

# **Heritage Brands Ltd and Controlled Entities**

**ACN 081 149 635**

**Financial Statements**

**For the Half-Year Ended 31 January 2023**

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**For the Half-Year Ended 31 January 2023**

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## Chairman's Report

### For the Half-Year Ended 31 January 2023

Dear Shareholders,

The Board of Directors and the Management team are pleased to advise that Heritage Brands Limited (HBL) has delivered a stable set of results for the half year ended 31st January 2023, resulting in an 5.9% growth in Net sales versus last year and a slightly lower EBITDA of \$902k. During the first six months we were able to reduce stock holdings including slow and obsolete stock.

In line with general Industry announcements, shareholders would be aware that the first half of F23 was impacted by significant disruption to supply chains. Categories such as colour cosmetics, sunless tanning and sun protection have recorded low levels of stock manufactured and delivered on time which resulted in short supply to key retailers during the peak season. This resulted in unfavourable pressure on gross margins and trade spend exposure. To correct this situation going forward the company is undergoing the following:-

- A restructure of its supplier base to ensure return to delivery in full- and on-time levels of 96%.
- Renegotiations of all key supplier contracts to ensure greater collaboration and strategic partnership.
- Roll-out and implementation of an improved sale forecasting and demand planning cycle.
- Up weighting and fast tracking into international markets with a focus on our flagship brands including Australis and le tan.
- Realigning our investment choices and an agreed Margin Improvement program to mitigate cost increases which will result in improved margins to ensure all brands are trading profitably.
- Further investment in antifraud systems to ensure that our business partners and consumers are secure when transacting with Heritage Brands.

In light of 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 focus on online / e-commerce sales via our retail partner's online stores, e-commerce dedicated marketplaces and our own web sites and continued expansion of international markets to counteract the lost sales during the first half.



M. Krok  
Chairman

12<sup>th</sup> April 2023



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## **Directors' Report**

### **For the Half-Year Ended 31 January 2023**

The directors submit the financial report of the Group for the half-year ended 31 January 2023.

#### **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
SMITH Brent	Non-Executive Director (resigned 1 <sup>st</sup> March 2023)
KAPLAN Elliott	Non-Executive Director
GENDIS Constantinos	Managing Director

##### **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**

There were no significant changes to the Group's state of affairs during the half-year.

##### **Principal activities and significant changes in nature of activities**

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

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

## Directors' Report

For the Half-Year Ended 31 January 2023

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

#### Operating results

The Group recorded a profit after taxation of \$10,546 (2022: \$305,908). The operating results are detailed below:

	31 January 2023 \$	31 January 2022 \$
Net Revenue after Trading Terms	25,034,479	23,644,785
Earnings after Taxation	10,546	305,908
Taxation	(1,471)	81,751
Earnings before taxation	9,075	387,659
Interest on bank loans	288,419	196,768
Interest on Shareholder Loans	196,603	181,480
Depreciation	407,694	301,793
<b>EBITDA</b>	<b>901,791</b>	<b>1,067,700</b>

#### Review of operations

Net revenue increased by 5.9% compared to the same period as last year primarily due to Skin Care and Oils. The strong investment in core brands of Australis, Le Tan and Oil Garden has seen Heritage Brands successfully execute phase one of its turnaround strategy. As a result of these actions, the Group is well placed to accelerate on demand generating opportunities in the market.

### 3. Financial review

#### Financial position

The net assets of the Group have increased by \$10,546 from 31 July 2022 to \$21,052,949 at 31 January 2023 due to Earnings after taxation.

## **Directors' Report**

**For the Half-Year Ended 31 January 2023**

### **4. Other items**

#### **Matters or circumstances arising after the end of the reporting period.**

An additional shareholder loan of \$1m was provided after the reporting period.

#### **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 In Essence, Oil Garden, Le Tan, Australis, Innoxia, Helios, Cedel and Skin Republic.

#### **Environmental matters**

The 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 half-year (2022: \$Nil). No recommendation for payment of dividends has been made.

#### **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 issued or insurance premium paid in respect of auditors of the Company.

## **Directors' Report**

**For the Half-Year Ended 31 January 2023**

### **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 2023 has been received and can be found on page 6 of the financial report.

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

Director: .....

A handwritten signature in black ink, appearing to be 'M. K.', is written over a dotted line.

Dated: 12<sup>th</sup> April 2023

## 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 2023, 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, 13 April 2023



**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Half-Year Ended 31 January 2023**

		<b>31 January 2023</b>	<b>31 January 2022</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	2	<b>25,034,933</b>	23,716,148
Other income	2	<b>1,200</b>	-
Cost of goods sold		<b>(14,968,203)</b>	(13,656,658)
Advertising and promotion		<b>(1,910,498)</b>	(2,019,353)
Depreciation and amortisation expense		<b>(407,694)</b>	(301,793)
Employee benefits expense		<b>(4,155,304)</b>	(3,906,767)
Finance costs	3	<b>(485,022)</b>	(378,248)
Other expenses	3	<b>(3,100,337)</b>	(2,860,670)
Occupancy expenses		-	(205,000)
<b>Profit before income tax</b>		<b>9,075</b>	387,659
Income tax benefit/(expense)	4	<b>1,471</b>	(81,751)
<b>Profit for the half-year</b>		<b>10,546</b>	305,908
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income for the year</b>		<b>10,546</b>	305,908
<b>Earnings per share</b>			
Basic earnings per share (cents)		<b>0.00</b>	0.02
Diluted earnings per share (cents)		<b>0.00</b>	0.02

## Statement of Financial Position

As At 31 January 2023

		31 January 2023	31 July 2022
	Note	\$	\$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	209,293	69,413
Trade and other receivables	7	8,511,617	8,025,832
Inventories	8	9,766,872	8,388,342
TOTAL CURRENT ASSETS		18,487,782	16,483,587
NON-CURRENT ASSETS			
Plant and equipment	9	550,432	571,042
Right-of-use assets	9	657,247	876,331
Deferred tax assets	16	3,680,265	3,678,794
Intangible assets	10	19,253,136	19,253,136
TOTAL NON-CURRENT ASSETS		24,141,080	24,379,303
TOTAL ASSETS		42,628,862	40,862,890
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	12	8,786,037	7,562,584
Borrowings	13	11,287,088	7,460,924
Lease liabilities	11	437,896	416,186
Employee entitlements	14	694,741	770,200
TOTAL CURRENT LIABILITIES		21,205,762	16,209,894
NON-CURRENT LIABILITIES			
Borrowings	13	-	3,000,000
Lease liabilities	11	232,895	460,145
Employee entitlements	14	137,256	150,448
TOTAL NON-CURRENT LIABILITIES		370,151	3,610,593
TOTAL LIABILITIES		21,575,913	19,820,487
NET ASSETS		21,052,949	21,042,403
<b>EQUITY</b>			
Issued capital	15	25,915,489	25,915,489
Retained earnings		(4,862,540)	(4,873,086)
TOTAL EQUITY		21,052,949	21,042,403

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the Half-Year Ended 31 January 2023

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

  

	Issued Capital \$	Retained Earnings \$	Total \$
<b>Balance at 1 August 2021</b>	<b>25,915,489</b>	<b>(3,714,791)</b>	<b>22,200,698</b>
Profit for the half-year	-	305,908	305,908
Transactions with owners in their capacity as owners	-	-	-
<b>Balance at 31 January 2022</b>	<b>25,915,489</b>	<b>(3,408,883)</b>	<b>22,506,606</b>

## Statement of Cash Flows

For the Half-Year Ended 31 January 2023

	31 January 2023	31 January 2022
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	25,089,759	22,684,013
Payments to suppliers and employees	(24,918,164)	(22,232,494)
Interest received	682	4,318
Finance costs	(485,022)	(378,248)
Net cash provided by/(used in) operating activities	(312,745)	77,589
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of plant and equipment	(167,999)	(61,113)
Return of Heritage-Luma investment	-	70,000
Net cash provided by/(used in) investing activities	(167,999)	8,887
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from (repayment of) borrowings	826,164	225,342
Repayment of lease liabilities	(205,540)	(254,709)
Net cash provided by/(used in) financing activities	620,624	(29,367)
Net increase/(decrease) in cash and cash equivalents held	139,880	57,109
Cash and cash equivalents at beginning of year	69,413	348,106
Cash and cash equivalents at end of the half-year	6 209,293	405,215

## **Notes to the Financial Statements**

### **For the Half-Year Ended 31 January 2023**

The financial report covers Heritage Brands Ltd and its controlled entities ('the Group'). Heritage Brands Ltd 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 12<sup>th</sup> April 2023.

Comparatives are consistent with prior years, unless otherwise stated.

#### **1 Basis of Preparation**

This condensed consolidated interim financial report for the reporting half-year ended 31 January 2023 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 the Group. As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the 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 the Group for the year ended 31 July 2022, 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:

- The banking facilities are expected to continue with conditional approval with a new bank subsequent to the half-year end;
- Shareholders have provided an additional \$1 million loan and are expected to continue to support the business and not call the shareholder loan when it is due for repayment on 1 August 2023; and
- The Group has traded profitably during the half-year and the Group has forecasted to continue to trade profitably subsequent to the half-year end.

## Notes to the Financial Statements

### For the Half-Year Ended 31 January 2023

#### 2 Revenue and Other Income

	31 January 2023 \$	31 January 2022 \$
<b>Sales Revenue</b>		
- Gross Sales	32,874,139	30,627,011
- Trading Terms	(7,839,660)	(6,982,226)
<b>Net Sales</b>	<b>25,034,479</b>	<b>23,644,785</b>
<b>Other Revenue</b>		
- Bank Deposit Interest	682	4,318
- Other revenue	7,630	12,234
- Foreign Exchange Gains	(7,858)	54,811
	<b>25,034,933</b>	<b>23,716,148</b>
<b>Other Income</b>		
- Sundry Income	1,200	-
	<b>1,200</b>	<b>-</b>

#### 3 Finance Income and Expenses

<b>Finance expenses</b>		
Interest Expense - External	288,419	196,768
Interest Expense - Shareholder Loans	196,603	181,480
	<b>485,022</b>	<b>378,248</b>
<b>Other expenses</b>		
Sales Commissions	1,046,118	1,115,583
IT Development and Marketing Costs	785,700	628,613
Restructuring Costs	168,012	113,575
Other Expenses	1,100,507	1,002,899
	<b>3,100,337</b>	<b>2,860,670</b>

## Notes to the Financial Statements

### For the Half-Year Ended 31 January 2023

#### 4 Income Tax Expense

The major components of tax expense (income) comprise:

	31 January 2023 \$	31 January 2022 \$
Current Tax Expense	(1,471)	81,751
Deferred Tax Expenses	-	-
<b>Income tax (benefit)/expense</b>	<b>(1,471)</b>	<b>81,751</b>

(b) Reconciliation of income tax to accounting profit:

Profit	9,075	387,659
Tax rate	30.00%	30.00%
	2,722	116,297
Add/(Subtract)		
Tax effect of:		
- current tax of prior periods	(4,193)	-
- other allowable items	-	(34,546)
	<b>(1,471)</b>	<b>81,751</b>

#### 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 2023, 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 2023 \$	31 July 2022 \$
Cash at bank and in hand	209,293	69,413
	<b>209,293</b>	<b>69,413</b>

#### 7 Trade and Other Receivables

CURRENT		
Trade receivables	7,978,504	8,032,811
Allowance for impairment	(15,838)	(3,838)
Allowance for rebates, incentives, and discounts	(861,686)	(1,383,226)
	<b>7,100,980</b>	<b>6,645,747</b>
Prepayments	1,410,637	1,380,085
	<b>8,511,617</b>	<b>8,025,832</b>

## Notes to the Financial Statements

### For the Half-Year Ended 31 January 2023

#### 8 Inventories

	31 January 2023 \$	31 July 2022 \$
CURRENT		
At net realisable value:		
Finished goods	9,766,539	9,550,842
Provision for slow moving and obsolete stock	(629,873)	(2,089,177)
Inventory in transit	630,206	926,677
	<u>9,766,872</u>	<u>8,388,342</u>

#### 9 Property, Plant and Equipment

Plant and equipment		
At cost	4,759,970	4,604,965
Accumulated depreciation	(4,222,248)	(4,035,020)
	<u>537,722</u>	<u>569,945</u>
Leasehold Improvements		
At cost	92,474	79,479
Accumulated amortisation	(79,764)	(78,382)
	<u>12,710</u>	<u>1,097</u>
	<u>550,432</u>	<u>571,042</u>
Right-of-Use Assets		
At cost	2,843,409	2,843,409
Accumulated depreciation	(2,186,162)	(1,967,078)
	<u>657,247</u>	<u>876,331</u>

#### 10 Intangible Assets

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>



## Notes to the Financial Statements

### For the Half-Year Ended 31 January 2023

#### 11 Leases

##### Statement of Financial Position

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

	31 January 2023	31 July 2022
	\$	\$
Lease liability	<b>670,791</b>	876,331

##### 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 the Group is a lessee are shown below:

	31 January 2023	31 January 2022
	\$	\$
Interest expense on lease liabilities	<b>(19,461)</b>	(16,188)
Depreciation of right-of-use assets	<b>(219,083)</b>	(122,575)
Office rental	-	(205,000)
	<b>(238,544)</b>	(343,763)

##### Statement of Cash Flows

Total cash outflow for leases	<b>(225,000)</b>	(270,897)
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#### 12 Trade and Other Payables

	31 January 2023	31 July 2022
	\$	\$
CURRENT		
Trade payables	<b>7,562,734</b>	6,003,860
Employee benefits	<b>333,424</b>	265,705
Sundry payables and accrued expenses	<b>889,879</b>	1,293,019
	<b>8,786,037</b>	7,562,584

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30-120 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.

## Notes to the Financial Statements

### For the Half-Year Ended 31 January 2023

#### 13 Borrowings

	31 January 2023 \$	31 July 2022 \$
CURRENT		
Unsecured liabilities:		
Insurance premium finance	48,132	336,924
Secured liabilities:		
Bank loans	8,238,956	7,124,000
Shareholder loans	3,000,000	-
	<b>11,287,088</b>	<b>7,460,924</b>
NON-CURRENT		
Secured liabilities:		
Shareholder loans	-	3,000,000
	<b>-</b>	<b>3,000,000</b>

#### (a) Bank Loan Facility

As at 31 January 2023, the Consolidated Group had a credit facility of \$13,000,000 (31 July 2022: \$13,000,000) of which \$4,761,044 (31 July 2022: \$5,876,000) is unused.

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 of 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 Bank of Melbourne.

During the half year ended 31 January 2023 there was no covenant testing in place.

Subsequent to year end the Group has received conditional approval for a finance facility with new bank for \$12 million.

The facility is expected to have similar security to that of the current Bank of Melbourne facility and will require the Group to comply with an inventory turnover ratio, interest cover ratio and a gross leverage ratio.

## **Notes to the Financial Statements**

### **For the Half-Year Ended 31 January 2023**

#### **13 Borrowings (continued)**

##### **(b) Shareholder Loan Facility**

A short term secured loan facility for a maximum amount of up to \$3,000,000 has been made available to the Group from three of its substantial shareholders. The transaction was finalised in June 2019. The initial drawdown was for \$3,000,000. No further amounts have been drawn down up to the end of the financial year.

These shareholder loans are due for repayment on 1 August 2023. The 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 Bank of Melbourne.

**The carrying amounts of assets pledged as collateral for borrowings are:**

	<b>31 January 2023 \$</b>	<b>31 July 2022 \$</b>
<b>Financial assets that have been pledged as part of the total collateral for the benefit of Bank of Melbourne are as follows:</b>		
Cash and cash equivalents	<b>209,293</b>	69,413
Trade and other receivables	<b>8,511,617</b>	8,025,832
Inventories	<b>9,766,872</b>	8,388,342
	<b>18,487,782</b>	16,483,587

## Notes to the Financial Statements

### For the Half-Year Ended 31 January 2023

#### 14 Employee Benefits

	31 January 2023 \$	31 July 2022 \$
Current liabilities		
Annual leave	318,815	426,255
Long service leave	375,926	343,945
	<u>694,741</u>	<u>770,200</u>
Non-current liabilities		
Long service leave	137,256	150,448
	<u>137,256</u>	<u>150,448</u>

#### 15 Issued Capital

1,801,111,087 Ordinary Shares (2022: 1,801,111,087)	25,915,489	25,915,489
	<u>25,915,489</u>	<u>25,915,489</u>

#### 16 Tax assets and liabilities

##### Deferred tax asset

Deferred tax asset	3,680,265	3,678,794
	<u>3,680,265</u>	<u>3,678,794</u>

#### 17 Dividends

No dividends were declared or paid during the half-year (2022: \$Nil).

## Notes to the Financial Statements

### For the Half-Year Ended 31 January 2023

#### 18 Interests in Subsidiaries

##### Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2023	Percentage Owned (%)* 2022
<b>Subsidiaries:</b>			
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 2023 (31 July 2022: None).

#### 20 Related Parties

##### Transactions with related parties

Director fees of \$104,838 (2022: \$104,838) were paid or payable to the directors during the half-year.

#### 21 Events Occurring After the Reporting Date

The financial report was authorised for issue on 12th April 2023 by the board of directors.

An additional shareholder loan of \$1m has occurred subsequent to the reporting date.

#### 22 Statutory Information

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

Heritage Brands Ltd  
30 Bando Road  
Springvale  
VIC 3171

## **Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 19 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 2023 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 .....

A handwritten signature in black ink, consisting of stylized, overlapping letters, likely 'M' and 'K', written over a horizontal dotted line.

Dated 13<sup>th</sup> April 2023

HERITAGE BRANDS LTD AND CONTROLLED ENTITIES

INDEPENDENT REVIEWER'S 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, which comprises the consolidated statement of financial position as at 31 January 2023, 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 consolidated entity (or "Group") comprising Heritage Brands Ltd and the entities it controlled at the half-year's end or from time to time during the half-year.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the disclosing entity 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 2023 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 REVIEWER'S 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 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Rothsay Chartered Accountants

Daniel Dalla

Partner

Sydney, 13 April 2023