engage:BDR Limited

ABN 621 160 585

Annual Report - 31 December 2021

engage:BDR Limited
Contents
31 December 2021

engage:BDR Limited
Corporate directory
31 December 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 Telephone: +61 3 9692 7222
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).
Website	engagebdr.com

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 year ended 31 December 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 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 year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $6,179,036 (2020: loss of $6,881,027).

The Group's loss was mainly affected by a decrease in revenue to $11,406,628 (2020: $15,398,413) due to continual negative impact to the Group's operation caused by Covid-19, one-off settlement expenses of $962,018 and increases in depreciation and amortisation to $1,664,192 (2020:$861,467).

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 successful in 2020 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 The Group expects significant revenue contribution from Programmatic Display and consistent margins and success winning new clients for 2022.

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 behavioural 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. The group paused IconicReach efforts in March 2020, in light of the COVID-19 pandemic and reallocated those resources to its programmatic advertising exchange. The Group anticipates IconicReach to continue to be paused for 2022 and plans to reallocate resources to IconicReach in 2023.

Mobile and Connected Television (CTV) App Ads

The Group expects continued growth in supply and demand integration onboarding specifically within AdCel for 2022, as AdCel's technology has matured to a stage in which it is capable of monetizing inventory across ConnectedTV Apps, In addition to its core competency of App monetization across mobile devices. AdCel is one of the first demand agnostic mediation technologies available for ConnectedTV publishers in the market, solving an inherent problem in the ConnectedTV ecosystem. AdCel enables publishers the unique ability to mediate multiple sources of demand in one platform, utilizing intelligent personalization powered by the AdCel machine learning algorithm to maximize yield and minimize human error and time spent performing manual optimization. As supply and demand partnerships are established and integrated by sales and engineering, revenue is expected to steadily ramp throughout the course of the year. AdCel will continue to focus onboarding significant volumes of new ConnectedTV and mobile App publishers through the group's NetZero payment product, enabling publisher payments the same day the group is invoiced.

COVID-19

The Group was negatively impacted by COVID-19 specifically because advertising budgets of large brands were initially cut entirely for app advertising publishers at the beginning of the pandemic. After a year passed, the app budgets were gradually partially restored. The Group had major clients affected by the loss of revenue and became less viable, cutting their budgets indefinitely. Other online businesses, specifically web-based (vs. app) saw huge spikes in traffic due to the pandemic, which boosted online sales of e-commerce. The Group is not in e-commerce or web-based advertising.

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 for the year ended 31 December 2020;

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 services provided during the year ended 31 December 2020; and
- Settled all claims and disputes between various parties regarding the acquisition of Tiveo LLC*, ("Tiveo") also known as "Diveo", including its talent discovery platform and the termination of various consulting agreements previously associated with the Tiveo business. This settlement comprised of a cash settlement of USD$125,000 and issuing 100,000,000 fully paid ordinary shares at a deemed issue price of $0.004 per fully paid ordinary share.

On 30 September 2021 the Company issued 495,045,342 fully paid ordinary shares at an issue price of $0.003 per share to professional and sophisticated investors in relation to a Placement.

On 18 October 2021 the Company issued 512,132,494 unlisted options to eligible shareholders in Australia and New Zealand as recorded in the share registry records on 11 October 2021 with an exercise price of $0.0030 each and an expiry of 3 December 2021 ("bonus options"). Upon exercise, each option entitles the holder to one fully paid ordinary share in the Company and one free-attaching additional option (Additional Option), each with an exercise price of $0.01 (1 cent) and expiry date of 5 December 2023.

On 10 December 2021 the Company issued 54,638,095 fully paid ordinary shares and 54,638,095 additional options upon exercise of 54,638,095 bonus options by eligible shareholders and raised $163,914. The remaining 457,494,399 Bonus Options expired.

**LLC - Limited Liability Company*

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 4 February 2022, the Company issued 400,000,000 fully paid ordinary shares for settlement of creditor balances at a deemed issue price of $0.002 (0.02 cents) per share.

On 22 February 2022, the Company issued 362,942,509 fully paid ordinary shares for settlement of creditor balances at a deemed issue price of $0.001 (0.01 cents) per share.

Subsequent to the year end, the Group signed a binding purchase agreement to acquire intellectual property assets of colorTV, a U.S. connected television company based in Orange County, California. The Group has rebranded as colorTV and intends to rename the parent company as colorTV LTD, pending shareholder approval at the next EGM on 5 May 2022.

No other matter or circumstance has arisen since 31 December 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.

Likely developments and expected results of operations

Growth of programmatic and mobile app (AdCel) ad revenues the proprietary platforms

With AdCel being one of the first platforms to offer a solution focused for ConnectedTV app mediation and with a number of partnerships both established and in the queue. The Group expects to grow programmatic ConnectedTV and mobile app ad revenues steadily and significantly throughout 2021. These revenues are no longer dependent on third party technologies as they were previously. As a result of our ability to directly represent a publisher's supply through AdCel's mediation, the Group will have the most optimized supply path to a publisher's inventory; creating cost efficiency, and the ability to generate greater scale for the Group's clients. Lastly, this optimized supply path will be key in attracting new demand partnership integrations for AdCel and will provide differentiation in the market stemming from buyers interested in cost efficiency, scale, and unduplicated supply opportunities. As these supply and demand partnerships are integrated by the engineering teams, the revenue is expected to grow steadily throughout the year.

Continued growth of programmatic display, native and video revenue

The Group also expects to see continued growth of its programmatic display, native and video businesses. Through monetisation of existing partnerships and creation of new ones, the Group expects to be able to significantly scale revenue while maintaining its lower cost operations. This enables optimisation of the Group’s existing relationships and the ability to attract new buyers and sellers.

The Group anticipates growth in the connected television advertising sector (CTV) as it as redirected all of its effort to CTV as at January 2022. The primary focus of the Group is now CTV; the Group anticipates growth in new client volume in this area for both publishers and advertisers. The Group is focused on acquiring clients in the North America, EU and APAC at this time.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mr Ted Dhanik
Title:	Co-Founder, Executive Chairman and Chief Executive Officer (appointed 14 December 2017)
Experience and expertise:	Ted Dhanik is one of the co-founders of engage:BDR LLC. He serves as Chief Executive Officer overseeing corporate development, strategic marketing, sales and business development, and product strategy. From 2003 to 2008, Ted worked with MySpace.com developing strategic marketing initiatives. He worked very closely with founders Chris DeWolfe and Tom Anderson and was responsible for launching the brand in its early days through a combination of on and offline campaigns. Ted also worked in business development at LowerMyBills.com until its acquisition by Experian. Ted was also an integral part of the development and launch of the consumer lending program at NexTag Corporation. He has worked for, or been a partner at, several other companies in business development, sales, and managerial positions, including Xoriant Corporation, Atesto Technologies, Brigade Solutions, Beyond.com/Cybersource Corporation and Merrill Corporation. Ted also advises a number of technology startups including Fighter, LottoGopher and Schizo Pictures and is an active mentor at Los Angeles-based startup accelerator Start Engine. He is passionate about being a thought leader in the industry and he is regularly published in leading publications. He regularly contributes to discussions about industry standards and achieving positive change, sitting on IAB committees including the Anti-fraud Workgroup, Anti-malware Workgroup, Traffic of Good intent Task Force, Programmatic Counsel, Digital Video Committee, Mobile Advertising Committee and Performance Marketing Committee.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	97,681,498 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	10,000,000

Name:	Mr Kurtis Rintala
Title:	Co-Founder, Executive Director and Chief Operating Officer
Experience and expertise:	Kurtis Rintala was one of the co-founders of engage:BDR LLC. and serves as the Chief Operating Officer for the Group overseeing day-to-day operations and leading the execution of the strategic direction of the Group. Kurtis is responsible for establishing policies that promote the Group culture and vision. He sets comprehensive goals for performance and growth and encourages optimum performance and dedication. He evaluates performance by analysing and interpreting data and metrics. Kurtis began his career in the technology industry in 2003 as an early member of the successful internet startup, LowerMyBills.com.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	47,717,391 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	4,000,000

Name:	Mr Tom Anderson
Title:	Non-Executive Director
Experience and expertise:	Tom Anderson was appointed to the Board of the Group as a Non-Executive Director to provide the Group with the benefit of his wide ranging expertise in social media and innovative product design and to assist to steer the Group's future growth strategy. Prior to joining the engage:BDR, Tom founded and served as President of MySpace, simultaneously inventing "social media" while revolutionizing the music industry. After its launch in 2003, MySpace became the #1 most visited site on the web quickly, surpassing companies such as Google, Yahoo and Amazon. At its peak, Nielsen Net Ratings reported that MySpace captured more than 10% of all minutes spent online. By the time Anderson left the company in 2009, he had amassed more than 350 million friends on MySpace, making him the first and still ultimately the biggest "influencer" of all time. His MySpace profile photo, which he never changed and still uses to this day is estimated to have been viewed more times than any single photograph in history. Before retiring in 2009, TIME Magazine included Tom among its list of the 100 most influential people in the world, and Barbara Walters named him one of her 10 Most Fascinating People. Since retiring, Tom has become an internationally recognised photographer, traveling to more than 40 countries in pursuit of his passion. Tom's photos have appeared in countless magazines, newspapers, and websites. He now also has a keen interest in architecture and has designed a number of homes. He splits his time between his homes in Las Vegas, Hawaii and Los Angeles. Prior to his entrepreneurial and creative pursuits, Tom graduated with the Departmental Citation in English and Rhetoric at the University of California at Berkeley and later completed a Masters in Film & Critical Studies at UCLA.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	1,500,000 fully paid ordinary shares
Interests in options:	5,700,000
Interests in rights:	Nil

Name:	Mr Darian Pizem
Title:	Non-Executive Director
Experience and expertise:	Darian has a passion for all things innovation. He is CEO of NeoOne, a herbal, mushroom supplement company. He is also a serial entrepreneur in the tech space, a digital marketer and brand developer, launching and directing a number of successful ventures in the digital space, including fortune 500 companies, tech startups, Blockchain, NFTs, Web 3.0 project scale-up, and digital consultancy. Darian is also focusing on working with 'profit for purpose' businesses and mentorship for new businesses and individuals looking at building vision and goals.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options:	5,700,000
Interests in rights:	Nil

Name:	Mr Robert Antulov
Title:	Non-Executive Director
Experience and expertise:	Robert (Rob) Antulov is a Managing Partner at boutique technology corporate advisory firm Modus Partners, where he provides advice to clients in the technology and media sectors on trade sales, acquisitions and equity growth capital raisings. Based in Sydney, Rob is a highly accomplished Director with experience in public, private and not for profit enterprises, primarily in the tech and media sectors. He has extensive digital media expertise with strong capabilities in the implementation of technology-oriented growth strategies, most recently in digital media, programmatic advertising and online marketplaces. Rob also brings to engage:BDR specific M&A skills, having participated in over forty corporate transactions as either principal or advisor. Previous corporate experience includes senior executive roles with Fairfax, Coca-Cola and Booz & Co (now PwC Strategy&). His entrepreneurial activity includes co-founding a sports digital media business, co-founding a number of ecommerce and SaaS businesses and providing mentoring and Advisory Board guidance to numerous entrepreneurs and their ventures. Rob has a Bachelor of Engineering Degree (Elect) from the University of Western Australia, an MBA from the Australian Graduate School of Management at UNSW and has completed additional postgraduate studies in the USA at the Kellogg School of Management, North Western University.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	2,500,000 fully paid ordinary shares
Interests in options:	5,700,000
Interests in rights:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Ms. Melanie Leydin

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and, Melanie is now Vistra Australia's Managing Director. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies, initial public offerings, secondary raisings and shareholder relations.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board	
	Held	Attended
Ted Dhanik	7	7
Kurtis Rintala	7	6
Tom Anderson	7	2
Darian Pizem	7	6
Robert Antulov	7	7

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having net profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary and non-monetary benefits, is reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

Details of remuneration
The key management personnel of the Group consisted of the following directors and key management personnel:
- Ted Dhanik (Executive Chairman and Chief Executive Officer)
- Kurtis Rintala (Executive Director and Chief Operating Officer)
- Tom Anderson (Non-Executive Director)
- Darian Pizem (Non-Executive Director)
- Robert Antulov (Non-Executive Director)
- Youqi Li (Chief Technology Officer)
- Andy Dhanik (Chief Revenue Officer)
- Denys Kravchenko (Chief Technology Officer - AdCel)
- Ann Marie Blair (Chief Finance Officer) from 1 May 2021

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

31 December 2021	Cash salary and fees $	Short-term benefits Commission /bonus - cash $	Bonus - non-cash (b) $	Health benefits $	Post-employment benefits Defined-contribution plan $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Tom Anderson	59,938	-	-	-	-	11,187	71,125
Robert Antulov	44,000	-	-	-	-	11,187	55,187
Darian Pizem	44,844	-	-	-	-	11,187	56,031
Executive Directors:							
Ted Dhanik (a) (b)	399,586	-	400,000	82,133	-	-	881,719
Kurtis Rintala (a)	313,009	-	-	3,909	-	-	316,918
Other Key Management Personnel:							
Youqi Li (a)	233,092	-	-	4,166	-	46,618	283,876
Andy Dhanik	286,370	-	-	-	-	134,137	420,507
Denys Kravchenko (a)	239,751	-	-	-	-	39,959	279,710
Ann Marie Blair	137,635	-	-	-	-	-	137,635
	1,758,225	-	400,000	90,208	-	254,275	2,502,708

(a) During the year 2021 payroll expenses were recognised as software capitalisation. These costs were related to the developmental costs to projects to deliver future economic benefit to the Group. For T. Dhanik and K. Rintala costs of US$150,920 (AU$207,993) each were capitalised. For Y.Li US$176,539 (AU$243,301) was capitalised. For D.Kravchenko a total of US$63,917 (AU$88,088) was capitalised.

(b) Bonus award of $400,000 to Mr. Ted Dhanik was made for 2021. This bonus was an offset against part of loan accounts. Loan items were special exertions from the board to compensate the Executives for significantly reduced payroll in 2011 and 2013 and applied to outstanding loan balances with no cash paid.

31 December 2020	Cash salary and fees $	Short-term benefits Commission /bonus - cash $	Bonus - non-cash (a) $	Health benefits $	Post-employment benefits Defined-contribution plan $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Tom Anderson	61,998	-	-	-	-	32,920	94,918
Robert Antulov	40,000	-	-	-	-	32,920	72,920
Darian Pizem	40,767	-	-	-	-	32,920	73,687
Executive Directors:							
Ted Dhanik (a) (c)	477,188	-	400,000	93,041	-	754,000	1,724,229
Kurtis Rintala (c)	339,815	-	-	1,070	-	221,640	562,525
Other Key Management Personnel:							
Youqi Li (c)	253,054	-	-	535	-	104,000	357,589
Andy Dhanik (b)	274,494	98,545	-	-	-	160,000	533,039
Denys Kravchenko (c)	260,284	-	-	-	-	184,000	444,284
	1,747,600	98,545	400,000	94,646	-	1,522,400	3,863,191

(a) Bonus award of $400,000 to Mr. Ted Dhanik was made for 2020. This bonus was an offset against part of loan accounts. Loan items were special exertions from the board to compensate the Executives for significantly reduced payroll in 2011 and 2013 and applied to outstanding loan balances with no cash paid.
(b) Commissions are earned by Mr. Andy Dhanik based on performance to goal. Generally, these performance goals are driven by sales targets and gross profit maximization. Sales and gross margin targets are based on forecasts. Actual performance to goal is compared to arrive at an “Achieved” percentage which is used to determine which Tier of payout they will receive. < 50% is given a 0% payout tier, 51-69% is given a 50% payout tier, 70-79% is given a 70% payout tier, 80-89% is given a 80% payout tier, 90-99% is given a 90% payout tier, and 100% is given a 100% payout tier. The payout tier is then multiplied by the result of dividing the maximum payout amount by the target to arrive at a “Payout Percentage”. The payout percentage is then multiplied by the actual achieved result to arrive at the dollar amount of the payout. During the period, commissions of $98,545 were earned by A. Dhanik.
(c) During the year 2020 payroll expenses were recognised as software capitalisation. These costs were related to the developmental costs to projects to deliver future economic benefit to the Group. For T. Dhanik and K. Rintala costs of US$172,735 (AU$224,273) each were capitalised. For Y.Li US$147,116 (AU$191,010) was capitalised. For D.Kravchenko a total of US$143,814 (AU$186,723) was capitalised.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		STI - sales commission/bonus		Share based payments	
Name	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-Executive Directors:						
Tom Anderson	84%	65%	-	-	16%	35%
Robert Antulov	80%	55%	-	-	20%	45%
Darian Pizem	80%	55%	-	-	20%	45%
Executive Directors:						
Ted Dhanik	55%	33%	45%	23%	-	44%
Kurtis Rintala	100%	61%	-	-	-	39%
Other Key Management Personnel:						
Youqi Li	84%	71%	-	-	16%	29%
Andy Dhanik	68%	52%	-	18%	32%	30%
Denys Kravchenko	86%	59%	-	-	14%	41%
Ann Marie Blair	91%	-	-	-	9%	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Ted Dhanik
Title:	Executive Chairman and Chief Executive Officer
Agreement commenced:	14 December 2017
Term of agreement:	On going
Details:	The fee payable to Director is to be USD$300,000 per annum. Such fees to be reviewed on each anniversary of the agreement or whenever determined by the Board. Where for any reason the fees owing to the Director for the services of the Director are not paid for any period of the engagement, or where there are any fees or monies outstanding to Director, the Company will accrue those fees and Director may at its sole option agree for those fees to be paid in the form of fully paid ordinary shares in the Company, subject at all times to the Company obtaining all necessary regulatory and shareholder approvals. The Director may resign at any time by given written notice to the Company.

Name:	Kurtis Rintala
Title:	Executive Director and Chief Operating Officer
Agreement commenced:	14 December 2017
Term of agreement:	3 years subject to re-election at any relevant Company Annual General Meeting.
Details:	The fee payable to Director is to be USD$235,000 per annum from the commencement date. Such fees to be reviewed on each anniversary of the agreement or whenever determined by the Board. Where for any reason the fees owing to the Director for the services of the Director are not paid for any period of the engagement, or where there are any fees or monies outstanding to Director, the Company will accrue those fees and Director may at its sole option agree for those fees to be paid in the form of fully paid ordinary shares in the Company, subject at all times to the Company obtaining all necessary regulatory and shareholder approvals. The Director may resign at any time by given written notice to the Company.
Name:	Darian Pizem
Title:	Non-Executive Director
Agreement commenced:	30 October 2018
Term of agreement:	3 years subject to re-election at any relevant Company Annual General Meeting.
Details:	The fee payable to Director is to be AUD$40,000 per annum including applicable statutory superannuation entitlements from the commencement date. Such fees to be reviewed on each anniversary of the agreement or whenever determined by the Board. Where for any reason the fees owing to the Director for the services of the Director are not paid for any period of the engagement, or where there are any fees or monies outstanding to Director, the Company will accrue those fees and Director may at its sole option agree for those fees to be paid in the form of fully paid ordinary shares in the Company, subject at all times to the Company obtaining all necessary regulatory and shareholder approvals. The Director may resign at any time by given written notice to the Company.
Name:	Robert Antulov
Title:	Non-Executive Director
Agreement commenced:	23 November 2018
Term of agreement:	3 years subject to re-election at any relevant Company Annual General Meeting.
Details:	The fee payable to Director is to be AUD$40,000 including applicable statutory superannuation entitlements per annum from the commencement date. Such fees to be reviewed on each anniversary of the agreement or whenever determined by the Board. Where for any reason the fees owing to the Director for the services of the Director are not paid for any period of the engagement, or where there are any fees or monies outstanding to Director, the Company will accrue those fees and Director may at its sole option agree for those fees to be paid in the form of fully paid ordinary shares in the Company, subject at all times to the Company obtaining all necessary regulatory and shareholder approvals. The Director may resign at any time by given written notice to the Company.

Name:	Tom Anderson
Title:	Non-Executive Director
Agreement commenced:	17 August 2017
Term of agreement:	3 years subject to re-election at any relevant Company Annual General Meeting
Details:	The fee payable to Director is USD$45,000 per annum from the commencement date. Such fees to be reviewed on each anniversary of the agreement or whenever determined by the Board. Where for any reason the fees owing to the Director for the services of the Director are not paid for any period of the engagement, or where there are any fees or monies outstanding to Director, the Company will accrue those fees and Director may at its sole option agree for those fees to be paid in the form of fully paid ordinary shares in the Company, subject at all times to the Company obtaining all necessary regulatory and shareholder approvals. The Director may resign at any time by given written notice to the Company.

Name:	Youqi Li
Title:	Chief Technology Officer
Agreement commenced:	27 August 2015
Term of agreement:	Ongoing
Details:	Mr Li receives an remuneration package including salary and pension of AUD$289,275 (USD$217,500) per annum. Payment of a benefit on early termination by the Group without cause is equal to 2 months' base salary. Notice period - 6 months.

Name:	Denys Kravchenko
Title:	Chief Technology Officer (AdCel)
Agreement commenced:	27 July 2018
Term of agreement:	Ongoing
Details:	Mr Kravchenko receives an remuneration package including salary and pension of AUD$239,400 (USD$180,000) per annum. Payment of a benefit on early termination by the Group without cause is equal to 2 months' base salary. Notice period - 6 months

Name:	Andy Dhanik
Title:	Chief Revenue Officer
Agreement commenced:	1 March 2014
Term of agreement:	Ongoing
Details:	Mr Dhanik receives an remuneration package including salary and pension of AUD$285,950 (USD$215,000) per annum. Payment of a benefit on early termination by the Group without cause is equal to 2 months' base salary. Notice period - 6 months

Name:	Ann Marie Blair
Title:	Chief Financial Officer
Agreement commenced:	17 May 2019
Term of agreement:	Ongoing
Details:	Mrs. Blair receives an remuneration package including salary and pension of AUD$206,150 (USD$155,000) per annum. Payment of a benefit on early termination by the Group without cause is equal to 2 months' base salary. Notice period - 6 months

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2021.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Tom Anderson	1,900,000	18-Mar-20	18-Mar-20	01-Apr-23	$0.0201	$0.0077
Tom Anderson	1,900,000	18-Mar-20	18-Mar-21	01-Apr-23	$0.0217	$0.0080
Tom Anderson	1,900,000	18-Mar-20	18-Mar-22	01-Apr-23	$0.0233	$0.0084
Robert Antulov	1,900,000	18-Mar-20	18-Mar-20	01-Apr-23	$0.0201	$0.0077
Robert Antulov	1,900,000	18-Mar-20	18-Mar-21	01-Apr-23	$0.0217	$0.0080
Robert Antulov	1,900,000	18-Mar-20	18-Mar-22	01-Apr-23	$0.0233	$0.0084
Darian Pizem	1,900,000	18-Mar-20	18-Mar-20	01-Apr-23	$0.0201	$0.0077
Darian Pizem	1,900,000	18-Mar-20	18-Mar-21	01-Apr-23	$0.0217	$0.0080
Darian Pizem	1,900,000	18-Mar-20	18-Mar-22	01-Apr-23	$0.0233	$0.0084

The options listed above with the vesting as follows:
- Vesting date of 18 March 2020 vested immediately upon issue;
- Vesting date of 18 March 2021 vested during the period; and
- Vesting date of 18 March 2022 remain unvested as at the date of this report and will vest provided that the respective option holders meet service conditions.

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2021 are set out below:

Name	Number of options granted during the year 31 December 2021	Number of options granted during the year 31 December 2020	Number of options vested during the year 31 December 2021	Number of options vested during the year 31 December 2020
Tom Anderson	-	5,700,000	1,900,000	1,900,000
Robert Antulov	-	5,700,000	1,900,000	1,900,000
Darian Pizem	-	5,700,000	1,900,000	1,900,000

Performance rights
There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation as at 31 December 2021.

The vesting milestones were as follows:

(1) A 30% increase in audited operating revenue stated in an audited consolidated annual financial report of the Group (being the Company and its controlled entities) for a period up to and including the 2021 financial year (a “Future Report”) over the audited revenue stated in the last audited consolidated annual financial report of the Company and its controlled entities (being the audited financial report for the year ended 31 December 2018) (“Base Report”).
(2) A 25% increase in audited gross profit (and/or reduction in gross loss) stated in a Future Report over the audited gross profit (loss) stated in the Base Report).
(3) A 50% increase in audited earnings before interest, tax, depreciation and amortisation (EBITDA) (and/or reduction in a negative EBITDA) stated in a Future Report over the audited net profit (loss) before tax stated in the Base Report).
(4) A 50% increase in audited net assets (and/or reduction in the net deficiency of assets if net assets are less than zero) stated in a Future Report over the audited net assets (deficiency) stated in the Base Report).
(5) A 50% increase in the market capitalisation (number of ordinary shares on issue multiplied by the 20 day VWAP for days on which shares of the Company traded on ASX) up to and including the twentieth (20th) day on which shares of the Company traded on ASX after the release of the Future Report for the 2021 financial year, over the market capitalisation (calculated using the 20 day VWAP for days on which shares of the Company traded on ASX) on any prior day.
(6) A 30% improvement in AdCel revenue
(7) AdCel DSP annual revenue of at least $2,000,000
(8) A 15% improvement in gross profit

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2021 are set out below:

Name	Number of rights granted during the year 31 December 2021	Number of rights granted during the year 31 December 2020	Number of rights vested during the year 31 December 2021	Number of rights vested during the year 31 December 2020
Ted Dhanik	-	50,000,000	-	40,000,000
Kurtis Rintala	-	15,000,000	-	11,000,000
Youqi Li	-	6,500,000	-	6,500,000
Andy Dhanik	-	10,000,000	-	10,000,000
Denys Kravchenko	-	11,500,000	-	-

Additional information

The earnings of the consolidated entity for the five years to 31 December 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Sales revenue	11,406,628	15,398,413	17,079,118	11,443,935	13,135,970
Operating loss	(3,630,056)	(1,396,924)	1,604,732	(6,286,229)	(7,098,066)
Loss before income tax expense	(6,179,036)	(6,881,027)	(1,343,429)	(10,839,127)	(9,583,419)
Loss after income tax expense	(6,179,036)	(6,881,027)	(1,343,429)	(10,840,198)	(10,566,001)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
Ordinary shares					
Ted Dhanik	97,681,498	-	-	-	97,681,498
Kurtis Rintala	47,717,391	-	-	-	47,717,391
Tom Anderson	1,500,000	-	-	-	1,500,000
Robert Antulov	665,500	-	1,834,500	-	2,500,000
Youqi Li	10,871,454	-	8,949,118	-	19,820,572
Andy Dhanik *	11,896,211	-	25,749,703	(16,000,000)	21,645,914
Denys Kravchenko	1,435,727	-	7,670,672	-	9,106,399
Ann Marie Blair	-	-	3,835,336	(1,500,000)	2,335,336
	171,767,781	-	48,039,329	(17,500,000)	202,307,110

* Ordinary shares held by Andy Dhanik at 1 January 2021 restated from 13,196,211 to 11,896,211.

Option holding

The number of options over ordinary shares in the Group held during the financial year by each director and other members of key management personnel of the Group, including their closely related entities, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the year
Options over ordinary shares					
Tom Anderson	5,700,000	-	-	-	5,700,000
Robert Antulov	5,700,000	-	-	-	5,700,000
Darian Pizem	5,700,000	-	-	-	5,700,000
	17,100,000	-	-	-	17,100,000

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested and converted	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Ted Dhanik	10,000,000	-	-	-	10,000,000
Kurtis Rintala	4,000,000	-	-	-	4,000,000
Denys Kravchenko	11,500,000	-	-	-	11,500,000
	25,500,000	-	-	-	25,500,000

Loans to key management personnel and their related parties

As at 31 December 2021 the Group recognised a loan receivable for funds payable by Mr Ted Dhanik (USD$988,811; AUD$1,362,749) (2020:USD$1,035,277; AUD$1,344,166)) and Mr Andy Dhanik (USD$79,797; AUD$109,974) (2020:USD$65,277; AUD$93,173)).

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. For the year ended 31 December 2021, loans given to Mr Ted Dhanik and Mr Andy Dhanik accrued an interest of AUD$76,387 and AUD$4,498 respectively. The loans made to both directors and key management personnel were repayable by 31 august 2021 with an extension to be approved at the upcoming shareholders meeting. These have been disclosed as current receivables. $2,202,141 outstanding loans are secured against each individuals' shareholding and will be settled in cash. All loans were approved by the Board of Directors of the Group.

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

	Consolidated 2021 $	Consolidated 2020 $
Beginning of the year	1,984,869	2,311,510
Loans advanced	375,765	197,603
Bonus awarded to key management personnel offset against loan balances	(400,000)	(400,000)
interest charged	94,865	101,200
Exchange difference	146,642	(225,444)
	2,202,141	1,984,869

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
25-Sep-19	30-Sep-22	$0.0260	13,750,000
18-Mar-20	01-Apr-23	$0.0201	5,700,000
18-Mar-20	01-Apr-23	$0.0217	5,700,000
18-Mar-20	01-Apr-23	$0.0233	5,700,000
10 -Dec-21	5-Dec-23	$0.0100	54,638,095
			85,488,095

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of engage:BDR Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Conversion price	Number under rights
18-Mar-20	01-Apr-23	$0.0000	25,500,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of engage:BDR Limited were issued during the year ended 31 December 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
10 December 2021	$0.0100	54,638,095

Shares issued on the exercise of performance rights
There were no ordinary shares of engage:BDR Limited issued on the exercise of performance rights during the year ended 31 December 2021 and up to the date of this report.

Indemnity and insurance of officers
During the financial year, the Group maintained an insurance policy which indemnifies the directors and officers of the Group in respect of any liability incurred in connection with the performance of their duties as directors or officers of the Group to the extent permitted by the Corporations Act 2001. The Group’s insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

The Group has not paid any insurance premiums in respect of any past or present directors or auditors, other than as required by law.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the Group
As at the date of this report, there are no leave applications or proceedings brought on behalf of the Group under section 237 of the Corporations Act 2001.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd
There are no officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd.

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 to the nearest dollar ($) in accordance with Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission.

engage:BDR Limited
Directors' report
31 December 2021

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

31 March 2022

William Buck

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 year ended 31 December 2021 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N.S. Benbow
Director

Melbourne, 31st March 2022

ACCOUNTANTS & ADVISORS
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Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

engage:BDR Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Revenue from contracts with customers	5	11,406,628	15,398,413
Cost of sales		(8,012,278)	(9,420,757)
Gross profit		3,394,350	5,977,656
Other income	5	581,847	740,865
Expenses			
Employee and contractor costs	6	(2,534,981)	(2,829,407)
Operations and administration expense	7	(4,047,285)	(5,147,054)
Advertising and marketing expense		(8,528)	(138,984)
EBITDA Operating profit/(loss)		(2,614,597)	(1,396,924)
Settlement expenses	8	(962,018)	-
Share based payments	6	(422,698)	(1,719,444)
Movement in provision for expected credit loss	10	(149,970)	(289,947)
Depreciation and amortisation expense		(1,664,192)	(861,467)
Movement in fair value of financial assets at fair value through profit or loss		(62,620)	(566,395)
Finance costs		(302,941)	(2,046,850)
Loss before income tax expense		(6,179,036)	(6,881,027)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of engage:BDR Limited		(6,179,036)	(6,881,027)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		217,450	(975,579)
Other comprehensive income/(loss) for the year, net of tax		217,450	(975,579)
Total comprehensive loss for the year attributable to the owners of engage:BDR Limited		(5,961,586)	(7,856,606)
		Cents	**Cents**
Basic loss per share	25	(0.24)	(0.55)
Diluted loss per share	25	(0.24)	(0.55)

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 31 December 2021

	Note	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Assets			
Current assets			
Cash and cash equivalents	9	401,170	2,986,745
Trade and other receivables	10	935,832	3,243,521
Financial assets at fair value through other comprehensive income		50,079	47,179
Prepaid expenses		560,045	579,982
Related party receivables	21	2,202,141	1,984,869
Other financial assets	11	257,813	300,000
Total current assets		4,407,080	9,142,296
Non-current assets			
Property, plant and equipment		26,773	157,617
Right-of-use assets		249,742	305,504
Capitalised software costs	12	4,326,254	3,920,558
Goodwill	13	1,337,743	1,340,390
Security deposits		34,454	32,459
Total non-current assets		5,974,966	5,756,528
Total assets		10,382,046	14,898,824
Liabilities			
Current liabilities			
Trade and other payables	14	4,748,112	3,650,587
Borrowings	15	329,538	2,316,896
Lease liabilities		86,867	157,854
Contract liabilities		20,673	19,475
Total current liabilities		5,185,190	6,144,812
Non-current liabilities			
Lease liabilities		7,434	87,345
Total non-current liabilities		7,434	87,345
Total liabilities		5,192,624	6,232,157
Net assets		5,189,422	8,666,667
Equity			
Issued capital	16	50,241,243	47,790,463
Share based payment reserve		765,815	732,254
Equity investment reserve		(2,441,343)	(2,441,343)
Foreign currency translation reserve		(1,545,436)	(1,762,886)
Accumulated losses		(41,830,857)	(35,651,821)
Total equity		5,189,422	8,666,667

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 year ended 31 December 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 year	-	-	-	-	(6,881,027)	(6,881,027)
Other comprehensive loss for the year, net of tax	-	-	-	(975,579)	-	(975,579)
Total comprehensive loss for the year	-	-	-	(975,579)	(6,881,027)	(7,856,606)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 16)	10,896,159	-	-	-	-	10,896,159
Share-based payments (note 26)	-	1,719,444	-	-	-	1,719,444
Shares issued on exercise of performance rights	1,312,000	(1,312,000)	-	-	-	-
Transfers to accumulated losses for expired or lapsed share-based payments	-	(278,929)	-	-	278,929	-
Balance at 31 December 2020	47,790,463	732,254	(2,441,343)	(1,762,886)	(35,651,821)	8,666,667

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

engage:BDR Limited
Statement of changes in equity
For the year ended 31 December 2021

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 year	-	-	-	-	(6,179,036)	(6,179,036)
Other comprehensive income for the year, net of tax	-	-	-	217,450	-	217,450
Total comprehensive income/(loss) for the year	-	-	-	217,450	(6,179,036)	(5,961,586)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 16)	1,777,663	-	-	-	-	1,777,663
Share-based payments (note 26)	-	33,561	-	-	-	33,561
Collateral shares exercised - ZCS (note 16)	91,679	-	-	-	-	91,679
Shares issued on exercise of options (note 16)	163,914	-	-	-	-	163,914
Shares issued as part settlement of a legal matter (note 8)	400,000	-	-	-	-	400,000
Shares issued as part settlement of compensation for consulting fees to a consultant of the Company (note 16)	17,524	-	-	-	-	17,524
Balance at 31 December 2021	50,241,243	765,815	(2,441,343)	(1,545,436)	(41,830,857)	5,189,422

engage:BDR Limited
Statement of cash flows
For the year ended 31 December 2021

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Cash flows from operating activities			
Loss before income tax expense for the year		(6,179,036)	(6,881,027)
Adjustments for:			
Depreciation and amortisation		1,664,192	861,467
Share-based payments		840,220	1,719,444
Movement in financial assets at fair value through profit or loss		62,620	566,395
Accrued finance charges		-	1,453,639
Movement in provision for expected credit loss		149,970	289,947
Executive bonuses used to offset related party debt (note 21)		400,000	400,000
Interest income from related party debt		(94,865)	(69,224)
		(3,156,899)	(1,659,359)
Change in operating assets and liabilities:			
Decrease in trade and other receivables		2,308,850	2,543,010
Decrease/(Increase) in prepayments and other assets		53,558	(187,360)
Increase/(decrease) in trade and other payables		933,606	(1,098,390)
Increase in contract liabilities		-	(62,043)
Net cash from/(used in) operating activities		139,115	(464,142)
Cash flows from investing activities			
Capitalised software development		(1,655,869)	(1,577,376)
Loans to related parties	21	(375,765)	-
Net cash used in investing activities		(2,031,634)	(1,577,376)
Cash flows from financing activities			
Proceeds from capital raises	16	1,485,136	5,705,164
Cost of capital raise		(96,608)	(434,535)
Proceeds from exercise of options	16	163,914	-
Net repayment of borrowings		(2,022,293)	(1,544,827)
Net repayment of lease liabilities		(166,001)	(230,371)
Net cash (used in)/from financing activities		(635,852)	3,495,431
Net (decrease)/increase in cash and cash equivalents		(2,528,371)	1,453,913
Cash and cash equivalents at the beginning of the financial year		2,986,745	1,831,673
Effects of exchange rate changes on cash and cash equivalents		(57,204)	(298,841)
Cash and cash equivalents at the end of the financial year	9	401,170	2,986,745

Non-cash investing and financing activities include issuance of shares (note 16) of $91,679 for settlement of ZCS facility.

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 year ended 31 December 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 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 31 March 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and derivative financial liabilities at fair value through profit or loss.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 22.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of engage:BDR Limited ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. engage:BDR Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Going concern

The financial report has been prepared on a going concern basis, which takes into account the loss after income tax of $6,179,036 for the year ended 31 December 2021 and a net current liabilities of $785,544 as at 31 December 2021.

These conditions give rise to a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern.

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

- Confidence in raising capital as needed;
- Confidence in achieving the group's forecast revenues and positive operating cash flow in 2022 through continued completion of planned integrations onto the group's programmatic advertising platform;
- Repayment of some or all of secured related party loan receivables;
- 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 discretionary operational cash outflows.

Accordingly, the financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in ordinary course of business, and at amounts that differ from those stated in the Financial Statements. The financial statements do not include any adjustments related to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

Foreign currency translation

The functional currency of each of the entities in the Group is the currency of the primary economic environment in which each of the entities operate, which is US Dollars ('USD') for engage:BDR LLC and AdCel LLC. The financial report is presented in Australian Dollars ('AUD') which is the functional currency of the Parent, engage:BDR Limited and presentation currency of the Group.

Note 2. Significant accounting policies (continued)

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Translation
The assets and liabilities of subsidiaries with a functional currency other than AUD (being the presentation currency of the Group) are translated into AUD at the exchange rate at the reporting date and the statement of comprehensive income is translated at the average exchange rate for the period. On consolidation, exchange differences arising from the translation of these subsidiaries are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Capitalisation of software costs
Distinguishing the research and development phases of software projects and determining whether the recognition requirements for the capitalisation of development costs are met, requires judgement. Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Determining the feasibility of the project and the likelihood of the project delivering future economic benefits, which can be measured reliably, is a significant management estimate and judgement.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project, typically between 3 and 10 years, and are considered for impairment, based on the presence of indicators, at each reporting date.

After capitalisation, the Group assesses, on an annual basis, whether there is an indication that capitalised costs may be impaired. If any indication exists, the Group estimates the asset's recoverable amount, which is the higher of the asset's or cash generating unit ('CGU')'s fair value less cost of disposal and its value in use. The Group assesses that each capitalised intangible asset, representing each software project, does not generate cash inflows that are largely independent of those from other assets so has determined the recoverable amount at CGU level. The CGU to which the intangible assets are allocated has been identified as the Group as a whole.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. The recoverability of related party loans are also assessed. The balances are being paid down in accordance with the terms and conditions. The loans are secured against each individuals' shareholding.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 13. The test will be on a multiple of income approach and market cap approach. The recoverable amounts of cash-generating units have been determined based on fair value less costs approach, by comparing of the market capitalisation of the Group to its net assets, adjusted for control premium.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and carry forward losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and carry forward losses. The directors have determined that the losses to date do not validate the requirement to book any DTA for carry forward losses and will consider the recognition of DTAs in future periods.

Government grant from PPP Loan Forgiveness
The recognition of PPP Loan Forgiveness from U.S. Small Business Administration ("the SBA") requires a degree of estimation and judgement. It is based on the criteria set out by the SBA, that during a 8 to 24 week period following the loan disbursement the consolidated entity: maintains its level of Employee and compensation in the same manner as required for the loan; spends at least 60% of the proceeds of the loan on payroll costs; and spends all the proceeds of the loan on payroll costs and other eligible expenses. The consideration of eligibility of payroll costs and other expenses involve judgements.

Note 4. Operating segments

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

Note 4. Operating segments (continued)

Geographic information

	Consolidated 31 December 2021 $	31 December 2020 $
United State of America	10,056,152	13,844,107
Other*	1,350,476	1,554,306
Total revenue from contract with customers	11,406,628	15,398,413

* 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 31 December 2021 $	31 December 2020 $
Customer and segment		
Customer A - Programmatic [1]	7,019,146	10,705,921

[1] 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.

Accounting policy for operating segments
Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision makers, who provide the strategic direction and management oversight of the Group in terms of monitoring results and approving strategic planning for the business.

Note 5. Revenue from contracts with customers and Other income

(a) Revenue from contracts with customers

	Consolidated 31 December 2021	31 December 2020
Revenue from contracts with customers - Rendering of services	11,406,628	15,398,413

Note 5. Revenue from contracts with customers and Other income (continued)

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

	Consolidated	
	31 December 2021 $	31 December 2020 $
Programmatic	11,406,628	15,307,615
Collaborative Marketing	-	90,798
	11,406,628	15,398,413
Geographical regions		
United States of America	10,056,152	13,844,107
Other*	1,350,476	1,554,306
	11,406,628	15,398,413
Timing of revenue recognition		
Services rendered at a point in time	11,406,628	15,398,413

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

Accounting policy for revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of any allowances, duties and taxes paid.

Rendering of services
The Group is an internet-based marketplace platform and associated technology solution provider. The Group's proprietary technology is used to facilitate the sale of advertising inventory from digital publishers (websites and apps) to advertisers and their agents (brands, agencies and advertising platforms). The Group allows digital publishers to monetise their available advertising space by making the inventory available to multiple advertisers, as well as providing various technologies designed to help publishers create incremental streams of revenue. An example of this technology would be the Group's OutStream advertising unit, which allows publishers to sell space for video advertising on webpages that do not have video content.

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- Identifies the contract with a customer
- Identifies the performance obligations in the contract
- Determines the transaction price
- Allocates the transaction price to the separate performance obligations
- Recognises revenue when the performance obligation is satisfied in a manner that depicts the transfer to the customer of the services provided.

All contracts with customers are standardised and satisfy the criteria of transaction approval, identification of each party's rights, payment terms, commercial substance, and probable collection based on the customer's ability and intention to pay. There are no material contracts with customers where there are multiple goods or services promised in which they are distinct and separable in both context and considering other readily available resources. The Group does not offer variable pricing, no significant financing portion, no non-cash consideration, no return rights, and no material lag between collection of monies and delivery of service. The Group does not offer bundled pricing on services provided separately where delivery and settlement is not consistent. The Group does not offer customized goods, receive refundable upfront fees, nor have arrangements where performance obligations are settled over an extended period of time rather than a point in time

Note 5. Revenue from contracts with customers and Other income (continued)

In recording revenue, the Group evaluates whether they are the principal (i.e., report revenues on a gross basis) or agent (i.e., report revenues on a net basis). The Group provides advertisers and their agents to purchase and place advertising inventory on publishers' sites. The Group's performance obligation is facilitating the sale of advertising space and ensuring its placement on the website. The proprietary technology developed and used by the Group counts all bid attempts, tracks the winning bids, and ensures the delivery of the advertisement. All of these data points are used to ensure proper satisfaction of performance obligations. The Group reports the sales of advertising revenues for advertising inventory on a gross basis, that is, the amounts they expect to be entitled to. Amounts paid to suppliers are recorded as cost of sales. Where we are the principal, the Group controls the advertising inventory before it is transferred to its customers. Control is evidenced by the Group's sole ability to monetise the advertising inventory before it is transferred to its customers, and is further supported by the Group being primarily responsible to its customers and having a level of discretion in establishing pricing.

The Group recognises contract liabilities for consideration received in advance of services provided. Where a customer prepays any portion of a contract, the Group records such prepayments as trade and other payables in the statement of financial position. Prepayments are paid for approximately one month of contract cost in advance, with specific insertion orders allocated to a prepaid amount. These sums will not be recognised as revenue until all obligations pursuant to that insertion order contract have been fulfilled by the Group and approved by the counterparty. The amounts received upfront are not refundable. Revenue for prepayments is recognised only after all performance obligations related to the contract with customers is satisfied.

(b) Other income

Other income comprises the following:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Government grant income	339,235	631,182
Interest income	87,955	109,683
Other income	154,657	-
	581,847	740,865

The Government grant income included in Other income was in respect of a loan forgiven by the government to provide support for payroll expenditure during the COVID-19 pandemic. The loan was to be forgiven when certain expenditure levels had been reached for payroll and other operating expenditure. There was no additional government grants or assistance from which the entity benefitted during the period, and there are no further conditions attached to the grant.

Accounting policy for government grants income

A forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms of forgiveness for the loan. The grant is recognised as income on a systematic and rational basis over the periods necessary to match them with the related costs.

Note 6. Employee and contractor costs

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Salary costs	2,347,112	2,480,347
Defined contribution plan (401(k))	36,045	3,037
Other payroll-related expenses	151,826	346,023
Share based payments*	422,696	1,719,444
Total employee and contractor costs	2,957,679	4,548,851

Accounting policy for employee benefits

Wages and salaries, vested sick leave and short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Wages, salaries, annual and long service leave
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Changes in the measurement of the liability are recognised in profit or loss in the Statement of Comprehensive Income. Employee benefits are presented as current liabilities in the Statement of Financial Position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Defined contribution schemes
The Group has a defined contribution savings plan as defined in subsection 401(k) of the United States Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation. Group contributions to the plan may be made at the discretion of the Board of Directors.

* During the year ended 31 December 2021, the Company issued shares to employees of $389,135 for settlement of employee bonus (note 16) and recognised share based payment of $33,561 from vesting of options (note 26).

Note 7. Operations and administration expense

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Technology infrastructure and software costs	1,511,154	1,811,486
Legal and accounting expense	1,324,387	1,467,910
Technical and corporate development expense	256,648	654,434
Bad debt expense	63,590	320,735
Travel expenses	215,713	238,698
Office maintenance and associated expenses	197,989	236,885
Insurance expense	407,234	313,441
Other operations and administration expenses	70,570	103,465
	4,047,285	5,147,054

Note 8. Settlement expenses

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Settlement expense	962,018	-

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 USD$125,000 in cash will be paid to the Ouazzani Parties.

The 100 million shares were issued on 23 August 2021.

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.

Note 9. Current assets - cash and cash equivalents

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Cash at bank	401,170	2,986,745

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Current assets - trade and other receivables

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Trade receivables	1,792,265	3,897,416
Less: Allowance for expected credit losses	(868,596)	(709,434)
	923,669	3,187,982
Other receivables	12,163	55,539
	935,832	3,243,521

Transfer of trade receivables
The Group has retained the credit risk associated with the trade receivables, due to the obligation to repurchase from the factoring company any receivables that are deemed uncollectible, and therefore the risks and rewards of the asset reside with the Group. The total carrying amount (which is approximate to fair value) of the trade receivables transferred subject to factoring arrangement is $179,251 (December 2020: $1,904,104). This arrangement has no expiration date with an interest rate of 8% (2020:8.00%).

Note 10. Current assets - trade and other receivables (continued)

Allowance for expected credit losses
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 31 December 2021 %	Expected credit loss rate 31 December 2020 %	Carrying amount 31 December 2021 $	Carrying amount 31 December 2020 $	Allowance for expected credit losses 31 December 2021 $	Allowance for expected credit losses 31 December 2020 $
Not overdue	1%	1%	693,731	1,918,797	7,299	19,696
0 to 30 days	5%	5%	156,887	955,803	7,844	48,325
31 to 60 days	15%	16%	46,559	138,922	6,984	22,302
61 to 90 days	30%	35%	101,214	39,605	30,364	14,047
Over 91 days	68%	72%	793,874	844,289	816,105	605,064
			1,792,265	3,897,416	868,596	709,434

The average age of the Group's trade receivables is 91 days (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.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Opening balance	(709,434)	(459,615)
Impairment recognised during the year	(149,970)	(289,947)
Exchange difference	(9,192)	40,128
Closing balance	(868,596)	(709,434)

Fair value of receivables
Fair value of receivables at period end is considered to be the same as receivables net of the allowance for impairment.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 11. Current assets - other financial assets

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Employee loan	20,433	-
Financial assets at fair value through profit or loss*	237,380	300,000
	257,813	300,000

* Financial assets at fair value through profit or loss were shares held in trust refers to fully paid ordinary shares issued to a third party which is to be used for settlement of creditor obligations of the Group. The fair value of shares held in trust is determined with reference to the number of outstanding shares multiplied by the spot price at each reporting date.

Note 12. Non-current assets - capitalised software costs

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Capitalised software costs	10,720,840	8,540,044
Less: Accumulated amortisation	(6,394,586)	(4,619,486)
	4,326,254	3,920,558

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Capitalised software costs $	Total $
Balance at 1 January 2020	3,032,083	3,032,083
Additions	1,577,376	1,577,376
Exchange differences	(264,738)	(264,738)
Amortisation expense	(424,163)	(424,163)
Balance at 31 December 2020	3,920,558	3,920,558
Additions	1,655,869	1,655,869
Exchange differences	116,416	116,416
Amortisation expense	(1,366,589)	(1,366,589)
Balance at 31 December 2021	4,326,254	4,326,254

Software costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefit and these benefits can be measured reliably. The development costs have finite useful lives typically between 3 and 10 years, with a weighted average of 3 years (2020: 3 years). Impairment of capitalised software costs is considered at each reporting period.
The review of the business did not identify any impairment of any intangible assets following consideration of indicators of impairment under AASB 136. As at the year ended 31 December 2021, the remaining intangible assets were determined to be deriving positive cash flows related to the identifiable intangible assets and will continue to be amortised in accordance with the Group accounting policy.

Note 12. Non-current assets - capitalised software costs (continued)

Accounting policy for capitalised software costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised *software* costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3- 10 years.

Note 13. Non-current assets - goodwill

	Consolidated	
	31 December 2021 $	31 December 2020 $
Goodwill	1,337,743	1,340,390

In assessing for impairment, the Directors considered goodwill in the context of the Group having one cash-generating unit, being Ad media. On that basis, they have assessed impairment applying the fair value less costs of disposal method, using a revenue multiples approach, coupled with a market capitalisation approach. In making this assessment, the Directors note the following:

On a revenue multiples approach, which is based on publicly-available information (which represents mixture of level 2 and 3 inputs in the fair value hierarchy) the Directors sought to determine the enterprise value of the Group, utilising revenue multiples provided by an independent expert.

A revenue multiple of 1.15x (2020: 2.1x) as determined by the independent expert was applied to the Group's trading revenue to derive an enterprise valuation of $13,117,620 (2020: $37,110,175). This was then compared to the goodwill balance of the group of $1,337,743 (2020: $1,340,390).

Using a market capitalisation approach, the following was noted:

- Market capitalisation of the group as at 31 December 2021 was $9,376,667 (2020: $14,224,467).
- 20% control premium was factored into the analysis, then compared with net assets of $4,151,538 (2020: $8,666,667).

It was concluded that the fair value less cost of disposal was greater than the net assets in the cash generating unit, thus no impairment was recognised for the year ended 31 December 2021. No reasonable or likely change in any of the assumptions applied in examining the recoverable value of the Group as at report date would result in any impairment.

Accounting policy for goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 14. Current liabilities - trade and other payables

	Consolidated 31 December 2021 $	31 December 2020 $
Trade payables	3,937,439	2,969,577
Credit card liabilities	16,278	2,906
Accrued expenses	325,764	371,532
Bonus and commissions payable	383,478	221,468
Accrued municipal tax	85,153	85,104
	4,748,112	3,650,587

Refer to note 17 for further information on financial instruments.

Accounting policy for trade and other payables
Trade accounts payable and other creditors represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are measured subsequently at amortised cost using the effective interest rate method. Payment terms vary by creditor but are typically 60 days.

Note 15. Current liabilities - borrowings

	Consolidated 31 December 2021 $	31 December 2020 $
Debtor factoring borrowings	179,251	1,904,104
Convertible notes payable	-	214,050
Embedded derivative on convertible notes	-	47,303
Other borrowings	150,287	151,439
	329,538	2,316,896

Refer to note 17 for further information on financial instruments.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Accounting policy for convertible notes
At initial recognition an embedded derivative is recognised on the statement of financial position at fair value and that embedded derivative is subsequently recorded at its fair value thereafter, with changes in fair value going through to the statement of profit or loss and other comprehensive income. The difference between the consideration received (net of costs) and the embedded derivative is reflected in the principal value of the convertible note liability. The underlying debt principal is amortised back to its face value at maturity, net of transaction costs, using the effective interest rate method.

Note 16. Equity - issued capital

	Consolidated 31 December 2021 No. of Shares	31 December 2020 No. ofShares	31 December 2021 $	31 December 2020 $
Ordinary shares - fully paid	3,102,635,952	2,370,744,548	50,241,243	47,790,463

Note 16. Equity - issued capital (continued)

Movements in ordinary share capital

Details		**No. of Shares**		**$**
Balance	1 January 2020	712,394,973		35,582,304
Shares issued under placement		724,810,163	$0.0062	4,515,514
Shares issued under Share Purchase Plan		216,299,959	$0.0055	1,189,650
Shares issued as collateral for loan note		449,151,484	$0.0000	-
Collateral shares exercised - ZCS		-	$0.0000	3,729,174
Shares issued for outstanding creditors		186,087,969	$0.0102	1,896,356
Shares issued on exercise of performance rights		82,000,000	$0.0160	1,312,000
Costs of capital		-	$0.0000	(434,535)
Balance	31 December 2020	2,370,744,548		47,790,463
Shares issued as settlement of employee bonuses		77,826,921	$0.0050	389,135
Collateral shares exercised - ZCS*		-	$0.0000	91,679
Shares issued as part settlement of compensation for consulting fees to a consultant of the Company		4,381,046	$0.0040	17,524
Shares issued as part settlement of a legal matter (note 8)		100,000,000	$0.0040	400,000
Shares placement		495,045,342	$0.0030	1,485,136
Exercise of options**		54,638,095	$0.0030	163,914
Capital raising cost		-	$0.0000	(96,608)
Balance	31 December 2021	3,102,635,952		50,241,243

* During the year, collateral shares equal to the sum of $91,679 issued under the ZCS facility were exercised. The exercise of these collateral shares resulted in ZCS facility being fully exercised and the ZCS facility being settled.

** On 18 October 2021 the Company issued 512,132.494 unlisted options with an exercise price of $0.0030 each and an expiry of 3 December 2021 to shareholders with registered addresses in Australia or New Zealand and shares held on 11 October 2021. Upon exercise, each Loyalty Option^ entitles the holder to one fully paid ordinary share in the Company and one free-attaching additional option (Additional Option) (each with an exercise price of $0.01 (1 cent) and expiry date of 5 December 2023). On 10 December 2021 the Company issued 54,638,095 ordinary shares and 54,638,095 Additional Options. The remaining 457,494,399 Bonus Options have expired.

^ Loyalty Options were options issued to all shareholders in Australia and New Zealand as an incentive to invest in the Company.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 17. Financial instruments

Financial risk management objectives
This note explains the Group's financial risk management and how the exposure to these risks affects the Group's future financial performance.

The Group's risk management is carried out by the senior management through delegation from the Board of Directors. Risk management programmes and practices are employed to mitigate the potential adverse effects of these exposures on the results of the Group.

The Group holds the following financial instruments:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Financial assets		
Cash and cash equivalents	401,170	2,986,745
Trade and other receivables	935,832	3,243,521
Related party receivables	2,202,141	1,984,869
Investments in equity instruments	50,079	47,179
Other financial assets	257,813	300,000
Total	3,847,035	8,562,314
Financial liabilities		
Trade and other payables - current	4,731,834	3,647,691
Credit card liabilities	16,278	2,906
Lease liability	94,301	245,199
Borrowings - due to factor - current	179,251	1,904,104
Other borrowings	150,287	151,439
Convertible notes payable	-	214,050
Embedded derivative on convertible notes	-	47,303
Total	5,171,951	6,212,692

Market risk

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to changes in foreign exchange rates is due to the functional currency of the Group being USD and the presentation currency being AUD.

With the exception of financial assets of $20,001 (2020: A$152,521) and financial liabilities of $307,200 (2020: A$673,224) denominated in AUD, all other financial assets and liabilities of the Group were denominated in USD.

There is no material sensitivity to the profit and loss arising from changes in foreign exchange rates, given translation differences are accounted for in the foreign currency reserves.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management has deemed that interest rate risk is not significant for the Group due to the majority of the Group's financial assets and liabilities being fixed rate and due to the short maturities on all of the individual tranches comprising the debtor factoring arrangement, which at 31 December 2021 had a fixed interest rate of 8% (2020: 8%), did not represent a material interest rate exposure.

Credit risk
Credit risk is a risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Note 17. Financial instruments (continued)

The Group faces primary credit risk from potential default on receivables by payment from customers. The credit risk on financial assets of the Group which have been recognised in the Statement of Financial Position is the carrying amount net of any provision for doubtful debts.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount as presented in the Statement of Financial Position.

The credit risk from related parties is the same as external parties (refer note 21).

Generally, trade receivables are written off where there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, failure to communicate with the Group, and no meaningful negotiations as a result of legal action.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and ensuring that all term deposits can be converted to funds in accordance with forecast cash usage. Due to the dynamic nature of the underlying business, flexibility in funding is maintained by ensuring ready access to the cash reserves of the business.

The ongoing maintenance of the Group's policy is characterized by ongoing cash flow forecast analysis and detailed budgeting processes which, is directed at providing a sound financial positioning for the Group's operations and financial management activities. In addition, the Group monitors both the debt and equity markets for additional funding opportunities.

(i) Financial arrangements

The Group had the following borrowing facilities at the end of the reporting period.

2021	Drawn $	Undrawn $	Total $
Fixed rate			
Debtor factoring borrowings (a)	179,251	-	179,251

2020	Drawn $	Undrawn $	Total $
Fixed rate			
Debtor factoring borrowings (a)	1,904,104	-	1,904,104
Convertible notes (b)	271,814	37,173,006	37,444,820
	2,175,918	37,173,006	39,348,924

(a) The Group has an arrangement with a third party to provide an asset backed credit line against trade receivables which are up to 180 days old. Under this arrangement, advances are recorded against certain receivables balances which are factored under this arrangement, advances are recorded and factored against certain receivable balances. All amounts invoiced are in US Dollars. This arrangement has no expiration date with an interest rate of 8.00% (2020: 8.00%).
(b) Convertible notes were issued on 13 March 2020. Face value of drawn portion is US$450,000 (AU$584,264). The face value of total undrawn is US$28,840,000 (AU$37,444,820). The convertible notes expired and repaid by 31 May 2021.

Note 17. Financial instruments (continued)

(ii) Maturities of financial liabilities
The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Consolidated - 31 December 2021	Less than 6 months $	Between 6 to 12 months $	Between 1 and 2 years $	Between 2 and 3 years $	Remaining contractual maturities $
Trade and other payables	4,731,834	-	-	-	4,731,834
Credit card liabilities	16,278	-	-	-	16,278
Borrowings - Due to factor*	179,251	-	-	-	179,251
Other borrowings	150,287	-	-	-	150,287
Lease liability	42,527	44,340	7,434	-	94,301
Total non-derivatives	5,120,177	44,340	7,434	-	5,171,951

* Borrowings represent the advances recorded against certain receivables balances which are factored under the arrangement.

Consolidated - 31 December 2020	Less than 6 months $	Between 6 to 12 months $	Between 1 and 2 years $	Between 2 and 3 years $	Remaining contractual maturities $
Trade and other payables	3,647,691	-	-	-	3,647,691
Credit card liabilities	2,906	-	-	-	2,906
Borrowings - Due to factor*	1,904,104	-	-	-	1,904,104
Convertible notes payable**	214,050	-	-	-	214,050
Borrowings (principal) - Promissory notes	15,893	-	-	-	15,893
Borrowings - Other	135,546	-	-	-	135,546
Current portion of lease liability	78,927	78,927	-	-	157,854
Non-current portion of lease liability	-	-	87,345	-	87,345
Total non-derivatives	5,999,117	78,927	87,345	-	6,165,389
Derivatives					
Embedded derivative on convertible notes	47,303	-	-	-	47,303
Total derivatives	47,303	-	-	-	47,303

* Borrowings represent the advances recorded against certain receivables balances which are factored under the arrangement.
** Convertible notes were issued on 13 March 2020. Face value of drawn portion is US$450,000 (AU$584,264). The face value of total undrawn is US$28,840,000 (AU$37,444,820). The convertible notes expire on 31 May 2021.

(iii) Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Capital management strategy
The Group's policy is to maintain a capital structure for the business which ensures sufficient liquidity, provides support for business operations, maintains shareholder confidence and positions the business for future growth. The Group manages its capital structure and makes adjustments in light of changes in economic conditions.

The ongoing maintenance of the Group's policy is characterised by ongoing cash flow forecast analysis and detailed budgeting processes which, combined with continual development of banking relationships, is directed at providing a sound financial positioning for the Group's operations and financial management activities.

The Group has an ASX-imposed restriction of 15% of total share capital per annum on the amount of share capital it can issue under a placement, which may be increased by a further 10% under a special resolution put to shareholders at its general meetings.

Note 18. Fair value measurement

The Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

With the exception of embedded derivatives which is measured using level 2 inputs (refer note 3), all other major financial assets and liabilities are measured using level 1 inputs.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 19. Key management personnel disclosures

Directors
The following persons were directors of engage:BDR Limited during the financial year:

Mr Ted Dhanik (Executive Chairman and Chief Executive Officer)	1 January 2021 - 31 December 2021
Mr Kurtis Rintala (Executive Director and Chief Operating Officer)	1 January 2021 - 31 December 2021
Mr Tom Anderson (Non-Executive Director)	1 January 2021 - 31 December 2021
Mr Darian Pizem (Non-Executive Director)	1 January 2021 - 31 December 2021
Mr Robert Antulov (Non-Executive Director)	1 January 2021 - 31 December 2021

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Youqi Li (Chief Technology Officer)	1 January 2021 - 31 December 2021
Mr Andy Dhanik (Chief Revenue Officer)	1 January 2021 - 31 December 2021
Mr Denys Kravchenko (Chief Technology Officer - AdCel)	1 January 2021 - 31 December 2021
Ann Marie Blair (Chief Finance Officer)	1 May 2021 - 31 December 2021

Note 19. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Short-term employee benefits	2,248,433	2,340,791
Share-based payments	254,275	1,522,400
	2,502,708	3,863,191

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the company:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Audit services - William Buck Audit (Vic) Pty Ltd		
Audit or review of the financial statements	82,945	69,650
Other services - William Buck Audit (Vic) Pty Ltd		
Preparation of the tax return and other services	9,900	22,209
	92,845	91,859

Note 21. Related party transactions

Parent entity
engage:BDR Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 23.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

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

Note 21. Related party transactions (continued)

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Beginning of the year	1,984,869	2,311,510
Loans advanced	375,765	197,603
Bonus awarded to key management personnel offset against loan balances	(400,000)	(400,000)
Interest charged	94,865	101,200
Exchange difference	146,642	(225,444)
	2,202,141	1,984,869

Terms and conditions
As at 31 December 2021 the Group recognised a loan receivable for funds payable by Mr Ted Dhanik (USD$988,811; AUD$1,362,749) (2020:USD$1,035,277; AUD$1,344,166)) and Mr Andy Dhanik (USD$79,797; AUD$109,974) (2020:USD$65,277; AUD$93,173)).

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. For the year ended 31 December 2021, loans given to Mr Ted Dhanik and Mr Andy Dhanik accrued an interest of AUD$76,387 and AUD$4,498 respectively. The loans made to both directors and key management personnel were repayable by 31 August 2021 with an extension to be approved at the upcoming shareholders meeting. These have been disclosed as current receivables. $2,137,697 outstanding loans are secured against each individuals' shareholding and will be settled in cash. All loans were approved by the Board of Directors of the Group.

Note 22. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2021 $	**31 December 2020 $**
Loss after income tax	(832,469)	(3,908,562)
Total comprehensive loss	(832,469)	(3,908,562)

Note 22. Parent entity information (continued)

Statement of financial position

	Parent	
	31 December 2021	31 December 2020
	$	$
Total current assets	1,530,960	159,573
Total assets	1,530,960	159,573
Total current liabilities	382,278	662,763
Total liabilities	382,278	662,763
Equity		
Issued capital	50,241,243	47,790,463
Share based payment reserve	765,815	732,254
Equity investment reserve	(2,441,343)	(2,441,343)
Accumulated losses	(47,417,033)	(46,584,564)
Total equity/(deficiency)	1,148,682	(503,190)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 (2020: None).

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2021 (2020: None).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 (2020: None).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	Principal place of business / Country of incorporation	31 December 2021 %	31 December 2020 %
engage:BDR LLC	United States of America	100%	100%
Tiveo LLC*	United States of America	100%	100%
AdCel LLC	United States of America	100%	100%

* Tiveo LLC is a wholly owned subsidiary of engage:BDR LLC.

Note 24. Events after the reporting period

On 4 February 2022, the Company issued 400,000,000 fully paid ordinary shares for settlement of creditor balances at a deemed issue price of $0.002 (0.02 cents) per share.

On 22 February 2022, the Company issued 362,942,509 fully paid ordinary shares for settlement of creditor balances at a deemed issue price of $0.001 (0.01 cents) per share.

Subsequent to the year end, the Group signed a binding purchase agreement to acquire intellectual property assets of colorTV, a U.S. connected television company based in Orange County, California. The Group has rebranded as colorTV and intends to rename the parent company as colorTV LTD, pending shareholder approval at the next EGM on 5 May 2022.

No other matter or circumstance has arisen since 31 December 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.

Note 25. Earnings per share

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Loss after income tax attributable to the owners of engage:BDR Limited	(6,179,036)	(6,881,027)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	2,602,225,175	1,244,831,077
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,602,225,175	1,244,831,077
	Cents	**Cents**
Basic loss per share	(0.24)	(0.55)
Diluted loss per share	(0.24)	(0.55)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of engage:BDR Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

As the Group incurred a loss for the period under review and in the prior year, potential ordinary shares, being options to acquire ordinary shares, are considered non-dilutive and therefore not included in the diluted earnings per share calculation.

Note 26. Share-based payments

Options

During the 2020 financial year the Group issued 17,100,000 unlisted options to non-executive directors pursuant to the Company's Options and Performance Rights Plan ("Plan"). The options were issued in three tranches with an expiry date of 1 April 2023:

Note 26. Share-based payments (continued)

- Tranche 1 - 5,700,000 options vesting immediately on issue, exercisable at $0.0201 (2.01 cents) per option;
- Tranche 2 - 5,700,000 options vesting on 18 March 2021, exercisable at $0.0217 (2.17 cents) per option; and
- Tranche 3 - 5,700,000 options vesting on 18 March 2022, exercisable at $0.0233 (2.33 cents) per option.

Set out below are summaries of outstanding options, including options granted under the Plan:

31 December 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/01/2019	26/01/2022	$0.0260	8,676,093	-	-	-	8,676,093
25/09/2019	30/09/2022	$0.2010	13,750,000	-	-	-	13,750,000
18/03/2020	01/04/2023	$0.2170	5,700,000	-	-	-	5,700,000
18/03/2020	01/04/2023	$0.2330	5,700,000	-	-	-	5,700,000
18/03/2020	01/04/2023	$0.0100	5,700,000	-	-	-	5,700,000
			39,526,093	-	-	-	39,526,093
Weighted average exercise price			$0.0298	$0.0000	$0.0000	$0.0000	$0.0298

31 December 2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/12/2017	14/12/2020	$0.2500	29,999,993	-	-	(29,999,993)	-
29/01/2019	26/01/2022	$0.0520	8,676,093	-	-	-	8,676,093
08/03/2019	22/12/2020	$0.2500	4,000,000	-	-	(4,000,000)	-
25/09/2019	30/09/2022	$0.0260	13,750,000	-	-	-	13,750,000
18/03/2020	01/04/2023	$0.0201	-	5,700,000	-	-	5,700,000
18/03/2020	01/04/2023	$0.0217	-	5,700,000	-	-	5,700,000
18/03/2020	01/04/2023	$0.0233	-	5,700,000	-	-	5,700,000
			56,426,086	17,100,000	-	(33,999,993)	39,526,093
Weighted average exercise price			$0.1650	$0.0220	$0.0000	$0.2500	$0.0298

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	31 December 2021 Number	31 December 2020 Number
29/01/2019	26/01/2022	8,676,093	8,676,093
25/09/2019	30/09/2022	13,750,000	13,750,000
18/03/2020	01/04/2023	11,400,000	5,700,000
10/12/2021	05/12/2023	54,638,095	-
		88,464,188	28,126,093

Performance rights

Note 26. Share-based payments (continued)

During the 2020 financial year, Company issued 107,500,000 performance rights to key management personnel and employees pursuant to the Company's Options and Performance Rights Plan. The performance rights were issued in eight tranches, each with different vesting milestones, all with an expiry date of 1 April 2023 and will a $Nil exercise/conversion price. As at 31 December 2021, only the vesting milestones of tranche one to tranche four were met (2020: tranche one to tranche four) and converted into ordinary shares.

Set out below are the unvested performance rights as at 31 December 2021.

Tranche number:	Grant date	Expiry date	Exercise price	Balance at the start of the year	Rights granted	Converted to shares	Expired/ forfeited/ other	Balance at the end of the year
(5)	18/03/2020	01/04/2023	$0.00	14,000,000	-	-	-	14,000,000
(6)	18/03/2020	01/04/2023	$0.00	5,000,000	-	-	-	5,000,000
(7)	18/03/2020	01/04/2023	$0.00	5,500,000	-	-	-	5,500,000
(8)	18/03/2020	01/04/2023	$0.00	1,000,000	-	-	-	1,000,000
				25,500,000	-	-	-	25,500,000

The vesting milestones for each Tranche were as follows:

(5) A 50% increase in the market capitalisation (number of ordinary shares on issue multiplied by the 20 day VWAP for days on which shares of the Company traded on ASX) up to and including the twentieth (20th) day on which shares of the Company traded on ASX after the release of the Future Report for the 2021 financial year, over the market capitalisation (calculated using the 20 day VWAP for days on which shares of the Company traded on ASX) on any prior day.
(6) A 30% improvement in AdCel revenue
(7) AdCel DSP annual revenue of at least $2,000,000
(8) A 15% improvement in gross profit

Note 27. Contingent assets and liabilities

The Directors are not aware of any contingent assets or contingent liabilities as at 31 December 2021 (2020: Nil).

engage:BDR Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
Ted Dhanik
Co-Founder and Executive Chairman

31 March 2022

engage:BDR Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of engage:BDR Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial report, which describes that for the year ended 31 December 2021 the Group incurred a net loss of $5,961,586, and net current liabilities of $785,544. These conditions, along with any other matters set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th colspan="2">LOANS TO RELATED PARTIES, SHAREHOLDERS AND KEY EMPLOYEES</th></tr>
<tr><th>Refer also to note 21</th><th>How our audit addressed it</th></tr>
<tr><td>
The Group has a long-established practice of making cash loans to its related parties, shareholders and key employees. Presently, interest is charged on these loans at 5.00% per annum, which is consistent with US market interest rates for similar loans. The loans were made principally to the Group’s related parties and key employees in the 2016 and 2017 financial years. Since this date however further additional amounts have been loaned with surplus cash flows as set out in note 21 to the financial statements. Additionally, bonuses awarded to executive directors are applied against the loan receivable.
As set out in the Replacement Prospectus upon its IPO, the loans were originally expected to mature in June 2018; however this has been extended multiple times and the latest extension date is August 2021. Since then, it has been held at call at the discretion of the Board. A total of $2,202,141 of the loans are partially secured by the personal shareholding interests in the Company of each loan recipient.
As the loans are not subject to minimum recourse arrangements, they are not considered share-based payment arrangements under AASB 2 Share-based Payments.
The nature and content of these loans have been disclosed both in the financial statements and the accompanying Remuneration Report set out in the Directors’ Report, specifically addressing the following matters:
— The terms and conditions of the loans, including their security, interest rate and maturity features; and
— Roll-forward analyses of the loans from the commencement to the end of the year.
We considered this to be a key audit matter due to the significance of the balance and the nature of the transaction, being with related parties.
</td><td>
Our procedures included:
— Confirming loan balances outstanding to counterparties and substantiating those loans to loan documentation;
— Tracing loan share collateral to the Company’s share register and to the Directors’ Board Meeting minutes collateralising the loan; and
— Confirming with accountants of the significant loan holders that they have the financial means to repay those loans.
We also ensured that these matters were completely and accurately disclosed in the financial statements, including, where relevant, the related party disclosures.
</td></tr>
</table>

<table>
<tr><th colspan="2">ASSESSMENT OF IMPAIRMENT OF INTANGIBLE ASSETS</th></tr>
<tr><th>Refer also to notes 12 & 13</th><th>How our audit addressed it</th></tr>
<tr><td>Included on the statement of financial position are intangible asset balances of $4,636,254 for capitalised software costs and $1,337,743 for goodwill.

In accordance with AASB 136 – Impairment of Assets the consolidated entity is required to, at least annually, perform an impairment assessment of goodwill and intangible assets that have an indefinite useful life or are not yet ready for use. For capitalised software costs with useful lives that are ready for use, the consolidated entity is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives. For capitalised software cost additions and existing costs that are not yet ready for use, the projects were individually reviewed to ensure all criteria outlined in AASB 138 – Intangible Assets have been satisfied to recognise, or continue to recognise, the development costs as an asset.

All intangible assets including goodwill have been allocated to the consolidated entity's single cash generating unit ("CGU") being the programmatic segment. The recoverable amount of the underlying CGU is supported by a revenue multiple approach using an independent specialist. This was coupled with an assessment using market capitalisation, adjusted for net debt, an estimated control premium and costs for sale.

Due to the significance of the carrying value of intangible assets and the judgement involved in determining the fair value of the Group, we consider this to be a key audit matter.</td><td>Our procedures involved:
— Consulting internally to assess the reasonableness of the determination that the business has only a single segment and is a single cash-generating unit;
— Consulting internally to determine the appropriateness of the impairment test methodology used, being on a fair value less costs to sell approach by examining the Group's enterprise value;
— Corroborating and substantiating the Group's enterprise value calculations, compared with net assets of the Group; and
— Appraising the independence and competence of the third party specialist employed to derive the revenue multiples used in the impairment assessment.

We also ensured that these matters were completely and accurately disclosed in the financial statements.</td></tr>
</table>

REVENUE RECOGNITION	
Refer also to note 5	**How our audit addressed it**
We refer you to Note 5 to the financial statements, which sets out the Group's accounting policies for recognising revenues, which require the identification of discrete performance obligations within a contract and recognising revenue when the performance obligation is satisfied in a manner that depicts the transfer to the customer of the services provided. These matters require judgment and estimation in order to determine a) what those performance obligations are; and b) over what period of time they are achieved under a contract. As such, we consider this to be a key audit matter. Due to the fact that the Group's invoicing policies do not always align with its revenue recognition for all of its service product streams, an amount of $20,673 is represented in the statement of financial position as a *contract liability.*	Our procedures involved: — Assessing the Group's revenue accounting policies to ensure that they meet the requirements of AASB 15 *Revenuefrom Contracts with Customers*; — Agreeing revenue recognised in the statement of profit or loss and other comprehensive income to contracts and insertion orders, ensuring consistency with the Group's revenue accounting policies; and — Performing other substantive procedures over revenue, including substantive analytical review procedures. We also ensured that these matters were completely and accurately disclosed in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of engage:BDR Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Melbourne, 31st March 2022

engage:BDR Limited
Shareholder information
31 December 2021

The shareholder information set out below was applicable as at 28 March 2022.

Distribution of equity securities
Analysis of number of equity security holders by size of holding:

	Number of holders of ordinary shares	% units	Number of holders of unlisted options expiring 30 September 2022, exercisable at $0.026	% units	Number of holders of unlisted options expiring 1 April 2023	% units
1 to 1,000	62	-	-	-	-	-
1,001 to 5,000	88	0.01	-	-	-	-
5,001 to 10,000	178	0.04	-	-	-	-
10,001 to 100,000	908	1.11	-	-	-	-
100,001 and over	1,633	98.84	1	100.00	3	100.00
	2,869	100.00	1	100.00	3	100.00
Holding less than a marketable parcel	1,939		-		-	

	Number of holders of unlisted options expiring 5 December 2023	% units	Number of holders of Performance Rights	% units	Number of holders of unlisted zero coupon convertible amortising securities issued at USD$382,500 and with a current face value of USD$72,500	% units
1 to 1,000	-	-	-	-	1	100.00
1,001 to 5,000	-	-	-	-	-	-
5,001 to 10,000	-	-	-	-	-	-
10,001 to 100,000	-	-	-	-	-	-
100,001 and over	3	100.00	3	100.00	-	-
	3	100.00	3	100.00	1	100.00
Holding less than a marketable parcel	-		-		-	

engage:BDR Limited
Shareholder information
31 December 2021

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
VIRIATHUS CAPITAL PTY LTD <VIRIATHUS LLC NOMINEE A/C>	201,525,448	5.21
FIRST ROUND CAPITAL LLC	97,681,498	2.53
WINS ASSET MANAGEMENT PTY LTD <WINS A/C>	80,000,000	2.07
SAMUEL BAILLIEU HORDERN	75,000,000	1.94
MR ABDULAZIZ SALEH ALRAJHI	72,541,647	1.88
PRIMARY SECURITIES LTD <ANADARA ASX SP OPP FUND A/C>	60,000,000	1.55
MR KENNETH KWAN	52,529,242	1.36
MISS TING LIU	51,666,666	1.34
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	50,000,005	1.29
MR KURTIS RINTALA	47,717,391	1.23
MRS ELIZABETH ANNE MACRAE	41,831,827	1.08
MR PETER KARAS	40,000,000	1.03
CITICORP NOMINEES PTY LIMITED	38,771,726	1.00
BODO LLC	36,800,000	0.95
ANTHONY PHILLIP HORDERN	36,000,000	0.93
KEVEVANS PTY LTD	35,000,000	0.91
TRUSBON PTY LTD <BONANSEA FAMILY A/C>	35,000,000	0.91
GHJC PTY LIMITED	34,090,156	0.88
EJ SECURITY HOLDINGS PTY LTD	30,000,000	0.78
MR MARTIN LUKE SIMICH	30,000,000	0.78
	1,146,155,606	29.65

Unquoted equity securities
The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
CST Capital Pty Ltd (CST Investments Fund A/C)	Unlisted options expiring 30 January 2022, exercisable at $0.052	-
Alto Opportunity Master Fund + SPC (Segregated Master Port B A/C)	Unlisted options expiring 30 September 2022, exercisable at $0.026	-
Alto Opportunity Master Fund + SPC (Segregated Master Port B A/C)	Unlisted zero coupon convertible amortising securities (Series B) issued at USD$382,500 and with a current face value of US$72,500	-

Substantial holders

	Ordinary shares	
	Number held	% of total shares issued
VIRIATHUS CAPITAL PTY LTD <VIRIATHUS LLC NOMINEE A/C>	201,525,448	5.21

Voting rights
Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Other securities
Other classes of securities issued by the Company do not carry voting rights.

Annual General Meeting

Engage:BDR Limited advises that its Annual General Meeting will be held on or about Tuesday, 31 May 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

The Closing date for receipt of nomination for the position of Director is Thursday, 7 April 2022. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Thursday, 7 April 2022 at the Company's Registered Office.

The Company notes that the deadline for nominations for the position of Director is separate to voting on Director elections. Details of the Directors to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

Corporate Governance Statement

The Company's 2021 Corporate Governance Statement has been released to ASX on this day and is available on the Company's website at: https://engagebdr.com/board-management-and-corporate-governance/

On-market buy-back

There is no current on market buy-back.