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2020 half year results call transcript

Frontier Digital Ventures Limited ("FDV", ASX: FDV) is pleased to release an edited transcript from its 2020 half year results briefing held at 12:00pm AEST on 26 August 2020.

The full recording of the results briefing is available on the FDV website:

<https://frontierdv.com/corporate-presentations/>

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Operator: Thank you for standing by, and welcome to Frontier Digital Ventures' Half Year Financial Results Conference Call. All participants are in a listen-only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad. I would now like to hand the conference over to Mr. Shaun Di Gregorio, Founder and CEO. Please go ahead.

Shaun Di Gregorio: Good morning everyone. Welcome to another FDV call. This is our half-year results that were released to the market this morning. As many of you who might follow us would know, we released our quarterly also back in July, so most of the financial data is in the market today. We hope to use this as an opportunity to talk a little bit more about our operational update, our strategy update, and what is happening more over in the markets. Also worth noting is that we actually listed on the ASX on August 26 in 2016. So, this serves as our fourth anniversary as being a listed company. It has been quite a journey and we would like to thank those who are on the call, who may have been shareholders throughout that period or been very supportive of FDV over that four years, and we look forward to the next four years as well.

Getting into the document, I am going to walk through the first couple of sections. There are four sections. One deals with an operational update. Another references our strategy. In section three, there are the results that I have mentioned most of which are in the market already. In section four, we have provided an appendix with a bit more information about each of the operating companies that are in our portfolio. At the moment, given the state of the world, we are very much of the view that more information is better than less. We have tried to give readers as much information as possible as you can plausibly put into one of these documents, and hopefully that gives people a good sense of where we are at. As the host mentioned, there is time for Q&A toward the end of the presentation.

I am going to walk through the slides. Moving on to slide number four which looks at our profitability. When we look at the half year, one goal that we have had through our existence is to really send a clear message to the market about what we're doing and how we are doing it, and be very consistent in delivering on that commitment. In the half year to June we maintained our trajectory and our progress toward profitability.

This was really achieved back in March when we looked at the very clear signs that COVID was approaching. You have one or two choices: you can act swiftly, or you can bury your head in the sand. We were very cognisant of what happened in Hong Kong with SARS and what happened in Wuhan

through December and January into February. We worked really closely with our partners at addressing the cost base. We knew that with lock downs, typically, revenue starts to ebb away, but we were really effective in being able to work with our partners at a local level and identify that there was going to be a bit of a choppy few months. The best thing you can do is to look at your cost base, and really prepare yourself for a choppy few months, and the uncertainty that came with that.

One important thing that we have noted over the last number of months, is that if you get in and you recognise the environment around you, and you make quick decisions, make them fast and apply them quickly to your business, you then really allow yourself to focus on what you can achieve versus what you can't achieve in lock downs and things like COVID. So for us, we made some really fast decisions early. That enabled our operators, our businesses, to really focus on how they can extend their brand positioning through COVID, how they can improve their market leadership, and more particularly how they can innovate their products. So, over the last couple of months, we have seen an extraordinary amount of innovation occur, particularly in digital businesses, but more so when we look at our portfolio. There has been an awful lot of innovation that has occurred in terms of bringing consumers through the journey and helping them transact houses, cars and other items on online platforms.

That has been a real feature of the last number of months and also the market leadership of businesses through COVID. If you are a market leader in this period, you are going to come out of this period an even stronger market leader. We have seen a real flight to safety. The sum of that is we were able to continue to deliver on the signaling that we provided to the market around our trajectory toward profitability. We think that that was a real feature of our management over the last number of months. You can read the EBITDA numbers for yourself.

Pleasingly, what we have seen, going over the page now onto slide five, is some real clear signs of recovery now. We always had a view that we would get to about now and we would see economic activity return as lockdowns are released. If you have done the hard work through March, April and May, you position yourself really well about now to make the most of the recovery. We have seen some pretty stunning returns to commercial activity in our markets. That has been evidenced by revenue in the back half of June, and certainly July, starting to bounce back really strongly and that has been right across the portfolio. Our view was always do the tough work in March and April by reducing your cost base, which should endure post-COVID and this is evidenced in the EBITDA performance of the portfolio. Then as economic activity returns, as the lockdown are released, you can position yourself really, really well to accelerate your revenue and we saw that in July. Our plan that we set out a number of months ago is proving to be pretty astute in what we thought would occur. We are starting to see the revenue recovery, which has been certainly terrific in July.

In terms of Pakistan, a really important market for us, we have seen some significant improvement in June and July in that market as well. They went into the lockdown a bit later in that particular region. They have certainly come out of it with a real bounce over the last six weeks and all of the indicators we look toward support those businesses really improving in the second half. As I mentioned, a big feature of the last number of months was taking the opportunity to look at your cost base and look at things like your marketing and your employment costs and really determining whether they were fully optimized. We had a bit of clear air to do that. We were able to do that with all of our partners and consequently actually had, in Q2, in our business at a some-of-the-parts level, an improved EBITDA performance from Q1. We think we have really used the COVID period studiously by focusing on analysing our costs, by really spending some time on innovating around our product set, as people prefer a more digital experience. We are really well set from an IT and an innovation perspective. Obviously, that allows us to bounce out of this period with really strong revenue rebounding and

maintaining profitability, which has been a real a bonus, if you like, of the last little while. I would also point to the fact that the last number of months has been somewhat fortuitously validating our strategy around our business model and our business model has probably two key features to it.

One is that it is digitising the process by which people buy houses and cars. We have seen clearly that there has been an acceleration in the preference for digital platforms around purchases and we expect that to continue. We always had a view that people would prefer digital platforms to buy houses and cars but we think that that has been accelerated by COVID and innovation that has happened now in the market around digitising purchases is really important. Secondly, is our structure of investing in these businesses with local partners, who where we were able to act really quickly, and we think that that has been a feature of our model as well. So, for all of the doom and gloom in COVID, we actually saw it as an opportunity. We saw it as an opportunity to reflect on our cost base. We saw as an opportunity to innovate. We saw it as an opportunity to really consolidate market leadership.

If you go over to slide six, you will see that this is a sum of the traffic to our sites right across our network. You can see that, in March and April, consumers in the lockdown stopped searching for houses and cars. What we have seen in June, and it has accelerated in July, is that there is actually more people in the month of July using our network of sites than there was before COVID. It is actually the highest traffic numbers we have had. We have not only seen a rebound in consumers coming to our network of sites to look at buying houses and cars and other goods, we have seen an increased number in the month of July, and that has continued in August. There are more people than ever now wanting to access digital platforms to look at buying houses and cars.

When we went into COVID, if you go back to February, the first thing to disappear when the restrictions came in was consumers going to the websites, which meant you have fewer leads, which meant you have less commercial activity. That has redounded really strongly. It is not just in a few markets. If you go over the page onto slide seven, all but a couple of the businesses now have more traffic than they had pre-COVID. This has been a really interesting evolution in the model. We have always prophesied that not only are these businesses online classifieds businesses but they have morphed into marketplaces and they are now becoming full transaction centres. It wasn't that long ago that consumers would go to one of our sites and just look at an ad, click and go. Then of course, the marketplaces opened up where consumers could do so much more. We are seeing this push toward consumers wanting to do the whole transaction by these digital platforms. Interestingly, post-COVID, that has accelerated. So, innovation and changing consumer preference that we thought would probably take a couple of years, has been accelerated into a couple of months. As we come out of this, digital-based businesses are really well positioned. I think, digital businesses promoting the transaction of houses and cars have actually had the future come toward them at quite a rapid rate thanks to the change in people's preferences.

If you go over to slide eight, just to give you a sense of how the regions are recovering. Obviously different countries have had different lockdowns and different strategies. Most of which are now reducing restrictions and that is when economic activity returns. We have just got a flavour of them, I am not going to go through this in detail. What we have seen is all of the markets have now returned to commercial activity. The best predictor, the best indicator of that is the data on the previous slides, which was about consumers. As we see consumers return, we see more traffic than ever coming to these websites, which means that the post-COVID world is going to suit this kind of business really nicely. It is all about now accelerating into that opportunity in the back half of this year and into next year.

Just moving on to the next slide, which is number 9. If you want to think about what the silver lining out of this is, how do you make the most of the situation? Maybe aside from people in Victoria, most of the markets we are in are now accelerating out of the restrictions. We have really been able to achieve a few things in the last number of months. Our reputation globally has been enhanced by the performance of our portfolio, by the strategies we took back in March and April to reduce costs, really focusing on consolidating market leadership and focusing on the innovation that you can achieve through that period. This enables us to accelerate out of the period with a really solid balance sheet and with a really solid EBITDA. Most businesses over the last six months have had revenue reductions that have seen their EBITDA numbers blow out. We have managed to mitigate that. That has been a real feature of our model which has been able to provide strategic oversight into our operating companies and then the local management teams being able to execute really quickly.

We have seen this flight to safety around brands, particularly in emerging markets. These online classified brands have always been trusted intermediaries and that has been accelerated through this period as well. So, we have got ourselves in a position where we are coming out of this in a real position of strength. In a post-COVID world, there are two types of companies. Quality companies that have used the period to their advantage and made the most of it, who are now emerging out of COVID in a real position of strength. They have good access to capital, they can improve their market positions and they have strong balance sheets. We are very much in that category. Then there is a group of companies that come out of COVID with a really brittle business, whether that is poor balance sheets or really heavy EBITDA losses or poor market positions. That is where you don't want to be. I can assure you that we have been very focused on making sure that we are in the former category of companies that can now really look optimistically at the next 6 to 18 months, can grow their businesses and consolidate their market positions. I think we have got ourselves in a really strong position to do that.

Our model has been validated; it has been proven to be extremely resilient. That has given us a really strong foundation for what we considered to be a really exciting and opportunistic 6 to 18 months ahead of us. If you spoke to people back in March and April, it was a pretty different world, but when we look forward now, we are probably more optimistic than we have been in a long time, ironically, and probably more active. I have just gone over to slide 10. We are more optimistic about the opportunities that are out in the market. We have managed to do a deal with OLX over the last number of months, which has really enhanced our reputation with companies of that size and that ilk around the world. We look forward to the next 6 to 18 months. We think that the lessons out of the last number of months have been really valuable. You can go back to that underlying edict, which is the long-term focus on shareholder value that we have always promoted in our business and will continue to do so. That has always been at the centre of everything we do. We think that we have got ourselves in a really strong position to continue to deliver on that commitment to our shareholders, which is always about creating long-term value in all of the decisions that we make.

Just moving on to slide 11, to quickly recap some of the activity that has been going on in our business in the first half. There has been monetization events in Vietnam where we exited Propzy. We have had a number of increased shareholdings in our portfolio, as we continue to look at opportunities to buy more of the companies in our portfolio that are performing well. That is something that is a constant. We will continue to look at our portfolio and try to improve our positions in the companies that we think have really good long-term value. We have expanded into a couple more markets by the deal we did with OLX in Central America. We now basically cover from the border of Mexico down to the border with Columbia. That part of the world is now under the E24 banner.

We have also managed to strengthen our balance sheet over the last 6 months, albeit modestly. Strengthening our balance sheet with a new suite of investors in North America is really important to us. We think the investor market can be really important to help us grow over the next number of years. We have spent time cultivating some really wonderful relationships in North America that we think will underpin a lot of our growth in the future and deliver, as we have been able to do, a really strong balance sheet. It has been an extremely busy 6 months as everyone would appreciate. We have been more active in the last six months, I think, than we have ever been. We have some really exciting stuff on the horizon.

Just quickly, and I am conscious of time, but to whip through the strategy section to remind people of how we operate. On slide 13, you can see that our business model has been really consistent to work with our local partners in helping them plan and run their businesses. As those businesses in our portfolio grow and mature and become more robust, we attempt to buy more of them and then you end up with business that are pretty well self-sufficient and market leaders. That is where we have pushed a lot of our portfolio over the last 12 to 18 months. We think that the model we pioneered back in 2014, which was unique at the time, has really delivered for us over the last 6 months, particularly given the very flexible nature of model. We were able to adapt really quickly with the model we have and that has been a real competitive advantage and has been relevant over the last six months. We think it positions us well.

If you click over to 14, it just gives you a sense of some of the things we focus on daily, weekly and monthly. It all goes back to building great businesses and delivering scale. That scale obviously then allows you to generate revenue and improve your EBITDA performance. Out of that we want to deliver long-term shareholder value. We think that there is an awful lot of upside, not just in the markets we are in, but in markets that are adjacent to the markets we are in. We are seeing a heck of a lot of opportunities come out of this. There is a lot of operators of businesses out there that are a bit stressed at the moment. If you can get yourself into a position such as ours, where you have a strong balance sheet, a good solid EBITDA base, you have market leaders and good support, we think that there is certainly opportunity for growth. We do this already prepared with a really good balance sheet.

Over on 15, there is bit of information if people are catching up to our story or a bit new to it. We have 3 fundamental regions that we focus on. I don't expect us to be moving out of those regions anytime soon. They are three regions that we continue to look at. You will see that slip there of the types of businesses that we invest in and where they are. It has been pretty consistent over the length of our story.

If you go over again on to page 16, there is a bit of background for those that might be newer to the story than some others about who I am and what we have done in the past. Further on, a corporate overview of our register and details of our Board. Beyond that is the details of the results, I would certainly encourage everyone to go in and have a look. We have provided an awful lot of detail in the appendix; you can see we have broken out each business and looked at its revenue and EBITDA performance over the last number of years. We have also given, on a business-by-business basis, a look at their traffic trends. The traffic that you are seeing when you go into those slides is all direct and organic traffic. That is free traffic to your website. None of that is paid traffic. We have gone back to the free traffic that you get, the direct traffic, the organic traffic, which is through searches. If you look into each of those businesses, you will see a very consistent trend whereby the traffic slowed in February and into March and April. You then see the revenue impact in April, May and June. Then we have seen a very consistent recovery, firstly, by trafficking in July and into August. Then we have

obviously seen that with revenue in July. So, a very consistent pattern across markets that we are in - traffic dies, revenue falls away, you cut your costs and you prepare to accelerate out of COVID. We are now accelerating out of COVID, with more consumers than ever returning to our websites. July revenues were significantly up on the average of the preceding 3 months.

So that is FDV over the last little while. I will now hand back to the operator who will open the call to questions from anyone that is wanting to get any clarity or detail on anything we've covered this morning. Our half year results, our audited results are also released to the market this morning. People can comb through those if they want to dive into specifics around the financials or any other matters, but happy to take questions now on anything we've covered this morning.

Operator: Thank you. If you wish to ask a question, please press *1 one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press *2. If you're on a speaker phone, please pick up the handset to ask your question. Your first question comes from Anthony Porto from Morgans Financial. Please go ahead.

Anthony Porto: Just quickly, you mentioned OLX and the working relationship, you now partner with them in Zameen and E24. Obviously, you are focused on break even, or to get these businesses showing leverage. Are they on a similar path? Or are they more prepared to reinvest back in the businesses and play the real long game, given the difference in portfolio representation for you guys? Obviously Zameen and E24 are a majority of your portfolio versus not much for OLX. That was the first question.

The balance sheet is looking pretty good close to 21 million pro forma cash, should we be thinking of new geographies, verticals within the geography? Or should we be thinking of potentially buying more stakes in what you already own? Thanks.

Shaun Di Gregorio: So just to answer the question on OLX. I can give you my opinion on OLX. I can't obviously quote their strategy, that is for them to answer. Certainly they're in it for the long haul. If you look at the landscape of large, global classified conglomerates they are absolutely in it for the long haul. So they are prepared to invest. There is a caveat there, they are also a commercial concern and they are listed and they want businesses, of course, ultimately to be profitable, but they do understand that there's a balance. In anything here Anthony, there is a balance where you absolutely want to invest for the long haul, but you do have to run businesses for profit. That is something that will be increasingly important to them from their perspective over the journey.

They have invested in a lot of emerging markets now and understand how they work. They, like us, like our operators, want businesses to make money and that's where you can really crystallise value for shareholders. It is early days in our relationship with OLX. To be honest, they are there, they want to say to the management team, get on and run the business.

To answer your second question. Yes we do have a good balance sheet, which is great. If you look back at our history, we spend money like it is our own if that makes sense. We are very careful on that front. The natural thing to do when you are running these businesses is to consolidate the markets you are in, number 1. Number 2, you might then look at adjacencies. Adjacencies can either be different types of businesses in the markets you are in, that is less common, or maybe there is a geography right beside you that makes sense to move into.

Infocasas, who are in LATAM based out of Uruguay, over the years went into Paraguay and Bolivia. More recently they have moved into Peru but they have done it on a real light touch basis. If you look at their traffic performance, they are now growing faster than anyone else in that market. There are ways and means of going to new markets. Certainly, if there was a compelling opportunity that came our way and it was in a market we were already in where we thought it could consolidate our position or it was in an adjacent geography, that is easy to do. You are probably not going to see us going to a random geography with a new business outside of the regions that we have mentioned and outside of the types of businesses that we know really well. We like to keep your options open, but you have to do the smart thing and that is consolidating where you are or moving progressively into geographies that are very close to you. That is generally the easiest path.

Anthony Porto: Thanks for that Shaun.

Operator: Thank you. Once again, if you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. Your next question comes from Adam Hunter from Bell Potter Securities. Please go ahead.

Adam Hunter: Good day Shaun.

Shaun Di Gregorio: Hi Adam

Adam Hunter: Well done on another good result. I get that as the audience levels drop so do revenues, which is what we saw in a few of these previous months. With the audience levels back up above where they were pre-COVID, does that make it easier for you to monetize in some of your countries? Are you expecting an increase in these growth rates now that they have actually gone back above the pre-COVID levels?

Shaun Di Gregorio: It is a really interesting question because, number 1, this is uncharted territory, largely, isn't it? We can reflect on what happened with SARS in Hong Kong and Wuhan. There is probably not a bucket load of compelling evidence to tell you what will happen. What we can say is that innovation around buying houses and cars on the internet was probably something that was just spoken. A lot of the innovation was probably something we expected to see over the next couple of years. What we have seen in the last three to four months is that innovation rapidly come to today and it has been accelerated.

We have seen a preparedness of consumers to go 95% of the process of buying a car online. Pre-COVID might have been closer to 50%, half of the process. We have seen that accelerate number 1. Number 2, we have seen if you are a market leader and you have a really strong brand, you are probably going to come out of this as an even more dominant market leader and an even stronger brand because of this flight to safety around consumer choice.

Those two dynamics are really fascinating. You add to that, the rapid recovery and people going to the internet, going to digital platforms for houses and cars. You add to that revenue in July bouncing back up following the lockdown being released. The \$64 question is, what is the trajectory of that over the next six to eight months? If you add all of that up, you go well yeah I think that this model accelerates. It is very difficult to know because it is uncharted, but all the evidence would suggest that more consumers have more rapidly gone down the digital path. These platforms are down that path anyway. There has been acceleration from an innovation and product offering perspective and so all of the early signs as to what the potential is out of this are really positive.

I would be reserved in suggesting that you can monetize even more than you thought before. I think you can but it is something that we will have a much clearer view of towards the end of this year. We have been really encouraged, and almost pleasantly surprised, at the pace at which consumers have returned to use these platforms to look at houses and cars. We thought it would take a bit longer, it has happened faster. We will see what the rest of the year looks like. One thing it does is further confirms that buying houses and cars online is something that was spoken about, some people did, some portals offered but the reality is that has been accelerated and brought forward. We think that there will be opportunity out of that. The other thing to keep in mind is that a lot of businesses got really stressed through this period. You come out the other end, as we are now, with less competition. There is going to be less players in each of these markets. It is not going to be in environments where you can launch a business, burn a bit of money, and someone will throw you a cheque to keep you going. That has just gone away. The strong businesses survive, and the strong will thrive. There has been a real reduction in activity by those that were perhaps number 3 and number 4 in market. It is a fascinating set of circumstances, one that we think, by a bit of good luck and a bit of good management, plays to what we have been doing anyway. We hope we can make the most of it.

Adam Hunter: Yeah, right. Have you seen an explosion in online shopping as well like we have in Australia with Temple & Webster and Kogan? Has that gone through the roof also?

Shaun Di Gregorio: I can't comment more generally on eCommerce but certainly it has increased. That is just a function of fact where people have turned to online more than they have before. As I said, the indicator for us has just been the volume of people going back to the websites really quickly. Keep in mind, when we went through March and April one of the things we trimmed was marketing because one, it was pointless if people weren't looking at your site but two, when you are spending marketing dollars online, it is a bit like a drug. Websites get on the drug and they can't get off it and they keep spending. It is only when you have had an opportunity like this you get to strip back a lot of that paid marketing and go back to the organic and the direct traffic coming to your site.

Sometimes, Adam, if you actually reduce the marketing spend it allows more organic results to come up on search engines and more direct traffic to go to your site anyway. We have just found that it has been a really interesting period to see through. The assumptions on how you get people to your website, which is you have to spend on marketing, are not holding. We are seeing this terrific increase in direct and organic traffic higher than pre-COVID levels. If you had asked me, would I be sitting here in August saying that there was more people looking at the sites now than there was pre-COVID, I probably would have not believed you. It has been a real dynamic shift, really quickly in these markets.

Adam Hunter: Yeah. It actually leads on to my next question. I will be quick, so I can let someone else have the go. The cost reductions you touched on quite a few times, is that all related to the organic growth in visits to your site, is that contributing to a big part of your cost reductions? The fact that you are not spending marketing dollars and FTE money and all that sort of stuff, or is it a reduction in staffing levels or ...

Shaun Di Gregorio: It is a bit of everything. It is clearly a reduction in marketing and it is a bit of a reduction in your staff costs in each of these businesses. In emerging markets, a lot of companies will solve problems with people. You add people to do things. What it has enabled us to do on a country-by-country basis, was to look and say, well, are all of the people you have in the business fully deployed? Are they all busy? Are you getting a return on what you are spending? Inevitably the answer was no. When things are going along nicely, no one really is compelled to ask those tough questions.

It is only when the opportunity presents itself where you could ask those tough questions because contextually, they made sense to ask. It revealed that you are probably not fully deployed with all your FTE's. They are probably not all busy you can do more with probably less. It was an opportunity to test that thesis and in most cases it proved true.

In marketing, the same, we said well when you look at your marketing spend and you pair it back to what you are getting and you measure it against leads and session times and transactions, is it really optimised? Inevitably the answer is probably no. We were able to go through those exercises and become more efficient. Some of those costs will inevitably return but never to the extent that they were before. The delta from your revenue to your OPEX should always be greater now because you have actually had a chance to really look into it. It is a mixture of the best fit of employment, bit of marketing, bit of other, but moreover it was about are you as efficient as you could possibly be? This has been an opportunity to become more efficient.

Adam Hunter: Yeah. Good stuff. Thanks for that Shaun, well done again.

Shaun Di Gregorio: Thanks.

Operator: Thank you. Once again, if you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. Your next question comes from Roger Coleman, a private investor. Please go ahead.

Roger Coleman: Shaun. A couple quick questions.

Shaun Di Gregorio: Hi Roger

Roger Coleman: With respect to the presentation, for each of the companies, could you give us an idea of future of cash balances and the desired cash balances to expense ratio for conservatism? That way we can follow the buildup in cash and then the spill over into your parent company expenses, so we can calculate when dilution finishes for the overall company.

Shaun Di Gregorio: I can't obviously answer that in detail on this call. If you look at slide 20, you will see the EBITDA performance, which is not a bad proxy for cash, right? If you want to think about businesses being profitable and retaining a cash balance, and then the ratio of your revenue, for example, to that cash balance. Say, for example, Infocasas, they might want to have a cash balance of 500 US, which is three months ... two months of revenue, whatever the number might be. So they might say, we want a cash balance of three months revenue as a cushion. Then anything above that would either be invested in growing that business, perhaps in a new geography or a new product set, or remitted back by way of dividends to shareholders. The largest one of which is of course us.

Roger Coleman: Okay. Just moving on to the next question, could we have average currencies for the half-year or quarterly reporting? Some businesses, like the Pakistan businesses, have had to overcome a 60% depreciation in US dollar terms. So, \$A reporting is somewhat misleading to the real activity that is going on underneath. So, I am wondering if we could have the currency exchange rate you are using on a half-year or quarterly basis please?

Shaun Di Gregorio: We can look at putting a table in to that effect so you can get a look through into the local currencies. Fair to say that the business has probably performed better over the last six months in local currencies than they did...[crosstalk]

Roger Coleman: Yes. Now just moving on to the next, just one last question. In terms of post-COVID or pre-COVID, you have obviously got a worldwide dispersed operation, very small head office. I see small companies like Enero having their CEO worn ragged by doing twelve overseas trips and the antipodes here. How are you going to manage yourself, personally, the stresses of trying to run something across three continents with a small overhead?

Shaun Di Gregorio: When you can go back to our investor relations in the last half of last year, thematically we spoke a lot about businesses and their self-sufficiency. That was measured by their capital needs i.e. can they get to break-even and if they had the cash they need to grow? Number two, it was about the development of their local management team. We never had a view that we would live in departure lounges forever and try to go in and literally parachute in. The aim was always to help them develop their own capacity to manage the business efficiently.

They get there with a bit of scale. They get there when their revenues tick over a certain number. They get there when they are market leaders. If you look at our businesses, they have all now developed their local management teams to the extent where they are far more self-sufficient than they have ever been. The work that we do with our portfolio now is more pointed at their strategy rather than execution on the ground. We spent the last three, four years talking to them about operational aspects and helping them and being there. We are really more focused on how do they deliver scale in their markets? Have they got their strategy right? Have they got their product set?

Coincidentally enough, we have been able to manage our portfolio quite efficiently over the last four to five months based on the fact we have had access to things like Zoom and others. We are not terribly worried about that. Nirvana for us is, we own more and more of these businesses, maybe a hundred percent, and they are really able to operate under their own steam, both on a capital needs basis and on a management basis. That is our aspiration and that is what we are driving towards. We are hopefully going to travel, well certainly not in the last few months, not much at all. Less is more in that context.

Roger Coleman: Right. I got one last question relating to the less competition coming out of this COVID. Does that mean there is less opportunity because the ones that survived are more expensive now than the ones have sort of faded away and all the buying?

Shaun Di Gregorio: I would say the ones that have faded away were probably not the ones who were going to buy anyway. That would have been a function of time, but I think it just goes to the idea that COVID has accelerated so many aspects of what we do today that might have taken a year or two. Whether that is product innovation, whether that is market leadership improving, whether that is competitors that are falling away. It has brought forward the rapid rate and instances of what we expected to happen over the next couple of years.

Roger Coleman: Right. I guess on the share price chart that's not your fault.

Shaun Di Gregorio: Thank you, I think.

Roger Coleman: Yes. Thank you very much. Goodbye.

Shaun Di Gregorio: No worries Roger.

Operator: Thank you. That does conclude our question and answer session at this time. I will now hand back to Mr. Di Gregorio for closing remarks.

Shaun Di Gregorio: Thanks everyone for dialing in. I hope that this was useful and again, our fourth anniversary so thanks to those that have been on many of these calls over the last four years. We hope to have you on these calls for the next four years and four years after that. Just to recap, I think we have worked really hard over the last four to five months in getting ourselves into a really good position by way of our business model, our balance sheet and the performance of our portfolio. We are really excited about the next six to eighteen months and what is possible. We look forward to coming back to the market as regularly as we have and to continue to update people on what is happening with our business. Thanks again to everyone. We will talk to you soon.

- ENDS -

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

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About FDV

FDV is a leading operator of online classifieds businesses in underdeveloped, emerging countries or regions. With a track record of building and supporting market leading online businesses, FDV are experts in the online classifieds space with a particular focus on property and automotive verticals and general classifieds websites. Its portfolio currently consists of 12 market leading companies, operating businesses across 18 markets. With the extensive support offered to the local operating companies, coupled with their own energy and work ethic, FDV is bringing outstanding companies of global significance to their full potential and setting a new global standard of excellence in the field.