

ASX ANNOUNCEMENT 24 JANUARY, 2023

Notification under Section 708AA (2)(f) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84

The Market Herald Limited ACN 611 717 036 (ASX:TMH) (**The Market Herald** or the **Company**) gives this notice under section 708AA(2)(f) of the *Corporations Act 2001* (**Corporations Act**), as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*.

The Company has today announced that it will be conducting a fully underwritten pro-rata renounceable entitlement offer to all shareholders on the register of members as at 7:00pm (AEDT) on 30 January 2023 (**Record Date**) (**Eligible Shareholders**) to raise approximately \$15.52 million (before costs) (**Entitlement Offer**). The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Ltd (**Underwriter** or **Canaccord**).

Under the Entitlement Offer, Eligible Shareholders will be invited to subscribe for 1 fully paid ordinary share (**New Share**) for every 6 shares (**Entitlement**) held at the Record Date at an issue price of \$0.34 (**Offer Price**). Entitlements will be able to be traded and 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.

In addition to being able to apply for New Shares under the Entitlement Offer, each 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 not taken up by Eligible Shareholders (or purchasers of Entitlements) pursuant to the Entitlement Offer (**Entitlement Offer Shortfall**), will be offered at first instance to certain institutional investors through a bookbuild after the conclusion of the Entitlement Offer (**Bookbuild**). More information about the allocation process, including as between the Top-Up Facility, Bookbuild and sub-underwriters, is set out below under the heading "Shortfall dispersion strategy".

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Pursuant to section 708AA(2)(f) of the Corporations Act, the Company confirms that:

- The Company will offer approximately 45,674,668 fully paid ordinary shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act pursuant to a renounceable entitlement offer announced to ASX on 24 January 2023.
- This notice is given under section 708AA(2)(f) of the Corporations Act.
- As at the date of this notice, the Company has complied with:
 - the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - section 674 and 674A of the Corporations Act.
- As at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act that is required to be disclosed in this notice under section 708AA(7)(d) of the Corporations Act.

Effect of the Entitlement Offer on the control of The Market Herald by the Underwriter

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, the number of New Shares placed to institutional investors under the Bookbuild, the extent to which Eligible Shareholders receive additional New Shares under the Top-up Facility, and the number of New Shares placed to sub-underwriters and the Underwriter.

The anticipated effect of the issue of New Shares under the Entitlement Offer on the Company's shareholding structure is as follows:

- In the theoretically possible (though unlikely event) that no eligible shareholder (other than the Underwriter) takes up their Entitlement, and given the Underwriter has agreed to fully underwrite the Entitlement Offer pursuant to the Underwriting Agreement, then the Underwriter will acquire a relevant interest in a maximum of 14.29% of the Company's issued share capital.

However, such an outcome is considered by the Company to be unlikely to eventuate for the following reasons:

- David Argyle has committed to subscribe for his full pro rata entitlement of approximately 37% of the voting shares of the Company under the rights issue, which equates to a total of \$5.7 million. Therefore, there is only a remaining 63%

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of potential shortfall shares (of which the Underwriter will potentially receive 100%).

- Eligible shareholders are encouraged to apply for additional New Shares under the Top-up Facility subject to completion and the results of the Bookbuild process.
- The Underwriter has sub-underwriting agreements totalling \$15,529,387.23 (100% of the Underwritten Amount), which further limits the likelihood of 100% of any shortfall shares being allocated to the Underwriter.
- In accordance with the Underwriting Agreement, the Company, in agreement with the Underwriter, intends to allocate the shortfall shares in priority sequence with the dispersion strategy set out below under the heading “Shortfall dispersion strategy”.

Shortfall dispersion strategy

To the extent any New Shares for Entitlements are not taken up under the Entitlement Offer, the Company and the Underwriter propose to allocate the Entitlement Offer Shortfall in a manner consistent with the following dispersion mechanisms (in order of priority):

(i) Top-up Facility and Bookbuild:

- **Bookbuild Price Above Offer Price:** If after the conclusion of the Bookbuild, valid applications have been received for all of the Entitlements offered under the Bookbuild at a price that is above the Offer Price (i.e. the Bookbuild clears at a price that is above the Offer Price) then the Entitlement Offer Shortfall will be allocated to those applicants, and no Entitlement Offer Shortfall shall be allocated to Eligible Shareholders who apply for additional New Shares under the Top Up Facility or to any sub-underwriter. In such circumstances, the difference between the Bookbuild Price and the Offer Price will be paid on a pro-rata basis to Eligible 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).
- **Bookbuild Price equal to or below Offer Price:** If after the conclusion of the Bookbuild, valid applications have not been received for all of the Entitlements offered under the Bookbuild at a price that is above the Offer Price (i.e. the Bookbuild does not clear at a price that is above the Offer Price) then the Entitlement Offer Shortfall will first be allocated to those Eligible Shareholders who have applied and paid the Offer Price for additional New Shares in excess of their Entitlement under the Top-up Facility and if there is any Entitlement Offer Shortfall remaining, the Entitlement Offer Shortfall will be allocated to sub-underwriters in accordance with the dispersion mechanism in subparagraph (ii) below.

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(ii) Sub-underwriters: If after allocating the Entitlement Offer Shortfall to Eligible Shareholders under the Top-up Facility there is no remaining Entitlement Offer Shortfall, sub-underwriters will not receive any allocation of New Shares from the Entitlement Offer Shortfall. However, if after allocating the additional New Shares to Eligible Shareholders under the Top-up Facility there is any remaining Entitlement Offer Shortfall, the remaining Entitlement Offer Shortfall shall be allocated to sub-underwriters and the Underwriter at the Offer Price as follows:

- first, to any other person who bids into the Bookbuild;
- second, to those sub-underwriters other than the sub-underwriters referenced in the following two bullet points, in order of priority starting with sub-underwriters who have the lowest shareholdings as at the Record Date first, and thereafter in order of the size of their shareholding (from lowest to highest);
- third, to those sub-underwriters who are not related parties of the Company and who hold a relevant interest (as defined in the Corporations Act) of 20% or more of the total number of issued shares, or who could acquire a relevant interest of more than 20% of the total number of issued shares on completion of the Entitlement Offer as a result of being required to subscribe for the maximum number of their sub-underwritten securities, with the sub-underwriter who has the lowest Record Date relevant interest being allocated shortfall shares first, followed by the next lowest and so on until all shortfall shares are allocated or all sub-underwriting commitments are fulfilled; and
- fourth, to those sub-underwriters who are related parties of the Company with the related party sub-underwriter who has the lowest Record Date relevant interest being allocated shortfall shares first, followed by the next lowest and so on until all shortfall shares are allocated or all sub-underwriting commitments are fulfilled.

(iii) Underwriter: The balance of any Entitlement Offer Shortfall remaining after the allocation to the sub-underwriters must be subscribed for by the Underwriter.

Potential control scenarios

The table below sets out the potential voting power of Canaccord and potential increase of voting power of David Argyle, Gavin Argyle and Capital Investment Partners and SG Hiscock **Major Shareholders**) under several scenarios relating to the percentage acceptance of Entitlements under the Entitlement Offer. This table assumes that the Major Shareholders take up their respective Entitlements under the Entitlement Offer, and are required to subscribe for the maximum number of shortfall shares each Major Shareholder has agreed to sub-underwrite (ie. no Eligible Shareholders participate in the Top-up Facility, and no shares are allocated under the Bookbuild).

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	Total Shares on Issue	Canaccord		David Argyle		Gavin Argyle (GAB Superannuation and Capital Investment Partners)		SG Hiscock	
		Shares	Voting Power	Shares	Voting Power	Shares	Voting Power	Shares	Voting Power
Prior to the Entitlement Offer	274,048,010	0	0%	101,416,274	37.0%	17,419,151	6.4%	24,807,776	9.1%
Following Completion of the Entitlement Offer									
Shortfall of 0%	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%
Shortfall of 25%	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%
Shortfall of 50%	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%
Shortfall of 75%	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%
Shortfall of 100%	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%

However, the Company considers the above scenarios to be unlikely for the following reasons:

- The Company has actively taken steps to minimise the control effect of the Entitlement Offer by encouraging Eligible Shareholders to take up additional New Shares in the Top-up Facility, subject to completion of the Bookbuild process, before allocating shortfall shares to any sub-underwriters and the Underwriter.
- In the event that any other Eligible Shareholder does apply for its Entitlement and elects to participate in the shortfall, then (subject to the Bookbuild process), the allocation policy described above will ensure that that Eligible Shareholder is entitled to subscribe for its shortfall allocation in full in priority to the sub-underwriters.
- Further, if after the conclusion of the Bookbuild, valid applications have been received for all of the Entitlements offered under the Bookbuild at a price that is above the Offer Price then the Entitlement Offer Shortfall will be allocated to those applicants in priority to sub-underwriters.

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- No New Shares will be issued under the Entitlement Offer and Bookbuild and via the Top-up Facility if the issue of New Shares would contravene the Corporations Act or the Listing Rules.
- Similarly, no New Shares will be issued under the Top-up Facility to any related parties of the Company. Eligible Shareholders and Bookbuild participants who are not related parties of the Company will be issued shares in priority of any related party participants.
- The Underwriter shall not be allocated any New Shares that may result in the Underwriter and any sub-underwriters, collectively, being allocated New Shares in excess of the underwritten amount.
- In the unlikely event that the sub-underwriters or the Underwriter receive New Shares which increase their respective relevant interests in the Company greater than 19.99%, the acquisition will be made in reliance on the exception pursuant to section 611 (Item 10) of the Corporations Act.

Further details regarding the Entitlement Offer are set out in the ASX announcement released today (24 January 2023).

Yours faithfully

Tommy Logtenberg
Chief Executive Officer

Investor and media enquiries

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This announcement has been authorised for release by the Board of Directors.