



# Entitlement Offer Booklet

## **The Market Herald Limited ACN 611 717 036**

1 for 6 pro rata renounceable entitlement offer of fully paid ordinary shares in The Market Herald Limited at an Offer Price of \$0.34 per New Share to raise approximately \$15.52 million (before costs).

The Entitlement Offer opens on Thursday 2 February 2023.

The Entitlement Offer closes at 8:00pm (AEDT) / 5:00pm (AWST) on Monday 13 February 2023.

The Entitlement Offer is fully underwritten by Canaccord Genuity. Refer to section 7.19 for details regarding the terms of the underwriting.

### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This is an important document that is accompanied by a personalised Entitlement and Acceptance Form, and both should be read in their entirety. This document is not a prospectus under the Corporations Act and has not been lodged with ASIC.

If you have any questions, you should seek advice from your stockbroker, accountant or other independent and appropriately licenced professional adviser. For further information about the Entitlement Offer you can call the Shareholder Information Line 1300 288 664 (within Australia) or +61 (0)2 9698 5414 (outside Australia) at any time between 8:30am and 5:00pm (AEDT) on Monday to Friday during the Entitlement Offer Period.

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## Important Information

This Offer Booklet (other than the ASX Offer Announcement) is dated 2 February 2023 and relates to the Entitlement Offer to raise approximately \$15.52 million. Capitalised terms in this section have the same meaning given to them in this Offer Booklet.

### ***Not a prospectus, not investment advice or financial product advice***

The information in this Offer Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Offer Booklet does not purport to contain all the information that you may require to evaluate a possible Application for New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act (or any other law). It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX.

This Offer Booklet is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares. Neither ASIC nor ASX take responsibility for the contents of this Offer Booklet.

The information in this Offer Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares the subject of the Entitlement Offer. If, after reading this Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent and appropriately licensed professional adviser.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® or Electronic Funds Transfer (non-Australian shareholders only) in accordance with the instructions on the Entitlement Offer website or Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Offer Booklet.

You should also consider the "Risks" section in this Offer Booklet at section 5.

### ***Forward looking statements***

This Offer Booklet contains certain "forward-looking statements". Forward looking statements can generally be identified by the use of forward looking words such as "forecast", "estimate", "likely", "anticipate", "believe", "expect", "future", "project", "opinion", "opportunity", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "propose", "to be", "foresee", "aim", "will" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this Offer Booklet regarding the conduct, approximate size and outcome of the Offer, any discussions with lenders as part of any recapitalisation proposal, the use of proceeds, and the Company's outstanding debt. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither the Company nor any of its Directors, employees, servants, advisers or agents assume any obligation to update such information.

Any forward-looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates, and guidance on industry trends are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve significant elements of subjective judgment,

assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. A number of factors could cause actual results, performance or achievements to vary materially from any forward-looking statements and the assumptions on which statements are based, including but not limited to the risk factors set out in this Offer Booklet. Except as required by applicable law or regulation, the Company undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

To the maximum extent permitted by law, the Company and its Directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

### ***Past performance***

Prospective investors should note that past performance in this Offer Booklet is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Company performance including future share price performance. The historical information is not represented as being indicative of the Company's views on its future financial condition and/or performance.

### **Taxation**

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. Section 6 provides a general summary of the Australian income tax, GST and stamp duty implications of the Entitlement Offer for Eligible Shareholders. The summary does not take account of the individual circumstances of particular Eligible Shareholders and does not constitute tax advice in respect of the Entitlement Offer. Neither the Company nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of any statement concerning taxation consequences. The Company recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

### ***Disclaimer of representations***

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company, or its related bodies corporate, in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Offer Booklet.

### ***Foreign jurisdictions***

The information in this Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements, the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia unless otherwise specified.

The distribution of this Offer Booklet (including an electronic copy) outside of those jurisdictions may be restricted by law. If you come into possession of the information in this Offer Booklet, you should observe such restrictions and seek your own advice on such restrictions.

Refer to sections 7.13 to 7.18 for key further information in relation to certain foreign jurisdictions.

### ***Miscellaneous***

Unless otherwise stated, all dollar values in this Offer Booklet are in Australian dollars (AUD\$).

Capitalised terms used in this Offer Booklet have the meaning given in the Glossary in section 8 unless the context requires otherwise.

***NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES***

This Offer Booklet, and any accompanying ASX Offer Announcement and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. The New Shares offered in the Entitlement Offer have not been, nor will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the U.S. Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The New Shares to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

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## Chairman's Letter

2 February 2023

Dear Shareholder,

On behalf of the Board of The Market Herald Limited (**The Market Herald** or the **Company**), I invite you to participate in The Market Herald's renounceable pro rata Entitlement Offer.

Eligible Shareholders will have the right to subscribe for 1 New Share at an issue price of \$0.34 per New Share for every 6 Shares held.

The Issue Price of the New Shares represents a 15% discount to the closing price of Shares prior to the announcement of the Entitlement Offer as at 23 January 2023 (being \$0.38).

The Rights Issue seeks to raise up to \$15.52 million (before costs) to fund the repayment of debt associated with the acquisition of Gumtree Australia, Autotrader Australia and Carsguide, expenses of the offer and provide additional funds for working capital.

If fully subscribed, a total of 45,674,668 New Shares will be issued under the Entitlement Offer.

The Entitlement Offer is fully underwritten by Canaccord Genuity.

Entitlements not taken up under the Entitlement Offer will be offered under a price/volume bookbuild to be held at the conclusion of the Entitlement Offer. The allocation of Entitlements under the Bookbuild will be determined by the Company in agreement with the Underwriter.

I encourage you to read this Entitlement Offer Booklet in full before deciding whether to take up your Entitlement under the Rights Issue.

Should you have any doubts about what action to take, you should consult your stockbroker, accountant or other professional advisor. The Entitlement Offer closes on 13 February 2023.

I intend to participate in the Entitlement Offer, personally and in respect of entities that I control.



For and on behalf of the Board.

Alec Pismiris

Non-Executive Chairman

## Summary of Entitlement Offer and Key Indicative Dates

### Summary of Entitlement Offer

<b>Ratio</b>	1 New Shares for every 6 existing Shares
<b>Entitlement Offer Price</b>	\$0.34 per New Share
<b>Number of New Shares available under the Entitlement Offer</b>	45,674,668 New Shares (subject to rounding)
<b>Gross proceeds of Entitlement Offer</b>	\$15,529,387.23 (before costs)
<b>Maximum number of Shares on issue following the Entitlement Offer</b>	319,722,678 Shares*

\*This figure does not include the 1,250,000 Shares which are to be issued after the date of this Offer Booklet, and prior to the close of the Offer following the exercise of 1,250,000 Options (defined below). It is expected that 1,250,000 Shares will be issued following exercise of these Options, such that the maximum number of Shares on issue following completion of the Entitlement Offer will be 320,972,678. There will be no Entitlements attached to these Shares issued upon exercise of the Options.

As announced on 9 December 2020 and as approved at the 2020 Annual General Meeting of the Company, a total of 2,750,000 options were granted to Alec Pismiris (Chairman), Colin Chenu (ex-Non-Executive Director) and Jag Sanger (ex-Managing Director) (**Options**). As at the date of this Offer Booklet, 1,250,000 Options issued to Alec Pismiris and Colin Chenu have been exercised and the remaining 1,500,000 Options issued to Jag Sanger have lapsed. When the Shares are issued in respect of the exercised Options, 1,250,000 of Shares will be issued to Mr Pismiris and Mr Chenu.

### Key indicative dates

<b>Event</b>	<b>Date</b>
Entitlement Offer announced ( <b>Announcement Date</b> )	24 January 2023
Lodge Cleansing Notice and Appendix 3B with ASX	24 January 2023
Ex date and rights trading commences	27 January 2023
Record Date to determine eligibility to participate in the Entitlement Offer (7:00pm AEDT)	30 January 2023
Entitlement Offer opens and despatch of Offer Booklet and Entitlement and Acceptance Forms	2 February 2023
Rights trading ends	6 February 2023
Entitlement Offer closes (8:00pm AEDT / 5:00pm AWST)	13 February 2023
Bookbuild Date	20 February 2023
Announcement of results of Entitlement Offer	20 February 2023
Settlement of New Shares under the Entitlement Offer ( <b>Entitlement Offer Settlement Date</b> )	23 February 2023
Issue of New Shares issued under the Entitlement Offer ( <b>Entitlement Offer Allotment Date</b> )	24 February 2023

Quotation of New Shares issued under the Entitlement Offer expected to commence on ASX	24 February 2023
Holding statements sent to shareholders	24 February 2023

These dates are indicative only and are subject to change without notice. All references to time are to Australian Eastern Daylight Time (**AEDT**). Subject to the requirements of the Corporations Act, the Listing Rules and any other applicable laws, the Company has the right, with the consent of the Lead Manager, to amend the timetable. In particular, the Company reserves the right to extend the closing date of the Entitlement Offer and to accept late Applications under the Entitlement Offer (either generally or in particular cases) or to withdraw the Entitlement Offer without prior notice. Any extension of the closing date of the Entitlement Offer will affect the date New Shares are issued. The quotation of New Shares is subject to confirmation from ASX.



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## 1. Overview of the Entitlement Offer

### 1.1 Entitlement Offer

The Entitlement Offer is a renounceable pro rata entitlement offer on the basis of 1 New Share for every 6 Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.34 per New Share (being the Offer Price) to raise up to approximately \$15.52 million.

The Offer Price represents a discount of approximately 15% to the Company's closing price of Shares on 23 January 2023 of \$0.38, prior to the Company announcing the Entitlement Offer on 24 January 2023.

The highest and lowest market price of Shares on ASX during the 3 months prior to the date of the Entitlement Offer being announced was \$0.53 on 22 November 2022 and \$0.355 on 21 December 2022, respectively.

Where fractions arise in the calculation of an Entitlement, they have been rounded down to the next whole number of New Shares.

The Offer Booklet should be read in its entirety as it contains information regarding the purpose of the Entitlement Offer and proposed use of net proceeds, as well as the key risks associated with an investment in the Company. You should also consider the ASX announcements and other publicly available information about the Company at [www.asx.com.au](http://www.asx.com.au) and <https://themarketherald.com.au/investors/>.

### 1.2 Who is eligible to participate in the Entitlement Offer?

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 6 Shares held as at the Record Date, being 7:00pm (AEDT) on 30 January 2023, at the Offer Price of \$0.34 per New Share.

The Entitlement Offer will be made to all Shareholders on the register of members at the Record Date (**Eligible Shareholders**). As at the Record Date and the date of this Entitlement Offer Booklet, the Company has Shareholders in Australia, New Zealand, Canada, the United Kingdom, Hong Kong and Bermuda.

### 1.3 Option holders

Option holders will not be entitled to participate in the Entitlement Offer unless they exercise their existing Options under the terms of their issue, so that they are registered as holders of Shares prior to the Record Date.

### 1.4 Top-up Facility and Bookbuild

Eligible Shareholders (other than Restricted Persons) who take up their full Entitlement may apply for additional New Shares under the Top-up Facility at the Offer Price subject to such applications being received by the Closing Date. Any scale back of applications for additional New Shares will be applied on a pro rata basis, based on the Entitlements of those Eligible Shareholders. Decisions regarding the Top-up Facility and any scale back will be made by the Company in agreement with the Underwriter taking into consideration, amongst other things, equitable participation of shareholders and the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17, and in a manner not to exacerbate a potential unacceptable control effect.

Entitlements not taken up by Eligible Shareholders (or purchasers of Entitlements) pursuant to the Entitlement Offer (**Entitlement Offer Shortfall**), will be offered to certain Institutional Investors (other than Restricted Persons) through a bookbuild after the conclusion of the Entitlement Offer (**Bookbuild**). Any Premium will be remitted proportionally to holders of those Entitlements at the close of the Entitlement Offer.

Additional New Shares will only be allocated to Eligible Shareholders (other than Restricted Persons) where the Bookbuild Price is equal to or less than the Offer Price. Where the Bookbuild Price exceeds the Offer Price, the New Shares under the Entitlement Offer Shortfall shall be issued to participants in the Bookbuild.

Shareholders who hold a relevant interest (as defined in the Corporations Act) of 20% or more of the total number of issued Shares as at the Record Date, and Related Parties of the Company (**Restricted Persons**), will not be able to participate in either the Bookbuild or the Top-up Facility, and will not be issued any New Shares under the Bookbuild or the Top-up Facility.

Further details regarding the Top-up Facility and Bookbuild are set out in section 3.6(d) of this Offer Booklet.

The Company notes that no New Shares under the Entitlement Offer Shortfall will be issued to an applicant if the issue of the New Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

The New Shares under the Entitlement Offer Shortfall that are issued to Eligible Shareholders are intended to be issued at the same time as the New Shares to be issued pursuant to the acceptance of Entitlements, and in any case within three months of the Closing Date as required by Exception 3 to Listing Rule 7.1 and 7.1A set out in Listing Rule 7.2.

Section 606(1) of the Corporations Act prohibits a person, unless an exception applies, from increasing their voting power in the Company:

- from 20% or below to above 20%; or
- from a starting point of above 20% and below 90%.

One of the exceptions to section 606(1) is where that increase occurs as a result of taking up entitlements under a “rights issue”. The Company intends that the Entitlement Offer will fall within the definition of a “rights issue”.

However, an increase in voting power that occurs as a result of taking up New Shares under the Top-up Facility will not fall within that exception. Accordingly, if you are an Eligible Shareholder who wants to apply for New Shares under the Top-up Facility, it is your responsibility to ensure that if you are issued with New Shares under the Top-up Facility you will not be in breach of section 606(1) of the Corporations Act. If you are in any doubt as to the consequences of applying for New Shares under the Top-up Facility, you should seek independent legal advice.

## 1.5 Premium

If the Bookbuild Price exceeds the Offer Price, the Underwriter must pay or procure payment to the Registry (to be held for the benefit of Eligible Shareholders who did not take up part or all of their Entitlement) in cleared funds on the Entitlement Offer Settlement Date an amount equal to the difference per New Share between the Bookbuild Price and the Offer Price, multiplied by the number of New Shares under the Bookbuild (**Premium**).

The Company must procure that the Registry remits the Premium (net of any applicable withholdings) to those Eligible Shareholders who did not take up all or part of their Entitlement and whose Entitlements were sold in the Bookbuild, on a pro rata basis.

## 1.6 Underwriting

The Entitlement Offer is fully underwritten and lead managed by Canaccord Genuity. A summary of the key terms of the Underwriting Agreement is set out in section 7.19.

As part of the Company's dispersion strategy, the Underwriter will subscribe to any shortfall of New Shares under the Entitlement Offer in accordance with the Underwriting Agreement and any sub-underwriting agreements.

Canaccord Genuity is receiving a total fee of approximately \$698,823, being:

- a management fee equal to 1.5% of the Entitlement Offer Proceeds (approximately \$465,882); and
- an underwriting fee equal to 3.0% of the Entitlement Offer Proceeds (approximately \$232,941).

All sub-underwriters will receive a fee equal to 2% of the number of New Shares they have offered to sub-underwrite, multiplied by the Offer Price. Please refer to section 3.6(b) for further details.

## **1.7 New Share terms**

New Shares will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to the Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during business hours.

## **1.8 Rights of the Company and the Lead Manager**

### **(a) Adjusting Entitlements**

The Company reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

### **(b) Acknowledgment**

By accepting their Entitlements, Shareholders irrevocably acknowledge and agree to do any of the above as required by the Company and the Lead Manager in their absolute discretion. Shareholders also acknowledge that:

- there is no time limit on the ability of the Company and the Lead Manager to require any of the actions set out above; and
- where the Company and the Lead Manager exercise their right to correct a Shareholder's Entitlement, the Shareholder is treated as continuing to accept or not take up any remaining Entitlement (as the case may be).

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## **2. How to Apply**

### **2.1 Your Entitlement**

Your Entitlement is set out on the accompanying personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) and has been calculated as 1 New Share for every 6 Shares held by you as at the Record Date of 7:00pm (AEDT) on 30 January 2023. If the result is not a whole number, your Entitlement will be rounded down to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up (see definition of Eligible Shareholder in section 1.2).

Your Entitlements are renounceable and may be tradeable on the ASX. The market for trading of Entitlements opened on ASX on 27 January 2023 and is scheduled to cease on 6 February 2023. If you do not wish to take up any of your Entitlements, you may attempt to sell or transfer your Entitlements by following the instructions set out below. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlements on the ASX and the price you may be able to achieve.

If you do not take up your Entitlement to New Shares under the Entitlement Offer in full by the Closing Date, you will be deemed to have renounced the Entitlements not taken up and these entitlements will be issued instead to the Company who in agreement with the Underwriter, will offer them into the Bookbuild or to Eligible Shareholders (other than Restricted Persons) who have submitted a valid Application for additional New Shares under the Top-up Facility, with any Premium being returned to renouncing Shareholders.

The Entitlement Offer is being made to all Eligible Shareholders (as defined in section 1.2). The Company does not undertake to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

### **2.2 Consider the Entitlement Offer in light of your particular investment objectives and circumstances**

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an Application for New Shares offered under the Entitlement Offer.

As a result, it is important for you to read carefully and understand the information on the Company and the Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Offer Booklet and other announcements made available on the ASX website relating to the Company.

You should also refer to the "Risks" section of this Offer Booklet at section 5.

### **2.3 Options available to you**

If you are an Eligible Shareholder, you may do any one of the following:

- take up all of your Entitlement;
- take up a proportion of your Entitlement and renounce the balance; or
- do nothing, in which case you are deemed to have renounced your Entitlement.

#### **(a) If you wish to take up all of your Entitlement**

If you wish to take up all of your Entitlement, and, if you wish, apply for additional New Shares under the Top-up Facility, please pay your Application Monies via BPAY® by no later than 8:00pm (AEDT) on 13 February 2023 by following the instructions set out on the personalised Entitlement and Acceptance Form.

If you take up and pay for all of your Entitlement, and any additional New Shares you have applied for under the Top-up Facility before the close of the Entitlement Offer, it is expected that you will be issued New Shares on 24 February 2023.

The Company's decision on the number of New Shares to be issued to you will be final. Participation in the offer for additional New Shares under the Top-up Facility is subject to compliance with the Corporations Act, Foreign Acquisitions and Takeovers Act 1975 (Cth) (**Foreign Acquisitions Act**) and other applicable laws.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares issued if the Company believes an applicant's claim to be overstated or if an applicant or their nominees fail to provide information to substantiate their claims to the Company's satisfaction.

Please also see subsection (f) which contains further details regarding the additional New Shares under the Top-up Facility and Bookbuild.

**(b) If you wish to take up part of your Entitlement and renounce the balance**

If you wish to take up part of your Entitlement, please:

- pay your Application Monies via BPAY® by no later than 8:00pm (AEDT) on 13 February 2023 by following the instructions set out on the personalised Entitlement and Acceptance Form; and
- in respect of the balance of your Entitlements that you wish to sell, you should provide instructions to your stockbroker regarding the Entitlements you wish to sell on ASX.

The balance of your Entitlement which is not taken up or sold by you will be deemed to have been renounced and will be sold under the Bookbuild or issued as additional New Shares as set out below. If you take up and pay for part of your Entitlement before the close of the Entitlement Offer, it is expected that you will be issued New Shares on 24 February 2023.

The Company will treat you as applying for as many New Shares (up to your Entitlement) as your payment will pay for in full. To the extent permitted by law, applications are irrevocable.

The Company's decision on the number of New Shares to be issued to you will be final. Participation in the offer for additional New Shares under the Top-up Facility is subject to compliance with the Corporations Act, Foreign Acquisitions Act and other applicable laws.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares issued if the Company believes an applicant's claim to be overstated or if an applicant or their nominees fail to provide information to substantiate their claims to the Company's satisfaction.

**(c) If you wish to sell or transfer all or part of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlements to another person other than on ASX.

If you are a Shareholder on the issuer sponsored sub-register and you wish to transfer all or proportion of your Entitlements to another person other than on ASX, forward a completed standard renunciation and transfer form (this can be obtained from the Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "The Market Herald Limited Entitlement Offer" and crossed "Not Negotiable" to the Registry (by post at any time after the issue of this Offer Booklet and on or before the Closing Date) at the following address:

Automic Group  
Level 5, 126 Phillip Street

Sydney NSW 2000

If you wish to transfer all or a proportion of your Entitlement to another person on the Clearing House Electronic Sub-register System (CHES), you must engage your CHES controlling participant (usually your stockbroker). If the transferee wants you to exercise some or all of the Entitlement, you should follow your CHES controlling participant's instructions as to the most appropriate way to take up the Entitlements on their behalf. The requisite Application Monies must be received by the Registry in accordance with the methods set out in section 2.4.

(d) **If you wish to do nothing, you are deemed to have renounced your Entitlement**

If you take no action or your Application is not supported by cleared funds, you will be deemed to have renounced your Entitlement (and those renounced Entitlements will be transferred and potentially sold in the Bookbuild on your behalf).

As stated in section 1.5 of this Offer Booklet, if the Bookbuild Price exceeds the Offer Price, the Company must procure that the Registry remits the Cash Return (net of any applicable withholdings) to those Eligible Shareholders who did not take up all or part of their Entitlement and whose Entitlements were sold in the Bookbuild, on a pro rata basis.

You should note that if you renounce all or part of your Entitlement, then your percentage holding in the Company will be diluted by your non-participation in the Entitlement Offer.

(e) **Market for Entitlements**

Your Entitlement is renounceable and may be tradeable on the ASX. Entitlements commenced trading on 27 January 2023 and Entitlement trading will end on 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.

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on the ASX and the price you may be able to achieve.

If you do not take up or sell your Entitlement, it will lapse after Entitlement trading ends.

(f) **Top-up Facility and Bookbuild**

An Eligible Shareholder (other than Restricted Persons) which has submitted a valid Application for its full Entitlement may also apply for an uncapped number of additional New Shares in excess of their Entitlement at the same issue price of \$0.34 per New Share (**Top-up Facility**). The Top-up Facility provides an opportunity for Eligible Shareholders (other than the Restricted Persons) to apply for additional New Shares to top up their holdings. Participation in the Top-up Facility is subject to compliance with the Corporations Act, Foreign Acquisitions Act and other applicable laws, and the Bookbuild process and allocation process described below.

Entitlements not taken up by Eligible Shareholders (or purchasers of Entitlements) pursuant to the Entitlement Offer will be offered at first instance to certain Institutional Investors (other than the Restricted Persons) through the Bookbuild.

The Bookbuild will be conducted on Monday, 20 February 2023.

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**):

- the difference between the Bookbuild Price and the Offer Price will be paid on a pro-rata basis to Shareholders who did not take up their Entitlements (in respect of those Entitlements not taken up by those Shareholders);
- the Offer Price will be received by the Company as Application Monies for the New Shares issued under the Bookbuild; and
- no additional New Shares will be issued to Eligible Shareholders under the Top-up Facility.

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 (other than Restricted Persons) who have applied and paid the Offer Price for additional New Shares under the Top-up Facility;
- 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 (other than Restricted Persons) under the Top-up Facility there is no remaining shortfall, participants in the Bookbuild will not receive any allocation of New Shares from the Entitlement Offer Shortfall;
- if after allocating the additional New Shares to Eligible Shareholders (other than Restricted Persons) under the Top-up Facility there is a shortfall, the remaining New Shares under the Entitlement Offer Shortfall will be allocated first, to any person who bids into the Bookbuild, and then to sub-underwriters and the Underwriter in accordance with the following process:
  - first, to sub-underwriters who are not sub-underwriters referenced in the following two bullet points, with the relevant sub-underwriter who has the lowest Record Date security holding 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 (this includes sub-underwriters who hold less than 20% of the total number of issued Shares);
  - second, 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
  - third, 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 (i.e. Gavin Argyle, followed by David Argyle).
  - **Underwriter:** The balance of any shortfall Shares remaining after the allocation to the sub-underwriters must be subscribed for by the Underwriter.

The additional New Shares (if any) will be drawn from New Shares that relate to Entitlements which have not been taken up under the Entitlement Offer.

There is no guarantee regarding the number of additional New Shares (if any) that will be available to Shareholders under the Top-up Facility, in addition to their Entitlement under the Entitlement Offer. This will depend on how many Entitlements are taken up and the outcome of the Bookbuild. If all Entitlements are taken up under the Entitlement Offer, or if valid applications have been received for all of the Entitlements offered under the Bookbuild at a price that is above the Offer Price then there will be no additional New Shares under the Top-up Facility.

In the event it is necessary to scale back applications for additional New Shares under the Top-up Facility, then the scale back will be on a pro rata basis, based on the Entitlements of Eligible Shareholders. Decisions regarding the operation of the Top-up Facility and any necessary scale back will

be made by the Company with the Underwriter's agreement for the purposes of the Underwriting Agreement.

## **2.4 Payment**

### **(a) General**

The Offer Price of \$0.34 per New Share accepted is payable on acceptance of your Entitlement.

You can pay in the following ways:

- BPAY®; or
- Electronic Funds Transfer (non-Australian shareholders only).

Payments will only be accepted in Australian currency and must be (other than with the express consent of the Company) made through the payment methods outlined in this section 2.4. Cash payments will not be accepted. Receipts for payment will not be issued.

The Company reserves the right to cancel the Entitlement Offer at any time prior to the allocation of New Shares under the Entitlement Offer. If the Entitlement Offer is cancelled, all Application Monies will be refunded without interest. To the fullest extent permitted by law, each Eligible Shareholder agrees that any Application Monies paid by them to the Company will not entitle them to any interest against the Company and that any interest earned in respect of Application Monies will belong to the Company. This will be the case, whether or not all or none (if the Entitlement Offer is withdrawn) of the New Shares applied for by a person are issued to that person.

Any Application Monies received for more than your final allocation of New Shares will be refunded (except for where the amount is less than \$1.00 in which case it will be donated to a charity chosen by the Company). No interest will be paid on any Application Monies received or refunded.

If you provide insufficient funds to meet the Applications Money due to take up all or part of your Entitlement, you may be taken by the Company to have applied for such lower number of New Shares as your cleared Application Money will pay, or your Application may be rejected.

### **(b) Payment by BPAY**

For payment by BPAY®, please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the biller code and your unique reference number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your Entitlement and Acceptance Form. You can find your reference number on your personalised Entitlement and Acceptance Form. If you have multiple holdings and receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, please only use the Reference Number specific to your personalised Entitlement and Acceptance Form separate for each holding. If you do not use the correct Reference Number specific to that holding, or inadvertently use the same Reference Number for more than one of your Entitlements, your Application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the statements on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

By paying by BPAY®, you do not need to return the Entitlement and Acceptance Form to the Registry if you have requested one. However, it is your responsibility to ensure that your BPAY® payment is



received by the Registry by no later than 8:00pm (AEDT) 13 February 2023 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

(c) **Payment by Electronic Funds Transfer (non-Australian shareholders only)**

The Company encourages payments by BPAY®, if possible.

If you do not have an account that supports BPAY® or cheque transactions:

- you can pay via Electronic Funds Transfer with details at the bottom of our personalised Entitlement and Acceptance Form); or
- alternatively, please contact the Shareholder Information Line 1300 288 664 (within Australia) or +61 (0)2 9698 5414 (outside Australia) for alternative payment arrangements.

## 2.5 **Effect of participating in the Entitlement Offer**

By making a payment by BPAY®, or Electronic Funds Transfer (non-Australian shareholders only), or otherwise applying to participate in the Entitlement Offer, you:

- declare that:
  - all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
  - you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer; and
  - you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that:
  - once the Company receives the Entitlement and Acceptance Form with your payment by BPAY®, or Electronic Funds Transfer (non-Australian shareholders only), you may not withdraw it except as allowed by law;
  - you have read and understood this Offer Booklet and the personalised Entitlement and Acceptance Form; and
  - the information contained in this Offer Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- agree to:
  - apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of \$0.34 per New Share; and
  - be bound by the terms of this Offer Booklet and the provisions of the Company's Constitution;
- **authorise** the Company to register you as the holder of New Shares and authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of the Registry by using the contact details set out in the personalised Entitlement and Acceptance Form; and

- represent and warrant that:
  - the law of any place (other than Australia, New Zealand, Canada, the United Kingdom, Hong Kong or Bermuda) does not prohibit you from being given this Offer Booklet or making an Application for New Shares; and
  - you are an Eligible Shareholder.

By completing and returning your Entitlement and Acceptance Form and making a payment by BPAY®, or Electronic Funds Transfer (non-Australian shareholders only) or otherwise applying to participate in the Entitlement Offer you will be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- you are not in the United States and you are not acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Entitlement Offer and under any applicable laws and regulations;
- if you decide to sell or otherwise transfer any New Shares, you will only do so in regular way transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;
- you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer, including this Offer Booklet and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States; and
- you understand and acknowledge that the New Shares have not been, nor will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, you understand and acknowledge that the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States; and if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person in the United States.

### 3. Purpose and effect of the Entitlement Offer

#### 3.1 Use of funds

Completion of the Entitlement Offer will result in an increase in cash at hand of up to approximately \$15.52 million (before the payment of the costs associated with the Entitlement Offer).

The Company intends to apply the funds raised under the Entitlement Offer to repay debt associated with the acquisition of 100% interest in Gumtree, Carsguide and Autotrader (**Acquisition**), working capital and expenses of the Entitlement Offer.

As announced to the ASX on 26 August 2022, the Acquisition was partly funded by a vendor loan of approximately AUD\$60.1 million from Adevinta Oak Holdings B.V (**Loan Note**).

The Company subsequently announced to the ASX on 6 December 2022, that Adevinta Oak Holdings B.V had agreed to waive certain requirements under the Loan Note on the basis that the full AUD\$60.1 million amount was paid by 31 March 2023.

On 16 January 2023, the Company announced to the ASX that Adevinta Oak Holdings B.V has agreed to extend the repayment of the Loan Note to 31 May 2023 on commercial terms.

Sources	\$AUD	Uses	\$AUD
Entitlement Offer	15,529,387	Funds to vendor	14,779,387
		Transaction Expenses	750,000
<b>TOTAL</b>	<b>15,529,387</b>		<b>15,529,387</b>

The above statement is a statement of current intentions as at the date of this Offer Booklet. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Company reserves the right to alter the way funds are applied.

#### 3.2 Strategy update

On 19 January 2023, the Company announced to the ASX a strategy and trading update which re-affirmed earnings guidance provided to the ASX on 28 November 2022.

#### 3.3 Effect on capital structure

The effect of the Entitlement Offer on the capital structure of the Company, assuming all New Shares are issued, is set out below.

Shares	Number
Shares on issue as at date of Offer Booklet	274,048,010 Shares
New Shares offered pursuant to the Entitlement Offer	45,674,668 New Shares (subject to rounding)
Total Shares on issue after completion of the Entitlement Offer	319,722,678 Shares*

\*This figure does not include the 1,250,000 Shares which are to be issued after the date of this Offer Booklet, and prior to the close

of the Offer following the exercise of 1,250,000 Options. It is expected that 1,250,000 Shares will be issued following exercise of these Options, such that the maximum number of Shares on issue following completion of the Entitlement Offer will be 320,972,678. There will be no Entitlements attached to these Shares issued upon exercise of the Options.

### 3.4 Directors' interests in securities

The relevant interest of each of the Directors in the securities of the Company as at the Record Date, together with their respective Entitlement, is set out in the table below.

Director	Shares (#)	Voting power (%)	Entitlement	Dollar amount
Gavin Argyle	17,419,151	6.36%	2,903,191	\$987,084.94
Alec Pismiris	2,060,000*	0.75%	343,333	\$116,733.33
Twila Jensen	0	0%	0	\$0
<b>Total</b>	<b>19,479,151</b>	<b>7.1%</b>	<b>3,246,524</b>	<b>\$1,103,818.27</b>

\*This figure does not include the proposed issue of 750,000 Shares pursuant to the Options exercised by Mr Pismiris. Following the issue of these Shares, Mr Pismiris will hold 2,810,000 number of Shares prior to taking up his Entitlement. There will be no Entitlements attached to these Shares issued upon exercise of the Options.

The Company recommends all Shareholders take up their Entitlement and advises that all Directors presently intend to take up their full Entitlement.

### 3.5 Substantial Shareholders

The Company is aware that as at the date of this Offer Booklet, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Shares	Voting Power (%)
David Brian Argyle	101,568,713	37.06%
Duncan Saville	63,578,987	23.19%
SG Hiscock and Company Ltd	24,807,776	9.10%
GAB Superannuation Fund Pty (Gavin Argyle)	17,419,151	6.36%
ROI Capital Inc	16,950,876	6.19%

The effect of the Entitlement Offer (in the event that Shareholders do not participate in the Entitlement Offer) on the control of the Company is further described in sections 3.6 and 3.7 below.

### 3.6 Possible dilutive effect of the Entitlement Offer

#### (a) General

The issue of New Shares will have the effect of diluting the holdings of Shareholders who do not take up their Entitlement. The potential effect that the Entitlement Offer will have on the control of the Company and the consequences of that effect will depend on a number of factors, including the extent to which Shareholders participate in the Entitlement Offer. Given the structure of the Entitlement Offer as a pro rata issue, the Entitlement Offer is not expected to have any material effect on the control of the Company.

Shareholders should note that:

- if they do not participate in the Entitlement Offer and all other Shareholders participate in the Entitlement Offer, their holdings will likely be diluted by approximately 16.67% (as compared to their holdings and the number of Shares on issue as at the date of this Offer Booklet); and
- if they do participate in the Entitlement Offer and all other Shareholders participate in the Entitlement Offer, their holdings will not be diluted (as compared to their holdings and the number of Shares on issue as at the date of this Offer Booklet).

Accordingly, Eligible Shareholders can reduce the extent of the dilution of their voting power in the Company by accepting their Entitlement in full.

Example Shareholder	Holdings as at Record Date	% as at Record Date	Entitlement under the Offer	Holdings if Entitlement not taken up	% following allotment of New Shares
Shareholder 1	10,000	0.004%	1,667	10,000	0.003%
Shareholder 2	50,000	0.018%	8,333	50,000	0.016%
Shareholder 3	100,000	0.036%	16,667	100,000	0.03%
Shareholder 4	1,000,000	0.365%	166,667	1,000,000	0.313%

\*The above table does not take into account the 1,250,000 Shares which are to be issued after the date of this Offer Booklet, and prior to the close of the Offer following the exercise of 1,250,000 Options. However, the impact of the issue of those Shares is not expected to be material.

(b) **Underwriter**

The Entitlement Offer is fully underwritten by the Underwriter in accordance with the Underwriting Agreement to the Underwritten Amount.

The Underwriter is not a Related Party of the Company.

The Lead Manager is receiving:

- a management fee equal to 1.5% of the Entitlement Offer Proceeds; and
- an underwriting fee equal to 3.0% of the Entitlement Offer Proceeds.

As noted below, the Company understands that the sub-underwriters will receive a fee equal to 2% of the number of New Shares they have offered to sub-underwrite, multiplied by the Offer Price.

The issue of Shares to the Underwriter will increase its interest in the Company and dilute the shareholding of other Shareholders to the extent they elect not to participate in the Entitlement Offer.

The Company, in consultation with the Underwriter, will ensure that the Entitlement Offer complies with the provisions of Chapter 6 of the Corporations Act and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17, and in a manner not to exacerbate a potential unacceptable control effect.

Please refer to section 3.6(d) below for more information about the dispersion strategy and section 7.19 for the Underwriting Agreement.

(c) **Sub-underwriters**

As at the date of this Entitlement Offer Booklet, the Underwriter has entered into separate sub-underwriting agreements with 13 sub-underwriters (**Current Sub-underwriters**), which aggregate to a total of \$15,529,387.23 amounting to 100% of the Underwritten Amount.

The Company understands that the Current Sub-underwriters:

- includes major shareholder David Argyle, who holds approximately 37% of the voting shares of the Company. David Argyle 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;
- includes Capital Investment Partners (**CIP**) who 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 Shareholders or Related Parties of the Company;
- includes Gavin Argyle (a Director and Related Party of the Company) has a relevant interest in 6.36% of voting shares in the Company. 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; and
- other than David Argyle who currently holds approximately 37% of the voting shares of the Company, will not obtain a relevant interest in the Company greater than 19.99% at the completion of the Entitlement Offer.

Any shortfall Shares issued to the Underwriter will be issued pursuant to Listing Rule 10.12 (Exception 2) and accordingly, Shareholder approval will not be required for that issue.

(d) **Shortfall allocation policy and dispersion strategy**

There are approximately 45,674,668 New Shares (subject to rounding) on offer under the Entitlement Offer, representing approximately 14.29% of the Company's issued capital following completion of the Entitlement Offer.

Unless otherwise determined by the Company or the Underwriter, to the extent any New Shares for Entitlements are not taken up under the Entitlement Offer, the Company proposes 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:**

- **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 (other than Restricted Persons), 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).
- **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 (other than Restricted Persons) 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 shortfall remaining, the shortfall will be allocated to sub-underwriters in accordance with the dispersion mechanism in subparagraph (ii) below.

- (ii) **Sub-underwriters:** If after allocating the Entitlement Offer Shortfall to Eligible Shareholders under the Top-up Facility there is no remaining 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 (other than Restricted Persons) under the Top-up Facility there is a shortfall, the remaining Entitlement Offer Shortfall shall be allocated first, to any other person who bids into the Bookbuild (other than Restricted Persons), and then to sub-underwriters and the Underwriter at the Offer Price as follows:
- first, 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 first and moving up according to the size of their shareholding (from lowest to highest; this includes sub-underwriters who hold less than 20% of the total number of issued Shares);
  - second, 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
  - third, 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 (i.e. Gavin Argyle, followed by David Argyle).
- (iii) **Underwriter:** The balance of any shortfall Shares remaining after the allocation to the sub-underwriters must be subscribed for by the Underwriter.

In the event it is necessary to scale back applications for shortfall Shares by Eligible Shareholders under the Top-up Facility, then the scale back will be on a pro rata basis, based on the Entitlements of Eligible Shareholders. Decisions regarding the operation of the Top-up Facility and any necessary scale back will be made by the Company with the Underwriter's agreement for the purposes of the Underwriting Agreement.

This shortfall allocation policy has been structured to allow each Eligible Shareholder to apply to participate in priority to Related Parties and to seek to disperse the shortfall Shares in an equitable manner across a potentially broad number of Eligible Shareholders (if shortfall Shares are applied for through the Top-up Facility).

### 3.7 Effect on control of the Company

#### (a) General

The potential effect the Entitlement Offer will have on the control of the Company, 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 Underwriter has entered into separate sub-underwriting agreements with 13 sub-underwriters, which aggregate to a total 15,529,387.23, being 100% of the Underwritten Amount.



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 (although unlikely event), that no Eligible Shareholder (other than the Underwriter) takes up their Entitlement and all Current Sub-underwriters default on their obligations for some reason, and given the Underwriter has agreed to fully underwrite the Entitlement Offer pursuant to the Underwriting Agreement, then the Underwriter would take up all of the total New Shares (pursuant to the Underwriting Agreement) and acquire a relevant interest of 14.29% of the Company's issued share capital.

However, such an outcome is considered by the Company to be unlikely 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% of potential shortfall shares (of which the Underwriter will potentially receive 100%).
- Eligible Shareholders (other than Restricted Persons) are encouraged to apply for additional New Shares under the Top-up Facility subject to completion of the Bookbuild process.
- The Underwriter has sub-underwriting agreements totalling \$15,529,387.23 (100% of the Underwritten Amount), which further limits the possible availability of shortfall Shares to the Underwriter.
- In accordance with the Underwriting Agreement, the Underwriter is required to allocate the shortfall Shares in accordance with the agreed dispersion strategy in 3.6(d).
- If all Eligible Shareholders take up their full Entitlement under the Entitlement Offer, then the Entitlement Offer will have no effect on the control of the Company.
- The Company has actively taken steps to minimise the control effect of the Entitlement Offer by encouraging Eligible Shareholders (other than Restricted Persons) 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.
- No New Shares will be issued under the Entitlement Offer, the Bookbuild or via the Top-up Facility if the issue of New Shares would contravene the Corporations Act.
- Similarly, no New Shares will be issued under the Bookbuild or the Top-up Facility to any Restricted Persons.
- 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 relevant interest in the Company greater than 19.99%, such an increase will fall within the exception pursuant to section 611 (Item 10) of the Corporations Act.

(b) **Potential control scenarios**

The below tables set out the potential increase to Canaccord Genuity's relevant interest under several scenarios relating to the percentage acceptance of Entitlements under the Entitlement Offer.

- The below table assumes that, though unlikely, all Current Sub-underwriters default on their obligations.

Canaccord Genuity Receiving New Shares		
Event	Shares	Voting Power

<b>Shortfall of 0%</b>	0	0%
<b>Shortfall of 25%</b>	11,418,667	3.57%
<b>Shortfall of 50%</b>	22,837,334	7.14%
<b>Shortfall of 75%</b>	34,256,001	10.71%
<b>Shortfall of 100%</b>	45,674,668	14.29%

- The below table sets out the potential voting power of Canaccord Genuity and potential increase of voting power of David Argyle, Gavin Argyle and CIP 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).

	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
<b>Prior to the Entitlement Offer</b>	274,048,010	0	0%	101,416,274	37.0%	17,419,151	6.4%	24,807,776	9.1%
<b>Following Completion of the Entitlement Offer*</b>									
<b>Shortfall of 0%</b>	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%
<b>Shortfall of 25%</b>	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%
<b>Shortfall of 50%</b>	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%
<b>Shortfall of 75%</b>	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%
<b>Shortfall of 100%</b>	319,722,678	0	0%	118,318,986	37.0%	20,322,343	6.4%	28,942,405	9.1%

\*The above table does not take into account the 1,250,000 Shares which are to be issued after the date of this Offer Booklet, and prior to the close of the Offer following the exercise of 1,250,000 Options. However, the impact of the issue of those Shares is not expected to be material.

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 (other than Restricted Persons) 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 in section 3.6(d) 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.

- 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 Restricted Persons.
- 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.

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## **4. ASX Launch Announcement**

See next page.

## 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.<sup>1</sup> 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.

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<sup>1</sup> 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

**Investor and media enquiries**  
[media@themarketherald.com.au](mailto:media@themarketherald.com.au)

## 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.

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## **5. Risks**

### **5.1 Key risks**

This section sets out some of the key risks associated with The Market Herald and its existing business, participation in the Entitlement 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 The Market Herald. Before investing in The Market Herald, 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 Offer Booklet is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

### **5.2 The Market Herald risks**

#### **(a) 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.

#### **(b) 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.

#### **(c) 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.

#### **(d) Operational risk**



The Market Herald is subject to operational risks resulting from inadequate or failed internal processes, systems, 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.

(e) **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.

(f) **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.

(g) **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.

(h) **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 will not be challenged, which could adversely affect The Market Herald's financial and operating performance.

(i) **Litigation and disputes**

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

(j) **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.

(k) **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.

(l) **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.

(m) **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.

(n) **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.

(o) **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.

(p) **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.

(q) **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.

## **5.3 Risks relating to the offer and share ownership**

(a) **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.

(b) **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. 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 an alternative underwriter, 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 are outlined in section 7.19(c) of this Offer Booklet.

(c) **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.

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## 6. Australian Taxation Considerations

### 6.1 General

This section 6 does not constitute financial product advice as defined in the Corporations Act, and is confined to taxation issues only. Taxation is only one of the matters you will need to consider when making a decision about your investments.

This section provides a general summary of the Australian taxation implications (including capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty) for certain Eligible Shareholders, of the Entitlement Offer itself, and the associated subscription for New Shares (subject to the exclusions below).

The comments in this section deal only with the Australian taxation implications associated with the Entitlement Offer if you:

- are a resident of Australia for Australian income tax purposes;
- are an individual, company (other than an insurance company or bank), trust (other than a managed investment trust or an attribution managed investment trust), partnership or complying superannuation entity; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident of Australia for Australian income tax purposes; or
- are exempt from Australian income tax; or
- hold your Shares in which the Entitlements are issued as part of carrying on a business at or through a permanent establishment outside of Australia; or
- are under a legal disability; or
- hold your Shares on revenue account or as trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading), or acquired your Shares for the purpose of on-sale at a profit; or
- acquired the Shares in which the Entitlements are issued under any employee share scheme, or where the New Shares are acquired pursuant to any employee share scheme; or
- may be subject to special tax rules such as insurance companies, exempt taxpayers, or temporary residents; or
- are subject to the 'taxation of financial arrangements' rules in Division 230 of the *Income Tax Assessment Act 1997 (Cth)* in respect of your holding of Shares, Entitlements or New Shares; or
- are subject to the Investment Manager Regime in Sub-Division 842-I of the *Income Tax Assessment Act 1997 (Cth)* or the tax law of countries other than Australia in relation to their New Shares.

This summary is based on Australian tax laws and regulations and the current administrative practice of the Australian Taxation Office (**ATO**) as at the date of this Offer Booklet and is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. Other than as expressly specified, the summary does not take into account or anticipate changes in Australian tax law, or future judicial interpretations of law, after this time. The summary also does not take into account tax legislation of any country other than Australia.

The Company does not intend to update this summary for any changes in the Australian taxation law after the date of this Offer Booklet.

## **6.2 Issue of Entitlements**

The issue of Entitlements should not, of itself, result in any amount being included in your assessable income. Specifically, the issue of the Entitlements should be treated as non-assessable, non-exempt income.

## **6.3 Exercise of Entitlements**

The exercise of Entitlements should not, of itself, result in any amount being included in your assessable income.

The cost base (and reduced cost base, noting that there may be some differences between your cost base and reduced cost base depending on your circumstances) for CGT purposes of each New Share will be equal to the Offer Price for those New Shares plus certain non-deductible incidental costs (for example, professional advisor fees and transfer costs) you incur in acquiring them.

If you take up (i.e. exercise) some or all of your Entitlement, you will acquire New Shares on the date you exercise your Entitlements to buy the New Shares (i.e. the date you pay your Application Monies via BPAY or returned your completed Entitlement and Acceptance Form). Each of the New Shares will constitute a separate asset for CGT purposes.

## **6.4 Transfer of Entitlements**

The transfer of Entitlements (via the ASX or otherwise) may result in an amount being included in your assessable income. The manner in which the associated capital gain is calculated is outlined in section 6.7 below.

The cost base (and reduced cost base) for CGT purposes of each Entitlement will be equal to the price paid to acquire those Entitlements plus certain non-deductible incidental costs (for example, professional advisor fees and transfer costs) you incur in acquiring them.

If you transfer (i.e. dispose of) some or all of your Entitlement, you will not acquire New Shares. Each of the Entitlements will constitute a separate asset for CGT purposes.

## **6.5 Entitlements not taken up**

Pursuant to the Entitlement Offer, if an Australian tax resident Eligible Shareholder takes no action or the Application is not supported by cleared funds, the Shareholder will be deemed to have renounced its Entitlement and those renounced Entitlements will be transferred and potentially sold via the Bookbuild and Top-up Facility on the shareholder's behalf. Any Premium in respect of a renounced Entitlement will be paid on a pro-rata basis to Eligible Shareholders who do not take up their full Entitlement.

For those Shareholders holding their Shares on capital account, any Premium paid on a renounced Entitlement as a result of the sale (on the shareholder's behalf) of Entitlements into the Bookbuild and Top-up Facility should be taxable under the Australian CGT provisions. This is consistent with the Australian Taxation Office's position outlined in Taxation Ruling TR 2017/4 'Income tax: taxation of rights and retail premiums under renounceable rights offers where shares held on capital account', which views the Premium as capital proceeds for the purposes of the CGT provisions.

Pursuant to TR 2017/4, Australian resident Shareholders who are individuals, complying superannuation entities or trustees that have held their existing Shares in the Company for at least 12 months prior to the date of the Entitlement Offer, should be entitled to the CGT discount (see below) in respect of any capital gain resulting from the receipt of a Premium amount.

For those Shareholders holding their shares on capital account, there should not be any income tax implications for the Shareholder where no Premium is paid on a renounced Entitlement as a result of the sale (on the Shareholder's behalf) of Entitlements into the Bookbuild and Top-up Facility.

## 6.6 Dividends on New Shares

Any future dividends or other distributions made in respect of the New Shares should be subject to the same income tax treatment as dividends or other distributions made on existing Shares held in the same circumstances.

Dividends on the New Shares will generally be frankable. Please refer to section below on shares being held “at risk” in relation to the availability of a tax offset for any franking credits.

### (a) Australian resident individuals and complying superannuation entities

Dividends paid by the Company on a New Share will be included in the assessable income of an Australian tax resident Eligible Shareholder. Australian tax resident Eligible Shareholders who are individuals or complying superannuation entities should include the dividend together with any franking credit attached to that dividend in their assessable income in the income year the dividend is paid.

Such Eligible Shareholders should be entitled to a tax offset equal to the franking credit that is attached to the dividend. The tax offset can be applied to reduce the tax payable on the Eligible Shareholder's taxable income. Where the tax offset exceeds the tax payable by the Eligible Shareholder on all taxable income for that income year, the Eligible Shareholder should be entitled to a tax refund equal to the excess.

To the extent that the dividend is unfranked, individual Eligible Shareholders will generally be taxed at their prevailing marginal rate on the dividend received (with no tax offset). Superannuation entities will be taxed at the statutory rate for superannuation entities on the dividend received (with no tax offset).

### (b) Corporate investors

Eligible Shareholders that are companies are also required to include both the dividend and the associated franking credit attached to the dividend in assessable income. Eligible Shareholders that are companies are then entitled to a tax offset up to the amount of the franking credit attached to the dividend. Excess franking credits received by company Eligible Shareholders will not give rise to a refund entitlement for the Eligible Shareholder, but can be converted into carry forward tax losses, which may be able to be used to offset future taxable income, subject to satisfying the relevant tax loss utilisation tests.

An Australian resident company that is an Eligible Shareholder should be entitled to a credit in its own franking account to the extent of the franking credits attached to the distribution received. This will allow that company to pass the franking credits on to its investor(s) on the future payment of franked dividends.

### (c) Trusts and partnerships

Eligible Shareholders who are trustees (other than trustees of complying superannuation entities or trustees of public trading trusts taxed under Division 6C of the Income Tax Assessment Act 1936 (Cth)), or partnerships, should include both the dividend and the franking credit attached to the dividend in assessable income when determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the franking credit attaching to the beneficiary's or partner's share of the net income of the trust or partnership depending on the specific distribution mechanism of the partnership or trust.

### (d) Shares held “at risk”

Generally, provided an Eligible Shareholder is a “qualified person” and the ATO does not make a determination under the dividend streaming rules to deny the benefit of the franking credits to the Eligible Shareholder, the Eligible Shareholder:

- should include the amount of the dividend as well as an amount equal to the franking credits attached to the dividend in their assessable income in the income year in which they receive the dividend; and

- should qualify for a tax offset equal to the franking credits attached to the dividend, which can be applied against their income tax liability for the relevant income year.

An Eligible Shareholder should be a “qualified person” if the “holding period rule” and the “related payments rule” are satisfied. Generally:

- to satisfy the “holding period rule”, an Eligible Shareholder must have held their New Shares “at risk” for a continuous period of at least 45 days (excluding the days of acquisition and disposal) within a period beginning on the day after the day on which they are acquired and ending on the 45<sup>th</sup> day after they become ex-dividend. To be held “at risk”, an Eligible Shareholder must retain 30% or more of the risks and benefits associated with holding their New Shares. Where an Eligible Shareholder undertakes risk management strategies in relation to their New Shares (e.g. by the use of limited recourse loans, options or other derivatives), the Eligible Shareholder’s ability to satisfy the “at risk” requirement of the “holding period rule” may be affected; and
- under the “related payments rule”, an Eligible Shareholder who is obliged to make a “related payment” (essentially a payment passing on the benefit of the dividend) in respect of a dividend must hold the New Shares “at risk” for at least 45 days (not including the days of acquisition and disposal) within each period beginning 45 days before, and ending 45 days after, the shares become ex-dividend.

An Eligible Shareholder who is an individual is automatically treated as a “qualified person” for these purposes, if the total amount of the tax offsets in respect of all franked amounts to which the Shareholder is entitled in an income year does not exceed \$5,000. This is referred to as the “small shareholder rule”. However, an Eligible Shareholder will not be a “qualified person” under the small shareholder rule if “related payments” have been made, or will be made, in respect of such amounts.

## 6.7 Disposal of Entitlements

The disposal of Entitlements by an Eligible Shareholder to another party will constitute a disposal for CGT purposes, and will be a CGT event for Australian income tax purposes.

On disposal of an Entitlement (or part thereof), you will make a capital gain if the capital proceeds received on disposal exceed the cost base of the Entitlement disposed. You will make a capital loss if the capital proceeds are less than the reduced cost base of the Entitlement disposed. The cost base of the Entitlement for CGT purposes is described above in section 6.4.

Eligible Shareholders who are individuals, certain trustees or complying superannuation entities, and partners in a partnership that have held their Shares for at least 12 months or more at the time of disposal (not including the date of acquisition or disposal) should be entitled to apply the applicable CGT discount percentage to reduce any net capital gain made on the disposal of the Entitlement (after offsetting any available capital losses).

The CGT discount percentage is 50% for individuals and certain trustees, and 33.33% for complying superannuation entities. Companies are not entitled to the CGT discount.

Where the Eligible Shareholder is the trustee of a trust that has held the Share for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Eligible Shareholders, who are trustees, should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for the relevant CGT discount.

For the purposes of determining eligibility for the CGT discount, Entitlements disposed of are deemed to have been acquired when the Eligible Shareholder acquired their Shares that gave rise to the Entitlement Offer. Accordingly, in order for an Eligible Shareholder to be eligible for the CGT discount on the disposal of an Entitlement, the Shares that gave rise to the Entitlement Offer must be held by an Eligible Shareholder for at least 12 months or more at the time of the disposal of the Entitlement (not including the date of acquisition or disposal).

If you make a capital loss on a disposal of an Entitlement, you can only use that loss to offset capital gains from other sources (i.e. the capital loss cannot be used against taxable income on revenue account). However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain loss recoupment tests are satisfied.

## **6.8 Disposal of New Shares**

The disposal of a New Share by an Eligible Shareholder will constitute a disposal for CGT purposes, and will be a CGT event for Australian income tax purposes.

On disposal of a New Share, you will make a capital gain if the capital proceeds received on disposal exceed the cost base of the New Share. You will make a capital loss if the capital proceeds are less than the reduced cost base of the New Share. The cost base of New Shares for CGT purposes is described above in section 6.3.

Eligible Shareholders who are individuals, certain trustees or complying superannuation entities, and partners in a partnership, that have held the New Shares for at least 12 months or more at the time of disposal (not including the date of acquisition or disposal) should be entitled to apply the applicable CGT discount percentage against any net capital gain made on the disposal of the New Shares (after offsetting any available capital losses).

As discussed above, the CGT discount percentage is 50% for individuals and certain trustees and 33.33% for complying superannuation entities. Companies are not entitled to the CGT discount.

Where the Eligible Shareholder is the trustee of a trust that has held the New Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Eligible Shareholders, who are trustees, should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for the relevant CGT discount.

For the purposes of determining eligibility for the CGT discount, New Shares will be taken to have been acquired when you exercise your Entitlement. Accordingly, in order for an Eligible Shareholder to be eligible for the CGT discount on the disposal of a New Share, the New Share must be held by an Eligible Shareholder for at least 12 months after the date that they exercised their Entitlement (excluding the date of disposal for CGT purposes).

If you make a capital loss on a disposal of a New Share, you can only use that loss to offset other current year or future capital gains (i.e. the capital loss cannot be used against taxable income on revenue account). However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain loss recoupment tests are satisfied.

## **6.9 Provision of TFN and / or ABN**

The Company is required to deduct withholding tax from payments of dividends that are not 100% franked, at the applicable rate (currently 47%), and remit such amounts to the ATO under the Taxation Administration Act 1953 (Cth), unless you have quoted a 'tax file number' (**TFN**) or an 'Australian Business Number' (**ABN**), or a relevant exemption applies (and has been notified to the Company). You are able to provide your TFN, ABN or relevant exemption online with the Registry at [www.automicgroup.com.au](http://www.automicgroup.com.au). When providing your details online, you may be required to enter your SRN/HIN as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

If an Eligible Shareholder has quoted their TFN, ABN or an exemption from quoting their TFN exists, this quotation or exemption will also apply in respect to any New Shares acquired by that Eligible Shareholder.

## **6.10 Other Australian taxes**

### **(a) GST**



The rights received under the Entitlement Offer, any disposal of the Entitlement Offer, the lapsing of the Entitlement Offer and the taking up of the New Shares should be classified as an “input taxed financial supply” for Australian GST purposes. Accordingly, Australian GST should not be payable in respect of the amounts paid for the acquisition of the New Shares.

No GST should be payable in respect of dividends paid to Eligible Shareholders.

Eligible Shareholders may be restricted in their ability to claim input tax credits in relation to costs incurred in respect of the disposal of their Entitlements, the acquisition and disposal of the New Shares (e.g. costs relating to professional advice regarding the Entitlement and transfer costs). This will depend on each Eligible Shareholder's particular circumstances and as such this should be reviewed by each Eligible Shareholder, and professional advice should be sought where necessary, prior to making any claim.

**(b) Stamp Duty**

Stamp duty should not be payable by Eligible Shareholders in respect of receiving rights under the Entitlement, disposing of the Entitlement, and the acquisition or disposal of the New Shares under the Entitlement Offer, on the basis that all acquisitions occur when all of the securities in the Company are quoted on the market operated by the ASX, and no Shareholder (together with interests of associated persons and interests acquired under associated transactions) holds an interest of 90% or more in the Company.

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## **7. Additional Information**

### **7.1 Responsibility for Offer Booklet**

This Offer Booklet (including the ASX Offer Announcement and the enclosed personalised Entitlement and Acceptance Form) has been prepared by the Company. This Offer Booklet is dated 2 February 2023.

No party other than the Company has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company, or its related bodies corporate in connection with the Entitlement Offer.

**(a) This Information is important and requires your immediate attention.**

You should read this Information and the Company's other ASX announcements carefully and in their entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in section 5 of this Offer Booklet, any of which could affect the operating and financial performance of the Company or the value of an investment in the Company.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer.

**(b) Trading of New Shares**

It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving written confirmation of their holding will do so at their own risk.

The Company disclaims all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statement, whether on the basis of confirmation of the allocation provided by the Company or the Registry.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other independent professional adviser.

### **7.2 Offer Booklet and the Corporations Act**

This Offer Booklet is issued pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act.

Accordingly, neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the Entitlement Offer will be prepared. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is significantly less than the level of disclosure required in, and what you would ordinarily expect in, a prospectus.

In accordance with the conditions imposed on the Company by section 708AA of the Corporations Act, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 24 January 2023. The notice was required to:

- set out information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:

- assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
- the rights and liabilities attaching to the New Shares under this Offer Booklet; and
- state the potential effect of the issue of the New Shares offered under this Offer Booklet on the control of the Company and the consequences of that effect.

### **7.3 ASX quotation**

Subject to approval being granted, quotation of the New Shares issued under the Entitlement Offer is expected to commence on 24 February 2023 (on a normal settlement basis).

Holding statements will be despatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk.

The Company and the Lead Manager disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Company, the Lead Manager or the Registry or otherwise.

### **7.4 Offer Booklet availability**

Eligible Shareholders in Australia, New Zealand, Canada, the United Kingdom, Hong Kong and Bermuda obtain a copy of this Offer Booklet during the period of the Entitlement Offer by accessing the ASX website or accessing the Entitlement Offer website at <https://themarketherald.com.au/investors/>

Persons who access the electronic version of this Offer Booklet should ensure that they download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the ASX website and the Entitlement Offer website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling the Shareholder Information Line on 1300 288 664 (within Australia) or + 61 (0)2 9698 5414 (outside Australia) at any time between 8:30am and 5:00pm (AEDT) on Monday to Friday during the Entitlement Offer Period.

This Offer Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

### **7.5 Notice to nominees**

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia, Bermuda, Canada (British Columbia province only) and New Zealand except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Entitlement Offer.

### **7.6 No cooling off**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been made.

### **7.7 Privacy statement**

If you complete an Application for New Shares, you will be providing personal information to the Company (directly or through the Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so, please contact the Registry at the relevant contact numbers set out in the Corporate Directory of this Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, the Company may not be able to accept or process your Application.

## **7.8 Minimum Subscription**

There is no minimum subscription for the Entitlement Offer.

## **7.9 Reconciliation and the rights of the Company**

The Entitlement Offer is a complex process and in some instances investors may believe that they own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that the Company may need to issue additional New Shares to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these additional New Shares would be issued would be the Offer Price.

The Company also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders or other applicable investors, if the Company believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, the Company may, in its discretion, require the relevant Shareholder to transfer excess New Shares to a third party, such as a stock broker, at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by the Company in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of the Company to require any of the actions set out above.

## **7.10 Risks**

This Offer Booklet details important factors and risks that could affect the financial and operating performance of the Company and an investment in Shares (including New Shares). Please refer to section 5 of this Offer Booklet for details. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

## **7.11 Continuous disclosure**

The Company is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports. The Company is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is, or becomes, aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX and can be accessed at [www.asx.com.au](http://www.asx.com.au).

## 7.12 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offer and Top-up Facility pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Western Australia, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia.

## 7.13 Foreign jurisdictions

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.

## 7.14 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.

## 7.15 United Kingdom

Neither this document nor any other document relating to the Entitlement 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.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **Relevant Persons**). The investment to which this document relates is available only to Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document.

## 7.16 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.

## **7.17 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 Entitlement Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## **7.18 Bermuda**

No offer or invitation to subscribe for New Shares may be made to the public in Bermuda or in any manner that would constitute engaging in business in or from within Bermuda. In addition, no invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

If you (or any person for whom you are acquiring the New Shares) are located or domiciled in Bermuda, you (and any such person) acknowledge that any communications received in relation to the Entitlement Offer occurred from outside Bermuda.

## **7.19 Lead Manager, Bookrunner and Underwriter**

Canaccord Genuity has been appointed as the Lead Manager, Bookrunner and Underwriter to the Entitlement Offer.

The Entitlement Offer is lead managed by the Lead Manager and fully underwritten pursuant to an underwriting agreement dated 24 January 2023 (**Underwriting Agreement**).

The underwriting of the Entitlement Offer by the Lead Manager is part of the ordinary course of the Lead Manager's business as, amongst other things, professional financial advisers, lead managers and underwriters.

### **(a) Fees and expenses**

Canaccord Genuity is receiving a total fee of approximately \$698,823, being:

- a management fee equal to 1.5% of the Entitlement Offer Proceeds (approximately \$465,882); and

- an underwriting fee equal to 3.0% of the Entitlement Offer Proceeds (approximately \$232,941).

The Company must pay, or reimburse the Lead Manager for all out of pocket costs reasonably incurred by the Lead Manager in connection with or incidental to the Entitlement Offer (other than fees payable to sub-underwriters, co-lead managers, co-managers or sales agents), including but not limited to (in each case excluding GST):

- legal costs of Australian counsel capped at \$25,000;
- all other reasonable costs and expenses including marketing and communication costs, printing, couriers, postage and other distribution costs and travel (provided all air travel is of an economy class standard, save that air travel which exceeds three hours in duration must be business class) and accommodation expenses in respect of the Underwriting Agreement or the Entitlement Offer, provided that the Lead Manager must seek prior approval from the Company before incurring any expense in an amount greater than \$2,000, other than reasonable legal expenses; and
- any stamp duty or similar taxes (but excluding any income tax or capital gains tax of the Lead Manager) payable in respect of the Underwriting Agreement or the Entitlement Offer.

(b) **Conditions precedent**

The obligations of the Lead Manager are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement, as is customary with these types of underwriting agreements, namely:

- **(Extension of Loan Note)** the Company providing to the Lead Manager, by no later than 9.30am (AEDT) on the Announcement Date, a duly executed copy of the extension of the Loan Note, in a form acceptable to the Lead Manager;
- **(Due diligence)** the Lead Manager receives, by no later than 9:30am (AEDT) on the Announcement Date, or such other time as the Lead Manager agrees in writing, a copy of each of the documents required to be provided on launch of the Entitlement Offer under the Due Diligence Planning Memorandum (including the Due Diligence Report and Management Questionnaire), in a form satisfactory to the Lead Manager (acting reasonably);
- **(Information Documents)** the Company lodges the ASX Offer Announcement, Cleansing Notice and an Appendix 3B (each in a form and substance reasonably acceptable to the Lead Manager) with ASX by no later than 10.00am (AEDT) on the Announcement Date; and
- **(ASX Waivers)** ASX grants the ASX waivers in a form that permits the Company to conduct the Offer as contemplated by this agreement (if required).

The obligations of the Underwriter to underwrite the Entitlement Offer under the Underwriting Agreement are conditional upon satisfaction or waiver of the following conditions:

- **(Satisfaction of the Lead Manager conditions)** satisfaction or waiver of each of the conditions precedent relating to the Lead Manager (listed above) by the relevant date for satisfaction referred to in those conditions precedent;
- **(Offer Booklet)** the Company releasing the Offer Booklet (in a form and substance satisfactory to the Lead Manager, acting reasonably) to ASX and completing the despatch of the Offer Booklet on or before the date the Entitlement Offer opens;
- **(Official quotation)** on or before the Entitlement Offer Settlement Date, ASX not having indicated to the Company or the Lead Manager that it will not grant permission for the official quotation of the New Shares;
- **(ASX Waivers)** ASX not withdrawing or adversely modifying an ASX waiver required by the Company to conduct the Entitlement Offer or determining that the Company can no longer rely

on an ASX waiver required by the Company to conduct the Entitlement Offer at any time on or before the Entitlement Offer Settlement Date and all of the requirements or conditions set out in the ASX waivers that are due for performance or satisfaction at any time on or before the Entitlement Offer Settlement Date having been duly performed or satisfied by that time (if required);

- **(Extension of Loan Note)** the extension of the Loan Note remaining valid and binding between the parties to it at all times prior to completion and not having been:
  - (a) terminated, rescinded, avoided or repudiated;
  - (b) materially breached by a party to it; or
  - (c) varied in any material respect without the prior written consent of the Lead Manager,at any time prior to completion; and
- **(Shortfall Notice, Certificate and sign-off)** the Lead Manager receiving a notice (if there are any shortfall Shares), a certificate and a new circumstances sign-off (as provided for in the Due Diligence Planning Memorandum).

If any of the above are not satisfied or waived by their respective deadlines (or any date agreed by the Lead Manager in writing), the Lead Manager may terminate the Underwriting Agreement at any time by written notice to the Company.

(c) **Termination Events**

If any of the following events occur at any time from the date of the execution of the Underwriting Agreement until 3.00pm (AEDT) on the Entitlement Offer Settlement Date, the Underwriter may, by notice given to the Company, terminate its obligations under the Underwriting Agreement:

- **(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 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, 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 any time after the execution of the Underwriting Agreement until 3.00pm (AEDT) on the Entitlement Offer Settlement Date, 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 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, 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.

(d) **Indemnity**

The Company agrees to indemnify the Underwriter, its affiliates and Related Bodies Corporate and each director, officer, employee or agent of the Lead Manager or of any affiliate or related body corporate of the Underwriter against, and holds them harmless from, all losses suffered or incurred directly or indirectly, or claims made against them, arising out of or in connection with the Entitlement Offer, the Information Documents or the Underwriting Agreement.

(e) **Representations, warranties and undertakings**

The Company gives certain standard representations, warranties and undertakings to the Underwriter (as well as standard conditions precedent) under the Underwriting Agreement. The representations and

warranties given by the Company include, but are not limited to, matters such as power and authorisations, compliance with applicable laws and Listing Rules, documents issued or published by or on behalf of the Company in respect of the Entitlement Offer, the conduct of the Entitlement Offer and the due diligence process, litigation and insolvency.

The Company provides undertakings under the Underwriting Agreement which include, but are not limited to, notifications of breach of any undertaking given by them under the Underwriting Agreement.

With the exception of the New Shares issued under the Entitlement Offer and certain limited exceptions, the Company also provides an undertaking that it will not, without the prior consent of the Underwriter (such consent not to be unreasonably withheld or delayed) and subject to certain standard exceptions, issue or agree to issue any Shares (or other securities in the capital of the Company) at any time after the execution of the Underwriting Agreement until the expiration of 90 days after completion. The Company also provides undertakings that until completion of the Entitlement Offer, it will not alter the capital structure of the Company, or amend its Constitution prior, in either case, without the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed).

## 7.20 Disclaimer of representations

Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Offer Booklet.

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## 8. Glossary

**\$ or AUD** means Australian dollar.

**Acquisition** has the meaning given under section 3.1 of this Offer Booklet.

**Announcement Date** means 24 January 2023.

**Appendix 3B** is a document which is released to the market to notify of a proposed issue of securities under Listing Rule 3.10.3.

**Application** means an application to subscribe for New Shares under this Offer Booklet.

**Application Monies** means the amount specified in the personalised Entitlement and Acceptance Form, being the consideration for New Shares under the Entitlement Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Act** means the Australian Securities and Investments Commission Act 2001 (Cth).

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it on which Shares are quoted, as the context requires.

**ASX Launch Announcement** means the announcement to ASX on 24 January 2023 detailing the launch of the Entitlement Offer.

**ASX Offer Announcement** means the ASX announcement incorporated in section 4 of the Offer Booklet, being the ASX Launch Announcement.

**Bookbuild** has the meaning given under section 1.4 of this Offer Booklet.

**Bookbuild Price** has the meaning given under section 2.3(f) of this Offer Booklet.

**Bookrunner** means Canaccord Genuity.

**Canaccord Genuity** means Canaccord Genuity (Australia) Ltd.

**Closing Date** means 8:00pm (AEDT) on 13 February 2023.

**Company** or **The Market Herald** means The Market Herald Limited ACN 611 717 036.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**CIP** means Capital Investment Partners.

**Cleansing Notice** is a statement meeting the requirements of section 708AA(2)(f) of the Corporations Act, which is released to the market by the Company setting out (among other matters) any information that:

- has been excluded from the Company's continuous disclosure requirements because of an exemption in the Listing Rules (for example, because it is confidential and concerns an incomplete proposal); and
- investors and their professional advisers would reasonably require to allow them to make an informed assessment of the Company's assets, liabilities, financial position, performance and prospects or the rights attaching to the shares issued.

**Current Sub-underwriters** has the meaning given in section 3.6(c) of this Offer Booklet.

**Directors** means the directors of the Company.

**Due Diligence Committee** means the Due Diligence Committee established by the Company to undertake and oversee due diligence investigations and enquiries in connection with the Entitlement Offer and the preparation of the documents relating to the Entitlement Offer.

**Due Diligence Planning Memorandum** means the document outlining the Due Diligence Program adopted by the Due Diligence Committee in relation to the Entitlement Offer.

**Due Diligence Program** means the due diligence and verification procedures planned and reviewed by the Due Diligence Committee in relation to the Entitlement Offer and the documents relating to the Entitlement Offer as outlined in the Due Diligence Planning Memorandum.

**Due Diligence Report** means the report of the Due Diligence Committee in relation to the Entitlement Offer, as outlined in the Due Diligence Planning Memorandum.

**Eligible Shareholders** has the meaning given in section 1.2 of this Offer Booklet.

**Entitlement and Acceptance Form** means the personalised form accompanying this Offer Booklet to be used to make an application in accordance with the instructions set out on that form.

**Entitlement** means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 6 Shares held at the Record Date.

**Entitlement Offer** means the renounceable pro rata entitlement offer of 1 fully paid ordinary share for every 6 Shares held at the Record Date at an Offer Price of \$0.34 made to Eligible Shareholders.

**Entitlement Offer Allotment Date** means 24 February 2023.

**Entitlement Offer Period** means the period between 10:00am (AEDT) 2 February 2023 and 8:00pm (AEDT) 13 February 2023.

**Entitlement Offer Proceeds** means the number of New Shares multiplied by the Offer Price.

**Entitlement Offer Settlement Date** means 23 February 2023.

**Entitlement Offer Shortfall** means Entitlements not taken up by Eligible Shareholders under the Entitlement Offer.

**FPO** means Financial Services and Markets Act 2000 (Financial Promotions) Order 2005.

**FSMA** means Financial Services and Markets Act 2000.

**Governmental Agency** means a government, government department or any governmental, semi-governmental or judicial entity or authority, including a stock exchange or a self-regulatory organisation established under statute.

**Group** means the Company and its Related Bodies Corporate, and **Group Member** means any one or more of them.

**Information Document** means:

- the ASX Offer Announcement;
- the Cleansing Notice;
- the Offer Booklet;
- the Appendix 3B and Appendix 2As released by the Company to ASX in connection with the Entitlement Offer;
- any announcement or material accompanying the above documents which is given to ASX by the Company in respect of the Entitlement Offer and any supplement or amendment to or replacement of those materials;
- any other marketing documentation approved by the Company to conduct the marketing of the Entitlement Offer; and
- any communications (whether written or electronic) that are presented or provided to prospective investors (including any roadshow presentations) by or (with the Company's prior approval) on behalf of the Company in relation to the Entitlement Offer.

**Institutional Investor** means a person:

- if in Australia, who is an "exempt investor" as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; and
- if outside Australia, who is in a Permitted Jurisdiction and is a person to whom the Lead Manager has reasonable grounds to believe that an offer or issue of Shares may lawfully be made, without a disclosure document or approval by a Governmental Agency under applicable laws and regulations of a foreign jurisdiction, and without the need for any registration, lodgement or other formality in any foreign jurisdiction.

**Lead Manager** means Canaccord Genuity.

**Listing Rules** means the official listing rules of ASX.

**Loan Note** has the meaning given under section 3.1 of this Offer Booklet.

**Major Shareholders** means David Argyle, Gavin Argyle and Capital Investment Partners and SG Hiscock.

**Management Questionnaire** means the written questionnaire (in the form agreed by the Lead Manager and the Due Diligence Committee) to be completed by senior management of the Company, in relation to the business and prospects of the Company amongst other matters.

**Material Subsidiary** has the meaning given under section 7.19(c) of this Offer Booklet.

**New Share** means a Share offered under the Entitlement Offer (including any shortfall Shares).

**Offer Booklet** means this Entitlement Offer Booklet in relation to the Entitlement Offer, including the ASX Launch Announcement reproduced in section 4 and the personalised Entitlement and Acceptance Form accompanying the Offer Booklet.

**Offer Price** means \$0.34, being the price payable per New Share.

**Option** has the meaning given under the 'Summary of Entitlement Offer and Key Indicative Dates' section of this Offer Booklet.

**Permitted Jurisdiction** means Australia, New Zealand, the United Kingdom, Canada, Hong Kong and Bermuda and any other jurisdiction that the Company and the Lead Manager agree in good faith prior to the Announcement Date, having regard to the composition of the Company's register at that time, provided that in no circumstances will the United States be a permitted jurisdiction.

**Premium** has the meaning given in section 1.5 of this Offer Booklet

**Prescribed Occurrence** means the events specified in paragraphs (a) to (h) of subsection 652C(1) of the Corporations Act as if references to 'the target' were replaced by references to 'the Company'.

**Province** means the Canadian province of British Columbia.

**Public Information** means public and other media statements made by or (with the Company's prior approval) on behalf of the Company in relation to the affairs of the Company or the Group, including announcements lodged with ASX.

**Record Date** means 7:00pm (AEDT) on 30 January 2023.

**Registry** means Automic Pty Limited.

**Related Body Corporate** means a 'related body corporate' as defined in section 50 of the Corporations Act.

**Related Party** has the meaning given to that term under section 228 of the Corporations Act.

**Relevant Persons** has the meaning given in section 7.15 of this Offer Booklet.

**Restricted Person** has the meaning given in section 1.4 of this Offer Booklet.

**Russia-Ukraine Hostilities** has the meaning given under section 7.19(c) of this Offer Booklet.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of a Share.

**Specified Jurisdictions** has the meaning given under section 7.19(c) of this Offer Booklet.

**Substantial Shareholder** means Shareholders who have a 'substantial shareholding' as defined in section 9 of the Corporations Act.

**Takeovers Panel** means the Australian Takeovers Panel established under section 171 of the ASIC Act and given powers under Part 6.10 of the Corporations Act.

**Top-up Facility** has the meaning given in section 2.3(f) of this Offer Booklet.

**Underwriter** means Canaccord Genuity.



**Underwriting Agreement** means the underwriting agreement dated 24 January 2023 between The Market Herald and the Underwriter.

**Underwritten Amount** means \$15,529,387.23.

**VWAP** means the volume weighted average price.

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## Corporate Directory

### Website

To view more information on The Market Herald, including in relation to The Market Herald's business and operations, news updates, reports, publications and investor information, visit [www.asx.com.au](http://www.asx.com.au) or <https://themarketherald.com.au/investors/>.

### Shareholder Information Line

1300 288 664 within Australia

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