

# The Market Herald

FIRST WITH THE NEWS THAT MOVES MARKETS

Building a leading Australian classified media and consumer finance publisher reaching 10m households a month.

*A proposed acquisition of Gumtree Australia, Carsguide and Autotrader Australia*

*Investment Overview*

*The Market Herald (ASX:TMH)*

*August 2022*



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## Summary.

The Market Herald is acquiring Gumtree\*, Carsguide and Autotrader\*\* to build a leading diversified media, ecommerce and financial services business reaching 10m\*\*\* Australians households a month.

<b>Acquisition Summary</b>	<p>The Market Herald (ASX: TMH) has signed an agreement to acquire 100% of the shares of Gumtree Australia, and entities, for total consideration of \$US60m (\$AUD 86.7m) subject to completion adjustments, subject to exchange rates at completion</p>
<b>Overview of Gumtree, Carsguide and Autotrader (GCA)</b>	<ul style="list-style-type: none"> <li>• The largest pure play general classifieds business in Australia</li> <li>• Reaches 1 in 3 Australians monthly, 10 million households</li> <li>• Being divested by Adevinta, a large European based global classifieds operator</li> <li>• Strong monetisation potential relative to selected peers (REA, Carsales)</li> </ul>
<b>Strategic Rationale</b>	<ol style="list-style-type: none"> <li><b>1) Build an integrated higher value consumer transactional offer:</b> Business newspapers such as The Wall Street Journal and The Financial Times have built editorial led transactional offers to list or sell consumer goods. TMH and GCA together will reach millions of Australians a month with tens of thousands of listings</li> <li><b>2) Create a challenger for the future of Australian auto listings:</b> GCA has consolidated the number 2, 3 and 4 competitors to Carsales, and is approaching traffic parity with Carsales. However GCA lags in new car listings and enhanced yield private sales. TMH and GCA together will build an editorial led offer to effectively compete.</li> <li><b>3) Launch integrated off site consumer financing offers:</b> GCA lists a significant volume of products a year, many lend themselves to point of sale consumer financing delivered online, either as a broker or intermediary for other financiers. TMH and GCA will together build on plans to launch consumer finance offers</li> </ol>

\*Gumtree Australia, referred to in this document as Gumtree. and includes related entities

\*\*Autotrader Australia, referred to in this document as Autotrader

\*\*\*Estimate based on The Market Herald and GCA analysis July 2022

# Offer.

Capital Investment Partners have been appointed LM and partial underwriter to a proposed 2 of 5 renounceable rights issue to raise AUD\$26,551,148.76 at AUD\$0.34 per share in The Market Herald Ltd.

## OFFER OVERVIEW

The offer	Details
<b>Lead Manager</b>	Capital Investment Partners Pty Ltd (CIP), Perth
<b>The offer</b>	CIP has been appointed Lead Manager & Underwriter (to 80%) to a proposed two (2) renounceable rights entitlement shares for every five (5) ordinary paid shares to raise up to AUD\$26,551,148.76 via the issue of 78,091,614 new shares at AUD\$0.34 per share in The Market Herald Limited ('TMH').
<b>Proceeds</b>	The Market Herald will use proceeds to acquire Gumtree, Carsguide and Autotrader (GCA) as part of its strategy to build a global classifieds platform, as well as expenses and additional working capital
<b>Price</b>	AUD\$0.34 per share
<b>Broker Fees</b>	4% underwriter fees on all funds raised under the offer (plus GST where applicable)
<b>Pre-raise market cap</b>	The offer values the company at AUD\$66,377,872 (undiluted) prior to the offer (Source: IRESS)
<b>Current Capital Structure</b>	195,229,035 ordinary shares (undiluted)
<b>Post Raise Cap Structure</b>	273,320,649 ordinary shares (undiluted)

# Sources and Uses.

The sources of funds are debt and a rights offering. Uses of funds are vendor payments as well as transaction expenses and working capital.

## SOURCES AND USES

Sources	\$AUD	Uses	\$AUD
<b>Debt</b>	61,420,000	<b>Funds to vendor</b>	86,710,000
<b>Rights Offering</b>	26,551,148	<b>Working Capital</b>	261,148
		<b>Transaction Expenses</b>	1,000,000
<b>TOTAL</b>	<b>87,971,148</b>		<b>87,971,148</b>

*The Debt and Use figures are an estimate depending in particular on completion adjustments and on exchange rates. For reference the AUD/USD rate used above is 1.45:1 as at 25th August 2022*

# Timetable

The transaction timetable is indicative, subject to review and consents, and proposes the entitlement offer is announced on 26<sup>th</sup> August and new shares trade on the ASX on 20<sup>th</sup> September 2022.

TIMETABLE

Event	Date
<b>Entitlement Offer Announced</b>	Friday 26 <sup>th</sup> August 2022
<b>Rights trading commences</b>	Tuesday 30 <sup>th</sup> August 2022
<b>Record Date to Determine Eligibility to Participate in Offer</b>	Wednesday 31 <sup>st</sup> August 2022
<b>Retail Offer Booklet &amp; Entitlement &amp; Acceptance Forms despatched</b>	Friday 2 <sup>nd</sup> September 2022
<b>Retail Entitlement Offer Opens</b>	Friday 2 <sup>nd</sup> September 2022
<b>Rights trading ends</b>	Tuesday 6 <sup>th</sup> September 2022
<b>Retail Entitlement Offer Closes</b>	5pm WST Thursday 13 <sup>th</sup> September 2022
<b>Issue of New Shares under the Retail Entitlement Offer</b>	Monday 19 <sup>th</sup> September 2022
<b>Trading of New Shares issued under the Retail Entitlement Offer</b>	Tuesday 20 <sup>th</sup> September 2022
<b>Holding Statements Sent to Retail Shareholders</b>	Wednesday 21 <sup>st</sup> September 2022

# Strategy.

Our strategy is to build an integrated consulting, content, classifieds and streaming video finance news platform. We have operational and cultural advantages over our peers and are growing fast.

DIGITAL BUSINESS NEWS PLATFORM STRATEGY – PLAYBOOK

Playbook

Consulting

*Selling is now an advisory led bundling offer..*

Content

*..re positioning traditional news brands..*

Communities

*..into high value engaged communities..*

Classifieds

*..with brand ready reader segments..*

Cord Cutting

*..and non linear video streaming channels..*

Global Examples



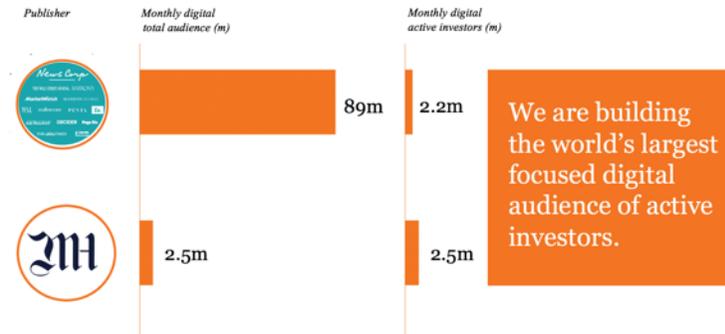
Source: The Market Herald, PwC, Industry interviews, Columbia GSOJ, 2021

# Audience.

In Australia The Market Herald reaches approximately 2.5m typically affluent consumers and investors a month, with approximately 46m page views, and 11m streaming views.

Our audience is inquisitive and influential offering advertisers high impact with low wastage.

## Audience.



Source: NewsCorp, News IQ, Media Kit, WSJ Media Kit, TMH 2019, 2020  
investors@themarket Herald.com.au

The upper quartile of our audience has income of \$138bn pa and investable assets of \$276bn

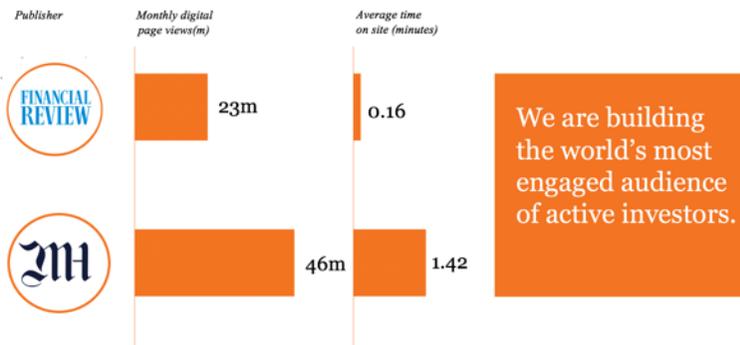
## Wealth.



Source: Advisir 2019 investor survey n=1809  
investors@themarket Herald.com.au

Our mastheads and communities are destination sites with high search and purchase intent.

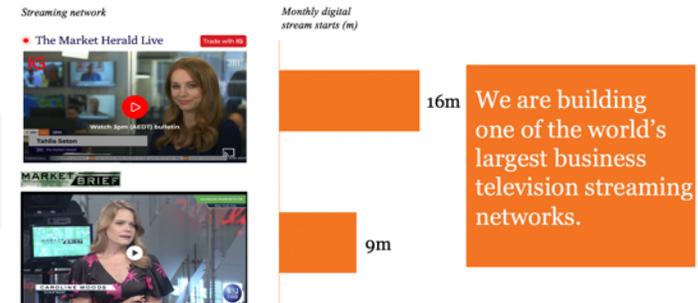
## Engagement.



Source: Nielsen DCR 2020  
investors@themarket Herald.com.au

We are developing new streaming video formats at greater scale and speed than any traditional peer.

## Streaming.



Source: WSJ, TMH 2020  
investors@themarket Herald.com.au

# Products.

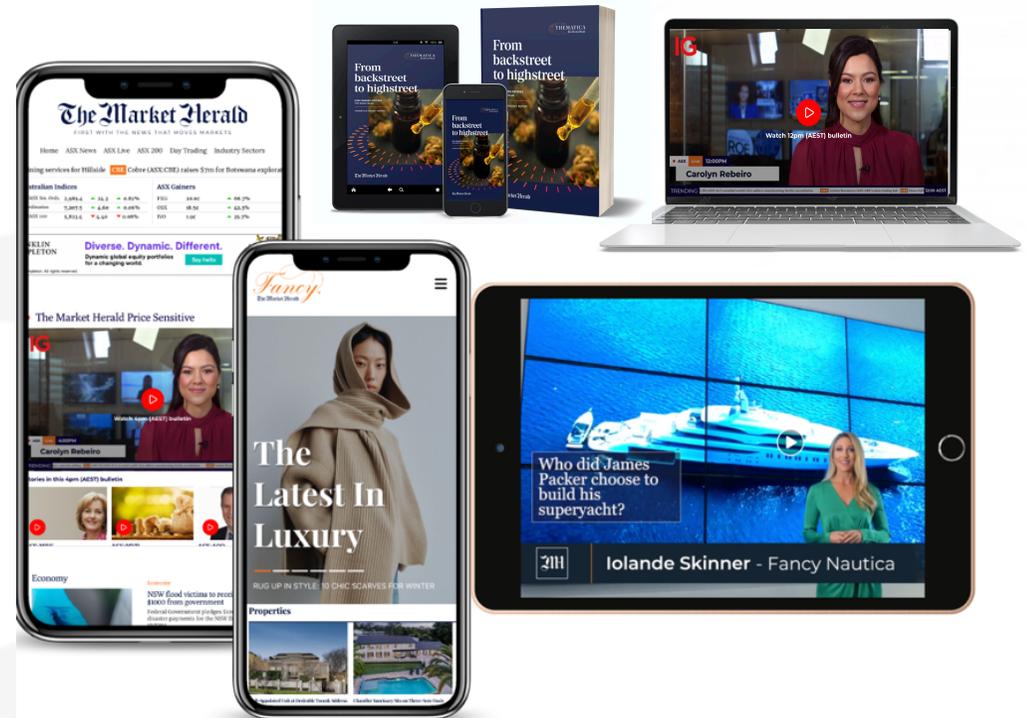
We operate multiple brands and channels over one integrated multi-platform workflow. We create high quality news editorial, have many investor brands and are innovating new luxury listings offers.

DIGITAL FINANCE NEWS PLATFORM STRATEGY – PRODUCERS

## BRANDS



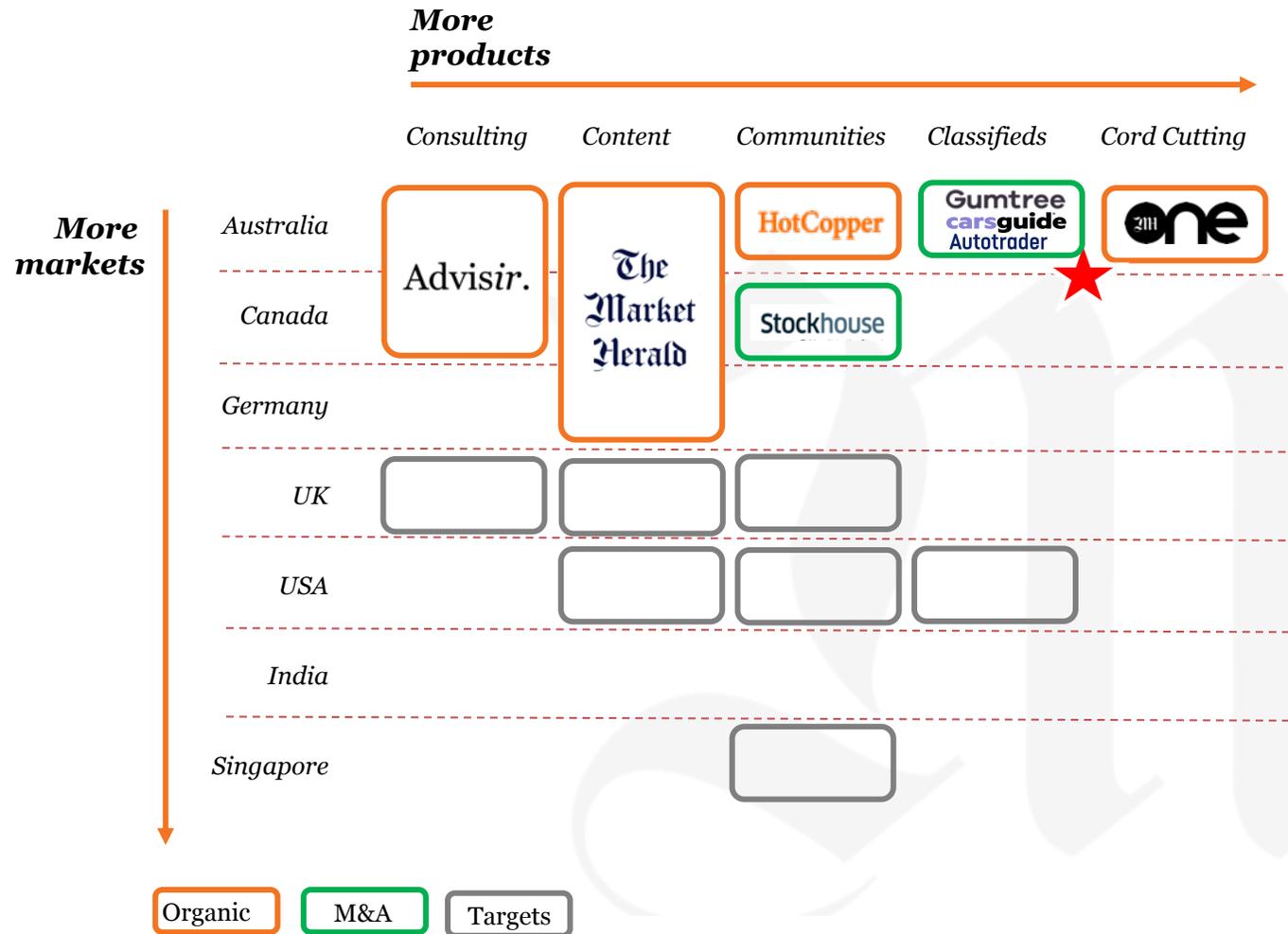
## CHANNELS



# Growth.

Our growth strategy is more products and more markets organically and through M&A. In 2019 we acquired Stockhouse, a financial forum in Canada, and are reviewing other targets around the world.

DIGITAL BUSINESS NEWS PLATFORM STRATEGY – GROWTH



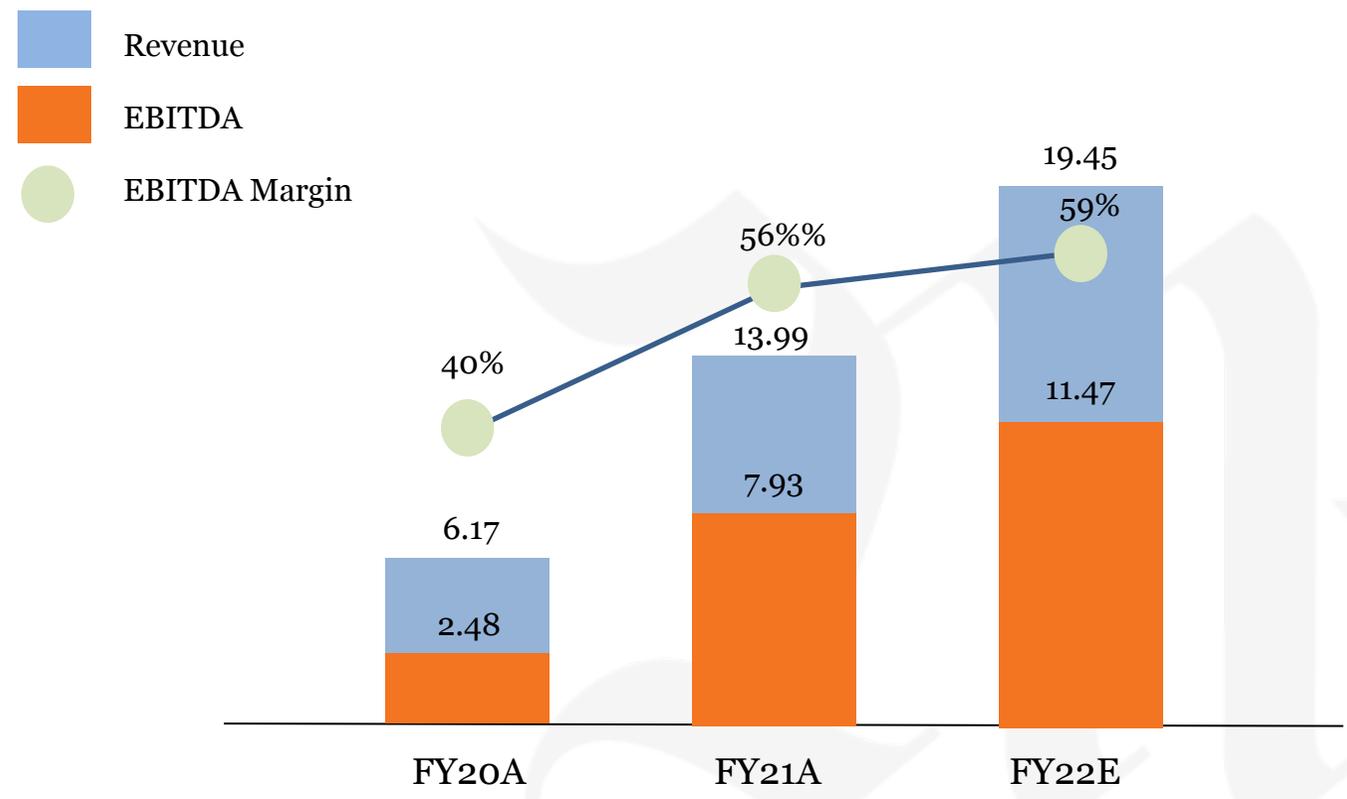
Source: The Market Herald 2022

# Stockhouse.

Since acquisition in 2019 the Canadian business has tripled revenues and quadrupled EBITDA, while increasing EBITDA margin. The Market Herald has proven capability to grow through M&A.

CANADIAN ACQUISITION PERFORMANCE

\$AUD m



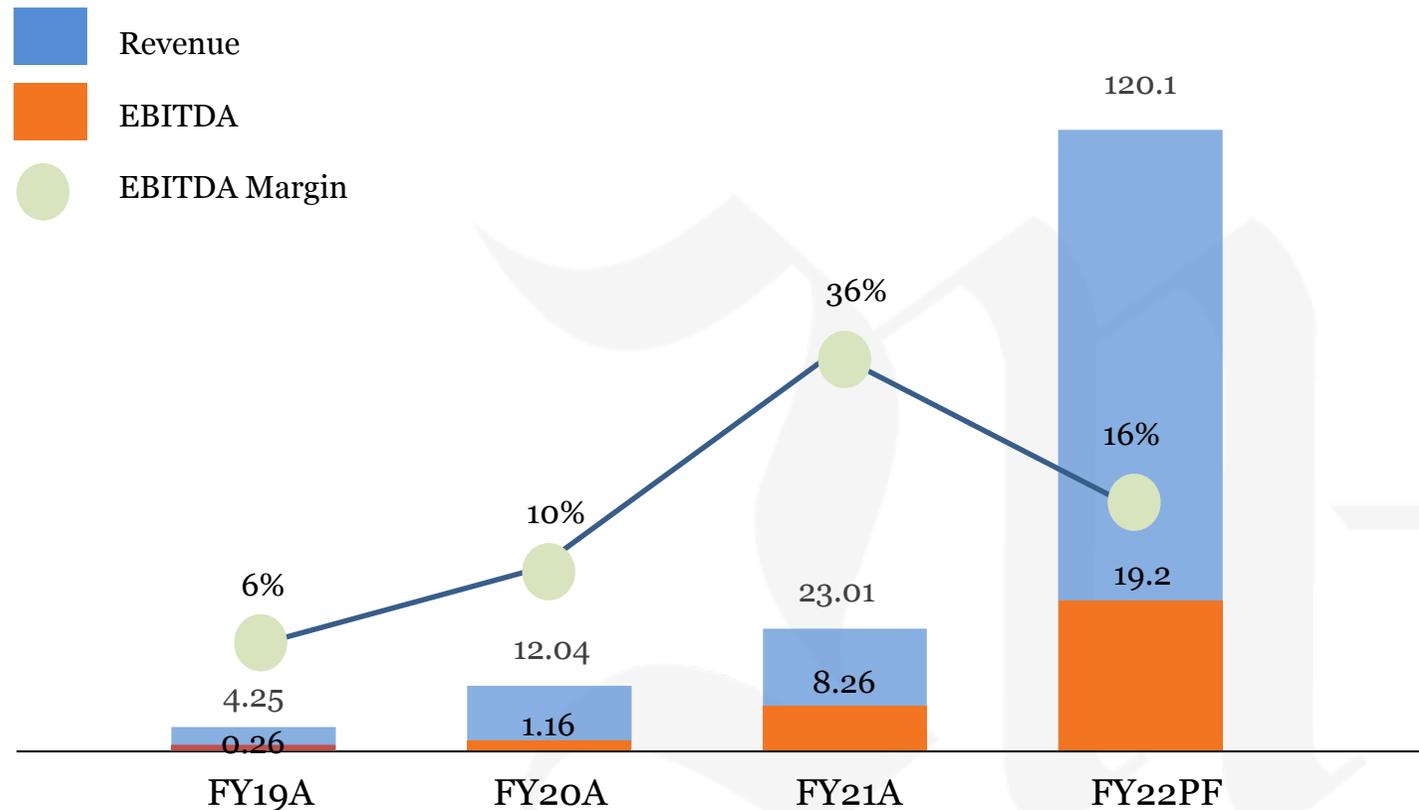
Source: The Market Herald 2022

# Transformation.

The FY22 pro-forma\* creates a business with \$120.1m revenues, \$19.2m EBITDA excluding separation costs, and potential for improvement. Integration efficiencies should increase future margins.

INDICATIVE\*\* COMBINED BUSINESS PRO-FORMA

\$AUD m



\* Assumes FY22 combination, All figures unaudited, excludes some separation costs, includes non released unaudited TMH FY22 results

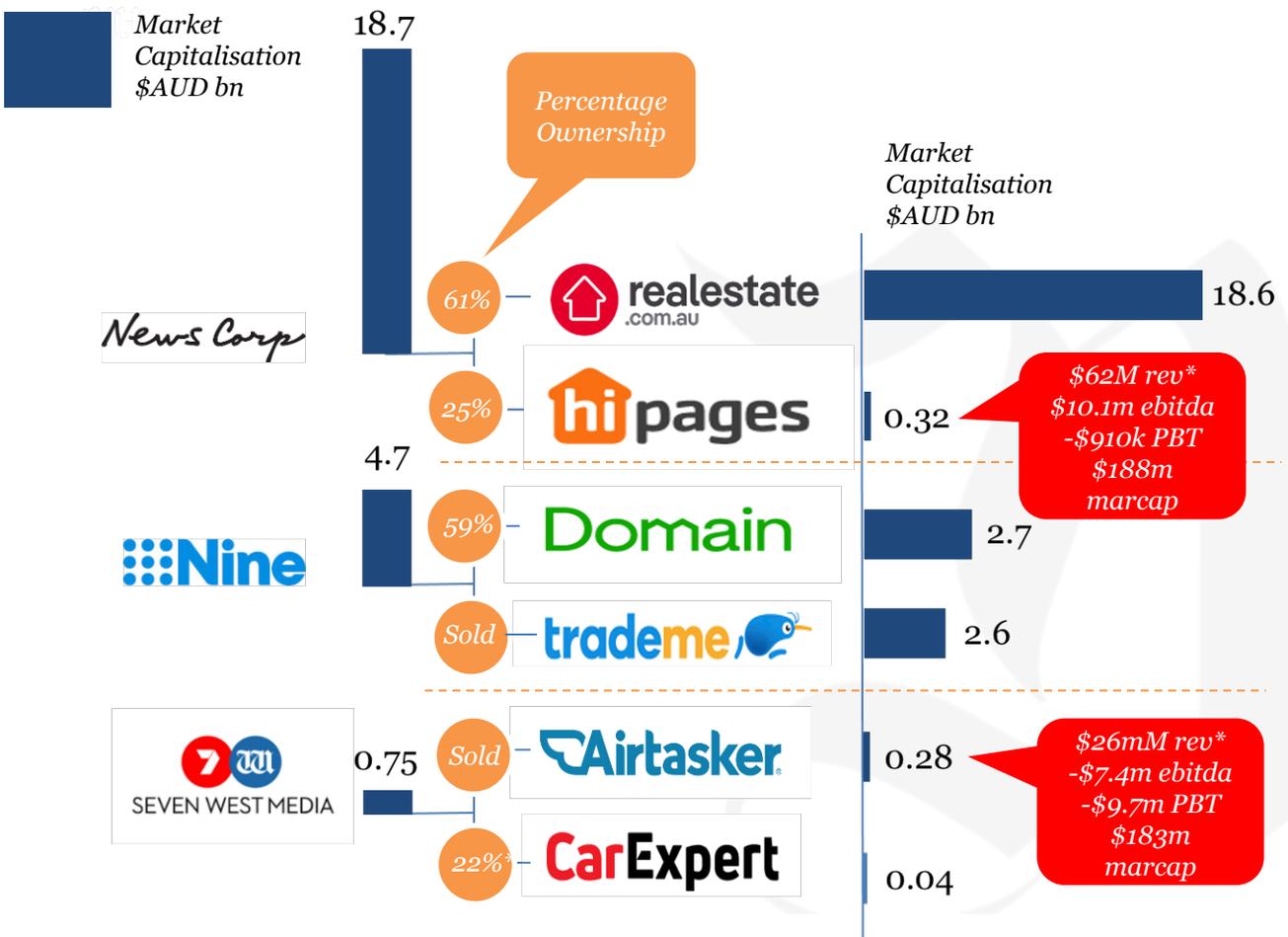
\*\* Indicative illustration, all figures remain subject to change other than reported actuals

Source: The Market Herald , GCA, 2022

# Rationale.

Online classified businesses account for a significant part of the valuations of listed AU publishers. Acquiring a leading classified site will create significant value for The Market Herald.

SELECTED LISTED AU MEDIA PUBLISHER PEERS. - ALL FIGURES INDICATIVE



\$62M rev\*  
\$10.1m ebitda  
-\$910k PBT  
\$188m marcap

\$26mM rev\*  
-\$7.4m ebitda  
-\$9.7m PBT  
\$183m marcap

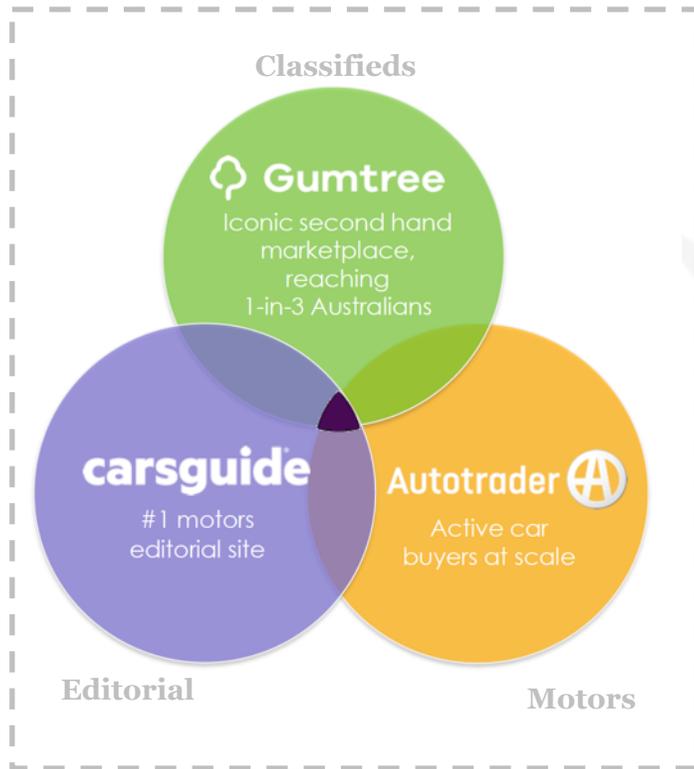
Acquiring classified sites is a core strategy of publishers and ASX peers.

Source: IRESS August 2022, company announcements, copyright in all brands remains the property of their owners, for illustration only  
\* As of 25th August 2022, based on company reports

# Gumtree, Carsguide, Autotrader - products.

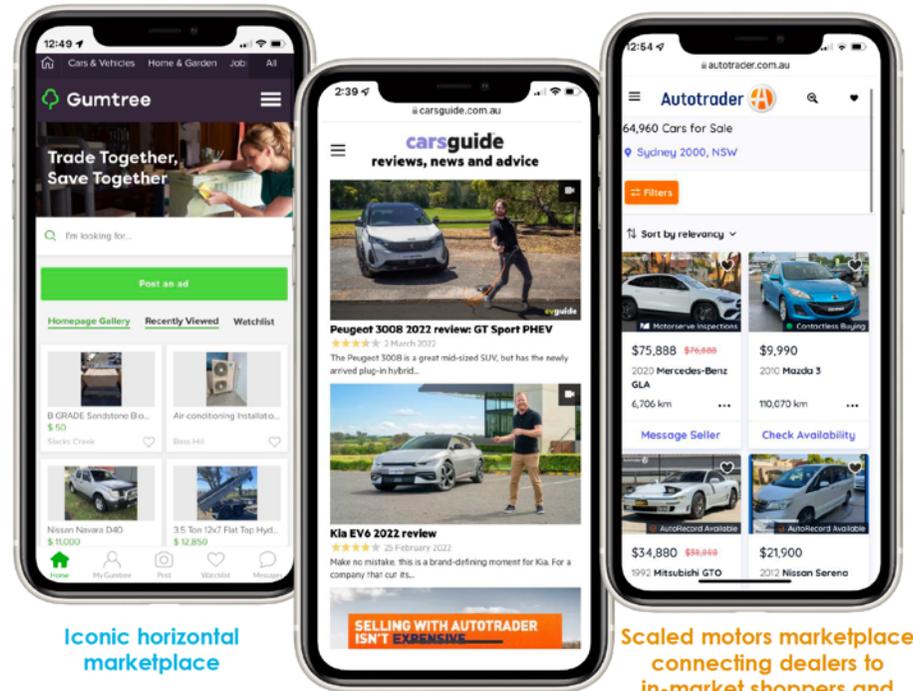
Gumtree, Carsguide and Autotrader is a highly attractive marketplace ecosystem with highly complementary brands outstanding reach, championing sustainability through the circular economy.

## BRANDS



Reaches 1 in 3 Australians

## PRODUCTS



Iconic horizontal marketplace

Strength in C2C motors listings

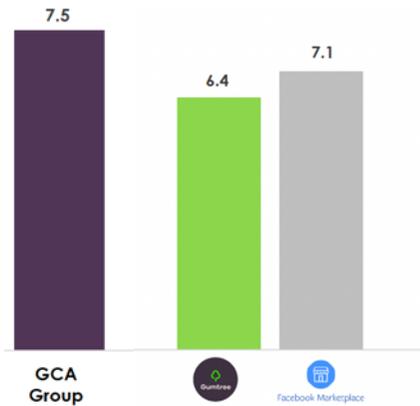
Australia's no.1 motors editorial site

Scaled motors marketplace connecting dealers to in-market shoppers and sophisticated tools

# Gumtree, Carsguide, Autotrader – Scale.

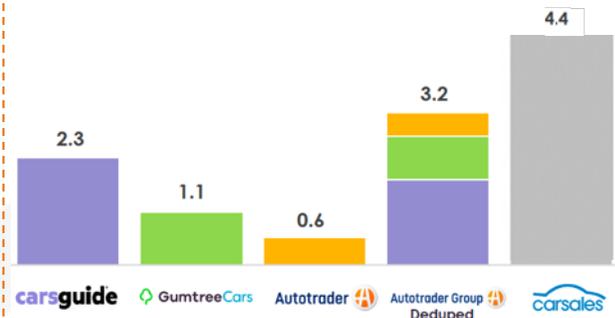
In Australia GCA reaches approximately 7.5m buyers and sellers a month, with approximately 37m site visits and 120m page impressions, with significant revenue upside compared to peers.

## Classifieds audience



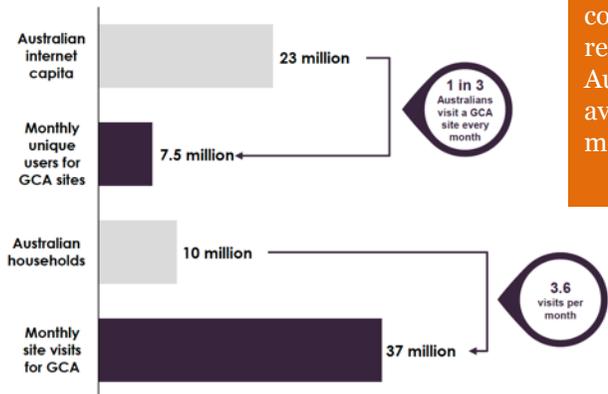
Gumtree general classifieds has a unique monthly audience of 6.4 million users with a combined total of over 7.5 million.

## Motors audience



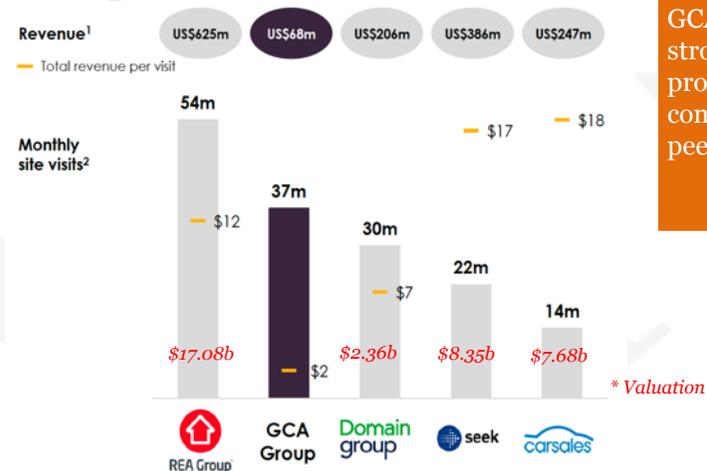
The combined motor websites has a unique monthly audience of 3.2 million users.

## Reach



Gumtree brands combined scale reaches 1 in 3 Australians who on average visit 3.6 x per month.

## Competition

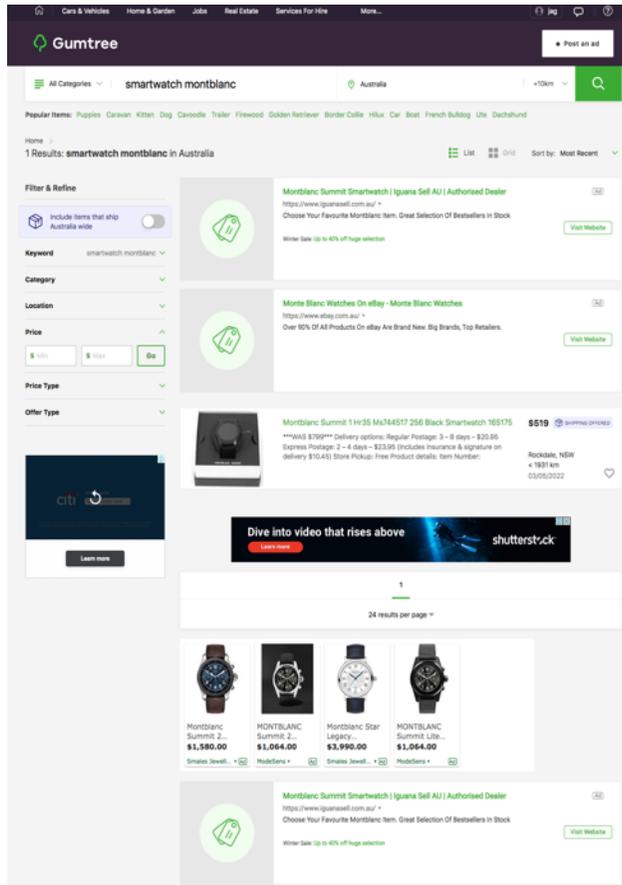


GCA presents a strong undervalued proposition in comparison to its peers.

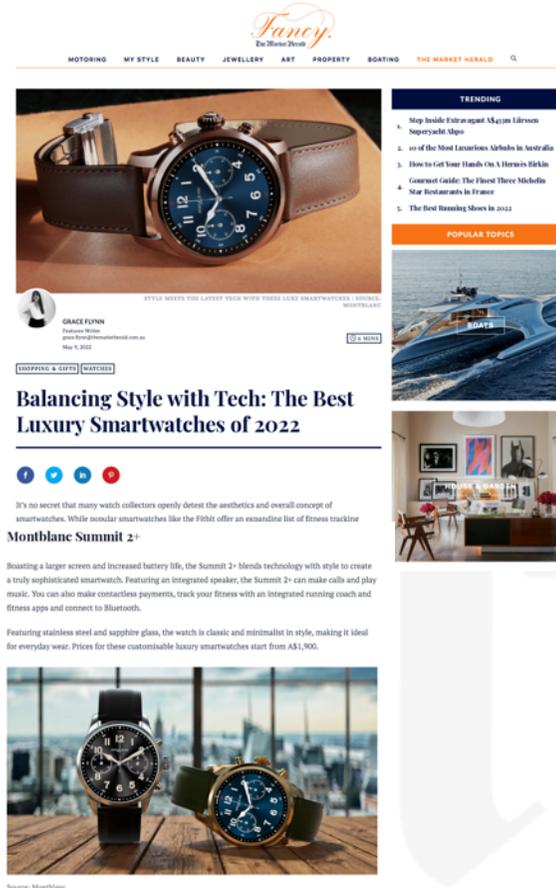
# Synergies.

Gumtree attracts many high value listings that can be enhanced with better editorial. The Market Herald's Fancy luxury classified platform is an opportunity to create significant value.

## GUMTREE LISTING



## THE MARKET HERALD EDITORIAL



Source: Gumtree, The Market Herald, 2022

# Peers.

The Wall Street Journal's Buy Side, launched June 2022, and The Financial Times How To Spend It, relaunched May 2022, are examples of other business news platforms building similar strategies.

## WALL STREET JOURNAL EDITORIAL

**Buy Side** FROM WSJ

GIFTS STYLE HOME WELLNESS ELECTRONICS MONEY DEALS

Buy Side from WSJ independently recommends products and services. The Wall Street Journal Newsroom is not involved. We might earn a commission from clicking links in this content. [LEARN MORE](#)

WELLNESS

### The Best Fitness Trackers for Every Type of Exerciser

Here's the right wearable tech for you, depending on your workout activity and desired data

BUY SIDE RATED

Our top picks for fitness trackers feature a user-friendly design and reliable tracking features.  
PHOTOGRAPHY BY JEFF WESTBROOK FOR BUY SIDE FROM WSJ. STYLING BY MIKO KATOH FOR BUY SIDE FROM WSJ.

Updated June 9, 2022 7:00 pm ET  
By Ashly Mize

If it seems like everyone you know has some sort of smart device strapped to their wrist these days, you're not wrong. One in 5 U.S. adults already wear a smartwatch or wearable fitness tracker, a [Forbes Research Center survey](#) reported in January 2020. What's more, wearable technology was named the number-one fitness trend for 2022 by The American College of Sports Medicine.

Essentially supercomputers worn on your wrist, these devices all compile data via proprietary algorithms, but as The Wall Street Journal newsroom has reported, the data you want to prioritize is going to depend on your fitness goals. "The best question you can ask yourself is why you want one," adds Clarin Pridl, a behavioral scientist and exercise physiologist at the Feinstein Institutes for Medical Research in Manhasset, NY.

An occasional exerciser might only need to track steps and calories burned, for example, while a professional ultramarathon runner might prioritize GPS tracking and battery life. Someone who misses in-gym coaching might prefer a watch that develops personalized exercise recommendations. (Of course before starting any new exercise routine, it's smart to check with your healthcare provider.)

Ultimately, the right fitness tracker is the one you're going to want to wear consistently—so elements like comfort and ease of use factor in, too. We talked to experts to identify six top fitness trackers: Coros Pace 2, Apple Watch Series 7, Garmin Epix 2, Fitbit Charge 5, Whoop 4.0 and Amazon Halo. Then we put those through 14 days of testing to determine which ones suit different types of exercisers best—and help you find the one that's right for your routine.

If you'd like to read how we vetted and tested these fitness trackers and which experts we consulted, scroll down for more detail.

## FINANCIAL TIMES EDITORIAL

FINANCIAL TIMES

Your guide to a disrupted world  
Only available to new subscribers

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Have we reached peak steel watch?

Gen-Z collectors and saturated markets may be cooling the obsession with sports timepieces

Nick Foulkes YESTERDAY

"If you look at the Nautilus, it's a very, very soft bracelet, a soft case. It is discreet, a discreet, sport-elegant watch. What is not discreet is the amount of people willing to own one. That's a different matter."

As problems go, this is about as high-class as it gets. Thierry Stern, president of Patek Philippe, finds himself in the position of making the world's most desirable sports watch. The Nautilus is the integrated case and bracelet watch designed by Gérald Genta and introduced by Thierry's father Philippe in 1976. For most of its life, it has fulfilled its function as the watch for the Patek Philippe customer who did not want to wear his grande complication perpetual calendar, chronograph or his minute repeater while swimming.

# Challenger.

The combined Gumtree, Carsguide and Autotrader proposition is a challenger to the future of automotive listings in Australia with planned new features and a range of future options.

## GUMTREE CARSALES SEGMENT SUMMARY

Private			Segment leader
Dealer Used			Closing the gap
Dealer New			Future options

Challenger position

Gumtree beats or is closing the gap with the leading auto listings site with a range of planned features and future options.

# Risks.

## 1. Key risks

This section sets out some of the key risks associated with The Market Herald and its existing business; the Acquisition; and participation in the Offer and share ownership. The risks set out in this section are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Market Herald. Before investing in you should be aware that a number of risks and uncertainties, which are both specific to The Market Herald and of a more general nature, may affect the future operating and financial performance of The Market Herald and the value of The Market Herald shares. You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside of the control of The Market Herald, its directors and senior management. Before investing in The Market Herald shares, you should carefully consider the risk factors and your personal circumstances. Potential investors should consider publicly available information on The Market Herald (such as that available on the ASX website), and consult their stockbroker, solicitor, accountant or other professional advisor before making an investment decision. Nothing in this presentation is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

## 2. The Market Herald risks

### Economic conditions

The Market Herald's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and exchange rates and government fiscal, monetary and regulatory policies. A prolonged deterioration in domestic or general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on The Market Herald's financial and operating performance.

### Loss of key personnel or skilled workers

The Market Herald's ability to remain productive, profitable and competitive and to implement planned growth initiatives depends on the continued employment and performance of senior executives and other key members of management. The Market Herald's performance also depends on its ability to attract and retain skilled workers with the relevant industry and technical experience. If any one of these individuals resigns or becomes unable to continue in his or her present role and is not adequately replaced in a timely manner, business operations and the ability to implement The Market Herald's strategies could be materially disrupted. The loss of a number of key personnel or the inability to attract additional personnel may have an adverse impact on The Market Herald's financial and operating performance. There can be no assurance that The Market Herald will be able to attract and retain skilled and experienced employees and, should it lose any of its key management personnel or fail to attract qualified personnel, its business may be harmed and its operational and financial performance could be adversely affected.

### Competition risk

Increased competition in the areas in which The Market Herald operates could result in price reductions, under-utilisation of personnel, assets or infrastructure, reduced margins and/or loss of market share, which may have a material adverse effect on The Market Herald's future financial performance and position.

### Operational risk

The Market Herald is subject to operational risks resulting from inadequate or failed internal processes, systems, policies or policies, in addition to potential hazards normally encountered with providing an internet forum and associated services. If these risks materialise, The Market Herald's operations could be disrupted which may have a material adverse effect on future financial performance and position.

### Contract risk

The Market Herald's revenues are subject to underlying contracts with varying terms. There is a risk that these contracts may be cancelled or may not be renewed if customers decide to reduce their levels of spending, potentially reducing their revenue. If The Market Herald does not perform its obligations under a contract in accordance with the terms of the contract, there is a risk that the contract will be terminated. Any such performance issue may result in contract guarantees being relied upon by that entity's customers and could also adversely affect the reputation of The Market Herald in the marketplace, which could adversely impact its ability to secure new contracts. In addition, certain of The Market Herald's contracts may be subject to termination for convenience by customers without cause. Any of the above factors could materially adversely affect The Market Herald's financial and operating performance.

### Counterparty risk

The Market Herald is exposed to credit-related losses if counterparties to contracts fail to meet their obligations. This could occur if customers were to become insolvent or not meet their financial obligations to The Market Herald and may adversely impact The Market Herald's revenue.

# Risks.

## **2. The Market Herald risks can't Customer service**

The Market Herald's ability to maintain relationships with major customers is integral to its financial performance. This in turn depends on its ability to offer competitive service standards and pricing. Poor performance in either area may lead to a loss of major customers which may have a material impact on The Market Herald's financial performance.

## **Intellectual property**

There can be no assurances that the validity, ownership or authorised use of intellectual property (including technology, know-how, trademarks, designs and patents (both owned and licensed) relevant to The Market Herald's business (including its business post-completion of the Acquisition) will not be challenged, which could adversely affect The Market Herald's financial and operating performance.

## **Litigation and disputes**

The Market Herald may become involved in litigation or disputes, which could adversely affect financial performance and reputation.

## **Foreign exchange risk**

The Market Herald is exposed to foreign exchange risk and movements in the foreign exchange rate may affect the price of capital equipment or materials acquired outside of Australia. These risks may affect The Market Herald's financial performance.

## **Dividends**

Future determinations as to the payment of dividends by The Market Herald will be at the discretion of the directors of The Market Herald and will depend upon the availability of distributable earnings and franking credits, the operating results and financial condition of The Market Herald and its businesses, future capital requirements, covenants in any financing agreements, general business and financial conditions and other factors considered relevant by the directors of The Market Herald. No assurance is therefore given in relation to the payment of future dividends or the extent to which any such dividends may be franked.

## **Taxation**

Changes in tax law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted, may impact the tax liabilities of The Market Herald. In addition, the ability of The Market Herald to obtain the benefit of any tax losses and claim other beneficial tax attributes will depend on future circumstances and may be adversely affected by changes in ownership, business activities, levels of taxable income and any other conditions relating to the use of the tax losses or other attributes.

## **Cyber risk**

The failure of The Market Herald's information technology systems and / or security could result in financial loss, disruption or damage to the reputation of the business.

## **Government policy and regulation**

The Market Herald's operations are affected by government policy and legal and regulatory oversight. Any changes to these matters may have a material adverse effect on The Market Herald's future financial performance and position.

## **Other factors**

Other factors or events may impact on The Market Herald's performance, such as changes or disruptions to political, regulatory, legal or economic conditions, or to Australian or international financial markets, including as a result of terrorism or war. Change in accounting or financial reporting standards. Changes in accounting or financial reporting standards may adversely impact the reported financial performance of The Market Herald.

## **Negative publicity**

The Market Herald is subject to the risk that negative publicity, whether true or not, may affect stakeholder perceptions of The Market Herald's past actions and future prospects. Being listed on the ASX means that the Market Herald is subject to risks relating to market expectations for its business and financial and operating performance. If The Market Herald does not manage these expectations in an effective manner, it could give rise to loss of investor confidence in its business and management and may adversely impact the trading price of The Market Herald shares.

# Risks.

## 3. Acquisition risks

### Completion risks

The Market Herald may terminate the SPA in certain circumstances, including in the circumstance where certain conditions for the benefit of The Market Herald have not been satisfied. If such termination rights are exercised, the Acquisition may not occur. Further, if completion of the Acquisition does not occur, The Market Herald will need to consider alternative uses for the proceeds from the Offer, including applying them towards working capital, reviewing alternative investment opportunities, and/or considering ways to return the proceeds from the Offer to shareholders. Any failure to consummate the Acquisition could materially and adversely affect The Market Herald and the price of its shares.

### Contract risk

GCA's revenue is subject to underlying contracts with varying terms. There is a risk that these contracts may be cancelled or may not be renewed if customers decide to reduce their levels of spending, potentially reducing their revenue. If GCA does not perform its obligations under a contract in accordance with the terms of the contract, that entity is at risk that the contract will be terminated. Any such performance issue may result in contract guarantees being relied upon by that entity's customers and could also adversely affect the reputation of GCA in the marketplace, which could adversely impact its ability to secure new contracts. In addition, certain of GCA's contracts may be subject to termination for convenience by customers without cause. In the event of a contract termination and post-completion of the Acquisition, GCA may not be able to redeploy the assets and resources used on that contract to other contracts on the same terms or at all. Post-completion of the Acquisition, any of the above factors could materially adversely affect The Market Herald's financial and operating performance.

## 4. GCA risks

### Integration risks

The Acquisition involve the integration of businesses which have previously operated independently of The Market Herald . As a result, there is a risk that the integration of GCA may be more complex than anticipated, encounter unexpected challenges or issues and take longer than expected, divert management's attention or not deliver the expected benefits and synergies. This may affect The Market Herald 's operating and financial performance. Further, the integration of GCA's accounting functions may lead to revisions, which may impact on The Market Herald 's reported financial results.

### Analysis of Acquisition

The Market Herald has undertaken financial, business and other analysis on GCA in order to determine its attractiveness to The Market Herald and whether to pursue the Acquisition. It is possible that such analysis, and the best estimate assumptions made by The Market Herald, draws conclusions and forecasts that are inaccurate or which are not realised in due course. To the extent that the actual results (whether historical results or future results) achieved GCA are weaker than anticipated or were weaker than as indicated by The Market Herald 's analysis, or any difficulties arise in integrating the operations of GCA with those of The Market Herald, there is a risk that The Market Herald 's financial and operating performance may differ (including in a materially adverse way) from its expected financial and operating performance. Different results could arise as a result of any number of circumstances, including increases in competition in the markets in which GCA operates, which could result in price reductions, under-utilisation of assets and personnel, reduced operating margins or loss of market share.

### Reliance on information provided

If any of the data or information provided to and relied upon by The Market Herald in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of The Market Herald may be materially different from its expected financial position and performance. Shareholders should note that there is no assurance that the due diligence conducted in respect of GCA was conclusive and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on The Market Herald (for example, The Market Herald may later discover liabilities or defects which were not identified through due diligence or for which there is no protection for The Market Herald ). This could adversely affect the operations, financial performance or position of The Market Herald. Further, the information reviewed by The Market Herald includes forward looking information, which is inherently unreliable and based on assumptions that may not be achieved or satisfied in the future.

### Loss of key personnel

While The Market Herald is committed to providing attractive employment conditions and prospects to assist in the retention of GCA's key management personnel and employees, there can be no assurance that there will be no loss of key staff leading up to and following the Acquisition. Should The Market Herald fail to retain GCA's key management personnel and employees, its operational and financial performance could be adversely affected.

# Risks.

## 4. GCA risks can't

### Historical liability in respect of GCA

As the acquisition of GCA is structured as a share sale, The Market Herald may become directly or indirectly liable for any liabilities that GCA has incurred in the past as a result of prior acts or omissions, including liabilities which were not identified during The Market Herald's due diligence or which are greater than expected, and for which the various forms of protections negotiated by The Market Herald in its agreement to acquire GCA (in the form of representations and warranties and indemnities) turn out to be inadequate in the circumstances. Such liabilities may adversely affect the financial performance or position of The Market Herald post-acquisition of GCA.

## 5. Risks relating to the offer and share ownership

### Trading price of The Market Herald shares

There are risks associated with any share market investment. It is important to recognise that share prices and dividends might fall or rise. Factors affecting the operating and financial performance of The Market Herald and the ASX trading price of The Market Herald shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, the announcement of new technologies and variations in general market conditions and/or market conditions which are specific to a particular industry. Furthermore, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of The Market Herald shares. No assurances can be given that the new shares will trade at or above the Offer price. Neither The Market Herald, its directors nor any other person guarantees the market performance of the new shares.

### Underwriting risk

The Market Herald has entered into an underwriting agreement under which the Underwriter has agreed to fully underwrite the Entitlement Offer subject to the terms and conditions of the underwriting agreement between the parties. If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Entitlement Offer. If the underwriting agreement is terminated The Market Herald would need to find alternative funding for the Acquisition, which could materially adversely affect The Market Herald's business, cash flow, financial condition and results of operations. The Underwriter's obligations to underwrite the Offer are conditional on certain matters. The events which may trigger termination of the underwriting agreement include: by fourteen (14) days' notice in writing to that effect if H The Market Herald commits or allows to be committed a material breach of any of the terms or conditions of this Agreement; or if any warranty or representation given or made by The Market Herald is not complied with or proves to be untrue in any respect; or immediately by notice in writing to that effect if The Market Herald becomes insolvent, has a receiver, administrative receiver or manager or administrator appointed over the whole of or any of their assets, enters any composition with creditors generally or has an order made or resolution passed for it to be wound up; or if a court makes an administration order with respect to The Market Herald or any composition in satisfaction of its debts of or a scheme of arrangement of the affairs of The Market Herald.

### Risk of dilution

You should also note that if you do not take up all of your entitlement under the Entitlement Offer, then your percentage security holding in The Market Herald will be diluted by not participating to the full extent in the Entitlement Offer.

# *Restrictions.*

This document does not constitute an offer of rights or New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## **Canada**

This document constitutes an offering of the New Shares in the Canadian province of British Columbia (the "Province") where existing shareholders of the Company are resident. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Province.

No securities commission or other authority in the Province has reviewed or in any way passed upon this document, the merits of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Province with respect to the offering of New Shares or the resale of such securities. Any person in the Province lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province.

Any resale of the rights or New Shares in Canada must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with an exemption from prospectus requirements. Such resale restrictions do not apply to a first trade in a security (such as New Shares) of a foreign issuer (such as the Company) that is not a reporting issuer in Canada and that is made through an exchange or market outside of Canada (such as ASX).

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

## **Hong Kong**

**WARNING:** This document may be distributed in Hong Kong solely to existing shareholders of the Company. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

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## **New Zealand**

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021. The offer of New Shares is renounceable in favour of members of the public.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The rights and the New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the rights and the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

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# The Market Herald

FIRST WITH THE NEWS THAT MOVES MARKETS

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Approved by the board of The Market Herald