

22 January 2021

ASX ANNOUNCEMENT

Q4 2020 Appendix 4C & Commentary

Highlights

- ◀ Cash balance improvement of 29% YoY from \$2.43M to \$3.14M
- ◀ Retired outstanding accounts payable invoices that accrued during COVID
- ◀ Alto ZCS Facility has been further reduced to US\$59K net

engage:BDR Limited ('Company', 'Engage' or 'EN1') ended CY2020 strongly, completing a heavily oversubscribed Shareholder Purchase Plan in conjunction with a Placement which raised \$3,243,275 allowing the Company to retire outstanding payments owed to service & inventory providers that accrued during the COVID pandemic.

Early in the COVID pandemic, the Board chose to negotiate with outside service providers to defer payments where possible. The Board is pleased to advise that these outstanding payments have been paid in full. In addition to this, the Alto ZCS Facility has been further reduced during the quarter, and Alto have been advised that all future payments will be made using available cash reserves. Negotiations are ongoing with Alto in an effort to retire this facility entirely over the coming weeks.

In CY2020, the Board is pleased to advise that it significantly reduced its staff costs and other recurring expenses without a significant impact on revenue.

The Board focused on the booming Connected TV (CTV) advertising industry in the second half of 2020. CTV advertising is highly lucrative, adding incremental, recurring revenue for each new client the Company signs on. The Company announced 5 new CTV programmatic customers in November 2020 and looks forward to updating the market on the impact revenue derived from programmatic sources has in due course. CTV programmatic advertising revenue is rapidly scalable and therefore, will be the primary focus of the Board in 2021.

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During the quarter there were payments of \$265,663 associated with executive and nonexecutive fees paid to Directors fees for the December 2020 quarter. This is outlined in section 6.1 of the Appendix 4C.

In the 4th quarter, Management elected to pay off all deferred invoices related to COVID since March 2020 (Management conserved cash in March 2020 by pausing payments to publishers, lawyers, accounting firms, directors, technology & infrastructure providers, etc). These paydowns were in the specific categories below.

As planned, liabilities have now been reduced on the Company's balance sheet for the CY2020 period and revenue generating publishers, who were paused due to deferrals, are now on and producing revenue. These one-time payments irregularly & disproportionately increased overall cash outflow for the 4th quarter.

Ad Inventory Costs of Goods Sold	\$2.7M
Administration & Corporate Costs	\$1M
Legal	\$472K

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.

On behalf of the Board
Ted Dhanik

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Co-Founder and Executive Chairman

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

621 160 585

Quarter ended ("current quarter")

31/12/2020

Consolidated statement of cash flows	Current quarter \$AUD	Year to date (12 months) \$AUD
1. Cash flows from operating activities		
1.1 Receipts from customers	3,116,843	14,970,136
1.2 Payments for		
(a) engineering / research & development	(409,125)	(1,494,640)
(b) ad inventory costs of goods sold	(2,714,974)	(8,669,329)
(c) advertising and marketing	(19,303)	(23,549)
(d) leased assets	-	(71,449)
(e) staff costs	(653,435)	(2,915,671)
(f) administration and corporate costs	(1,036,478)	(3,780,486)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(4,857)	(13,065)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	624,343
1.8 Other (provide details if material)		
(a) prepaid ad inventory	-	(1,476,024)
(b) legal & settlements	(472,189)	(1,241,736)
1.9 Net cash from / (used in) operating activities	(2,193,518)	(4,091,470)
2. Cash flows from investing activities		
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 (12 months) \$AUD
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	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	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,243,275	5,135,570
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	(86,444)	(267,157)
3.5	Proceeds from borrowings	-	803,164
3.6	Repayment of borrowings	(452,835)	(452,835)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	(a) finance lease obligations	(24,160)	(159,196)
3.10	Net cash from / (used in) financing activities	2,679,836	5,059,546

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,648,730	1,790,717
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,193,518)	(4,091,470)

Consolidated statement of cash flows		Current quarter \$AUD	Year to date (12 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)	2,679,836	5,059,546
4.5	Effect of movement in exchange rates on cash held	-	376,255
4.6	Cash and cash equivalents at end of period	3,135,048	3,135,048

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 \$AUD	Previous quarter \$AUD
5.1	Bank balances	3,135,048	2,648,730
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,135,048	2,648,730

6.	Payments to directors of the entity and their associates	Current quarter \$AUD
6.1	Aggregate amount of payments to these parties included in item 1.2	(265,663)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Financing facilities

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.

	Total facility amount at quarter end \$AUD	Amount drawn at quarter end \$AUD
7.1	38,507,109	2,124,856
7.2	-	-
7.3	-	-
7.4	38,507,109	2,124,856

7.5 Unused financing facilities available at quarter end

36,382,253

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.

In accordance with the terms noted in the Company's ASX announcement dated 25 September 2019, the Company entered into a Convertible Securities Agreement with Alto Opportunity Master for the funding of up to approximately AU\$38 million.

8. Estimated cash available for future operating activities	\$AUD
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,193,518)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,135,048
8.3 Unused finance facilities available at quarter end (Item 7.5)	36,382,253
8.4 Total available funding (Item 8.2 + Item 8.3)	39,517,301
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	18

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.

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?

Answer: N/A

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?

Answer: N/A

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?

Answer: N/A

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:22/01/2021.....

Authorised by:the Board of engage:BDR Limited.....
(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.