage:BDR makes an acquisition of another similar business in the digital advertising space, (for example a manual digital advertiser which has USD \$20 million in repeat revenues per annum) and migrates that company's clients onto the engage:BDR programmatic platform, engage:BDR would expect the majority of the revenue to fall to the Company's bottom line.

Also, once a publisher is set up on the engage:BDR programmatic platform there is a multiplier effect of those new advertisers now being able to access that programmatic platform for advertisements. engage:BDR estimates that the multiplier effect could be up to 4 times the current revenue of the acquired company.

engage:BDR has extensive knowledge and experience in the programmatic advertising business based on its 9 years of experience in the sector and believes that the acquisitions it proposes to make will have a significant effect on the Company's revenues and earnings.

Growth of programmatic advertising

CMO by Adobe recently published a very informative article on programmatic advertising ("15 Mind-Blowing Stats About Programmatic Advertising"), which provides an insight in to the growth potential of this industry. A link to the article is shown below:

http://www.cmo.com/features/articles/2017/9/26/15-mind-blowing-stats-about-programmatic-advertising.html#gs.LqTJ_nM

Other information on the growth of programmatic advertising from other research groups is shown below:

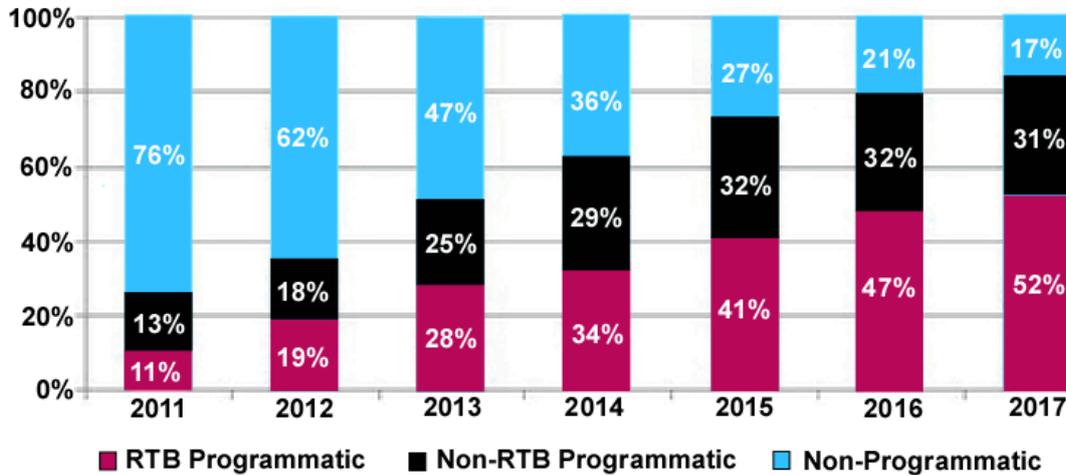
engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

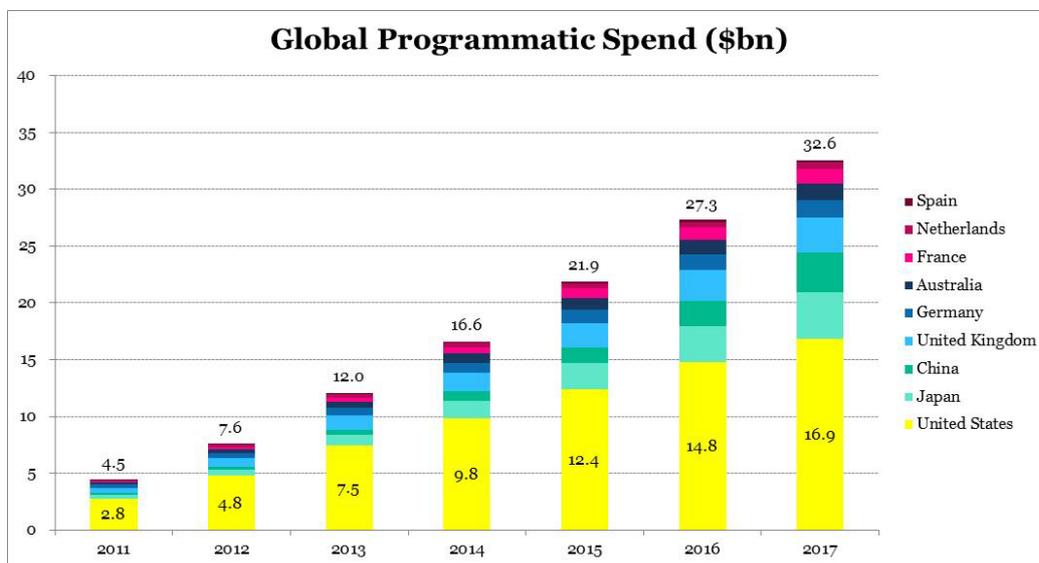
Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
info@engagebdr.com.au

For personal use only

USA growth in programmatic advertising (shown in red) from 2011 to 2017 (Source: Magna Global)



Global programmatic spend (\$USD billion) between 2011 and 2017 (Source: Magna Global)



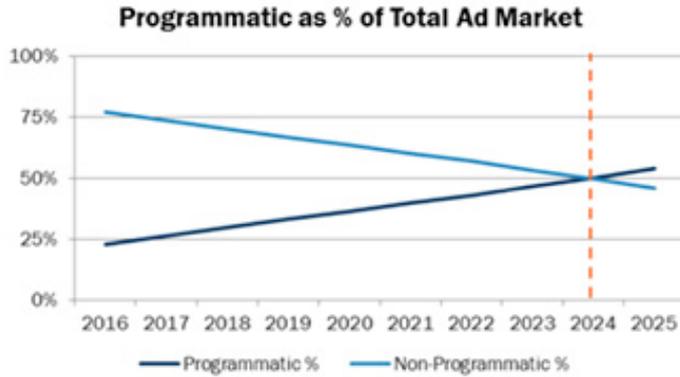
engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
info@engagebdr.com.au

For personal use only

Programmatic advertising as a percentage of the total ad market (historical and forecast to 2025) (Source: FTI Consulting).



Awards and accreditations

engage:BDR has received many industry awards. Shown below are some of the recent awards and accreditations, engage:BDR has received:

	<p>engage:BDR has been ranked as high as #1 in the display space by comScore with a 97% penetration of US Internet users</p>
	<p>engage:BDR has been ranked as high as #1 US network by Quantcast with over 500 million unique users globally</p>
	<p>engage:BDR is third-party audited and accredited to IAB standards for click measurement, web impression measurement, rich media, digital video commercials, and mobile web ad measurement</p>

engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
info@engagebdr.com.au

For personal use only

BDR ENGAGE

	engage:BDR is amongst a relatively small, proactive group of companies to be third-party audited and certified as Tier 1 Compliant to QAG 2.0
	engage:BDR is third-party audited and certified as meeting the 3MS standard for viewable impressions
	engage:BDR was ranked #3 for the Best Places to Work in 2016 by the Los Angeles Business Journal

Ted Dhanik
Co-Founder and Executive Chairman

For further information please contact engage:BDR Limited (ASX:EN1 and EN10)

Ted Dhanik
Co-Founder and Executive Chairman
engage:BDR Limited
t: +1 310 954 0751
e: info@engagebdr.com

or

Cary Stynes
General Counsel
engage:BDR Limited
m: + 61 412 111 821
e: info@engagebdr.com

Follow us on social media:



engage:BDR Limited (ASX:EN1 and ENO)
ACN 621 160 585

U.S.A Office
engage:BDR
Suite 100, 9220 Sunset Blvd
West Hollywood, CA 90069
USA
t: +1 310 954 0751
e: info@engagebdr.com

Australian Office
Scottish House
Level 4, 90 William Street
Melbourne Victoria 3000
AUSTRALIA
+61 412 111 821
[info@engagebdr.com.au](mailto:info@engagebdr.com)

For personal use only