

Heritage Brands Ltd and Controlled Entities

ACN: 081 149 635

Financial Statements

For the Half-Year Ended 31 January 2024

Heritage Brands Ltd and Controlled Entities

ACN: 081 149 635

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For the Half-Year Ended 31 January 2024

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Heritage Brands Ltd and Controlled Entities

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Chairman's Report For the Half Year Ended 31 January 2024

Dear Shareholders,

Heritage Brands has delivered a challenging set of results for the half year ended 31st January 2024 with EBITDA of -\$374k.

EBITDA was impacted by lower sales due to the difficult economic conditions and inflationary pressures on consumers. This has impacted the premium oils segment of the market with pricing competitiveness also impacting international sales channels in Asia.

With a high percent of sales sold on promotion in the Grocery channel, profitability has been adversely affected in the first half of fiscal 2024.

Sun protection has performed extremely well with growth of 58.6% for the first half of fiscal 2024. Ecommerce has also grown by 10 percent.

The second half will continue to see the implementation of HB's strategy reset with an emphasis on high growth categories of Wellness, Skin Care and Colour cosmetics. Ecommerce will also continue to deliver market growth from expansion, website optimisation and key digital customer campaigns.

Other key strategic projects will also support second half improvement in EBITDA with a restructure of the supplier base leading to cost savings.

Despite the continued inflationary pressures on the economy, the Management team and the Board continue to review all aspects of the business to ensure profitability is improved. This will include a focus on our core range for Oil Garden, Le Tan and Australis, a strong NPD program and expansion of international markets in key Asian markets to counteract the lower sales during the first half.



M. Krok
Chairman

28 March 2024

Heritage Brands Ltd and Controlled Entities

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Directors' Report For the Half Year Ended 31 January 2024

The directors submit the financial report of Heritage Brands Ltd (the "Company") and its controlled entities (the "Group") for the half year ended 31 January 2024.

1. General information

Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

KROK Maxim	Non-Executive Director
McCARTNEY William	Non-Executive Director
MASON Stephen	Non-Executive Director
KAPLAN Elliott	Non-Executive Director
GENDIS Constantinos	Managing Director (Resigned 11 August 2023)
FILIS Dimitrios	Managing Director (Appointed 11 August 2023)

Company secretary

The following person held the position of Company secretary at the end of the half year:

MASON, Stephen has been the company secretary since 21 July 2022.

Significant changes in state of affairs

No significant changes in Group's state of affairs occurred during the half year.

Principal activities and significant changes in nature of activities

The principal activities of Group during the half year were the selling and distribution of branded cosmetics toiletries, skin care, self-tanning, nail care product, oils and fragrances.

There were no significant changes in the nature of the Group's principal activities during the half year.

2. Operating results and review of operations for the half year

Review of operations

With the challenging economic environment continuing, Net revenue has reduced by 12.9% compared to the same period last year. The refresh strategy has seen strong growth in SPF of 59% and momentum occurring in Ecommerce. The continued investment in the core brands of Australis, Le Tan and Oil Garden is seeing the Group successfully execute phase one of its turnaround strategy. As a result of these actions, the Group is well placed to accelerate demand for its core products in the second half of 2024 and beyond.

Heritage Brands Ltd and Controlled Entities

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Directors' Report For the Half Year Ended 31 January 2024

2. Operating results and review of operations for the half year (continued)

Operating results

The consolidated loss of the Group amounted to (\$868,489) (2023: profit of \$10,546). The operating results are detailed below:

	31 January 2024	31 January 2023
	\$	\$
Net Revenue after Trading Terms	22,055,167	25,034,479
Earnings after Taxation	(868,489)	10,546
Taxation	(366,065)	(1,471)
Earnings before taxation	(1,234,554)	9,075
Interest on bank loans	254,574	288,419
Interest on shareholder loans	247,014	196,603
Depreciation	358,961	407,694
EBITDA (a non-IFRS measure)	(374,005)	901,791

Financial position

The net assets of the Group have decreased by \$868,489 from 31 July 2023 to \$18,870,861 at 31 January 2024.

3 Other items

Matters or circumstances arising after the end of the reporting period

Rights Issue

On the 18th March 2024 the group completed a 1 for 1 non-renounceable rights issue raising \$2,101,250 before costs.

Future developments and results

The Group's strategy is to grow the business organically and by acquisition as and when opportunities arise. Integral to this strategy is to focus on retail partners and pursue ongoing opportunities within the current brands owned and licensed by the Group. The current brands owned or licenced include Australis, Innoxia, Le Tan, Helios, In Essence, Oil Garden, Skin Republic and Cedel.

Environmental matters

Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial half year (2023: \$Nil). No recommendation for payment of dividends has been made.

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Directors' Report For the Half Year Ended 31 January 2024

3 Other items (continued)

Options

Unissued shares under option

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the half-year and there were no options outstanding at the date of this report.

Indemnification and insurance of officers and auditors

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising out of their conduct while acting in the capacity of director or company secretary of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid in respect of auditors of the Company.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 January 2024 has been received and can be found on page 5 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.


Director:

Dated 28th March 2024

ROTHSAY

CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the directors of Heritage Brands Ltd and its controlled entities.

As lead auditor for the review of Heritage Brands Ltd and its controlled entities for the half-year ended 31 January 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in relation to Heritage Brands Ltd and the entities it controlled during the half-year.

Rothsay Chartered Accountants



Daniel Dalla
Partner

Sydney, 28 March 2024

A Level 1, 6-10 O'Connell Street
Sydney, NSW 2000
GPO Box 542,
Sydney NSW 2001

E info@rothsay.com.au
W www.rothsay.com.au

ABN 59 087 479 410

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Heritage Brands Ltd and Controlled Entities

ACN: 081 149 635

Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 January 2024

		31 January 2024	31 January 2023
	Note	\$	\$
Revenue	2	22,055,367	25,042,791
Other income	2	-	1,200
Cost of goods sold		(14,085,156)	(14,968,203)
Advertising and promotion		(1,477,310)	(1,910,498)
Depreciation and amortisation expense		(358,961)	(407,694)
Employee benefits expense		(3,916,914)	(4,155,304)
Finance costs	3	(501,588)	(485,022)
Other expenses	3	(2,949,992)	(3,108,195)
Profit/(Loss) before income tax		(1,234,554)	9,075
Income tax benefit	4	366,065	1,471
Profit/(Loss) for the half-year		(868,489)	10,546
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the half year		(868,489)	10,546
Earnings per share			
Basic earnings per share (cents)		(0.05)	0.00
Diluted earnings per share (cents)		(0.05)	0.00

The accompanying notes form part of these financial statements.

Heritage Brands Ltd and Controlled Entities

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Statement of Financial Position

As at 31 January 2024

		31 January 2024	31 July 2023
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	383,640	1,174,795
Trade and other receivables	7	7,132,818	8,191,528
Inventories	8	11,161,702	10,408,007
TOTAL CURRENT ASSETS		<u>18,678,160</u>	<u>19,774,330</u>
NON-CURRENT ASSETS			
Plant and equipment	9	583,485	487,993
Deferred tax assets	16	4,615,372	4,249,307
Intangible assets	10	19,253,136	19,253,136
Right-of-use assets	9	219,078	438,163
TOTAL NON-CURRENT ASSETS		<u>24,671,071</u>	<u>24,428,599</u>
TOTAL ASSETS		<u>43,349,231</u>	<u>44,202,929</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	11,317,102	10,809,738
Borrowings	13	8,154,631	8,357,367
Lease liabilities	11	231,788	460,144
Employee entitlements	14	394,774	723,835
TOTAL CURRENT LIABILITIES		<u>20,098,295</u>	<u>20,351,084</u>
NON-CURRENT LIABILITIES			
Borrowings	13	4,320,685	4,000,000
Employee entitlements	14	59,390	112,495
TOTAL NON-CURRENT LIABILITIES		<u>4,380,075</u>	<u>4,112,495</u>
TOTAL LIABILITIES		<u>24,478,370</u>	<u>24,463,579</u>
NET ASSETS		<u>18,870,861</u>	<u>19,739,350</u>
EQUITY			
Issued capital	15	25,915,489	25,915,489
Retained earnings		(7,044,628)	(6,176,139)
TOTAL EQUITY		<u>18,870,861</u>	<u>19,739,350</u>

The accompanying notes form part of these financial statements.

Heritage Brands Ltd and Controlled Entities

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Statement of Changes in Equity For the Half Year Ended 31 January 2024

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 August 2023	25,915,489	(6,176,139)	19,739,350
Loss for the half-year	-	(868,489)	(868,489)
Transactions with owners in their capacity as owners	-	-	-
Balance at 31 January 2024	25,915,489	(7,044,628)	18,870,861

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 August 2022	25,915,489	(4,873,086)	21,042,403
Profit for the half-year	-	10,546	10,546
Transactions with owners in their capacity as owners	-	-	-
Balance at 31 January 2023	25,915,489	(4,862,540)	21,052,949

The accompanying notes form part of these financial statements.

Heritage Brands Ltd and Controlled Entities

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Statement of Cash Flows For the Half Year Ended 31 January 2024

	31 January 2024	31 January 2023
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	22,988,877	25,089,759
Payments to suppliers and employees	(22,859,198)	(24,918,164)
Interest received	200	682
Finance costs – bank interest	(254,574)	(485,022)
Net cash provided by/(used in) operating activities	<u>(124,695)</u>	<u>(312,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	<u>(235,368)</u>	<u>(167,999)</u>
Net cash provided by/(used in) investing activities	<u>(235,368)</u>	<u>(167,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	118,957	1,114,956
Repayment of insurance premium funding	(321,691)	(288,792)
Repayment of lease liabilities	(228,358)	(205,540)
Net cash provided by/(used in) financing activities	<u>(431,092)</u>	<u>620,624</u>
Net increase/(decrease) in cash and cash equivalents held	(791,155)	139,880
Cash and cash equivalents at beginning of year	<u>1,174,795</u>	<u>69,413</u>
Cash and cash equivalents at end of the half year	<u>6 383,640</u>	<u>209,293</u>

The accompanying notes form part of these financial statements.

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements

For the Half Year Ended 31 January 2024

The financial report covers Heritage Brands Ltd (the “Company”) and its controlled entities (the “Group”). Heritage Brands Ltd and Controlled Entities is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

The financial report was authorised for issue by the Directors on 28 March 2024.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ended 31 January 2024 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Heritage Brands Ltd and Controlled Entities and controlled entities (Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of Group for the year ended 31 July 2023, together with any public announcements made during the half year.

New or amended Australian Accounting Standards and Interpretations adopted.

The Group has adopted all the new and amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. Any new or amended Australian Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Going concern basis of accounting

The directors have prepared the half-year financial report on a going concern basis of accounting having regard to the following:

- On the 18th March 2024 the group completed a 1 for 1 non-renounceable rights issue, raising \$2,101,250 before costs.
- The Group has forecast to trade profitably in the second half of the financial year.

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 January 2024

2 Revenue and Other Income

	31 January 2024 \$	31 January 2023 \$
Sales Revenue		
- Gross Sales	30,574,044	32,874,139
- Trading Terms	(8,518,877)	(7,839,660)
Net Sales	<u>22,055,167</u>	<u>25,034,479</u>
Other Revenue		
- Bank Deposit Interest	200	682
- Other Revenue	-	7,630
	<u>200</u>	<u>8,312</u>
	<u>22,055,367</u>	<u>25,042,791</u>
Other Income		
- Sundry Income	-	1,200

3 Finance and Other Expenses

Finance Expenses

Finance Expenses

Interest Expense - External	254,574	288,419
Interest Expense - Shareholder Loans	247,014	196,603
	<u>501,588</u>	<u>485,022</u>

Other Expenses

Sales Commission	993,736	1,046,118
Digital Media Costs	612,324	785,700
Restructuring Costs	72,815	168,012
Other Expenses	1,271,117	1,108,365
	<u>2,949,992</u>	<u>3,108,195</u>

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 January 2024

4 Income Tax Benefit

The major components of tax income comprise:

	31 January 2024	31 January 2023
	\$	\$
Current tax expense/(benefit)	(366,065)	(1,471)
Deferred tax expense	-	-
Income tax benefit	(366,065)	(1,471)
Reconciliation of income tax to accounting profit/(loss):		
Profit/(Loss)	(1,234,554)	9,075
Tax rate	30.00%	30.00%
	(370,366)	2,722
Add:		
Tax effect of:		
- current tax of prior period	4,301	(4,193)
	(366,065)	(1,471)

5 Operating Segments

Identification of reportable segments

The Group operates in Australia in only one operational segment; therefore, for the half-year ended 31 January 2024, there has been no change from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

6 Cash and Cash Equivalents

	31 January 2024	31 July 2023
	\$	\$
Cash at bank and in hand	383,640	1,174,795
	383,640	1,174,795

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 January 2024

7 Trade and Other Receivables

	31 January 2024 \$	31 July 2023 \$
CURRENT		
Trade receivables	6,623,157	6,869,134
Provision for Doubtful Debts	(12,000)	(21,830)
Allowance for rebates, incentives and discounts	(1,104,441)	(656,228)
	<u>5,506,716</u>	<u>6,191,076</u>
Prepayments and other debtors	<u>1,626,102</u>	<u>2,000,452</u>
	<u><u>7,132,818</u></u>	<u><u>8,191,528</u></u>

8 Inventories

CURRENT		
At net realisable value:		
Finished goods	10,393,965	9,746,072
Provision for slow moving and obsolete stock	(325,188)	(382,813)
Inventory in transit	1,092,925	1,044,748
	<u>11,161,702</u>	<u>10,408,007</u>

9 Plant and Equipment

Plant and equipment		
At cost	5,081,564	4,846,195
Accumulated depreciation	(4,503,693)	(4,367,364)
	<u>577,871</u>	<u>478,831</u>
Leasehold Improvements		
At cost	92,474	92,474
Accumulated depreciation	(86,860)	(83,312)
	<u>5,614</u>	<u>9,162</u>
	<u>583,485</u>	<u>487,993</u>
Right-of-Use Asset		
At cost	2,843,408	2,843,409
Accumulated depreciation	(2,624,330)	(2,405,246)
	<u>219,078</u>	<u>438,163</u>

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 January 2024

10 Intangible Assets

	31 January 2024	31 July 2023
	\$	\$
Intangible assets		
Goodwill at cost	12,596,828	12,596,828
Trademarks at cost	6,656,308	6,656,308
	<u>19,253,136</u>	<u>19,253,136</u>

11 Leases

Lease liabilities recognised in the statement of financial position are shown below:

Lease Liability	<u>231,788</u>	<u>460,144</u>
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Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where Group is a lessee are shown below:

	31 January 2024	31 January 2023
	\$	\$
Interest expense on lease liabilities	(9,031)	(19,461)
Depreciation of right-of-use assets	(219,083)	(219,083)
	<u>(228,114)</u>	<u>(238,544)</u>

Statement of Cash Flows

Total cash outflow for leases	<u>(235,500)</u>	<u>(225,000)</u>
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12 Trade and Other Payables

	31 January 2024	31 July 2023
	\$	\$
CURRENT		
Trade payables	8,566,126	8,968,726
Employee benefits	256,590	265,630
Sundry payables and accrued expenses	2,494,386	1,575,382
	<u>11,317,102</u>	<u>10,809,738</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days to 90 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 January 2024

13 Borrowings

	31 January 2024 \$	31 July 2023 \$
CURRENT		
Unsecured liabilities:		
Insurance premium finance	-	321,693
	<u>-</u>	<u>321,693</u>
Secured liabilities:		
Bank loans	<u>8,154,631</u>	8,035,674
	<u>8,154,631</u>	<u>8,035,674</u>
	<u>8,154,631</u>	<u>8,357,367</u>
NON-CURRENT		
Shareholder loans	<u>4,320,685</u>	4,000,000
	<u>4,320,685</u>	<u>4,000,000</u>

(a) Bank Loan Facility

The bank facility has been secured over:

- First registered general security agreement over the assets and undertakings of each company in the Group;
- Unlimited guarantee and indemnity given by each company in the Group;
- Right of entry deed with respect to property at 30 Bando Road, Springvale, Victoria; and
- Flawed asset arrangement over any cash deposits held with the National Australia Bank.

As at 31 January 2024, the Group has a credit facility of \$12,000,000 (31 July 2023: \$12,000,000) of which \$3,845,369 (31 July 2023: \$3,964,326) is unused.

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 January 2024

13 Borrowings (continued)

(a) Bank Loan Facility (continued)

Under the terms of the Bank Facility, the Group is required to comply with the following financial covenants on a quarterly basis:

- An interest cover ratio no less than 2.0 times as at 31 October 2023, stepping up to 2.5 times as at 31 January 2024, and 2.75 times for the remainder of 2024;
- EBITDA for the 12 months ending 31 July 2024 greater than or equal to \$2.7m with quarterly instalments of 15.6%, 38.6%, 62.7% in quarter 1 through 3 respectively;
- Gross operating leverage is not to exceed 3.0 times from 31 October 2024; and
- A stock turn ratio of no less than 2.50 times.

(b) Shareholder Loans

Loan facilities of \$4,000,000 have been made available to the Group from shareholders. \$3,000,000 is secured and \$1,000,000 unsecured.

Material conditions of the shareholder loans are as follows:

- Interest is charged at 13% per annum on \$3,000,000 (2022: 12%) from 1st August 2023, Interest rate at 10% per annum on \$1,000,000 from 6th March 2023, with payment subject to bank approval for the term of the Bank Loan Facility.
- The shareholder loans which expired on the 1 August 2023 were rolled-over to 1 August 2024; and
- The secured loans are secured by a second registered general security agreement over the assets and undertakings of each company in the Group consented to by the Group's banker.

(c) Defaults and Breaches

Borrowing Covenants

As at 31 January 2024 the Group has breached its interest cover and EBITDA covenants. This is the Group's first breach. The facility agreement requires that if 2 consecutive quarterly breaches are to occur the Group will be required to source additional equity equal to the minimum EBITDA covenant amount less actual EBITDA for the preceding 6 months. In the event of a breach in the next quarter, the bankers have advised that the funds raised from the non-renounceable rights issue can be utilised to remedy the breach in accordance with the facility agreement.

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 January 2024

14 Employee Entitlements

	31 January 2024 \$	31 July 2023 \$
CURRENT		
Long service leave	214,363	374,754
Annual Leave	180,411	349,081
	<u>394,774</u>	<u>723,835</u>
NON-CURRENT		
Long service leave	<u>59,390</u>	112,495

15 Issued Capital

1,801,111,087 (2023: 1,801,111,087) Ordinary shares	<u>25,915,489</u>	25,915,489
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16 Tax Assets and Liabilities

Deferred tax asset	<u>4,615,372</u>	4,249,307
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17 Dividends

No dividends were declared or paid during the half-year (2023: \$Nil).

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Half Year Ended 31 January 2024

18 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2024	Percentage Owned (%)* 2023
Subsidiaries:			
Heritage Brands (Australia) Pty Ltd	Australia	100	100
Innoxia Group Pty Ltd	Australia	100	100
Innoxia Holdings Pty Ltd	Australia	100	100
Innoxia Marks Pty Ltd	Australia	100	100
Incolabs Pty Ltd	Australia	100	100
Heritage Le Tan Pty Ltd	Australia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

19 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 January 2024 (31 July 2023: None).

20 Related Parties

Transactions with related parties

Director fees of \$84,504 (2023: \$104,838) were paid or payable to the directors during the half-year. Secretarial fees of \$18,000 (2023: \$18,000) were paid or payable to the company secretary during the half-year.

The Heritage Brands group is currently in negotiations with a related party for the sale of the "Innoxia" brand for a sum of \$800,000. At the date of signing of this report, there is no binding agreement for the sale.

21 Events Occurring After the Reporting Date

The financial report was authorised for issue on 28 March 2024 by the board of directors.

No matters, apart from the Rights Issue and the potential sale of Innoxia, as outlined in Note 20, or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of Group, the results of those operations, or the state of affairs of Group in future financial years.

22 Statutory Information

The registered office and principal place of business of the company is:

Heritage Brands Ltd
30 Bando Road
Springvale VIC 3171

Heritage Brands Ltd and Controlled Entities

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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 January 2024 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Dated 28th March 2024

HERITAGE BRANDS LTD AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Heritage Brands Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Heritage Brands Ltd (“the Company”) and its controlled entities (“the Group”) which comprises the consolidated statement of financial position as at 31 January 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors’ declaration of the Group.

Directors’ Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the consolidated half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group’s financial position as at 31 January 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Heritage Brands Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HERITAGE BRANDS LTD AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Heritage Brands Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Heritage Brands Ltd is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 January 2024 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Chartered Accountants

Daniel Dalla

Partner

Sydney, 28 March 2024