

ASX ANNOUNCEMENT

January 24, 2023

Fully Underwritten Renounceable Entitlement Offer to raise \$15.52 million

- *1 new share for every 6 shares held at an offer price of \$0.34 per share*
- *Funds raised to pay down debt associated with the recent purchase of Gumtree, Carsguide and Autotrader*
- *Offer fully underwritten by Canaccord Genuity (Australia) Limited*

The Market Herald Limited (ASX:TMH **The Market Herald** or the **Company**) is pleased to announce that it will be conducting a fully underwritten renounceable entitlement offer to shareholders on the basis of 1 new share for every 6 shares (**Entitlement**) held at the record date at \$0.34 per new fully paid ordinary share (**New Share**) to raise approximately \$15.52 million (before costs) (**Entitlement Offer**).

Funds raised from the Entitlement Offer will be used to pay down debt associated with the recent purchase of Gumtree, Carsguide and Autotrader.

The Entitlement Offer will be made to all Shareholders on the register of members at the Record Date, being 7:00pm (AEDT) on Monday 30 January 2023 (**Eligible Shareholders**).

The Entitlement Offer will be conducted at an issue price of \$0.34 per New Share (**Offer Price**). This represents a 15% discount to the last closing market price on Monday 23 January 2023, and a 13.1% discount to the theoretical ex rights price.

The Entitlement Offer will be made pursuant to an Entitlement Offer Booklet (the **Entitlement Offer Booklet**), expected to be released and despatched to Eligible Shareholders by Thursday 2 February 2023. Entitlements will be able to be traded on ASX during the period set out in the timetable below. The Entitlement Offer is expected to open at 10:00am (AEDT) on Thursday 2 February 2023 and close at 5:00pm (AEDT) on Monday 13 February 2023.

Eligible Shareholders may subscribe for all, or part, of their Entitlement under the Entitlement Offer. An Eligible Shareholder who has submitted a valid application for their full Entitlement may also apply for an uncapped number of additional New Shares in excess of their Entitlement at the Offer Price (**Top-up Facility**). Participation in the Top-up Facility is subject to the bookbuild and allocation process described below and which will be outlined in the Entitlement Offer Booklet.

Entitlements may be sold by Eligible Shareholders on ASX from 27 January 2023 to 6 February 2023. Persons who acquire Entitlements must have a registered address in Australia or New Zealand, and must be entitled to exercise the Entitlements without any prospectus, disclosure document, filing or registration being required, in order to be

permitted to exercise the Entitlements. It is the responsibility of purchasers of Entitlements to determine whether or not they meet the eligibility criteria. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be entitled to exercise the Entitlements and the Entitlements will lapse.

Entitlements not taken up by Eligible Shareholders (or purchasers of Entitlements) pursuant the Entitlement Offer (**Entitlement Offer Shortfall**) will be offered at first instance to certain institutional investors after conclusion of the Entitlement Offer (**Bookbuild**).

If valid applications have been received for all of the Entitlements offered under the Bookbuild at a price that is above the Offer Price (**Bookbuild Price**), then the Entitlement Offer Shortfall will be allocated to those participants. In such circumstances, the difference between the Bookbuild Price and the Offer Price will be paid on a pro-rata basis to Shareholders (and purchasers of Entitlements, if any) who did not take up their Entitlements (other than Eligible Shareholders who have disposed of their Entitlements on ASX).

If valid applications have not been received for all of the Entitlements offered under the Bookbuild at a price that is above the Offer Price, then:

- the New Shares under the Entitlement Offer Shortfall will first be allocated to those Eligible Shareholders who have applied and paid the Offer Price for additional New Shares under the Top-up Facility; and
- the Company will receive the Offer Price in respect of all additional New Shares issued under the Top-up Facility (as applicable) and no amount will be payable to Shareholders who did not take up all or part of their Entitlements.

If, after allocating the additional New Shares to Eligible Shareholders under the Top-up Facility, no shortfall remains, participants in the Bookbuild will not receive any allocation of New Shares. However, if there is a shortfall of shares following the Bookbuild and the Top-up Facility, then the Company, in agreement with the Underwriter, intends to allocate those New Shares (**Shortfall Shares**) to any sub-underwriters in the priority sequence set out in the overview of the Underwriting Agreement below.

The shortfall allocation policy has been structured to allow each Eligible Shareholder to apply to participate in the Entitlement Offer in priority to major shareholders and to any related parties and to seek to disperse any Entitlement Offer Shortfall in an equitable manner across a potentially broad number of Eligible Shareholders.

The Company, in consultation with the Underwriter, seeks to ensure that the Entitlement Offer (including the equitable dispersion of any Entitlement Offer Shortfall) is consistent with the policy objectives contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

Timetable

The indicative timetable for the Entitlement Offer is set out below.

Event	Calendar
Launch rights issue	Tuesday 24 January pre-market open
Ex Date	Friday 27 January
Rights quoted on deferred basis	
Record date	Monday 30 January
Offer Open date	Thursday 2 February
Despatch of Offer Booklet to shareholders	
Announcement of Offer Booklet to ASX	
Rights trading ends at close of trading	Monday 6 February
Offer closes at 5 pm	Monday 13 February
Last day for entity to announce the results of the pro rata issue	Monday 20 February
Settlement of Shortfall	Thursday 23 February
Allotment & Shares Trading	Friday 24 February

Use of Funds

The Offer will raise approximately \$15.52 million, with the proposed use of funds being:

- Loan repayment - \$14,779,387
- Expenses of the Offer - \$750,000

Details of Underwriting Agreement

Canaccord Genuity (Australia) Limited (**Canaccord**) has been appointed as the Lead Manager and Underwriter to the Entitlement Offer (**Underwriter**), pursuant to an underwriting agreement dated 24 January 2023 (**Underwriting Agreement**).

Details of the fees payable to the Underwriter are summarised in the Appendix 3B lodged today.

The Underwriting Agreement contains customary termination provisions, which are detailed in the Schedule to this announcement.

To the extent there remains any Entitlement Offer Shortfall following the conclusion of the Bookbuild and Top-up Facility allocation, the Company and the Underwriter propose the following Entitlement Offer Shortfall allocation process to sub-underwriters and the Underwriter under the Underwriting Agreement:

1. Sub-underwriting - Shortfall Shares will be allocated to sub-underwriters, pursuant to sub-underwriting commitments received by the Underwriter. Sub-underwriters who are not related parties or holders of a relevant interest of more than 20% of the Company will

be allocated Shortfall Shares first (starting with shareholders who have the lowest shareholdings first). If there still remains Shortfall Shares after the allocations to shareholders who are not related parties or holders of a relevant interest of more than 20%, then the Underwriter will allocate the remaining Shortfall Shares to the holders of a relevant interest of more than 20% ahead of related parties.

2. Underwriting - if there is still a shortfall after the completion of step 1, then the Underwriter must subscribe for those Shortfall Shares.

Major shareholder David Argyle, who holds approximately 37% of the voting shares of the Company, has agreed to act as sub-underwriter for approximately \$5.7 million worth of New Shares, representing his pro rata entitlement under the Entitlement Offer. David Argyle's take-up of his Entitlement (if any) will proportionately relieve this sub-underwriting commitment. David Argyle is the father of Gavin Argyle, a director of the Company, and accordingly is a related party of the Company.

Capital Investment Partners (**CIP**) is acting as a sub underwriter and it is controlled by Gavin Argyle, who is a director of the Company. Accordingly, CIP is a related party of the Company. CIP has agreed to act as sub-underwriter for approximately \$2.16 million worth of New Shares. CIP may allocate any Shortfall Shares to its clients (who are professional or sophisticated investors), other than those who are substantial holders or related parties of the Company.

Gavin Argyle (a director and related party of the Company) has a relevant interest in 6.36% of voting shares in the Company.¹ Gavin Argyle has agreed to act as sub-underwriter of the Entitlement Offer for approximately \$0.99 million worth of New Shares, representing his pro rata entitlement under the Entitlement Offer. Gavin Argyle's take-up of his Entitlement (if any) will proportionately relieve this sub-underwriting commitment.

Each sub-underwriter will be paid a fee of 2.0% (including GST) of its sub-underwriting commitment by the Underwriter on behalf of the Company.

The sub-underwriting agreements are on market-standard terms and a summary of the significant events that could lead to the termination of a sub-underwriter's obligations is as follows:

- the Entitlement Offer does not proceed or is withdrawn by the Company;
- the Underwriting Agreement is terminated in accordance with its terms (see the Schedule of this announcement for a summary of the termination events under the Underwriting Agreement);
- the sub-underwriter's right to participate in the sub-underwriting lapses for any reason; and
- the sub-underwriter breaches the terms of the sub-underwriting agreement and the Underwriter gives it a notice of termination of the sub-underwriting arrangements.

Shortfall Shares taken up by the sub-underwriters (and, if applicable, the Underwriter) will be issued at approximately the same time as all other New Shares are issued under the Entitlement Offer.

¹ Gavin Argyle is entitled to the shares registered in the name of GAB Superannuation Funds, which is a 6.36% shareholder of the Company.

Refer to the ASX announced Cleansing Notice (in accordance with Section 708AA(2)(f) of the Corporations Act) for an overview of the potential effect the Entitlement Offer will have on the control of The Market Herald, and the consequences of that effect will depend on several factors including, the number of New Shares taken up by Eligible Shareholders and take up of top-up Shares under the Top-up Facility.

Related party disclosure

The Underwriter, Canaccord, is an unrelated party of the Company (as defined under the Corporations Act 2001 (Cth) and the ASX Listing Rules). As noted above, CIP, David Argyle and Gavin Argyle have agreed to act as a sub-underwriter on the terms noted above.

This announcement has been approved by the Board of The Market Herald Ltd.

Alec Pismiris
Non-Executive Chairman
The Market Herald

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Schedule – Underwriting Agreement termination events

- **(Listing)** The Company ceases to be admitted to the official list of ASX or the Shares are suspended from trading on, or cease to be quoted on ASX or it is announced by ASX or the Company that such an event will occur.
- **(Insolvency)** The Company or a subsidiary which represents 5% or more of the consolidated assets or earnings of the Group (**Material Subsidiary**) is insolvent or there is an act or omission, or a circumstance arises, which is likely to result in the Company or a Material Subsidiary becoming insolvent.
- **(Withdrawal)** The Company withdraws the Entitlement Offer.
- **(Offer force majeure)** There is an event or occurrence, including any statute, order, rule, regulation, directive or request of any Governmental Agency, which makes it illegal for the Lead Manager to satisfy a material obligation of this agreement or to market, promote or settle the Entitlement Offer.
- **(Unable to issue)** The Company is unable to issue or prevented from issuing any New Shares as contemplated by the Underwriting Agreement by virtue of the ASX Listing Rules, applicable laws, a Governmental Agency or an order of a court of competent jurisdiction.
- **(Regulatory action in relation to directors and senior executives)**
 - a director or the chief executive officer or chief financial officer of the Company is charged with an indictable offence or fraudulent conduct;
 - any director of the Company is disqualified under the Corporations Act from managing a corporation; or
 - any regulatory body commences any public action against the Company, or any director or the chief executive officer or chief financial officer of the Company, or publicly announces that it intends to take any such action.
- **(Change in management)** There is a change (or a change is announced) in the chief executive officer, chief financial officer or chairman of the Company, other than one which has already been disclosed to ASX or in any Public Information or disclosed to the Lead Manager before the date of the Underwriting Agreement.
- **(Capital structure)** Except as disclosed in the documents relevant to the Entitlement Offer lodged with ASX on the Announcement Date, there is an alteration to the Company's capital structure without the prior consent of the Lead Manager or as otherwise provided in this agreement or as a result of the Entitlement Offer.
- **(Market fall)** The S&P/ASX Small Ordinaries Index falls to a level which is 12.5% or more below the level of that index on the close of trading on the business day before the date of the Underwriting Agreement and closes at or below that level on:

- any two consecutive business days after the date of the Underwriting Agreement and on or before the business day immediately prior to the Entitlement Offer Settlement Date; or
- at the close of trading on the business day immediately prior to the Entitlement Offer Settlement Date.
- **(ASIC action) ASIC:**
 - applies for an order under Part 9.5 of the Corporations Act in relation to the Entitlement Offer, the issue of the New Shares or any Information Document;
 - holds, or gives notice of intention to hold, a hearing, inquiry or investigation in relation to the Entitlement Offer, the issue of the New Shares or any Information Document under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth);
 - prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its officers,

except in circumstances where the existence of the application, hearing, inquiry, investigation, prosecution or notice has not become public and it has been withdrawn by the date that is the earlier of:

- the business day immediately preceding the Entitlement Offer Settlement Date; or
- the date that is 3 business days after the application, hearing, inquiry, investigation, prosecution or notice is commenced or received.
- **(Application)** There is an application to a Governmental Agency (including the Takeovers Panel) for an order, declaration (including of unacceptable circumstances) or other remedy in connection with the Entitlement Offer (or any part of it), except in circumstances where the existence of the application has not become public and has been withdrawn, discontinued or terminated by the date that is the earlier of:
 - the business day immediately preceding the Entitlement Offer Settlement Date; or
 - the date that is 3 business days after the application, hearing, inquiry, investigation, prosecution or notice is commenced or received.
- **(Determination under section 708AA)** ASIC makes a determination under subsection 708AA(3) of the Corporations Act.
- **(Corrective statement)** In the opinion of the Lead Manager (acting reasonably), the Company becomes required to give, or gives, in respect of the Cleansing Notice, a notice in accordance with subsection 708AA(10) of the Corporations Act, to correct the Cleansing Notice.

- **(Compliance)** The Company commits a breach of the Corporations Act, ASX Listing Rules, its Constitution, or other applicable laws or its Constitution, solely in connection with the Entitlement Offer.
- **(Certificate)** A certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required, or if furnished is untrue, incorrect or misleading or deceptive in any material respect (including by omission).
- **(ASX approval)** Unconditional approval (or conditional approval, provided such condition would not have a material adverse effect on the success or settlement of the Entitlement Offer) by ASX for official quotation of the New Shares is refused or is not granted by the time required to issue the relevant New Shares in accordance with the timetable or, if granted, is modified (in a manner which would have a material adverse effect on the success or settlement of the Entitlement Offer) or withdrawn.
- **(Timetable)** Any event specified in the timetable is delayed by more than 2 business days (unless consented to by the Lead Manager).

The Underwriter may terminate the Underwriting Agreement, by notice to the Company, at if any of the following events occur and, the Underwriter has reasonable grounds to believe and does believe that the event, (i) has had, or is likely to have, a material adverse effect on the success or outcome of the Entitlement Offer, the willingness of investors to subscribe for New Shares, the likely price at which New Shares will trade on ASX, the ability of the Underwriter to market, promote or effect settlement of the Entitlement Offer; or (ii) has given rise to or could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriter under any applicable law or regulation:

- **(Breach)** The Company fails to perform or observe any of its obligations under the Underwriting Agreement.
- **(Due Diligence)** Any of the documents required to be provided under the Due Diligence Planning Memorandum, including the Due Diligence Report, having been withdrawn, or varied without the prior written consent of the Lead Manager.
- **(Information)** The Due Diligence Report or the information provided by or on behalf of the Company to the Lead Manager in relation to the Due Diligence Program, the documents relevant to the Entitlement Offer or the Entitlement Offer, is false, misleading or deceptive or likely to mislead or deceive (including by omission).
- **(Representations and warranties)** A representation or warranty made or given by the Company under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive.
- **(Legal proceedings)** Legal proceedings against the Company, any other Group Member or against any director of the Company or any other Group Member in that capacity is commenced or any regulatory body commences any enquiry or public action against a Group Member.

- **(Compliance)** The Company commits a breach of the Corporations Act, ASX Listing Rules, the Constitution, or other applicable laws or regulations, other than in connection with the Entitlement Offer.
- **(Conduct)** The Company or any of its directors or officers engages in misleading or deceptive conduct or activity in connection with the Entitlement Offer.
- **(New circumstance)** A new circumstance arises which is adverse to investors in New Shares and which would have been required by the Corporations Act to be included in the Cleansing Notice had the new circumstance arisen before the Cleansing Notice was given to ASX.
- **(Adverse change)** There is an adverse change, or an event occurs that is likely to give rise to an adverse change, in the business, assets, liabilities, financial position or performance, operations, management, outlook or prospects of the Company or the Group from the position most recently disclosed to ASX by the Company before the date of the Underwriting Agreement.
- **(Future matters)** Any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in an Information Document or Public Information is or becomes incapable of being met or, in the reasonable opinion of the Lead Manager, is unlikely to be met in the projected timeframe.
- **(Information Documents misleading)** Any:
 - statement in an Information Document is or becomes false, misleading or deceptive or likely to mislead or deceive; or
 - Information Document does not contain all information required to comply with all applicable laws.
- **(Information Documents issued or varied without approval)** The Company:
 - issues an Information Document without the prior approval of the Lead Manager (such approval not to be unreasonably withheld); or
 - varies or withdraws an existing Information Document without the prior approval of the Lead Manager (such approval not to be unreasonably withheld).
- **(Authorisations)** Any material authorisation of the Group:
 - is, or is likely to be, invalid, revoked or unenforceable, including as a result of the introduction of new legislation in the relevant jurisdiction; or
 - is breached or not complied with in a material respect.
- **(Change in law)** There is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or prospective law or any new regulation is made under any law, or a Governmental Agency or the Reserve Bank of Australia adopts a policy, or there is an official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of

Australia or a Governmental Agency that such a law or regulation will be introduced or policy adopted (as the case may be) (other than a law or policy that has been announced before the date of this agreement), any of which does or is likely to prohibit or regulate the Entitlement Offer or adversely affects the Group.

- **(Disruption in financial markets)** Any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, New Zealand, the United States, Japan, Singapore, the United Kingdom, a member state of the European Union or the People's Republic of China (including Hong Kong) (together, the **Specified Jurisdictions**) is declared by the relevant central banking authority in any of those countries; or
 - trading in all securities quoted or listed on the ASX, the London Stock Exchange, the New York Stock Exchange, NASDAQ, Euronext, the SGX, the Hong Kong Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect; or
 - the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in a Specified Jurisdiction.
- **(Hostilities)** Major hostilities not existing at the date of this agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the Specified Jurisdictions, excluding any change or disruption that results from the present conflict or hostilities primarily involving Russia on one hand and Ukraine on the other (**Russia-Ukraine Hostilities**).
- **(Russia-Ukraine Hostilities)** In respect of the existing hostilities involving Russia and Ukraine, any of the following occurs:
 - the commencement of active and direct involvement in the hostilities by a North Atlantic Treaty Organisation member country or Australia;
 - the use of nuclear, chemical, biological or other non-conventional weapons; or
 - an attack on a nuclear facility,

but for clarity, does not include the establishment or enforcement of a no-fly zone by any or all of the North Atlantic Treaty Organisation member countries.
- **(Prescribed Occurrence)** A Prescribed Occurrence in respect of the Company occurs during the Entitlement Offer Period, other than:
 - as contemplated by the Underwriting Agreement or pursuant to the Entitlement Offer;
 - in a manner described in the Management Questionnaire or the ASX Offer Announcement or any Public Information lodged with ASX on or before the date of the Underwriting Agreement;

- the Company issuing Shares pursuant to:
 - the exercise or conversion of any Shares on issue as at the date of the Underwriting Agreement;
 - any employee incentive scheme in operation as at the date of the Underwriting Agreement; or
 - any distribution reinvestment plan; or
 - as permitted in writing by the Lead Manager.