



PROSPECTUS

Mitula Group Limited
ACN 604 677 796

For the fully underwritten initial public offering of 35.36 million Shares in Mitula Group Limited at an Offer Price of \$0.75 per Share to raise \$26.52 million.

Important information

This is an important document that you should read in full.
If you do not understand it, consult your professional advisers.

Underwriter and Lead Manager

Baillieu Holst
Since 1889

IMPORTANT NOTICES

THE OFFER

This Prospectus is issued by Mitula Group Limited (ACN 604 677 796) (**Mitula Group or Company**) and Mitula SaleCo Limited (ACN 605 833 403) (**SaleCo**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares (**Shares**) in the Company (**Offer**).

LODGEMENT AND LISTING

This replacement prospectus is dated 12 June 2015 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. It is a replacement prospectus which replaces the prospectus dated 3 June 2015 and lodged with ASIC on that date (**Original Prospectus**). For the purposes of this document, this replacement prospectus will be referred to as the **Prospectus**.

The Prospectus provides additional disclosure of the fees received by PricewaterhouseCoopers Securities Ltd for the acquisition due diligence it performed in relation to the acquisition of Lokku. This disclosure appears in Section 6.3.1 and in the Independent Limited Assurance Report set out in Section 8.

None of ASIC, the Australian Securities Exchange (**ASX**) or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company applied to ASX on 4 June 2015 for listing and quotation of the Shares on ASX.

As set out in Section 7.10.3, it is expected that the Shares will be quoted on the ASX initially on a deferred settlement basis. The Company, SaleCo, Boardroom Pty Limited (**Share Registry**), and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Shares issued to the Convertible Note holders, and Shares issued to the Lokku Vendors, are issued under this Prospectus.

EXPIRY DATE

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

NOTE TO APPLICANTS

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the

performance of the Company or the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding past performance of the Mitula Group. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, SaleCo, the Lead Manager or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

FINANCIAL INFORMATION PRESENTATION

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information is set out in Section 4.2.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board. The Forecast Financial Information included in this Prospectus is unaudited and is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the Historical Financial Information.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

The Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 4.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties.

The Forecast Financial Information included in Section 4 of this Prospectus is an example of forward-looking statements.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Mitula Group. The Forecast Financial Information and the forward-looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 5, the specific and general assumptions set out in Sections 4.7.1 and 4.7.2, the sensitivity analysis set out in Section 4.8 and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not

to place undue reliance on such forward-looking statements. Neither the Company nor SaleCo intends to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus uses market data and third party estimates and projections. The Company and SaleCo have obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. Neither the Company nor SaleCo has independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any state securities laws in the United States and may not be offered, sold, pledged or transferred in the United States unless the shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities act and applicable US state securities laws is available.

See Section 7.7.3 for more details on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

EXPOSURE PERIOD

The Corporations Act prohibits the Company and SaleCo from processing Applications in the seven day period after the date of lodgement of the Original Prospectus (**Exposure Period**). The Exposure Period enabled the Original Prospectus to be examined by market participants prior to the processing of Applications. The Exposure Period expired on 11 June 2015. Applications received during the Exposure Period, and Applications received after the expiry of the Exposure Period but prior to the lodgement of this Prospectus (dated 12 June 2015) have not been processed by the Company and will not receive any preference.

PROSPECTUS AVAILABILITY

During the Offer Period, a paper copy of this Prospectus is available free of charge to any Broker Firm Offer Applicant in Australia by calling the Mitula IPO Information Line on 1300 737 760 (within Australia) and +61 2 9290 9600 (outside Australia) from 8.15am to 5.30pm (AEST), Monday

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to Friday (excluding public holidays). This Prospectus is also available to Broker Firm Offer Applicants in Australia in electronic form at the Company's website www.mitulagroup.com/offer.

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

APPLICATIONS

Applications may be made only during the Offer Period on the Broker Firm Offer Application Form (referred to as an **Application Form**) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form, which must be downloaded in its entirety from www.mitulagroup.com/offer. By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares issued or transferred under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

DEFINITIONS AND ABBREVIATIONS

Defined terms and expressions used in this Prospectus are explained in the Glossary at the end of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Standard Time (**AEST**).

PRIVACY

By filling out an Application Form to apply for Shares, you are providing personal information to the Company, SaleCo and the Share Registry, which is contracted by the Company to manage Applications. The Company and SaleCo and the Share Registry on their behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the Income Tax Assessment Act 1997 (Cth) and the Corporations Act.

If you do not provide the information requested in an Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, that it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- > the Share Registry for ongoing administration of the register of members;
- > printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- > market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- > legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website (www.mitulagroup.com). The privacy policy contains further details regarding access, correction and complaint rights and procedures.

The Share Registry's complete privacy policy can be accessed by calling 1300 737 760 (free call within Australia) or +61 2 9290 9600 (outside Australia), 8.15am to 5.00pm (AEST), Monday to Friday (excluding public holidays) and requesting a copy. A copy is also available at the Share Registry's website <http://www.boardroomlimited.com.au/Privacy.html>.

PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

QUESTIONS

If you have any questions about how to apply for Shares, please call the Mitula IPO Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.15am to 5.30pm (AEST), Monday to Friday (excluding public holidays). Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

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KEY OFFER INFORMATION

KEY DATES

Prospectus Date	Friday, 12 June 2015
Broker Firm Offer opens	9.00am (Melbourne time) Thursday, 11 June 2015
Broker Firm Offer closes	5.00pm (Melbourne time) Tuesday, 30 June 2015
Settlement of the Offer	Tuesday, 7 July 2015
Allotment and transfer of Shares and commencement of trading on ASX (on a deferred settlement basis) (Completion of the Offer)	Wednesday, 8 July 2015
Expected completion of despatch of holding statements	Thursday, 9 July 2015
Expected commencement of trading of Shares on ASX on a normal settlement basis	Friday, 10 July 2015

This timetable is indicative only. The Company and SaleCo, in consultation with the Lead Manager, reserve the right to vary dates of the Offer (subject to the ASX Listing Rules and the Corporations Act) without prior notice, including to close the Offer early, extend the date the Offer closes, accept late Applications or withdraw the Offer and the issue and transfer of Shares (in each case without notifying any recipient of the Prospectus or any Applicant).

THE OFFER

Offer Price	\$0.75 per Share
Number of Shares offered under the Offer	35.36 million
Gross proceeds from the Offer	\$26.52 million
Proceeds of the Offer raised by the issue of Shares by the Company	\$14.52 million
Proceeds of the Offer paid to Selling Shareholders ¹	\$12.0 million
Proceeds to be raised from the issue of Shares to the Lokku Vendors ¹	\$0.48 million
Number of Shares issued to Convertible Note holders ¹	13.0 million
Number of Shares issued to the Lokku Vendors ¹	0.80 million
Total number of Shares on issue at Completion of the Offer	204.96 million
Number of Shares to be held by Existing Shareholders on Completion of the Offer	155.8 million
Market capitalisation at the Offer Price ²	\$153.7 million
Pro forma net cash (as at 31 December 2014) ³	\$15.9 million
Enterprise value at the Offer Price ⁴	\$137.9 million
Enterprise value/pro forma consolidated 12 month June-16 forecast EBITDA (times) ⁵	10.4x
Market capitalisation at the Offer Price/pro forma consolidated 12 month June-16 forecast NPAT (times) ⁶	15.2x

1 The Convertible Note holders and the Lokku Vendors will acquire Shares at an offer price of \$0.60 per Share. See Section 9.3.

2 Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer.

3 Net cash of \$15.9 million is calculated on a pro forma basis (as at 31 December 2014), immediately after Completion of the Offer.

4 The enterprise value at the Offer Price is calculated by subtracting pro forma net cash (as at 31 December 2014) from market capitalisation at the Offer Price.

5 The Forecast Financial Information is based on the information set out in Section 4.7 and is subject to the risks set out in Section 5. There is no guarantee that the forecast will be achieved.

6 This ratio is commonly referred to as the price to earnings, or PE, ratio.

CHAIRMAN'S LETTER

12 June 2015

DEAR INVESTOR

On behalf of the Directors, it is my pleasure to invite you to become a Shareholder.

The Mitula Group is a leading 'vertical search' website operator, with a current portfolio of 51 websites in 38 countries and in 14 languages. Following the acquisition of Lokku Limited in May 2015, the Mitula Group operates its Websites under two main brands, 'Mitula' and 'Nestoria'.

The Mitula Group's vertical search functionality gives its website users the ability to search across classifieds listings from multiple verticals, being real estate, automotive, employment, and, in some countries holiday rentals, and obtain search results from multiple advertisers with one search query. With access to the search results of multiple advertisers, users are offered a more convenient and efficient search experience than performing a search on a single advertiser's website. In April 2015, the Websites received 51 million visits and featured 234 million aggregated classifieds listings from approximately 13,000 advertisers.

The Mitula Group generates revenue through two main sources, Direct CPC Revenue generated from the sale of approximately 60% of the 'Click Outs' and revenue from Google AdSense advertisements. A Click Out occurs when a user clicks on a listing on a Website and is redirected to the advertiser's website, where the listing is hosted. In April 2015, the Mitula Group generated more than 68 million Click Outs to advertisers' websites. Revenue is also earned when a user clicks on a Google AdSense advertisement appearing on the Websites. These advertisements are managed by Google and are targeted to the users based on the website's content and the user's search query.

On a pro forma basis (including the acquisition of Lokku Limited), the Mitula Group generated \$16.2 million of revenue and \$6.3 million of EBITDA in CY14, representing a compound annual growth rate in revenue and EBITDA of 41.3% and 151.8% from CY12, respectively. Based on this strong historical pro forma performance, the Directors believe that the Mitula Group is well positioned to capitalise on the continued growth in global online advertising and to achieve its pro forma forecast revenue of \$26.2 million, EBITDA of \$13.3 million and NPAT of \$10.1 million in the 12 months to 30 June 2016.

To continue growing the business, the Directors will seek to:

- > continue the roll out of Mitula and Nestoria websites into new countries;
- > launch Nestoria websites to complement existing Mitula websites;
- > improve and strengthen the Mitula Group's mobile website and app offering;
- > accelerate new product and technology innovation;
- > increase the number of advertisers who pay the Mitula Group to receive Click Outs;
- > improve the ratio of visits to Click Outs; and
- > pursue value adding acquisitions.

The Offer will raise \$26.52 million (at an Offer Price of \$0.75 per Share), of which \$12.0 million (less some of the costs of the Offer) will be paid to Selling Shareholders in consideration of the sale of some or all of their Existing Shares, and \$14.52 million will be raised by the issue of new Shares by the Company in order to provide working capital to pursue the Mitula Group's growth plans and to pay for some of the costs of the Offer. A further \$0.48 million will be raised by the issue of Shares to the Lokku Vendors at the same time as Completion of the Offer. This is in addition to \$7.8 million raised in April 2015 through the issue of the Convertible Notes to fund the acquisition of Lokku Limited. Shares will be issued to the Lokku Vendors and Convertible Note holders at \$0.60 per Share.

As set out in Section 5, the Mitula Group is subject to a range of risks, including exposure to any adverse changes in Google's AdSense terms and conditions, changes to search engine algorithms and terms which may reduce the presence of the Websites in search results, a reliance on a small number of key advertisers in some countries, decisions by advertisers to reduce the number of listings provided to the Mitula Group and that expenditure on traffic acquisition may not deliver increased levels of users.

The Directors believe that the Mitula Group's businesses, in conjunction with the growth profile of the global online advertising market and the expertise of the Board and management, provide the Company with a strong platform for future growth.

I look forward to welcoming you as a Shareholder.

Yours sincerely,



Simon Baker
Chairman



01.

INVESTMENT OVERVIEW

01. INVESTMENT OVERVIEW

1.1. INTRODUCTION		
TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
What is the Mitula Group?	<p>The Mitula Group comprises Mitula Group Limited (the Company), and its wholly owned subsidiaries, including Mitula Classified, S.L. (Mitula Classified), which owns and operates the 'Mitula' branded 'vertical search' websites, and Lokku Limited (Lokku), which owns and operates the 'Nestoria' branded 'vertical search' websites.</p> <p>In April 2015, as a consequence of an internal capital restructure, the Company became the owner of 100% of the share capital of Mitula Classified. Lokku was acquired by the Company in May 2015.</p>	Section 3.1
What industry does the Mitula Group operate in?	<p>The Mitula Group operates in the global online advertising industry. Online advertising is a form of advertising that delivers advertising content to internet website users. The Mitula Group's platform comprises 51 'vertical search' websites in 38 countries and 14 languages (the Websites).</p>	Section 3.2
What does 'vertical search' functionality provide the Website users?	<p>Vertical search functionality gives users of the Websites the ability to search for real estate, automotive, employment and, in some countries, holiday rental classifieds listings (each a Vertical), from multiple advertisers through a single search query made through a Website.</p> <p>In April 2015, the Mitula Group had aggregated over 234 million classifieds listings, sourced from approximately 13,000 advertisers.</p>	Sections 3.2.3, 3.2.4 and 3.2.5
How does the Mitula Group generate revenue?	<p>The Mitula Group generates revenue through two main sources, Direct CPC Revenue generated from 'Click Outs' and revenue from Google AdSense advertisements.</p> <p>In the 12 months to 30 June 2016, the Mitula Group expects to generate 66% of its revenue as Direct CPC Revenue and 34% of its revenue from Google AdSense.</p> <p>Direct CPC Revenue</p> <p>A Click Out occurs when a user clicks on a listing displayed on a Website and is redirected to another website where the listing is hosted (Click Out). Advertisers only receive a limited number of free Click Outs. This is known as a 'freemium' model.</p> <p>If an advertiser would like to receive more Click Outs than the limited number provided free of charge, the advertiser must pay the Mitula Group, on a 'cost-per-click' basis, to receive those additional Click Outs. This is referred to as 'paid search', which generates what is referred to as Direct CPC Revenue (CPC = cost-per-click).</p> <p>In April 2015, the Mitula Group generated Direct CPC Revenue from approximately 60% of all Click Outs on the Websites.</p> <p>Google AdSense revenue</p> <p>The Mitula Group also generates revenue when a user clicks on a Google AdSense advertisement appearing on the Websites. These advertisements are managed by Google and are targeted to website users, based on the website's content and the user's search query. The Mitula Group and Google share in the revenue generated by users clicking on Google AdSense advertisements.</p>	Section 3.3

1.1. INTRODUCTION *continued*

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
What is the purpose of the Offer?	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none"> > raise funds to strengthen Mitula Group's balance sheet to facilitate opportunistic acquisitions; > allow Selling Shareholders to sell some or all of their Existing Shares; > provide a liquid market for the Shares and an opportunity for others to invest in the Mitula Group; > provide the Mitula Group with access to capital markets to enhance capital management flexibility; and > provide the Mitula Group with the benefits of an increased profile from being a listed entity. 	Section 7.1.3

1.2. KEY FEATURES OF THE MITULA GROUP

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
How does the Mitula Group attract users to its Websites?	<p>Mitula Group utilises search engine optimisation (SEO) to drive users to its Websites. The Mitula Group's management team constantly refines its strategies and processes to maximise the frequency and ranking of the Websites each time a user makes a search query on a general search website (such as Google).</p> <p>The Mitula Group also attracts users to its Websites through traffic acquisition where a fee is paid to general search websites for favourable placements of the Websites in the AdWords advertisements on search results pages.</p> <p>The Mitula Group also engages directly with its users via email alerts, which provide information about listings to users. As at April 2015, the Mitula Group had over 9 million subscribers to email alerts.</p>	Section 3.3.4
Who are the Mitula Group's key customers?	<p>Google is the main customer of the Mitula Group, accounting for all Google AdSense revenue (an estimated 34% of total revenue in the 12 months to 30 June 2016).</p> <p>As at April 2015, the Mitula Group had 615 Direct CPC Revenue contracts. None of these contracts individually accounted for more than 6% of the total Direct CPC Revenues generated in April 2015.</p>	Section 3.3.1
Who are the Mitula Group's key competitors?	<p>The Mitula Group competes with general search websites, such as Google, for a share of the paid search advertising expenditure of classified websites.</p> <p>The Mitula Group also competes with other vertical search websites who are either global, vertical specific, or local competitors.</p> <p>Global competitors include websites such as Trovit that operate in the same verticals and in many of the same countries as the Mitula Group. Vertical specific competitors, such as Indeed and Adzuna, operate in just one vertical and in multiple countries. Finally, there are local competitors who operate in just one country and in one or more verticals.</p>	Section 3.3.7

1.2. KEY FEATURES OF THE MITULA GROUP *continued*

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION																																																										
What has been the growth of the Mitula Group's key operating metrics?	The Mitula Group has delivered strong growth across its key operating metrics.	Section 3.4																																																										
	<table><tr><th>Key operating metric¹</th><th>January 2013</th><th>April 2015</th><th>% Growth</th></tr><tr><td>Advertisers</td><td>4,360</td><td>13,059</td><td>200%</td></tr><tr><td>Listings (million)</td><td>136.5</td><td>234.0</td><td>71%</td></tr><tr><td>Advertising contracts</td><td>285</td><td>615</td><td>116%</td></tr><tr><td>Visits (million)</td><td>29.6</td><td>50.7</td><td>71%</td></tr><tr><td>Click Outs (million)</td><td>33.7</td><td>67.8</td><td>101%</td></tr></table>		Key operating metric ¹	January 2013	April 2015	% Growth	Advertisers	4,360	13,059	200%	Listings (million)	136.5	234.0	71%	Advertising contracts	285	615	116%	Visits (million)	29.6	50.7	71%	Click Outs (million)	33.7	67.8	101%																																		
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	Visits (million)		29.6	50.7	71%																																																							
Click Outs (million)	33.7	67.8	101%																																																									
What are the Mitula Group's key growth strategies?	The Mitula Group's key growth strategies are to: > continue to roll out Mitula and Nestoria websites into new countries; > launch Nestoria websites to complement existing Mitula websites; > improve and strengthen the Mitula Group's mobile website and app offering; > accelerate new product and technology innovation; > increase the number of paying advertisers who pay the Mitula Group to receive Click Outs; > improve the ratio of visits to Click Outs; and > pursue value adding acquisitions.	Section 3.6																																																										
	What is the Mitula Group's key pro forma financial information?		<table><tr><th></th><th colspan="4">Pro Forma Historical Results</th><th colspan="2">Pro Forma Forecast Results</th><th>Statutory Forecast Results</th></tr><tr><th>(A\$000s)</th><th>CY12</th><th>CY13</th><th>CY14</th><th>CY15</th><th>12 mnth June-15</th><th>12 mnth June-16</th><th>CY15</th></tr><tr><td>Revenue</td><td>8,120</td><td>10,568</td><td>16,209</td><td>22,705</td><td>18,428</td><td>26,168</td><td>20,636</td></tr><tr><td>EBITDA</td><td>990</td><td>2,647</td><td>6,264</td><td>10,422</td><td>7,270</td><td>13,315</td><td>7,506</td></tr><tr><td>EBIT</td><td>877</td><td>2,482</td><td>6,085</td><td>10,209</td><td>7,052</td><td>13,090</td><td>7,305</td></tr><tr><td>NPAT</td><td>638</td><td>1,818</td><td>4,608</td><td>7,751</td><td>5,223</td><td>10,104</td><td>3,019</td></tr><tr><td>Earnings per Share (cents)²</td><td>0.3</td><td>0.9</td><td>2.2</td><td>3.8</td><td>2.5</td><td>4.9</td><td>1.5</td></tr></table> <p>The Financial Information presented above contains non-International Financial Reporting Standards (IFRS) financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.</p> <p>Please read Section 4 for full details of the Company's pro forma and statutory results and the assumptions underlying this information. A reconciliation between the pro forma and statutory results is set out in Section 4.3.3.</p>		Pro Forma Historical Results				Pro Forma Forecast Results		Statutory Forecast Results	(A\$000s)	CY12	CY13	CY14	CY15	12 mnth June-15	12 mnth June-16	CY15	Revenue	8,120	10,568	16,209	22,705	18,428	26,168	20,636	EBITDA	990	2,647	6,264	10,422	7,270	13,315	7,506	EBIT	877	2,482	6,085	10,209	7,052	13,090	7,305	NPAT	638	1,818	4,608	7,751	5,223	10,104	3,019	Earnings per Share (cents) ²	0.3	0.9	2.2	3.8	2.5	4.9	1.5	Section 4.3
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¹ Aggregated metrics for Mitula Classified and Lokku.

² Represents NPAT divided by the total number of Shares to be on issue following Completion of the Offer, being 204.96 million Shares.

1.2. KEY FEATURES OF THE MITULA GROUP *continued*

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
How does the Mitula Group expect to fund its operations?	<p>The Mitula Group expects to fund its operations from the cash flow generated from its businesses and through debt and equity capital.</p> <p>The Directors believe that the Company will have sufficient working capital to carry out its stated business objectives.</p>	Sections 3 and 7
What is the Company's dividend policy?	<p>There will be no dividend paid for the period ending 30 June 2015. The Company has a number of growth strategies it is pursuing, and does not anticipate paying a dividend prior to June 2016. Following this period, dividends will be payable at the Board's discretion having regard to the performance of the Mitula Group at that time.</p>	Section 4.9
What will the Company's capital structure be on Completion of the Offer?	<p>On Completion of the Offer, the Company will have on issue:</p> <ul style="list-style-type: none"> > 204,960,012 ordinary Shares; and > 2.8 million Options, <p>and there will be no classes of share on issue other than fully paid ordinary Shares.</p> <p>Further, the Lokku Vendors hold the Second Option, which entitles them to subscribe for up to approximately 7.1 million Shares in September 2015 at \$0.60 per Share. Assuming the Second Option is fully exercised at that time, the Company will have on issue 212.06 million Shares.</p>	Sections 6.3.3.4, 7.3 and 9.3.3.

1.3. KEY STRENGTHS

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
Attractive business model	<p>The Mitula Group operates a relatively simple, low cost business model that is difficult to replicate given its relationship with approximately 13,000 advertisers, which supply 234 million listings across 38 countries and attract over 50 million visits per month (as of April 2015).</p> <p>The business is highly scalable and relatively easy to roll out to new countries. The business also has the ability to enter new Verticals in existing countries by leveraging its brands and Websites.</p>	Sections 3.3, 3.5.1 and 3.6
Active in growth markets	<p>The Mitula Group has a strong presence in markets where online advertising expenditure is rapidly growing, such as Asia and Latin America. Operations in these regions provide a key source of anticipated future growth for the Mitula Group's key operating metrics, such as number of listings, visits by users, paying advertisers and Click Outs.</p>	Sections 2, 3.4, 3.5.2 and 3.6
Online advertising expenditure is increasing	<p>The amount that businesses, including classified websites, spend on paid search advertising is forecast to continue to grow. As detailed in Section 2, paid search advertising is the largest and fastest growing category of online advertising in terms of expenditure in most markets. This is a key part of the online advertising industry that the Mitula Group operates in.</p>	Sections 2 and 3.5.3

1.3. KEY STRENGTHS *continued*

TOPIC	SUMMARY	FOR MORE INFORMATION
Experienced Board and CEO	<p>The Mitula Group has assembled a strong Board and management team. The Chairman, Simon Baker, has ASX listed company experience in the online classifieds space, being the former CEO and Managing Director of the market leading REA Group and the former Chairman of the iProperty Group.</p> <p>Gonzalo del Pozo and Gonzalo Ortiz both have significant experience in the online advertising industry. They are the co-founders of Mitula Classified and have demonstrated their ability to rapidly grow that business.</p>	Sections 3.5.4, 6.1 and 6.2
Anticipated future acquisition opportunities	Being listed on the ASX and having a strong balance sheet provides the Mitula Group with greater capacity to opportunistically acquire complementary businesses to enhance its capabilities, to consolidate its presence in existing countries of operation and to enter new countries and new verticals.	Section 3.5.5 and 3.6.6

1.4. KEY RISKS

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
Google may adversely change its revenue sharing arrangements or terminate them	Approximately 35% of the Mitula Group's revenue is generated from Google AdSense advertisements on its Websites. The Mitula Group's arrangements with Google to provide Google AdSense advertisements may be unilaterally changed by Google at any time. This includes implementing changes to the percentage of revenue shared between the Mitula Group and Google. Unfavourable changes to revenue sharing arrangements implemented by Google would have an adverse impact on the amount of revenue generated by the Mitula Group and therefore its financial performance. Furthermore, Google may, at any time and without cause, terminate its arrangement with the Mitula Group. If Google were to stop providing Google AdSense advertisements to the Mitula Group, this would have a materially adverse impact on the Mitula Group's financial performance and prospects.	Section 5.1.1
Changes to search engine algorithms or terms of service may reduce the attractiveness of the Websites	Search engines, such as Google, are a key driver of user traffic to the Websites. The higher the Websites rank among search results on general search websites, the more likely it is that the Websites will receive user visits. Changes to a search engine's algorithms, which determine how search results appear, or to the search engine's terms of service, may cause the Websites either to be ranked lower or to be excluded from the search results on search engines. This would lead to a decline in users visiting the Websites and could have a materially adverse impact on the Mitula Group's financial performance and prospects.	Section 5.1.2
Concentration of advertisers in some countries	In some of the countries it operates, the Mitula Group's local advertiser base consists of a small number of key advertisers that in total contribute a high proportion of Direct CPC Revenue for that country. A reduction in the advertising spend of any of those key advertisers may have a materially adverse impact on the Mitula Group's financial performance and prospects.	Section 5.1.3

1.4. KEY RISKS <i>continued</i>		
TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
Advertisers may reduce content on the Websites	The Mitula Group relies on classifieds listings content being supplied by advertisers within each of its Verticals and the countries it operates in to generate its search results for users. Advertisers may decide to make fewer listings available to the Mitula Group for a range of reasons, including cost and because its listings already appear on another website. A substantial reduction in the number of listings on the Websites may adversely impact a user's experience. As a result, users may not engage with Google AdSense advertisements or undertake Click Outs, which may have a materially adverse impact on the Mitula Group's financial performance and prospects.	Section 5.1.4
Expenditure on traffic acquisition may not deliver increased levels of users	Approximately 13% of the Mitula Group's revenues are forecasted to be spent on traffic acquisition. This involves the payment of a fee (usually on a 'cost per click' basis) to a general search engine to have the Websites shown in top placements on search results pages. There is no guarantee that the Mitula Group's investment in traffic acquisition will result in user levels increasing.	Section 5.1.5
Mitula Group may suffer loss in connection with the acquisition of Lokku	At the time of the acquisition of Lokku in May 2015, the Mitula Group conducted due diligence enquiries. Notwithstanding this due diligence, it is possible that one or more material adverse issues may not have been identified. If a material adverse issue was not identified prior to the Mitula Group's acquisition of Lokku, such an issue could adversely impact the Mitula Group's financial performance. In addition, in preparing the Forecast Financial Information, certain forecast assumptions (as set out in Sections 4.7.1 and 4.7.2) have been based on the successful integration of the Lokku business into the existing Mitula Group business. Failure to capture all identified benefits of the integration may adversely impact the Mitula Group's financial performance and prospects.	Section 5.1.6
Mitula Group may be unable to profitably or successfully compete	The global online advertising market, in which the Mitula Group operates, is highly competitive. The Mitula Group competes with general search engines, other vertical search websites, and ad networks for the advertising expenditure of classified websites. Furthermore, current or future competitors may adopt certain aspects of the Mitula Group's business model as well as develop and evolve new technologies and business models that may reduce the Mitula Group's ability to differentiate its services. Other vertical search website operators may offer advertisers terms and conditions that are more attractive than those offered by the Mitula Group. If the Mitula Group is unable to successfully or profitably compete with current and new competitors, this may have a materially adverse impact on the Mitula Group's financial performance and prospects.	Section 5.1.7

1.4. KEY RISKS *continued*

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
Mitula Group is subject to foreign currency risk	The Mitula Group has costs, expenses and investments denominated in multiple currencies. The Mitula Group will report its financial results in Australian Dollars. The Mitula Group's financial performance will be influenced by fluctuations in exchange rates between the Australian Dollar and its operating currencies, primarily the Euro, US Dollar, Great Britain Pound, and Brazilian Reals. Any adverse exchange rate fluctuations or volatility in these currencies may have an adverse effect on the Mitula Group's financial performance and prospects.	Section 5.1.8
Existing Shareholders retain a 76% Shareholding	Following Completion of the Offer, the Existing Shareholders will in aggregate hold approximately 76% of the Shares. Should any one of the Existing Shareholders sell their respective Shareholdings in a poorly managed sell down (especially on cessation of the escrow restrictions that apply the Escrowed Shareholders – see section 9.6) or if Existing Shareholders decide to act collectively as a group, this may adversely affect other Shareholders.	Section 5.1.9

1.5. DIRECTORS AND KEY MANAGEMENT

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
Who are the Directors?	<ul style="list-style-type: none"> > Simon Baker, Independent Non-Executive Chairman > Gonzalo del Pozo, Executive Director, Chief Executive Officer and co-founder > Gonzalo Ortiz, Non-Executive Director and co-founder > Joe Hanna, Independent Non-Executive Director > Sol Wise, Independent Non-Executive Director 	Section 6.1
Who are the Mitula Group's key managers?	<ul style="list-style-type: none"> > Gonzalo del Pozo, Executive Director, Chief Executive Officer and co-founder > Marcelo Badimon, Chief Operating Officer and co-founder > Ricardo Gomez, Chief Financial Officer > Javier Heras, Head of Traffic Acquisition > Javier Ortiz, Head of Sales 	Section 6.2

1.6. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

TOPIC	SUMMARY					WHERE TO FIND MORE INFORMATION
Who are the Company's key Shareholders and what will their interests be on Completion of the Offer?	Shareholder ¹	Shares on Prospectus Date	Shareholding on Prospectus Date (%)	Shares on Completion of the Offer ³	Shareholding on Completion of the Offer ³ (%)	Sections 6.3.2.4, 6.3.3.4, 7.3, 9.3.3, 9.4 and 9.6
	Gonzalo del Pozo	38,647,500	22.5%	35,147,500	17.1%	
	Marcelo Badimon	38,647,500	22.5%	35,147,500	17.1%	
	Gonzalo Ortiz	36,197,500	21.1%	32,897,500	16.1%	
	Bruno Consultores, S.L.	11,685,000	6.8%	11,685,000	5.7%	
	Simon Baker	10,461,000	6.1%	9,521,012	4.6%	
	Joe Hanna	10,461,000	6.1%	9,861,000	4.8%	
	Other Existing Shareholders (including other members of management)	25,700,512	15.0%	21,540,500	10.5%	
	Convertible Note holders ⁴	0	0.0%	13,000,000	6.3%	
	New Shareholders under the Offer	0	0.0%	35,360,000	17.3%	
	Lokku Vendors ²	0	0.0%	800,000	0.4%	
	Total	171,800,012	100.00%	204,960,012	100.00%	
	Notes:					
<p>1 Some of the Shareholders hold Shares directly and/or through beneficial interests or entities associated with them.</p> <p>In addition to the Shareholdings described above, Gonzalo del Pozo, Marcelo Badimon and Gonzalo Ortiz hold indirect interests in Shares through entities that are Shareholders, being Tadium Invest, S.L. (which as at the Prospectus Date holds 1.3% of the Shares) and along with Simon Baker, Inception Capital, S.L. (which as at the Prospectus Date holds 4.5% of the Shares). Tadium Invest, S.L. and Inception Capital, S.L. are included as Other Existing Shareholders in the table above. See Section 6.3.2.4 for further details.</p> <p>In addition to the Shareholdings described above, the Directors and Ricardo Gomez de Olea (the Chief Financial Officer of the Company) will be issued Options on Completion of the Offer. See Section 6.3.3.4 for further details.</p> <p>2 Pursuant to the terms of the acquisition agreement between the Company and Lokku, the Lokku Vendors have committed to exercise an option to acquire 800,000 Shares at a price of \$0.60 per Share. These Shares will be issued to the Lokku Vendors at the same time as Completion of the Offer. See Section 9.3.3 for further details.</p> <p>3 The Shares held by the Escrowed Shareholders on Completion of the Offer will be subject to voluntary escrow arrangements. See Section 9.6 for further details.</p> <p>4 Pursuant to the terms of the Convertible Note Agreements, the Convertible Note holders will be issued with 13 million Shares at a price of \$0.60 per Share at the same time as Completion of the Offer, under this Prospectus. See Section 9.4 for further details.</p>						

1.6. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS <i>continued</i>		
TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
What are the related party transactions the Mitula Group has entered into?	<p>Tadium Invest, S.L. is an entity associated with Gonzalo Ortiz, Gonzalo Del Pozo and Marcelo Badimon and holds 1.3% of the Shares on the Prospectus Date. This entity provides the services of Marcelo Badimon (Chief Operations Officer), Ricardo Gomez de Olea (Chief Financial Officer), and Gonzalo Del Pozo (Chief Executive Officer) to the Company through executive and management services agreements with the Company. Further details of these employment arrangements are set out in Section 6.3.2 and 6.3.3.</p> <p>Tadium Invest, S.L. holds a 50% interest in Singular Studios, S.L. which provides consulting services to the Company worth approximately €80,000 per annum (approximately A\$114,000).</p> <p>Tadium Invest, S.L. holds an 80% interest in Tadium Miami Plc, which provides consulting services to the Company worth approximately €60,000 per annum (approximately A\$86,000).</p> <p>Property Portal Watch Pty Ltd is a company owned and controlled by Simon Baker, which provides news, analysis and updates on property portals around the world. The Mitula Group purchases sponsorship and conference tickets from Property Portal Watch Pty Ltd on arm's length terms. In CY15, it is expected that the Mitula Group will spend approximately A\$60,000 on these services.</p> <p>Ediciones Globaliza, S.L. (Globaliza) owns and operates globaliza.com, a Spanish property portal. Globaliza is 65% owned and controlled by entities associated with Gonzalo Ortiz and Gonzalo del Pozo. Globaliza has entered into an agreement to pay the Mitula Group to receive an increased number of Click Outs (ie it contributes Direct CPC Revenue as a paying advertiser to the Mitula Group). In CY14, Globaliza paid the Mitula Group approximately €27,000 (approximately A\$38,000) for these services. In CY15, it is expected that Globaliza will spend approximately €72,000 (approximately A\$103,000) with the Mitula Group. These services are provided on an arm's length basis and at standard market rates.</p> <p>In preparing the Offer, STB Holdings Pty Ltd, a company controlled by Simon Baker, provided accounting and finance services to the Company. Director Sol Wise, an employee of STB Holdings Pty Ltd, provided these services. The total cost of these services was approximately \$35,000.</p>	Sections 6.3.2, 6.3.3 and 6.4

1.6. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS *continued*

TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION																																				
What are the Directors' Shareholdings?	<table><thead><tr><th>Director</th><th>Shares held on Prospectus Date</th><th>Shares held on Prospectus Date (%)</th><th>Shares held on Completion of the Offer</th><th>Shares held on Completion of the Offer(%)</th><th>Options held on Completion of the Offer</th></tr></thead><tbody><tr><td>Simon Baker</td><td>10,461,000</td><td>6.1%</td><td>9,521,012</td><td>4.6%</td><td>1,000,000</td></tr><tr><td>Gonzalo del Pozo</td><td>38,647,500</td><td>22.5%</td><td>35,147,500</td><td>17.1%</td><td>1,000,000</td></tr><tr><td>Joe Hanna</td><td>10,461,000</td><td>6.1%</td><td>9,861,000</td><td>4.8%</td><td>150,000</td></tr><tr><td>Gonzalo Ortiz</td><td>36,197,500</td><td>21.1%</td><td>32,897,500</td><td>16.1%</td><td>150,000</td></tr><tr><td>Sol Wise</td><td>0</td><td>0.0%</td><td>40,000</td><td>0.0%</td><td>250,000</td></tr></tbody></table>	Director	Shares held on Prospectus Date	Shares held on Prospectus Date (%)	Shares held on Completion of the Offer	Shares held on Completion of the Offer(%)	Options held on Completion of the Offer	Simon Baker	10,461,000	6.1%	9,521,012	4.6%	1,000,000	Gonzalo del Pozo	38,647,500	22.5%	35,147,500	17.1%	1,000,000	Joe Hanna	10,461,000	6.1%	9,861,000	4.8%	150,000	Gonzalo Ortiz	36,197,500	21.1%	32,897,500	16.1%	150,000	Sol Wise	0	0.0%	40,000	0.0%	250,000	Sections 6.3.2.4 and 6.3.3.4
	Director	Shares held on Prospectus Date	Shares held on Prospectus Date (%)	Shares held on Completion of the Offer	Shares held on Completion of the Offer(%)	Options held on Completion of the Offer																																
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What escrow restrictions apply to the key Shareholders' Shares?	All of the Shares held by the Escrowed Shareholders on Completion of the Offer will be subject to voluntary escrow arrangements until the business day after the date on which the Company's half year financial results to 30 June 2016 are released to the ASX by the Company. The Escrowed Shareholders comprise the Existing Shareholders, except for Inception Capital, S.L.					Section 9.6																																
	These escrow arrangements are discussed further in Section 9.6. Subject to certain exceptions, the Escrowed Shareholders may not dispose of their Escrowed Shares whilst those Escrowed Shares are subject to voluntary escrow arrangements.																																					
What significant benefits and interests are payable to Directors and other persons connected with the Mitula Group or the Offer?	All Directors will receive directors' fees and Options. Members of management will receive remuneration and some will receive Options. Advisers and other service providers are entitled to fees for services.					Section 6.3																																

1.7. OVERVIEW OF THE OFFER																																				
TOPIC	SUMMARY					WHERE TO FIND MORE INFORMATION																														
What is the Offer?	<p>The Offer is an initial public offering of 35.36 million Shares to be issued or transferred at the Offer Price of \$0.75 per Share to raise a total of \$26.52 million.</p> <p>The Shares being offered will represent approximately 17.3% of Shares on issue on Completion of the Offer.</p>					Section 7.1																														
Who are the issuers of the Prospectus?	Mitula Group Limited (ACN 604 677 796) and Mitula SaleCo Limited (ACN 605 833 403), both of which are companies registered in Victoria.					Section 7.1																														
What is SaleCo?	<p>SaleCo is a special purpose vehicle, established to sell 16 million Existing Shares transferred to it by the Selling Shareholders.</p> <p>The Existing Shares that SaleCo acquires from the Selling Shareholders, along with new Shares issued by the Company, will be transferred to successful Applicants at the Offer Price.</p>					Section 9.5																														
What are the uses of the funds?	<table><tr><th>Source of funds</th><th>\$m</th><th>%</th><th>Use of funds</th><th>\$m</th><th>%</th></tr><tr><td>Offer proceeds from the sale of Existing Shares</td><td>12.0</td><td>44.4</td><td>Payment to Selling Shareholders for sale of Existing Shares</td><td>12.0</td><td>44.4</td></tr><tr><td>Offer proceeds from the issue of Shares</td><td>14.5</td><td>53.8</td><td>Cash costs of the Offer</td><td>1.7</td><td>6.4</td></tr><tr><td>Proceeds from the issue of Shares to the Lokku Vendors</td><td>0.5</td><td>1.8</td><td>Increase in cash and cash equivalents</td><td>13.3</td><td>49.2</td></tr><tr><td>Total</td><td>27.0</td><td>100.0</td><td></td><td>27.0</td><td>100.0</td></tr></table> <p>The Company intends to use the increase in cash and cash equivalents to strengthen the balance sheet to facilitate opportunistic acquisitions, to strengthen its position in existing countries, enter new countries and acquire new technology.</p>					Source of funds	\$m	%	Use of funds	\$m	%	Offer proceeds from the sale of Existing Shares	12.0	44.4	Payment to Selling Shareholders for sale of Existing Shares	12.0	44.4	Offer proceeds from the issue of Shares	14.5	53.8	Cash costs of the Offer	1.7	6.4	Proceeds from the issue of Shares to the Lokku Vendors	0.5	1.8	Increase in cash and cash equivalents	13.3	49.2	Total	27.0	100.0		27.0	100.0	Section 7.1.4
Source of funds	\$m	%	Use of funds	\$m	%																															
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Total	27.0	100.0		27.0	100.0																															
Will the Shares be quoted?	<p>The Company has applied for admission to the official list of the ASX and quotation of Shares on the ASX under the code 'MUA'. Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>					Section 7.10.1																														

1.7. OVERVIEW OF THE OFFER <i>continued</i>		
TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> > the Broker Firm Offer which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and > the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. 	Section 7.1.2
Is the Offer underwritten?	Yes, the Offer is fully underwritten by the Lead Manager.	Section 7.6
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager and the Company. The Lead Manager, in consultation with the Company, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.</p> <p>For Broker Firm Offer participants, Brokers will decide as to how they allocate Shares that they are allocated to their retail clients.</p>	Sections 7.4.5 and 7.5.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	<p>Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of the investors to make their own enquiries concerning the taxation consequences of an investment in the Company.</p> <p>If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.</p> <p>An overview of the tax treatment for Australian resident investors is included in Section 7.8.</p>	Section 7.8
How can I apply?	<p>Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus. This is not a general public offer.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>	Section 7.4.2
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 9 July 2015.	Section 7.2

1.7. OVERVIEW OF THE OFFER <i>continued</i>		
TOPIC	SUMMARY	WHERE TO FIND MORE INFORMATION
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	Section 7.9
Where can I find more information about this Prospectus or the Offer?	<p>If you have any questions about this Prospectus or how to apply for Shares, please call the Mitula IPO Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.15am to 5.30pm (AEST), Monday to Friday (excluding public holidays).</p> <p>If you are unclear or uncertain as to whether the Mitula Group is a suitable investment for you, you should seek professional guidance from your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Shares.</p>	Important Notices



02.

INDEPENDENT MARKET REPORT

02. INDEPENDENT MARKET REPORT



"We Accelerate Growth"

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May 18, 2015

The Directors
Mitula Group Limited
Level 12,
575 Bourke Street,
Melbourne, VIC, 3000

Dear Directors,

Independent Market Report on the Online Advertising Market

Introduction

This Independent Market Report (**IMR** or **Report**) on the online advertising market has been prepared by Frost & Sullivan Australia Pty Limited (**Frost & Sullivan**) at the request of the Directors of the Mitula Group Limited (**Mitula** or the **Mitula Group**) for inclusion in a prospectus to be lodged with the Australian Securities and Investments Commission on or around 3 June 2015 (**Prospectus**) in connection with its proposed initial public offering (**IPO**) and associated listing on the Australian Securities Exchange (**ASX**).

Overview of the Mitula Group

The Mitula Group is an operator of websites in 38 countries that allow consumers to search for real estate, automotive, employment and vacation rentals classifieds. Advertisers do not pay to list directly on the Mitula Group's websites, but rather these websites operate as vertical search engines, or aggregators. This type of website allows consumers to obtain search results from multiple separate websites, generally online classified websites, and then click on the search result to obtain more details of the listing on the website where it is hosted.

The Mitula Group operates a "freemium" model whereby the advertisers are able to promote their listings free of charge and in return receive a minimal number of clicks in return. If the advertiser would like to receive more clicks from their listings, they are able to pay, on a per click basis, to receive these additional clicks. The Mitula Group receives payments from some of the advertisers for click-outs generated from its websites, and is

Auckland	Bangalore	Bangkok	Beijing	Bogota	Buenos Aires	Cape Town	Chennai	Delhi	Dubai
Frankfurt	Kolkatta	Kuala Lumpur	London	Manhattan	Melbourne	Mexico City	Mumbai	New York	Oxford
Palo Alto	Paris	San Antonio	Sao Paulo	Seoul	Shanghai	Singapore	Sydney	Tokyo	Toronto

therefore defined as a paid search provider. The Mitula Group also derives revenues from advertisements hosted on its website through the Google AdSense¹ network.

The Mitula Group's main customers are operators of classified advertising websites, who use the Mitula Group's websites to drive traffic to their own websites. As discussed further below, over recent years the use of the internet for classified advertising has grown significantly, with a migration of classified advertising expenditure from platforms such as printed newspapers to online. However, the operation of online classified websites is highly fragmented, with most websites focused on single product categories (such as employment or automotive) and operating only in single countries or even single regions or cities. Hence the Mitula Group has a large number of individual potential clients, and Frost & Sullivan understands that it currently has over 13,000 separate advertisers.

Online Advertising Markets

Online advertising (also known as internet or digital advertising) is a form of advertising in which promotional messages are delivered to consumers over the internet, and can be viewed on any device on which the internet can be accessed, such as a laptop, PC, tablet or smartphone. Over recent years, an increasing amount of total advertising expenditure has migrated to the online channel.

Online advertising can be divided into three main categories:

- Paid search advertising (sometimes known as online search advertising): a form of advertising where advertisers pay an advertising fee, usually based on click-throughs or ad views, to have their website shown in top placements on search engine result pages on search engines such as Google and the Mitula Group's websites;
- Online general display advertising: a form of advertising whereby advertisers pay website publishers to advertise on their websites (such as banner advertising, pop-ups, etc). Online video advertising is usually included in this category; and
- Online classified advertising: a form of advertising whereby advertisers pay website publishers to list items for sale (either on a flat fee or pay-per-lead basis), with real estate, automotive and employment being the categories most commonly advertised. This category includes online directory advertising, whereby advertisers pay to advertise a service or company in an online directory, such as Yellow Pages.

Paid search advertising is the largest single category of online advertising in expenditure terms in most markets, accounting for almost 50% of total expenditure in markets such as the USA, Europe and Australia.²

¹ Google AdSense is a programme in which organisations can display Google advertisements on their sites and earn revenue from hits that generate traffic for the Google search engine through hits on the advertisements that they display

² Frost & Sullivan estimates based on Interactive Advertising Bureau (IAB) data

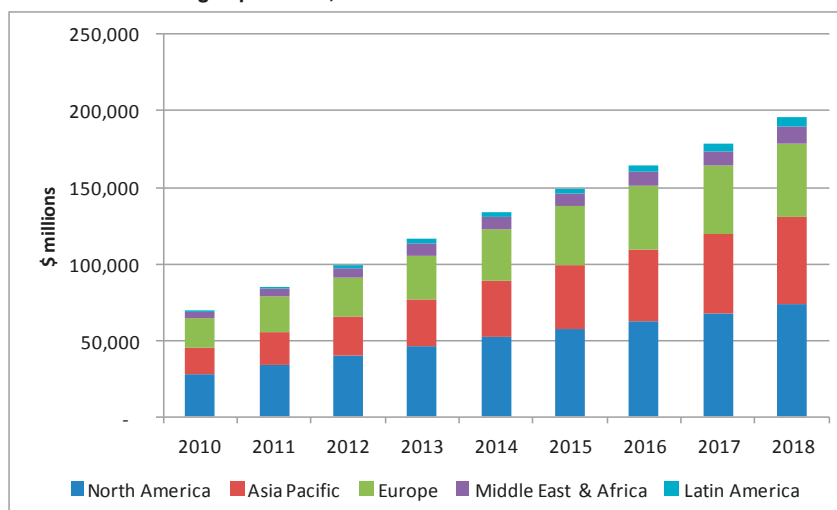
Size and Growth of Online Advertising

Online Advertising Expenditure

Globally, online advertising is estimated to account for 25% of advertising expenditure in 2013, and this is forecast to increase to 33% by 2018.³ Online is now the second largest advertising platform globally, after TV.⁴ The degree to which the online channel is used for advertising varies significantly by country, as a result of local factors such as internet penetration and the degree of online access by consumers. In some developed markets, such as Australia, the online channel now accounts for well over 30% of total advertising expenditure.⁵

Globally, Frost & Sullivan estimates that online advertising expenditure reached \$134 billion in 2014.⁶ The largest single region for online advertising is North America, accounting for 40% of total global expenditure in 2014, with the USA alone accounting for \$49 billion.⁷ Europe is estimated to account for online advertising expenditure of \$33.6 billion in 2014.⁸ However, the fastest growth is coming from Latin America and Asia Pacific. Frost & Sullivan forecasts online advertising expenditure in these regions to increase at CAGRs of 18% and 12% respectively between 2014 and 2018.⁹ By 2018, global online advertising expenditure is forecast to reach \$196 billion, an overall global CAGR of 10% (see Figure 1).

Figure 1: Online Advertising Expenditure, 2010 to 2018



Source: Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports; Frost & Sullivan forecasts

³ Source: PwC, Global Media and Entertainment Outlook, 2014-2018

⁴ Source: Ibid

⁵ Source: http://www.iabastralia.com.au/images/CEASA_Figures_CY_2014_2.pdf

⁶ All references to dollars in this report are to US dollars (\$). When converting from other currencies, the exchange rate prevailing as at March 16 2015 has been used.

⁷ Source: Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports

⁸ Source: Ibid

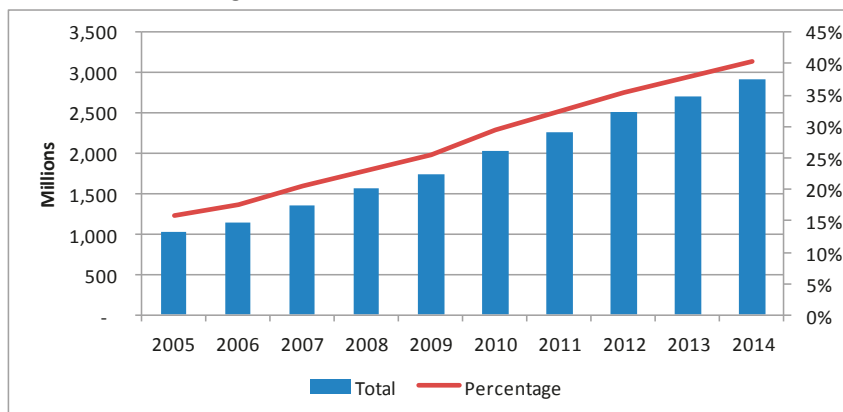
⁹ Source: Frost & Sullivan forecasts

Growth Drivers for Online Advertising

Over recent years, the internet has accounted for an increasing proportion of advertising expenditure. This is a result of a number of factors, including sustained, rapid growth in the number of individuals accessing the internet; the growing use of broadband connections which improve the user experience; the rapid adoption of internet-enabled mobile devices; and the advantages that the internet offers over other advertising channels, including greater measurability and enhanced cost effectiveness for advertisers. These factors are discussed in more detail below.

Since 2005, the number of individuals globally who access the internet has increased almost threefold, to reach almost 3 billion individuals, or over 40% of the global population, in 2014 (see Figure 2).¹⁰

Figure 2: Individuals Accessing the Internet, 2005 to 2014



Source: International Telecommunications Union (ITU) statistics, accessed March 2015

As well as this significant increase in individuals accessing the internet, the user experience has significantly improved by the rapid growth in access to broadband connections. Between 2005 and 2014 the number of active fixed broadband subscriptions globally increased from 220 million to 711 million, a CAGR of 14%.¹¹ The number of mobile broadband subscriptions increased at an even faster rate, from 268 million in 2007 to 2,315 million in 2014, a CAGR of 36%.¹² In total, there are almost 3,000 million active broadband subscriptions globally (fixed and wireless) in 2014.¹³

In addition to the increase in internet users, time spent online is increasing. In the USA, for example, between December 2009 and December 2013, the total time spent online per year increased by 7% and pages viewed by 20%.¹⁴

This rapid growth in internet access and use, and in particular broadband access and use, has generated a much larger audience for online advertising and thus has stimulated online advertising expenditure. This has been supplemented by the inherent advantages of the internet as an advertising medium. These include the

¹⁰ Source: International Telecommunications Union (ITU), statistics 2014

¹¹ Source: Ibid

¹² Source: Ibid

¹³ Source: Ibid

¹⁴ Source: Interactive Advertising Bureau Interactive Advertising Outlook, 2014

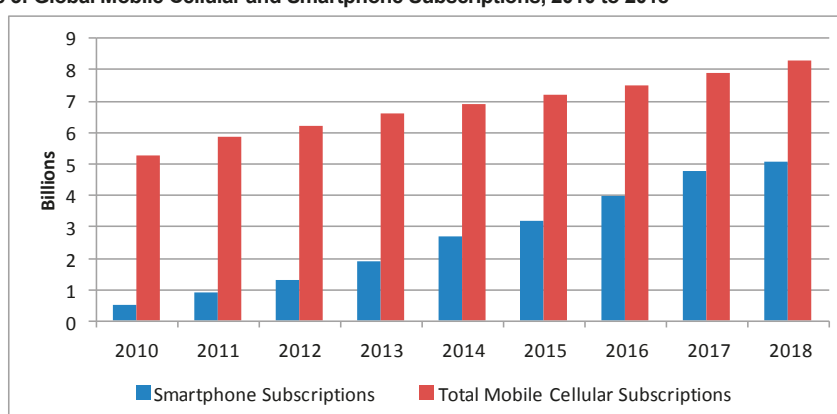
relatively low cost of online advertising, that advertising payment can be linked directly to measured results and the ability to reach targeted audiences. Consequently, the internet is now the fastest growing advertising medium. Growth is occurring not just in emerging markets with rapidly developing internet infrastructure, but also in developed markets. In Australia, for example, online advertising expenditure grew between 2013 and 2014 by 16% to reach \$3.5 billion (A\$4.6 billion), and similar growth rates are also occurring in Europe and North America.¹⁵

Despite the rapid growth that has already occurred in internet and broadband access, there is still significant potential for further growth, particularly in emerging markets. For example, in 2013, only 46% of individuals used the internet in China, 15% in India and 16% in Indonesia.¹⁶ This compares with internet penetration levels of over 80% in developed countries (for example, 83% in Australia).¹⁷ This suggests that there is still very significant growth potential in internet access, particularly in emerging markets, and this will continue to drive online advertising expenditure.

Mobile Advertising Expenditure

Mobile advertising incorporates advertising delivered to mobile devices via formats designed for the specific device, i.e. advertising specifically designed for viewing on a tablet or smartphone. This is the fastest growing format of online advertising, and is being stimulated by the rapid adoption of smartphones and tablets globally. The number of smartphone subscriptions globally reached 2.7 billion in 2014, approximately 39% of all mobile cellular subscriptions.¹⁸ By 2018, the number of smartphone subscriptions is forecast to reach 5.1 billion, approximately 61% of all mobile cellular subscriptions (see Figure 3).

Figure 3: Global Mobile Cellular and Smartphone Subscriptions, 2010 to 2018



Source: Ericsson Mobility Report, Q4 2014

Advertising placed on mobile devices can elicit relatively high response rates. Research undertaken by Google indicates that approximately 40% of smartphone users notice adverts on their smartphone all or most of the time, and an average of 24% of these take some action, such as clicking on the advert. 58%

¹⁵ For example, expenditure in Europe increased 11.9% in 2013 and 18% in the USA (source: IAB)

¹⁶ Source: ITU statistics, 2014

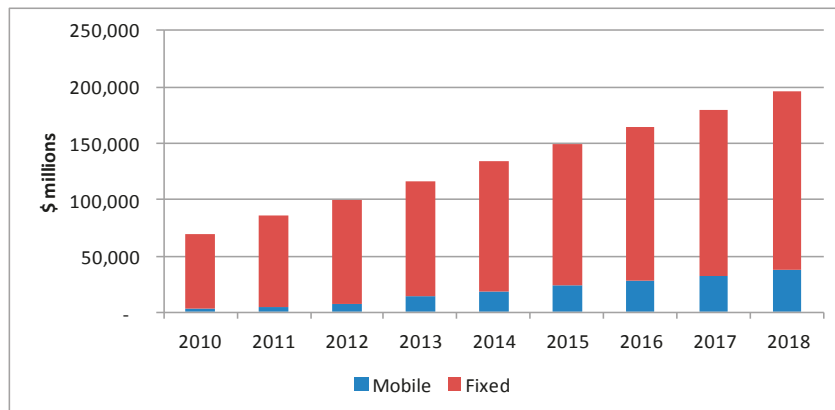
¹⁷ Source: Ibid

¹⁸ Source: Ericsson, Mobility Report, 2014

of smartphone users conduct a search on their smartphone at least once a day.¹⁹ Given the high usage of mobile devices, many major online publishers are increasing their focus on driving traffic to the mobile channel, which drives up mobile advertising expenditure.

Driven by the rapid increase in use of the mobile internet, mobile is the fastest growing platform for online advertising, and has grown from 4% of total online advertising expenditure in 2010 to an estimated 14% in 2014.²⁰ By 2018, mobile advertising expenditure is forecast by Frost & Sullivan to reach \$37 billion, a CAGR of 37% from 2010 to 2018, compared to 11% for fixed²¹ online advertising (see Figure 4).

Figure 4: Online Advertising Expenditure by Channel, 2010 to 2018



Source: Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports; Frost & Sullivan forecasts

Paid Search Advertising

Size and Growth of Paid Search Advertising

Over recent years, paid search has emerged as the fastest online growing advertising format, and now accounts for around 40% of total online advertising expenditure globally.²² In the USA, paid search accounted for 43% of online advertising expenditure in 2013, and 49% in Europe.²³ Even in developed markets, paid search continues to be the fastest growing form of online advertising. Paid search expenditure increased in 2013 by 13% in Europe and by 9% in the USA.²⁴ Frost & Sullivan estimates that global paid search revenues were approximately \$54 billion in 2014 and will reach \$73.8 billion in 2018, a CAGR of 8% (see Figure 5).

¹⁹ Source: Google, Our Mobile Planet Research, 2013. Data is based on the average across 48 countries surveyed

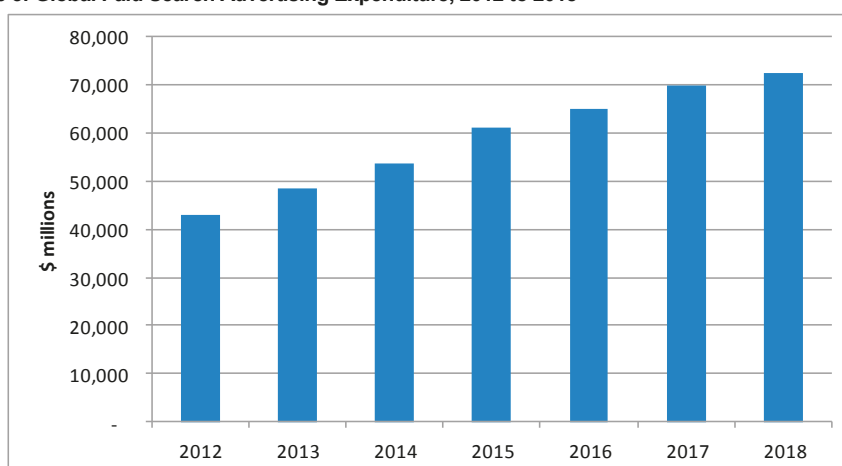
²⁰ Source: Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports

²¹ Advertising designed to be viewed on a device such as a PC or laptop

²² Source: Frost & Sullivan estimates

²³ Sources: IAB, Internet Advertising Revenue Report, 2014 and IAB, AdEx Benchmark 2013

²⁴ Sources: Ibid

Figure 5: Global Paid Search Advertising Expenditure, 2012 to 2018

Source: Frost & Sullivan estimates based on IAB data; Frost & Sullivan forecasts

Paid search advertising expenditure is likely to grow particularly strongly in emerging markets as the increasing internet usage in these markets strengthens the business case for use of paid search. Frost & Sullivan forecast that expenditure on paid search advertising would increase by a CAGR of 11% in Asia Pacific and 15% in Latin America from 2014 to 2018. By 2018, these regions are forecast to account for 30% of global paid search expenditure.²⁵

Growth Drivers for Paid Search

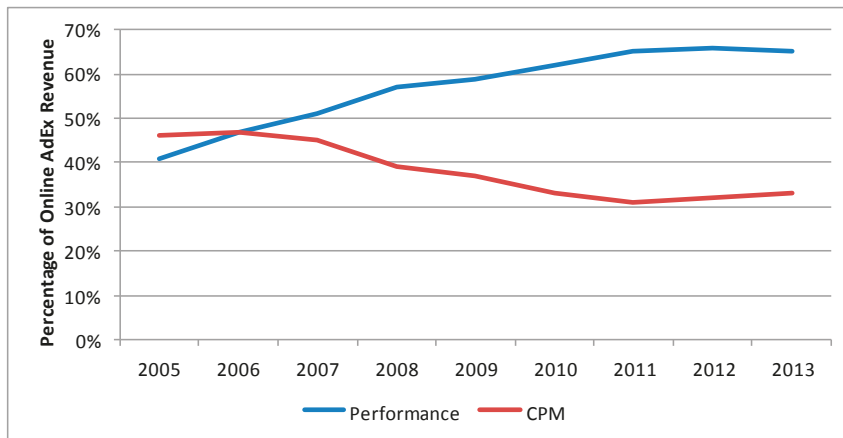
Paid search advertising has benefitted from a number of growth drivers, including the general trend towards performance-based advertising payment models, the growing ubiquity of mobile devices and the trend for consumers to undertake searches through their mobile device. Performance-based advertising payment models are where the advertiser pays for measurable results that they receive from the advertising medium they use.

Search engines are among the most visited mobile websites and ongoing improvements to their search technologies have increased usefulness to online consumers. Websites are experiencing a growing amount of traffic routed to them through search engines, and this is fuelling demand for paid search.

The growth of performance-based advertising as a pricing model is illustrated below for the USA, where performance (primarily CPC but also CPL²⁶) now accounts for around 65% of online advertising expenditure, up from 41% in 2005 (see Figure 6).

²⁵ Source: Frost & Sullivan forecasts

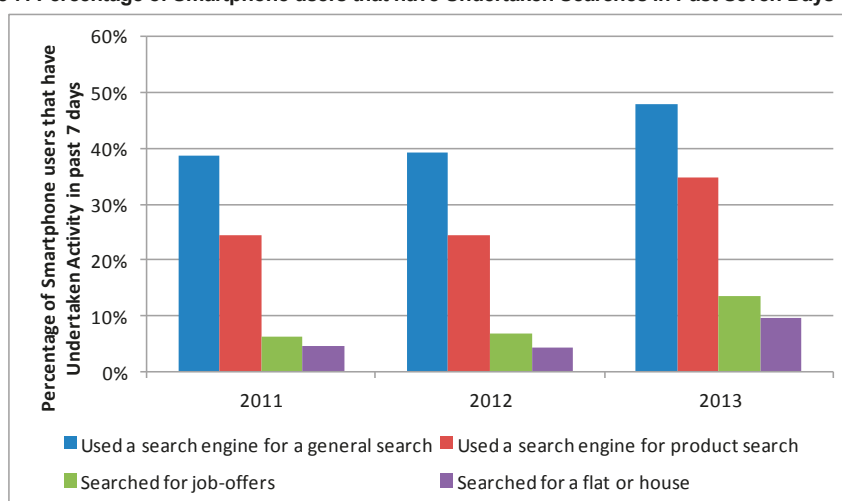
²⁶ Cost per Lead

Figure 6: Online Advertising Expenditure by Pricing Model, USA, 2005 to 2013

Source: IAB Internet Advertising Expenditure Report, 2013. CPM (cost per mille²⁷) is the main non-performance pricing model

The rapid increase in use of internet-enabled mobile devices is a major stimulant to paid search revenues, as consumers often wish to undertake searches whilst on the move. Mobile devices are therefore a very significant and growing market for paid search. Research commissioned by Google across 48 countries indicates that in 2013, 48% of smartphone users had undertaken a general search on their smartphone in the seven days leading up to completion of the survey, 35% had searched for a particular product, 14% for job offers and 9% for a house or flat. This is a significant increase on the number of smartphone users undertaking the same activities in 2011 and 2012 when similar surveys were conducted (see Figure 7).

²⁷ CPM stands for cost-per-thousand impressions, whereby an advertiser pays for each set of a thousand views of an advertisement. CPM is therefore based on the number of times that an advertisement is viewed and not on any tangible results from the advertisement (e.g. click-throughs or sales leads)

Figure 7: Percentage of Smartphone users that have Undertaken Searches in Past Seven Days

Source: Google, Our Mobile Planet research. Data based on averages across 48 countries

Search engines are particularly important in driving traffic to smaller websites, which are not able to invest sufficient marketing dollars to drive significant direct traffic. For these websites, driving website visits from search can be particularly critical. To illustrate this, Frost & Sullivan has listed below various real estate websites in Australia with their overall ranking and the proportion of their website visits that come from a search engine. Generally, the lower a website is ranked, the greater the proportion of the website traffic that is generated by search engines (see Table 1).

Table 1: Ranking and Proportion of Site Traffic from Search, Australia Property Websites²⁸

Website	Australia Ranking ²⁹	Proportion of Traffic from Search Engines
www.realestate.com.au	17	29.8%
www.domain.com.au	77	20.6%
www.onthefhouse.com.au	447	74.5%
www.allhomes.com.au	752	48.6%
www.realestateview.com.au	995	56.3%
www.homesales.com.au (owned by Carsales Group)	1,774	60.1%
www.homehound.com.au	9,926	74.3%

Source: Similarweb, accessed March 2015

Online Classified Advertising

Size and Growth of Online Classified Advertising

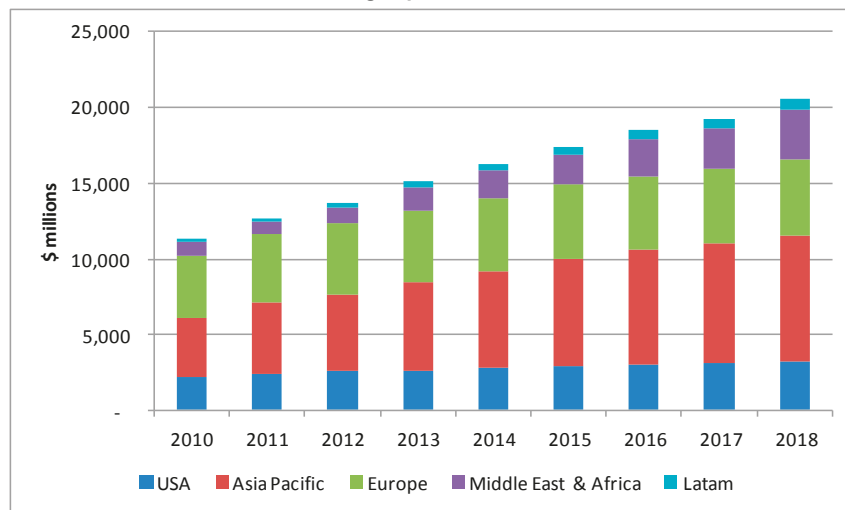
Driven by the print to online migration, expenditure on online classified advertising has grown at a significant rate across all markets. Frost & Sullivan estimates that in 2014, global online classified advertising expenditure

²⁸ Data is for January, February and March 2015

²⁹ The rank is provided by SimilarWeb and based on an estimate of the website's visits in Australia

reached \$16.3 billion, and that this will increase to \$20.6 billion in 2018, a global CAGR of 6% from 2014 to 2018 (see Figure 8).

Figure 8: Global Online Classified Advertising Expenditure, 2010 to 2018



Source: Frost & Sullivan estimates based on IAB data; Frost & Sullivan estimates

Online classified advertising expenditure is currently dominated by the USA, Europe and other developed markets such as Australia, which cumulatively account for almost 60% of global expenditure.³⁰ Whilst online classified markets in some developed countries are growing relatively slowly (for example, expenditure in Europe overall increased by 4% between 2012 and 2013, with expenditure declines in 11 European countries³¹), this is largely the result of weak economic conditions which have particularly impacted on employment and real estate markets, with a dampening effect on classified advertising. However, in developed markets with stronger economic conditions expenditure on online classified advertising is continuing to grow. For example, in the USA, online classified advertising expenditure increased by 8% in 2013.³²

The strongest growth in online classified advertising expenditure is occurring in developing markets, where the print to online migration is less advanced and where rapid increases in internet access are occurring. For example, in India, expenditure on online classified advertising is estimated at only \$315 million in 2014, but is growing at a CAGR of 19% and will reach \$540 million in 2017.³³ Frost & Sullivan anticipates that by 2018, Asia Pacific, Middle East & Africa and Latin America will cumulatively account for 60% of global online classified advertising expenditure.³⁴

Main Trends in Online Classified Advertising

Alongside the overall growth in online classified advertising expenditure, Frost & Sullivan has identified a number of market trends that are impacting on the industry. These are described in more detail below;

³⁰ Source: Frost & Sullivan estimates

³¹ Source: IAB AdEx Benchmark Report, 2013

³² Source: IAB, Internet Advertising Revenue Report, 2013

³³ Source: NASPERS, India eCommerce Day, OLX India presentation, 2014

³⁴ Source: Frost & Sullivan estimates

Growth in mobile access: the rapid growth in mobile internet access through smartphones and tablets has driven a focus by online classified publishers on the mobile channel, especially as searches for some product categories (such as real estate and automotive) are often done by consumers on the move. Online classified publishers have therefore rapidly rolled-out mobile versions of their websites, allowing mobile users to use their service with an acceptable user experience. Many online classified publishers are now obtaining over 50% of website traffic from mobile devices, and Frost & Sullivan expects that this will continue to increase.³⁵

The “free classifieds” model: a growing number of websites offer a free listing model, whereby a base listing may be free but an advertiser pays for additional services such as a premium listing or special placement. Other websites may charge only for certain categories (for example, Craigslist³⁶ charges for recruitment advertisements in certain cities, apartment listings in New York and therapeutic services), or derive revenue from display or other forms of advertising, with free listings designed to drive traffic to the website.

Development of premium products: many online classifieds publishers offer additional premium products at higher prices than basic listings (which in some cases may be free). However, even publishers that charge for basic listings are also actively offering premium services (such as enhanced photographs, videos or special placements). These premium (or depth) products are particularly important for online publishers with high penetration of the potential client base, as they offer an additional avenue for revenue growth. For example, online real estate advertising publishers sometimes have close to 100% of active estate agents already as clients, and up selling these to premium products is therefore important to maintain revenue growth.

Enhancement of content: a critical parameter for online classifieds publishers is website visitors, as the number of visitors drives advertisers, allowing the publisher to benefit from the “virtuous circle” of online classified advertising (that is, an increased number of website visitors increases advertisers and website “inventory”, thereby further increasing website viewers). To encourage website visitors, many online classified publishers have increased the amount of general content on their websites, such as reviews, market reports and articles, etc.

Growth in non-classified advertising revenues: online classified publishers are often expanding advertising revenue from sources outside paid listings or leads, for example by carrying display advertising on their websites. This is particularly the case for websites with high traffic volumes (often stimulated by the enhancement of content mentioned above). For example, leading Australian real estate classifieds business REA Group generated 17% of its Australian revenue through display advertising in 2014.³⁷

Expansion of niche websites: both existing and new online classifieds publishers are targeting more specific audiences (of both advertisers and consumers) through the launch of niche websites. For example, Monster, the largest US recruitment classified website, offers niche websites such as Military.com, Nursing.com, etc alongside its main website.

³⁵ Source: Frost & Sullivan estimate

³⁶ Craigslist is a US-based online classified website established in 1996

³⁷ Source: REA Group investor presentation, 2014

Growth Drivers for Online Classified Advertising

The switch by consumers from the consumption of print content to the internet has stimulated the growth of online classified advertising. When accompanied by the inherent advantages that online advertising offered, this has created a shift in classified advertising expenditure from print (primarily newspapers) to online. The internet has proved a highly viable alternative to newspapers for classified advertisers and an increasing proportion of classified advertising expenditure is going to the online channel. Online offers a number of advantages, both for advertisers and for consumers. These are summarised below (see Table 2).

Table 2: Advantages of Online Classified Advertising

Advantages for Advertisers	Advantages for Consumers
More cost-effective	Enhanced searching capability
Can target buyers on the move	Can be accessed anytime
Gives access to a wider range of buyers	Proactive notifications available
Listings can be edited or changed in real-time	More details can be seen (e.g. photographs)
More measurable	Wider range of listings

Source: Frost & Sullivan

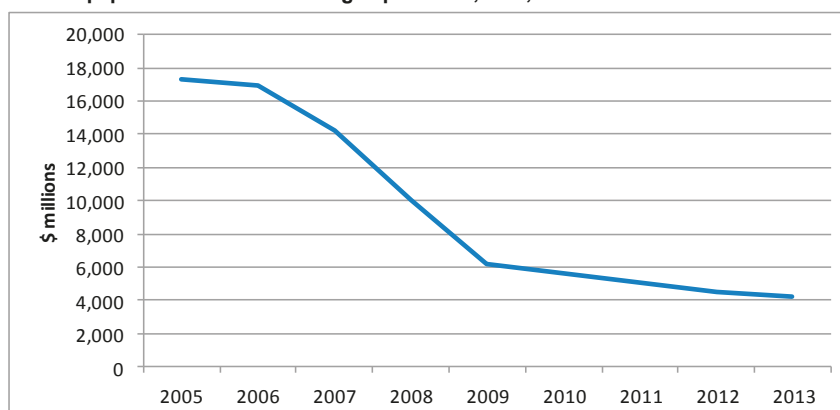
These factors have led to the internet taking an increased proportion of total classified advertising expenditure. This is illustrated below for Australia, the USA and UK. In Australia and the UK, expenditure on online classified advertising has now matched or exceeded expenditure on newspaper classified advertising (see Table 3).

Table 3: Online Classified Advertising Expenditure as a Percentage of Total Classified Advertising Expenditure, 2007 – 2013

	2007	2008	2009	2010	2011	2012	2013
USA	19%	25%	27%	32%	33%	35%	38%
UK	24%	29%	34%	37%	38%	45%	50%
Australia	18%	23%	31%	35%	39%	48%	56%

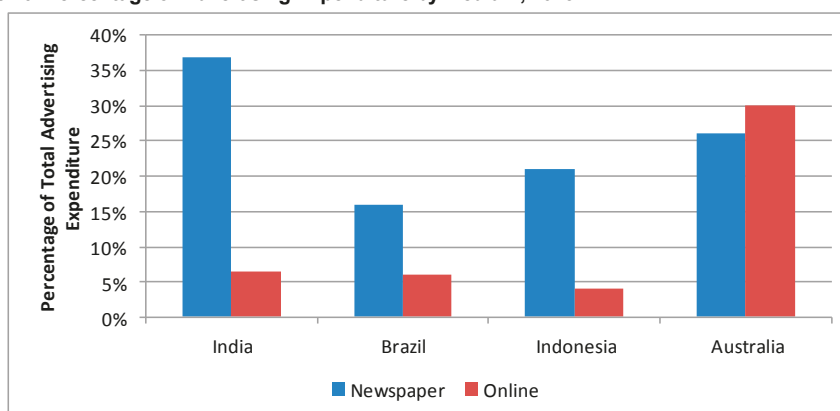
Sources: Newspaper Association of America advertising statistics, accessed March 2015; IAB USA Online Advertising Expenditure Reports 2007-2013; Bain & Co and Enders Analysis, Creative UK, 2013; Frost & Sullivan Australian Online Classifieds Market Report, 2014

This shift in expenditure has had a dramatic impact on newspaper classified advertising. This is illustrated by the decline of classified advertising revenue for newspapers in the USA. Since peaking at \$17.3 billion in 2005, overall newspaper classified advertising expenditure had declined by 76% by 2013 (see Figure 9).

Figure 9: Newspaper Classified Advertising Expenditure, USA, 2005 to 2013

Source: Newspaper Association of America up to 2011, accessed March 2015; Frost & Sullivan estimates for 2012 and 2013

Whilst the “print to online” trend is well-advanced in most developed markets, it is much less advanced in emerging markets where print still retains a high share of advertising expenditure, including for classified advertising. For example, in Brazil newspaper advertising expenditure in 2013 was 2.5 times higher than online advertising, despite a 25% increase in online advertising expenditure over the previous year.³⁸ In India, newspaper advertising expenditure is estimated at 5.7 times the online advertising expenditure in 2013.³⁹ The proportion of advertising expenditure by medium in the large emerging markets of Brazil, India and Indonesia in 2013 is illustrated below, with Australia also given as an example of a developed market (see Figure 10). Whilst online advertising expenditure has now significantly exceeded newspaper advertising expenditure in developed markets, there is therefore still significant potential for the print to online migration in most emerging markets.

Figure 10: Percentage of Advertising Expenditure by Medium, 2013

Sources: IBOPE, Investimento Publicitario, 2013; Aegis, Global Advertising Expenditure Report, 2013

³⁸ Source: IBOPE, Investimento Publicitario, 2013; IAB Brasil, Números de Investimento em Mídia Online, 2013

³⁹ Source: GroupM, referenced from <http://www.medianama.com/2014/02/223-groupm-says-digital-advertising-in-india-30-in-2013-rs-3402-cr-expected-in-2014/>

Online Classified Advertising Industry Structure

The online classified industry is highly fragmented, reflecting the fact that, unlike newspapers, entry barriers are low and opportunities to achieve significant economies of scale through consolidation are limited. Unlike newspaper classifieds, online classified publishers tend to focus on specific verticals, such as employment or automotive. Additionally, a specific geographical focus is often desirable for both advertisers and consumers. This means that publishers with a focus only on a single city, region or country are viable. Consequently, Frost & Sullivan estimates that there are tens of thousands of online classified publishers globally (which form the addressable market for the Mitula Group).

Market participants generally comprise online-only start-ups (although some have subsequently formed alliances with print newspaper operators) and the online businesses of traditional print media companies. In many markets, it has been specialist online classified businesses that have emerged over recent years to take dominant market positions. These businesses generally specialise in specific sectors of online classified advertising, such as employment, real estate and automotive, and are usually focused on particular countries. Examples of these specialist businesses with leading market positions are Monster Inc⁴⁰, Rightmove⁴¹ and Carsales⁴². In some mature countries, each vertical of the online classified market is dominated by a single early mover company. These companies are often able to achieve market dominance and high levels of profitability as a result of the so-called “virtuous circle” in online classified advertising, by which initial entrants are able to establish the highest levels of inventory, which in turn attracts the highest number of consumers. Consequently, EBITDA margins for leading online classifieds publishers can often exceed 50%.⁴³

Reflecting the growth potential and profitability of the sector, a number of companies have developed a portfolio of online classifieds businesses, often operating across multiple categories and multiple geographies. These include eBay Classifieds Group, Schibsted, Axel Springer and Naspers. These companies own and operate some of the larger customers of the Mitula Group.

- eBay Classifieds Group operates 11 separate online classifieds brands, including Gumtree (active in Australia, South Africa, UK and Poland), Kijiji (active in Canada, Japan, Taiwan, Hong Kong and Italy) and Marktplaats (active in the Netherlands). These businesses have generally been acquired by eBay since 2004.
- Schibsted is a Norway-based media group with operations in 29 countries. Although it has a 100 year heritage in print publishing, the company is focused on building its business in digital media, in particular online classifieds. Schibsted has acquired or organically developed a wide portfolio of online classified businesses particularly in Norway, Sweden, France, Spain, Italy, Ireland, Austria, Malaysia and Hungary. These include Leboncoin (France), InfoJobs (Italy), Blocket (Sweden) and Mudah (Malaysia). Schibsted invested NOK 1 billion (\$123.3 million) in its online classifieds business in 2013.

⁴⁰ Monster Worldwide Inc. was established in 1994 and is the world’s largest online employment classifieds business, operating a number of job web-websites in approximately 50 countries. It achieved revenue of \$770 million in 2014

⁴¹ Rightmove PLC was established in 2000 and listed on the London Stock Exchange in 2006. It is the largest real estate classified website in the UK, with revenue of £167 million (\$249 million) in 2014

⁴² Carsales was established in 1996 and listed on the ASX in 2009. It is the largest online automotive classified business in Australia with revenue of A\$235.6 million (\$178.6 million) in 2014

⁴³ For example, market leaders in Australia, Seek, Carsales and REA Group, have EBITDA margins in excess of 50% (source: company annual reports)

In 2013, Schibsted's online classified businesses generated revenue of NOK4,265 (\$525.7 million) with an EBITDA margin of 20%.⁴⁴

- Axel Springer Group is a German-based media company also with a print media heritage, although digital has now grown to represent 53% of its revenues. Axel Springer has built a portfolio of online classified businesses, particularly in employment, real estate and miscellaneous items, including Seloger (France) and Immonet (Germany). In 2014, online classifieds revenues were €512 million (\$543.8 million), a 27% increase from 2013. EBITDA margin was 43%, and has increased from 9% in 2009.⁴⁵
- Naspers is a South-Africa based media house with operations in print, pay-TV and online advertising. Its online classified businesses include Olx, which operates in 40 countries, and Avito. Naspers online classifieds business is included within its eCommerce division, which achieved revenues of ZAR20,255 million (\$1,655 million) in 2014.⁴⁶

Despite owning a wide number of individual online classified businesses, these companies tend to adopt a portfolio management approach, allowing each business to operate separately. Hence, although some consolidation in ownership is occurring, this is generally not reflected in consolidation in management or operations, meaning there is little reduction in the number of separate online classified businesses operating.

In addition to investment in online classifieds by media companies, a number of investment houses have also focused on the online classifieds sector. For example, Apax Partners⁴⁷ has made major investments in online automotive businesses such as AutoTrader.co.uk and AutoTrader.ca, as well as real estate classifieds websites such as SouFun in China. General Atlantic, a \$17 billion growth equity company, has invested in a joint venture with Axel Springer to establish Axel Springer Digital Classifieds. General Atlantic is developing the consolidated company into a leading international classifieds business both organically and through acquisitions.⁴⁸

Frost & Sullivan considers that there are a number of factors that will stimulate the use of online aggregators by online classified publishers including:

- The online classifieds sector is highly fragmented, with a large number of websites even within the same category in a single country. Consequently, consumers have a broad range of listings available to them spread across multiple websites. In these circumstances, single websites that aggregate content from multiple sources and remove duplicate listings in a search are likely to be increasingly attractive;
- Classified advertising publishers, particularly on websites with lower traffic volumes, are generating significant amounts of website traffic through search engines. This strengthens the attractiveness of advertising on paid search websites, particularly those that offer lower CPC prices than the main search websites such as Google; and

⁴⁴ Source: Schibsted annual report, 2013

⁴⁵ Source: Axel Springer annual report 2014

⁴⁶ Source: Naspers annual report, 2014

⁴⁷ Apax Partners is an independent global partnership focused solely on long-term investment in growth companies

⁴⁸ Source: General Atlantic website, accessed March 2015

- Online classifieds publishers are highly sensitive to website traffic volumes as this is a prime determinant of listings (and hence revenue) as well as non-listings revenue (e.g. from display advertising). Consequently, acquiring website traffic through the use of aggregators is likely to be an area of focus for most online classifieds businesses, particularly those without the marketing budgets to drive a significant amount of direct traffic.

About Frost & Sullivan

Frost & Sullivan is an independent market research and consulting group operating in 40 countries globally, of which Frost & Sullivan Australia Pty Ltd (**Frost & Sullivan**) is a member. Founded in New York in 1961, the Frost & Sullivan group now employs over 1,500 staff globally.

Frost & Sullivan has undertaken a number of market studies in the digital media and e-commerce sector on behalf of market participants and financial institutions, as well as producing a number of multi-client reports on the digital media and e-commerce industries.

In preparing this report, Frost & Sullivan has relied on information derived from reputable publicly available sources and industry publications. This research was undertaken in the month of March 2015.

All effort has been made by Frost & Sullivan to ensure that information in this report is accurate and appropriate at the time of writing. Conclusions, and assumptions attached to those conclusions, are based on Frost & Sullivan's investigations and analyses of the facts as they are known as at the date of this report and Frost & Sullivan is of the opinion that the conclusions and underlying assumptions are reasonable.

All references to dollars in this report are to US dollars (\$). When converting from other currencies, the exchange rate prevailing as at March 16 2015 has been used.⁴⁹

Definitions

The following definitions have been used in this report.

Aggregator: in the online classifieds context, an aggregator collects from the source websites related and frequently updated classifieds content and consolidates this classified content onto one website or one website page for viewing. Aggregators often undertake de-duplication of identical or similar classifieds content from separate source websites.

Broadband: broadband is defined as internet access with download speed above a specified bit rate. A broadband network generally uses several channels, as opposed to a single channel in a base band network. There is no universally agreed definition of broadband, however the Organisation of Economic Cooperation and Development (**OECD**) defines broadband as internet connections with download speed of more than 256 Kbps.

⁴⁹ Source: Yahoo! Finance

Broadband access can be via a wired device or a mobile connection. A rapidly growing number of mobile phone networks now offer broadband speeds.

Classified advertising: classified advertising is a form of advertising in which items are advertised for sale, typically grouped (or classified) by category. The main types of items advertised in this format are real estate, automotive (automotive and motorcycles), employment and miscellaneous items (such as second hand goods and personal services). Classified advertising has traditionally been provided in newspapers or other printed publications, and has provided a significant revenue source for newspaper publishers. However, over recent years an increasing amount of classified advertising has been undertaken online. Classified advertisements are generally targeted at consumers, and may be placed by businesses (such as employers or real estate agents) or by individual consumers. Consequently, classified advertising is both a business-to-consumer (**B2C**) and consumer-to-consumer (**C2C**) business.

Cost-per-Click (CPC): CPC (also known as pay per click or **PPC**) is a pricing format used in online advertising whereby an advertiser pays a website a set price for each click made by consumers on the advertisement. A variant is *cost per click-out*, where the consumer is diverted to the advertiser's website. CPC allows advertisers to set a daily, weekly or monthly expenditure budget, allowing the advertisement to be withdrawn once the budget for the period is reached. CPC is a form of performance-based pricing, in which the price charged is based on results achieved by the advertiser.⁵⁰

Smartphones are a variant of mobile phones that offer advanced functionality beyond making phone calls and sending text messages. Smartphones have the ability to access the internet with a screen size that provides an acceptable user experience. Smartphones can run third-party applications, which provide additional functionality to the user. Most smartphones use an operating system developed either by Google (the Android platform) or by Apple (iOS platform). The usability of smartphones is heavily dependent on the reliability and access speed of the mobile network that they are using, although they can also be used when connected to a local Wi-Fi network. The growing adoption of smartphones has led to a significant increase in online content consumed by consumers on a mobile device.

Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in the Mitula Group and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of the IPO.

⁵⁰ The other main pricing approach is cost per mille (CPM)

Conclusion

As an aggregator of online classifieds content operating globally, including in a number of emerging markets (such as Brazil, Russia, Indonesia, China and the Philippines), the Mitula Group should benefit from a number of medium and long term trends, including the continued growth in online advertising, particularly in emerging markets; the increasing importance of paid search as an online advertising medium; the ongoing growth of the online classified advertising industry (in terms of both operating businesses and industry revenues); and the fragmentation of the online classified advertising industry.

Over recent years, online advertising has grown at very significant rates globally, stimulated by rapidly increasing internet access, higher adoption of broadband, growth in the use of internet-enabled devices and the several intrinsic advantages that the online channel offers over other advertising media. Frost & Sullivan estimates that global online advertising expenditure reached \$134 billion in 2014, and will grow to \$196 billion in 2018. The bulk of this growth will come from emerging market regions such as Asia Pacific and Latin America which are forecast by Frost & Sullivan to grow at CAGRs of 12% and 18% respectively from 2014 to 2018.⁵¹

Paid search is the dominant form of online advertising, and this dominance is likely to continue given the benefit of direct measurability that paid search offers over other online advertising formats. Additionally, paid search lends itself particularly to use over mobile devices, and the increasing incidence of consumers undertaking searches on mobile devices will further stimulate its use. Frost & Sullivan anticipates that global paid search expenditure will increase at a CAGR of almost 8% from 2014 to 2018.⁵²

As with other forms of online advertising, the strongest growth in paid search is expected to be from emerging markets in Asia Pacific, Latin America, the Middle-East and Africa. In these markets, the rapid growth in internet access, including through mobile devices, will stimulate the use of paid search as an advertising medium.

Online classified advertising has benefitted from the "print to online" migration that has occurred particularly in developed markets over recent years, with the online channel now accounting for around 50% of total classified advertising expenditure in countries such as the UK and Australia.⁵³ However, this print to online migration is only beginning in many emerging markets as internet penetration grows rapidly from a relatively low base. Coupled with growth from emerging business models by online classified advertising publishers, this is likely to drive growth in online classified advertising expenditure for many years to come.

The online classified advertising industry is highly fragmented, notwithstanding the growth of online classified consolidators such as Axel Springer and Schibsted. This fragmentation results from low entry barriers, the strong viability of operators with a specific vertical and regional focus, and the trend towards an ever-increasing number of niche websites. Additionally, the fact that the industry can be highly profitable is a factor in stimulating new entrants. This industry fragmentation is likely to create an increased demand for aggregation from consumers who want to access comprehensive aggregated content on a single website. Aggregators such as

⁵¹ Source: Source: Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports; Frost & Sullivan forecasts

⁵² Source: Ibid

⁵³ Sources: Bain & Co and Enders Analysis, Creative UK, 2013; Frost & Sullivan Australian Online Classifieds Market Report, 2014

the Mitula Group, who offer vertical and country-specific aggregated content to consumers at lower rates than the main search engines such as Google, are likely to be increasingly attractive to online classified publishers, particularly those that lack the significant marketing budgets to drive direct website traffic.

Yours Sincerely



Mark Dougan
Managing Director, Australia & New Zealand



03.

COMPANY OVERVIEW

03. COMPANY OVERVIEW

3.1. WHAT IS THE MITULA GROUP?

The Mitula Group is a leading vertical search engine website operator with 51 websites in 38 countries and in 14 languages (the **Websites**). Following the acquisition of Lokku in May 2015, the Mitula Group operates its Websites under two main brands, 'Mitula' and 'Nestoria'.

The Mitula Group has a team of 74 employees working across 5 different offices and is headquartered in Madrid, Spain.

Figure 3.1: Operational countries of the Mitula Group



3.1.1. Corporate history of the Mitula Group

The Mitula Group comprises Mitula Group Limited (the **Company**), and its wholly owned subsidiaries, Mitula Classified, S.L. (**Mitula Classified**), which owns and operates the 'Mitula' branded 'vertical search' Websites, and Lokku Limited (**Lokku**), which owns and operates the 'Nestoria' branded 'vertical search' Websites.

In April 2015, the Company became the owner of 100% of the share capital of Mitula Classified as a result of an internal capital restructure. Lokku was acquired by the Company in May 2015. See Section 9.3 for further details of the Company's internal restructure and acquisition of Lokku.

3.1.2. History of Mitula Classified

Mitula Classified was founded in 2009 by Directors Gonzalo del Pozo and Gonzalo Ortiz and Chief Operations Officer Marcelo Badimon. Prior to establishing Mitula Classified, Gonzalo del Pozo and Gonzalo Ortiz co-founded Globaliza, one of the first Spanish-based real estate classified websites. Globaliza was partially sold to Unidad Editorial, a large Spanish media group in 2009.

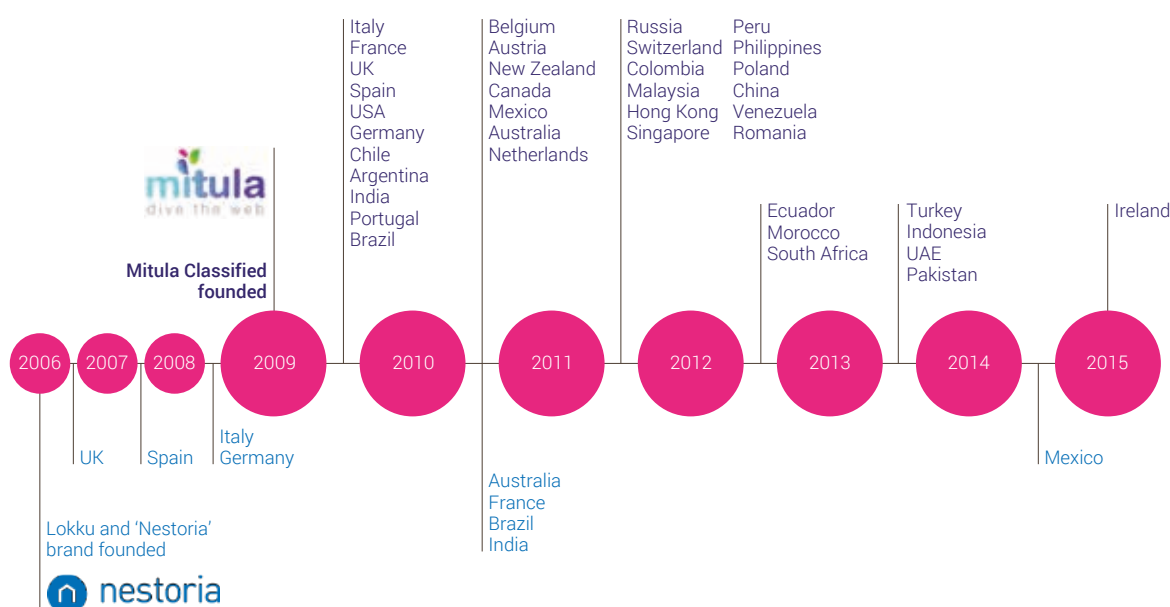
As at the Prospectus Date, Mitula Classified owns and operates a network of 38 vertical search Websites operating in 38 different countries and 14 different languages. These Websites operate under the 'Mitula' brand.

3.1.3. History of Lokku

Lokku was founded in 2006 by Javier Etxebeste and Ed Freyfogle. As at the Prospectus Date, Lokku owns and operates a network of 13 real estate vertical search Websites. These Websites operate under the 'Nestoria', 'FindProperly', 'Bilatu' and 'Gartoo' brands.

Javier Etxebeste and Ed Freyfogle will provide consultancy services to the Mitula Group until September 2015 to help facilitate a smooth transition in the ownership of Lokku pursuant to the terms of the Lokku Acquisition Agreement (see Section 9.3.3).

Figure 3.2: Mitula Group Website launch timeline



3.1.4. What are the Websites and where do they operate?

The Websites operate under two major brands, 'Mitula' and 'Nestoria'. The Websites also operate a number of other smaller brands, 'FindProperly', 'Bilatu' and 'Gartoo'. The brands operate in parallel where there are two or more Websites operating in the same country.

Figure 3.3 Mitula Group brands



The Websites are divided into three segments for reporting and operational purposes (**Segments**):

- > Europe, Middle East and Africa (**EMEA**);
- > Asia Pacific (**APAC**); and
- > North, Central and South America (**Americas**).

The Websites give users the ability to search for real estate, automotive, employment, and in some countries, holiday rental classified listings (each a **Vertical**), from multiple advertisers through a single search query.

The real estate, automotive and employment Verticals are available in all 38 countries of operation and the Mitula Group is progressively introducing the holiday rental Vertical in existing countries of operation.

Figure 3.4 outlines the countries, by Segment, in which the Mitula Group operates, in which Verticals and under which brands.

Figure 3.4: Operational countries, Verticals and brands

	MITULA				NESTORIA	FIND PROPERLY	GARTOO/BILATU
	Automotive	Employment	Real Estate	Holiday Rentals	Real Estate	Real Estate	Real Estate
EMEA							
Austria	✓	✓	✓				
Belgium	✓	✓	✓				
France	✓	✓	✓		✓		
Germany	✓	✓	✓		✓		
Ireland	✓	✓	✓				
Italy	✓	✓	✓		✓		
Morocco	✓	✓	✓				
Netherlands	✓	✓	✓				
Poland	✓	✓	✓				
Portugal	✓	✓	✓				
Romania	✓	✓	✓				
Russia	✓	✓	✓				
South Africa	✓	✓	✓				
Spain	✓	✓	✓	✓	✓		✓
Switzerland	✓	✓	✓				
Turkey	✓	✓	✓				
UAE	✓	✓	✓				
UK	✓	✓	✓		✓	✓	✓
APAC							
Australia	✓	✓	✓		✓		
China	✓	✓	✓				
Hong Kong	✓	✓	✓				
India	✓	✓	✓		✓		✓
Indonesia	✓	✓	✓				
Malaysia	✓	✓	✓				
New Zealand	✓	✓	✓				
Pakistan	✓	✓	✓				
Philippines	✓	✓	✓				
Singapore	✓	✓	✓				
Americas							
Argentina	✓	✓	✓	✓			
Brazil	✓	✓	✓		✓		
Canada	✓	✓	✓				
Chile	✓	✓	✓				
Colombia	✓	✓	✓				
Ecuador	✓	✓	✓				
Mexico	✓	✓	✓	✓	✓		
Peru	✓	✓	✓				
USA	✓	✓	✓				
Venezuela	✓	✓	✓				

3.2. OVERVIEW OF THE ONLINE ADVERTISING INDUSTRY AND VERTICAL SEARCH WEBSITES

3.2.1. What is the online advertising industry?

The Mitula Group operates in the online advertising industry. As described in Section 2, online advertising is a form of advertising that delivers advertisements to website users. It is the second largest advertising platform after television and expenditure in this industry is projected to increase to \$196 billion by 2018.¹ Users of the Websites are exposed to the online advertising industry when they utilise the Mitula Group's vertical search functionality. Within the online advertising industry, the Mitula Group offers what is known as paid search advertising services to its customers. Paid search advertising is a form of advertising where advertisers pay a fee for advertising services, for example for a certain number of Click Outs. See Section 3.3.1.2 for further details about the paid search advertising services the Mitula Group offers.

3.2.2. Growth in the online advertising industry and paid search

According to the Independent Market Report in Section 2, global online advertising is estimated to have accounted for 25% of all advertising expenditure in 2013 and is expected to grow to 33% by 2018.² Paid search advertising has emerged as the fastest growing online advertising format and now accounts for 40% of the total online advertising expenditure globally.³ Frost & Sullivan estimates that global paid search revenues were \$54 billion in 2014 and are expected to grow to \$73.8 billion in 2018 – a compound annual growth rate of 8%.⁴

In the Asia Pacific and Latin America emerging markets, the growth in paid search expenditure is expected to continue. Frost & Sullivan forecasts that paid search expenditure in the Asia Pacific will grow at a CAGR of 12%, and in Latin America at a CAGR of 18%, between 2014 and 2018.

3.2.3. What are vertical search websites?

The Websites, which give their users the ability to search for real estate, automotive, employment, and, in some countries, holiday rental classifieds listings, from more than one advertiser in each Vertical. Vertical search websites can also operate in other Verticals, such as hotels, flights, car rentals and insurance. Businesses that operate in these verticals include skyscanner.com, webjet.com.au, iselect.com.au, and trivago.com.

With access to search results of more than one advertiser in a Vertical, users are offered a more convenient and efficient search experience compared to performing a search on a single advertiser's website.

To perform a search on a vertical search website, users typically enter search queries in 'free form', meaning that the user is able to enter any combination of words to conduct a search. Having processed the search request, the vertical search website will provide the user with consolidated search results of relevant listings from multiple advertisers' websites. Users may then click on an advertiser's search result and be redirected to the advertiser's website for full details of the listing.

Figure 3.5 graphically illustrates how vertical search websites work.

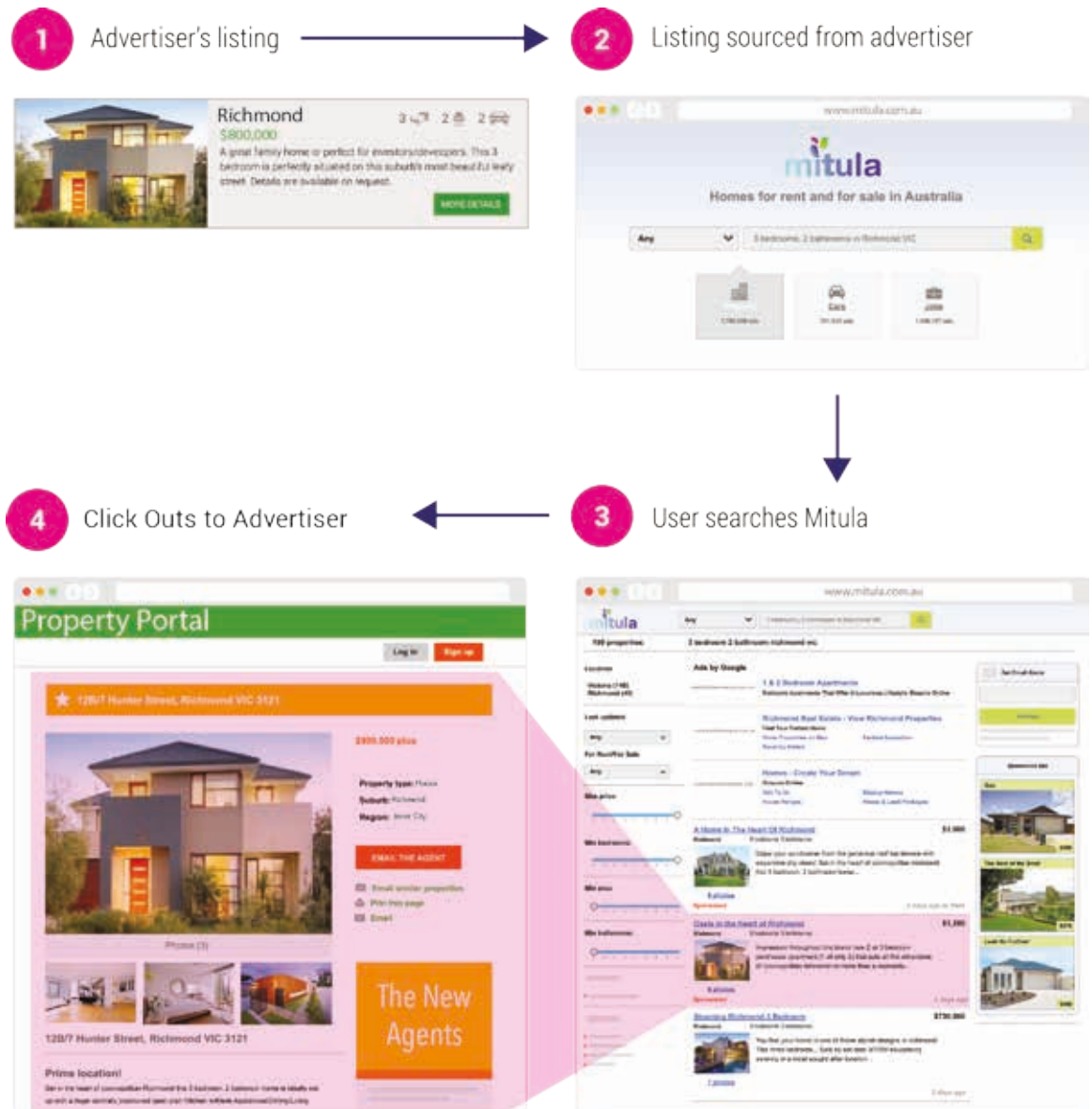
¹ See page 3 of the Independent Market Report in Section 2.

² See page 3 of the Independent Market Report in Section 2.

³ See page 6 of the Independent Market Report in Section 2.

⁴ See page 6 of the Independent Market Report in Section 2.

Figure 3.5: How vertical search works



3.2.4. What are the differences between vertical search websites and classified websites?

The table below outlines the differences between vertical search websites (such as the Websites) and classifieds websites.

Figure 3.6: Comparison of vertical search websites with classifieds websites

	VERTICAL SEARCH WEBSITES	CLASSIFIEDS WEBSITES
Product		
Countries	Predominantly a single country	Predominantly a single country
Verticals	Either one or many Verticals	Mostly single verticals
Website structure	Page with search functionality Page with results of search	Page with search functionality Page with results of search Page with details of each listing
Website results	User may Click Out to advertiser's website for full listings details	User may provide email or telephone details to advertisers to seek further details
Premium products	None	Extensive premium ad placements available to advertisers
Search approach	Free form (same as general search websites, such as Google)	Fielded data sort from user (e.g. location and price)
Where listings come from	Provided by advertisers	From the original source of the listings
Customers		
Customers	Classifieds websites	Private sellers Real estate agents Property developers Car dealers Recruitment agencies
Sources of Revenues	Google AdSense (other ad networks) Direct CPC Revenue	Pay to list on website Pay per lead generated
Users		
Sources of users	SEO Paying advertisers Some direct users	SEO Paying advertisers (including vertical search) Display advertising Direct users
Investment in brand buildings	Minimal – main focus on driving users to the websites through online advertising channels	Often extensive investment in brand building within the operating market

3.2.5. What are the differences between vertical search websites and general search websites?

Vertical search websites, such as the Websites, have some key differences to the general search websites, such as Google and Yahoo!. Figure 3.7 outlines these differences.

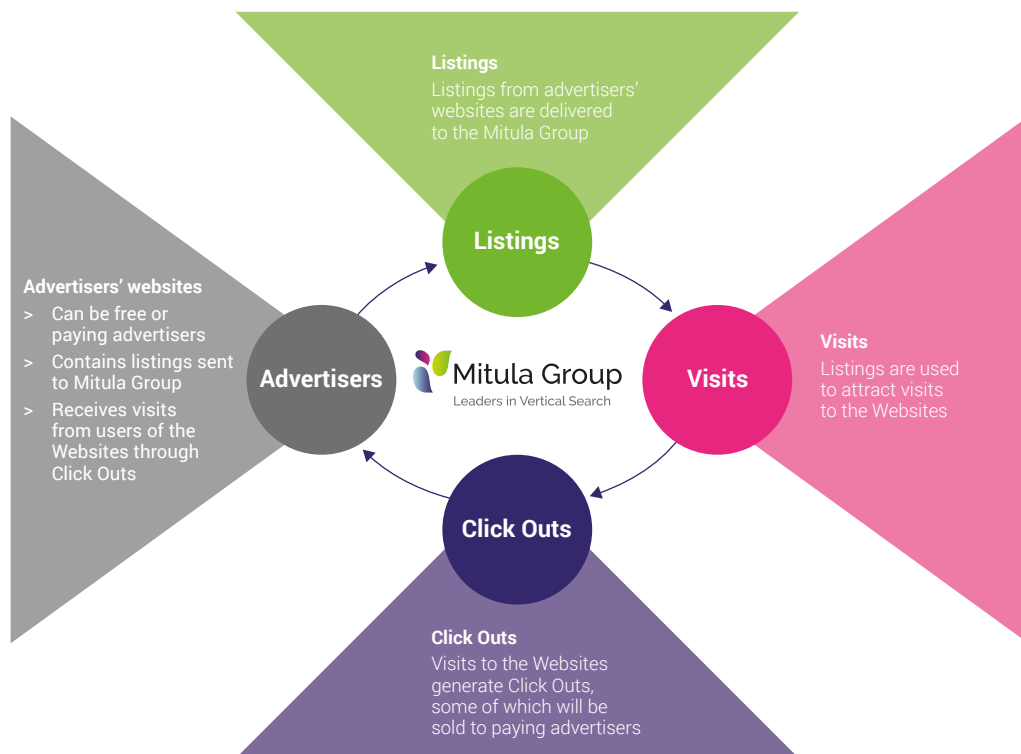
Figure 3.7: Comparison of vertical search websites with general search websites

	VERTICAL SEARCH WEBSITES	GENERAL SEARCH WEBSITES
Product		
Countries	Predominantly a single country	Global
Content	Usually classifieds listings	All content – minimal limitations
Website structure	Page with search functionality Page with results of search	Search Search results
Website results	User may Click Out to advertiser's website for full listings details	Click to source website for listings details
Where listings come from	Provided by advertisers	General search website goes to the source site and indexes the website pages
Customers		
Customers	Classifieds websites	All websites
Sources of revenues	Google AdSense (other ad networks) Direct CPC Revenue	Pay per click
Users		
Sources of users	SEO (general search websites) Paying advertisers (general search websites) Some direct users	Direct users
Investment in brand building	Minimal – main focus on driving users to the websites through online advertising channels	Often extensive investment in brand building

3.3. THE MITULA GROUP'S BUSINESS MODEL

The Mitula Group's business model is focused on increasing the number of its listings and the number of users of its Websites. As the number of listings increase, there are more pages for general search websites (such as Google) to index and therefore more opportunity to drive visits to the Websites thereby generating Click Outs and engagement with Google AdSense advertisements.

Figure 3.8: Relationship between advertisers, listings, visits and Click Outs



3.3.1. How does the Mitula Group generate revenue?

The Mitula Group generates revenues from two sources – Google AdSense advertisements and from Direct CPC Revenue. In the 12 months to June 2016, the Mitula Group expects to generate 66% of its revenue as Direct CPC Revenue and 34% of its revenue from Google AdSense advertising revenue.

3.3.1.1. Google AdSense advertisements

The Mitula Group displays Google AdSense advertisements on its Websites. Google AdSense advertisements are administered and maintained by Google and are targeted to the website's content and audience. The Mitula Group and Google share in the revenue generated by users of the Website clicking on these advertisements. Google AdSense advertisements are usually displayed on the Websites at the top of the search results and on the right hand side of the search results.

The Mitula Group has a Premium AdSense publisher account that enables it to customise the format and placement of the Google AdSense advertisements. Premium AdSense has greater customisation and better Click Out rates than the standard Google AdSense.

The diagram below highlights where Google AdSense advertisements appear on the Websites (located at the top and on the right hand side of the screenshot below).



3.3.1.2. Direct CPC Revenue

The Mitula Group displays advertisers' listings on its Websites, initially free of charge. Those listings only receive a limited number of free 'click outs'. A click out occurs when a user clicks on a listing displayed on a Website and is redirected to another website where that listing is originally hosted (**Click Out**). This is known as the 'freemium' model.

If an advertiser would like to receive more Click Outs than the limited number provided free of charge, the advertiser must pay the Mitula Group, on a 'cost-per-click' basis, to receive those additional Click Outs. This is referred to as **Direct CPC Revenue**, contributed by a paying advertiser. The amount paid per Click Out by a paying advertiser varies by Vertical and by country.

The Mitula Group has a dedicated sales team that is responsible for converting free advertisers to paying advertisers who contribute Direct CPC Revenue to the Mitula Group. This is primarily achieved through identifying advertisers that are receiving a high number of free Click Outs and then negotiating contracts with them so that they can receive more Click Outs (at a cost).

When entering into an agreement with the Mitula Group for Direct CPC Revenue, advertisers negotiate the amount they are willing to pay per Click Out and the total amount they want to spend in any given month.

The Mitula Group constantly analyses ways to improve the number of Click Outs per user. It has a range of techniques to increase the number of Click Outs a given advertiser receives that does not compromise the relevance of the search results. One such example is the treatment of duplicate listings. In this case, the Websites will only return one listing where there are duplicate listings (ie where the same listing is provided by multiple advertisers) and therefore the distribution of Click Outs can be directed to the relevant advertiser from the group of duplicate sources.

The Nestoria branded websites have historically operated on a pure Direct CPC Revenue model and not the 'freemium' model.

The diagram below highlights where advertisers' listings appear on the Websites (located in the middle of the screenshot below).



3.3.1.3. What arrangements does the Mitula Group have in place with its revenue generating customers?

The Mitula Group has a Premium AdSense publisher account and is subject to Google's standard AdSense terms and conditions, which Google publishes at www.google.com/adsense/localized-terms. Further details are set out in Section 9.8.1.

The Mitula Group enters into contracts with its paying advertisers who contribute Direct CPC Revenue. These contracts are generally on standard terms. Further details are set out in Section 9.8.2.

3.3.2. How does the Mitula Group's revenue streams differ between countries?

There are three levels of maturity in the online classifieds market, being low, medium and high maturity. The Mitula Group operates in countries with exposure to all of these levels. This is further illustrated in Figure 3.9 below.

- > **Low maturity:** These are early stage markets where classifieds websites are still establishing the market, for example in Indonesia. There tends to be high levels of competition between relatively low funded competitors. In these low maturity markets, the Mitula Group generally only captures Google AdSense revenues and the Direct CPC Revenue rates are very low.

As these markets mature and more funding becomes available, it is expected that competition between classified websites will increase, which will in turn drive up Click Out rates.

The current focus of the Mitula Group in low maturity markets is on increasing the number of advertisers and users of its Websites and improving listing quality.

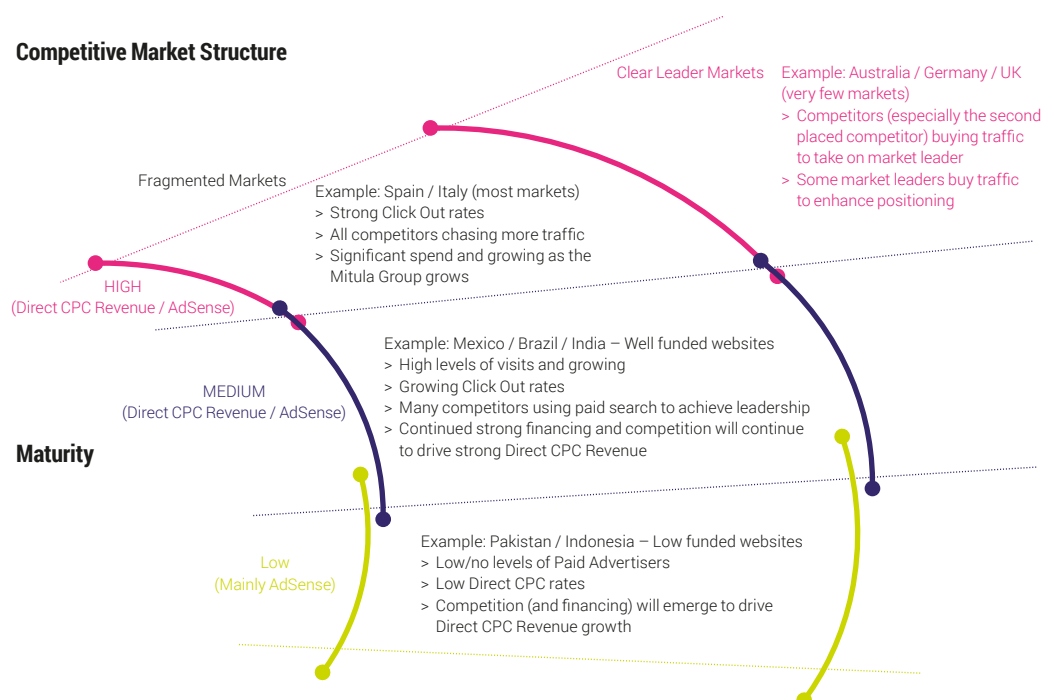
- > **Medium maturity:** These are emerging markets where there is significant growth in internet usage. While competition is still high, some of the classifieds websites are building a leadership position. There is often a high level of funding being invested into these markets and those with funding are investing in increasing the number of users that visit their websites. This has a dual impact of increasing the advertising expenditure of classified websites and also increasing the amount spent per Click Out.

The current focus in these markets for the Mitula Group is enhancing Direct CPC Revenue rates.

- > **High maturity:** These are mature markets where there is a clear market structure and either a dominant website or there is a high level of competition in a duopoly type structure. These websites are often profitable or very well-funded and are investing in increasing the number of users that visit their websites. This has a dual impact of increasing the advertising expenditure of classified websites and also increasing the amount spent per Click Out.

The current focus in these markets for the Mitula Group is enhancing Direct CPC Revenue rates.

Figure 3.9: Market structure



3.3.3. Who does the Mitula Group source listings from?

The Mitula Group sources all its listings from the following types of advertisers:

- > **Classifieds portal websites** – classified portal websites usually operate in one Vertical and one country. They source their listings from private sellers (e.g. real estate agents provide listings to property portal websites and car dealers provide listings to automotive portal websites). Classified portal websites provide their listings to vertical search websites with the aim of driving users back to their own website.
- > **General classifieds websites** – general classified websites operate across multiple Verticals and often maintain listings free of charge. Like classifieds portal websites, general classified websites provide their listings to vertical search websites with the aim of driving users back to their own website. General classifieds websites often have international operations in multiple countries (e.g. Gumtree, VivaStreet and eBay).
- > **Industry websites** – these websites are operated by industry organisations (e.g. real estate franchise groups or automotive manufacturers) and provide their listings to vertical search websites with the aim of driving users back to their own website.

The Mitula Group has a dedicated listing and content acquisition team that is responsible for the identification and signing up of advertising partners. This team works closely with the advertising partners to ensure that their listings are included on the Websites.

3.3.4. How does the Mitula Group attract users to its Websites?

The Mitula Group uses a number of strategies to attract users to its Websites, including search engine optimisation, direct engagement with users and traffic acquisition.

When the Mitula Group launches a website in a new country, it initially relies on visits by users generated from general search engines, for example, when a user makes a search query using Google.

Search engine optimisation (**SEO**) is a set of strategies and processes aimed at improving the visibility of, and increasing the visits to, a website by obtaining a high-ranking placement in the search results pages of general search engines. The Mitula Group's management team constantly refines its SEO strategies and processes to attract more users to the Websites, including by optimising its Websites for 'long tail' keywords. Long tail keywords are longer, more specific, keyword phrases that consist of at least three, and often as many as five, keywords that make up a search query.

As the Websites mature, the performance of its SEO activities usually become more effective, resulting in growth in the number of users visiting its Websites. This in turn creates increased awareness in a market, attracting new advertisers, which in turn increases the number of listings.

Users of the Websites are encouraged to subscribe to email alerts regarding their search query. For example, if a user searches for a job in the accounting industry in a particular area, the user is encouraged to provide their email address so that the Mitula Group can notify the user when there are new listings in the accounting industry in that area. This allows the Mitula Group to have a direct, and on-going, relationship with the user. As at April 2015, the Mitula Group had over 9 million subscribers to email alerts.

In some countries, the Mitula Group attracts users to its Websites through traffic acquisition. Traffic acquisition involves the payment of a fee (usually on a 'cost per click' basis) by the Mitula Group to a general search engine, such as Google, to have the Websites shown in top placements on search results pages. This is mostly done in markets where the purchased visits can be profitably on-sold to other advertisers. In CY15, the Mitula Group is forecast to spend \$3.0 million on traffic acquisition (see Section 4.7 for further details).

3.3.5. What is the Mitula Group's mobile offering?

All of the Websites are available for use on all mobile devices, such as smartphones and tablets. The Mitula Group considers this a key feature of its offering as smartphone subscriptions are expected to continue to grow. As described in the Independent Market Report in Section 2, the number of smartphone subscriptions globally reached 2.7 billion in 2014 and was approximately 39% of all mobile cellular subscriptions.⁵ By 2018, the number of global smartphone subscriptions is forecast to reach 5.1 billion, approximately 61% of all mobile cellular subscriptions.⁶

The Mitula Group is currently developing mobile apps for smartphones and tablets.

3.3.6. How does the Mitula Group invest in its technology?

The Mitula Group is strongly committed to investment in technology development and innovation. The business has developed strong capabilities in listings quality management, listings feed management, de-duplication of listings, SEO tactics, performance tracking and user experience. The combination of these skills and capabilities has helped drive the strong growth of the Mitula Group, including in its key operating metrics (see Section 3.4).

Furthermore, the Mitula Group's technology team has implemented a highly scalable website architecture that enables the rapid set up of new listings feeds, has the ability to quickly set up new country websites and the ability to increase search volumes without negatively impacting the overall performance.

⁵ See page 5 of the Independent Market Report in Section 2.

⁶ See page 5 of the Independent Market Report in Section 2.

3.3.7. Who are the Mitula Group's key competitors?

The Mitula Group competes with general search engines (such as Google), other vertical search websites, and ad networks for the advertising expenditure of classified websites. As described in the Independent Market Report in Section 2, online classifieds websites are continuing to increase their advertising expenditure on paid search.

Despite being a competitor, the Mitula Group also has a collaborative relationship with general search engines. It cooperates with general search engines to maximise the results of its SEO strategies (see Section 3.3.4) and, in the case of Google, to provide the most relevant and attractive Google AdSense advertisements for users.

Although there is competition for a share of advertising expenditure of classified websites between general search engines and vertical search websites, there are significant differences between them that reduce the competition for users. See Section 3.2.5 for further details.

There are many vertical search businesses operating around the world. Some of these businesses operate in the same Verticals as the Mitula Group. However, most of the competitive vertical search businesses only operate in either one Vertical (for example, the employment Vertical), or operate in one country or region. On a global basis, the main competitor to the Mitula Group is Trovit.

3.4. MITULA GROUP'S KEY OPERATING METRICS

3.4.1. Advertisers and listings

There is a strong correlation between the growth in advertisers (see Figure 3.10) and the growth in listings (see Figure 3.11). As the number of advertisers has increased so too has the number of listings on the Websites.

The historic growth of advertisers has been primarily driven by the increased awareness of the 'Mitula' and 'Nestoria' brands in their existing markets and by expanding into new markets.

Between November 2013 and March 2014 there was a decline in the number of listings. This was due to a tightening of the filters on the 'Mitula' branded Websites to remove listings that were not appropriate for display either because they were not relevant to the searches being performed or they were of poor quality.

Note that a majority of advertisers are not paying advertisers: see Section 3.4.3.

Figure 3.10: Total advertisers per month

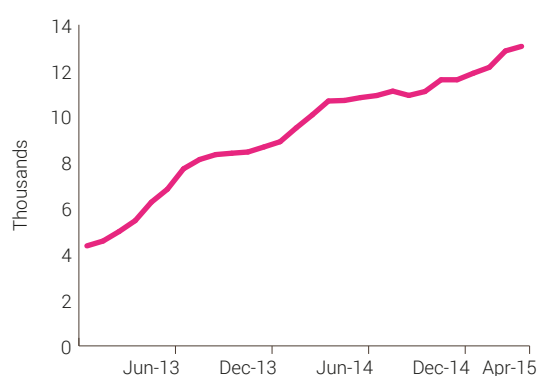


Figure 3.11: Total listings per month

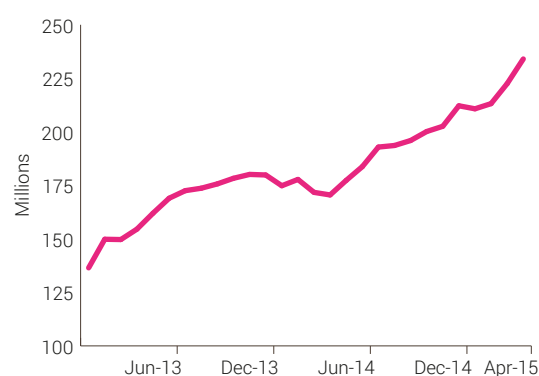


Figure 3.12 below shows the growth of listings by region with strongest growth coming from EMEA and the Americas. The countries providing the most listings across real estate, automotive and employment Verticals are the USA, followed by Italy, France, Brazil and Spain, the last four being countries in which both the 'Mitula' and 'Nestoria' brands operate.

3.4.2. Listings by region and country

Figure 3.12: Listings by region

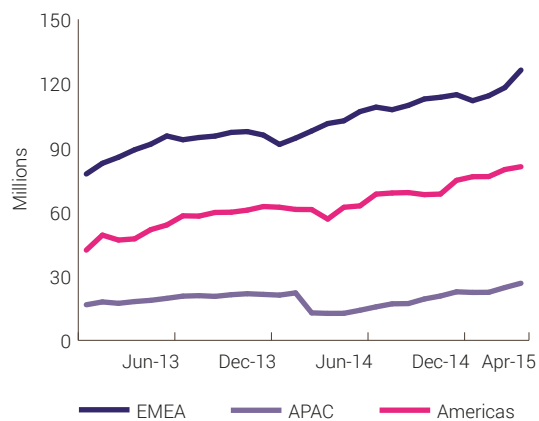


Figure 3.13: Listings by country – April 2015

Country	Listings
USA	40,332,452
Italy	26,673,145
France	22,564,065
Brazil	20,237,351
Spain	18,093,577
India	15,122,602
Russia	11,798,031
UK	11,465,175
Poland	10,034,560
Germany	7,635,803
Other	50,071,068

3.4.3. Paying advertisers

Figure 3.14 shows the growth in paying advertisers contributing Direct CPC Revenue. The clear focus of the Mitula Group sales team is to increase the number of paying advertisers across the Mitula Group and the percentage of Click Outs sold (see Figure 3.15). In April 2015, approximately 5% of the total advertisers are paying advertisers and approximately 60% of the Click Outs are sold, generating Direct CPC Revenue.

Figure 3.14: Paying advertisers

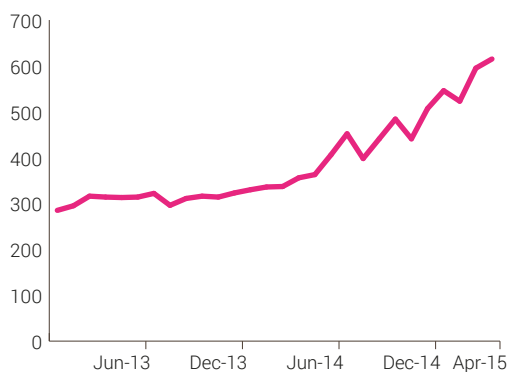
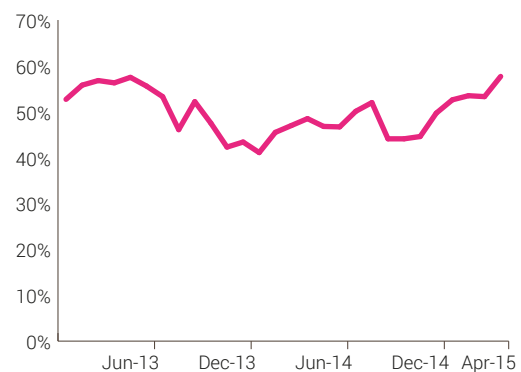


Figure 3.15: Percentage of Click Outs sold



3.4.4. Visits by user

Total visits to the Websites (see Figure 3.16) has grown steadily since January 2013.

Figure 3.17 shows the breakdown of the sources of visits in April 2015. Organic search, primarily Google, accounts for 72.4% of the visits and visits from traffic acquisition accounts for 5.2%. Other sources of visits include direct visits, visits from email alerts and visits from social media.

From time to time there is a decrease in traffic due to seasonality and general search websites reindexing their listings and therefore causing a temporary decrease in visits from those websites.

Figure 3.16: Total visits

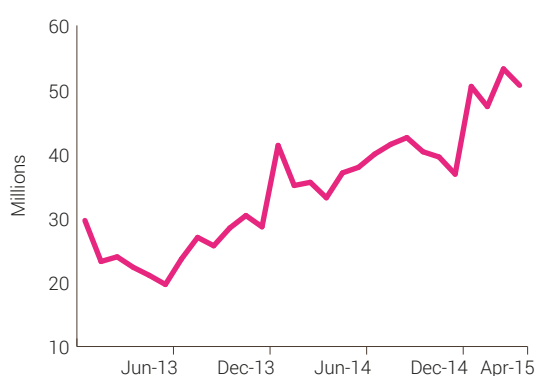
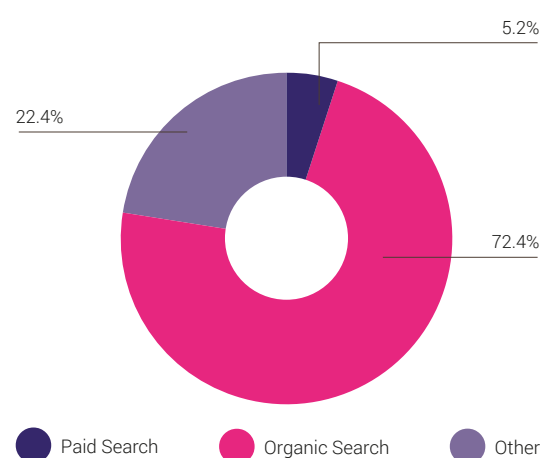


Figure 3.17: Sources of visits – April 2015



3.4.5. Visits by region and country

Use of the Websites in the Americas and in particular Latin America, has been a strong driver of growth in total visits. In April 2015, Brazil and Mexico were the most popular countries in terms of visits.

Figure 3.18: Visits by region

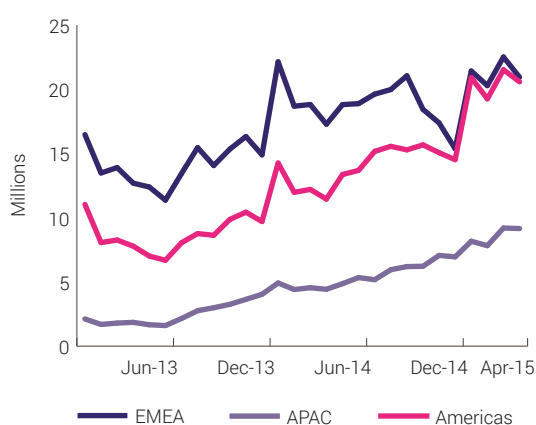


Figure 3.19: Visits by country – April 2015

Country	Visits
Brazil	5,266,190
Mexico	4,426,811
India	3,412,802
Italy	3,361,893
Spain	3,088,667
Chile	2,911,632
Argentina	2,676,239
Colombia	2,418,929
Indonesia	2,359,985
Germany	2,258,084
Other	18,492,676

3.4.6. Total number of Click Outs

Total Click Outs from the Websites (see Figure 3.20) have grown steadily since January 2013. The growth in Click Outs tracks closely to the growth in visits showing a strong correlation between the two metrics.

Figure 3.21 shows the average Click Outs per visit. The Mitula Group is constantly identifying ways to improve the number of Click Outs per visit.

Figure 3.20: Total Click Outs

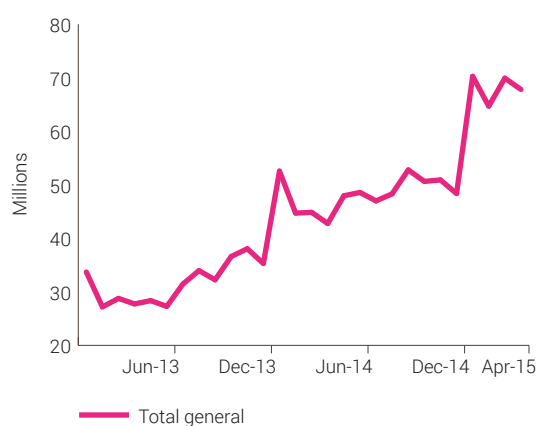
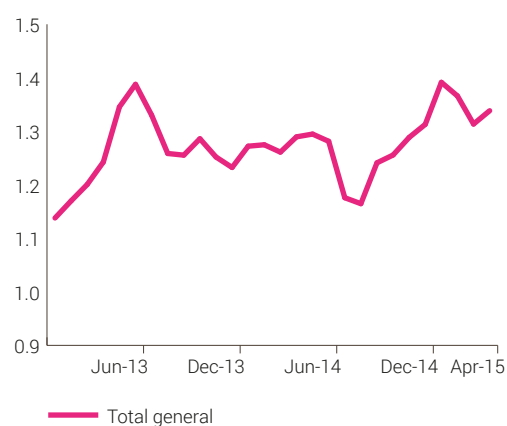


Figure 3.21: Click Outs per visit



3.4.7. Click Outs by region and country

Figure 3.22 below shows Click Outs by region. Use of the Websites in the Americas and in particular Latin America, has been a strong driver of growth in Click Outs as can be seen from Mexico, Brazil, Colombia, Chile and Argentina delivering a strong number of Click Outs to the advertisers.

Figure 3.22: Click Outs by region

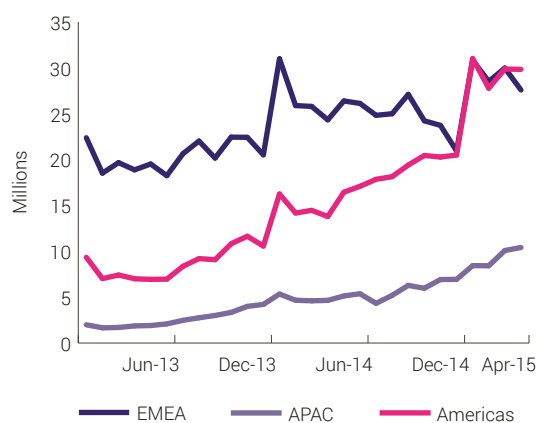


Figure 3.23: Click Outs by country – April 2015

Country	Click Outs
Mexico	7,077,061
Brazil	6,659,563
Italy	4,945,460
Colombia	4,422,767
Chile	4,364,235
Germany	4,116,290
India	4,059,039
Spain	3,794,752
Argentina	3,781,396
United Kingdom	2,941,744
France	2,692,758

3.5. KEY STRENGTHS OF THE MITULA GROUP'S BUSINESS

To deliver the growth strategies outlined in Section 3.6, the Mitula Group will utilise its key strengths, skills and capabilities as outlined below.

3.5.1. Attractive business model

The Mitula Group operates a relatively simple, low cost business model that is difficult to replicate given its relationship with approximately 13,000 advertisers, which supply 234 million listings across 38 countries, and its ability to attract 51 million visits in April 2015.

The business is highly scalable and relatively easy to roll out to new countries. The business also has the ability to enter new Verticals in existing countries by leveraging its existing brands and Websites.

3.5.2. Active in growth markets

The Mitula Group has a strong presence in markets where online advertising expenditure is rapidly growing, such as Asia and Latin America. Operations in these regions provide a key source of anticipated future growth for the Mitula Group's key operating metrics, such as number of listings, visits by users, paying advertisers and Click Outs.

3.5.3. Online advertising expenditure is increasing

The amount that businesses, including classified websites, spend on paid search advertising is forecast to continue to grow. As detailed in the Independent Market Report Section 2, this type of advertising is the largest single category of online advertising in terms of expenditure in most markets. This is the part of the online advertising industry that the Mitula Group operates in.

3.5.4. Experienced Board and CEO

The Mitula Group has assembled a strong Board and management team. The Chairman, Simon Baker, has proven ASX listed company experience in the online classifieds space being the former CEO and Managing Director of the market leading REA Group and the former Chairman of the iProperty Group.

Directors Gonzalo del Pozo and Gonzalo Ortiz both have significant experience in the online advertising industry. They are the co-founders of Mitula Classified and have demonstrated their ability to rapidly grow the Mitula Group business.

3.5.5. Anticipated future acquisition opportunities

Being listed on the ASX and having a strong balance sheet provides the ability for the Mitula Group to opportunistically and quickly acquire complementary businesses to enhance capabilities, to consolidate existing operations and to enter new countries.

3.6. GROWTH STRATEGIES

The Mitula Group aims to become the first choice for any classifieds portal and general classifieds website for low cost, high quality traffic to be redirected back to their own websites. To deliver this vision, the senior management team has identified six strategies that they are focusing on.

3.6.1. More Websites in existing markets

The acquisition of Lokku allows the Mitula Group to roll out Nestoria branded Websites into existing countries in which the Mitula brand operates. In tandem, the Mitula and Nestoria branded Websites are expected to generate more visits and therefore more Click Outs for advertisers.

3.6.2. New countries

The Mitula Group plans to launch Mitula branded, and potentially Nestoria branded, Websites into countries in which it does not currently operate. These new markets will only be entered following analysis of the market's potential and the Mitula Group's capacity to execute in these markets.

3.6.3. More Verticals

Subject to the performance of the holiday rentals Vertical in existing countries of operation, the Mitula Group will continue to roll out this Vertical in other countries. Trials are currently underway in Spain, Mexico and Argentina.

3.6.4. More devices

As described in the Independent Market Report in Section 2, internet enabled smartphone subscriptions and use of the internet on those devices is forecast to experience significant growth.⁷

Mitula Group will continue to improve and strengthen its mobile offering through:

- > refining mobile web versions of its websites; and
- > continuing to develop apps for mobile and tablets in each country that Mitula Group operates in.

3.6.5. Improved monetisation

The Mitula Group has a constant innovation culture such that it is always analysing ways in which it can improve the conversion of visits to Click Outs. Improved conversion rates will lead to more Click Outs being available for sale to paying advertisers and therefore increased Direct CPC Revenues.

3.6.6. Acquisitions

The acquisition of Lokku is an example of how the Mitula Group can use acquisitions to improve its overall performance. This acquisition allowed the Mitula Group to consolidate its presence in the real estate Vertical in nine of the countries in which it operates. By listing on ASX and strengthening its balance sheet, the Mitula Group expects to be able to continue to opportunistically acquire businesses in countries in which it currently operates and also in new countries.

⁷ See pages 5 and 6 of the Independent Market Report in Section 2.



04.

FINANCIAL INFORMATION

04. FINANCIAL INFORMATION

4.1. INTRODUCTION

The Financial Information for the Mitula Group contained in this Section 4 (**Financial Information**) has been prepared by the Mitula Group and includes:

- > **Historical Financial Information** being the:
 - **Actual Historical Financial Information** comprising:
 - Actual consolidated historical revenue and NPAT for the years ended 31 December 2012 (**CY12**), 31 December 2013 (**CY13**) and 31 December 2014 (**CY14**) (**Actual Historical Results**);
 - Actual consolidated statement of financial position as at 31 December 2014 (**Actual Balance Sheet**); and
 - Actual consolidated net free cash flows before financing, tax and dividends for CY12, CY13 and CY14 (**Actual Historical Cash Flows**).
 - **Pro Forma Historical Financial Information** being the:
 - Pro forma consolidated historical income statements for CY12, CY13 and CY14 (**Pro Forma Historical Results**);
 - Pro forma consolidated historical balance sheet as at 31 December 2014 (**Pro Forma Historical Balance Sheet**); and
 - Pro forma consolidated historical cash flow statements for CY12, CY13 and CY14 (**Pro Forma Historical Cash Flows**).
- > **Forecast Financial Information** being the:
 - **Statutory Forecast** comprising:
 - Statutory consolidated forecast income statement for the year ending 31 December 2015 (**CY15**) (**Statutory Forecast Result**); and
 - Statutory consolidated forecast cash flow statement for CY15 (**Statutory Forecast Cash Flow**).
 - **12 month June Forecast** being the:
 - Consolidated forecast revenue and NPAT for the years ending 30 June 2015 (**12 month June-15**) and 30 June 2016 (**12 month June-16**) (**12 month June Forecast Results**); and
 - Consolidated forecast net free cash flows before financing, tax and dividends for **12 month June-15** and **12 month June-16** (**12 month June Forecast Cash Flows**).
 - **Pro Forma Forecast** being the:
 - Pro forma consolidated forecast income statements for CY15, 12 month June-15 and 12 month June-16 (**Pro Forma Forecast Results**); and
 - Pro forma consolidated forecast cash flow statements for CY15, 12 month June-15 and 12 month June-16 (**Pro Forma Forecast Cash Flows**).

The Mitula Group has a 31 December financial year and the Financial Information has been presented on this basis. In addition to the CY15 forecast financial information, the Company has also included a forecast for 12 month June-16 and a comparison forecast for 12 month June-15. This financial information is provided on a pro forma basis. The CY15 period is provided on a statutory basis, whereas the 12 month June-15 and 12 month June-16 periods are provided on a “forecast” basis (and are not referred to as “statutory” since the Company does not prepare annual statutory accounts for 12 month periods ending 30 June).

The 12 month June-16 period was included in order to present forecast financial information for the Mitula Group for a full 12 month period following the Prospectus Date. The 12 month June-15 forecast was also included to provide comparative information for the 12 month June-16 period and illustrate annual growth rates that are expected to be achieved in the 12 month June-16 period.

Figure 4.1: Overview of the income statement and cash flow disclosures contained in Section 4

Dec 11	Jun 12	Dec 12	Jun 13	Dec 13	Jun 14	Dec 14	Jun 15	Dec 15	Jun 16
	Pro Forma/Actual CY12	Pro Forma/Actual CY13		Pro Forma/Actual CY14		Pro Forma/Statutory CY15			
					Pro Forma/Forecast 12 month June-15	Pro Forma/Forecast 12 month June-16			

Also contained in this Section 4 are:

- > the basis of preparation and presentation of the Financial Information (refer to Section 4.2);
- > key operating metrics (refer to Section 4.3.2);
- > management's discussion and analysis of the Pro Forma Historical Financial Information (refer to Section 4.6);
- > the specific and general assumptions underlying the Forecast Financial Information (refer to Section 4.7.1 and 4.7.2);
- > management's discussion of assumptions of the Pro Forma Forecast Financial Information (refer to Sections 4.7.3, 4.7.4, 4.7.5 and 4.7.6); and
- > a sensitivity analysis of the Forecast Financial Information to changes in certain key forecast assumptions (refer to Section 4.8).

The companies within the Mitula Group have historically prepared their financial information in Euros (Mitula Classified) and Great British Pounds (Lokku) as their respective functional currencies. However, the financial information included in this Section of the Prospectus is presented in Australian dollars and rounded to the nearest thousand. Tables in this Section have not been amended to correct immaterial summation differences that may arise from this rounding convention.

4.2. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

4.2.1. Overview

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

The Actual Historical Financial Information has been sourced from the financial statements of Mitula Classified, S.L. that were prepared in accordance with IFRS. Prospectively, the Mitula Group will prepare their financial statements in accordance with AAS and the Financial Information has been presented on this basis. There are no material differences between financial information prepared under AAS and IFRS.

This Prospectus includes Forecast Financial Information based on the specific and general assumptions of the Mitula Group. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Company's key accounting policies have been consistently applied throughout the financial periods presented and are set out on www.mitulagroup.com. The Financial Information presented in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

The Financial Information has been reviewed and reported on by PricewaterhouseCoopers Securities Ltd (**PwCS**) as set out in the Independent Limited Assurance Report set out in Section 8. Investors should note the scope and limitations of the Independent Limited Assurance Report (refer to Section 8).

4.2.2. Preparation of Historical Financial Information

On 11 March 2015, a new entity, Mitula Group Limited (the **Company**) was established and on 17 April 2015 it became the owner of a 100% interest in Mitula Classified, a Spanish company incorporated under the laws of Spain. This has been accounted for as a capital reorganisation where there has been a new head company inserted on top of Mitula Classified.

The consolidated accounts of the Mitula Group will therefore be a continuation of Mitula Classified. The Actual Historical Financial Information presented in this financial section has therefore been based on the audited accounts of Mitula Classified. The Actual Historical Financial Information is not referred to as “statutory” since the Company did not prepare annual accounts for Australian Statutory purposes.

PricewaterhouseCoopers Auditores, S.L. in Spain audited the CY12, CY13 and CY14 financial statements of Mitula Classified in accordance with International Standards on Auditing and issued unqualified opinions for each of those periods.

In preparing the Pro Forma Historical Financial Information, a number of adjustments have been made to the Actual Historical Financial Information to reflect the Mitula Group’s structure following the acquisition of Lokku, Completion of the Offer, elimination of certain non-operating charges related to non-operating or non-recurring items and to reflect the costs of being a listed entity as described in Section 4.3.3.

On 8 May 2015, Mitula Group acquired Lokku, a company incorporated in England and Wales. The historical financial information of Lokku is unaudited; however, it forms part of the Financial Information of the Mitula Group which has been reviewed by PwCS as set out in the Limited Assurance Report set out in Section 8. A reconciliation from the Actual Historical Financial Information to the Pro Forma Historical Financial Information is also provided in Sections 4.3.3 and 4.5.2.

Investors should note that past results do not guarantee future performance.

4.2.2.1. Acquisition accounting

With respect to the acquisition of Lokku, the Company has performed a provisional assessment of the fair values of the assets and liabilities as at the date of acquisition. For the purposes of the Pro Forma Historical Balance Sheet, the assets and liabilities have been recorded at their provisional fair values with the excess of the consideration paid over the provisional fair values allocated to a provisional intangible asset. Under AAS, Mitula has up to 12 months from the date of acquisition to complete its initial acquisition accounting. Any adjustment to the fair values, including associated tax adjustments, will have an equal and opposite impact on the provisional intangible asset recorded on acquisition.

In accordance with AASB 3 Business Combinations, all of the subsidiaries’ identifiable assets, liabilities and contingent liabilities, including intangible assets, must be identified and valued. The purchase price is then allocated across the fair value of these assets, liabilities and contingent liabilities with any residual allocated to goodwill.

Identified intangibles acquired may have a limited life and must be amortised over that life in contrast to goodwill, which is subject to annual impairment review. Indefinite life intangibles are not amortised and are reviewed for impairment annually. A detailed identification and valuation process will therefore be undertaken after Completion of the Offer.

The examples provided below are not intended to be an exhaustive list of items acquired in a business combination that meet the definition of an intangible asset. However, they provide some indication of the types of intangibles that may be acquired as part of the Lokku acquisition:

- > customer contracts and relationships;
- > internet domain name;
- > computer software; and
- > goodwill.

In addition, there are specific rules regarding the calculation of the fair values of assets, liabilities and contingent liabilities acquired. These rules may significantly vary the historical costs of the assets and liabilities acquired and significantly impact the profitability of the business going forward.

4.2.3. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus. The Forecast Financial Information is presented on both a pro forma and statutory basis for CY15, and on a pro forma and forecast basis for 12 month June-15 and 12 month June-16 (since the Mitula Group will not prepare statutory accounts for those periods as referred to in Section 4.1). Forecast Financial Information for the period from 1 January 2015 to 30 June 2016 is based on the Mitula Group's specific and general assumptions for that period, as set out in Sections 4.7.1 and 4.7.2.

The Forecast Financial Information has been prepared by the Mitula Group based on an assessment of current economic and operating conditions, and on the specific and general assumptions regarding future events and actions as set out in Sections 4.7.1 and 4.7.2. The 12 month June-15 and CY15 forecast information is based on unaudited management accounts for the period 1 January 2015 to 31 March 2015 and Mitula's best estimate assumptions for the 3 month period to 30 June 2015 and 9 month period to 31 December 2015 respectively. The Forecast Financial Information is subject to the risks set out in Section 5, in particular the risks associated with the acquisition and integration of Lokku (Section 5.1.6). The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The Mitula Group believes the specific and general assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, the information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on the Mitula Group's actual financial performance, cash flows or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Company, the Directors and management, and are not reliably predictable. Accordingly, none of the Company and its Directors and management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The Forecast Financial Information should be read in conjunction with the specific assumptions set out in Section 4.7.1, the general assumptions set out in Section 4.7.2, the sensitivity analysis set out in Section 4.8, the risk factors as set out in Section 5 and other information in this Prospectus.

The Mitula Group has no intention to update or revise the Forecast Financial Information or other forward looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

4.2.4. Non-IFRS financial measures

Investors should be aware that certain financial data included in this Section 4 is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC.

In particular the following non-IFRS financial measures:

- > **gross profit** means revenues less direct traffic acquisition expenses;
- > **EBITDA** means earnings before net interest, depreciation, amortisation and taxation;
- > **EBIT** means earnings before net interest and taxation;
- > **working capital** is trade and other receivables, and other current assets less trade and other payables and provisions;
- > **operating free cash flow** is EBITDA less non-cash items in EBITDA (such as share-based payment expenses) and changes in working capital; and
- > **net free cash flow** is operating free cash flow less capital expenditure.

The Mitula Group believes that this non-IFRS financial information provides useful information to users in measuring the financial performance of the Mitula Group. As non-IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which the Mitula Group calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial information and ratios.

4.2.5. Exchange rates used

The functional currency for Mitula Classified is Euro, and the historical functional currency for Lokku was Great British Pounds. Exchange rates used in translating the pro forma historical and forecast financial statements are as follows:

EXCHANGE RATES USED		
Euro	Spot rate ¹	Yearly Average Rate
CY12 ²	AUD 1 : Euro 0.7883	AUD 1 : Euro 0.7880
CY13 ³	AUD 1 : Euro 0.6481	AUD 1 : Euro 0.7178
CY14 ⁴	AUD 1 : Euro 0.6756	AUD 1 : Euro 0.6621
12 month June-15 ⁵		AUD 1 : Euro 0.6946
CY15 ⁶		AUD 1 : Euro 0.6967
12 month June-16 ⁷		AUD 1 : Euro 0.6967
GBP	Spot rate	Yearly Average Rate
CY12	AUD 1 : GBP 0.6392	AUD 1 : GBP 0.6484
CY13	AUD 1 : GBP 0.5387	AUD 1 : GBP 0.5891
CY14	AUD 1 : GBP 0.5249	AUD 1 : GBP 0.5315
12 month June-15		AUD 1 : GBP 0.5327
CY15		AUD 1 : GBP 0.5142
12 month June-16		AUD 1 : GBP 0.5142

1 Spot exchange rate at 31 December of relevant year.

2 Exchange rates used for CY12 based on average exchange rate from 1 January 2012 through 31 December 2012.

3 Exchange rates used for CY13 based on average exchange rate from 1 January 2013 through 31 December 2013.

4 Exchange rates used for CY14 based on average exchange rate from 1 January 2014 through 31 December 2014.

5 Exchange rates used for 12 month June-15 based on average exchange rate from 1 July 2014 through 30 April 2015.

6 Forecast exchange rates used for CY15 based on the actual average exchange rate from 1 January 2015 through 30 April 2015, forecast exchange rates are assumed to remain constant from 1 May 2015 to 31 December 2015.

7 Forecast exchange rates used for 12 month June-16 are assumed to remain constant with those of CY15.

Source: www.xe.com

4.3. HISTORICAL RESULTS AND FORECAST INCOME STATEMENTS

4.3.1. Overview

Table 4.1 sets out the Pro Forma Historical Results for CY12, CY13, CY14 and Pro Forma Forecast Results for CY15, 12 month June-15 and 12 month June-16, and the Statutory Forecast Results for CY15. The 12 month June-15 and 12 month June-16 periods are not financial years of the Mitula Group and accordingly the Company will not prepare statutory accounts for these periods. CY15 should be compared with CY14 and 12 month June-16 should be compared with 12 month June-15 to avoid comparing overlapping periods.

Table 4.1: Pro Forma Historical Results for CY12, CY13 and CY14, Pro Forma Forecast Results for CY15, 12 month Jun-15, 12 month Jun-16, and Statutory Forecast Results for CY15

PRO FORMA HISTORICAL RESULTS					PRO FORMA FORECAST RESULTS			STATUTORY FORECAST RESULTS
A\$'000s	Notes	CY12	CY13	CY14	CY15	12 mnth June-15	12 mnth June-16	CY15
AdSense		1,459	2,283	5,164	7,521	6,011	8,815	7,521
Direct CPC Revenue		6,661	8,285	11,045	15,184	12,417	17,353	13,115
Revenue	1,2	8,120	10,568	16,209	22,705	18,428	26,168	20,636
Traffic acquisition		(1,827)	(1,779)	(1,946)	(3,033)	(2,368)	(3,691)	(2,800)
Cost of sales		(1,827)	(1,779)	(1,946)	(3,033)	(2,368)	(3,691)	(2,800)
Gross profit		6,293	8,789	14,263	19,672	16,060	22,477	17,836
<i>Gross margin</i>		<i>77.5%</i>	<i>83.2%</i>	<i>88.0%</i>	<i>86.6%</i>	<i>87.1%</i>	<i>85.9%</i>	<i>86.4%</i>
Human resources expenses		(3,586)	(4,198)	(5,237)	(6,030)	(5,717)	(5,994)	(5,249)
Operational expenses		(251)	(376)	(605)	(642)	(601)	(682)	(674)
Technology expenses		(411)	(494)	(737)	(899)	(823)	(851)	(770)
Office expenses		(522)	(532)	(839)	(924)	(934)	(826)	(693)
Corporate expenses		(533)	(542)	(581)	(755)	(715)	(809)	(2,944)
Total operating expenses		(5,303)	(6,142)	(7,999)	(9,250)	(8,790)	(9,162)	(10,330)
EBITDA		990	2,647	6,264	10,422	7,270	13,315	7,506
<i>EBITDA margin</i>		<i>12.2%</i>	<i>25.0%</i>	<i>38.6%</i>	<i>45.9%</i>	<i>39.5%</i>	<i>50.9%</i>	<i>36.4%</i>
Depreciation and amortisation	3	(113)	(165)	(179)	(213)	(218)	(225)	(201)
EBIT		877	2,482	6,085	10,209	7,052	13,090	7,305
Net finance Income/(Expense)		29	(32)	138	272	199	337	(1,690)
Profit before tax		906	2,450	6,223	10,481	7,251	13,427	5,615
Tax expense		(268)	(632)	(1,615)	(2,730)	(2,028)	(3,323)	(2,596)
NPAT	1,2	638	1,818	4,608	7,751	5,223	10,104	3,019

Notes:

- 1 The pro forma historical revenue and NPAT are reconciled to the Actual Historical Results in Section 4.3.3.
- 2 The pro forma forecast revenue and NPAT are reconciled to the Statutory Forecast Results and 12 month June Forecast Results in Section 4.3.3.
- 3 Only provisional amounts have been recognised for the fair values of acquired assets and liabilities in accordance with AASB 3 Business Combinations. Accordingly, the Pro Forma Financial Information does not necessarily contain all of the adjustments to the reported amounts of assets and liabilities that will be required to reflect their final fair values and in particular does not necessarily recognise the final fair value of identifiable intangible assets separately recognised to goodwill. Consequently, the Pro Forma Historical and Forecast Results do not necessarily reflect the pro forma depreciation and amortisation charges that would be required had the final fair value amounts been recognised.

4.3.2. Key operating metrics

Table 4.2 sets out a summary of the Mitula Group's key historical operating metrics for CY12, CY13 and CY14 derived from the Pro Forma Historical Results, and the key pro forma forecast operating metrics for CY15, 12 month June-15 and 12 month June-16.

Table 4.2: Summary Key Historical Pro Forma Operating Metrics for CY12, CY13 and CY14 and Key Pro Forma Forecast Operating Metrics for CY15, 12 month June-15 and 12 month June-16

	PRO FORMA HISTORICAL RESULTS			PRO FORMA FORECAST RESULTS		
	CY12	CY13	CY14	CY15	12 mnth June-15	12 mnth June-16
Gross Profit margin %	77.5%	83.2%	88.0%	86.6%	87.1%	85.9%
EBITDA margin %	12.2%	25.0%	38.6%	45.9%	39.5%	50.9%
NPAT margin %	7.9%	17.2%	28.4%	34.1%	28.3%	38.6%
Pro forma Revenue growth %		30.1%	53.4%	40.1%		42.0%
Pro forma Gross Profit growth %		39.7%	62.3%	37.9%		40.0%
Pro forma EBITDA growth %		167.4%	136.6%	66.4%		83.1%
Pro forma NPAT growth %		185.0%	153.5%	68.2%		93.5%

4.3.3. Pro forma adjustments to the consolidated income statements

Table 4.3 sets out the pro forma adjustments that have been made to the Mitula Group's actual historical, statutory forecast and 12 month June forecast revenue and NPAT results to reflect the impact of the operating and capital structure that will be in place following Completion of the Offer as if it was in place as at 1 January 2012. In addition, certain other adjustments have been made to reflect the impact of historical acquisitions, to eliminate certain non-recurring items and to reflect public company costs, which have been reflected in the historical and forecast periods. These adjustments are summarised below.

Table 4.3: Pro forma adjustments to the Actual Historical Results, Statutory Forecast and 12 month June Forecast Results

HISTORICAL RESULTS					FORECAST RESULTS		
A\$'000s	Note	CY12	CY13	CY14	CY15	12 mnth June-15	12 mnth June-16
Actual, Statutory or 12 month June forecast Revenue		3,811	5,357	10,979	20,636	14,093	26,168
Impact of Lokku acquisition	1	4,309	5,211	5,230	2,069	4,335	–
Pro forma Revenue		8,120	10,568	16,209	22,705	18,428	26,168
Actual, Statutory or 12 month June forecast NPAT		613	1,058	3,897	3,019	584	10,104
Impact of Lokku acquisition	1	801	1,549	1,494	530	835	–
Lokku acquisition and restructure costs	2	–	–	–	261	261	–
Pre-IPO raise interest expense and transaction costs	3	–	–	–	2,340	2,340	–
Public company costs	4	(776)	(789)	(809)	(452)	(850)	–
Offer costs expensed	5	–	–	–	1,850	1,850	–
Other non-recurring adjustments	6	–	–	26	203	203	–
Tax effect of pro forma adjustments	7	–	–	–	–	–	–
Pro forma NPAT		638	1,818	4,608	7,751	5,223	10,104

Notes:

- Impact of Lokku acquisition:** Adjustment to reflect the revenue and NPAT of Lokku as if the acquisition had been completed on 31 December 2011. The adjustments are based on the actual historical information for Lokku after allowing for certain one-off non-recurring items. The amounts in statutory CY15 and forecast 12 month June-15 revenue and NPAT represent 8 and 2 months of Lokku results on a pro forma basis respectively with the balance of the Lokku results for each of those financial periods reflected in the Pro Forma Forecast Results.
- Lokku acquisition and restructure costs:** Total expenses relating to the reorganisation of the Mitula Group and acquisition of Lokku are estimated at \$0.3m.
- Pre-IPO raise interest expense and transaction costs:** On 23 April 2015, the Mitula Group raised \$7.8m through the issue of Convertible Notes to finance the acquisition of Lokku. The Convertible Notes are convertible into Shares upon completion of the Offer at a 20% discount to the Offer Price. Transaction costs of \$0.4m and an effective interest rate charge of \$2.0m reflecting the 20% discount is recognised in Statutory CY15 and forecast 12 month June-15 NPAT. This adjustment removes the one-off impact of the transaction costs and effective interest rate charge.
- Public company costs:** Reflects the Mitula Group's estimate of the incremental annual costs that the Company will incur as an Australian Publicly Listed entity. These costs include Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Director's and officer's insurance premiums as well as investor relations, annual general meeting and annual report costs.

- 5 **Offer costs expensed:** Total costs of the Offer are estimated at \$2.7m, of which \$0.9m are directly attributable to the issue of new Shares by the Company and will be offset against equity raised in the Offer. The remaining \$1.9m is expensed in the CY15 Statutory Forecast Results, of which \$0.9m relates to the sale of existing Shares by the Selling Shareholders with the remaining \$1.0m relating to a one-off IPO bonus option issue to Directors and Management. In addition, underwriter fees of \$0.6m in relation to the sale of existing Shares will be paid by the Selling Shareholders and have no impact on the results of the Mitula Group.
- 6 **Other non-recurring adjustments:** Adjustments to reverse the impact of one-off non-recurring items in the Actual Historical Results, Statutory Forecast Results and 12 Month June Forecast Results. Non-recurring costs include advisor fees in relation to structuring and expenses in relation to the dissolution of the Company's employee share option plan. There is currently no intention to make any grants under an employee share option plan in the forecast period.
- 7 **Tax impact:** The Mitula Group did not generate Australian taxable income in CY12, CY13 and CY14. Further, no tax effect has been recognised on forecast expenses incurred by the Company in Australia due to the uncertainty of the Company to utilise any deferred tax assets in the foreseeable future.

4.3.4. Segment reporting

In accordance with AASB 8 Operating Segments, the Mitula Group's revenue is reported in three geographic segments: Americas, APAC and EMEA. The Mitula Group also reports an additional expense category titled Corporate, which consists of all expenses not directly attributable to a Geographic region such as finance and information technology expenses, without any reported revenue. The segments comprise of the following countries of operation:

- > **Americas** – comprising: Argentina, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Peru, USA and Venezuela.
- > **APAC** – comprising: Australia, China, Hong Kong, Indonesia, India, Malaysia, New Zealand, Pakistan, Philippines and Singapore.
- > **EMEA** – comprising: Austria, Belgium, France, Germany, Ireland, Italy, Morocco, Netherlands, Poland, Portugal, Romania, Russia, South Africa, Spain, Switzerland, Turkey, United Kingdom and UAE.

Table 4.4 sets out the pro forma and statutory results by Segment.

Table 4.4: Segment reporting

PRO FORMA HISTORICAL RESULTS				PRO FORMA FORECAST RESULTS		
A\$'000s	CY12	CY13	CY14	CY15	12 mnth June-15	12 mnth June-16
Americas	857	1,640	4,398	7,438	5,848	8,641
APAC	428	793	2,302	4,503	3,086	5,500
EMEA	6,835	8,135	9,509	10,764	9,494	12,027
Revenues	8,120	10,568	16,209	22,705	18,428	26,168
Americas	672	1,439	3,975	6,683	5,298	7,697
APAC	211	608	2,090	4,030	2,752	4,902
EMEA	5,410	6,742	8,198	8,959	8,010	9,878
Corporate	(5,303)	(6,142)	(7,999)	(9,250)	(8,790)	(9,162)
EBITDA	990	2,647	6,264	10,422	7,270	13,315
<i>EBITDA Margin</i>	<i>12.2%</i>	<i>25.0%</i>	<i>38.6%</i>	<i>45.9%</i>	<i>39.5%</i>	<i>50.9%</i>
Depreciation and amortisation	(113)	(165)	(179)	(213)	(218)	(225)
EBIT	877	2,482	6,085	10,209	7,052	13,090
Net finance Income/ (Expense)	29	(32)	138	272	199	337
Profit before tax	906	2,450	6,223	10,481	7,251	13,427
Tax expense	(268)	(632)	(1,615)	(2,730)	(2,028)	(3,323)
NPAT	638	1,818	4,608	7,751	5,223	10,104

4.4. PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET

4.4.1. Overview

Table 4.5 sets out the adjustments that have been made to the actual consolidated balance sheet of the Mitula Group as at 31 December 2014 to present the Pro Forma Historical Consolidated Balance Sheet for the Mitula Group. The adjustments reflect the impact of the operating and capital structure that will be in place following Completion of the Offer as if they had occurred or were in place as at 31 December 2014.

Table 4.5: Actual and pro forma balance sheet as at 31 December 2014

A\$'000s	Mitula Classified ¹	Impact of the Pre-IPO capital raising ²	Impact of the acquisition of Lokku Limited ³	Impact of the Offer ⁴	Pro forma
Assets					
Current assets					
Cash and cash equivalents	4,169	7,410	(8,881)	13,170	15,868
Trade and other receivables	2,861	–	810	–	3,671
Other current assets	11	–	128	–	139
Total current assets	7,041	7,410	(7,943)	13,170	19,678
Non-current assets					
Property, plant and equipment	251	–	45	–	296
Intangible assets	–	–	8,435	120	8,555
Other non-current assets	4	–	–	–	4
Total non-current assets	255	–	8,480	120	8,855
Total assets	7,296	7,410	537	13,290	28,533
Liabilities					
Current liabilities					
Trade and other payables	411	–	703	–	1,114
Other current liabilities	–	9,750	–	(9,750)	–
Income tax payable	1,333	–	–	–	1,333
Total current liabilities	1,744	9,750	703	(9,750)	2,447
Non-current liabilities					
Borrowings	6	–	–	–	6
Deferred tax liabilities	69	–	–	–	69
Total non-current liabilities	75	–	–	–	75
Total liabilities	1,819	9,750	703	(9,750)	2,522
Net Assets	5,477	(2,340)	(166)	23,040	26,011
Equity					
Contributed equity	5	–	–	24,005	24,010
Reserves	1,653	–	–	980	2,633
Retained earnings	3,819	(2,340)	(166)	(1,945)	(632)
Total equity	5,477	(2,340)	(166)	23,040	26,011

Notes:

- 1 **Mitula Classified** balance sheet represents the audited 31 December balance sheet converted at the 31 December 2014 spot rate consistent with Section 4.2.5.
- 2 **Impact of the pre-IPO capital raising:** \$7.4m, being \$7.8m of funds net of transaction costs of \$0.4m, were raised under a pre-IPO capital raising through the issue of 156 Convertible Notes with a face value of \$50,000 each. These funds were raised to finance the acquisition of Lokku. The notes are convertible into Shares upon Completion of the Offer at a 20% discount to the Offer Price. As such a liability reflecting the gross liability of a \$9.8m has been recognised and a \$2.0m effective interest rate charge reflective of the 20% discount has been included in retained earnings.
- 3 **Impact of the acquisition of Lokku:** On 8 May 2015, Mitula Group Limited acquired 100% of the share capital of Lokku for €6.0m (\$8.9m). The assets and liabilities have been reflected as if the transaction occurred on 31 December 2014 at their provisional fair values as set out below with the excess of the consideration paid over the provisional fair values allocated to a provisional intangible asset. Under AAS, Mitula has up to 12 months from the date of acquisition to complete its initial acquisition accounting. Any adjustment to the fair values, including associated tax adjustments, will have an equal and opposite impact on the provisional intangible asset recorded on acquisition.
 - Cash has been adjusted by \$8.9m to reflect the €6.0m purchase consideration paid; and
 - Intangible assets have been adjusted to reflect the fair value of intangible assets expected to be acquired had completion occurred on 31 December 2014.
- 4 **Impact of the Offer:** As a consequence of the Offer, Contributed equity increases \$24.0m through the issue of new Shares in relation to the Offer (\$14.5m), conversion of the Convertible Notes into equity (\$9.8m) less Offer costs of \$0.9m that are offset against equity. Other transaction costs associated with the sell down of \$0.8m are expensed. In addition, it is assumed that the Lokku Vendors will acquire 800,000 Shares under this Prospectus at \$0.60 per Share or a 20% discount to the Offer Price. As a result, the remaining \$1.9m increase in Contributed equity is attributed to the Lokku Vendors, being a \$0.5m cash investment and the \$0.1m discount to the Offer. The discount to the Offer also increases the Intangible asset in relation to the acquisition of Lokku by \$0.1m.
Further, a one-off non-cash IPO bonus option issue to Directors and Management of \$1.0m is expensed with an equity reserve of \$1.0m recognised. Details of the shareholding structure is provided at Section 7.3.

4.4.2. Contractual obligations and commitments

Table 4.6 summarises the Mitula Group's contractual obligations and commitments (following Completion of the Offer).

Table 4.6: Pro forma contractual obligations and commitments

A\$'000s	Notes	< 1 Year	1 – 5 Years	>5 Years	Total commitments
Current assets					
Operating Lease Commitments	1	201	569	–	770

Notes:

- 1 The operating leases include the Madrid office and the London office for which the lease agreement expires in August 2015 and will not be renewed.

4.4.3. Off-balance sheet items

The Company has no material contingent liabilities or off-balance sheet arrangements.

4.5. PRO FORMA HISTORICAL AND FORECAST CONSOLIDATED CASH FLOW STATEMENTS

4.5.1. Overview

Table 4.7 sets out the Pro Forma Historical Cash Flows for CY12, CY13, and CY14, Pro Forma Forecast Cash Flows for CY15, 12 month June-15, and 12 month June-16, and Statutory Forecast Cash Flows for CY15. The 12 month June-15 and 12 month June-16 periods are not financial years of the Mitula Group and accordingly the Company will not prepare statutory accounts for these periods. CY15 should be compared with CY14 and 12 month June-16 should be compared with 12 month June-15, to avoid comparing overlapping periods.

Table 4.7: Pro Forma Historical Cash Flows for CY12, CY13 and CY14, Pro Forma Forecast Cash Flows for CY15, 12 month June-15 and 12 month June-16 and Statutory Forecast Cash Flow for CY15

PRO FORMA HISTORICAL CASH FLOWS				PRO FORMA FORECAST CASH FLOWS			STATUTORY FORECAST CASH FLOW
A\$'000s	CY12	CY13	CY14	CY15	12 mnth June-15	12 mnth June-16	CY15
EBITDA	990	2,647	6,264	10,422	7,270	13,315	7,506
Change in Working Capital	(97)	394	(1,871)	(556)	(946)	(351)	(986)
Non-cash items in EBITDA	11	15	82	–	–	–	1,075
Operating cash flow before capital expenditure	904	3,056	4,475	9,866	6,324	12,964	7,595
Capital Expenditure	(147)	(154)	(224)	(672)	(680)	(210)	(672)
Net free cash flow before financing, tax and dividends	757	2,902	4,251	9,194	5,644	12,754	6,923
Net Finance Costs				236	180	279	101
Income Tax Paid				(2,198)	(638)	(2,777)	(2,110)
Lokku acquisition consideration				–	–	–	(8,881)
Proceeds from pre-IPO raise				–	–	–	7,800
Proceeds from Lokku Vendors							480
Proceeds from issue of new Shares in relation to the Offer				–	–	–	14,520
Transaction costs offset against equity				–	–	–	(864)
Net cash flow before dividends				7,232	5,186	10,256	17,968

Note:

- 1 Historical cash flow information has not been provided below Net free cash flow before financing, tax and dividends due to the change in capital structure as a result of the Offer.

4.5.2. Pro forma adjustments to the consolidated cash flow statements

Table 4.8 sets out the pro forma adjustments that have been made to the Actual Historical Cash Flows, Statutory Forecast Cash Flows and 12 month June Forecast Cash Flows to reflect the impact of the operating and financing structure that will be in place following Completion as if it was in place as at 1 January 2012 and the impact of historical acquisitions and divestments, to eliminate non-recurring items and to reflect standalone public company costs.

Table 4.8: Pro forma adjustments to the Historical Cash Flows of CY12, CY13 and CY14, Pro forma adjustments to the Statutory Forecast Cash Flow of CY15 and 12 month June-15 and 12 month June-16 forecasts

HISTORICAL CASH FLOWS					FORECAST CASH FLOWS		
A\$'000s	Notes	CY12	CY13	CY14	CY15	12 mnth June-15	12 mnth June-16
Actual, Statutory or 12 month June forecast Net free cash flow before financing, tax and dividends		452	1,370	4,231	6,923	5,324	11,234
Adjustments to EBITDA							
Impact of the Lokku acquisition	1	1,082	2,320	803	683	1,062	—
Lokku acquisition and restructure costs	2	—	—	—	261	261	—
Pre-IPO raise transaction costs	3	—	—	—	390	390	—
Offer costs expensed	4	—	—	—	870	870	—
Public company costs	5	(776)	(789)	(809)	(472)	(850)	—
Other non-recurring adjustments	6	—	—	26	108	108	—
Adjustments to working capital movements							
Impact of the Lokku acquisition	1	—	—	—	430	—	—
Lokku acquisition, restructure and Offer cost payables	7	—	—	—	—	(1,521)	1,521
Pro forma Net free cash flow after financing, tax and dividends		757	2,902	4,251	9,194	5,644	12,754

Notes:

- 1 **Impact of Lokku acquisition:** Adjustment to reflect the free cash flows of Lokku as if the acquisition had been completed on 31 December 2011. The adjustments are based on the actual historical information for Lokku after allowing for certain one-off non-recurring items. The amounts in statutory CY15 and forecast 12 month June-15 cash flows represent 8 and 2 months of Lokku cash flow on a pro forma basis respectively with the balance of the Lokku results for each of those financial periods reflected in the Pro Forma Forecast Cash Flows.
Lokku was acquired during CY15, therefore the movement in working capital reflected in the CY15 Statutory Forecast Cash Flow does not reflect an opening balance in relation to Lokku. This adjustment reflects the working capital movement as if the Lokku acquisition had been completed on 31 December 2011.
- 2 **Lokku acquisition and restructure costs:** Adjustment to reverse one-off costs of the reorganisation of the Mitula Group and acquisition of Lokku.
- 3 **Pre-IPO raise transaction costs:** Adjustment to remove the impact of one-off transaction costs in relation to the Convertible Notes.
- 4 **Offer transaction costs expensed:** \$1.9m of Offer costs are expensed in the CY15 Statutory Forecast Results, of which \$0.9m relates to the sale of existing Shares by the Selling Shareholders with the remaining \$1.0m relating to a one-off IPO bonus option issue to Directors and Management which is a non-cash item. In addition, underwriter fees of \$0.6m in relation to the sale of existing Shares will be paid by the Selling Shareholders and have no impact on the cash flow of Mitula Group.
- 5 **Public company costs:** Adjustment to reflect the incremental cash out flow the Company will incur for costs of being an Australian Publicly Listed entity.
- 6 **Other non-recurring adjustments:** Adjustments to reverse the impact of one-off non-recurring cash flow impact of items in the Actual Historical Results, Statutory Forecast Results and 12 Month June Forecast Results.
- 7 **Lokku acquisition, restructure and Offer cost payables:** Lokku acquisition, restructure and Offer costs will be paid after 30 June 2015. This adjustment removes the impact of the forecast movements in payables in relation to these one-off costs.

4.6. MANAGEMENT DISCUSSION AND ANALYSIS OF PRO FORMA HISTORICAL FINANCIAL INFORMATION

4.6.1. General factors affecting the operating results of the Mitula Group

Section 4.6 sets out a discussion of the key factors which affected the Mitula Group's operating and financial performance during CY12, CY13 and CY14 and which the Mitula Group expects may affect the Company's operating and financial performance over the period of the Forecast Financial Information.

The general matters discussed below are a summary only and do not represent everything that affected the Mitula Group's historical operating and financial performance, nor everything that may affect the Mitula Group's operating and financial performance in future periods. The information in this Section 4.6 should also be read in conjunction with the risk factors set out in Section 5 and the other information contained in this Prospectus.

4.6.1.1. Revenue

The key drivers of revenue are:

- > **AdSense:** The drivers for AdSense revenue are the number of visits to the Websites, the number of page views, the click through rate on each page and the cost per click that an advertiser pays to Google.
Google pays the Mitula Group a proportion of the total revenue generated from AdSense. Google remits this revenue to the Mitula Group on a monthly basis.
- > **Direct CPC Revenue:** The drivers of Direct CPC Revenue are the number of visits to the Websites, the number of page views, the click through rate on each page and the cost per click that an advertiser pays to the Mitula Group.
Direct CPC Revenue contracts are primarily month-by-month (see Section 9.8.2), however, there are some longer term contracts with paying advertisers.

4.6.1.2. Operating expenses

The Mitula Group has historically demonstrated the ability to grow revenue at a rate in excess of operating expense growth, with only a small proportion of the Company's operating expense base comprising variable traffic acquisition costs.

Key operating expense categories for the Mitula Group are set out below:

- > **Traffic acquisition:** costs are associated with the purchase of visits from general search engines through paid search, primarily Google, and other traffic acquisition sources;
- > **Human resource expenses:** costs are associated with the salaries, related on-costs, share-based payments and sales commissions of all Mitula Group staff and contractors, including product development, sales and marketing, customer support, executive management and head office staff;
- > **Operational expenses:** costs are associated with external consultant services, travel, business development, and marketing;
- > **Technology expenses:** costs are associated with the hosting and support of all Websites, domain names, and content management and sourcing;
- > **Office expenses:** costs are associated with office rentals and all related utilities; and
- > **Corporate expenses:** costs are associated with the Mitula Group's corporate functions.

4.6.1.3. Depreciation and amortisation

Depreciation and amortisation are non-cash items that predominantly relate to the Mitula Group's fixed assets, comprising furniture, leasehold improvements, and office equipment. The Mitula Group's accounting policies with regards to the calculation of depreciation are set out at www.mitulagroup.com.

4.6.1.4. Tax

The primary jurisdictions in which the Mitula Group operates and the general corporate tax rates applicable in those jurisdictions are as follows:

- > **Spain:**
 - 30% corporate income tax rate for the years ended 31 December 2012, 31 December 2013 and 31 December 2014;
 - 28% corporate income tax rate for the year ended 31 December 2015; and
 - 25% corporate income tax rate from 1 January 2016.
- > **United Kingdom:**
 - 24% corporate income tax rate for the year ended 31 December 2012;
 - 23% corporate income tax rate for the year ended 31 December 2013;
 - 21% corporate income tax rate for the year ended 31 December 2014; and
 - 20% corporate income tax rate from 1 April 2015.
- > **Australia:** 30% corporate income tax rate for all income years.
- > **Brazil:** 15% corporate income tax rate for all income years (plus applicable surcharges and social payments).
- > **India:** 30% corporate income tax rate for all income years (plus applicable surcharges and social payments).

4.6.1.5. Foreign exchange

The Mitula Group's revenues and expenses are primarily denominated in Euros. Although, some revenues and expenses are denominated in other currencies, including Great British Pounds, US Dollars, Australian Dollars, Brazilian Reals, and Indian Rupees.

The financial information included in this Section 4 of the Prospectus is presented in Australian Dollars. Foreign exchange gains and losses recognised in the income statement arise from the translation of balances and transactions in currencies other than the functional currencies of Mitula Classified (Euro) and Lokku (GBP). The sensitivity of the Mitula Group's pro forma forecast revenue to changes in the exchange rate between the Australian dollar to the respective other currencies are set out in Section 4.8.

4.6.2. Pro Forma Historical Results for CY14 compared to CY13

Table 4.9 sets out the Pro Forma Historical Results for CY14 compared to CY13.

Table 4.9: Pro Forma Historical Results: CY14 compared to CY13

	PRO FORMA HISTORICAL RESULTS		
A\$'000s	CY13	CY14	% change
AdSense	2,283	5,164	126%
Direct CPC Revenue	8,285	11,045	33%
Revenue	10,568	16,209	53%
Traffic acquisition	(1,779)	(1,946)	9%
Cost of sales	(1,779)	(1,946)	9%
Gross profit	8,789	14,263	62%
<i>Gross profit margin</i>	83%	88%	
Human resources expenses	(4,198)	(5,237)	25%
Operational expenses	(376)	(605)	61%
Technology expenses	(494)	(737)	49%
Office expenses	(532)	(839)	58%
Corporate expenses	(542)	(581)	7%
Total operating expenses	(6,142)	(7,999)	30%
EBITDA	2,647	6,264	137%
<i>EBITDA margin</i>	25%	39%	
Depreciation and amortisation	(165)	(179)	8%
EBIT	2,482	6,085	145%
Net finance Income/(Expense)	(32)	138	NA
Profit before tax	2,450	6,223	154%
Tax expense	(632)	(1,615)	156%
NPAT	1,818	4,608	153%

4.6.2.1. Revenue

Total revenues increased by \$5.6m or 53% from \$10.6m in CY13 to \$16.2m in CY14.

AdSense revenues increased \$2.9m or 126%, from \$2.3m in CY13 to \$5.2m in CY14 due to a 52% increase in visits, primarily in APAC and the Americas, page view growth and a 36% increase in Google advertising rates.

Direct CPC Revenues increased \$2.8m or 33%, from \$8.3m in CY13 to \$11.0m in CY14 due to a 52% increase in visits, primarily in APAC and the Americas, and a 57% increase in paying advertisers across the group.

4.6.2.2. Cost of sales and gross profit

Cost of sales increased \$0.2m or 9%, from \$1.8m in CY13 to \$1.9m in CY14 primarily due to increased traffic acquisition costs in the Americas, particularly Brazil.

Gross profit margin increased from 83% in CY13 to 88% in CY14 due to a 53% increase in revenue that was partially offset by a 9% increase in cost of sales.

4.6.2.3. Operating expenses

Total operating expenses increased by \$1.9m, or 30% from \$6.1m in CY13 to \$8.0m in CY14, primarily due to a \$1.0m or 25% increase in Human resources expenses due to a 22% increase in average full time employees, a \$0.3m increase in office expenses driven by increased head count, and a \$0.2m increase in Technology expenses due to hosting costs growth associated with traffic growth.

Estimated public company costs of \$0.8m have been included in the pro forma results as though the Mitula Group were a public company in each of the reporting periods.

4.6.2.4. EBITDA and NPAT

EBITDA increased by \$3.6m or 137%, from \$2.6m in CY13 to \$6.3m in CY14 for the reasons described above. EBITDA margin increased from 25% in CY13 to 39% in CY14.

NPAT increased by \$2.8m or 153%, from \$1.8m in CY13 to \$4.6m in CY14, due to the reasons described above which was partially offset by an associated \$1.0m increase in tax expense due to profit before tax growth.

4.6.3. Pro Forma Historical Cash Flows for CY14 compared to CY13

Table 4.10 sets out the Pro Forma Historical Cash Flows for CY14 compared to CY13.

Table 4.10 Pro Forma Historical Cash Flows: CY14 compared to CY13

PRO FORMA HISTORICAL CASH FLOWS			
A\$'000s	CY13	CY14	% change
Pro forma EBITDA	2,647	6,264	137%
Change in Working Capital	394	(1,871)	NA
Non-cash items in EBITDA	15	82	NA
Operating cash flow before capital expenditure	3,056	4,475	46%
Capital Expenditure	(154)	(224)	45%
Net free cash flow before financing, tax and dividends	2,902	4,251	46%

4.6.3.1. Net cash flow before financing, tax and dividends

Net free cash flow before financing, tax and dividends of \$2.9m was generated in CY13 compared to \$4.3m in CY14.

Key changes are summarised below:

- > A 137% increase in EBITDA year on year;
- > A deterioration in working capital due to revenue growth over the period driving trade debtors growth;
- > A decrease in non-cash items reflecting the share options provided to management; and
- > Capital expenditure increased \$0.1m between CY13 and CY14 due to additional computer hardware to service traffic growth.

4.6.4. Pro Forma Historical Results for CY13 compared to CY12.

Table 4.11 sets out the Pro Forma Historical Results for CY13 compared to CY12.

Table 4.11: Pro forma Historical Results: CY13 compared to CY12

PRO FORMA HISTORICAL RESULTS			
A\$'000s	CY12	CY13	% change
AdSense	1,459	2,283	56%
Direct CPC Revenue	6,661	8,285	24%
Revenue	8,120	10,568	30%
Traffic acquisition	(1,827)	(1,779)	(3%)
Cost of sales	(1,827)	(1,779)	(3%)
Gross profit	6,293	8,789	40%
<i>Gross margin</i>	78%	83%	
Human resources expenses	(3,586)	(4,198)	17%
Operational expenses	(251)	(376)	50%
Technology expenses	(411)	(494)	20%
Office expenses	(522)	(532)	2%
Corporate expenses	(533)	(542)	2%
Total operating expenses	(5,303)	(6,142)	16%
EBITDA	990	2,647	167%
<i>EBITDA margin</i>	12%	25%	
Depreciation and amortisation	(113)	(165)	46%
EBIT	877	2,482	183%
Net finance Income/(Expense)	29	(32)	(210%)
Profit before tax	906	2,450	170%
Tax expense	(268)	(632)	136%
NPAT	638	1,818	185%

4.6.4.1. Revenue

Total revenues increased by \$2.4m or 30% from \$8.1m in CY12 to \$10.6m in CY13.

AdSense revenues increased \$0.8m or 56%, from \$1.5m in CY12 to \$2.3m in CY13 due to a 15% increase in visits and a 48% increase in Google advertising rates.

Direct CPC Revenues increased \$1.6m or 24%, from \$6.7m in CY12 to \$8.3m in CY13 driven by a 15% increase in visits and a 35% increase in paying advertisers.

4.6.4.2. Cost of sales and gross profit

Cost of sales remained relatively steady at \$1.8m in CY12 and CY13 as increased traffic acquisition costs in the Americas and APAC was broadly offset by lower traffic acquisition costs in EMEA.

Gross profit margin increased from 78% in CY12 to 83% in CY13 due to a 30% increase in revenue and relatively steady cost of sales.

4.6.4.3. Operating expenses

Total operating expenses increased by \$0.8m, or 16% from \$5.3m in CY12 to \$6.1m in CY13 primarily due to a \$0.6m or 17% increase in Human resource expenses driven by a 9% increase in head count.

Estimated public company costs of \$0.8m have been included in the pro forma accounts as though the Mitula Group were a public company in each of the reporting periods.

4.6.4.4. EBITDA and NPAT

EBITDA increased by \$1.7m or 167%, from \$1.0m in CY12 to \$2.7m in CY13 for the reasons described above. EBITDA margin increased from 12% in CY12 to 25% in CY13.

NPAT increased by \$1.2m or 185%, from \$0.6m in CY12 to \$1.8m in CY13, due to the reasons described above which was partially offset by an associated \$0.4m increase in tax expense.

4.6.5. Pro Forma Historical Cash Flows for CY13 compared to CY12.

Table 4.12 sets out the Pro Forma Historical Cash Flows for CY13 compared to CY12.

Table 4.12 Pro Forma Historical Cash Flows: CY13 compared to CY12

A\$'000s	PRO FORMA HISTORICAL CASH FLOWS		
	CY12	CY13	% change
Pro forma EBITDA	990	2,647	167%
Change in Working Capital	(97)	394	NA
Non-cash items in EBITDA	11	15	36%
Operating cash flow before capital expenditure	904	3,056	238%
Capital Expenditure	(147)	(154)	5%
Net free cash flow before financing, tax and dividends	757	2,902	283%

4.6.5.1. Net cash flow before financing, tax and dividends

Operating free cash flow before capital expenditure of \$0.9m was generated in CY12 compared to \$3.1m in CY13.

Key changes are summarised below:

- > A 167% increase in EBITDA year on year;
- > An improvement in working capital year on year, primarily due to improved trade receivable terms;
- > Non-cash items remained relatively steady; and
- > Capital expenditure remained relatively steady between CY12 and CY13.

4.7. FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by the Mitula Group that are in accordance with AAS and disclosed at www.mitulagroup.com. It is assumed that there will be no changes to Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on the Mitula Group's accounting policies during the forecast period.

The Forecast Financial Information is based on a large number of best estimate assumptions concerning future events as set out below. The Mitula Group believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus, including each of the general assumptions set out in Section 4.7.2.

However, the actual results are likely to vary from that forecast and any variation may be materially positive or negative. The assumptions on which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of the Mitula Group and its Directors, and are not reliably predictable.

Accordingly, none of the Mitula Group, the Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in quantum and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

Investors are advised to review the best estimate assumptions set out below in conjunction with the description of the basis of preparation of the forecast above, the sensitivity analysis in Section 4.8 and the risk factors set out in Section 5. The Report on Directors' Forecasts is set out in Section 8.

Accordingly, neither the Mitula Group and its Directors nor any other person can give any assurance that the forecast or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in quantum and timing from the assumptions, with a material consequential impact on the forecast.

4.7.1. Specific assumptions

The basis of the specific assumptions that have been used in the preparation of the Pro Forma Forecast Financial Information is set out below.

4.7.1.1. Revenue assumptions

The Forecast Financial Information is based on the following key revenue assumptions up until 12 month June-16:

- > Visits to the Websites will continue to increase, driven by:
 - a 41% CAGR increase in the Americas due to increased internet penetration, mobile usage and more pages being viewed on mobile devices;
 - a 51% CAGR increase in the APAC due to increased internet penetration, mobile usage and more pages being viewed on mobile devices; and
 - an 11% CAGR increase in the EMEA due to mobile usage and more pages being viewed on mobile devices.

- > Page views per visit will increase 9% CAGR driven by:
 - a 12% CAGR increase in Americas due to more pages being viewed on mobile devices;
 - a 15% CAGR increase in APAC due to more pages being viewed on mobile devices; and
 - a 7% CAGR increase in EMEA due to more pages being viewed on mobile devices.
- > Click through rates for Google AdSense advertisements will remain relatively constant;
- > Google advertising rates will increase due to:
 - a 3% CAGR increase in the APAC and a 6% CAGR increase in EMEA driven by more advertisers in Google; partially offset by;
 - a 3% CAGR decrease in the Americas due to increased traffic in LATAM countries (which have lower Google advertising rates).
- > Volume of Click Outs sold will increase 48% CAGR due to increased clicks available for sale and a larger sales team, representing:
 - an 85% CAGR increase in Americas;
 - a 136% CAGR increase in APAC; and
 - a 14% CAGR increase in EMEA.
- > Click through rates for Direct CPC Revenue advertisements will increase 8% CAGR due to a higher quality and quantity of listings indexed; and
- > Direct CPC Revenue rates will decline 9% CAGR due to higher volume of lower priced clicks sold, representing:
 - a 13% CAGR decline in Americas;
 - a 7% CAGR decline in APAC; and
 - a 1% CAGR decline in EMEA.

4.7.1.2. Operating expenses and other assumptions

The Forecast Financial Information is based on the following key cost assumptions between CY14 and 12 month June-16:

- > Traffic acquisition costs will increase 53% CAGR based on the projected growth in clicks available for sale;
- > Human resource expenses will increase by 9% CAGR driven by a 38% CAGR increase in average full time employees particularly in the sales and technology teams. However, this is partially offset by a 21% CAGR decrease in the average salary costs driven by a mix change from higher cost UK employees to lower cost Spanish employees;
- > Operational expenses will increase by 8% CAGR due to travel associated with sales and business development activities and high usage of external professional services;
- > Technology expenses will increase 10% CAGR driven by increased hosting costs to support growth. However, this will be partially offset by more efficient pricing on integration of Lokku;
- > Office expenses will decrease 1% CAGR as the cost of moving to a larger Madrid premises is more than offset by a reduction in the London office lease;
- > Corporate expenses will increase 25% CAGR driven by anticipated revenue growth;
- > Depreciation policy will remain consistent;
- > Interest income will reflect a 1.8% interest rate on the balance of IPO proceeds;
- > Income tax expense has been calculated based on the corporate tax rates as set out in section 4.6.1.4 for Mitula Classified and Lokku. No tax effect has been recognised on forecast expenses incurred by the Company in Australia due to the uncertainty of the Company's ability to utilize any deferred tax assets in the foreseeable future;

- > Working capital reflects forecast movements in trade and other receivables, and other current assets less movements in trade and other payables, and provisions;
- > Capital expenditure reflects expected leasehold improvements of new facilities; and
- > Exchange rates will be as per Section 4.2.5. The Forecast Financial Information assumes that exchange rates remain constant from 1 May 2015 to 31 December 2016 having taken into account broker consensus exchange rate forecasts.

4.7.2. General assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted for the forecast period:

- > There is no material change to the competitive operating environment in which the Mitula Group operates;
- > There is no material impact from the entry to new markets;
- > There is no significant deviation from current market expectations of broader economic conditions relevant to countries in which Mitula operates;
- > There is no material change in the legislative regimes (including taxation) and regulatory environment in the areas in which the Mitula Group and its key suppliers operate;
- > There are no material amendments to any of the Mitula Group's key supplier contracts;
- > There are no material supplier losses;
- > There is no loss of key management personnel and the Mitula Group maintains its ability to recruit and retain required personnel;
- > There is no change in the Mitula Group's capital structure, other than changes flowing directly from the Offer as set out in, or contemplated by, this Prospectus;
- > There are no material acquisitions or disposals or restructuring or investments; and
- > The Offer proceeds in accordance with the timetable set out on page 7 of this Prospectus.

4.7.3. Management's discussion of assumptions relating to the Pro forma Forecast Results for CY15 compared to CY14.

Table 4.13 sets out the Pro Forma Forecast Results for CY15 compared to Pro Forma Historical Results for CY14.

Table 4.13: Pro forma Forecast Results CY15 compared to Pro forma Historical Results for CY14

PRO FORMA HISTORICAL AND FORECAST RESULTS			
A\$'000s	CY14	CY15	% change
AdSense	5,164	7,521	46%
Direct CPC Revenue	11,045	15,184	37%
Revenue	16,209	22,705	40%
Traffic acquisition	(1,946)	(3,033)	56%
Cost of sales	(1,946)	(3,033)	56%
Gross profit	14,263	19,672	38%
<i>Gross margin</i>	<i>88%</i>	<i>87%</i>	
Human resources expenses	(5,237)	(6,030)	15%
Operational expenses	(605)	(642)	6%
Technology expenses	(737)	(899)	22%
Office expenses	(839)	(924)	10%
Corporate expenses	(581)	(755)	30%
Total operating expenses	(7,999)	(9,250)	16%
EBITDA	6,264	10,422	66%
<i>EBITDA margin</i>	<i>39%</i>	<i>46%</i>	
Depreciation and amortisation	(179)	(213)	19%
EBIT	6,085	10,209	68%
Net finance Income/(Expense)	138	272	97%
Profit before tax	6,223	10,481	68%
Tax expense	(1,615)	(2,730)	69%
NPAT	4,608	7,751	68%

4.7.3.1. Revenue

Total revenues increases \$6.5m or 40% from \$16.2m in CY14 to \$22.7m in CY15.

AdSense revenues increases \$2.4m or 46% from \$5.2m in CY14 to \$7.5m in CY15 due to:

- > a 35% increase in visits primarily driven by a 52% increase in Americas visits and a 66% increase in APAC visits; partially offset by;
- > a 3% decline in Google advertising rates driven by the increase in traffic in countries with lower Google advertising rates.

Direct CPC Revenues increases \$4.1m or 37% from \$11.0 in CY14 to \$15.2m in CY15 driven by the above visits.

4.7.3.2. Cost of sales and gross profit

Cost of sales are forecast to increase \$1.1m or 56%, from \$1.9m in CY14 to \$3.0m in CY15 driven by an increase in the volume of traffic acquired and assumed increase in the cost of traffic acquisition.

Gross profit margin is forecast to decrease from 88% in CY14 to 87% in CY15 due to a 40% increase in revenue which was more than offset by a 56% increase in cost of sales.

4.7.3.3. Operating expenses

Total operating expenses are forecast to increase by \$1.3m or 16% from \$8.0m in CY14 to \$9.3m in CY15. Primarily due to a \$0.8m or 15% increase in Human resources expenses driven by a 42% increase in average full time employees, which is partially offset by a 19% decrease in average salary per full time employee driven by a mix change from higher cost UK employees to lower cost Spanish employees realised on integration of Lokku. In addition, Technology expenses are forecast to increase \$0.2m due to hosting cost growth to accommodate forecast traffic growth.

Estimated public company costs of \$0.8m have been included in the pro forma forecast for CY15.

4.7.3.4. EBITDA and NPAT

EBITDA is forecast to increase by \$4.2m or 66%, from \$6.3m in CY14 to \$10.4m in CY15 for the reasons described above. EBITDA margin is forecast to increase from 39% in CY14 to 46% in CY15.

NPAT is forecast to increase by \$3.1m or 68% from \$4.6m in CY14 to \$7.8m in CY15, due to the reasons described above and a \$0.1m increase in net finance income on Offer proceeds which is partially offset by an assumed \$1.1m increase in tax expense due to profit before tax growth.

4.7.4. Management's discussion of assumptions relating to the Pro forma Forecast Cash Flows for CY15 compared to CY14

Table 4.14 sets out the Pro Forma forecast Cash Flows for CY15 compared to Pro Forma Historical Cash Flows for CY14.

Table 4.14: Pro forma forecast Cash Flows for CY15 compared to Pro forma Historical Cash Flows for CY14

PRO FORMA HISTORICAL AND FORECAST CASH FLOWS			
A\$'000s	CY14	CY15	% change
Pro forma EBITDA	6,264	10,422	66%
Change in Working Capital	(1,871)	(556)	(70%)
Non-cash items in EBITDA	82	–	NA
Operating cash flow before capital expenditure	4,475	9,866	120%
Capital Expenditure	(224)	(672)	200%
Net free cash flow before financing, tax and dividends	4,251	9,194	116%

4.7.4.1. Net free cash flow before financing, tax and dividends

Operating free cash flow before capital expenditure of \$4.5m was generated in CY14 compared to \$9.9m forecast in CY15.

Key changes are:

- > A 66% increase in EBITDA year on year;
- > An improvement in working capital year on year, due to an increase in trade payables driven by an extension in payment terms to subcontractors and traffic acquisition costs growth in CY15;
- > A decline in non-cash items as no employee options have been reflected in CY15; and
- > Capital expenditure is forecast to increase from \$0.2m in CY14 to \$0.7m in CY15. The CY15 forecast capital expenditure increase is due to leasehold improvements in relation to the new office facilities.

4.7.5. Management's discussion of assumptions relating to the Pro forma Forecast Results for 12 month June-16 compared to 12 month June-15

Table 4.15 sets out the Pro Forma Forecast Results for 12 month June-16 compared to 12 month June-15.

Table 4.15 Pro forma Forecast Results for 12 month June-16 compared to 12 month June-15

A\$'000s	12 MONTH JUNE FORECAST RESULTS		
	12 mnth June-15	12 mnth June-16	% change
AdSense	6,011	8,815	47%
Direct CPC Revenue	12,417	17,353	40%
Revenue	18,428	26,168	42%
Traffic acquisition	(2,368)	(3,691)	56%
Cost of sales	(2,368)	(3,691)	56%
Gross profit	16,060	22,477	40%
<i>Gross margin</i>	87%	86%	
Human resources expenses	(5,717)	(5,994)	5%
Operational expenses	(601)	(682)	13%
Technology expenses	(823)	(851)	3%
Office expenses	(934)	(826)	(12%)
Corporate expenses	(715)	(809)	13%
Total operating expenses	(8,790)	(9,162)	4%
EBITDA	7,270	13,315	83%
<i>EBITDA margin</i>	40%	51%	
Depreciation and amortisation	(218)	(225)	3%
EBIT	7,052	13,090	86%
Net finance Income/(Expense)	199	337	69%
Profit before tax	7,251	13,427	85%
Tax expense	(2,028)	(3,323)	64%
NPAT	5,223	10,104	93%

4.7.5.1. Revenue

Total revenues are forecast to increase \$7.7m or 42% from \$18.4m in 12 month June-15 to \$26.2m in 12 month June-16.

AdSense revenues are forecast to increase \$2.8m or 47% from \$6.0m in 12 month June-15 to \$8.8m in 12 month June-16 due to a 23% increase in visits driven by a 37% increase in APAC visits and a 32% increase in Americas visits.

Direct CPC Revenues are forecast to increase \$4.9m or 40% from \$12.4m in 12 month June-15 to \$17.4m in 12 month June-16 due to the above visits growth.

4.7.5.2. Cost of sales and gross profit

Cost of sales are forecast to increase \$1.3m or 56%, from \$2.4m in 12 month June-15 to \$3.7m in 12 month June-16 driven by an increase in the volume of traffic acquired and assumed increase in the cost of traffic acquisition.

Gross profit margin is forecast to decrease from 87% in 12 month June-15 to 86% in 12 month June-16 due to a 42% increase in revenue which was more than offset by a 56% increase in cost of sales.

4.7.5.3. Operating expenses

Total operating expenses are forecast to increase by \$0.4m or 4% from \$8.8m in 12 month June-15 to \$9.2m in 12 month June-16 primarily due to a \$0.3m or 5% increase in Human resources expenses driven by a 25% increase in average full time employees is partially offset by a 16% decrease in average cost per full time employee driven by a mix change from higher cost UK employees to lower cost Spanish employees realised on integration of Lokku.

Estimated public company costs of \$0.9m have been included in the pro forma forecast for 12 month June-16.

4.7.5.4. EBITDA and NPAT

EBITDA is forecast to increase by \$6.0m or 83%, from \$7.3m in 12 month June-15 to \$13.3m in 12 month June-16 for the reasons described above. EBITDA margin is forecast to increase from 40% in 12 month June-15 to 51% in 12 month June-16.

NPAT is forecast to increase by \$4.9m or 93%, from \$5.2m in 12 month June-15 to \$10.1m in 12 month June-16, due to the reasons described above which is partially offset by an assumed \$1.3m increase in tax expense due to profit before tax growth.

4.7.6. Management's discussion of assumptions relating to the Table 4.16 Pro forma Forecast Cash Flows for 12 month June-16 compared to 12 month June-15

Table 4.16 sets out the Pro Forma Forecast Cash Flows for 12 month June-16 compared to 12 month June-15.

Table 4.16 Pro forma Forecast Cash Flows for 12 month June-16 compared to 12 month June-15

12 MONTH JUNE FORECAST CASH FLOWS			
A\$'000s	12 mnt June-15	12 mnt June-16	% change
Pro forma EBITDA	7,270	13,315	83%
Change in working capital	(946)	(351)	(63%)
Non-cash items in EBITDA	—	—	NA
Operating cash flow before capital expenditure	6,324	12,964	105%
Capital Expenditure	(680)	(210)	(69%)
Net free cash flow before financing, tax and dividends	5,644	12,754	126%

4.7.6.1. Net cash flow before financing, tax and dividends

Operating free cash flow before capital expenditure of \$6.3m is forecast in 12 month June-15 compared to \$13.0m forecast in 12 month June-16.

Key changes are summarised below:

- > An 83% increase in EBITDA year on year;
- > An improvement in working capital year on year, primarily due to an increase in trade payables driven by an assumed extension in payment terms to subcontractors and traffic acquisition costs growth in 12 month June-16; and
- > Capital expenditure of \$0.7m is forecast to be incurred in 12 month June-15 compared to \$0.2m forecast in 12 month June-16. The decline is due to capital expenditure forecast in 12 month June-15 capital expenditure including leasehold improvements for the new office facility which are not repeated in 12 month June-16.

4.8. SENSITIVITY ANALYSIS

The Forecast Financial Information included in Section 4.7 is based on a number of specific and general assumptions which have been outlined above and which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 5.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, the sensitivity of the forecast pro forma EBITDA for CY15 and 12 month June-16 to changes in certain key assumptions is set out below.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Management would respond to any adverse change in one variable by seeking to minimise the net effect on the Mitula Group's NPAT.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

Table 4.17: Sensitivity analysis on pro forma forecast EBITDA for CY15 and 12 month June-16

A\$'000s	Notes	Increase/ Decrease	CY15 pro forma EBITDA impact (A\$ 000s)	12 month June-16 pro forma EBITDA impact (A\$ 000s)
USD : EURO exchange rate	1	+/- 10%	151/(151)	187/(187)
EURO : AUD exchange rate	2	+/- 10%	859/(859)	1,026/(1,026)
GBP : AUD exchange rate	3	+/- 10%	238/(238)	384/(384)
GBP : EURO exchange rate	4	+/- 10%	338/(338)	369/(369)
Visits	5	+/- 10%	2,282/(2,282)	2,629/(2,629)
Page views	6	+/- 10%	752/(752)	881/(881)
Google advertising rates	7	+/- 10%	752/(752)	881/(881)
Volume of Click Outs sold	8	+/- 10%	1,530/(1,530)	1,748/(1,748)
Direct CPC Revenue rate	9	+/- 10%	1,530/(1,530)	1,748/(1,748)

Notes:

- 1 Sensitivity based on +/- 10% movement in USD : EURO exchange rate
- 2 Sensitivity based on +/- 10% movement in EURO : AUD exchange rate
- 3 Sensitivity based on +/- 10% movement in GBP : AUD exchange rate
- 4 Sensitivity based on +/- 10% movement in GBP : EURO exchange rate
- 5 Sensitivity based on +/- 10% increase/decrease in the number of visits
- 6 Sensitivity based on +/- 10% increase/decrease in the number of page views
- 7 Sensitivity based on +/- 10% movement in Google advertising rates
- 8 Sensitivity based on +/- 10% increase/decrease in the number of Click Outs sold
- 9 Sensitivity based on +/- 10% movement in Direct CPC Revenue rate

4.9. DIVIDEND POLICY

There will be no dividend paid for the period ending 30 June 2015. The Company has a number of growth strategies it is pursuing, and does not anticipate paying a dividend prior to June 2016. Following this period, dividends will be payable at the Board's discretion having regard to the performance of the Mitula Group at that time.

Dividends distributed by the Company in the future may be unfranked to the extent that the Mitula Group derives income outside of Australia. See Section 7.8.1 for further details.



05.

**RISK
FACTORS**

05. RISK FACTORS

The Mitula Group is subject to a variety of risk factors. Some of these are specific to its business activities, while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of the Mitula Group, its investment returns and the value of an investment in the Shares.

The risks listed below are not an exhaustive list of risks associated with an investment in the Company, either now or in the future, and this information should be considered in conjunction with all other information presented in this Prospectus. Many of the risks described below are outside the control of the Mitula Group, the Directors and management. There is no guarantee that the Mitula Group will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate.

Before applying for Shares, you should be satisfied that you have a sufficient understanding of the matters identified in this Section 5 and should consider whether the Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances, and tax issues.

We recommend you seek professional advice from your stockbroker, solicitor, accountant or other qualified professional adviser before deciding whether to invest.

5.1. RISKS SPECIFIC TO AN INVESTMENT IN THE COMPANY

5.1.1. **Google may adversely change its revenue sharing arrangements or terminate them**

Approximately 35% of the Mitula Group's revenue is generated from Google AdSense advertisements on its Websites. Mitula Group's arrangements with Google to provide Google AdSense advertisements may be unilaterally changed by Google at any time. This includes implementing changes to the percentage of revenue that is shared between the Mitula Group and Google. Unfavourable percentage changes to revenue sharing arrangements that are implemented by Google would have an adverse impact on the amount of revenue generated by the Mitula Group and therefore its financial performance. Furthermore, Google may, at any time and without cause, terminate its arrangement with the Mitula Group. If Google were to stop providing Google AdSense advertisements to the Mitula Group, this may have a materially adverse impact on the Mitula Group's financial performance and prospects.

5.1.2. **Changes to search engine algorithms or terms of service may reduce the attractiveness of the Websites**

Search engines, such as Google, are key driver of user traffic to the Websites. The higher the Websites rank among search results on websites, the more likely it is that the Websites will receive visits by users. Changes to a search engine's algorithms, which determine how search results appear among search results, or to the search engine's terms of service, may cause the Websites either to be ranked lower or to be excluded from the search results on search engines. This would lead to a decline in users visiting the Websites and therefore adversely impact the Mitula Group's ability to generate revenue, and have a materially adverse impact on the Mitula Group's financial performance and prospects.

5.1.3. **Concentration of advertisers in some countries**

In some of the countries it operates in, the Mitula Group's local advertiser base consists of a small number of key advertisers that in total contribute a high proportion of Direct CPC Revenue for that country. A reduction in the advertising spend of any of those key advertisers may adversely impact the Mitula Group's revenues and this may have a materially adverse impact on the Mitula Group's financial performance.

5.1.4. **Advertisers may reduce content on the Websites**

The Mitula Group relies on classifieds listings content being supplied by advertisers within each of its Verticals and the countries it operates in to generate its search results for its users. Advertisers may decide to make fewer listings available to the Mitula Group for a range of reasons, including cost and that its listings already appear on another website. A substantial reduction of number of listings on the Websites may adversely impact a user's experience. As a result, users may not engage with Google AdSense advertisements or Click Out, which may have a materially adverse impact on the Mitula Group's financial performance and prospects.

5.1.5. Expenditure on traffic acquisition may not deliver increased levels of users

Approximately 13% of the Mitula Group's revenues are forecasted to be spent on traffic acquisition. This involves the payment of a fee (usually on a 'cost per click' basis) to a general search engine, such as Google, to have the Websites shown in top placements on search results pages. There is no guarantee that the Mitula Group's investment in traffic acquisition will result in user levels of the Websites increasing.

5.1.6. Mitula Group may suffer loss in connection with the acquisition of Lokku

At the time of the acquisition of Lokku in May 2015, the Mitula Group conducted due diligence enquiries. Notwithstanding this due diligence, it is possible that one or more material adverse issues may not have been identified. If a material adverse issue was not identified prior to the Mitula Group's acquisition of Lokku, such an issue could adversely impact the Mitula Group's financial performance. In addition, in preparing the Forecast Financial Information, certain forecast assumptions (as set out in Sections 4.7.1 and 4.7.2) have been based on the successful integration of the Lokku business into the existing Mitula Group business. Failure to capture all identified benefits of the integration may adversely impact the Mitula Group's financial performance and prospects.

5.1.7. Mitula Group may be unable to profitably or successfully compete

The global online advertising market, in which the Mitula Group operates, is highly competitive. The Mitula Group competes with general search engines (such as Google), other vertical search websites, and ad networks for the advertising expenditure of classified websites. Furthermore, current or future competitors may adopt certain aspects of the Mitula Group's business model as well as develop and evolve new technologies and business models that may reduce the Mitula Group's ability to differentiate its services. Other vertical search website operators may offer advertisers terms and conditions that are more attractive than those offered by the Mitula Group. If the Mitula Group is unable to successfully or profitably compete with current and new competitors, this may adversely impact the Mitula Group's revenues and this may have a materially adverse impact on the Mitula Group's financial performance and prospects.

5.1.8. Mitula Group is subject to foreign currency risk

The Mitula Group has costs, expenses and investments denominated in multiple currencies. The Mitula Group will also report its financial results in Australian Dollars. Accordingly, the Mitula Group's reported financial performance will be influenced by fluctuations in exchange rates between the Australian Dollar and its operating currencies, primarily the Euro, US Dollar, Great Britain Pound, and Brazilian Reals. Any adverse exchange rate fluctuations or volatility in these currencies may have an adverse effect on the Mitula Group's future financial performance and position.

5.1.9. Existing Shareholders retain a 76% Shareholding

Following Completion of the Offer, the Existing Shareholders will in aggregate hold approximately 76% of the Shares. Should any one of the Existing Shareholders sell their respective Shareholdings in a poorly managed sell down (especially on cessation of the escrow restrictions that apply the Escrowed Shareholders – see section 9.6) or if Existing Shareholders decide to act collectively as a group, this may adversely affect other Shareholders.

5.1.10. Mitula Group's Direct CPC Revenue contracts operate on a month-to-month basis

As described in Section 9.8.2, the Mitula Group enters into contracts on standard terms and conditions with its paying advertisers. These standard terms and conditions govern the way in which paying advertisers pay for Click Outs, which contributes Direct CPC Revenue to the Mitula Group. These contracts generally operate on a month-to-month basis or other similarly short-term basis. There is a risk that paying advertisers may decide to cease doing business with the Mitula Group on little or no notice. If this risk eventuates, the Mitula Group's business operations, and financial performance and prospects may be adversely affected.

5.1.11. Inappropriate or fraudulent content may be displayed on the Websites

The Mitula Group has systems and processes that allow it to remove inappropriate or fraudulent content from its website, which may be displayed in listings. However, the Mitula Group cannot guarantee that all content displayed on its Websites is appropriate at all times. This includes but is not limited to the presentation of photographs accepted by the Mitula Group in good faith and under the terms of its customer contracts. The Mitula Group cannot guarantee that such material is not obscene, offensive or otherwise damaging to its business reputation and brand name, or the reputation of the supplier of the listing, or any third party or that it will not breach local laws in each of the markets in which it operates. Damage caused to its business reputation and brand name may deter users from using the Websites, which may have an adverse effect on the Mitula Group's financial performance and prospects.

5.1.12. Mitula Group relies on internet infrastructure and systems of third parties

The consistent performance of the Websites is important in maintaining the reputation of the Mitula Group's businesses and its ability to attract customers. The Websites rely on telecommunications operators, data centres and other third parties for key aspects of the process of maintaining its sites and providing its products and services to customers. The Mitula Group's influence over these third parties is limited. Any ongoing or serious disruptions to the performance of the internet in countries in which the Mitula Group operates may adversely affect the Mitula Group's operations and may damage its business reputation, its ability to attract users and to achieve market acceptance of its services.

Although the Mitula Group's IT systems have been designed around industry-standard architectures, they remain vulnerable to damage or interruption from any failings by third party operators supporting the network, as well as earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses or similar events. The Mitula Group's disaster recovery planning cannot account for all eventualities.

The Websites have experienced system failures in the past and may do so in the future. If frequent or persistent significant system failures are experienced on the Websites, the Mitula Group may need to take steps to increase the reliability of its systems and invest further in improved back-up systems. This may have a materially adverse impact on the Mitula Group's financial performance and prospects.

5.1.13. Mitula Group may not be able to manage its growth successfully

The Mitula Group aims to deliver growth in the scope of its operating activities, which may include operating in new countries and Verticals. This growth is anticipated to result in an increased level of responsibility for both existing and new management personnel. If the Mitula Group is unable to manage its expected growth successfully, including through the successful recruitment, training, integration and management of the staff required to support this expected growth, it may not be able to take advantage of market opportunities, satisfy customer requirements, execute its business plan as forecast or respond to competitive pressure.

5.1.14. Mitula Group may not be able to adopt to technological change

The number of people who access information through devices other than personal computers, including smartphones and tablets, has greatly increased in recent years. If the Mitula Group is unable to maintain the existing level of visits to the Mitula Group's website due to increases in alternative device usage or if it is significantly slower than its competitors to adapt to technological change, it could fail to capture what may be an increasingly important part of the market. A reduction in visits to the Websites may have an adverse effect on the Mitula Group's ability to attract new customers and retain its existing customer base, which in turn could have a materially adverse impact on its financial performance and prospects.

5.1.15. There may be a decline in the growth of internet penetration, rate of migration online or rate of improvement of internet infrastructure

Internet penetration in many of the markets in which the Mitula Group operates has been growing. However, there can be no guarantee that this growth will continue in the future. In addition, growth in online classifieds is underpinned by a range of factors including improvements in internet infrastructure and migration from more traditional forms of media, such as print, to online. While increased internet penetration and a migration from traditional classifieds to digital platforms has occurred over recent years, there can be no guarantee that the rate of penetration and migration will continue in the future, which may have an adverse effect on the expected growth of the Mitula Group. Similarly, internet infrastructure and technologies such as broadband and mobile internet in the markets in which the Mitula Group operates may not advance as quickly as anticipated, which may also have an adverse impact on the Mitula Group's financial performance and prospects.

5.1.16. Mitula Group may face political and social upheaval

The Mitula Group operates in countries that have historically been subject to changes in political power that have immediate and significant effects on business. Future coups, military activity, revolutions and anarchy may occur. Political and social upheaval in the countries in which the Mitula Group operates may adversely affect its business operations, which may also have an adverse impact on the its financial performance and prospects.

5.1.17. Mitula Group may face hacking and vandalism of its IT systems and databases

The Mitula Group's businesses may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in its sites. Viruses, 'worms' and other malicious software programs could, among other things, jeopardise the security of information stored in a user's computer (including the user's confidential information) or in the Mitula Group's computer systems or attempt to change the internet experience of users by interfering with the Mitula Group's ability to connect with its users. If the Mitula Group's efforts to combat these malicious applications are unsuccessful, or if its products and services have actual or perceived vulnerabilities, the Mitula Group's business reputation and brand name may be harmed and user visits could decline, which may result in a material adverse effect on the Mitula Group's financial performance and prospects.

5.1.18. Others may engage in unauthorised use of Mitula Group's intellectual property or independent development of technology

The Mitula Group regards substantial elements of its Websites, software tools, applications, databases and underlying technology as proprietary. Despite precautionary measures, third parties may copy or otherwise obtain and use the Mitula Group's proprietary information without authorisation or may develop similar technology independently. In addition, competitors may be able to design around the Mitula Group's technology or develop competing technologies substantially similar to those of the Mitula Group without any infringement of the Mitula Group's proprietary rights. Any legal action that Mitula Group may bring to protect its proprietary information could be unsuccessful, protracted and expensive and would divert management's attention from the normal business operations.

5.1.19. Mitula Group may engage in unauthorised use of third party intellectual property

The Mitula Group has made significant investments in developing its own proprietary technology. In doing so, it has used a combination of open source code and internally developed applications. While every reasonable precaution has been taken to ensure that no intellectual property rights have been infringed and that the Mitula Group owns all the intellectual property rights for its technology, there is the possibility that intellectual property rights of others may have been breached.

Mitula Group sources some of the content of its Websites by obtaining that data from other websites with the approval of the operators of those websites. There is a risk that an operator of a website alleges that the sourcing of its data by the Mitula Group is unauthorised and an infringement of its intellectual property rights.

Any legal action brought against the Mitula Group could be expensive, have a negative financial impact on the business, and would divert management's attention from the normal business operations. Additionally, Mitula Group may have to cease use of the disputed intellectual property, which may lead to a loss of revenue, goodwill and a gap in product functionality.

5.1.20. It may not be possible to retain key personnel

The Mitula Group's ability to effectively execute its growth strategy is dependent on the performance, expertise and retention of key employees. Competition for qualified employees in the industry could increase and the loss of a substantial number of qualified employees, or an inability to attract, retain and motivate additional highly-skilled employees required for the anticipated expansion of the Mitula Group's activities, could materially adversely affect its ability to achieve its strategic growth objectives and its financial performance.

5.1.21. A consolidation of advertisers in markets could reduce Click Out rates

The Mitula Group relies on there being a large number of advertisers to generate competition for Click Out rates on its Websites. Any material consolidation of advertisers within the markets in which the Mitula Group operates sites may lead to a lessening of competition between advertisers and could have an adverse impact on the Mitula Group's financial performance.

5.1.22. Mitula Group may suffer loss in connection with the Share Exchange Agreement

As described in Section 9.3.2, the Company entered into a Share Exchange Agreement with the Existing Shareholders (who at the date of the Share Exchange Agreement, owned all of the shares in Mitula Classified). At the time of entering into the Share Exchange Agreement, the Mitula Group conducted due diligence enquiries. Notwithstanding this due diligence, it is possible that one or more material adverse issues may not have been identified prior to entry into the Share Exchange Agreement. If a material adverse issue was not identified prior to entry into the Share Exchange Agreement, such an issue could adversely impact the Mitula Group's financial performance and prospects.

5.1.23. New acquisitions

The Mitula Group may make acquisitions in circumstances where the Directors believe that those acquisitions support the Mitula Group's growth strategy. However, there can be no assurances that the Mitula Group will be able to identify, complete and integrate suitable acquisitions successfully. Acquiring new businesses can place significant strain on management, employees, systems and resources. Acquired business may not perform in line with expectations and it may not prove possible to achieve the desired synergies on the integration of new businesses. During the acquisition process, Mitula Group's management may not have identified all liabilities as part of its due diligence process.

5.2. GENERAL RISKS OF AN INVESTMENT IN THE COMPANY

5.2.1. Force majeure events may occur

Events may occur within or outside Australia that may have potential impacts on the Australian economy, the operations of the Mitula Group's business and the price of Shares. These events include, but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the Mitula Group's ability to conduct its business.

5.2.2. Global economic conditions may affect the Mitula Group

The Mitula Group is dependent on global economic conditions and the global economic outlook, and on the economic conditions and outlook in its key markets and the online advertising and classified market generally. Economic conditions may be affected by levels of business spending, inflation, interest rates, consumer confidence, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged downturn in general economic conditions may have a material adverse impact on the Company's trading, financial performance and prospects.

5.2.3. Trading in Shares may not be liquid

There can be no guarantee that an active market in the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

5.2.4. Changes in laws, including tax laws and accounting standards may occur

The Mitula Group is subject to local laws and regulations in each of the jurisdictions in which it operates (including taxation, copyright and privacy legislation). From time to time, changes of the laws and regulations may require the Mitula Group to obtain additional approvals and/or licences that may significantly increase compliance costs and restrict the Mitula Group's activities.

Any changes to taxation laws, regulations or policies in jurisdictions in which the Mitula Group operates may also adversely affect Shareholder returns. Any changes to the Australian Accounting Standards (AAS), as determined by the Australian Accounting Standards Board (AASB), may affect the future measurement and recognition of key income statement and balance sheet items. Such changes could materially and adversely affect the financial performance and position reported in the Mitula Group's financial statements.

Future laws or regulations may be introduced concerning various aspects of the internet as it relates to the Mitula Group's business, including online content, copyright, foreign ownership of internet and media companies, privacy, and liability for third party activities, all of which may adversely impact the Mitula Group's operations.

Changes in or extensions of laws and regulations affecting either the real estate, employment or automotive industries or internet business operations in the countries in which the Mitula Group operates and the rules of industry organisations could restrict or complicate the Mitula Group's activities and increase its compliance costs thereby affecting its financial performance and prospects.

5.2.5. Risk of Shareholder dilution

In the future, the Company may elect to issue new Shares, to engage in fundraisings and also to fund, or raise proceeds, for acquisitions the Mitula Group may decide to make. Shareholders may be diluted as a result of such issues of shares and fundraisings.

5.2.6. Litigation risk

In the ordinary course of its business, the Mitula Group is subject to the risk of litigation and other disputes with its employees, clients, regulators, partners, competitors and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to the Mitula Group's reputation, which could have an adverse effect on the financial performance and prospects of its business.




06.




KEY PEOPLE,
INTERESTS
AND BENEFITS

06. KEY PEOPLE, INTERESTS AND BENEFITS





6.1. BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills including commercial and industry knowledge, financial management and corporate governance.

DIRECTOR	EXPERIENCE
 <p>Simon Baker <i>Independent Non-Executive Chairman</i></p>	<ul style="list-style-type: none"> > Simon Baker was appointed Chairman of the Mitula Group on its formation in March 2015. Prior to this, Simon was a paid member of the Mitula Classified Advisory Board since late 2010. > Simon was former CEO and Managing Director of the ASX listed REA Group from 2001 through 2008. During his tenure at the REA Group, revenue increased from \$3.8m in FY 2001 to \$155.6m in FY 2008, EBITDA increased from a loss of \$6.2m in FY 2001 to an EBITDA profit of \$36.6m in FY 2008, and the share price increased from \$0.08 to a high of \$7.49. > Simon was director and chairman of ASX listed iProperty Group Limited from 2009 to 2012. During his tenure, he oversaw the growth of the business from a share price of \$0.08 to a high of \$1.32. > Simon is an angel investor in several online classifieds and e-commerce companies around the world including Vivareal, Redbubble, ArtsHub, Real Estate Investar, LaEncontre, Property Portal Watch, ListGlobally, Transmit Data and CarAdvice. > Simon holds a Bachelor of Science with a major in Computer Science from Monash University and a Masters of Business Administration from the Melbourne Business School.
 <p>Gonzalo del Pozo <i>Chief Executive Officer, Executive Director and Co-Founder</i></p>	<ul style="list-style-type: none"> > Gonzalo del Pozo was appointed CEO of the Mitula Group on 17 April 2015. Prior to this, Gonzalo was the co-founder and CEO of Mitula Classified and also a member of its Advisory Board. > Gonzalo is the co-founder and former CEO of Ediciones Globaliza S.L., a leading property portal operating in Spain established in 1998. > Gonzalo is a director and major shareholder in Inception Capital S.L., an investment fund with over 10 investments in internet companies. > Gonzalo is a director and Member of the Investment Committee of Onza Capital (Onza Venture Capital Investments, SCR de Regimen Común, S.A) a limited liability venture capital firm entered on the official register of venture capital entities at the Spanish National Securities Market Commission. > Gonzalo holds a Bachelor of Science with a major in Electrical and Electronics Engineering from Suffolk University.

DIRECTOR	EXPERIENCE
 <p>Joe Hanna <i>Independent Non-Executive Director</i></p>	<ul style="list-style-type: none"> > Joe Hanna was appointed as an Independent Non-Executive Director of the Mitula Group in March 2015 and serves as Chairman of the Remuneration and Nomination Committee. > Joe became an investor in Mitula Classified in 2010. > Between November 2010 to October 2012, Joe consulted to the Mitula Classified management team to assist in establishing a presence in key South East Asian markets and in developing product and technology strategy. > Joe has extensive experience in online classifieds and search and is a founder of behavioural classifieds recommendation engine Predictive Match. Joe is co-founder and current CEO of xLabs Pty Ltd, a Melbourne based technology start up. > Joe spent 8 years at Fairfax Media Limited in senior roles including: Product and Technology Director – Online Employment, CIO at Advantate, and Emerging Business and Technology Manager at The Age. > Joe holds a Bachelor of Business with a major in Computing from the University of Victoria.
 <p>Gonzalo Ortiz <i>Non-Executive Director and Co-Founder</i></p>	<ul style="list-style-type: none"> > Gonzalo Ortiz was appointed to the Board of the Mitula Group on 15 April 2015. Prior to this, Gonzalo was the co-founder and Chairman of Mitula Classified and also a member of its Advisory Board. > Gonzalo is the co-founder and Chairman of Ediciones Globaliza, S.L., a leading property portal operating in Spain established in 1998. He is also Chairman and Managing Director of Inception Capital, S.L., an investment fund with over 10 investments in internet companies. > Gonzalo is the Investment General Manager and Member of the Investment Committee in Onza Capital (Onza Venture Capital Investments, SCR de Regimen Común, S.A) a limited liability venture capital firm entered on the official register of venture capital entities at the Spanish National Securities Market Commission. > Gonzalo is co-founder of trazada.com, an online marketing company sold in 2011 to QDQ Group, part of the listed French company Pages Jaunes. > Gonzalo holds a Bachelor of Sociology with a major in Market Surveys for Technological Rollouts from Madrid University.
 <p>Sol Wise <i>Independent Non-Executive Director</i></p>	<ul style="list-style-type: none"> > Sol Wise was appointed as an Independent Non-Executive Director of the Mitula Group in March 2015 and serves as Chairman of the Audit and Risk Committee. > Sol spent five years from 2004 to 2010 with ASX listed REA Group as the Group Financial Controller reporting directly to the CFO. > Sol is currently the CFO of STB Holdings Pty Ltd, the advisor to CAV Investment Holdings, an investment group associated with Simon Baker specialising in investment in online classifieds businesses around the world. > Sol has a Bachelor of Business from RMIT University Melbourne and is a Certified Practicing Accountant (CPA) with more than 20 years' experience in senior financial roles.

6.2. SENIOR MANAGEMENT

DIRECTOR	EXPERIENCE
Gonzalo del Pozo <i>Chief Executive Officer</i>	See Section 6.1.
 Marcelo Badimon <i>Chief Operations Officer and Co-Founder</i>	<ul style="list-style-type: none"> > Marcelo Badimon was appointed Chief Operations Officer of the Mitula Group on 17 April 2015 and is a co-founder of Mitula Classified. Marcelo is responsible for managing the Company's day-to-day operations and product and technology across the Mitula Group. > Prior to joining Mitula Classified, Marcelo spent 9 years as the CTO at Globaliza.com, a property portal operating in Spain and has experience as Technical Director at both Inception Capital Investment Fund and Onza Venture Capital Fund. > Marcelo holds a Bachelor of Industrial Engineering from University of Madrid, Spain.
 Ricardo Gomez de Olea <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> > Ricardo Gomez de Olea was appointed Chief Financial Officer of the Mitula Group on 17 April 2015 after serving as the Chief Financial Officer of Mitula Classified since joining in September 2009. He is responsible for overseeing the financial activities of Mitula Group, including financial planning and cash flow. > Prior to joining Mitula Classified, Ricardo spent 9 years as CFO at Globaliza.com, a property portal operating in Spain. > Ricardo holds a Bachelor of Business Administration of Madrid University and Master of Business Administration from the Escuela de Organización Industrial, Spain.
 Javier Heras <i>Head of Traffic Acquisition</i>	<ul style="list-style-type: none"> > Javier Heras joined Mitula Classified in 2009 as a Software Engineer. He was promoted to Development Manager in December 2012 and appointed as Head of Traffic Acquisition in June 2013, the role he now serves with the Mitula Group. > Javier is responsible for traffic acquisition through SEO technology and Google AdSense implementation across the Websites. > Prior to joining the Mitula Group, Javier spent 9 years as a Technology Manager at Globaliza.com, a property portal operating in Spain. > Javier holds a Bachelor of Software Engineer from the University of Madrid, Spain.
 Javier Ortiz <i>Head of Sales</i>	<ul style="list-style-type: none"> > Javier Ortiz was Head of Sales for Mitula Classified since joining in January 2010 and is now responsible for Direct CPC Revenues across the Mitula Group. > Prior to joining the Mitula Classified, Javier spent 2 years as Europe Regional Manager for Selenium Loud Speakers and 3 years as Europe Regional Manager for Intelbras (Brazilian Telecom Manufacture Company). > He holds a Bachelor of European Business Management from Hull University (UK) and the Madrid Chamber of Commerce (Spain).

6.3. INTERESTS AND BENEFITS

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- > Director or proposed Director of the Mitula Group;
- > person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- > promoter of the Mitula Group; or
- > an underwriter to the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- > the formation or promotion of the Mitula Group;
- > property acquired or proposed to be acquired by the Mitula Group in connection with its formation or promotion, or in connection with the Offer; or
- > the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Mitula Group or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Mitula Group.

6.3.1. Interests of advisers

The Company has engaged the following professional advisers:

- > Baillieu Holst Ltd has acted as Underwriter and Lead Manager to the Offer. The Company has paid, or agreed to pay, the Underwriter the fees described in Section 9.7 for these services;
- > Herbert Smith Freehills has acted as Australian legal adviser to the Company and SaleCo in relation to the Offer (excluding in relation to taxation and stamp duty matters). The Company has paid, or agreed to pay, approximately \$295,000 (excluding disbursements and GST) for these services. Further amounts may be paid to Herbert Smith Freehills in accordance with its timed-based charge-out rates;
- > PricewaterhouseCoopers Securities Ltd has acted as the Investigating Accountant and has prepared the Independent Limited Assurance Report for inclusion in the Prospectus. PricewaterhouseCoopers Securities Ltd has also performed due diligence enquiries in relation to the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information. The Company has paid, or agreed to pay, approximately \$325,000 (plus GST) for these services to the date of this Prospectus. PricewaterhouseCoopers Securities Ltd was also engaged to undertake acquisition due diligence on Lokku. The Company has paid, or agreed to pay, approximately \$80,000 (plus GST) for these services. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with their normal time-based charge-out rates; and
- > Frost & Sullivan Australia Pty Limited has prepared the Independent Market Report on the online advertising market. The Company has paid, or agreed to pay, approximately \$12,500 (plus GST) for this report.

6.3.2. Directors' interests and remuneration

6.3.2.1. Chief Executive Officer

Gonzalo del Pozo is the Chief Executive Officer and an Executive Director of the Company. He was appointed to both roles on 17 April 2015.

Mitula Classified initially entered into an executive services agreement on 1 January 2011 with Tadium Invest, S.L., a company of which Gonzalo del Pozo is a director, to document his executive role with Mitula Classified. This agreement was subsequently replaced on 17 April 2015 to reflect Gonzalo's role with the Company.

Tadium Invest, S.L., will receive an annual fee of €270,000 (approximately A\$385,000), as payment for Gonzalo's services as Chief Executive Officer and any fees and other amounts to which he may be entitled to as a Director, officer or employee of the Company.

Tadium Invest, S.L., will also be eligible for a discretionary annual short-term cash incentive of €81,000 (approximately A\$115,000), as determined solely by the Board, based on Gonzalo's individual performance and the performance of the business against key performance indicators. Key performance indicators are set by the Board each year and are tested at the end of each year. They may include measures such as revenue, EBITDA and growth targets. In order to receive the annual short term cash incentive, Gonzalo must continue to be in the role of Chief Executive Officer as at the date on which the relevant bonus is payable.

Either party may terminate the executive services agreement by giving six months' notice. The Company may, at its sole discretion, make a one off payment in lieu of notice. In the event of a serious breach of the contract terms, the Mitula Group may terminate the consultancy agreement immediately without notice.

Upon termination of the executive services agreement, Gonzalo will be restrained from competing with the Company and its subsidiaries and from soliciting Mitula Group's clients, suppliers and employees for a period of 12 months following the termination of the agreement. The restraint is given under both the laws of Victoria, Australia and the laws of Spain and is subject to the legal requirements in those jurisdictions.

Gonzalo will be issued with options to acquire Shares (**Options**). See Section 6.3.3.4 for further details. He will also receive \$2.6 million in respect to the sale of Existing Shares as part of the Offer. Gonzalo is an Existing Shareholder and will hold Shares on Completion of the Offer as described below.

6.3.2.2. Non-Executive Director remuneration

Each of the Non-Executive Directors has entered into an appointment letter with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations of them as Directors.

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, under the Listing Rules, the total amount paid to all Directors for their services must not exceed, in aggregate in any financial year, the amount fixed by the Mitula Group in general meeting. This amount has been fixed at \$400,000.

For the initial year of listing, the annual base Non-Executive Director fees currently agreed to be paid by the Company are \$80,000 per annum to the Chairman and \$50,000 per annum to each other Non-Executive Director. An additional \$10,000 per annum will be paid each to the Chairman of the Audit and Risk Management Committee and the Chairman of the Remuneration and Nomination Committee.

All Directors' fees include superannuation payments to the extent applicable and must not include a commission on, or a percentage of, profits or operating revenue.

Directors may also be reimbursed for all reasonable travelling and other expenses incurred by the Directors in attending to the Company's affairs including attending and returning from Board meetings or any meetings of committees of Directors and in attending and returning from any general meetings of the Company.

Directors may be paid such additional or special remuneration if they, at the request of the Board, and for the purposes of the Mitula Group, perform any extra services or make special exertions.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

Non-Executive Directors will be granted Options. See Section 6.3.3.4 for further details.

6.3.2.3. Deeds of access, indemnity and insurance for Directors

The Company has entered into a deed of indemnity, insurance and access with each Director, which confirms the Director's right of access to Board papers and requires the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate. Under the deeds of indemnity, insurance and access, the Company must maintain a directors' and officers' insurance policy insuring the Directors and officers against liability as a Director and officer of the Mitula Group and its related bodies corporate until seven years after a Director in office ceases to hold office as a Director or as a director or officer of a related body corporate.

6.3.2.4. Directors' Shareholdings and holding of Options

Directors are not required under the Constitution to hold any Shares or Options. On the Prospectus Date and on Completion of the Offer, the Directors will hold the following Shares (either directly or through beneficial interests or entities associated with the Director).

The Directors (and their associates) are entitled to apply for additional Shares under the Offer.

Table 6.1 Directors' Shareholdings

Director	Shares held on Prospectus Date	Shares held on Prospectus Date (%)	Shares held on Completion of the Offer ¹	Shares held on Completion of the Offer (%)	Options held on Completion of the Offer
Gonzalo del Pozo	38,647,500	22.5%	35,147,500	17.1%	1,000,000
Gonzalo Ortiz	36,197,500	21.1%	32,897,500	16.1%	150,000
Simon Baker	10,461,000	6.1%	9,521,012	4.6%	1,000,000
Joe Hanna	10,461,000	6.1%	9,861,000	4.8%	150,000
Sol Wise	0	0.0%	40,000	0.0%	250,000

Notes:

¹ Directors who are Existing Shareholders will sell down some of their Existing Shares via SaleCo. Refer to Section 9.5 for further details.

All Shares directly held and controlled by Directors on Completion of the Offer will be subject to voluntary escrow arrangements as outlined in Section 9.6.

In addition to the Shareholding described above, Gonzalo del Pozo and Gonzalo Ortiz also hold indirect interests in Shares through entities that are Shareholders, being Tadium Invest, S.L. and along with Simon Baker, Inception Capital, S.L.

Gonzalo del Pozo and Gonzalo Ortiz each hold 30.7% of the shares in Tadium Invest, S.L.¹ As at the Prospectus Date, Tadium Invest, S.L. holds 2,216,000 Shares and will sell down all those Shares as part of the Offer.

Simon Baker, Gonzalo del Pozo and Gonzalo Ortiz hold 11.7%, 4.7% and 4.7% respectively of the shares in Inception Capital, S.L.² In addition, Tadium Invest, S.L. holds 49.7% of the shares in Inception Capital, S.L. As at the Prospectus Date, Inception Capital, S.L. holds 7,800,000 Shares. It is expected that Inception Capital, S.L. will hold 7,280,000 Shares on Completion of the Offer (3.6% of the Shares). The Shareholding of Inception Capital, S.L. will not be subject to any voluntary escrow arrangements.

¹ Marcelo Badimon (COO) holds a 30.7% interest in Tadium Invest, S.L. and Ricardo Gomez de Olea (CFO) holds a 2.3% interest. Neither Marcelo nor Ricardo are Directors.

² Marcelo Badimon (COO) holds a 4.7% interest in Inception Capital, S.L.

6.3.3. Other Senior Management Remuneration

6.3.3.1. Chief Operating Officer

Marcelo Badimon is the Chief Operating Officer of the Company. He was appointed on 17 April 2015.

Mitula Classified initially entered into an executive services agreement on 1 January 2011 with Tadium Invest, S.L., a company of which Marcelo is a director, to document his executive role with Mitula Classified. This agreement was subsequently replaced on the 17 April 2015 to reflect his role as Chief Operating Officer of the Company.

Tadium Invest, S.L., will receive an annual fee of €175,000 (approximately A\$250,000), as payment for Marcelo's services as Chief Operating Officer and any fees and other amounts to which he may be entitled to as an officer or employee.

Tadium Invest, S.L., will also be eligible for a discretionary annual short term cash incentive of €52,500 (approximately A\$75,000), as determined solely by the Board, based on Marcelo's individual performance and the performance of the business against key performance indicators. Key performance indicators are set by the Board each year and are tested at the end of each year. They may include measures such as revenue, EBITDA and growth targets. In order to receive the annual short term cash incentive, Marcelo must continue to be in the role of Chief Operating Officer as at the date on which the relevant bonus is payable.

Either party may terminate the executive services agreement by giving six months' notice. The Company may, at its sole discretion, make a one off payment in lieu of notice. In the event of a serious breach of the contract terms, the Company may terminate the consultancy agreement immediately without notice.

Upon termination of the executive services agreement, Marcelo will be restrained from competing with the Company and its subsidiaries and from soliciting the Mitula Group's clients, suppliers and employees for a period of 12 months following the termination of the agreement. The restraint is given under both the laws of Victoria and the laws of Spain and is subject to the legal requirements in those jurisdictions.

Marcelo will receive \$2.6 million in respect to the sale of Existing Shares as part of the Offer. He is an Existing Shareholder and will directly hold 15,820,000 Shares on Completion of the Offer and indirectly, through Velingadu, S.L. an entity he controls, an additional 19,327,500 Shares on Completion. Marcelo has accepted voluntary escrow being placed on the Shares.

6.3.3.2. Chief Financial Officer

Ricardo Gomez de Olea is the Chief Financial Officer of the Company. He was appointed on 17 April 2015.

Mitula Classified initially entered into an executive services agreement on 1 January 2011 with Tadium Invest, S.L., a company of which Ricardo is an employee, to document his executive role with Mitula Classified. This agreement was subsequently replaced on the 17 April 2015 to reflect his role as Chief Financial Officer of the Company.

Tadium Invest, S.L., will receive an annual fee of €100,000 (approximately A\$142,000), as payment for Ricardo's services as Chief Financial Officer and any fees and other amounts to which he may be entitled to as an officer or employee.

Tadium Invest, S.L., will also be eligible for a discretionary annual short term cash incentive of €30,000 (approximately A\$43,000), as determined solely by the Board, based on Ricardo's individual performance and the performance of the business against key performance indicators. Key performance indicators are set by the Board each year and are tested at the end of each year. They may include measures such as revenue, EBITDA and growth targets. In order to receive the annual short term cash incentive, Ricardo must continue to be in the role of Chief Financial Officer as at the date on which the relevant bonus is payable.

Either party may terminate the executive services agreement by giving three months' notice. The Company may, at its sole discretion, make a one off payment in lieu of notice. In the event of a serious breach of the contract terms, the Company may terminate the consultancy agreement immediately without notice.

Upon termination of the executive services agreement, Ricardo will be restrained from competing with the Company and its subsidiaries and soliciting Mitula Group's clients, suppliers and employees for a period of 12 months following the termination of the agreement. The restraint is given under both the laws of Victoria and the laws of Spain and is subject to the legal requirements in those jurisdictions.

Ricardo will be granted Options. See Section 6.3.3.4 for further details. Ricardo will receive \$247,500 in respect to the sale of Existing Shares as part of the Offer. He is an Existing Shareholder and will directly hold 3,315,000 Shares on Completion of the Offer. Ricardo has accepted a voluntary escrow being placed on the Shares.

6.3.3.3. Other senior management service arrangements

Other senior members of management are either engaged as a consultant under a consultancy agreement or a party to a contract of employment with a member of the Mitula Group. These agreements document annual based services fees or base salary and any incentive arrangements, as determined by the Board from time to time; confidentiality provisions; ownership of intellectual property provisions and a non-compete restraint following the termination of engagement or employment. Notice of termination provisions and leave entitlements vary depending on the laws of the jurisdiction in which the engagement was made.

6.3.3.4. Options

The Company will grant the number of Options to the Directors on Completion of the Offer as described in Section 6.3.2.4. The Company will also grant 250,000 Options to Ricardo Gomez de Olea (the Chief Financial Officer of the Company). These Options will be granted in recognition of services to the Company, including preparation of the Offer and the acquisition of Lokku. All Options will be issued on the terms described below.

Grant of Options	The Options will be granted on Completion of the Offer and entitle the holder to acquire 1 newly issued Share for each Option held.
Grant price	The Options will be granted for nil consideration.
Exercise price	\$0.40 per Option.
Exercise of Option	The Options are exercisable from 1 July 2016 and lapse on 30 June 2018.
Rights associated with Options	Options do not carry any dividend or voting rights prior to exercise.
Voluntary escrow	Any Shares issued on exercise of the Options will not be subject to voluntary escrow arrangements.

6.4. RELATED PARTY ARRANGEMENTS

Tadium Invest, S.L. is an entity associated with Gonzalo Ortiz, Gonzalo Del Pozo and Marcelo Badimon and holds 2,216,000 Shares on the Prospectus Date. It is expected that those Shares will be sold as part of the Offer. This entity provides the services of Marcelo Badimon, Ricardo Gomez de Olea and Gonzalo Del Pozo to the Company through consultancy agreements with the Company. Further details of these employment arrangements are set out in Section 6.3.2 and 6.3.3.

Tadium Invest, S.L. holds a 50% interest in Singular Studios, S.L. which provides consulting services to the Company worth approximately €80,000 per annum (approximately A\$114,000).

Tadium Invest, S.L. holds an 80% interest in Tadium Miami Plc, which provides consulting services to the Company worth approximately €60,000 per annum (approximately A\$86,000).

Property Portal Watch Pty Ltd is a company owned and controlled by Simon Baker, which provides news, analysis and updates on property portals around the world. The Mitula Group purchases sponsorship and conference tickets from Property Portal Watch Pty Ltd on arm's length terms. In CY15, it is expected that the Mitula Group will spend approximately A\$60,000 on these services.

Ediciones Globaliza, S.L. (**Globaliza**) owns and operates globaliza.com, a Spanish property portal. Globaliza is 65% owned and controlled by entities associated with Gonzalo Ortiz and Gonzalo del Pozo. Globaliza has entered into an agreement to pay the Mitula Group to receive an increased number of Click Outs (ie it contributes Direct CPC Revenue as a paying advertiser to the Mitula Group). In CY14, Globaliza paid the Mitula Group approximately €27,000 (approximately A\$38,000) for these services. In CY15, it is expected that Globaliza will spend approximately €72,000 (approximately A\$103,000). These services are provided on an arm's length basis and at standard market rates.

In preparing the Offer, STB Holdings Pty Ltd, a company controlled by Simon Baker, provided accounting and finance services to the Company. Director, Sol Wise, an employee of STB Holdings Pty Ltd, provided these services. The total cost of these services was approximately \$35,000.

6.5. CORPORATE GOVERNANCE

This Section 6.5 explains how the Board will manage the Mitula Group's business. The Board is responsible for the overall corporate governance of the Mitula Group. Details of the Mitula Group's key policies and practices and the charters for the Board and each of its committees will be available from the Prospectus Date at www.mitulagroup.com.

The Board monitors the operational and financial position and performance of the Mitula Group and oversees its business strategy including approving the strategic goals of the Mitula Group. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Mitula Group.

In conducting business with these objectives, the Board is concerned to ensure that the Mitula Group is properly managed to protect and enhance Shareholder interests, and that the Mitula Group, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Mitula Group, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for the Mitula Group's business and which are designed to promote the responsible management and conduct of the Mitula Group.

The main policies and practices adopted by the Mitula Group, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution.

6.5.1. ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations 3rd edition (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where the Company does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Board will comply with the ASX Recommendations on Listing.

6.5.2. Board appointment and composition

The Board of Directors is comprised of the Chief Executive Officer and four Non-Executive Directors (including the Chairman). Biographies of the Directors are provided in Section 6.1.

Each Director has confirmed to the Mitula Group that he anticipates being available to perform his duties as a Non-Executive or Executive Director as the case may be, without constraint from other commitments.

The Board considers a Director to be independent where he is not a member of the Mitula Group's management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board Charter sets out guidelines to assist in considering the independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that each of Simon Baker, Joe Hanna and Sol Wise is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations. Gonzalo del Pozo is currently considered by the Board not to be independent as he is currently the Chief Executive Officer of the Company. Gonzalo Ortiz is currently not considered to be independent due to being a substantial shareholder and founder of the Mitula Group.

The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.

6.5.3. Board Charter

The Board has adopted a written Charter to provide a framework for the effective operation of the Board, which sets out:

- > the Board's composition;
- > the Board's role and responsibilities;
- > the relationship and interaction between the Board and management; and
- > the authority delegated by the Board to management and Board committees.

The Board's role is to:

- > represent and serve the interests of Shareholders by overseeing and appraising the Mitula Group's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- > protect and optimise the Mitula Group's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- > set, review and ensure compliance with the Mitula Group's values and governance framework (including establishing and observing high ethical standards); and
- > ensure Shareholders are kept informed of the Mitula Group's performance and major developments affecting its state of affairs.

The management function is conducted by, or under the supervision of the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

The Board collectively, and individual Directors, may seek independent professional advice at the Mitula Group's expense, subject to the approval of the Chairman or the Board as a whole.

6.5.4. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit and Risk Committee, and the Remuneration and Nomination Committee. Other committees may be established by the Board as and when required.

6.5.5. Audit and Risk Committee

Under its charter, this committee should consist of at least three members of the Board, only Non-Executive Directors, a majority of independent Directors and an independent chair who is not Chairman of the Board. Initially members of this Committee will comprise Sol Wise (chairman), Simon Baker and Joe Hanna.

The Audit and Risk Committee will assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including:

- > overseeing the Mitula Group's relationship with the external auditor and the external audit function generally;
- > overseeing the preparation of the financial statements and reports;
- > overseeing the Mitula Group's financial controls and systems; and
- > managing the process of identification and management of financial risk.

Non-committee members, including members of management and the external auditor, may attend meetings of the committee by invitation of the committee chair.

6.5.6. Remuneration and Nomination Committee

Under its charter, this committee should consist of at least three members, only Non-Executive Directors, a majority of independent Directors and an independent Director as chair. The Remuneration and Nomination Committee will comprise of Joe Hanna (chairman), Gonzalo Ortiz and Sol Wise.

The responsibilities of the Remuneration and Nomination Committee are as follows:

- > assist the Board to develop a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- > review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and Chief Executive Officer, having regard to the objective that the Board comprise Directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender;
- > review and recommend to the Board the criteria for Board membership, including the necessary and desirable competencies of Board members and the time expected to be devoted by Non-Executive Directors to the Company's affairs;
- > review and recommend to the Board membership of the Board, including making recommendations for the re-election of Directors, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves and assisting the Board as required to identify individuals who are qualified to become Board members (including in respect of Executive Directors);
- > assist the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing Director competencies;
- > review and make recommendations in relation to any corporate governance issues as requested by the Board from time to time;
- > review the Board Charter on a periodic basis, and recommend any amendments for Board consideration;
- > ensure that an effective induction process is in place and regularly review its effectiveness and provide appropriate professional development opportunities for Directors;
- > on an annual basis, review the effectiveness of the Board's Diversity Policy by assessing the Company's progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives and reporting to the Board recommending any changes to the measurable objectives, strategies or the way in which they are implemented; and
- > in accordance with the Board's Diversity Policy, on an annual basis, review the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the Mitula Group, and submit a report to the Board, which outlines the Committee's findings or, if applicable, provide the Board with the Company's most recent indicators as required by the Workplace Gender Equality Act 2012 (Cth).

6.5.7. Corporate governance policies

6.5.7.1. Continuous disclosure policy

Once listed, the Mitula Group will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Mitula Group is aware of its obligation to keep the market fully informed of any information it becomes aware of concerning the Mitula Group which may have a material effect on the price or value of the Shares, subject to certain exceptions.

The Mitula Group has adopted a Continuous Disclosure Policy, which establishes procedures that are aimed at ensuring that the Mitula Group fulfils its obligations in relation to the timely disclosure of material price-sensitive information.

6.5.7.2. Securities Dealing Policy

The Mitula Group has adopted a Policy for Dealing in Securities, which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects the Company and Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The Policy applies to all Directors, officers, senior executives and employees who have been advised by the Company Secretary that they have information that is or may become inside information and their connected persons.

The policy provides that relevant persons must not deal in the Mitula Group's securities:

- > when they are in possession of material price-sensitive information;
- > on a short-term trading basis; and
- > during trading blackout periods (except in exceptional circumstances).

Outside of these periods, Directors and certain designated employees must receive prior approval for any proposed dealing in the Mitula Group's securities (including any proposed dealing by one of their connected persons), and in all instances, buying or selling Shares is not permitted at any time by any person who possesses material price-sensitive or 'inside' information.

6.5.7.3. Code of Conduct

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how the Mitula Group expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of the Mitula Group (including temporary employees, contractors and Company Directors) must comply with the Code of Conduct.

The Code is designed to:

- > provide a benchmark for professional behaviour throughout the Mitula Group;
- > support the Mitula Group's business reputation and corporate image within the community; and
- > make Directors and employees aware of the consequences if they breach the policy.

6.5.7.4. Communication with Shareholders

The Mitula Group aims to communicate all important information relating to the Mitula Group to its Shareholders. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Mitula Group's website, at the annual general meeting, through the Annual Report and ASX announcements.

6.5.7.5. Diversity Policy

The Board has formally approved a Diversity Policy in order to, among other matters, address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure. The Board will include in the Annual Report each year a summary of the Mitula Group's progress towards achieving the measurable objectives set under the Diversity Policy for the year to which the Annual Report relates and details of the measurable objectives set under the Diversity Policy for the subsequent financial year.



07.

DETAILS OF THE OFFER

07. DETAILS OF THE OFFER

7.1. INTRODUCTION

7.1.1. The Offer

This Prospectus relates to an initial public offering of 19.36 million Shares for issue by the Company and of 16 million Existing Shares for sale by SaleCo at an Offer Price of \$0.75 per Share. A further \$0.48 million will be raised by the issue of Shares to the Lokku Vendors at the same time as Completion of the Offer.

The Shares offered under this Prospectus will represent approximately 17.3% of the Shares on issue on Completion of the Offer, being 35.36 million Shares. All Shares will rank equally with each other.

7.1.2. Structure of the Offer

The Offer comprises:

- > the Broker Firm Offer, which is only to Australian resident investors who are not Institutional Investors and who have received a firm allocation from their Broker; and
- > the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and certain other eligible jurisdictions.

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager and the Company, having regard to the allocation policy outlined in Section 7.4.5 and 7.5.2.

The Offer is fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.7.

7.1.3. Purpose of the Offer

The Offer is being conducted to:

- > raise funds to strengthen Mitula Group's balance sheet and provide working capital to:
 - opportunistically acquire complementary businesses in existing countries to increase the number of visits and Click Outs generated in those markets;
 - opportunistically acquire new businesses in new countries to facilitate quick entrance into those markets; and
 - accelerate new product and technology innovation through either enhanced internal development or through opportunistic acquisition of complementary technology businesses;
- > allow Selling Shareholders to partially monetise their investment in the Mitula Group;
- > provide a liquid market for the Shares and an opportunity for others to invest in the Mitula Group;
- > provide the Mitula Group with access to capital markets to improve capital management flexibility; and
- > provide the Mitula Group with the benefits of an increased profile that comes from being a listed entity.

7.1.4. Sources and uses of funds

Source of funds	\$m	%	Use of funds	\$m	%
Offer proceeds on the sale of Existing Shares	12.0	44.4	Payment to Selling Shareholders for sale of Existing Shares	12.0	44.4
Offer proceeds on the issue of Shares ¹	14.5	53.8	Cash costs of the Offer	1.7	6.4
Proceeds from the issue of Shares to the Lokku Vendors	0.5	1.8	Increase in cash and cash equivalents	13.3	49.2
Total	27.0	100.0		27.0	100.0

The proceeds of the Offer received by SaleCo in respect of the sale of Existing Shares will be paid to Selling Shareholders, less the costs payable to the Lead Manager in respect of the Existing Shares sold by SaleCo, expected to be approximately \$0.6 million.

The Company intends to use the interest in cash and cash equivalents to strengthen the balance sheet to facilitate opportunistic acquisitions, to strengthen its position in existing countries, enter new countries and acquire technology.

7.2. TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the Shares?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.11.
What is the consideration payable for each security?	The Offer Price is \$0.75 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in the Key Dates on page 2 of this Prospectus. No Shares will be issued on the basis of this Prospectus later than the Expiry Date.
What are the cash proceeds to be raised under the Offer?	\$26.5 million will be raised from investors under the Institutional Offer and the Broker Firm Offer, of which \$12.0 million will be distributed to Selling Shareholders in consideration for the sale of Existing Shares (less certain costs).
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> > the Broker Firm Offer which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and > the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares.

7.2. TERMS AND CONDITIONS OF THE OFFER *continued*

TOPIC	SUMMARY
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager and the Company. The Lead Manager, in consultation with the Company, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.</p> <p>For Broker Firm Offer participants, Brokers will decide as to how they allocate Shares that they are allocated to their retail clients.</p>
Will the Shares be quoted?	<p>The Company has applied for admission to the official list of the ASX and quotation of Shares on the ASX under the code 'MUA'. Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>
Is the Offer underwritten?	<p>Yes, the Offer is fully underwritten by the Lead Manager. Details are provided in Sections 7.6 and 9.7.</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 9.6.</p>
Has any ASIC relief or ASX waiver been obtained or relied on?	<p>Yes. Details are provided in Section 9.11.</p>
How can I apply?	<p>Broker Firm Applicants, who have received an invitation to participate in the Offer from a Broker, may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus and submitting that form in accordance with the instructions received from their Broker.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>
Is there any brokerage, commission or stamp duty payable by Applicants?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p>
What are the tax implications of investing in the Shares?	<p>Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of each investor to make their own enquiries concerning the taxation consequences of an investment in the Mitula Group.</p> <p>If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.</p> <p>An overview of the tax treatment for Australian resident investors is included in Section 7.8.</p>
When will I will receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be despatched by standard post on or about 9 July 2015.</p>

7.2. TERMS AND CONDITIONS OF THE OFFER *continued*

TOPIC	SUMMARY
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>
Where can I find more information about this Prospectus or the Offer?	<p>If you have any questions about this Prospectus or how to apply for Shares, please call the Mitula IPO Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.15am to 5.30pm (AEST), Monday to Friday (excluding public holidays).</p> <p>If you are unclear or uncertain as to whether the Mitula Group is a suitable investment for you, you should seek professional guidance from your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Shares.</p>

7.3. SHAREHOLDING STRUCTURE

The Company expects its key Shareholders will have the Shareholdings set out in the table below on the Prospectus Date and on Completion of the Offer.

Shareholder ¹	Shares on Prospectus Date	Shareholding on Prospectus Date (%)	Shares on Completion of the Offer	Shareholding on Completion of the Offer (%) ⁴
Gonzalo del Pozo	38,647,500	22.5%	35,147,500	17.1%
Marcelo Badimon	38,647,500	22.5%	35,147,500	17.1%
Gonzalo Ortiz	36,197,500	21.1%	32,897,500	16.1%
Bruno Consultores, S.L.	11,685,000	6.8%	11,685,000	5.7%
Simon Baker	10,461,000	6.1%	9,521,012	4.6%
Joe Hanna	10,461,000	6.1%	9,861,000	4.8%
Other Existing Shareholders (including other members of management)	25,700,512	15.0%	21,540,500	10.5%
Convertible Note holders ³	0	0.0%	13,000,000	6.3%
New Shareholders	0	0.0%	35,360,000	17.3%
Lokku Vendors ²	0	0.0%	800,000	0.4%
Total	171,800,012	100.00%	204,960,012	100.00%

Notes:

¹ The Selling Shareholders have irrevocably offered to sell a total of 16,000,000 Existing Shares to SaleCo, subject to Completion of the Offer.

Some of the Shareholders hold Shares directly and/or through beneficial interests or entities associated with them.

In addition to the Shareholding described above, Gonzalo del Pozo, Marcelo Badimon and Gonzalo Ortiz also hold indirect interests in Shares through entities that are Shareholders, being Tadium Invest, S.L. (which as at the Prospectus Date holds 1.3% of the Shares) and along with Simon Baker, Inception Capital, S.L. (which as at the Prospectus Date holds 4.5% of the Shares). Tadium Invest, S.L. and Inception Capital, S.L. are included as Other Existing Shareholders in the table above. See Section 6.3 for further details.

- 2 Pursuant to the terms of the acquisition agreement between the Company and the Lokku Vendors, the Lokku Vendors will acquire 800,000 Shares at a price of \$0.60 per Share at the same time as Completion of the Offer under this Prospectus. See Section 9.3.3 for further details.
- 3 Pursuant to the terms of the Convertible Note Agreements, the Convertible Note holders will be issued with 13 million Shares at a price of \$0.6 per Share at the same time as Completion of the Offer under this Prospectus. See Section 9.4 for further details.
- 4 The Shares held by the Escrowed Shareholders on Completion of the Offer will be subject to voluntary escrow arrangements. See Section 9.6 for further details.

7.4. BROKER FIRM OFFER

7.4.1. Who can apply in the Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. Investors who have been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

Investors should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer. The Broker Firm Offer is not a general public offer and is not open to persons in the United States.

7.4.2. How to apply for Shares under the Broker Firm Offer

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or any replacement or supplementary prospectus. Broker Firm Applicants must complete and lodge their Application Form with the Broker from whom they received their firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus or any replacement Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Broker Firm Applicants should contact their Broker about the minimum and maximum Application amount. The Company and the Lead Manager reserves the right to aggregate any Applications which they believe may be multiple Applications from the same person. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Broker Firm Applicants must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9.00am (Melbourne time) on 11 June 2015 and is expected to close at 5.00pm (Melbourne time) on 30 June 2015. The Company, SaleCo and the Lead Manager may elect to close the Broker Firm Offer early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. Your Broker may impose an earlier closing date. Broker Firm Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.4.3. Payment methods

Broker Firm Applicants must pay their Application Monies in accordance with instructions from their Broker.

7.4.4. Application Monies

The Company and SaleCo reserve the right to decline any Application and all Applications in whole or in part, without giving any reason. Broker Firm Applicants whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any Application Monies refunded.

7.4.5. Allocation policy under the Broker Firm Offer

The allocation of firm stock to Brokers has been determined by the Lead Manager and the Company.

Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued or transferred to the Broker Firm Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for the Brokers how they allocate Shares among their retail clients, and they (and not the Company, SaleCo or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

7.5. INSTITUTIONAL OFFER

7.5.1. Invitations to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Lead Manager separately advises Institutional Investors of the Application procedures for the Institutional Offer.

7.5.2. Allocation policy under the Institutional Offer

The allocation of Shares between the Institutional Offer and the Broker Firm Offer is determined by the Lead Manager and the Company. The Lead Manager in consultation with the Company, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer are advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy is influenced by the following factors:

- > number of Shares bid for by particular Applicants;
- > the timeliness of the bid by particular Applicants;
- > the Company's desire for an informed and active trading market following Listing;
- > the Company's desire to establish a wide spread of institutional Shareholders;
- > overall level of demand under the Broker Firm Offer and Institutional Offer;
- > the size and type of funds under management of particular Applicants;
- > the likelihood that particular Applicants will be long term Shareholders; and
- > any other factors that the Company and the Lead Manager considered appropriate.

7.6. UNDERWRITING ARRANGEMENTS

The Offer is fully underwritten by the Lead Manager. The Lead Manager, the Company and SaleCo have entered into an Underwriting Agreement under which the Underwriter has been appointed as arranger, manager and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer.

The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the agreement and the underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.7.

7.7. OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 7.7 contains a general description of these laws.

7.7.1. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

7.7.2. Foreign Acquisitions and Takeovers Act

Generally, the Foreign Acquisitions and Takeovers Act applies to acquisitions of shares and voting power in a company of 15% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

7.7.3. Selling restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold, pledged or transferred in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable laws.

This Prospectus may only be distributed in Australia and, outside Australia, to persons to whom the Offer may be lawfully made in accordance with the laws of the applicable jurisdiction, provided that this Prospectus may not be distributed in the United States.

The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- > it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- > it is not in the United States;
- > it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- > it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.8. WHAT ARE THE TAXATION CONSIDERATIONS?

The comments below provide a general summary of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus. The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account.

These comments do not apply to Shareholders that hold their Shares on revenue account or as trading stock, or to non-Australian tax resident Shareholders. They also do not apply to Shareholders that are banks, insurance companies or taxpayers that carry on a business of trading in Shares, or Shareholders who are exempt from Australian tax. This summary also does not cover the consequences for Shareholders who are subject to Taxation of Financial Arrangements rules contained in Division 230 of the *Income Tax Assessment Act 1997*. These Shareholders should seek their own professional advice based on their particular facts.

Tax laws are complex and subject to ongoing change. The comments below are based on the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *A New Tax System (Goods and Services Tax) Act 1999*, relevant stamp duty legislation, applicable case law and published Australian Taxation Office and State/Territory Revenue Authority rulings, determinations and statements of administrative practice at the date of this Prospectus. The tax consequences discussed below may alter if there is a change to the tax law after the date of this Prospectus. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The tax consequences discussed below do not take into account the tax law of countries other than Australia.

This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not constitute financial product advice as defined in the Corporations Act. The Company, SaleCo and their advisors disclaim all liability to any Shareholder or other party for all costs, loss, damage and liability that the Shareholder or other party may suffer or incur arising from, relating to or in any way connected with the contents of this summary or the provision of this summary to the Shareholder or other party or the reliance on this summary by the Shareholder or other party.

Shareholders should seek professional advice on the taxation implications of acquiring, owning and disposing of Shares, taking into account their specific circumstances.

7.8.1. Dividends on a Share for Australian tax resident Shareholders

Dividends distributed by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders should include in their assessable income the dividend actually received, together with any franking credit attached to that dividend.

Where the franking credit is included in the Shareholder's assessable income, the Shareholder will generally be entitled to a corresponding tax offset against tax payable by the Shareholder. To be eligible for the franking credit tax offset, a Shareholder must satisfy the "holding period" rule and "related payments" rule. These rules require that a Shareholder hold the Shares 'at risk' for a continuous period of not less than 45 days (excluding the days of acquisition and disposal) and that the benefit of the dividend is not passed on within 45 days. Any day on which a Shareholder has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares "at risk". A Shareholder must not be obliged to make a "related payment" in respect of any dividend, unless they hold the Shares "at risk" for the required holding period around the dividend dates. Special rules apply to trusts and beneficiaries. Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied. The holding period rules will not apply to a Shareholder who is an individual whose tax offset entitlement (for all franked distributions received in the income year) does not exceed A\$5,000.

Legislation has been enacted to deny franking tax offsets to certain "distribution washing" arrangements. Shareholders should consider the impact of these as well as other integrity measures which may apply to the claiming of tax offsets, having regard to their own facts and circumstances.

Where a Shareholder is an individual or a complying superannuation entity, the Shareholder will generally be entitled to a refund of tax to the extent that the franking credit tax offset exceeds the Shareholder's income tax liability for the income year.

Where a Shareholder is a company, the Shareholder will generally be entitled to a carry forward loss calculated by reference to any excess of the franking credit attached to the Shareholder's dividends over the Shareholder's tax liability for the income year. Shareholders that are companies should seek specific advice regarding the tax consequences of dividends received in respect of the Shares they hold and the calculation and availability of carry forward tax losses arising from excess tax offsets.

Franked dividends received by a corporate Shareholder will generally give rise to a franking credit in the Shareholder's franking account (subject to the Shareholder satisfying the rules outlined above for claiming a tax offset). Special rules apply to Shareholders that are trustees (other than trustees of complying superannuation entities) or partnerships. These Shareholders should seek specific advice regarding the tax consequences of dividends received in respect of Shares held.

To the extent a dividend distributed by the Company is unfranked (which may be the case given the Mitula Group's overseas business), the Shareholders should generally be taxed at their respective rate of income tax with no franking tax offset.

7.8.2. Disposal of Shares by Australian tax resident Shareholders

The disposal of a Share by a Shareholder will be a capital gains tax (**CGT**) event where the Shareholder holds their Share on capital account. The Shareholder will make a capital gain where the capital proceeds received on the disposal of the Share exceeds the cost base of the Share, and will make a capital loss where the reduced cost base of the Share exceeds the capital proceeds from the disposal of that Share. Capital losses may only be offset against capital gains made by the Shareholder in the same income year or future income years. Capital losses cannot be offset against other forms of assessable income. Broadly, the cost base and reduced cost base of a Share will be equal to the amount paid to acquire the Share (including certain other costs, such as incidental costs of acquisition and disposal).

Generally, all capital gains and losses made by a Shareholder for an income year, plus any net capital losses carried forward from an earlier income year, will need to be aggregated to determine whether the Shareholder has made a net capital gain or net capital loss for the year. A net capital gain is included in a Shareholder's assessable income whereas a net capital loss is carried forward and may be available to be offset against capital gains of later years (subject to the satisfaction of the loss recoupment rules for companies).

If a Shareholder is an individual, complying superannuation entity or trust, and has held the Share for at least 12 months or more before disposal of the Share, the Shareholder may be entitled to a "CGT discount" for any capital gain made on the disposal of the Share. Where the CGT discount applies, any capital gain arising may be reduced by 50% in the case of individuals and trusts, and by one-third in the case of complying superannuation entities. Shareholders that are companies are not entitled to a CGT discount.

Where the Shareholder is a trustee of a trust that has held the Share for at least 12 months or more before disposal, the CGT discount may flow through to the beneficiaries of that trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains after offsetting current year or prior year capital losses.

7.8.3 Tax File Numbers

Shareholders are not required to quote their Tax File Number (**TFN**) or, where relevant, Australian Business Number (**ABN**) to the Company. However, if a valid TFN, a valid ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions and/or unfranked dividends at the maximum marginal tax rate plus any relevant levy (e.g. Medicare levy). Australian tax should not be required to be deducted by the Company in respect of fully franked dividends.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN.

7.8.4 GST implications

No GST should be payable by Shareholders in respect of the acquisition or disposal of their Shares in the Mitula Group, regardless of whether or not the Shareholder is registered for GST.

Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect, relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

7.8.5 Stamp duty

Shareholders should not be liable for stamp duty in respect of the acquisition of their Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares while the Company remains listed.

7.9. DISCRETION REGARDING THE OFFER

The Company and SaleCo reserve the right not to proceed with the Offer at any time before the issue and transfer of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

The Company, SaleCo and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.10. ASX LISTING, REGISTERS AND HOLDING STATEMENTS, DEFERRED SETTLEMENT TRADING

7.10.1. Application to the ASX for listing of Mitula Group and quotation of Shares

The Company applied for admission to the official list of the ASX and quotation of the Shares on the ASX on 4 June 2015. The Company's ASX code is expected to be MUA.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list is not to be taken as an indication of the merits of Mitula Group or the Shares offered for issue and sale.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company and SaleCo will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

7.10.2. CHESS and Issuer sponsored holdings

The Company applied on 4 June 2015 to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. Mitula Group and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.10.3. Deferred settlement trading and selling shares on market

It is expected that trading of the Shares on the ASX (on a deferred basis) will commence on or about 8 July 2015. Trading will be on a deferred settlement basis until the Company has advised ASX that holding statements have been despatched to Shareholders, which is expected to occur on 9 July 2015.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, SaleCo, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from your firm allocation through a Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on or about 10 July 2015.

7.11. CONSTITUTION AND RIGHTS ATTACHING TO THE SHARES

7.11.1. Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

7.11.2. Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

7.11.3. Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

7.11.4. Dividends

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

7.11.5. Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Share, Shares may be transferred in accordance with the ASX Settlement Operating Rules, Corporations Regulations and ASX Listing Rules or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

7.11.6. Issue of further Shares

The Board may, subject to the Constitution, Corporations Act and the ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

7.11.7. Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of shareholders.

7.11.8. Non-marketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. An unmarketable parcel of shares is defined in the ASX Listing Rules and is generally, a holding of shares with a market value of less than \$500.

7.11.9. Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed.

7.11.10. Variation of class rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under that section, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of Shares may be varied:

- > with the consent in writing of the holders of 75% of the issued shares included in that class; or
- > by a special resolution passed at a separate meeting of the holders of those shares.

7.11.11. Directors – appointment and removal

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of nine Directors, unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected or re-elected at annual general meetings of the Company.

No Director (excluding the CEO) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of the Company following their appointment.

7.11.12. Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.

7.11.13. Directors – remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, the total aggregate amount provided to all Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. The remuneration of a Director must not include a commission on, or a percentage of, profits or operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 6.3.2. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be paid for all travelling and other expenses the Directors incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Any Director who performs extra services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

Directors' remuneration is discussed in Section 6.3.2.

7.11.14. Powers and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the Company's power and the powers that are not required by law or by the Constitution to be exercised by the Company in general meeting.

7.11.15. Preference shares

The Company may issue preference Shares including preference Shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible to ordinary shares. The rights attaching to preference Shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.11.16. Indemnities

The Company, to the extent permitted by law, indemnifies each Director and executive officer of the Mitula Group on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or of a related body corporate.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for a contract insuring each Director and executive officer of the Company against any liability incurred by that person as an officer of the Company or of a related body corporate, including for negligence or for reasonable costs and expenses incurred by that person in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

7.11.17. Access to records

The Company may enter into contracts with a Director or former Directors agreeing to provide continuing access for a specified period after the Director ceases to be a Director to Board papers, books, records and documents of the Company which relate to the period during which the Director or former Director was a Director. The Company may procure that its subsidiaries provide similar access to board papers, books, records or documents.

7.11.18. Amendment

The Constitution can only be amended by special resolution passed by Shareholders.



08.

INDEPENDENT
LIMITED
ASSURANCE
REPORT

08. INDEPENDENT LIMITED ASSURANCE REPORT



The Directors
Mitula Group Limited
Level 12
575 Bourke Street
Melbourne VIC 3000

The Directors
Mitula SaleCo Limited
Level 12
575 Bourke Street
Melbourne VIC 3000

12 June 2015

Dear Directors

Independent Limited Assurance Report on Mitula Group Limited historical and forecast financial information and Financial Services Guide

We have been engaged by Mitula Group Limited (the **Company**) and Mitula SaleCo Limited (**SaleCo**) to report on the historical and forecast financial information of the Company for inclusion in the prospectus dated on or about 12 June 2015 (**Prospectus**) and relating to the issue of ordinary shares in the Company and the offer of certain existing shares in the Company by SaleCo and listing of the Company on the Australian Securities Exchange. In this report, each reference to “you” is a reference to the Company and SaleCo collectively.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Background

The Company was incorporated on 11 March 2015 and subsequently became the owner of a 100% interest in Mitula Classified, S.L., a Spanish company incorporated under the laws of Spain and its subsidiaries. Actual Historical Financial Information of the Company reflects that of Mitula Classified, S.L. prior to the share exchange.

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au



Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical and forecast financial information of the Company (the responsible party) included in the Prospectus (collectively, the **Financial Information**):

1. **Historical Financial Information** being the:
 - a. **Actual Historical Financial Information** comprising:
 - i. Actual consolidated historical revenue and NPAT for the years ended 31 December 2012 (**CY12**), 31 December 2013 (**CY13**) and 31 December 2014 (**CY14**) (**Actual Historical Results**);
 - ii. Actual consolidated statement of financial position as at 31 December 2014 (**Actual Balance Sheet**); and
 - iii. Actual consolidated net free cash flows before financing, tax and dividends for CY12, CY13 and CY14 (**Actual Historical Cash Flows**).
 - b. **Pro Forma Historical Financial Information** being the:
 - i. Pro forma consolidated historical income statements for CY12, CY13 and CY14 (**Pro Forma Historical Results**);
 - ii. Pro forma consolidated historical balance sheet as at 31 December 2014 (**Pro Forma Historical Balance Sheet**); and
 - iii. Pro forma consolidated historical cash flow statements for CY12, CY13 and CY14 (**Pro Forma Historical Cash Flows**).
2. **Forecast Financial Information** being the:
 - a. **Statutory Forecast** comprising:
 - i. Statutory consolidated forecast income statement for the year ending 31 December 2015 (**CY15**) (**Statutory Forecast Result**); and
 - ii. Statutory consolidated forecast cash flow statement for CY15 (**Statutory Forecast Cash Flow**).
 - b. **12 month June Forecast** being the:
 - i. Consolidated forecast revenue and NPAT for the years ending 30 June 2015 (**12 month June-15**) and 30 June 2016 (**12 month June-16**) (**12 month June Forecast Results**); and
 - ii. Consolidated forecast net free cash flows before financing, tax and dividends for **12 month June-15** and **12 month June-16** (**12 month June Forecast Cash Flows**).
 - c. **Pro Forma Forecast** being the:



- i. Pro forma consolidated forecast income statements for CY15, 12 month June-15 and 12 month June-16 (**Pro Forma Forecast Results**); and
- ii. Pro forma consolidated forecast cash flow statements for CY15, 12 month June-15 and 12 month June-16 (**Pro Forma Forecast Cash Flows**).

Actual Historical Financial Information

The Actual Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Actual Historical Financial Information has been extracted from the financial reports of Mitula Classified, S.L., for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 which was audited by PricewaterhouseCoopers Auditors, S.L. in Spain in accordance with the International Standards on Auditing. PricewaterhouseCoopers Auditors, S.L. issued an unmodified audit opinion on the financial reports. The Actual Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Actual Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Actual Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Pro forma Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance and cash flows.

Statutory Forecast

The Statutory Forecast Result and the Statutory Forecast Cash Flow, as described in Section 4 of the Prospectus, have been prepared in accordance with the directors' best-estimate assumptions underlying the Statutory Forecast as described in Section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

12 month June Forecast

The 12 month June Forecast, as described in Section 4 of the Prospectus has been prepared in accordance with the directors' best-estimate assumptions underlying the 12 month June Forecast as described in Section 4 of the Prospectus. The stated basis of preparation used in the preparation of the 12 month June Forecast is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.



Pro Forma Forecast

The Pro Forma Forecast Results and the Pro Forma Forecast Cash Flows, as described in Section 4 of the Prospectus, have been derived from the Statutory Forecast and 12 month June Forecast, after adjusting for the effects of the pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast is the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the forecast. Due to its nature, the Pro Forma Forecast does not represent the Company's actual prospective financial performance and/or cash flows for the years ending 30 June 2015, 31 December 2015 and 30 June 2016.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Forecast Financial Information, including its basis of preparation and the best-estimate assumptions underlying the Forecast Financial Information. They are also responsible for the preparation of the Pro Forma Forecast, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast and to the 12 month June Forecast and included in the Pro Forma Forecast. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information, pro forma historical financial information, a forecast and a pro forma forecast that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information, and the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information and the reasonableness of the Forecast Financial Information itself, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.



Conclusions

Actual Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Actual Historical Financial Information, as described in Section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the *Pro Forma Historical Financial Information* as described in Section 4 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Actual Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section recognition, as if those events or transactions had occurred as at the date of the Actual Historical Financial Information.

Statutory Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast does not provide reasonable grounds for the Statutory Forecast; and
- in all material respects, the Statutory Forecast:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 4 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the Statutory Forecast itself is unreasonable.

12 month June Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the 12 month June Forecast do not provide reasonable grounds for the 12 month June Forecast; and
- in all material respects, the 12 month June Forecast:



- is not prepared on the basis of the directors' best-estimate assumptions as described in Section 4 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the 12 month June Forecast itself is unreasonable.

Pro Forma Forecast

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast do not provide reasonable grounds for the Pro Forma Forecast; and
- in all material respects, the Pro Forma Forecast:
 - is not prepared on the basis of the directors' best-estimate assumptions, as described in Section 4 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies, applied to the Statutory Forecast and 12 month June Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- the Pro Forma Forecast itself is unreasonable.

Statutory Forecast, 12 month June Forecast and Pro Forma Forecast

The Statutory Forecast, 12 month June Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the years ending 30 June 2015, 31 December 2015 and 30 June 2016. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast, 12 month June Forecast and Pro Forma Forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Statutory Forecast, 12 month June Forecast and Pro Forma Forecast are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast, 12 month June Forecast and Pro Forma Forecast are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on



the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast, 12 month June Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 4 of the Prospectus. The sensitivity analysis described in Section 4 of the Prospectus demonstrates the impact on the Statutory Forecast, 12 month June Forecast and Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast, 12 month June Forecast or Pro Forma Forecast will be achieved.

The Statutory Forecast, 12 month June Forecast and Pro Forma Forecast have been prepared by the directors for the purpose of inclusion in Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast, 12 month June Forecast or Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.



Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Emphasis of matter

We draw attention to Section 4.2.2.1 which sets out that in preparing the Financial Information only provisional amounts have been recognised for the fair values of acquired assets and liabilities in accordance with AASB3 Business Combinations. The provisional amounts have been based on the historical cost amounts recognised in the financial statements of the Company for all assets other than goodwill.

Accordingly, the Financial Information does not necessarily contain all of the adjustments to the reported amounts of assets and liabilities that will be required to reflect their final fair values and in particular does not necessarily recognise the final fair value of identifiable intangible assets separately to goodwill. Consequently, the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information of the Company does not include depreciation and amortisation charges that would be required had final fair value adjustments been undertaken.

Our opinion is not modified in respect of this matter.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Robert Silverwood', written over a light blue horizontal line.

Robert Silverwood
Authorised Representative of
PricewaterhouseCoopers Securities Ltd



PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 12 June 2015

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by Mitula Group Limited (*the Company*) and Mitula SaleCo Limited (**SaleCo**) to provide a report in the form of an Independent Accountant's Report in relation to the Historical Financial Information and Forecast Financial information (**the Report**) for inclusion in the prospectus dated 12 June 2015.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide (**FSG**) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged \$325,000 (excluding GST). PwC Securities also charged \$80,000 (excluding GST) in relation to acquisition due diligence services which were conducted under a separate engagement letter.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. In relation to Mitula Group Limited, PricewaterhouseCoopers is the auditor.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (**FOS**), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Robert Silverwood
2 Southbank Boulevard
Southbank VIC 3006



09.

**ADDITIONAL
INFORMATION**

09. ADDITIONAL INFORMATION

9.1. REGISTRATION

The Company was registered in Victoria on 11 March 2015 as an Australian public company limited by shares. SaleCo was registered in Victoria on 14 May 2015 as an Australian public company limited by shares.

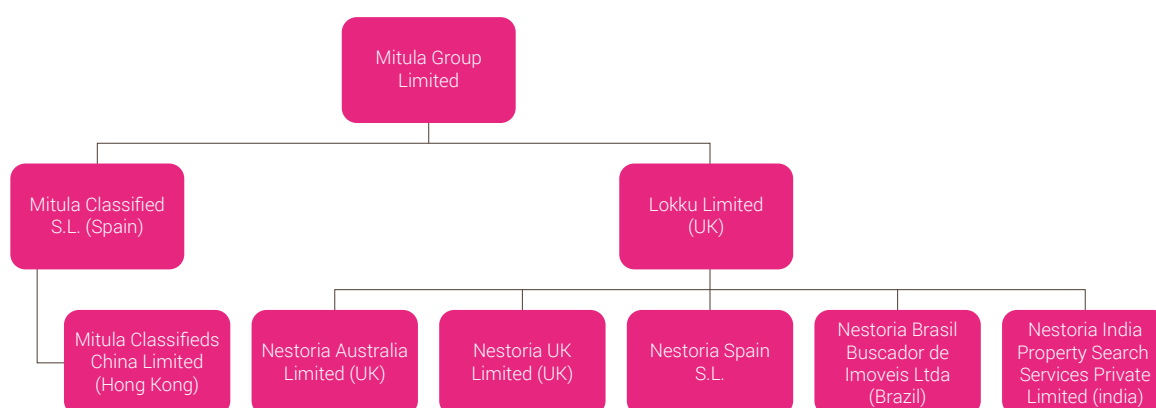
9.2. COMPANY TAX STATUS

The Company will be taxed in Australia as a public company.

9.3. CORPORATE STRUCTURE

9.3.1. Corporate structure

The following diagram represents the corporate structure of the Mitula Group at the Prospectus Date. Each entity in the Mitula Group is 100% owned, directly or indirectly, by the Company, and is engaged in the business of the Company.



9.3.2. Share exchange agreement between the Company and Existing Shareholders

Under the terms of a share exchange agreement dated 11 March 2015 between the Company and Existing Shareholders, each of the Existing Shareholders (who at the date of the agreement, owned all of the shares in Mitula Classified) agreed to contribute 343,600 ordinary shares in Mitula Classified (representing 100% of the issued capital of Mitula Classified) for the issue of 171,800,000 ordinary Shares in the Company (**Share Exchange Agreement**). The result of this share exchange was an identical proportionate shareholding structure in the Company as was the shareholding structure of Mitula Classified immediately prior to entering into the Share Exchange Agreement.

Each of the Existing Shareholders provided representations and warranties to the Company as to the ownership of, and title to, their shares in Mitula Classified, their power and authority to enter into the Share Exchange Agreement and their solvency.

9.3.3. Acquisition of Lokku

9.3.3.1 Overview

On 8 May 2015, the Company completed the acquisition of 100% of the issued share capital of Lokku Limited (**Lokku Completion**) pursuant to the terms of an acquisition agreement between the Company and the Lokku Vendors (**Lokku Acquisition Agreement**). The total purchase consideration was approximately €6.0 million (approximately A\$8.4 million), which has been funded by cash proceeds raised by the Company from the Convertible Notes issued in March 2015 (see Section 9.4) and from its existing cash reserves. The acquisition agreement includes a customary suite of representations and warranties and indemnities for a transaction of this nature. The Lokku Vendors entered into non-compete agreements with the Mitula Group for a period of 12 months from Lokku Completion.

9.3.3.2 Payment

The consideration payable to the Lokku Vendors is divided into the following payments:

- > On Lokku Completion, the Company paid €3.0 million to the Lokku Vendors and deposited a further €3.0 million in an escrow account.
- > If, on finalisation of Lokku's consolidated balance sheet, the working capital amount is more than £250,055, the Company will be required to pay to the Lokku Vendors a working capital adjustment calculated in accordance with the agreement. This amount is will be determined in mid June 2015 and is not expected to vary by more than 20% of £250,055.
- > Four months after Lokku Completion, €2.1 million is payable to the Lokku Vendors. This payment may be adjusted downwards based on the operating performance of Lokku during the four months following Lokku Completion as compared to the four months prior to Lokku Completion (**First Deferred Payment**). This amount will be paid from the funds held in the escrow account. The Mitula Group does not currently expect this figure to be adjusted downwards.
- > A final payment of €900,000 will be made to the Lokku Vendors from the escrow account 18 months after Completion (**Second Deferred Payment**).

The First Deferred Payment and the Second Deferred Payment may be reduced by any warranty or indemnity claim made by the Company under the Lokku Acquisition Agreement.

9.3.3.3 Options

The Lokku Vendors have the right to purchase newly issued Shares pursuant to two separate options:

- > The **First Option** entitles the selling Lokku Vendors to purchase (in their respective proportions) in aggregate up to the number of Shares equal to €3.0 million divided by the exercise price (which is the Offer Price less a 20% discount (\$0.60 per Share)) (**Exercise Price**). The Lokku Vendors have committed to apply for 800,000 Shares for total proceeds of \$480,000 in the Offer pursuant to the First Option under the terms of this Prospectus.
- > The **Second Option** is exercisable by the Lokku Vendors from the date that the First Deferred Payment is due (which is expected to be 4 months after Completion) until the later of 10 business days after the First Deferred Payment is made and the close of the Offer Period. The Second Option entitles the Lokku Vendors to purchase (in their respective proportions) in aggregate up to the number of Shares equal to the sum of the First Deferred Payment and €900,000, divided by the Exercise Price.

The Lokku Vendors must pay the Exercise Price (\$0.60) for Shares acquired pursuant to the First Option and the Second Option.

Shares acquired pursuant to the First Option and the Second Option will be subject to the same voluntary escrow arrangements as outlined in Section 9.6.

The Lokku Vendors will hold 0.4% of the total number of Shares on Completion of the Offer. Additionally, if the Lokku Vendors exercise their full entitlement to Shares under the Second Option, the Lokku Vendors are expected to hold approximately 3.7% of the total number Shares immediately following exercise of the Second Option.

9.4. CONVERTIBLE NOTES

In May 2015, the Company issued convertible notes to certain Institutional Investors for total proceeds of \$7.8 million (**Convertible Notes**). The purpose of issuing the Convertible Notes was to raise funds for the acquisition of Lokku.

On Completion of the Offer, the Convertible Notes convert into 13 million Shares at an effective conversion price of \$0.60, equivalent to a 20% discount to the Offer Price and will be issued under the terms of this Prospectus.

9.5. SALE OF SHARES BY SELLING SHAREHOLDERS

SaleCo has been established to enable Selling Shareholders to sell some or all of their Existing Shares into the Offer. The Selling Shareholders have executed sale deeds with SaleCo under which they irrevocably offer to sell some or all of their Existing Shares to SaleCo free from encumbrances and third party rights and conditional on Completion of the Offer. The Selling Shareholders have agreed to sell approximately 16 million Existing Shares to SaleCo.

The Existing Shares that SaleCo acquires from the Selling Shareholders will be transferred to successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue Shares to successful Applicants under the Offer.

SaleCo is a special purpose vehicle that has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the sale deeds described above. The directors and shareholders of SaleCo are Simon Baker, Gonzalo del Pozo, Gonzalo Ortiz, Sol Wise and Joe Hanna. The Company has indemnified SaleCo and each director of SaleCo for any loss that SaleCo or any director of SaleCo may incur as a consequence of the Offer.

9.6. VOLUNTARY ESCROW ARRANGEMENTS

All of the Shares held on Completion of the Offer by:

- > the Existing Shareholders, with the exception of Inception Capital, S.L. (a company associated with Simon Baker, Gonzalo del Pozo, Gonzalo Ortiz, Marcelo Badimon and Tadium Invest, S.L. which is expected to hold 7.3 million Shares (3.6% of the Shares) on Completion of the Offer), and
- > the Lokku Vendors (including Shares issued to the Lokku Vendors under the Second Option),

will be subject to voluntary escrow arrangements until the business day after the date on which the Company releases its financial results for the half year ending 30 June 2016 to the ASX, which is expected to be around August 2016.

Each of these Escrowed Shareholders has entered into an escrow deed in respect of their Escrowed Shares retained following the Offer, which prevent them from disposing of their Escrowed Shares during the escrow period, subject to any exceptions.

The restriction on dealing is broadly defined and includes, among other things, selling, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act where the act or omission would have the effect of transferring effective ownership or control of any the Shares or agreeing to do any of those things.

Any of the Escrowed Shareholders may be released early from these escrow obligations to enable:

- > the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares if holders of at least half of the Shares the subject of the bid that are not escrowed have accepted the takeover bid; and
- > the Shares held by the Escrowed Shareholder to be transferred or cancelled as part of a merger by a scheme of arrangement under Part 5.1 of the Corporations Act.

Escrowed Shareholder	Escrowed Shareholding	% of Shareholding subject to escrow
Gonzalo Del Pozo ¹	35,147,500	100%
Marcelo Badimon ¹	35,147,500	100%
Gonzalo Ortiz ¹	32,897,500	100%
Bruno Consultores, S.L.	11,685,000	100%
Simon Baker ¹	9,521,012	100%
Joe Hanna	9,861,000	100%
Other Existing Shareholders (including other members of management but excluding Inception Capital, S.L.)	14,260,500	100%
Lokku Vendors	800,000	100%

Notes:

- ¹ Each of Gonzalo del Pozo, Gonzalo Ortiz, Simon Baker and Marcelo Badimon have an interest in Shares owned by Inception Capital, S.L., by virtue of their shareholding in this company. Further, Tadium Invest, S.L. (an entity associated with Gonzalo del Pozo, Gonzalo Ortiz and Marcelo Badimon) also owns shares in Inception Capital, S.L. (see Section 6.3 for further details). Shares held by Inception Capital, S.L. will not be subject to voluntary escrow restrictions.

9.7. UNDERWRITING AGREEMENT

The Company, SaleCo and the Lead Manager have entered into an underwriting agreement dated 3 June 2015 (**Underwriting Agreement**), pursuant to which the Lead Manager has agreed to manage and underwrite the Offer on an exclusive basis.

9.7.1 Fees and expenses

On the Completion of the Offer, the Company must pay the Lead Manager a management fee equal to 1.00% of the proceeds of the Offer and an underwriting fee equal to 4.00% of the proceeds of the Offer.

The Company has also agreed to reimburse the Lead Manager for reasonable costs and expenses of and incidental to the Offer.

The Lead Manager must pay any fees due to any co-managers, co-lead managers and brokers appointed by the Lead Manager under the Underwriting Agreement.

9.7.2 Termination events

The Lead Manager may, at any time on or after the date of the Underwriting Agreement and on or before settlement of the Offer or at any other time as specified below, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager by notice to the Company and SaleCo), if any of the following events occur:

- > **(disclosures in Offer documents)** a statement in the Offer documents, including the Prospectus and Application Form, is misleading or deceptive or likely to mislead or deceive, or there is an omission from the offer documents of material required by sections 710, 711, 715A or 716 of the Corporations Act;
- > **(new circumstances)** there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement that is materially adverse from the point of view of an investor;

- > **(supplementary prospectus)** the Company and SaleCo:
 - issue or, in the reasonable opinion of the Lead Manager are required to issue, a supplementary prospectus because of the operation of section 719(1); or
 - lodge a supplementary prospectus with ASIC in a form and substance that has not been approved by the Lead Manager;
- > **(market fall)** at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level as at the close of trading on the date of the Underwriting Agreement and closes at or below that 90% level on 3 consecutive business days prior to settlement of the Offer, or on the Business Day prior to settlement of the Offer;
- > **(sale deeds)** any of the sale deeds referred to in Section 9.5 are varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- > **(escrow deeds)** any of the escrow deeds referred to in Section 9.6 are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- > **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - the Company's admission to the official list of ASX on or before the shortfall notification date under the Underwriting Agreement; or
 - the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- > **(notifications)** any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under section 739 of the Corporations Act and any such inquiry or hearing is not withdrawn within three business days or if it is made within three business days of settlement of the Offer it has not been withdrawn by the day before settlement of the Offer;
 - ASIC holds a hearing under section 739(2) of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer document, and any such application inquiry or hearing is not withdrawn within three business days, or if it is made within three business days of settlement of the Offer, it has not been withdrawn before settlement of the Offer;
 - any person who has previously consented to the inclusion of its name in the Prospectus (other than the Lead Manager) withdraws that consent; or
 - any person gives a notice under section 730 in relation to the Prospectus (other than the Lead Manager, co-lead manager or co-manager);
- > **(withdrawal)** the Company or SaleCo withdraws the Prospectus or the Offer;
- > **(Offer timetable)** an event specified in the timetable for the Offer up to and including the settlement of the Offer is delayed by more than two business days (other than any delay caused solely by the Lead Manager or any delay agreed between the Company, SaleCo and the Lead Manager or a delay as a result of an extension of the exposure period by ASIC);
- > **(unable to issue Shares)** the Company is prevented from allotting and issuing the new Shares, or SaleCo is prevented from transferring the Existing Shares, by applicable laws, an order of a court of competent jurisdiction or a governmental authority, within the time required by the Listing Rules;

- > **(regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform its obligations under the Underwriting Agreement, such that the Company or SaleCo is rendered unable to perform its obligations under the Underwriting Agreement; or
- > **(change in management)** a change in the Chief Executive Officer or Chief Financial Officer of the Company occurs, or there is a change in the board of directors of the Company or SaleCo.

The Lead Manager may, at any time on or after the date of the Underwriting Agreement and on or before settlement of the Offer, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager by written notice to the Company and SaleCo), if any of the following events occur and the Lead Manager has reasonable grounds to believe that the event:

- > has, or is likely to have, a materially adverse effect on the success or outcome of the Offer, or the ability of the Lead Manager to settle the Offer; or
- > will, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager of, any applicable law.

The events are:

- > **(compliance with law)** any of the Offer documents, including the Prospectus and the Application Form, or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, or any other applicable law or regulation;
- > **(disclosures in public information)** a statement in any public information, including any public or other media statements made by or on behalf of the Company or SaleCo in relation to the business affairs of the Mitula Group on or after the date of the Underwriting Agreement or the Offer, is or becomes misleading or deceptive or is likely to mislead or deceive;
- > **(disclosures in the due diligence report)** the due diligence report prepared in connection with the Offer is, or becomes, false, misleading or deceptive, including by way of omission;
- > **(adverse change)** an event occurs which is, or is likely to give rise to:
 - an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Mitula Group from those disclosed in the Prospectus lodged with ASIC; or
 - an adverse change in the nature of the business conducted by the Mitula Group as disclosed in the Prospectus lodged with ASIC;
- > **(forecasts)** there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Lead Manager for any statement or estimate in the Offer documents, including the Prospectus, which relate to a future matter or any statement or estimate in the offer documents, which relate to a future matter is, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- > **(certificate)** the Company or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement or a statement in any closing certificate is, in any material respect, false, misleading, inaccurate or untrue or incorrect;
- > **(insolvency events)** any member of the Mitula Group or SaleCo becomes insolvent, or there is an act or omission which is likely to result in a member of the Mitula Group or SaleCo becoming insolvent;
- > **(hostilities)** in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, the Peoples' Republic of China, Singapore or any member state of the European Union:
 - hostilities not presently existing commence;
 - a major escalation in existing hostilities occurs (whether war is declared or not);
 - a declaration is made of a national emergency or war; or
 - a major terrorist act is perpetrated;

- > **(material contracts)** if any of the obligations of the relevant parties under any of the sale deeds (as described in Section 9.5), the escrow deeds (as described in Section 9.6) or certain other material contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of those deeds or agreements:
 - is terminated, withdrawn, rescinded, avoided or repudiated;
 - is altered, amended or varied without the consent of the Lead Manager (acting reasonably);
 - is breached, or there is a failure by a party to comply;
 - ceases to have effect, otherwise than in accordance with its terms; or
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- > **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (excluding a policy of the Reserve Bank of Australia), New Zealand, the United States, the United Kingdom, Hong Kong, the Peoples' Republic of China, Singapore or any member state of the European Union (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- > **(breach of laws)** there is a contravention by the Company or SaleCo or any entity within the Mitula Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth), the Constitution, or the Listing Rules;
- > **(representations and warranties)** a representation or warranty contained in the Underwriting Agreement on the part of the Company or SaleCo is breached, becomes not true or correct or is not performed;
- > **(breach)** the Company or SaleCo defaults on one or more of its undertakings or obligations under the Underwriting Agreement;
- > **(legal proceedings)** any of the following occurs:
 - a director of the Company or SaleCo is charged with an indictable offence;
 - any director of the Company or SaleCo is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
 - the commencement of legal proceedings against the Company or SaleCo or any of their directors in their capacity as a director; or
 - any regulatory body commences any inquiry against any member of the Mitula Group or SaleCo or the Company;
- > **(disruption in financial markets)** any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States or Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended for at least one day on which that exchange is open for trading; and
- > **(fraud)** any of the Company or SaleCo or any of their directors or officers engage, or have been alleged by a governmental authority to have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer.

9.7.3 Representations, warranties and undertakings

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company and SaleCo to the Lead Manager.

The representations and warranties relate to matters such as their powers and capacities, their conduct (including in respect of their compliance with applicable laws and the ASX Listing Rules, business and status, due diligence and disclosure), certain documents issued by the Company and SaleCo in connection with the Offer (which includes the Prospectus, an Application Form, any supplementary prospectus, marketing presentations and public announcements in connection with the Offer), the information provided (including the financial information), insolvency, the conduct of the Offer, litigation and insurance.

The Company's undertakings include that it will not, from the date of the Underwriting Agreement up until 90 days after Completion of the Offer, without the prior written consent of the Lead Manager or as disclosed in the Prospectus, issue or agree to issue any Shares (or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity) other than pursuant to the Offer, the Underwriting Agreement, an employee share plan, a non-underwritten dividend reinvestment plan or a bonus share plan.

9.7.4 Indemnity

The Company agrees to keep the Lead Manager and certain of the Lead Manager's affiliated parties indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct, recklessness or gross negligence).

9.8. KEY REVENUE CONTRACTS

The Mitula Group has entered into contractual arrangements with Google and its paying advertisers. Below is a summary of the key terms of those arrangements.

9.8.1. Overview of Google AdSense advertising arrangements

The Mitula Group is subject to Google's standard AdSense terms and conditions, which Google publishes at www.google.com/adsense/localized-terms. These standard terms and conditions govern the way in which Google provides AdSense advertisements that appear on the Websites. The key terms and conditions include:

- > Google may unilaterally change these terms and conditions at any time. If the Mitula Group does not agree to any change, it must stop using the Google AdSense services.
- > Google may terminate the agreement, or suspend any of the services provided under the agreement without cause. The Mitula Group may terminate the agreement by giving 10 days' written notice to Google.
- > The Mitula Group indemnifies Google, its affiliates, agents and advertisers against third party claims and liabilities.

9.8.2. Overview of Mitula Group's standard terms and conditions with paying advertisers

The Mitula Group enters into contracts on standard terms and conditions with its paying advertisers. These standard terms and conditions govern the way in which paying advertisers pay for Click Outs, which contributes Direct CPC Revenue to the Mitula Group. The key terms and conditions include:

- > Agreements typically operate on a month-by-month basis.
- > Advertisers specify the total amount they are willing to spend on Click Outs per month and the amount they will pay per Click Out.
- > The advertiser and the Mitula Group each provide representations and warranties to the other party, including that each will comply with all relevant laws and regulations and codes of practice and not infringe any third party intellectual property or other rights.

9.9. CONSENTS AND DISCLAIMERS OF RESPONSIBILITY

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- > Baillieu Holst Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Lead Manager and Underwriter to the Offer in the form and context in which it is named. To the extent permitted by law, Baillieu Holst Ltd takes no responsibility for any part of this Prospectus other than any reference to its name.
- > Herbert Smith Freehills given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal advisor to the Company and SaleCo (except in relation to taxation and stamp duty) in the form and context in which it is named. Herbert Smith Freehills takes no responsibility for any part of this Prospectus other than any reference to its name.
- > PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Mitula Group in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in the form and context in which it is included. PricewaterhouseCoopers Securities Ltd takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Limited Assurance Report.
- > PricewaterhouseCoopers has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to the Company.
- > PricewaterhouseCoopers Auditores, S.L. has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor of Mitula Classified, S.L.
- > Frost & Sullivan Australia Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Independent Market Expert to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Market Report in the form and context in which it is included. Frost & Sullivan Australia Pty Limited takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Market Report.
- > Boardroom Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Boardroom Pty Ltd has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this Prospectus.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to above has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and, subject to the law, expressly disclaims and takes no responsibility for any statements or omissions in this Prospectus except as stated above.

9.10. CONTROL IMPLICATIONS OF THE OFFER

The Directors do not expect any Shareholder to control the Company on Completion of the Offer (as defined in Section 50AA of the Corporations Act).

9.11. ASX CONFIRMATIONS AND ASIC RELIEF

The Company has been granted relief from ASIC so that the takeovers provisions of the Corporations Act will not apply to certain relevant interests that the Company would otherwise acquire in Escrowed Shares by reason of the voluntary escrow arrangements in relation to those Shares described in Section 9.6.

ASX has confirmed that any Shares issued to the Lokku Vendors (as described in Section 9.3.3) and any Shares issued pursuant to Options (as described in Section 6.3.3.4) will fall within Exception 4 of Listing Rule 7.2.

9.12. EXPENSES OF THE OFFER

If the Offer proceeds, the total estimated costs in connection with the Offer payable by the Company (including advisory, legal, accounting, tax, listing and administrative fees, the Underwriter's management fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses) are currently estimated to be \$1.7 million.

9.13. LITIGATION AND CLAIMS

So far as the Directors and the directors of SaleCo are aware, as at the Prospectus Date, there are no legal proceedings to which the Company or SaleCo is a party that it believes are likely to have a material adverse impact on the future financial results of the Company and the Directors and the directors of SaleCo are not aware of any such legal proceedings that are pending or threatened.

9.14. GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in Victoria, Australia and each Applicant and bidder submits to the exclusive jurisdiction of the courts of Victoria, Australia.

9.15. STATEMENT OF DIRECTORS

The issue of this Prospectus has been authorised by each Director and each director of SaleCo. Each Director and each director of SaleCo has consented to lodgement of the Prospectus and issue of the Prospectus and has not withdrawn that consent.



10.

GLOSSARY

10. GLOSSARY

TERM	MEANING
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
AdSense	Google AdSense.
Applicant	A person who submits an Application.
Application	An application for Shares under the Offer described in this Prospectus.
Application Form	Each of the paper and electronic application forms attached to, or accompanying this Prospectus upon which an Application may be made.
Application Monies	The amount accompanying an Application Form submitted by an Applicant.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ACN 008 624 691), or where the context requires, the Australian Securities Exchange, which it operates.
ASX Recommendations	The ASX Corporate Governance Principles and Recommendations (third edition).
Board	The board of Directors.
Broker	Any ASX participating organisation selected by the Lead Manager and the Company to act as a broker to the Offer.
Broker Firm Applicant	A person who submits an Application under the Broker Firm Offer.
Broker Firm Offer	The invitation to Australian resident retail clients of Brokers to acquire Shares offered under this Prospectus provided that such clients are not in the United States.
CAGR	Compound annual growth rate.
Chairman	The chairman of the Company.
CHESS	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
Click Out	When a user clicks on a listing displayed in the search results and is redirected to the advertiser's website where that listing is originally hosted, a click out is generated and assigned to the advertiser associated with the listing.
Closing Date	The date on which the Broker Firm Offer is expected to close, being 5.00pm (Melbourne time) on 30 June 2015, or such other date and time determined by the Board.
Company	Mitula Group Limited (ACN 604 677 796).
Completion of the Offer	Completion of the issue and transfer of Shares under this Prospectus.
Constitution	The constitution of the Company.
Convertible Notes	The convertible notes issued under the Convertible Note Agreements.
Convertible Note Agreements	The convertible note agreements described in Section 9.4.

TERM	MEANING
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CPC	Cost per click.
CY or Calendar Year	A year ending 31 December.
Directors	The directors of the Company.
Direct CPC Revenue	Revenue received by the Mitula Group from advertisers who pay for Click Outs, as described in Section 3.3.1.2.
Dollars or \$ or A\$ or AUD	The lawful currency of the Commonwealth of Australia.
EBIT	Earnings before net interest and taxation.
EBITDA	Earnings before net interest, depreciation, amortisation and taxation.
Escrowed Shareholders	The Existing Shareholders (except for Inception Capital S.L.) and the Lokku Vendors.
Escrowed Shares	The Shares held by Escrowed Shareholders that are subject to escrow restrictions as set out in Section 9.6.
Euro or €	The lawful currency of 11 member states of the European Union.
Existing Shareholder	A person holding Existing Shares as at the Prospectus Date.
Existing Shares	The Shares held by the Existing Shareholders as at the Prospectus Date.
Expiry Date	The date that is 13 months after the Prospectus Date.
Exposure Period	The period commencing on the date of lodgement of the Original Prospectus with ASIC and ending on 11 June 2015.
Financial Information	As defined in Section 4.1.
Forecast Financial Information	As defined in Section 4.1.
GBP	Pound sterling, the lawful currency of the United Kingdom.
Google	Google Inc. and its controlled entities, and the general search engine operated by it.
Google AdSense	The advertisements that appear on the Websites, which are maintained by Google. These advertisements are targeted to website users, based on the website's content and the user's search query. The Mitula Group and Google share in the revenue generated by users clicking on Google AdSense advertisements. See Section 3.3.1 for further details.
Historical Financial Information	As defined in Section 4.1.
Independent Market Report	The report prepared by Frost & Sullivan Australia Pty Limited, as set out in Section 2.

TERM	MEANING
Institutional Investor	A person to whom offers and issues of Shares may lawfully be made without the need for disclosure under Chapter 6D.2 of the Corporations Act or without any other lodgement, registration, disclosure or approval with or by a government agency (other than one with which the Company, in its absolute discretion, is willing to comply) under any applicable law.
Institutional Offer	The invitation under this Prospectus to certain Institutional Investors to apply for Shares.
IFRS	International Financial Reporting Standards.
Lead Manager	Baillieu Holst Ltd (ACN 006 519 393).
Listing	Admission of the Company to the official list of ASX.
Listing Rules	The official listing rules of the ASX.
Lokku	Lokku Limited, a company incorporated in England and Wales, which was acquired by the Company in May 2015.
Lokku Vendors	The former owners of Lokku, from whom the Company acquired Lokku.
Mitula Classified	Mitula Classified, S.L., a company incorporated in Spain, whose shares were contributed by the Existing Shareholders to the Company in April 2015 in accordance with the Share Exchange Agreement described in Section 9.3.2.
Mitula Group	The Company and, where the context requires, its subsidiaries.
Offer	The offer under this Prospectus of Shares for issue by the Company and Shares for sale by SaleCo.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Offer Price	\$0.75 per Share.
Opening Date	The date the Broker Firm Offer opens being Thursday, 11 June 2015, or such other date determined by the Board.
Option	An option to acquire a Share in consideration for payment of the applicable exercise price, as described in Section 6.3.3.4.
Original Prospectus	The prospectus dated 3 June 2015 in relation to the Offer, which is replaced by this Prospectus.
Prospectus	This prospectus issued by the Company and SaleCo for the purposes of Chapter 6D of the Corporations Act, under which Shares are offered for subscription and purchase and dated 12 June 2015, which is a replacement prospectus and which replaces the Original Prospectus.
Prospectus Date	The date of this Prospectus, being 12 June 2015.
SaleCo	Mitula SaleCo Limited (ACN 605 833 403).
Second Option	The second option granted to the Lokku Vendors to acquire newly issued Shares, as described in Section 9.3.3.
Segment	Reporting regions used by the Mitula Group consisting of North, Central and South America (the Americas), Asia Pacific (APAC), and Europe, Middle East and Africa (EMEA).
Selling Shareholders	Existing Shareholders of the Company who irrevocably offer to sell some or all of their Shares in the Company to SaleCo for sale by SaleCo under the Offer, as described in Section 9.5.
SEO	Search engine optimisation.

TERM	MEANING
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of Shares from time to time.
Share Registry	Boardroom Pty Limited (ACN 003 209 836).
Underwriter	Baillieu Holst Ltd (ACN 006 519 393).
Underwriting Agreement	The underwriting agreement dated 3 June 2015 between the Company, SaleCo and the Lead Manager.
United States	United States of America.
US Persons	A person resident in the United States.
US Securities Act	US Securities Act of 1933, as amended.
Vertical	A category of classified listing, in the Mitula Group's case, being real estate, automotive, employment and in some countries, holiday rental classifieds listings.
Websites	The Mitula Group's owned and operated vertical search websites, operating primarily under the Mitula and Nestoria brands.

Declaration: By submitting this Application Form with your Application Monies, I/we declare that I/we:

- am/are over 18 years of age and have a registered address in Australia;
- have received a complete copy of the electronic Prospectus or a print out of it and read the Prospectus to which this Application Form relates in full;
- have completed and lodged this Application Form in accordance with the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;
- agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Company's Privacy Policy (available at www.mitulagroup.com);
- acknowledge that my/our Application Form may be accepted in part only and I/we may be allocated fewer Shares than I/we applied for but that I/we will not, however, be treated as having offered to subscribe for a higher number of Shares than are indicated on my/our Application Form;
- acknowledge that if my/our Application is rejected, or is accepted in part only, I/we will receive a full refund of all or part of our Application Monies without interest (as applicable) and no refunds pursuant to rounding will be provided;
- acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- acknowledge that my/our Application may be rejected by the Company in its absolute discretion without any reasons, including where the Application Form is not properly completed or where a cheque submitted with the Application Form is dishonoured;
- acknowledge that if my/our Application Form is not completed correctly, is late or if the accompanying cheque is for the wrong amount, it may still be treated as valid;
- acknowledge that the decision as to whether to treat my/our Application Form as valid, and how to construe, amend or complete it, is final;
- authorise the Lead Manager and the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- agree to be bound by the constitution of the Company;
- acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- acknowledge that the decision on the number of Shares to be allocated to me/us is final;
- represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person;
- the Shares have not been and will not be registered under the US Securities Act or the securities laws of any jurisdiction in the United States and accordingly may not be sold in any jurisdiction outside Australia unless the transaction is exempt from registration under the US Securities Act and in compliance with all applicable laws; and
- represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Shares may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Shares or the Offer.

Guide to this Broker Firm Offer Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 2,667 Shares). You may be issued all of the Shares applied for or a lesser number. Multiply by A\$0.75 to calculate the total Application Monies for Shares and enter the **A\$ amount** at Item **B**. Please make sure the amount of your cheque of bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shareholders. This must be either your own name or the name of a company. Initials are not acceptable for first names. You should refer to the table below for correct registrable title.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company or the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of your TFN or ABN is not compulsory and will not affect your Application Form.
- G** Complete **cheque details** as requested by your Broker, or contact your Broker to arrange payment for these Shares. Cheques must be in Australian currency, and cheques must be drawn on an Australian bank.
- H** Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I** Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using <> as indicated above in designated spaces at Item C on the Application Form.

Lodgment instructions

Broker Contact Number	Broker Name
<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>

The Broker Firm Offer opens at 9.00am (AEST) on 11 June 2015 and closes at 5.00pm (AEST) 30 June 2015 (subject to the Company's discretion to vary the timeable as it sees fit). You must return your Application Form with your Application Monies to your Broker by this time. It is not necessary to sign or otherwise execute the Application Form. Applicants under the Broker Firm Offer should contact their Broker for further information on how to submit this Broker Firm Offer Application Form.

Privacy Statement

The Company advises that Chapter 2C of the Corporations Act requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. The Company's privacy policy (**Privacy Policy**) is available at its website (<http://www.mitulagroup.com>). The Corporations Act requires some of this information to be included in the Company's Shareholder and Option holder register, which will be accessible by the public. The Company will collect, use, hold, and disclose your personal information in accordance with the Privacy Policy. For more detail on how the Company collects, stores, uses and discloses your information, please refer to the Privacy Policy. Alternatively, contact the Company and the Company will send you a copy. It is recommended that you obtain a copy of the Privacy Policy and read it carefully.

- am/are over 18 years of age and have a registered address in Australia;
- have received a complete copy of the electronic Prospectus or a print out of it and read the Prospectus to which this Application Form relates in full;
- have completed and lodged this Application Form in accordance with the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;
- agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Company's Privacy Policy (available at www.mitulagroup.com);
- acknowledge that my/our Application Form may be accepted in part only and I/we may be allocated fewer Shares than I/We applied for but that I/we will not, however, be treated as having offered to subscribe for a higher number of Shares than are indicated on my/our Application Form;
- acknowledge that if my/our Application is rejected, or is accepted in part only, I/we will receive a full refund of all or part of our Application Monies without interest (as applicable) and no refunds pursuant to rounding will be provided;
- acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- acknowledge that my/our Application may be rejected by the Company in its absolute discretion without any reasons, including where the Application Form is not properly completed or where a cheque submitted with the Application Form is dishonoured;
- acknowledge that if my/our Application Form is not completed correctly, is late or if the accompanying cheque is for the wrong amount, it may still be treated as valid;
- acknowledge that the decision as to whether to treat my/our Application Form as valid, and how to construe, amend or complete it, is final;
- authorise the Lead Manager and the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- agree to be bound by the constitution of the Company;
- acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- acknowledge that the decision on the number of Shares to be allocated to me/us is final;
- represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US
- the Shares have not been and will not be registered under the US Securities Act or the securities laws of any jurisdiction in the United States and accordingly may not be sold in any jurisdiction outside Australia unless the transaction is exempt from registration under the US Securities Act and in compliance with all applicable laws; and
- represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Shares may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Shares or the Offer.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

A If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 2,667 Shares). You may be issued all of the Shares applied for or a lesser number. Multiply by A\$0.75 to calculate the total Application Monies for Shares and enter the **A\$ amount** at Item **B**. Please make sure the amount of your cheque of bank draft equals this amount.

C Write the full name you wish to appear on the register of Shareholders. This must be either your own name or the name of a company. Initials are not acceptable for first names. You should refer to the table below for correct registrable title.

D Enter your **postal address** for all correspondence. All communications to you from the Company or the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**

F Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of your TFN or ABN is not compulsory and will not affect your Application Form.

G Complete **cheque details** as requested by your Broker, or contact your Broker to arrange payment for these Shares. Cheques must be in Australian currency, and cheques must be drawn on an Australian bank.

H Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.

I Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Note that **ONLY** legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using <> as indicated above in designated spaces at Item C on the Application Form.

[illegible]

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CORPORATE DIRECTORY

COMPANY'S REGISTERED ADDRESS

Mitula Group Limited

Level 12, 575, Bourke Street
Melbourne VIC 3000
Australia

OPERATIONAL HEAD OFFICE

Calle Enrique Granados 6
Edificio IMCE B
Pozuelo de Alarcón, 28224
Madrid, Spain

DIRECTORS

Simon Baker

(Independent Non-Executive Chairman)

Gonzalo Del Pozo

(Executive Director, Chief Executive Officer)

Joe Hanna

(Independent Non-Executive Director)

Gonzalo Ortiz

(Non-Executive Director)

Sol Wise

(Independent Non-Executive Director)

LEAD MANAGER AND UNDERWRITER

Baillieu Holst Ltd

Level 26, 360 Collins Street
Melbourne VIC 3000

AUSTRALIAN LEGAL ADVISOR

Herbert Smith Freehills

101 Collins Street
Melbourne VIC 3000

INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Ltd

Freshwater Place, 2 Southbank Boulevard
Southbank VIC 3006

SHARE REGISTRY

Boardroom Pty Limited

Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000

MITULA IPO INFORMATION LINE

1300 737 760 (within Australia)
+61 2 9290 9600 (outside Australia)
between 8.15am and 5.30pm (AEST), Monday to Friday
(excluding public holidays)

OFFER WEBSITE

www.mitulagroup.com/offer

