PUBLICLY TRADED ON THE **ASX: EN1**

18 September 2018

ASX ANNOUNCEMENT

Commentary on 2017 and H1 2018 Financials Part 1

Highlights:

- ❖ Non-programmatic revenue declined from 45% of total revenue in 2017 to 12.5% in 2018, as planned
- ❖ Programmatic revenue grew 28% in H1 2018 to 87.5% of all revenue, up from 55% in H1 2017
- ❖ Annual programmatic revenue grew from ~\$6M in 2016 to ~\$9M in 2017 (50% growth) and potentially ~\$19m in 2018 (100%+ growth)
- ❖ Programmatic integrations grew by 36 in H1 2018 (~50% growth)
- ❖ Normalised EBITDA in 2017 was -A\$678k and A\$598k in H1 2018
- ❖ OpEx expected to decrease ~A\$6M in 2018 from 2017

engage BDR ("engage:BDR or Company") (ASX:EN1 and EN1O) is pleased to provide the following commentary on the Company's current state of revenue and expenses, in addition to future projections and operations of the business and its industry.

What Do We Do

In order to understand the Company's revenue and expense trends, it is important to fully comprehend how the Company operates. Essentially, the Company buys ad inventory, wraps it with significant value and resells it with a margin.

engage:BDR has AI technology, which looks for valuable ad inventory, in an automated way (programmatically). Then, the Company wraps the ad inventory with significant value that demands its margins (consumer data, exclusivity, etc). This same AI technology predicts what the market is willing to pay for inventory in real-time.

The Company offers the ad inventory in an automated capacity to its programmatic marketplace, where buyers bid on the ad inventory, then the Company selects the buyer (based on bid price, quality of campaign, payment history, etc).

The Company buys the ad inventory (risk-free) and sells it immediately to its chosen buyer. The entire process happens within 200 milliseconds and nearly 70 billion times daily, on the Company's platform.

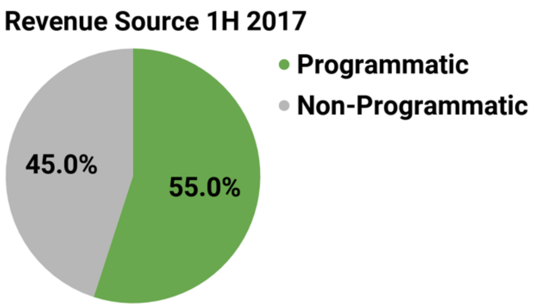
The Company has developed proprietary technology that automates the buying of digital video, display advertising and influencer marketing for advertisers, advertising agencies and the publishers that display those advertisements.

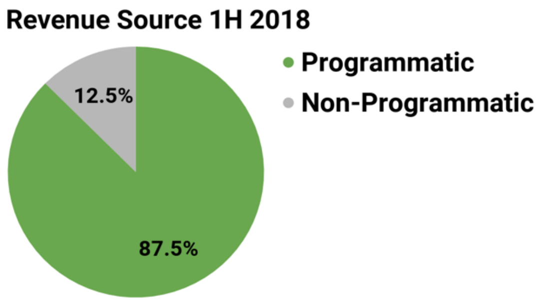
Non-Programmatic Revenue Decline

Traditional non-programmatic revenues, or tag-based, traditionally-sold and managed banner advertising campaigns, declined year-over-year from 2017 to 2018, as expected.

As the volume of non-programmatic sales continues to be reduced, revenue attrition from one period to the next was expected. This, however, is a very positive outcome, showing that programmatic is becoming the dominant revenue source for the Company and industry, in parallel.

Traditional digital marketing activities accounted for a majority of the Company's revenue when the Company launched in 2009, however, over the past 9 years, this revenue stream has been slowly degrading as the programmatic operation became dominant. On the other hand, programmatic revenue is subsequently rising each quarter as more clients are integrated into the Company's programmatic platform.





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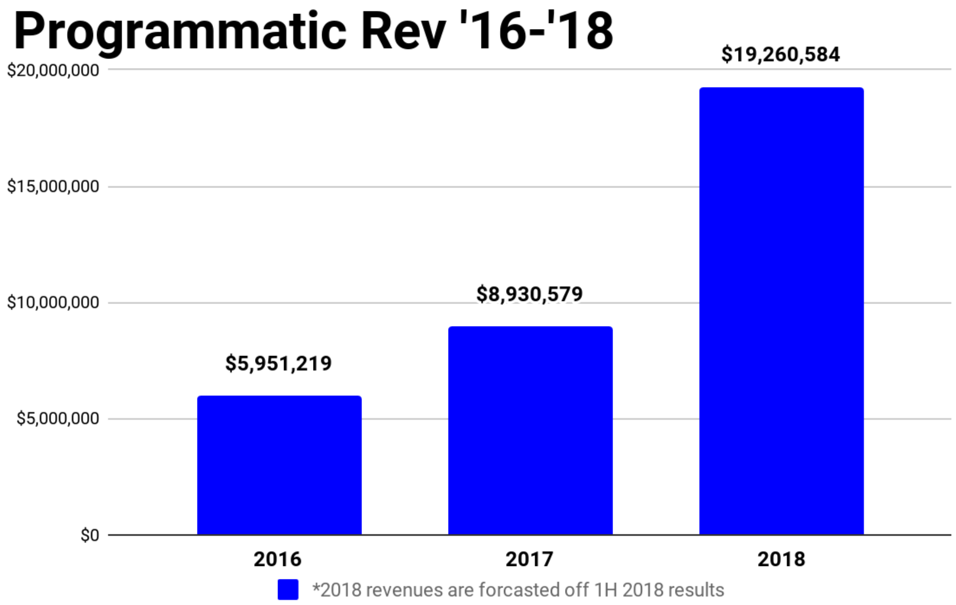
Programmatic Revenue Growth

The Company's revenues from programmatic display and video ad sales continue to grow, with a **28% increase in 1H 2018**, as compared to 1H 2017. engage:BDR's programmatic technology greatly increases the Company's net margin by reducing payroll and related sales commissions otherwise required in a non-programmatic advertising business. The Company's revenues are entirely generated by software, not sales people. The company confirms that it does not employ a single salesperson. **The Company's programmatic revenue grew nearly 50% from 2016 to 2017, and potentially over 100% growth in 2018, over 2017's result.**

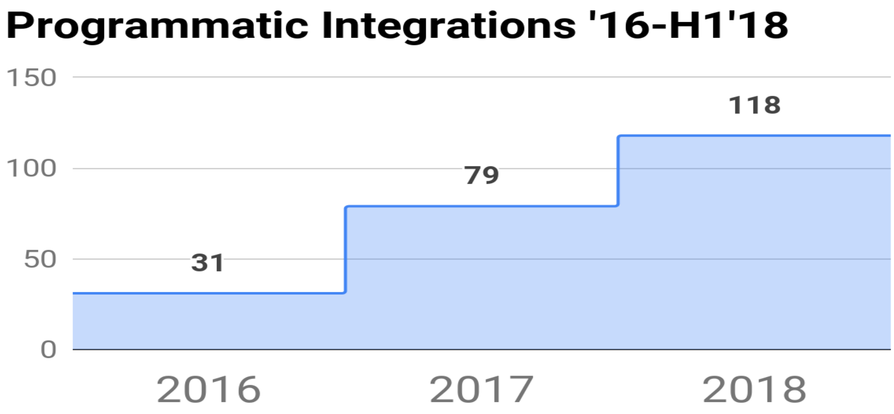
Each month, more and more buyers and sellers move to fully-programmatic environments, programmatic revenue experiences paralleled growth. The Company expects to see continued growth through its programmatic display and video channels.



Programmatic Integrations

In 2018 alone, the Company has added **36 new integrations**, bringing the **total integrations to 118** by August 2018's end. All platform integrations require a significant investment of time and engineering resources from both engage:BDR and its partners. However, the long-term benefits outweigh the short-term costs. They provide additional revenue opportunities for the Company at very minimal additional incremental cost, thereby creating economies of scale and increasing revenue.

As previously mentioned to the market, the recent AdCel acquisition will add another 40+ buyer integrations to the Company's platform. Each integration is significant, and will be announced in groups, starting shortly.



Normalised EBITDA

	2017	H1 2018
Loss after tax	(10,564,957)	(4,226,445)
Interest Expense	981,538	179,311
Depreciation and Amortisation	2,485,353	1,122,708
Tax	1,044	519
EBITDA	(7,097,022)	(2,923,907)
Asset Impairment	1,851,599	1,249,784
Shares Issued to Employees for IPO	3,437,070	
A/P Reassessment		1,609,106
Non-recurring Legal / Accounting Expenses	1,130,147	663,592
Normalised EBITDA	**(678,206)**	**598,575**

By the end of 2017, the Company had already produced all of the technology necessary to carry out its operations. Therefore, in 2018, there was no need for Company's team of engineers to produce any new technology. Additionally, MyDiveo acquired technology is still being integrated into the Company's platforms and was impaired further (intangible asset). Technology companies commonly capitalise their costs to develop software and technology, then later impair or depreciate this capitalisation, which affects the profit and loss statement. There may always be a significant gap between the Net Income, EBITDA an normalised EBITDA figures for this and other technology companies.

Additionally, in 2017, the Company issued about $3.5M worth of common shares to its employees as retention compensation. Many of its employees have been with the Company since it started in 2009. Legal and audit expenses related to the IPO in 2017 were significant and non-recurring; similarly in 2018, nearly all of the legal expenses were non-recurring.

Accounts Payable Reassessment

The Company caught a significant amount of ad fraud and invalid traffic and found that many suppliers have gone out of business, resulting in an $1,609,106 write off of bad accounts on the Company's books. In other words, these expenses should not be listed as liabilities on the Company's balance sheet; they will be written-off during the full-year review and will either add to the 'other income' account for 2018, or other years and require a restating of those years, but will improve the metrics significantly. The add-backs were included in Management's cover of the 4D filing because the Company did not have time to restate prior period financial statements, but it is confident it will have enough time to do this in the full-year 2018 audit. These write-offs, and many others, should have been written-off annually (many of these trade payables are from 2014), but the company was new to the IFRS accounting standard and was recently advised.

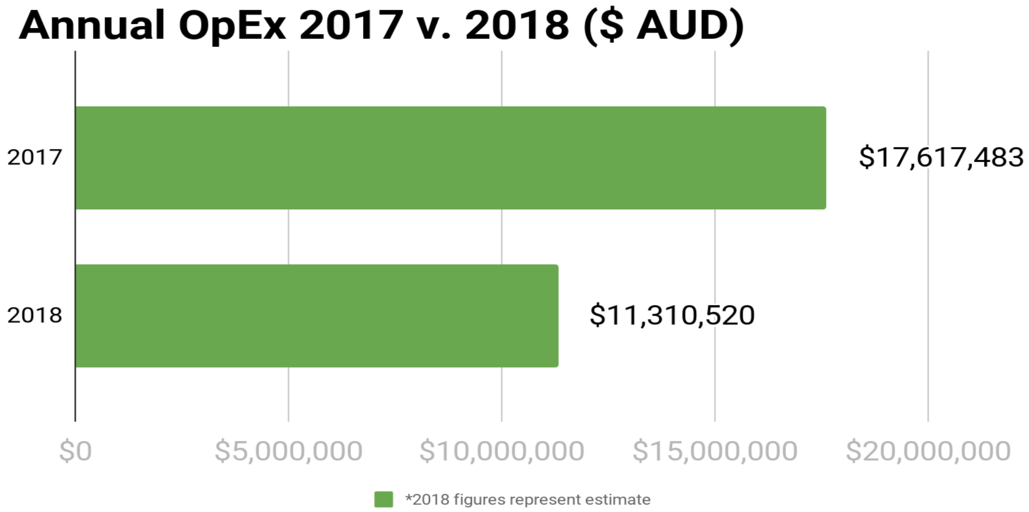
Nevertheless, the Company's proprietary and premier third-party scanning technology effectively catches fraud and saves millions of dollars.

Operating Expenses Decrease

The Company's **operating expenses dropped 17% in 1H 2018 vs. 1H 2017**. Meanwhile, **gross profit margin increased from 37% in 2017 to 41% in 2018**, due in part to the Company's first-rate programmatic artificial intelligence (AI) and machine learning technology, which predicts what buyers will pay based on historic trends and demand in real time, across TV, desktop, mobile, display and video channels.

AI algorithms also provide the Company with a data bank of information on buyers and sellers, their actions, and how they spend their money, allowing the Company to adjust floor prices to accommodate the highest rates in real time. This efficient ad process directly translates into growing profits and increasing run-rates, at very low costs. The Company predicts that its preferential technology will provide burgeoning opportunities in market forecasting in the years ahead.

(includes tax, interest expense, depreciation, and amortization)



Thank you for taking the time to read this long market update. The balance of this series will be published shortly and will contain a micro-level look at the Company's revenue, cash flow, scalability, scenario-based perspectives on revenue and profit for the past and the future and comparisons on its peers on the ASX, NASDAQ and NYSE. EN1 would like to thank all of its retail and institutional supporters and is looking forward to announcing exciting updates in the short term! Meanwhile, ***we will continue to crush and FIGHT ON!***

On behalf of the Board
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