

## ASX Announcement

26 August 2022

### Notification under Section 708AA (2) (f)

The Market Herald Limited (**Market Herald** or the **Company**) has today announced that it is making a pro-rata renounceable entitlement offer (the **Entitlement Offer**) to all shareholders on the register of members at the Record Date.

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for 2 fully paid ordinary share (**New Share**) for every 5 shares held at the record date (Wednesday 31 August 2022) at an issue price of \$0.34.

Market Herald advises that it will offer the New Shares for issue to investors under Part 6D.2 of the *Corporations Act 2001* (**Act**) and states that this notice is given to ASX under paragraph 708AA(2)(f) of the Act, as modified by *Australian Securities and Investments Commission (ASIC) Corporations (NonTraditional Rights Issues) Instrument 2016/84*, and confirms that:

- Market Herald will offer approximately 78,091,614 fully paid ordinary shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act pursuant to a renounceable entitlement offer announced to ASX on 26 August 2022.
- As at the date of this notice, Market Herald has complied with:
  - the provisions of Chapter 2M of the Corporations Act as they apply to Market Herald; and
  - section 674 of the Corporations Act.
- As at the date of this notice, there is no information:
  - that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
  - that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
    - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
    - the rights and liabilities attaching to the shares for issue.

#### Effect of the Offer on the control of Market Herald

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.

The Entitlement Offer is partially underwritten to 80% of the approximate \$26.55m raising by Capital Investment Partners Pty Ltd (**Underwriter**). CIP is a related party for the purpose of

the Corporations Act and ASX Listing Rules and has a relevant interest in 4.15% of the voting shares of the Company.<sup>1</sup>

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

- In the theoretically possible, though very unlikely event, that no eligible shareholder (other than the Underwriter) takes up their entitlement and the Underwriter is required to take up 80% of the remaining New Shares pursuant to the Underwriting Agreement, then the Underwriter will acquire a relevant interest in a maximum of 25.82% of the Company's issued share capital.
- However, such an outcome is considered by the Company to be very unlikely to eventuate for the following reasons:
  - David Argyle has committed to subscribe for his full pro rata entitlement of approximately 37% of the voting shares of the Company under the rights issue, which equates to a total of \$9.82m. Therefore, there is only a remaining 63% of potential Shortfall Shares (of which the Underwriter will potentially receive 80%).
  - Eligible shareholders are also encouraged to apply for additional New Shares under the Shortfall Offer before any amount is allocated to the Underwriter.
  - In accordance with the Underwriting Agreement, the Underwriter is required to allocate the Shortfall Shares in accordance with agreed dispersion strategy (see below).
- If all eligible shareholders take up their full Entitlement under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company.
- The Independent Board<sup>2</sup> has actively taken steps to minimise the control effect of the Entitlement Offer by encouraging Eligible Shareholders to take up additional New Shares in the Shortfall Offer pursuant to the below dispersion strategy before the sub-underwriters (see below for an overview of the dispersion strategy for the Shortfall Shares).
- Should CIP (and therefore Gavin Argyle) receive Shortfall Shares, its shareholding in the Company will fall within the exception pursuant to section 611 (Item 10) of the Corporations Act.
- No New Shares will be issued under the Entitlement Offer or via the Shortfall Offer if the issue of New Shares would contravene the Corporations Act. Similarly, no New

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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 4.15% shareholder of the Company.

<sup>2</sup> The Board of the company, excluding Gavin Argyle.

Shares will be issued via the Top-up Facility (under the Shortfall Offer) to any Related Parties of the Company.

- The table below sets out the potential increase to CIP's voting power under several scenarios relating to the percentage acceptance of Entitlements under the Offer. This table assumes that, though very unlikely, no eligible shareholders (including David Argyle, who has committed to take up his 37% pro rata entitlement).

<b>Gavin Argyle (CIP)</b>		
<b>Event</b>	<b>Shares</b>	<b>Voting Power</b>
<b>Shortfall of 0%</b>	8,100,000	2.96%
<b>Shortfall of 25%</b>	23,718,323	8.68%
<b>Shortfall of 50%</b>	39,336,646	14.39%
<b>Shortfall of 75%</b>	54,954,968	20.11%
<b>Shortfall of 100%</b>	70,573,291	25.82%

- The table below sets out the potential increase to CIP's voting power under several scenarios relating to the percentage acceptance of Entitlements under the Offer, however, assumes that David Argyle (as expected) takes up his pro rata Entitlement.

Gavin Argyle (CIP) - David Argyle takes up pro-rata entitlement		
Event	Shares	Voting Power
Shortfall of 0%	8,100,000	2.96%
Shortfall of 25%	20,399,429	7.46%
Shortfall of 50%	32,698,858	11.96%
Shortfall of 75%	44,998,288	16.46%
Shortfall of 100%	57,297,717	20.96%

### Shortfall Dispersion strategy

Unless otherwise determined by the Independent Board or the Underwriter, to the extent any New Shares for Entitlements are not taken up under the Entitlement Offer, the Company proposes to allocate Shortfall Shares according to the following priority:

- a) to each Eligible Shareholder (other than directors and related parties of the Company) who has applied for additional New Shares through the Shortfall Offer (subject to compliance with applicable laws and to the terms set out in this Entitlement Offer Booklet) (**Top-up Facility**);
- b) the remaining Shortfall Shares will be allocated to the Underwriter and, in accordance with the Underwriting Agreement, the Underwriter will issue the remaining Shortfall Shares to the Sub-underwriters in the following priority sequence:
  - i. first to sub-underwriters who are not Related Parties of the Company (starting with shareholders who have the lowest shareholdings first); and

- ii. then the Underwriter will allocate the remaining shortfall shares to those Sub-underwriters who are, if any, Related Parties (starting from lowest to highest shareholdings); and
- c) the balance of any remaining Shortfall Shares must be subscribed for by the Underwriter or the Underwriter must arrange for institutional investors (who are not current shareholders or Related Parties (if any) of the Company) to subscribe for the remaining Shortfall Shares.

The Independent Board reserves, at its sole discretion:

- the right to issue to an eligible shareholder who has applied for additional Shortfall Shares under the Top-up Facility in (a) a lesser number of Shortfall Shares than the number applied for (or no Shortfall Shares) or reject an application or not proceed with the issuing of the Shortfall Shares or part thereof; and
- in accordance with the Underwriting Agreement, the right to prevent certain shortfall allocations to any Sub-underwriters in (b) or institutional investors in (c),  
  
if doing so would, in the view of the Independent Board, be required to promote the equitable dispersion of shares, minimise any control implications and/or prevent the issue of Shares contrary to law or the Listing Rules.

In the event it is necessary to scale back applications for Shortfall Shares by Eligible Shareholders under the Top-up Facility in (a), then the scale back will be on a pro rata basis, based on the Entitlements of Eligible Shareholders.

This shortfall allocation policy has been structured to allow each Eligible Shareholder to apply to participate in priority to major shareholders and Related Parties (if any) 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).

This announcement has been authorised for release by the Company Secretary.