



30 July 2018

ASX ANNOUNCEMENT

AdCel LLC. Acquisition Completed

Highlights

- The Company has finalised its acquisition of AdCel LLC. on revised terms under which AdCel will receive its entire sale consideration of USD \$3.515 million in fully paid ordinary shares in engage:BDR Limited to be issued at the equivalent of AUD \$0.22 cents per share
- Under the terms of the revised agreement AdCel will no longer receive the USD \$1million in cash consideration as foreshadowed in the original ASX Announcement about the proposed acquisition
- The parties will now move quickly to complete the technical integration of the two Company's products
- AdCel's products and mobile performance strategies align well with the global shift toward mobile in-app advertising

engage BDR ("engage:BDR or Company") (ASX:EN1 and EN10) is pleased to announce that it has now completed its acquisition of USA based advertising and technology company AdCel LLC. As previously announced the Company will acquire all of the shares on issue in AdCel LLC. but under revised terms that replace the originally agreed cash consideration with additional fully paid ordinary shares in engage:BDR

New Terms of Deal

In the course of the Company's due diligence it became apparent that AdCel's annual revenue for 2018 were unlikely to reach their original stated projections.

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The Company now estimates that AdCel's 2018 calendar year revenues are likely to be closer to AUD \$1.65 million, rather than the original expected revenues of AUD \$2 million.

On the basis of these revised projections, and because of the desire of all parties to share in the expected benefits of the integration of the two businesses, the parties agreed, in good faith, to renegotiate the terms of the original acquisition. The key differences in the deal terms are outlined below:

The original terms of the acquisition were as follows:

- USD \$3.5 million at AUD \$0.22 cents per share
- USD \$1 million upfront cash payment
- USD \$4.5 million total consideration paid in cash and shares

The revised terms of the deal are as follows:

- USD \$3.515 million at AUD \$0.22 cents per share
(ie AUD \$ 4,750,171 or 21,591,686 fully paid ordinary shares in engage:BDR)

As a consequence of the due diligence investigations having now been successfully completed, and the revised terms of the acquisition finalised, the Company will now move quickly to integrate the two companies' technologies. The engineering teams from both companies have now commenced the technical integration of the AdCel platform, working to incorporate AdCel's supply and demand into engage:BDR's programmatic ecosystem.

AdCel's Mobile In-App Advertising growth compared with advertising on a traditional desktop computer

As mobile devices continue to capture a larger amount of consumer's attention, advertising agencies are allocating more funds towards mobile advertisements which should directly benefit the AdCel business.

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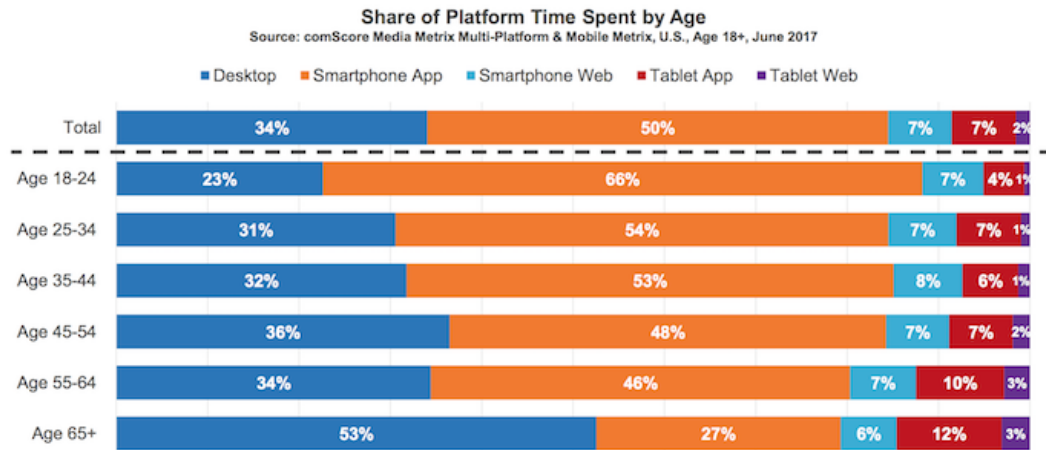
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[comScore](#)'s global industry benchmarks show that mobile ads have a much higher likelihood of reaching their target audience than desktop ads. Mobile devices and their associated applications possess nearly all the same computing powers as desktops and users benefit from the instant, on-the-go access that they provide, leading to increased time spent on mobile phones.

Research has shown that mobile in-App advertising, has a higher conversion rate when compared with other internet ads. [ClickZ](#) reports that the daily average time adults spend using mobile apps is 2.4 hours, in comparison with just 26 minutes on the mobile web. The surging global use of mobile apps is encouraging brands and advertising agencies to favour in-App advertising.

Millennials and Gen Z consumers, that range in age from 18-35, make up the largest percentage of mobile App users. [comScore](#) data has estimated that 18-24 year-olds spend more than three times the amount of time on smartphones as they do on desktop computers. On average this age group spends around 66% of their time on smartphone apps, 7% on smartphone web, and 23% on desktop.

[eMarketer](#) found similar results, confirming that mobile apps make up almost 86% of the time that users spend on their mobile devices.



COMSCORE

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*Source: [comScore](#) & [Business of Apps](#)

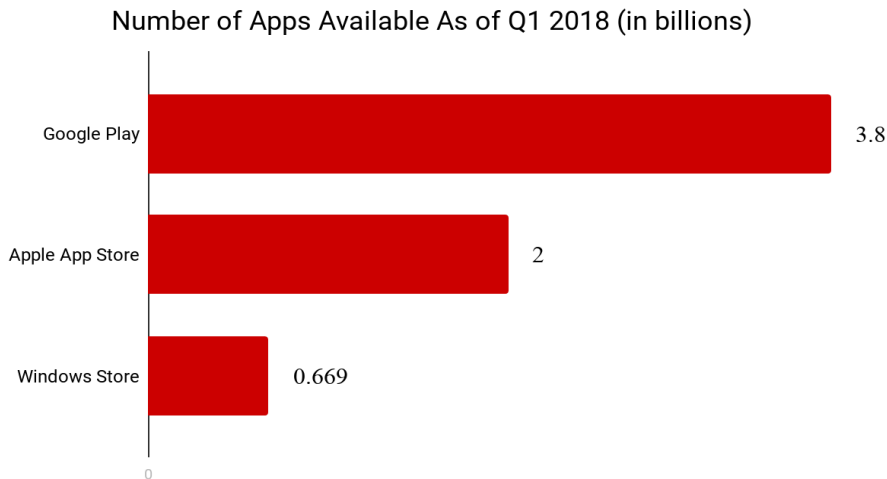
According to measurement company, [Statistica](#), there were 178.1 billion mobile apps downloaded worldwide in 2017 and they are predicting that there will be over 189 billion downloads in 2020 and more than 258 billion downloads worldwide in

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2022. As the number of available apps grows, so too do the marketing opportunities. Mobile advertising provides advertisers with the a large pool of active users, who are more likely to engage with the ads.



Mobile in-App advertising is particularly suitable for the programmatic environment by creating opportunities to target the right customers at the right time.

“Mobile devices, unlike desktop or laptop computers, are more often only used by one person. This means that the apps on a particular device are closely connected to the personal life and daily habits of its owner. This also makes the in-app environment an ideal place for advertisers to create effective and personal advertising touchpoints.” - Smaato, mobile advertising platform

With such a large number of daily users, mobile-App advertising provides a promising opportunity for advertisers.

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AdCel's Advantages in Mobile Marketing

As previously announced to the market when the proposed AdCel acquisition deal was first announced, the acquisition of AdCel, LLC. provides the Company with over 6,000 applications ("**Apps**"), which will significantly increase the Company's advertising inventory available for sale.

The key to successful mobile advertising is to provide highly engaged App users with content that is native to their environment. Since ads can usually be skipped it is crucial to understand what type of content a user is looking for to ensure he/she engages with the ad.

AdCel helps streamline this process by ensuring that advertisements shown to App users are customised to fit their personal interests. The Company's sophisticated data tracking technology targets a large pool of users across an extensive advertising network, with considerable accuracy.

The technology used in AdCel's architecture, in addition to their exclusive App inventory, provide a vital hub for targeting metrics. Information as simple as a person's location could provide valuable insight, such as demographics, local weather, regional events, which should lead to efficient and more effective ad sales.

The Company predicts that AdCel's optimized tracking, attribution and targeting tactics will work to improve ad CPM (cost per thousand impressions) in the months to come.

It is expected that when the AdCel technology and App inventory is integrated into the engage:BDR infrastructure the Company will achieve significant multiples of AdCel's existing revenues

On behalf of the Board

Ted Dhanik
Executive Chairman
engage:BDR Limited

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