

ASX Code: FDV

17 December 2021

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## Increase in Encuentra24 ownership and capital raising

- FDV has entered into agreements to acquire the remaining 73.7% interest in Encuentra24 to move to 100% ownership, consolidating FDV's position in the LATAM region
- Encuentra24 is a leading general classifieds marketplace in 5 key LATAM markets, with strong positions in the property and auto verticals
- Full ownership across FDV LATAM is expected to unlock the value of the region, through sharing of technology, IP and increased operating efficiencies
- Institutional placement has successfully raised A\$35.0m at an offer price of A\$1.50 per share, with participation from emerging markets funds across North America, Asia and Europe
- FDV is undertaking a share purchase plan to raise up to approximately A\$5.0m at the same offer price as the placement, providing the opportunity for all shareholders to participate in the capital raising
- Proceeds of the placement will be used to fund the upfront purchase consideration of Encuentra24 and provide balance sheet flexibility to fund M&A pipeline and deferred/contingent consideration

### Transaction summary

Frontier Digital Ventures Ltd ("FDV" or the "Company") is pleased to announce that it is acquiring all the outstanding issued capital of Encuentra24 (E24) that it does not own from OLX Group and the E24 founders to move from 26.3% to 100% ownership.

E24 is a leading general classifieds marketplace in 5 key LATAM markets: Panama, Costa Rica, Guatemala, Nicaragua and El Salvador. The marketplace has strong presence across key property and auto verticals, with limited competition across many markets. E24 has strong operating metrics – 9.6m monthly sessions and 1.4m leads in October 2021, providing significant monetisation opportunities. E24's annualised revenue for 3Q 2021 was A\$8.8m with 3Q 2021 EBITDA of approximately A\$0.2m (100% basis).

### FDV's Founder and CEO, Shaun Di Gregorio said:

*"We are excited to be increasing our ownership in Encuentra24, where we believe there is significant potential to accelerate its revenue growth. This transaction is expected to unlock the value of FDV LATAM with 100% ownership and control, enabling the sharing of our transaction model IP and technology across the region. FDV LATAM represents a significant standalone business under FDV Group's proposed new regional structure, with an attractive long-term growth profile and optionality in relation to future value realisation opportunities.*

*While always very mindful of dilution to existing shareholders, we saw this measured capital raising as an opportunity to broaden our shareholder base. We are grateful for the ongoing support shown by our institutional shareholders and are delighted to welcome several specialist emerging market funds from North America, Asia and Europe.*

*We are pleased to provide our retail shareholders with an opportunity to participate in the capital raising at the same price as the institutional placement via the share purchase plan."*

Moving to 100% ownership in E24 consolidates FDV LATAM's position in the region, providing full control over the 4 wholly owned operating companies across 11 key markets. A key benefit of full control is the ability to facilitate greater sharing of FDV LATAM's highly scalable transaction model technology, with this sharing of intellectual property being a key enabler of FDV's strategy to accelerate revenue growth across the region and unlock the value of FDV LATAM. FDV also sees opportunities to optimise operating efficiencies relating to potential cost savings, including across finance, legal, HR and IT divisions. Additionally, the common language (Spanish) across FDV LATAM is expected to foster greater collaboration, innovation and knowledge sharing.

### FDV LATAM – 100% ownership to unlock the value of the region



Early traction with E24's Consumer-to-Consumer transaction initiatives provide a strong foundation to further accelerate property and auto transactions across E24's markets. Notably, E24 has 19 new property projects active and 112 in the pipeline. Currently, less than 0.5% of E24's revenue is from transactions, providing a transformational opportunity to augment its traditional classifieds base with transaction revenues. FDV sees a significant opportunity for E24 to follow in the footsteps of InfoCasas and its successful transaction revenue model, which utilises proprietary technology to power each step in the transaction journey.

The increased shareholding in E24 follows on from key strategic acquisitions in the LATAM region. This includes the 100% acquisition of Fincaraiz (see announcement *'Strategic acquisitions and capital raising'*, 8 October 2020), 100% acquisition of Yapo (see announcement *'FDV acquires leading general classifieds portal in Chile'*, 25 February 2021) and FDV's move to 100% ownership of InfoCasas (see announcement *'FDV moves to 100% ownership of InfoCasas'*, 9 June 2021).

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Under the sale agreement with OLX Group, consideration for their 37.5% interest in E24 will comprise of upfront cash consideration of ~A\$13.1m (US\$9.2m). Under the sale agreement with the founders of E24, consideration for their 36.2% interest in E24 will comprise of a performance-based earn-out based on revenue, EBITDA and cashflow targets for FY22. The founders of E24 will remain in their current positions and are expected to continue to manage the operations of the businesses through to the end of FY22.

### Details of the Capital Raising

The capital raising consists of a non-underwritten institutional placement of A\$35.0m (**Placement**) and a non-underwritten share purchase plan to retail shareholders to raise up to approximately A\$5.0m<sup>1</sup> (**SPP**) to raise gross proceeds of up to A\$40.0m (the Placement and SPP together, the **Capital Raising**).

FDV intends to use the proceeds of the Placement for the following purposes:

- Upfront cash consideration for OLX Group's 37.5% interest in E24: ~A\$13.1m (US\$9.2m)
- Balance sheet flexibility to fund M&A pipeline and deferred / contingent consideration: ~A\$21.9m (US\$15.3m)

Proceeds from the SPP will be used for additional balance sheet flexibility.

The offer price for the Capital Raising is A\$1.50 per new fully paid ordinary share in FDV (**New Shares**) (**Offer Price**), which represents a:

- 5.1% discount to the closing price of FDV shares of A\$1.58 on Tuesday, 14 December 2021 (being the last trading day prior to announcement of the Capital Raising);
- 2.3% discount to 15-day Volume Weighted Average Price (**VWAP**) of A\$1.535 per share for the period ending on the last trading day prior to announcement of the Capital Raising.

Up to approximately 26.7m New Shares will be issued under the Capital Raising and all shares issued will rank equally with existing FDV ordinary shares on issue.

Vesparum Capital is acting as financial advisor, and Herbert Smith Freehills as legal advisor, to FDV in relation to the acquisition and Capital Raising. Bell Potter Securities and Morgans Corporate Limited are acting as Joint Lead Managers for the Capital Raising.

### Placement

The Placement to institutional, professional and sophisticated investors closed on Thursday, 16 December 2021, raising gross proceeds of approximately A\$35,000,000 (before transaction related costs), with 23,333,334 New Shares to be issued at the Offer Price, representing 6.8% of FDV's existing issued capital. The Placement has been made within FDV's existing 15% placement capacity under ASX Listing Rule 7.1.

New Shares issued under the Placement are expected to settle on Wednesday, 22 December 2021, and commence trading the following day on Thursday, 23 December 2021.

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<sup>1</sup> FDV may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion.

## Share Purchase Plan

In addition to the Placement, the Company is pleased to offer a SPP to raise up to approximately A\$5.0m. The SPP will be offered to holders of fully paid ordinary shares in FDV as at 7:00pm (AEDT) on Thursday, 16 December 2021 who have a registered address in Australia or New Zealand (**Eligible Shareholders**). The SPP recognises the ongoing support of FDV's retail shareholders and has been sized taking into consideration the make up of FDV's share register. FDV reserves the right to increase the size of the SPP or to scale back applications in its absolute discretion.

Eligible shareholders will have the opportunity to subscribe for up to \$30,000 worth of New Shares at the same Offer Price as under the Placement free of any brokerage, commission and transaction costs. **The SPP offer is expected to open on Thursday, 23 December 2021.** Further details about the SPP will be set out in the SPP offer booklet (**Offer Booklet**), a copy of which FDV expects to lodge with ASX and send to eligible shareholders on Thursday, 23 December 2021. The Offer Booklet will contain instructions on how to participate in the SPP. Application forms and payments are due by no later than Friday, 14 January 2021.

### Indicative Timetable\*

Record date for SPP	7pm AEDT, Thursday, 16 December 2021
Announcement of acquisition and Capital Raising and outcome of Placement – trading halt lifted (shares recommence trading on ASX)	Friday, 17 December 2021
Settlement of Placement	Wednesday, 22 December 2021
Allotment and normal trading of New Shares under the Placement	Thursday, 23 December 2021
SPP offer opens and SPP booklet dispatched	Thursday, 23 December 2021
SPP offer closes	Friday, 14 January 2022
Announcement of results of SPP and allotment of New Shares under the SPP offer	Friday, 21 January 2022
Normal trading of SPP shares and dispatch of holding statements	Monday, 24 January 2022

\*All dates are subject to change without notice and are indicative only. The commencement of trading and quotation of New Shares issued under the Placement and SPP is subject to confirmation from ASX. Unless otherwise specified, all dates and times refer to time in Melbourne, Australia. FDV reserves the right to amend any or all of these dates and times, subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws and regulations. In particular, FDV reserves the right to extend the closing dates for the SPP, to accept late applications under the SPP (either generally or in particular cases) and to withdraw the SPP without prior notice. Any extension of the SPP offer closing date may have a consequential impact on the date that New Shares are issued and commence trading on the ASX. FDV also reserves the right not to proceed with the SPP in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants. Applicants are encouraged to submit their personalised acceptance forms as soon as possible after the SPP offer opens.

### Further information

Further information on FDV's business, the Acquisition and the Capital Raising are set out in the Investor Presentation lodged separately with the ASX today. The Investor Presentation contains important information that shareholders should consider including key risks and foreign selling restrictions with respect to the Capital Raising. Any person considering an investment in FDV shares should read the investor presentation and seek their own independent advice before making any decision in this regard.

- ENDS -

The release of this announcement was authorised by the Board of Directors of Frontier Digital Ventures Ltd.

For more information, please contact:

**Company**

Shaun Di Gregorio  
Founder and CEO  
Phone: +60 3 2700 1591  
Email: [shaundig@frontierdv.com](mailto:shaundig@frontierdv.com)

**Investors**

Timothy Toner  
Vesparum Capital  
Phone: +61 3 8582 4800  
Email: [frontierdv@vesparum.com](mailto:frontierdv@vesparum.com)

**About FDV**

Frontier Digital Ventures Ltd (FDV) is a leading owner and operator of online marketplace businesses in fast growing emerging markets. Currently, FDV's portfolio consists of 16 market leading companies, operating across 21 markets in LATAM, Asia and MENA. FDV works alongside local management teams across property, automotive and general classifieds, providing strategic oversight and operational guidance which leverages FDV's deep classifieds experience and proven track record. FDV seeks to unlock further monetisation opportunities beyond the typical classifieds revenue, to grow the equity value of its operating companies and realise their full potential. Find out more at [frontierdv.com](http://frontierdv.com).

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This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs. This announcement has been prepared for release in Australia. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer or solicitation would be illegal. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States.

This announcement may not be released or distributed in the United States.

This announcement includes "forward-looking statements" within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "likely", "should", "could", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "project", "forecast", "guidance" or other similar words, and include statements regarding certain plans, unknown risks, uncertainties and other factors, many of which are outside the control of FDV, and its directors, officers, employees, agents, affiliates or advisors. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of FDV and its directors, officers, employees, agents, affiliates

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Forward-looking statements may assume the success of FDV's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond FDV's control and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise.

Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. **You are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.** To the maximum extent permitted by law, FDV (including its subsidiaries), and its directors, officers, employees, agents, affiliates and advisers:

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