



14 October 2024

The Manager
National Stock Exchange of Australia Limited

NSX RELEASE

Issuer: Heritage Brands Limited (NSX Code: HBA)

Rights issue cleansing notice under paragraph 708AA(2)(f) of the Corporations Act

Heritage Brands Limited (**Heritage Brands** or the **Company**) announced on 23 September 2024 that it will undertake a non-renounceable rights issue of up to 1,163,211,861 fully paid ordinary Heritage Brands shares (**Rights Issue**). Eligible shareholders will be entitled to subscribe for 1 ordinary Heritage Brands share (**New Share**) for every 2 ordinary Heritage Brands shares held at the Record Date, being 7.00 pm (Sydney time) on 11 October 2024 (**Record Date**), with each such share being issued at an issue price of \$0.004 or 0.4 cents, to raise up to approximately \$4,652,847 (**Offer**).

Further details regarding the Offer are set out in the Offer Document (the "**Offer Document**") that will be dispatched to shareholders.

References in this notice to provisions of the *Corporations Act 2001* (Cth) (**Corporations Act**) are to those provisions as modified by applicable ASIC instruments.

Heritage Brands states as follows:

1. Heritage Brands will offer the New Shares without disclosure to investors under Part 6D.2 of the Corporations Act.
2. This notice is given under paragraph 708AA(2)(f) of the Corporations Act.
3. As at the date of this notice, Heritage Brands has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to Heritage Brands; and
 - (b) sections 674 and 674A of the Corporations Act.

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4. As at the date of this notice, there is no excluded information of the type referred to in sub-sections 708AA(8) and 708AA(9) of the Corporations Act.
5. The potential effect the issue of the New Shares under the Rights Issue will have on the control of Heritage Brands, and the consequences of that effect, will depend on a number of factors, including investor demand and the level of support for the Rights Issue. The Directors of Heritage Brands cannot speculate about the extent to which entitlements under the Rights Issue will be accepted by the shareholders eligible to participate (**Eligible Shareholders**), or the resulting levels of voting power of individual shareholders after completion of the Rights Issue. However, they make the following observations:

Potential dilution generally of existing shareholders

If every Eligible Shareholder takes up their full entitlement to subscribe for New Shares under the Rights Issue (**Entitlement**), the Rights Issue will have no effect on the control of Heritage Brands. However, if not every Eligible Shareholder subscribes for their full Entitlement, those who do not take up their Entitlement will be diluted upon the issue of the New Shares.

Potential increases in voting power of Existing Substantial Shareholders

As at the date of the Offer Document, the following shareholders of Heritage Brands are the only shareholders who have notified the Company that they are substantial shareholders (**Existing Substantial Shareholders**):

Existing Substantial Shareholder	Voting power in Company
Rawlo International Pty Ltd	38.90%
Souls Private Equity Limited	19.45%
Maxim Krok* *Total held by a number of entities.	16.47%
Stephen Mason	9.73%
CVC Limited	5.93%

Rawlo International Pty Ltd has agreed to take up the majority of its Entitlement, which would amount to 383,339,562 New Shares (approximately 33% of the New Shares being offered in the Rights Issue). None of the other Existing Substantial Shareholders has made any commitment to the Company to take up its Entitlement in full or in part.

Potential changes resulting from take-up of Entitlements by Existing Substantial Shareholders

The following tables are intended to illustrate the potential effect of the Rights Issue on the resulting voting power of the Existing Substantial Shareholders in the Company, using hypothetical levels of participation in the Rights Issue by the Existing Substantial Shareholders and by other Eligible Shareholders.

The next table below (**Table 1**) sets out the total number of ordinary shares (and voting power) in the Company that each Existing Substantial Shareholder would obtain if each Existing Substantial Shareholder applies for its full Entitlement under the Rights Issue and no other shareholder applies for any New Shares under the Rights Issue:

Existing Substantial Shareholder	Existing number of shares held	Number of New Shares acquired by taking up Entitlement in full	Existing voting power %	Total shareholding immediately after Rights Issue completes	Voting power % immediately after Rights Issue completes
Rawlo International Pty Ltd	904,941,278	452,470,639	38.90%	1,357,411,917	40.17%
Souls Private Equity Limited	452,470,639	226,235,319	19.45%	678,705,958	20.09%
Maxim Krok* <i>*Total held by a number of entities.</i>	383,148,971	191,574,485	16.47%	574,723,456	17.01%
Stephen Mason	226,395,060	113,197,530	9.73%	339,592,590	10.05%
CVC Limited	138,038,827	69,019,413	5.93%	207,058,240	6.13%

The table below (**Table 2**) sets out the maximum effect the Offer could have on the control of the Company held by each of the Existing Substantial Shareholders, where that particular Existing Substantial Shareholder is the only Eligible Shareholder that takes up its Entitlement in the Rights Issue. The table assumes that there is no take-up of any Entitlements by any other Eligible Shareholders:

Existing Substantial Shareholder	Existing number of shares held	Existing voting power %	Entitlement taken up (Number of New Shares)	Total shareholding immediately after Rights Issue completes	New voting power if no other Shareholder takes up its Entitlement %
Rawlo International Pty Ltd	904,941,278	38.90%	452,470,639	1,357,411,917	48.85%
Souls Private Equity Limited	452,470,639	19.45%	226,235,319	678,705,958	26.59%
Maxim Krok* <i>*Total held by a number of entities.</i>	383,148,971	16.47%	191,574,485	574,723,456	22.82%
Stephen Mason	226,395,060	9.73%	113,197,530	339,592,590	13.92%
CVC Limited	138,038,827	5.93%	69,019,413	207,058,240	8.64%

The table below (**Table 3**) sets out the effect the Offer could have on the level of control of the Company held by Rawlo International Pty Ltd, where Rawlo International Pty Ltd takes up only the portion of its Entitlement that it has agreed to take up (being 383,339,562 New Shares), and if no other Eligible Shareholder were to take up any part of its Entitlement.

Existing Substantial Shareholder	Existing number of shares held	Existing voting power %	Entitlement taken up (Number of New Shares)	Total shareholding immediately after Rights Issue completes	New voting power if no other Shareholder takes up its Entitlement %
Rawlo International Pty Ltd	904,941,278	38.90%	383,339,562	1,288,280,840	47.54%
Souls Private Equity Limited	452,470,639	19.45%	-	452,470,639	16.70%
Maxim Krok* *Total held by a number of entities.	383,148,971	16.47%	-	383,148,971	14.14%
Stephen Mason	226,395,060	9.73%	-	226,395,060	8.35%
CVC Limited	138,038,827	5.93%	-	138,038,827	5.09%

Potential for Additional Shares to be issued to Existing Substantial Shareholders

In addition to the potential effect of one or more of the Existing Substantial Shareholders taking up their full Entitlement, it should be noted that as set out in the Offer Document, any Eligible Shareholder (including any Existing Substantial Shareholder) may apply for Additional Shares in excess of their Entitlement. Additional Shares may be issued at the discretion of the directors, from any shortfall in applications for Entitlement shares. However, unless permitted by the "3% creep rule" in Chapter 6 of the Corporations Act, no Additional Shares will be issued to any Eligible Shareholders if in the view of the Directors to do so would either (i) increase that Eligible Shareholder's voting power in the Company from 20% or below to more than 20% or (ii) increase that Eligible Shareholder's voting power at all, if that Eligible Shareholder's voting power is already above 20%. Existing Substantial Shareholders that have had voting power in the Company of at least 19% for a period of at least 6 months are permitted by the "3% creep rule" to acquire Shares and thereby increase their voting power by up to 3 percentage points higher than they had 6 months before the acquisition. This means that either or both of Rawlo International Pty Ltd and Souls Private Equity Limited could apply for and be allotted Additional Shares under the Offer (that is, in addition to their Entitlement shares), each to a maximum of 3% of the total number of issued Shares in the Company.

Consequences of the potential effect of the Rights Issue on control of Heritage Brands

The Directors of Heritage Brands believe that the potential effect set out in Table 1 above (i.e. where all Existing Substantial Shareholders take up their full Entitlement) would not have any material consequences, as under the Table 1 scenario the resulting voting power of each Existing Substantial Shareholder would not differ materially from the existing position at the date of this notice.

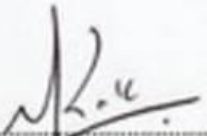
However as shown by Table 2 above, if Rawlo International Pty Ltd were to be the only Eligible Shareholder to take up any part of its Entitlement, the maximum voting power in Heritage Brands that it could attain from the Rights Issue is approximately 48.85% (assuming it applied for its full Entitlement and did not apply for and receive any Additional Shares). In that hypothetical scenario, the increased voting power of Rawlo International Pty Ltd in the Company at 48.85% would exceed the combined voting power of the other Existing Substantial Shareholders added together. A consequence of that change would be that Rawlo International Pty Ltd would have the likely ability to control the outcome of any resolution at a general meeting of the Company on

which it is entitled to vote, even if each of the other Existing Substantial Shareholders were casting their votes in opposition to the votes cast by Rawlo International Pty Ltd. This would be a material change from the current position, in which the combined voting power of the other Existing Substantial Shareholders currently exceeds the individual voting power of Rawlo International Pty Ltd.

As shown by Table 3 above, if Rawlo International Pty Ltd were to take up only the portion of its Entitlement that it has informed the Company it intends to take up (383,339,562 New Shares), if no other Eligible Shareholder participated in the Rights Issue, Rawlo International Pty Ltd would thereby increase its voting power to approximately 47.54%. In that potential scenario, the increased voting power of Rawlo International Pty Ltd in the Company at 47.54% would also exceed the combined voting power of the other Existing Substantial Shareholders added together, and would also be likely to result in Rawlo International Pty Ltd having the ability to control the outcome of any resolution at a general meeting of the Company on which it is entitled to vote, without the support of votes cast by other shareholders.

This notice was authorised for release by the Board of Heritage Brands.

Signed for and on behalf of Heritage Brands:


A horizontal line with a dotted pattern, followed by the printed name "Maxim Krok" below it.

Maxim Krok
Chairman
Heritage Brands Limited