The Market Herald Ltd.
(ASX:TMH) ACN 611 717 036
Level 11, BGC Building, 28 The Esplanade
Perth, Western Australia 6000
www.themarketherald.com.au

ASX ANNOUNCEMENT
August 26, 2022

The Market Herald invests $100m in classifieds including $86m acquisition of Gumtree, Carsguide and Autotrader[1]

- ***Acquiring*** Gumtree, Carsguide and Autotrader, the number one[2] Australian general classifieds business, reaching 10 million[3] households every month.

- ***Expanding*** The Market Herald Fancy, a luxury editorial led listings platform for high value products and services reaching over 33 million people[2] globally every month.

- ***Launching*** The Market Herald Family Office, editorial information and a provider marketplace for a non-advised High Net Worth audience with combined $110bn[4] in assets.

The Market Herald Limited (ASX:TMH "The Market Herald") is pleased to announce it is acquiring Gumtree Australia, Autotrader Australia and Carsguide and provides an update on its digital classified advertising expansion, and associated financing through the launch of a 2:5 renounceable entitlement offer at $0.34.

Acquiring Gumtree, Carsguide and Autotrader, the Australian number 1[5] pure play classifieds site and the number 2[4] automotive marketplace.

Gumtree is an iconic brand and marketplace used by 1 in 3 Australians and 10 million households every month. With over 100,000 new listings every day, 3.5 million registered users and 6 million app downloads, for 15 years Gumtree has been the number 1 place where Australians buy and sell.

Gumtree Autos, Carsguide and Autotrader are together the number 2 automotive marketplace in Australia. The number of car listings and site traffic are nearing parity with the number 1 automotive marketplace. Further product development will deliver an end to end digital car buying experience for millions of users.

Jag Sanger, Managing Director, The Market Herald commented:

"The Gumtree, Carsguide and Autotrader platform is one of the largest digital communities in Australia. Gumtree is part of life for millions of Australians, and there are many opportunities to add more products and services, creating and end to end digital offer. In addition the Gumtree, Carsguide and Autotrader proposition is the leading challenger to the $6bn marcap automotive listings incumbent and there are many opportunities to close the gap"

__1__ The Market Herald is acquiring all of the issued share capital in Gumtree Au Pty Ltd, which owns all of the issued share capital in Carsguide Autotrader Media Solutions Pty Ltd. These entities own the Gumtree Australia, Autotrader Australia and Carsguide brands __2__ GCA/TMH AU estimates based on traffic, audience research and number of listings Dec 21 - June 22, __3__ Average of TMH monthly social audience June – July 22, __4__ Investor Trends, TMH Analysis Oct 21, __5__ GCA/TMH analysis based on public comparables with Carsales June 22

Expanding The Market Herald Fancy, a luxury editorial led listings platform for high value products and services

The Market Herald will accelerate its organic investment in its luxury and lifestyle brand: Fancy. Fancy is integrated with The Market Herald, but has its own identity, team and proposition.

The Market Herald Fancy serves an on-platform audience of 2.5[6] million affluent consumers, and its luxury and lifestyle content reaches a further 33[2] million off platform every month. The Market Herald Fancy's luxury editorial and listings platform includes fashion, travel, lifestyle, jewellery, art, property and boating.

Jag Sanger, Managing Director, The Market Herald commented:

"We serve an affluent and engaged readership, and they are key markets for luxury goods. Luxury goods retailing is changing. As luxury brands embrace digital they are looking at new channels to engage with their customers. Globally, business focused newspapers, such as the Financial Time and The Wall Street Journal are benefiting from this shift and are developing new digital offers to serve this market. This will become an important part of our editorial and video streaming offer"

Launching The Market Herald Family Office, editorial led information for non-advised high net worth audiences

The Market Herald serves an affluent audience, with an estimated average annual household income of $247k[7] and the upper quartile of its audience holding investable assets of $276bn[7]. This is 10% of the estimated Australian High Net Wealth (HNW) asset pool of $AUD2.7[4] trillion.

However despite – or because – of the wealth and financial sophistication of this segment, 40%[4] of this asset pool does not use financial advisers. Instead this HNW segment is self directed, meaning they research and act on information they find themselves.

The Market Herald will serve this valuable self directed segment of HNW investors by launching The Market Herald Family Office. This will first be an editorial and streaming video offer covering the products and services that self directed HNW investors need to manage their wealth. This includes estate planning, tax, philanthropy, wellness, art and alternative asset consultancy and other services. Second this will be a marketplace of service providers wanting to connect to this audience through listings, streaming segment sponsorship and transactional offers.

Jag Sanger, Managing Director, The Market Herald commented:

"We already operate one of the largest[7] digital communities of self directed wealth in Australia, and they use our platforms to research and make investments. Now with The Market Herald Family Office we can help them research how to manage their wealth and connect them with service providers wanting to reach them. This is a unique wealth management marketplace and will be a key part of our offer"

6 TMH Analysis Jan - Jun 22 **7** Advisir (TMH) investor research Jun 2020 **8** Nielsen Jun 21

Acquisition and organic initiative funding

The proposed acquisition of Gumtree Australia, Carsguide and Autotrader Australia will be funded by a vendor loan of approximately $60.1m (see appendix 1 for further terms) and an Entitlement Offer which will raise approximately. $26.55m.

The vendor loan note is extended by Adevinta Oak Holdings B.V. as vendor of Gumtree Australia, Carsguide and Autotrader. It is subject to standard terms and is to be repaid within a twelve month period commencing on the date of the Acquisition.

The Entitlement Offer is partially underwritten to 80% of the approximate $26.55m raising by Capital Investment Partners Pty Ltd (**CIP**), an entity associated with non-executive director Mr Gavin Argyle. Further details of the underwriting agreement are set out below.

Organic initiatives in the next 12 months and some committed investment in the current financial year will be approx. $14.7m comprised mainly of people and some capital costs.

Investor should also review the accompanying investor presentation for additional information about the enlarged entity, terms of the acquisition and financial benefits of the acquisition.

Entitlement Offer

The Market Herald will launch a 2 for 5 renounceable Entitlement Offer of New Shares at $0.34 per New Share, to raise up to approximately $26.55 million before offer costs.

If the Entitlement Offer is fully subscribed, the number of ordinary shares issued by The Market Herald shall increase from approximately 195,229,035 shares to 273,320,649 shares.

The Entitlement Offer will be made to all Shareholders on the register of members at the Record Date (**Eligible Shareholders**). This includes Shareholders who are resident outside of Australia, which as at the date of this announcement, includes New Zealand, Canada, the United Kingdom and Hong Kong.

Eligible shareholders will be offered the opportunity to purchase 2 New Shares for every 5 existing the Market Herald ordinary shares held by them on the Record Date of 31 August 20221.

The Offer Price is $0.34 per New Share. This represents a 15% discount to the last closing market price on Friday 19 August 2022, and an approximate 15% discount to the average closing market price over the last 20 trading days on which The Market Herald ordinary shares traded.

The Entitlement Offer will be made pursuant to an Entitlement Offer Booklet (the **Entitlement Offer Booklet**). The Entitlement Offer is renounceable. Eligible shareholders will be allotted an Entitlement which can be traded on ASX from 30 August 2022 to 6 September 2022.

This means that eligible shareholders who do not wish to take up all or part of their Entitlement can seek to sell all or part of their Entitlement on ASX in order to realise value for that Entitlement.

A shortfall offer will be available allowing Eligible Shareholders to apply for additional Shares (**Shortfall Shares**) over and above their entitlements (additional Shares will be allotted to the extent there is a shortfall under the Entitlement Offer) (**Shortfall Offer**).

The Company, in consultation with the Underwriter, intends to allocate the Shortfall Shares under the Shortfall Offer in accordance with the following priorities:

- firstly, pro-rata to Eligible Shareholders who apply for Shortfall Shares in excess of their entitlement (**Top-up Facility**); and
- secondly, to the Underwriter who, in accordance with the Underwriting Agreement, will allocate the Shortfall Shares to any sub-underwriters in the priority sequence set out in the below overview of the Underwriting Agreement.

The shortfall allocation policy has been structured to allow each Eligible Shareholder to apply to participate in priority to major shareholders and to any 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 Shortfall Offer).

The Company, in consultation with the Underwriter, will otherwise ensure that the Entitlement Offer and Shortfall Offer (including the equitable dispersion of any Shortfall Shares) 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.

The Company otherwise confirms that no Shares will be issued under the Entitlement Offer or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

Timetable

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

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

The acquisition is due to settle shortly after the closure of the Entitlement Offer.

Details of underwriting agreement

CIP has been appointed as the Lead Manager and Underwriter to the Entitlement Offer.

CIP is receiving an underwriting fee of approximately $1,168,250.55 million (less 2% paid to any sub-underwriter), being 4% of the Offer proceeds. Any sub-underwriters will receive 2% of the Offer proceeds.

The underwriting may be terminated if: (a) the Offer Document is not dispatched, improperly dispatched or non-compliant with legislative requirements, (b) the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation , (c) it transpires that the Offer Document does not contain all the information required by the Corporations Act , or (d) the Company is prevented from allotting the Underwritten Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority.

The Company proposes the following Shortfall allocation process under the underwriting agreement:

1. **Accept Offer** - eligible Shareholders are offered new Shares under the Offer.

2. **Shareholder top-up** - eligible Shareholders who take up their entitlement under the Offer and wish to apply for additional shares (excluding the sub-underwriters and potentially directors) will then have the ability to apply for additional shares in excess of their entitlement to the extent there is a shortfall under the Offer.

3. **Sub-underwriting** - if there is a shortfall after the completion of step 2, then the Underwriter will be responsible for allocating those shortfall shares to the sub-underwriters. The sequence would be for the sub-underwriters who are not related parties of TMH, to be allocated shortfall shares first (starting with shareholders who have the lowest shareholdings first). If there still remain shortfall shares after the allocations to shareholders are not related parties, then the Underwriter will allocate the remaining shortfall shares to those related parties (starting from lowest to highest holdings).

4. **Underwriting** - if there is still a shortfall after the completion of step 3, then the Underwriter is required to subscribe for those shortfall shares.

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 $9.82m.

The balance of Shortfall Shares (after the Shareholder top-up) will be distributed to any sub-underwriters in accordance with the dispersion mechanism above. Shortfall

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

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 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 Shortfall Offer.

Related party disclosure

The Underwriter, CIP, is a Related Party of the Company because it is controlled by Gavin Argyle, who is a director of the Company. Gavin Argyle is entitled to 4.15% of voting shares in the company[1].

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

Jag Sanger

Managing Director and Publisher
The Market Herald

Investor and media enquiries
media@themarketherald.com.au

1 Gavin Argyle is entitled to the shares registered in the name of GAB Superannuation Funds, which is a 4.15% shareholder of the Company.

Appendix 1 – Vendor Loan terms

Terms	
Vendor/Noteholder	Adevinta Oak Holdings B.V.
Term/Maturity Date	30 September 2023
Borrower/Note Issuer	The Market Herald Limited
Guarantors	• Gumtree AU Pty Ltd (**Gumtree AU**) • Gumtree IP Aus Holdings Ltd (**Gumtree IP**) • Carsguide Autotrader Media Solutions Pty Ltd (**CAMS**)
Amount/Face Value of Vendor Loan Note	Approximately $60.1M
Purpose	Funding of the Acquisition
Interest Rate	8% p.a.
Interest Periods	monthly in respect of the face value of the Vendor Loan Note
Default Interest Rate	2% p.a. in addition to applicable Interest Rate
Review Event	Note Issuer to redeem the Loan Note in an amount of US$27M on or before 31 December 2022 unless Note Issuer provides evidence to Note Issuer by 30 November that Vendor Loan Note will be repaid in full by 31 March 2023. Parties agree to negotiate in good faith for 14 Business Days post Review Event that is not cured. If no resolution achieved, then Event of Default.
Governing Law	New South Wales, Australia