

Heritage Brands

26th July 2019

Dear Shareholders,

Shareholders would be aware from our previous announcement that the company was undergoing difficult trading conditions resulting in the requirement for additional working capital funding which has now been provided by three of our largest shareholders via a A\$4.0m loan facility.

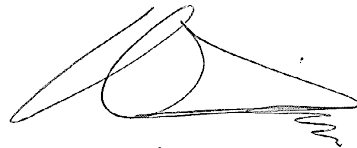
At that time the management team and the Board were of the view that the months of May, June and July would return to normalised trading conditions and thus deliver our internally forecasted EBITDA profit number. Unfortunately trading conditions have not improved and have continued in June.

Whilst the month of July to date is showing improved sales figures it is highly unlikely that we will make up for our poor performance over the last few months, caused mainly by lower than expected sales resulting in higher levels of stock on hand, reduced gross margins due to continued promotional intensity and overhead costs surplus to the current sales. As a result, subject to audit and financial year end adjustments, the company will report a loss for the 2018/19 year financial year ending 31st July, 2019.

In light of the recent financial performance, the management team and Board are currently reviewing all aspects of the HBL business with a view to delivering significantly improved results in the 2020 financial year.



D.J. Fairfull
Chairman



C. Gendis
Managing Director

