

The Market Herald

and its controlled entities

ACN 611 717 036

Preliminary final report for the year ended 30 June 2023

1. Company details

Name of entity	The Market Herald Limited
ACN	611 717 036
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

Principal activities

The Market Herald Limited is a group of businesses with three main offerings, each having a leading role in their relevant segments:

- 1) **Digital classifieds:** We operate one of the largest classifieds businesses in Australia with a powerful portfolio of complimentary brands: Gumtree, Carsguide and Autotrader ("Gumtree Group").
 - a. Gumtree is the largest and oldest iconic Australian online horizontal marketplace with over 500 million pageviews per month. Annual listed GMV amounts to AUD 40 billion¹.
 - b. CarsGuide is Australia's largest Auto Editorial website featuring new car reviews, news and advice. Offering rich and relevant content for 2.0 million monthly car buyers, CarsGuide is also home to 70,000+ live listings on our dedicated dealer classifieds marketplace.
 - c. Autotrader is the dedicated classifieds marketplace that puts Australian car buyers first. Connecting 0.6 million prospective car buyers each month with Australian dealers, Autotrader delivers transparent listings, dealership locations and advanced research tools.

Gumtree, Carsguide, and Autotrader is a highly attractive marketplace ecosystem with highly complementary brands, reaching 1 in 3 Australians each month. Total monthly unique users amount to 6.5 million.
- 2) **Digital business and news communities:** We operate one of the largest digital business and news communities in Australia and Canada, reaching a combined audience of 3 million investors on platform with over 52 million pageviews per month (45 million in Australia and 7 million in Canada).
- 3) **Digital Investor Relations and Consulting:** The Market Herald Limited serves affluent audiences in each of our markets. To help our clients effectively engage with this audience, we launched Advisir, a digital strategy consulting business.

2. Results for announcement to the market

Dividends

As the Group continues to progress its strategy, it will continue to invest operating cashflows into strategic growth, and the Board has elected not to declare a dividend in relation to the 2023 financial year (30 June 2022: \$Nil).

¹ Company data – February 2023

Comments

The Group experienced a year of strong revenue growth following the acquisition of Gumtree Australia and related entities Autotrader Australia and Carsguide in October 2022. Total revenues for the year increased by 217% to \$81,616,368 (30 June 2022: \$25,778,718).

The strategic importance of Gumtree Group to the TMH Group is evident in these results. Gumtree is Australia's leading classifieds platform for buying, selling, and finding a wide range of products and services including cars, jobs, furniture, and pets. Both Carsguide and Autotrader have leading positions in the segments they operate in. Over 6.5 million Australians connect each and every month using the three Gumtree Group platforms.

“Returning to profitability”

Over the past 12 months the Group has focused on refining its strategy, its operations and pathways to future growth with profitability being its primary focus.

The Group has successfully delivered on these initiatives with total EBITDA from continuing operations to increase by \$13.9 million to \$12.0 million (from negative \$1.9 million in 2022) and Profit before Tax to grow by \$8.9 million to \$6.0 million in 2023 (from negative \$2.9 million in 2022). These results include the one-off expenses associated with the acquisition of the Gumtree Group, with the Takeovers Panel process and with the restructuring of the discontinued operations.

This turnaround is testament to the strategy endorsed by the Board and its new management team.

Other key milestones of The Market Herald Limited in FY2023 include:

- Completed a comprehensive evaluation of its business units after which management decided to discontinue long-term underperforming and loss-making activities.
- Successfully refinanced the vendor loan note with Adevinta through a new facility with the Commonwealth Bank of Australia (“CBA”), and
- Appointed a new management team with in-depth knowledge of Classifieds and Capital Markets

This has been a fundamentally important year for the Group which has prioritised business activities on achieving profitability.

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2023 Financial Year Results ⁽¹⁾

Financial Performance	30-Jun-23	30-Jun-22	Change	Percentage Change
Income Statement	\$	\$	\$	%
Total revenue	81,616,368	25,778,718	55,837,650	217%
EBITDA from continuing operations	12,013,918	(1,884,890)	13,898,806	737%
EBITDA from discontinued operations	116,935	32,821	84,114	256%
Profit/(loss) before Tax from continuing operations	5,990,562	(2,890,446)	8,881,008	307%
Profit/(loss) before Tax from discontinued operations ⁽²⁾	(589,801)	(331,574)	(258,227)	78%
Profit from ordinary activities after tax attributable to the owners of The Market Herald Limited	4,333,366	(4,851,475)	9,184,841	189%

(1) Gumtree Group was acquired on 4 October 2022 and the financial results are included in the current year from that date.

(2) Discontinued operations relate to the Subscribacar activity which was discontinued during the year following the strategic review.

For the financial year ended 30 June 2023, cash receipts from customers was \$100,027,974 for the period, representing a growth of 257% from the previous year (30 June 2022: \$28,036,383).

The Group remains well-capitalised with cash and cash equivalents of \$12,677,020, an increase of 166% from the previous year (30 June 2022: \$4,768,749) and financial assets of \$6,803,612 (30 June 2022: \$10,649,864) as at 30 June 2023.

During the year, the Group acquired Gumtree Australia, Autotrader Australia and Carsguide. The acquisition of the GCA Group represents a significant change in the state of affairs of the Company, and its financial statements reflect the impact of this transaction.

There have been no other significant changes in the Group's state of affairs during the course of the year ended 30 June 2023.

Significant events after the balance date

The Company progressed a comprehensive evaluation of its business units in FY2023. Following this strategic review, in July 2023 the management team decided to discontinue the Subscribacar activity. Following years of underperformance without a clear turn-around plan the Company is winding down these operations.

On 4 July 2023 the Company entered into a deed of cross guarantee arrangement with its subsidiaries Gumtree AU Pty Ltd and Carsguide Autotrader Media Solutions Pty Ltd. Relief under this deed will be applicable from financial year ending 30 June 2024.

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No other matters or circumstances have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

3. Net tangible assets

	2023 cents	2022 cents
Net tangible assets per ordinary security	(15.55)	1.73

4. Control gained over entities

Name of entities (or group of entities)	Gumtree AU Pty Ltd Carsguide Autotrader Media Solutions Pty Ltd Gumtree IP Aus Holding Ltd
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Date control gained	4 October 2022
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\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period	17,485,418
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5. Accounting standards

This preliminary final report of The Market Herald Limited has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

The preliminary final report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

6. Audit report

The preliminary final report is based on accounts which are in the process of being audited.

THE MARKET HERALD LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		\$	\$
Revenue from continuing operations		81,616,368	25,778,718
Other income		1,713,805	98,219
Expenses			
Employee and director benefits expense		(34,808,471)	(10,466,477)
Share based payments expense		(54,636)	-
Commission paid		(2,149,067)	(1,360,679)
Depreciation and amortisation		(1,826,773)	(528,891)
Finance cost		(4,196,583)	(476,665)
Acquisition expenses		(1,779,374)	
Other expenses		(32,524,707)	(15,934,671)
Profit/(loss) before income tax expense from continuing operations		5,990,562	(2,890,446)
Income tax expense		(1,190,807)	(1,334,300)
Profit/(loss) after income tax expense from continuing operations		4,799,755	(4,224,746)
Profit/(loss) after income tax expense from discontinued operations		(447,926)	(395,981)
Profit/(loss) after income tax expense for the year		4,351,829	(4,620,727)
Other comprehensive income/(loss)			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income, net of tax		(506,236)	(1,180,146)
<i>Amounts that may be subsequently reclassified to profit or loss (net of tax):</i>			
Foreign currency translation		487,773	949,398
Other comprehensive (loss)/income		(18,463)	(230,748)
Total comprehensive (loss)/income for the year		4,333,366	(4,851,475)

THE MARKET HERALD LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		\$	\$
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Total profit/(loss) for the year is attributable to:			
Continuing operations		4,799,755	(4,224,746)
Discontinued operations		(447,926)	(395,981)
Total comprehensive income for the year is attributable to:			
Continuing operations		4,781,292	(4,455,494)
Discontinued operations		(447,926)	(395,981)
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Earnings/(loss) per share from continuing operations attributable to members			
Basic (loss)/earnings per share (cents)		1.77	(2.19)
Diluted (loss)/earnings per share (cents)		1.77	(2.19)
Earnings/(loss) per share from discontinued operations attributable to members			
Basic (loss)/earnings per share (cents)		(0.17)	(0.20)
Diluted (loss)/earnings per share (cents)		(0.17)	(0.20)
Earnings/(loss) per share attributable to members			
Basic (loss)/earnings per share (cents)		1.61	(2.39)
Diluted (loss)/earnings per share (cents)		1.61	(2.39)

THE MARKET HERALD LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		12,677,020	4,768,749
Trade and other receivables		5,208,044	2,385,424
Financial assets		6,803,612	9,778,317
Contract assets		5,786,185	-
Other current assets		2,795,148	618,396
		33,270,009	17,550,886
Assets classified as held for sale		3,499,746	-
TOTAL CURRENT ASSETS		36,769,754	17,550,886
NON-CURRENT ASSETS			
Plant and equipment		858,197	5,095,343
Intangibles		124,400,530	25,780,186
Right-of-use assets		2,824,650	631,870
Financial assets		1,293,422	871,547
Other receivables		-	78,627
Other assets		-	216,726
Deferred tax assets		1,197,959	-
TOTAL NON-CURRENT ASSETS		130,574,758	32,674,299
TOTAL ASSETS		167,344,512	50,225,185
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		11,705,387	1,155,493
Lease liabilities		971,094	299,338
Provisions		3,828,577	775,406
Contract liabilities		3,341,600	4,067,883
Interest bearing liabilities		10,613,360	7,557,071
Current tax liabilities		1,745,678	1,453,204
TOTAL CURRENT LIABILITIES		32,205,696	15,308,395
NON-CURRENT LIABILITES			
Interest bearing liabilities		37,943,791	-
Deferred tax liabilities		20,659,483	5,366,751
Lease liabilities		2,052,219	394,707
TOTAL NON-CURRENT LIABILITES		60,655,493	5,761,458

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
TOTAL LIABILITIES		92,861,189	21,069,853
NET ASSETS		74,483,323	29,155,332
EQUITY			
Issued capital		63,253,173	22,313,184
Reserves		(9,225,938)	(8,442,880)
Retained earnings		20,456,088	15,285,028
TOTAL EQUITY		74,483,323	29,155,332

THE MARKET HERALD LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

Note	Share Capital \$	Distribution reserve \$	Share based payments reserve \$	Financial assets at FVOCI reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2022	22,313,184	(10,184,223)	1,708,975	(1,180,146)	1,212,514	15,285,028	29,155,332
Profit/(Loss) for the year	-	-	-	-	-	4,351,829	4,351,829
Other comprehensive loss	-	-	-	(506,236)	487,773	-	(18,463)
Total comprehensive loss for the year	-	-	-	(506,236)	487,773	-	-
Exercise of options	458,634	-	-	-	-	-	458,634
Issue of shares	40,481,355	-	-	-	-	-	40,481,355
Share based payments	-	-	54,636	-	-	-	54,636
Settlement of limited recourse loan	-	-	(819,231)	-	-	819,231	-
Balance at 30 June 2023	63,253,173	(10,184,223)	944,380	(1,686,382)	1,700,287	20,456,088	74,483,323
Balance at 1 July 2021	21,397,079	(10,184,223)	1,708,975	-	263,116	19,905,755	33,090,702
Loss for the year	-	-	-	-	-	(4,620,727)	(4,620,727)
Other comprehensive loss	-	-	-	(1,180,146)	949,398	-	(230,748)
Total comprehensive loss for the year	-	-	-	(1,180,146)	949,398	(4,620,727)	(4,851,475)
Exercise of options	916,105	-	-	-	-	-	916,105
Balance at 30 June 2022	22,313,184	(10,184,223)	1,708,975	(1,180,146)	1,212,514	15,285,028	29,155,332

THE MARKET HERALD LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		100,027,974	28,036,383
Payments to suppliers and employees (inclusive of GST)		(81,482,789)	(22,733,936)
Receipt from government grants		-	8,781
Interest received		150,951	37,068
Income tax (paid)		(3,135,930)	(1,480,318)
Transaction costs for business combination		(1,779,374)	-
Net cash provided by operating activities		13,780,832	3,867,978
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial instruments		(7,674,379)	(12,718,476)
Proceeds from sale of financial instruments		8,178,538	7,909,448
Purchase of plant, equipment, and intangible assets		(808,826)	(3,520,833)
Proceeds from sale of plant, equipment, and intangible assets		1,143,238	50,523
Payment for acquisition, net of cash acquired		(86,892,828)	(1,575,902)
Transfer to financial assets at amortised cost		-	(84,464)
Net cash used in investing activities		(86,054,257)	(9,939,704)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares net of cost		40,939,989	916,105
Payment of lease liabilities		(1,174,732)	(313,683)
Loan repayment		(2,226,000)	(2,177,716)
Loan drawdown		46,000,000	-
Interest paid		(3,798,464)	(430,208)
Net cash provided by/(used in) financing activities		79,740,793	(2,005,502)
Net increase/(decrease) in cash held		7,467,368	(8,077,228)
Net foreign exchange difference		440,903	(328,150)
Cash and cash equivalents at beginning of financial year		4,768,749	13,174,127
Cash and cash equivalents at end of financial year		12,677,020	4,768,749