



4 March 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 14 February 2024 that it will undertake a non-renounceable rights issue of up to approximately 1,801,111,087 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 1 ordinary Heritage Brands share held at the Record Date, being 7.00 pm (Sydney time) on 29 February 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 \$7,204,444 (**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.

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, except as follows:

Potential sale of "Innoxia" brand

The Heritage Brands group is currently in negotiations for the sale of the "Innoxia" brand for a sum of \$800,000. At this stage no binding agreement for the sale has been entered into.

Trading conditions update

Trading conditions affecting the Heritage Brands group remain challenging, however management expect trading conditions to improve in the second half of the year.

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

Potential increases in voting power in Heritage Brands

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 |
|--|-------------------------|
| Souls Private Equity Limited | 25.1% |
| Rawlo International Pty Ltd | 25.1% |
| Maxim Krok* <i>*Total held by a number of entities.</i> | 21.3% |
| Stephen Mason | 9.1% |
| CVC Limited | 7.7% |

None of the Existing Substantial Shareholders has made any commitment to the Company to take up its Entitlement in full or in part.

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 following table 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 |
|--|--------------------------------|--|-------------------------|---|---|
| Souls Private Equity Limited | 452,470,639 | 452,470,639 | 25.1% | 904,941,278 | 26.7% |
| Rawlo International Pty Ltd | 452,470,639 | 452,470,639 | 25.1% | 904,941,278 | 26.7% |
| Maxim Krok* <i>*Total held by a number of entities.</i> | 383,148,971 | 383,148,971 | 21.3% | 766,297,942 | 22.6% |
| Stephen Mason | 163,895,060 | 163,895,060 | 9.1% | 327,790,120 | 9.7% |
| CVC Limited | 138,038,827 | 138,038,827 | 7.7% | 276,077,654 | 8.1% |

The above table assumes that the current shareholdings of the Existing Substantial Shareholders did not alter between the date of the Offer Document and the Record Date.

The Directors of Heritage Brands do not believe that the potential effect on the control of Heritage Brands as outlined in the above table will have any consequences, given that control of Heritage Brands would not differ materially from the existing control of Heritage Brands as at the date of this notice.

The table below 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 % |
|--|--------------------------------|-------------------------|---|---|---|
| Souls Private Equity Limited | 452,470,639 | 25.1% | 452,470,639 | 904,941,278 | 40.2% |
| Rawlo International Pty Ltd | 452,470,639 | 25.1% | 452,470,639 | 904,941,278 | 40.2% |
| Maxim Krok* <i>*Total held by a number of entities.</i> | 383,148,971 | 21.3% | 383,148,971 | 766,297,942 | 35.1% |
| Stephen Mason | 163,895,060 | 9.1% | 163,895,060 | 327,790,120 | 16.7% |

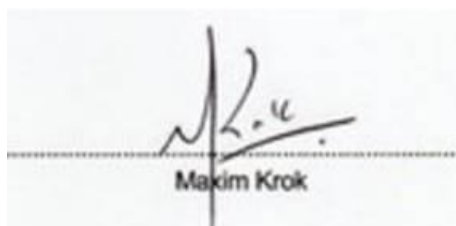
| | | | | | |
|-------------|-------------|------|-------------|-------------|-------|
| CVC Limited | 138,038,827 | 7.7% | 138,038,827 | 276,077,654 | 14.2% |
|-------------|-------------|------|-------------|-------------|-------|

The above table assumes that the current shareholdings of the Existing Substantial Shareholders did not alter between the date of the Offer Document and the Record Date.

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 in the Rights Issue. Additional Shares may be issued at the discretion of the directors, from any shortfall in applications for Rights Issue 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 any one or more of Souls Private Equity Limited, Rawlo International Pty Ltd and Maxim Krok 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.

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

Signed for and on behalf of Heritage Brands:



Maxim Krok

Maxim Krok
Chairman
Heritage Brands Limited