

ASX Code: FDV

2 June 2023

## FDV LATAM earn-out update

- **Founders and key shareholders of FDV LATAM businesses InfoCasas and Encuentra24, which were wholly acquired by FDV in 2021, have signed amended subscription agreements to exchange a portion of their cash earn-out consideration for the sale of these companies for equity in FDV rather than equity in FDV LATAM**
- **The founders and key management executives of InfoCasas, being Ricardo Frechou, Guillermo Tavidian and Martin Coulthurst, FDV LATAM CEO, CTO and COO respectively, are exchanging 50% of their cash earn-out consideration for equity in FDV, which equates to approximately A\$5.0m or approximately 12.5m FDV shares in aggregate**
- **The Encuentra24 founders, who are no longer involved in the management of the business, are exchanging 25% of their cash earn-out consideration for equity in FDV, which equates to approximately A\$3.5m or approximately 8.8m FDV shares in aggregate**
- **The final cash earn-out payments (including to other former shareholders who are only receiving cash earn-out payments), after deducting the amounts exchanged for FDV shares, are expected to total approximately US\$17.8m (A\$26.8m) and will be funded from FDV's existing cash reserves**

Frontier Digital Ventures Ltd (“**FDV**” or the “**Company**”) is pleased to provide an update on the cash earn-out for equity exchange as it relates to the founders of InfoCasas and Encuentra24, as well as key management executives of InfoCasas (see ASX announcement, ‘*FDV LATAM strategy update*’, 6 October 2022).

### FDV LATAM BACKGROUND

In October 2022, FDV introduced a leadership team at the FDV LATAM holding company level, led by Ricardo Frechou and Guillermo Tavidian as CEO and CTO of FDV LATAM respectively. This enabled FDV's four Latin American businesses, InfoCasas, Encuentra24, Fincaraiz and Yapo to operate as more integrated businesses under FDV LATAM, as the parent company for the region. FDV and the FDV LATAM leadership team have co-created a value creation plan, with implementation progress to date including the sharing of InfoCasas' proprietary transaction technology and intellectual property, development of new products, optimisation of lead generation and traffic, employment restructure and other marketing and technology efficiency initiatives.

At the same time, FDV also announced it had entered into conditional subscription agreements with the founders of InfoCasas and Encuentra24, as well as key management executives of InfoCasas (“**Subscribers**”), to exchange a minimum percentage of their final cash earn-out consideration, expected to be paid under the sale agreements in June 2023, for equity in FDV LATAM.

### EARN-OUT PAYMENT EXCHANGE UPDATE

FDV and the Subscribers have signed amended subscription agreements enabling the Subscribers to exchange a portion of their final cash earn-out consideration for equity in FDV (rather than FDV LATAM).

The total cash earn-out consideration relating to the June 2021 acquisition of InfoCasas and December 2021 acquisition of Encuentra24 was approximately US\$23.7m, consisting of US\$13.9m and US\$9.8m for InfoCasas and Encuentra24 respectively. These figures were based on the achievement of revenue, EBITDA and operating cash flow targets for FY22 and include payment to other shareholders who will receive 100% of their earn-out payment in cash.

The InfoCasas Subscribers have agreed to exchange 50% of their final cash earn-out consideration for equity in FDV. This equates to approximately A\$5.0m or approximately 12.5m fully paid ordinary shares in FDV in aggregate. The Encuentra24 Subscribers, who are no longer involved in the management of the business, have agreed to exchange 25% of their cash earn-out consideration for equity in FDV. This equates to approximately A\$3.5m or approximately 8.8m fully paid ordinary shares in FDV in aggregate. The shares will be issued at an issue price of approximately A\$0.40 based on an AUD to USD foreign exchange rate of approximately A\$0.69.

Each Subscriber is bound by escrow arrangements which restrict their ability to deal in the FDV shares issued under their subscription agreement during an agreed escrow period. The escrow period for the Encuentra24 Subscribers is 12 months, and the escrow period for the InfoCasas Subscribers runs to 31 December 2024 given their ongoing involvement in the business. However, the period of escrow may be shorter for InfoCasas Subscribers in limited circumstances where they are no longer employed by FDV LATAM.

Issuance of FDV shares is expected to take place in June 2023. Payment of the final cash earn-out amounts is expected to take place in June 2023 and July 2023 for InfoCasas and Encuentra24 respectively. The final cash earn-out payments are expected to total approximately US\$17.8m (A\$26.8m) and will be funded from FDV's existing cash reserves. FDV's cash balance was A\$26.8m as at 31 March 2023, which excludes the A\$17.1m raised through the institutional placement and share purchase plan successfully completed in April and May 2023 respectively.

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

*"The agreement to exchange a portion of the cash earn-out payments for equity in FDV is a powerful endorsement of FDV LATAM's strategy from those closest to the business. While very mindful of the dilutionary impact, the earn-out payment exchange creates clear alignment to FDV as a whole, which we believe is in the best interests of shareholders."*

– ENDS –

This announcement is authorised for release by the Board of Directors of Frontier Digital Ventures Ltd.

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**About FDV**

Frontier Digital Ventures (FDV) is a leading owner and operator of online marketplace businesses in fast growing emerging markets. Currently, FDV's portfolio consists of 15 market leading companies, operating across 20 markets in FDV LATAM, FDV Asia and FDV 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).