

engage:BDR Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	engage:BDR Limited
ABN:	621 160 585
Reporting period:	For the half-year ended 30 June 2021
Previous period:	For the half-year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	4.6% to	7,745,722
EBITDA operating loss	up	280.74% to	(803,339)
Loss from ordinary activities after tax attributable to the owners of engage:BDR Limited	down	45.7% to	(2,333,837)
Loss for the half-year attributable to the owners of engage:BDR Limited	down	45.7% to	(2,333,837)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$2,333,837 (30 June 2020: \$4,296,276).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.122	(0.210)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

engage:BDR LLC, Tiveo LLC and AdCel LLC are wholly owned subsidiaries of engage:BDR Limited. These entities are incorporated and domiciled in the US. Australian Accounting standards have been consistently applied to these foreign entities.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

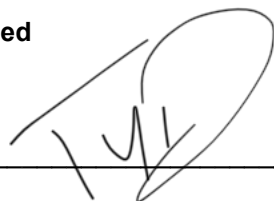
11. Attachments

Details of attachments (if any):

The Interim Report of engage:BDR Limited for the half-year ended 30 June 2021 is attached.

12. Signed

Signed



Ted Dhanik
Executive Chairman

Date: 30 August 2021

engage:BDR Limited

ABN 621 160 585

Interim Report - 30 June 2021

engage:BDR Limited

Contents

30 June 2021

Corporate directory	2
Directors' report	3
Auditor's independence declaration	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	16
Independent auditor's review report to the members of engage:BDR Limited	17

engage:BDR Limited
Corporate directory
30 June 2021

Directors

Mr Ted Dhanik
Mr Kurtis Rintala
Mr Tom Anderson
Mr Darian Pizem
Mr Robert Antulov

Company secretary

Ms Melanie Leydin

Registered office

Scottish House
Level 4
90 William Street
Melbourne Victoria 3000
Australia

Principal place of business

8581 Santa Monica Boulevard
#12
West Hollywood
California 90069, USA
Telephone +1 310 954 0751

Share register

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, VIC 3067
Telephone: +61 3 9415 5000
Fax: +61 3 9473 2500

Auditor

William Buck Audit (Vic) Pty Ltd
Level 20, 181 William Street
Melbourne VIC 3000
Australia

Stock exchange listing

engage:BDR Limited securities are listed on the Australian Securities Exchange (ASX code: EN1 and EN1O).

Website

engagebdr.com

engage:BDR Limited
Directors' report
30 June 2021

The Directors present their report, together with the financial report of engage:BDR Limited comprising engage:BDR Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 30 June 2021 (referred to hereafter as 'engage:BDR' or the 'Group').

Directors

The following persons were directors of engage:BDR Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Ted Dhanik (Co-Founder and Executive Chairman)
Mr Kurtis Rintala (Co-Founder and Executive Director)
Mr Tom Anderson (Non-Executive Director)
Mr Darian Pizem (Non-Executive Director)
Mr Robert Antulov (Non-Executive Director)

Principal activities

engage:BDR is an internet-based marketplace platform and associated technology solution provider. engage:BDR'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 active role in managing the ad exchange platform.

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. engage:BDR's ad exchange platform also allows publishers to sell space for video advertising on webpages that do not have video content.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,333,837 (30 June 2020: \$4,296,276).

Programmatic display, native and video advertising sales

The Group's Programmatic advertising sales includes selling display, native and video advertising inventory through the Group's digital auctioning technology to platforms and marketplaces. The adoption of programmatic display advertising sales has proven to be extremely successful in 2020 into the first half of 2021 and opened additional revenue opportunities from the same clients, largely because programmatic buying and selling of advertising is much more efficient and significantly more cost effective to operate, thus increasing the Group's overall operating and gross profit margins.

The Group's proprietary programmatic technology significantly increases the Group's operating margins by reducing payroll and associated sales commissions. With the rapid adoption of programmatic buying, brands, agencies, and digital media buyers have moved their budgets to auction-based buying, in contrast to buying from salespeople, individual RFP (request for proposal) and insertion orders. This behavioral change has made the marketplace much more efficient, significantly reducing the staff overhead required to sell advertising in the traditional way.

Advertising buyers, through the Group's programmatic platform, are essentially bidding for advertising inventory in real time in dynamic auctions, which occur in milliseconds while the relevant mobile or CTV app content is loading. This new engage:BDR 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. engage:BDR has developed its own real-time auctioning and bidding technologies which provide it with a significant competitive advantage. engage:BDR has established thousands of direct publisher relationships which is a key differentiator and competitive advantage for the Group in an ecosystem which is experiencing inventory quality issues, brokers and middlemen

Influencer Marketing

The Group launched its social influencer marketing platform in 2017. It dedicated engineering and account management resources to further develop and refine its technology and client base in 2019. The Group brought in incremental revenue through this platform and further diversification of the Group's product and service offering. With Instagram influencers, TikTok, YouTube, Facebook and SnapChat becoming extremely popular, new marketing channels for advertisers and platform efficiencies are required to scale this new form of media. IconicReach, engage:BDR's Instagram influencer self-serve platform, is focused on being the largest marketplace focused on advertiser-supplied creative, creating a scalable and efficient revenue stream for micro and macro influencers with large audiences. The Group has reallocated resources away from the IconicReach platform temporarily, due to COVID-19 and focus on higher revenue generating opportunities for 2021.

Mobile and Connected Television (CTV) App Ads

The Group expects to grow mobile and CTV app (AdCel) ad revenues significantly in 2020. This revenue is no longer dependent on third party technologies compared with prior mobile and CTV app advertising revenues because of the Group's acquisition of AdCel in 2018. As the supply and demand partnerships are integrated by the engineering teams, the revenue is expected to steadily grow throughout the year. AdCel is focused on boarding significant volumes of new app publishers, primarily through the Group's NetZero payments product, which enables publisher payments the same day the Group is invoiced.

Significant changes in the state of affairs

On 4 March 2021 the Company announced that it had issued 77,826,921 fully paid ordinary shares at an issue price of \$0.005 (0.5 cents) per share as settlement of employee bonuses;

Matters subsequent to the end of the financial half-year

On 23 August 2021, the Company announced that it had:

- Issued 4,381,046 fully paid ordinary shares at a deemed issue price of \$0.004 per share as part settlement of compensation for consulting fees to a Consultant of the Company; and
- Issued 100,000,000 fully paid ordinary shares at a deemed issue price of \$0.004 per share as part settlement of settle all claims and disputes between various parties regarding the acquisition of Tiveo, LLC.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration


A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Rounding

All values in the Directors' report have been rounded off the dollar (\$) in accordance with Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Ted Dhanik
Co-Founder and Executive Chairman

30 August 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF ENGAGE:BDR LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



N. S. Benbow

Director

Melbourne, 30 August 2021

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

engage:BDR Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2021

		Consolidated	
	Note	30 June 2021	30 June 2020
		\$	\$
Revenue from contracts with customers	4	7,745,722	8,119,622
Cost of sales		<u>(5,257,019)</u>	<u>(4,866,008)</u>
Gross profit		2,488,703	3,253,614
Other income		463,758	522,417
Expenses			
Employee and contractor costs		(1,557,691)	(1,375,610)
Operations and administration expense		(2,193,881)	(2,509,664)
Advertising and marketing expense		(4,228)	(91,299)
Other expenses		<u>-</u>	<u>(10,448)</u>
EBITDA Operating profit/(loss)		(803,339)	(210,990)
Settlement expenses	5	(562,018)	-
Depreciation and amortisation		(668,644)	(518,999)
Share based payment expense		(187,941)	(1,719,444)
Finance costs		<u>(111,895)</u>	<u>(1,846,843)</u>
Loss before income tax expense		(2,333,837)	(4,296,276)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of engage:BDR Limited		(2,333,837)	(4,296,276)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>154,117</u>	<u>193,534</u>
Other comprehensive income for the half-year, net of tax		<u>154,117</u>	<u>193,534</u>
Total comprehensive income for the half-year attributable to the owners of engage:BDR Limited		<u><u>(2,179,720)</u></u>	<u><u>(4,102,742)</u></u>
		Cents	Cents
Basic earnings per share		(0.096)	(0.500)
Diluted earnings per share		(0.096)	(0.500)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

engage:BDR Limited
Statement of financial position
As at 30 June 2021

		Consolidated	31 December
	Note	30 June 2021	2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,544,459	2,986,745
Trade and other receivables	6	3,994,737	3,243,521
Financial assets at fair value through other comprehensive income		48,333	47,179
Prepaid expenses		584,703	579,982
Related party receivables	10	2,163,962	1,984,869
Other assets		340,596	332,459
Total current assets		<u>8,676,790</u>	<u>9,174,755</u>
Non-current assets			
Property, plant and equipment		84,254	157,617
Right-of-use assets		277,010	305,504
Capitalised software costs		4,249,271	3,920,558
Goodwill		1,372,412	1,340,390
Related party receivables	10	27,127	-
Total non-current assets		<u>6,010,074</u>	<u>5,724,069</u>
Total assets		<u>14,686,864</u>	<u>14,898,824</u>
Liabilities			
Current liabilities			
Trade and other payables	7	4,187,892	3,650,587
Borrowings	8	2,942,816	2,316,896
Lease liabilities		18,784	157,854
Contract liabilities		19,952	19,475
Total current liabilities		<u>7,169,444</u>	<u>6,144,812</u>
Non-current liabilities			
Lease liabilities		149,659	87,345
Total non-current liabilities		<u>149,659</u>	<u>87,345</u>
Total liabilities		<u>7,319,103</u>	<u>6,232,157</u>
Net assets		<u>7,367,761</u>	<u>8,666,667</u>
Equity			
Issued capital	9	48,671,277	47,790,463
Share based payment reserve		732,254	732,254
Equity investment reserve		(2,441,343)	(2,441,343)
Foreign currency translation reserve		(1,608,769)	(1,762,886)
Accumulated losses		(37,985,658)	(35,651,821)
Total equity		<u>7,367,761</u>	<u>8,666,667</u>

The above statement of financial position should be read in conjunction with the accompanying notes

engage:BDR Limited
Statement of changes in equity
For the half-year ended 30 June 2021

Consolidated	Issued capital \$	Share based payment reserve \$	Equity investment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2020	35,582,304	603,739	(2,441,343)	(787,307)	(29,049,723)	3,907,670
Loss after income tax expense for the half-year	-	-	-	-	(4,296,276)	(4,296,276)
Other comprehensive income for the half-year, net of tax	-	-	-	193,534	-	193,534
Total comprehensive income for the half-year	-	-	-	193,534	(4,296,276)	(4,102,742)
<i>Transactions with owners in their capacity as owners:</i>						
Collateral shares exercised - ZCS	2,088,580	-	-	-	-	2,088,580
Shares issued for outstanding creditors	893,014	-	-	-	-	893,014
Share-based payments	-	1,719,444	-	-	-	1,719,444
Shares issued on exercise of performance rights	1,312,000	(1,312,000)	-	-	-	-
Cost of capital raising	(39,945)	-	-	-	-	(39,945)
Balance at 30 June 2020	<u>39,835,953</u>	<u>1,011,183</u>	<u>(2,441,343)</u>	<u>(593,773)</u>	<u>(33,345,999)</u>	<u>4,466,021</u>

Consolidated	Issued capital \$	Share based payment reserve \$	Equity investment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2021	47,790,463	732,254	(2,441,343)	(1,762,886)	(35,651,821)	8,666,667
Loss after income tax expense for the half-year	-	-	-	-	(2,333,837)	(2,333,837)
Other comprehensive income for the half-year, net of tax	-	-	-	154,117	-	154,117
Total comprehensive income for the half-year	-	-	-	154,117	(2,333,837)	(2,179,720)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 9)	389,135	-	-	-	-	389,135
Collateral shares exercised - ZCS	91,679	-	-	-	-	91,679
Shares granted as part of legal settlement	400,000	-	-	-	-	400,000
Balance at 30 June 2021	<u>48,671,277</u>	<u>732,254</u>	<u>(2,441,343)</u>	<u>(1,608,769)</u>	<u>(37,985,658)</u>	<u>7,367,761</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

engage:BDR Limited
Statement of cash flows
For the half-year ended 30 June 2021

Consolidated
30 June 2021 30 June 2020
\$ \$

Cash flows from operating activities

Loss before income tax expense for the half-year	(2,333,837)	(4,296,276)
Adjustments for:		
Depreciation and amortisation	668,644	518,999
Share-based payments to employees	187,941	1,719,444
Settlement Expense	400,000	-
Interest income accrued	(45,533)	(57,400)
Net proceeds/(payments) of debtor factoring borrowings	825,843	(2,046,909)
Bonus offset against related party debt	140,000	-
ECL provision	202,649	2,233,742
	45,707	(1,928,400)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(936,070)	2,666,292
Increase in prepayments	(389)	(222,791)
Increase/(decrease) in trade and other payables	832,599	(635,798)
Increase in contract liabilities	-	4,452
	(58,153)	(116,245)
Interest paid	(111,895)	(6,989)
Net cash used in operating activities	(170,048)	(123,234)

Cash flows from investing activities

Capitalised software development	(805,745)	(888,030)
Loans to related parties (shareholders)	(282,436)	(128,464)
Net cash used in investing activities	(1,088,181)	(1,016,494)

Cash flows from financing activities

Repayment of borrowings	(180,135)	(18,205)
Proceeds from borrowings	-	1,167,508
Repayment of lease liabilities	(57,878)	(159,279)
Cost for issuing shares	-	(39,945)

Net cash from/(used in) financing activities	(238,013)	950,079
Net decrease in cash and cash equivalents	(1,496,242)	(189,649)
Cash and cash equivalents at the beginning of the financial half-year	2,986,745	1,831,673
Effects of exchange rate changes on cash and cash equivalents	53,956	65,552
Cash and cash equivalents at the end of the financial half-year	<u>1,544,459</u>	<u>1,707,576</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial report is a general purpose financial report which covers engage:BDR Limited, (the 'parent' or the 'Company') and its 100% owned subsidiaries, engage:BDR LLC, Tiveo LLC ('Tiveo'; a wholly-owned subsidiary of engage:BDR LLC) and AdCel LLC collectively referred to as 'the Group' or 'engage:BDR'. The financial report is for the half year ended 30 June 2021 and is presented in Australian Dollars ('AUD'). All values in the financial report have been rounded off to the nearest dollar (\$) in accordance with Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission.

engage:BDR Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Scottish House Level 4 90 William Street Melbourne Victoria 3000 Australia	8581 Santa Monica Boulevard #12 Suite 302 West Hollywood California 90069 USA

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial report.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on a going concern basis, which takes into account the net loss of \$2,333,837 as of 30 June 2021.

The Directors acknowledge that there are indicators which give rise on the entity's ability to continue as a going concern including the net current assets deficiency and the net loss for the period.

Notwithstanding the above the Directors consider the going concern basis to be appropriate giving consideration to:

- Confidence in raising capital as needed;
- The Group's ability, if required, to seek the support from its founders and major shareholders for the further injection of capital; and
- Its ability to exercise control over operational cash outflows.

Note 2. Significant accounting policies (continued)

As a result the financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 3. Operating segments

The Group has assessed that its operations comprise of one reportable segment, being programmatic and collaborative marketing trading

Geographic information

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
United State of America	6,893,324	7,505,208
Other*	852,398	614,414
Total revenue from contract with customers	<u>7,745,722</u>	<u>8,119,622</u>

* No other single country represents greater than 10% of the Group's total revenue.

Major customers

Below is a summary of revenues from major customers where the transactions with each individual customer exceed 10% or more of the Group's total revenue.

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Customer and segment		
Customer A - Programmatic*	<u>5,422,005</u>	<u>6,170,913</u>

*This party is actually a clearing house/platform which processes the Group's transactions with thousands of underlying end customers of the Group's services. It is not, in substance, an end user nor service provision-related customer of the Group and the Group is not dependent upon this party for generation the Group's revenues

Note 4. Revenue from contracts with customers

	Consolidated	
	30 June 2021	30 June 2020
Revenue from contracts with customers - Rendering of services	7,745,722	8,119,622

Note 4. Revenue from contracts with customers (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Programmatic	<u>7,745,722</u>	<u>8,119,622</u>
<i>Geographical regions</i>		
United States of America	6,893,324	7,505,208
Other	<u>852,398</u>	<u>614,414</u>
	<u>7,745,722</u>	<u>8,119,622</u>
<i>Timing of revenue recognition</i>		
Services rendered at a point in time	<u>7,745,722</u>	<u>8,119,622</u>

*No other single country represents greater than 10% of the Group's total revenue.

Note 5. Settlement expenses

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Settlement expense	<u>562,018</u>	<u>-</u>

In April 2021 a Settlement Agreement was reached between Engage and the Ouazzani Parties.

The settlement was for several separate legal issues including a breach of contract and independent of the original Tiveo acquisition agreement.

As a part of this agreement, it was agreed that 100,000,000 fully paid ordinary shares will be issued and \$125,000 in cash will be paid to the Ouazzani Parties.

The 100 million shares were issued subsequent to year end, on 23 August 2021.

At the end of the period, the entity had a contractual obligation to issue a fixed number of its shares as part payment of the settlement expense. As such, the fair value of the 100 million shares was determined using the market price of the shares at the date of issue being 23 August 2021 and recognised in equity. The fair value at issue date was a reasonable approximation of the fair value at the date the entity became contractually obligated to pay for the settlement amount.

Note 6. Current assets - trade and other receivables

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Trade receivables	4,906,032	3,897,416
Less: Allowance for expected credit losses	<u>(920,797)</u>	<u>(709,434)</u>
	<u>3,985,235</u>	<u>3,187,982</u>
Other receivables	<u>9,502</u>	<u>55,539</u>
	<u>3,994,737</u>	<u>3,243,521</u>

Note 6. Current assets - trade and other receivables (continued)

The average age of the Group's trade receivables is 33 days (31 December 2020: 133 days).

In determining the recoverability of a trade receivable, the Group considers any recent history of payments and the status of the projects to which the debt relates. No payment terms have been renegotiated. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further provision required in excess of the provision for doubtful debts

Note 7. Current liabilities - trade and other payables

	Consolidated	31 December
	30 June 2021	2020
	\$	\$
Trade payables	3,540,746	2,969,577
Credit card liabilities	73,641	2,906
Accrued expenses	272,792	371,532
Bonus and commissions payable	223,336	221,468
Accrued municipal tax	77,377	85,104
	<u>4,187,892</u>	<u>3,650,587</u>

Note 8. Current liabilities - borrowings

	Consolidated	31 December
	30 June 2021	2020
	\$	\$
Debtor factoring borrowings	2,798,132	1,904,104
Convertible notes payable	-	214,050
Embedded derivative on convertible notes	-	47,303
Other borrowings	144,684	151,439
	<u>2,942,816</u>	<u>2,316,896</u>

On 23 September 2019, the Company entered into an agreement with Alto Opportunity Master Fund SPC – Segregated Master Portfolio B ("the Investor") for the issue of zero coupon convertible amortising securities ("ZCSs"), under an initial drawdown and up to 7 further drawdowns.

On 25 September 2019 the Company undertook the initial drawdown of a ZCS with a face value of US\$2,060,000 (approximately A\$3,038,000 000 at the exchange rate at drawdown date) and an issue price of US\$1,750,000 (approximately A\$2,580,000 at the exchange rate at drawdown date). The ZCS has a maturity of one year after drawdown. On 25 September 2019, the Company issued 28.5 million new collateral shares to Alto as security for the ZCS.

On 13 March 2020, the Company undertook a further drawdown of a ZCS with a face value of US\$450,000 at an issue price of US\$382,500. The ZCS is secured with a maturity of 31 May 2021.

The Company's convertible note facility was fully retired and terminated in early 2021.

Note 9. Equity - issued capital

	Consolidated		
	30 June 2021	31 December 2020	31 December 2020
	Shares	Shares	\$
Ordinary shares - fully paid	2,471,491,172	2,370,744,548	48,671,277

Movements in ordinary share capital

Details		Shares	\$
Balance	1 January 2021	2,370,744,548	47,790,463
Shares issued as settlement of employee bonuses*	4 March 2021	77,826,921	\$0.0050 389,135
Collateral shares exercised - ZCS**	22 April 2021	22,919,703	\$0.0040 91,679
Shares to be issued for legal costs at market price***		-	\$0.0040 400,000
Balance	30 June 2021	2,471,491,172	48,671,277

*The fair value of the shares issued as settlement of employee bonuses was determined using the market price of the shares at the date of approval per the ASX announcement on the 4 March 2021.

**During the period, all collateral shares issued under the ZCS facility were fully exercised.

***Refer to note 5 for details.

Note 10. Related party transactions

Parent entity

engage:BDR Limited is the parent entity.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Beginning of the year	1,984,869	2,311,510
Loans advanced	282,436	197,603
Bonus awarded to key management personnel offset against loan balances	(140,000)	(400,000)
Interest charged	45,533	101,200
Exchange difference	18,251	(225,444)
	2,191,089	1,984,869

Terms and conditions

From 1 July 2019, Loans to directors and key management personnel were charged interest at a simple interest rate of 5% per annum, calculated monthly. This interest rate is consistent with local interest rates charged for secured personal debt. The loans made to both directors and key management personnel were repayable by 31 August 2020. A revised repayment date for 31 August 2022 was approved by the Board on 31 August 2021. These have been disclosed as current receivables. All loans were approved by the Board of Directors of the Group.

Note 11. Events after the reporting period

On 23 August 2021, the Company announced that it had:

- Issued 4,381,046 fully paid ordinary shares at a deemed issue price of \$0.004 per share as part settlement of compensation for consulting fees to a Consultant of the Company; and
- Issued 100,000,000 fully paid ordinary shares at a deemed issue price of \$0.004 per share as part settlement of settle all claims and disputes between various parties regarding the acquisition of Tiveo, LLC.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

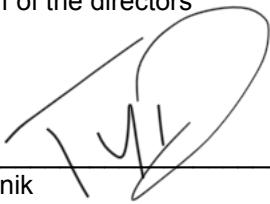
engage:BDR Limited
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ted Dhanik
Co-Founder and Executive Chairman

30 August 2021

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of engage:BDR Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of engage:BDR Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to Going Concern

We draw attention to Note 2 to the financial report, which describes that for the half year ended 30 June 2021 the Group incurred a loss of \$2,333,837. This condition, along with other matters set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in black ink, appearing to read "N.S. Benbow".

N.S. Benbow

Director

Melbourne, 30 August, 2021