31 May 2018

ASX ANNOUNCEMENT

Executive Chairman's Address to be delivered at the Company's Annual General Meeting

engage:BDR Limited (**ASX: EN1 and EN1O**) is pleased to provide a copy of the Executive Chairman's address delivered by Mr. Ted Dhanik the Executive Chairman of the Company at the Annual General Meeting held at 11.00am (AEST) on 31 May 2018

On behalf of the Board

Ted Dhanik
Executive Chairman
engage:BDR Limited

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engage:BDR Limited

Ted Dhanik – Executive Chairman's Address

Annual General Meeting – 11.00 am Thursday 31 May 2018

The Company provides the following review of its operations for the 2017 financial year and its recent progress since listing on ASX.

As shareholders would be aware the Company listed on the ASX on 14 December 2017 after completing a significantly oversubscribed initial public offering ('IPO'), which closed in late September 2017 raising $10,000,000.

There were some financial consequences to the Company of the delay in the listing, from the completion of the IPO on 29 September 2017 and the actual listing of the Company on ASX on 14 December 2017, which were set out in detail in the Annual Report.

I will first provide a brief description of the Company's business and how it generates its revenues

engage:BDR is an internet-based marketplace platform and technology solutions provider. The Company's proprietary technology is used to optimise the sale of advertising inventory from digital publishers, websites and apps, to advertisers and their agents, brands, agencies and advertising platforms. The ability to optimise the inventory from digital publishers to advertisers and their agents allows engage:BDR to play an important role in managing the advertising exchange.

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engage:BDR allows digital publishers to monetise their available advertising space by making the inventory available to multiple advertisers, as well as providing various related technologies designed to help publishers create additional incremental revenue streams.

The Company's advertising exchange platform also allows publishers to sell space for video advertising on webpages that do not currently have video content.

The Company generates revenue from four principal activities under two revenue streams programmatic and non-programmatic

The first is non-programmatic display advertising sales

The Company's non-programmatic display advertising sales business is tag-based, traditionally sold and managed banner advertising campaigns run for direct advertisers. This was the Company's first product, which was initially launched in 2009 and remained a significant revenue contributor in 2017. The Company anticipates that this part of its business will continue to decline as advertising buyers continue to migrate their business to more efficient and cost effective programmatic buying. The Company is expecting to be able to deliver significantly increased trading margins as a consequence of these advertising buyers moving to a near totally automated programmatic operation during 2018.

The second is programmatic display advertising sales

The Company's programmatic display advertising sales business includes selling banner advertising inventory through the Company's digital auctioning technology to other platforms and marketplaces. The Company developed this product to replace the traditional non-programmatic display advertising method of doing business. Many of the Company's non-programmatic buyers are still bidding on the Company's advertising inventory through server-to-server connections. The adoption of programmatic display advertising has proved extremely successful in 2017

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and opened significant additional revenue opportunities from many of the Company's existing clients, largely because programmatic buying and selling of advertising is much more efficient and significantly more cost effective to operate. This has, and will continue to increase, the Company's overall operating margins in 2018 and beyond.

The third is non-programmatic video advertising sales

The Company's non-programmatic video advertising sales business includes selling video inventory through tag-based technology to direct advertisers, other platforms and marketplaces. The Company has spent the last two years developing its own proprietary video ad serving technologies and further expanding this part of the business during 2017 by enabling both buying and selling of video in addition to its display business. The Company has significantly increased revenue per customer by integrating the video channel with the display buyers and sellers and opening business on the display ad side to customers that were originally integrating into the video business. The Company anticipates that the programmatic video business will eclipse all other advertising formats over the next three to five years and as a result has dedicated significant financial resources to this part of the business in 2017 to encourage and increase the rate of this shift. Already in the first two quarters of 2018 the Company has seen the benefits of this expenditure

The fourth area is programmatic video advertising sales

The Company's programmatic video advertising sales business grew significantly during the 2017 year and this has continued in the first 5 months of 2018 as the Company has continued to progress the development of its programmatic and video advertising platforms.

Significant achievements during 2017 and the early part of 2018 included considerable expansion of the Company's programmatic display and video partnerships and integrations and the launch of its true programmatic, real-time bidding buy-side and sell-side marketplace for video.

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The Company achieved a No. 9 US comScore video ranking, which is the equivalent of a Nielsen, ranking of all video advertising companies measured in the U.S.A in 2017, which was a fantastic result.

The Company's recently developed, and proprietary programmatic technology, has significantly increased the Company's operating margins by reducing payroll and associated sales commissions. With the rapid adoption of programmatic buying in the USA, Europe, Australia and increasingly in Asia, brands, agencies and digital media buyers have moved their budgets to programmatic auction-based buying, rather than buying from traditional sales people, with individual requests for proposals lengthy contract negotiations and booking order forms.

This behavioral change has made the advertising marketplace in which the Company operates much more efficient, significantly reducing the staff overhead required to sell advertising in the traditional way.

Advertising buyers, through the Company's programmatic platform, are essentially bidding for advertising inventory in real time in dynamic auctions, which occur in milliseconds while the relevant web page is loading.

This new engage:BDR programmatic format has created significant barriers to entry for new companies looking to enter the digital advertising arena. Companies must realistically own and develop their own proprietary technology to be able to participate in the rapidly developing programmatic advertising ecosystem as licensing third party technologies is cost-prohibitive. The Company has developed its own real-time auctioning and bidding technologies which provide it with a significant competitive advantage. The Company has also established thousands of direct publisher relationships over the last 9 years which is a key differentiator and competitive advantage for the Company and puts it in great position as the programmatic system of advertising buying and selling grows throughout the world.

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The Group is continuing the integration of further partners into its video platform. After completion of the development of the Groups proprietary video ad serving platform, the Company began selling and integrating demand partnerships. With these relationships established and technologically now being integrated, the Company will be able to auction video advertising on its platform on a significantly larger scale which will have a corresponding positive effect on revenues. The Group had 42 integrations completed as at July 2017 and had 82 integrations completed as at the end of January 2018. These integrations are continuing at a rapid rate.

The Company is also continuing to migrate its non-programmatic display business to programmatic. As planned, the Company significantly grew its programmatic display revenues and scaled back the resources and attention devoted to the non-programmatic display business. While this had a short term negative effect on revenues and earnings in the 2017 financial year, the Company's revenues and earnings and cashflows are now expected to grow rapidly and with significantly higher trading margins in 2018 and beyond.

The Company has also continued the development of its "IconicReach" influencer marketing platform. As the market for influencer based advertising grows, the Company has developed a platform that allows brands and influencers to connect and transact digitally. This proprietary technology developed by the Company utilises the shift to programmatic in display advertising and applies the same principles to the influencer marketing space.

In February 2018, the Group announced that it had signed an agreement with cryptocurrency company IvyKoin which is building a blockchain based cryptocurrency for business transactions, particularly larger financial transactions and those that require extensive verification. The Company has been appointed the agency of record for ivyKoin and accordingly will be handling all of the media buying and marketing activities for the Company. This agreement alone should generate over AUD $1.2 million for

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the Company and has led to a number of other cryptocurrency company's talking to the Company about assisting them with their marketing activities

Likely developments and expected results of operations in the year ahead

As a consequence of the fact that the Company's programmatic platform is now completed and a significant number of programmatic partnerships have been established, the Company expects to grow video revenues significantly in 2018. In addition, the gross margins expected to be achieved by the Company will increase significantly as the Company is no longer required to rely on third-party platforms which charge significant fees

In addition to the growth of the tag based video business the programmatic video business will enable much quicker scale and greater revenue per client and shorter ramp-up periods. As the supply and demand partnerships are integrated by the engineering teams, the revenue is expected to steadily grow throughout the year.

The Company expects to see continued growth of its programmatic display business during 2018. Through monetisation of existing partnerships and creation of new ones, the Company expects to be able to significantly scale revenue while maintaining its lower cost operations. As more non-programmatic buyers and sellers migrate to purely programmatic environments, the Company also expects revenue per customer to increase dramatically.

Growth of influencer marketing revenue

The Company's influencer marketing business, IconicReach, has brought in additional incremental revenue through and further diversification of the Group's product and service offering. With Instagram influencers becoming extremely popular, new marketing channels for advertisers and platform efficiencies are required to scale this new form of media. IconicReach, is focused on being the largest marketplace focused on advertiser-supplied creative, creating a scalable and efficient revenue stream for micro-and

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influencers with large audiences. The Group anticipates that several thousand influencers and hundreds of brands will join the IconicReach platform during 2018.

It is important for shareholders to be aware that the Company's revenues are largely derived in the second half of calendar year due to various events including; Halloween, Thanksgiving and particularly Christmas. In addition US back to school advertising in July / August also play a major role in this seasonality.

In other parts of the world, including Australia, the situation is similar with the majority of advertising revenues and earnings achieved in H2 and particularly in the Q4 pre Christmas quarter due to the ramp up in pre-Christmas advertising spending.

On the basis of the Company's previously announced forecasts for the 2018 calendar year, annual revenues for each quarter by percentage are expected to be as follows:

Approximately 25% of the Company's annual revenues are expected by earned in the January to June period, approximately. 25% in Q3 and approx. 50% in Q4. This means that about 75% of the Company's revenues are generally earned in the second half of the year, between July and December and of that about 50% are earned in Q4 between October and December)

In the first quarter of 2018, the Company significantly exceeded its forecasted revenue. This increase was particularly pronounced in the Company's rapidly growing programmatic advertising and influencer marketing businesses.

Given the seasonality of revenues, it also means that there is also seasonality in the of cost of sales. Advertising space can be purchased in advance in anticipation of the more busy second half. Purchasing of

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advertising space, if done early, secures the best publishing media at the best price.

It is very similar to buying an airline or other ticket. If you leave it to the last moment, you are either likely to miss out on a seat completely or pay a higher price for that seat. Given the nature of its business, the Company buys a significant amount of advertising space upfront to secure better prices in anticipation of what is can sell that inventory for in the busy second half of the year.

The Company re affirms its previous guidance that it anticipates revenues of AUD $24 million to AUD $24.5 million this calendar year and to achieve an EBITA of between AUD $1.25 million to AUD $1.5 million.

The Company has exceeded its first quarter revenue forecast and is again on track to exceed its second quarter revenue forecast.

Shareholders should not expect to see these revenues and cost spread evenly over the year. The costs of sales are relatively higher in the first half of the calendar year and the revenues are higher in the second half of the calendar year.

As previously announced to the market the Company the Company has entered into a term sheet to acquire USA based media company AdCel. By acquiring AdCel, engage:BDR will almost immediately be able to increase its integrations to 126 and add over 6,000 exclusive new apps to its publisher supply portfolio. AdCel also has a pipeline of additional integrations which will add to the Company's existing and growing integration pipeline.

Adcel's standalone revenues are expected to exceed AUD $2 million in the 2018 calendar year and the Company is roughly break even.

On completion of the acquisition the Company also expects to be able to achieve significant economies of scale and cost savings by removing some

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duplication between the two businesses in terms of personnel, offices and general administration.

The Company is also currently reviewing a number of other acquisitions and expects to be in a position to announce its second post-IPO acquisition very shortly.

Thank you

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