

17 August 2021

Mr Dean Litis
Principal Adviser, Listings Compliance (Melbourne)
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

engage:BDR Limited
ASX Reference ODIN37739

Dear Mr Litis

We refer to your letter dated 9 August 2021 and respond as follows:

1. Does the settlement agreement referred to in paragraph B relate to the obligation outlined in paragraph A?

No, the settlement agreement referred to in the Company's ASX announcement on 30 July does not relate to the obligations outlined in the 2017 Annual Report.

2. If the answer to question 1 is "yes":

a. Did EN1 previously disclose to the market that EN1 had become responsible for satisfying the obligation in place of Messrs Dhanik, Kwan and Rintala? If so, when? If not, why not?

Not applicable

b. Please explain why EN1 has become responsible for satisfying the obligation.

Not applicable

3. If the answer to question 1 is "no", please identify a previous announcement in which EN1 disclosed this potential obligation to the market. If no previous announcement contained this information, please explain why.

There was no previous announcement to the market as the claims, which have now been settled, were not considered to be likely to result in material potential liabilities. Therefore the claims were not considered to be material information for which disclosure would previously have been required. The following is provided by way of background for having held that view.

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In June 2019 Asar Investment Holdings, Inc., a Delaware corporation; Abdulaziz Saleh Alrajhi, an individual; BODO, LLC., a California limited liability company, Driss Ouazzani, an individual, Neston Property, Ltd., a California company; and David Cure, an individual, commenced a proceeding as plaintiffs in the Superior Court of the State of California, County of Los Angeles-West District against Engage BDR, LLC, Engage BDR Holdings, Inc., Ted Dhanik and Does 1 through 10, alleging three causes of action, for breach of contract, injunctive relief-specific performance and breach of contract. A claim for promissory estoppel was subsequently added. The claims related to an expired put option under an agreement in August 2016 in respect of the acquisition of Tiveo, LLC. The Company considered the action to be without merit given the put option had not been exercised prior to its expiry.

Engage BDR, LLC and Ted Dhanik had (on the same date as the above claim was filed but before it was served) commenced an action as plaintiffs against Messrs Ouazzani, Alrajhi, Asar, Neston and Cure, wherein three causes of action were asserted seeking declaratory relief, prohibitory injunction and asserting malicious prosecution relating to prior, previously discontinued claims. Claims for conversion, breach of written contract, intentional interference with contractual relations, intentional interference with prospective economic advantage, unfair and fraudulent business practices and breach of implied covenant of good faith and fair dealing subsequently added.

The litigation against the Company was viewed as having a very low likelihood of success and so did not constitute a significant potential liability. As a result of the failure of necessary actions by the Alrajhi parties pursuant to the aforesaid Contribution Agreement, Engage believed that the claims alleged were not high risk to it, and not a material concern to any Engage entities. As referred to above, the litigation had also involved claims by the Company. On that basis, the claims against the Company were not considered to represent material liabilities or risk to the Company.

The litigation had become protracted and involved disproportionate demands on management's time and attention. To cease incurring litigation costs, rather than pursuing the defences and counterclaims available to the Company the opportunity was taken to settle the proceedings without admission of liability by any party.

Notice of settlement have been filed with the Court. The matters are awaiting the transfer of stock and notices of dismissal.

4. **ASX observes that three out of the four "new" buyer integrations (InMobi, Bidswitch and IQ Zone) appear to have been announced by EN1 previously. Please provide the basis for EN1's assertion that these buyer integrations are new.**

The Company noted that the previous announcement were with regard to buy side integrations. The current announcements represent sell side integrations and upgraded contracts to RTB (real-time-bidding). As such, they are new signed contracts for the Company with the potential new revenue streams.

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5. **How does EN1 reconcile the seemingly contradictory statement made in paragraph G with the statement made in paragraph F, when both figures were expressed in AUD and H1 2020 revenue is greater than H1 2021?**

The Company confirms its comparison reference to H1 2020 revenue of US\$5.34m against US\$5.98m as the largest H1 quarter on a USD basis. When reporting in AUD it is only the foreign exchange rate that causes the different not the measurement of the revenue. The Company made its revenue comparison in a table on the covering announcement; comparable figures in this table were in US\$, not AU\$, as the Company earns all revenue in US\$, not AU\$.

6. **Please confirm that EN1 is complying with the listing rules and, in particular, listing rule 3.1.**

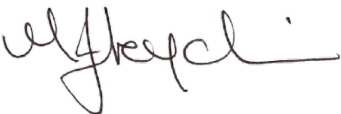
The Company believes that its current practices are in compliance with the Listing Rules including Listing Rule 3.1.

7. **Please confirm that EN1's responses to the questions have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its Board or an officer of EN1 with delegated authority from the Board to respond to ASX on disclosure matters.**

The Company's responses to the questions above have been authorised and approved by the Board of EN1.

Please do not hesitate to contact me if you have any questions or would like to discuss any of the matters listed above.

Yours sincerely
engage:BDR Limited



Melanie Leydin
Company Secretary

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9 August 2021

Reference: ODIN37739

Ms Melanie Leydin
Company Secretary
Engage:BDR Limited

By email:

Dear Ms Leydin

Engage:BDR Limited ('EN1'): Query Letter

ASX refers to the following:

- A. EN1's announcement titled "2017 Annual Report to shareholders" lodged on the ASX Market Announcements Platform ('MAP') on 29 March 2018, which disclosed on page 50 (relevantly, emphasis added):

*"Liabilities assumed by directors and other key management personnel of the Group **In connection with the acquisition of Tiveo LLC** and under the transaction documents dated 12 August 2016, Ted Dhanik, Ken Kwan and Kurtis Rintala (or their successors) **undertook to issue additional shares of their Trading Stock in the Group** on a pro-rata basis to the Majority Members of Tiveo (being Abdulaziz Alrajhi, BODO LLC, Neston Property Ltd. and David Cure) in the event that after Engage Units are listed for trading on the ASX the value of Engage Units held by the Majority Members is below an amount of US\$6,693,120. **This is not an obligation of the Group but rather of the aforementioned individuals.**"*

ASX observes that no further reference appears to have been made to these liabilities in any subsequent disclosures by EN1.

- B. EN1's announcement titled "Proposed Issue of Shares", lodged on MAP on 30 July 2021, which disclosed (relevantly) that EN1:

"will issue 100,000,000 fully paid ordinary shares on or about 22 August 2021 in connection with settling all claims and disputes between various parties regarding the acquisition of Tiveo, LLC ("Tiveo"), also known as "diveo", including its talent discovery platform focused on collaborations and connections between artists music lovers, music industry professionals, artists and repertoire (A&R), talent scouts and brands in August 2016, and the termination of various consulting agreements previously associated with the Tiveo business. This is in addition to US\$125,000 cash paid to the parties as part of the settlement agreement."

- C. EN1's announcement titled "EN1 signs Global Programmatic Giant IPONWEB BidSwitch", lodged on MAP on 22 October 2018, which disclosed that EN1 had signed a "new significant partner integration' with BidSwitch.

- D. EN1's announcement titled "25 New Clients, Revenue Growth & Balance Sheet Improvements", lodged on MAP on 25 November 2019, which disclosed (relevantly, emphasis added):

*"EN1's programmatic exchange 'reXer', signed 19 programmatic partners, including marquee programmatic players revcontent Chartboost, MobileFuse, district m, MGID, **IQzone**, Adalpha,*

MediaGlobe, Zimad, Admix.in, Jump Ramp, Yogajournal, Soundhound, Musi, Randomem, Freeride Games, Whowhatwear, Webtoons, and Vexigo."

- E. EN1's announcement titled "EN1 Welcomes 8 New Customer Integrations", lodged on MAP on 3 August 2021, which disclosed that:

- EN1 had "signed 4 new buyer integrations with InMobi, Bidswitch, IQ Zone & Navio";
- *"EN1 and InMobi executed the original customer contract in 2019; this new contract upgrades InMobi's existing 'API' buyer integration to the 'openRTB' spec, which is expected to product significantly more revenue for both companies."*

- F. EN1's announcement titled "Trading Update- Strongest H1 in EN1 History", lodged on MAP on 6 July 2020, which disclosed that EN1 achieved H1 2020 revenue of \$9.04m which was described as its *"greatest H1 revenue since listing"*.

- G. EN1's announcement titled "Quarterly Activities Report- EN1 Largest H1 Revenue in History", lodged on MAP on 30 July 2021 which stated:

"H1 2021 (first 6 months of the year) yield the largest H1 revenue in EN1 history to A\$8.11M"

- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;
- The information concerns an incomplete proposal or negotiation;
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- The information is generated for the internal management purposes of the entity; or
- The information is a trade secret; and

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

- I. ASX Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* section 4.15, which states:

"An announcement under Listing Rule 3.1 must be accurate, complete and not misleading. A listed entity cannot satisfy its obligation to disclose market sensitive information under Listing Rule 3.1 by disclosing information that is materially inaccurate, incomplete or misleading. If it attempts to do so, that will likely trigger a separate obligation under Listing Rule 3.1 to correct the inaccurate, incomplete or misleading information, causing the entity to be in breach of that rule and section 674 of the Corporations Act until it does so. It will also likely cause a false market in its securities, empowering ASX to require the entity to give ASX any information ASX asks for to correct the false market."

Request for information

Having regard to the above, ASX asks EN1 to respond separately to each of the following questions and requests for information:

1. Does the settlement agreement referred to in paragraph B relate to the obligation outlined in paragraph A?
2. If the answer to question 1 is “yes”:
 - (a) Did EN1 previously disclose to the market that EN1 had become responsible for satisfying the obligation in place of Messrs Dhanik, Kwan and Rintala? If so, when? If not, why not?
 - (b) Please explain why EN1 has become responsible for satisfying the obligation.
3. If the answer to question 1 is “no”, please identify a previous announcement in which EN1 disclosed this potential obligation to the market. If no previous announcement contained this information, please explain why.
4. ASX observes that three out of the four “new” buyer integrations (InMobi, Bidswitch and IQ Zone) appear to have been announced by EN1 previously. Please provide the basis for EN1’s assertion that these buyer integrations are new.
5. How does EN1 reconcile the seemingly contradictory statement made in paragraph G with the statement made in paragraph F, when both figures were expressed in AUD and H1 2020 revenue is greater than H1 2021?
6. Please confirm that EN1 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that EN1’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EN1 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Tuesday, 17 August 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EN1’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require EN1 to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceMelbourne@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in EN1’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;

-
- the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in EN1's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to EN1's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that EN1's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Dean Litis
Principal Adviser, Listings Compliance (Melbourne)