

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Financial Statements

For the Half-Year Ended 31 January 2023

Heritage Brands Ltd and Controlled Entities
ACN 081 149 635

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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

12th 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 st 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	<u>25,034,479</u>	23,644,785
Earnings after Taxation	10,546	305,908
Taxation	<u>(1,471)</u>	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	<u>407,694</u>	301,793
EBITDA	<u>901,791</u>	1,067,700

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:


Dated: 12th April 2023

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 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

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Liability limited by a scheme approved under Professional Standards Legislation



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

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

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 31 January 2023

	31 January 2023	31 July 2022
Note	\$	\$
ASSETS		
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	<u>18,487,782</u>	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	<u>24,141,080</u>	24,379,303
TOTAL ASSETS	<u>42,628,862</u>	40,862,890
LIABILITIES		
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	<u>21,205,762</u>	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	<u>370,151</u>	3,610,593
TOTAL LIABILITIES	<u>21,575,913</u>	19,820,487
NET ASSETS	<u>21,052,949</u>	21,042,403
EQUITY		
Issued capital	15 25,915,489	25,915,489
Retained earnings	<u>(4,862,540)</u>	<u>(4,873,086)</u>
TOTAL EQUITY	<u>21,052,949</u>	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 \$
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
	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 1 August 2021	25,915,489	(3,714,791)	22,200,698
Profit for the half-year	-	305,908	305,908
Transactions with owners in their capacity as owners	-	-	-
Balance at 31 January 2022	25,915,489	(3,408,883)	22,506,606

Statement of Cash Flows

For the Half-Year Ended 31 January 2023

	31 January 2023	31 January 2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
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	<u>(312,745)</u>	<u>77,589</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	(167,999)	(61,113)
Return of Heritage-Luma investment	-	70,000
Net cash provided by/(used in) investing activities	<u>(167,999)</u>	<u>8,887</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
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	<u>620,624</u>	<u>(29,367)</u>
Net increase/(decrease) in cash and cash equivalents held	139,880	57,109
Cash and cash equivalents at beginning of year	<u>69,413</u>	<u>348,106</u>
Cash and cash equivalents at end of the half-year	6 <u>209,293</u>	<u>405,215</u>

The accompanying notes form part of these financial statements.

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

3 Finance Income and Expenses

Finance expenses		
Interest Expense - External	288,419	196,768
Interest Expense - Shareholder Loans	196,603	181,480
	<u>485,022</u>	<u>378,248</u>
Other expenses		
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
	<u>3,100,337</u>	<u>2,860,670</u>

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	-	-
Income tax (benefit)/expense	(1,471)	81,751

(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)
	(1,471)	81,751

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
	209,293	69,413

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)
	7,100,980	6,645,747
Prepayments	1,410,637	1,380,085
	8,511,617	8,025,832

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	670,791	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	(19,461)	(16,188)
Depreciation of right-of-use assets	(219,083)	(122,575)
Office rental	-	(205,000)
	(238,544)	(343,763)

Statement of Cash Flows

Total cash outflow for leases	(225,000)	(270,897)
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12 Trade and Other Payables

	31 January 2023	31 July 2022
	\$	\$
CURRENT		
Trade payables	7,562,734	6,003,860
Employee benefits	333,424	265,705
Sundry payables and accrued expenses	889,879	1,293,019
	8,786,037	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	-
	<u>11,287,088</u>	<u>7,460,924</u>
NON-CURRENT		
Secured liabilities:		
Shareholder loans	-	3,000,000
	<u>-</u>	<u>3,000,000</u>

(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:

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

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
	694,741	770,200
Non-current liabilities		
Long service leave	137,256	150,448
	137,256	150,448

15 Issued Capital

1,801,111,087 Ordinary Shares (2022: 1,801,111,087)	25,915,489	25,915,489
	25,915,489	25,915,489

16 Tax assets and liabilities

Deferred tax asset

Deferred tax asset	3,680,265	3,678,794
	3,680,265	3,678,794

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
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 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 that appear to be 'MKK' or similar, written over a horizontal dotted line.

Dated 13th 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

A handwritten signature in black ink, appearing to read 'Dalla', written in a cursive style.

Daniel Dalla

Partner

Sydney, 13 April 2023