

ASX Code: FDV

9 July 2020

Encuentra24 transaction extends market leadership

- Encuentra24 and OLX Group's Central American online classifieds platforms will combine under the Encuentra24 brand
- Combined business will span 6 countries, with Encuentra24 benefiting from consolidation with OLX in its two largest existing markets, Panama and Costa Rica, and gaining access to Guatemala and El Salvador
- OLX will contribute its business assets in these 4 countries and an additional US\$1 million of cash to become a 37.5% shareholder of Encuentra24
- Existing shareholders will retain 62.5% of the combined business, split between Encuentra24's founders (36.2%) and FDV (26.3%), with FDV maintaining accounting control
- Encuentra24's growth profile will benefit from a stronger brand across more markets and comes on the back of the company recording positive EBITDA in 4Q2019

Frontier Digital Ventures Limited ("FDV", ASX: FDV) is pleased to announce a business combination between Encuentra24 and OLX Group's ("OLX") online classifieds platforms in Central America, under the Encuentra24 brand. Encuentra24 is FDV's second largest operating company by revenue after Zameen.

In Panama, Costa Rica and El Salvador, the existing Encuentra24 and local OLX platforms will merge under the Encuentra24 brand. In Guatemala, the local OLX platform will merge and launch under the Encuentra24 brand. Encuentra24 will manage the new local operations in all four countries, in addition to its existing businesses in other markets in Central and Latin America.

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

"The business combination with OLX's Central American classifieds businesses provides a compelling opportunity to strengthen Encuentra24's growth profile. The combination will strengthen Encuentra24's competitive position in its two key markets and add market-leading businesses in two new markets. Consistent with FDV's stated strategy, we continue to actively support our operating companies as we assess opportunities to optimise our portfolio."

Encuentra24 and OLX both bring unique and complementary capabilities in terms of product development and features. The combination of the platforms is expected to create an optimised user experience. Both companies are the highest-ranking classifieds businesses across their respective marketplaces, with a combined total of 585,789 listings as at 15 June 2020 and 5,436,521 monthly users in May 2020. Under the leadership of Encuentra24's management team, the combined company

will benefit from unified and strengthened offerings in key categories including real estate, automotive and employment categories.

Under the terms of the agreement, OLX will acquire a 37.5% stake in Encuentra24. Existing shareholders will retain 62.5% of the combined business, split between Encuentra24's founders (36.2%) and FDV (26.3%), with FDV maintaining accounting control.

The split between OLX and existing Encuentra24 shareholders is in line with the calendar year 2019 revenue figures for each business (100% basis), where Encuentra24 would have represented 63% (US\$5.6m) of the combined US\$8.9m of revenue.

OLX will have a call option over all the issued shares of Encuentra24, which it may choose to exercise on the second and third anniversary of the agreement. The valuation with respect to the exercise of the call option will be based on the fair market value of Encuentra24 at the time, as assessed by an independent third party. A geographical non-compete between OLX and Encuentra24 will cover all post-deal Encuentra24 markets.

Encuentra24's CEO & Co-founder, Boris Métraux said:

"This merger brings considerable growth potential for the new company and we are excited to be gaining access to two new markets. The Encuentra24 business has gone from strength to strength in recent years, and with OLX we can accelerate this growth in new and innovative ways. Together we are dedicated to giving our users the best experience possible."

FDV's reputation as a strategic partner continues to grow globally, underpinned by its increasing scale and unique value proposition. As such, FDV is currently experiencing a significant increase in the volume of potential M&A and strategic opportunities. FDV is actively assessing potential value-accretive opportunities that could strengthen its position as the leading online classifieds player in emerging markets.

Background on OLX Group:

OLX Group is among the world's fastest-growing marketplace networks, serving more than 300 million people every month. It's estimated to facilitate approximately 17 million trades every month, with a team of 6,000 people working from 35+ offices around the world.

OLX Group is the online classifieds business of Prosus, a global consumer internet group and one of the largest technology investors in the world. Prosus has a primary listing on Euronext Amsterdam (AEX:PRX) and a secondary listing on the JSE Limited (XJSE:PRX) and is majority-owned by Naspers.

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This announcement is authorised for release by the CEO of Frontier Digital Ventures Limited.

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About FDV

FDV focuses on developing online classifieds businesses in underdeveloped, emerging countries or regions. With a track record of supporting market leading online businesses, FDV's management are experts in the online classifieds space with a particular focus on property and automotive verticals and general classifieds websites. FDV's portfolio currently consists of investments in 12 market leading operating businesses across 18 markets. With extensive support offered to the local operating companies, coupled with the energy and work ethic of its management team, FDV is bringing outstanding companies to their full potential.

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