

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Financial Statements

For the Half-Year Ended 31 January 2022

Heritage Brands Ltd and Controlled Entities
ACN 081 149 635

Contents

For the Half-Year Ended 31 January 2022

	Page
Financial Statements	
Chairman's Report	1
Directors' Report	2
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	20
Independent Auditor's Review Report	21

Chairman's Report

For the Half-Year Ended 31 January 2022

29th March 2022

Dear Shareholders

Heritage Brands Limited ('Heritage' or the 'Company') achieved a solid result in a difficult operating environment which was severely impacted by the Covid-19 restrictions in Australia's two largest states.

Heritage's results for the half year reflects the success of focusing the business on growing its market leading brands in skincare, suncare and pure essential oils whilst minimising costs and trading exposure on the beauty brands which were heavily affected by the lockdowns in NSW and Victoria.

Heritage was able to deliver strong profit growth in a difficult retail market by:

- Restructuring the overheads of the total business;
- Maintaining trading terms with key retailers to ensure a variable investment model plus withdrawing from any loss-making promotional activity;
- Fast tracking consumer acquisition online with improved conversion rates; and
- Realigning investment and improving margins within the colour cosmetics portfolio to ensure the brands are trading profitably.

As the impact of Covid -19 and its effect on the retail market begin to ease, Heritage continues to monitor all aspects of the Company heading into the second half with a focus on achieving profitable growth. Our key focus will remain on our online / e-commerce sales via our retail partner's online stores, e-commerce dedicated marketplaces and to our own web sites to counter act any continued downturn in bricks and mortar retail.

The Board of Directors and the management team continue to be cautious in the forward outlook but are confident with the current business plan.



M. Krok
Chairman

Directors' Report

For the Half-Year Ended 31 January 2022

The directors submit the financial report of the Group for the half-year ended 31 January 2022.

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
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:

McGIBBON, Christopher (CA (SA)) has been the company secretary since 9 February 2009.

Significant changes in state of affairs

Other than the COVID-19 pandemic continuing to influence the Group's operations, 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 2022

2. Operating results and review of operations for the year

Operating results

The Group recorded a profit after taxation of \$305,908 (2021: \$757,582). The operating results are detailed below:

	31 January 2022	31 January 2021
	\$	\$
Net Revenue after Trading Terms	23,644,785	26,277,430
Earnings after Taxation	305,908	757,582
Taxation	81,751	323,024
Earnings before taxation	387,659	1,080,606
Interest on bank loans	196,768	211,946
Interest on Shareholder Loans	181,480	181,480
Depreciation	301,793	559,461
EBITDA	1,067,700	2,033,493

Review of operations

Net revenue decreased compared to the same period as last year primarily due to extended COVID-19 lockdowns in Australia's two largest states and no government support received in 2022. To adjust to the new sales environment, Heritage Brands successfully executed a significant overhead restructure in August 2021 and focussed on profitable sales in key categories. As a result of these actions, the Group is in a solid financial position and is well placed to capitalise on growth opportunities in the market.

3. Financial review

Financial position

The net assets of the Group have increased by \$305,908 from 31 July 2021 to \$22,506,606 at 31 January 2022 due to Earnings after taxation.

Directors' Report

For the Half-Year Ended 31 January 2022

4. Other items

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

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, Mode, Innoxia, Le Tan, Helios, In Essence, Oil Garden, Cottage Oil, Skin Republic, Cedel and 2XP.

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 (2021: \$0). 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 2022

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 2022 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: 29th March 2022

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 2022, 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, 29 March 2022

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Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 January 2022

		31 January 2022	31 January 2021
	Note	\$	\$
Revenue	2	23,716,148	26,301,266
Other income	2	-	50,001
Cost of goods sold		(13,656,658)	(15,692,353)
Advertising and promotion		(2,019,353)	(1,712,187)
Depreciation and amortisation expense		(301,793)	(559,461)
Employee benefits expense		(3,906,767)	(3,986,942)
Finance costs	3	(378,248)	(393,426)
Other expenses	3	(2,860,670)	(2,721,292)
Occupancy expenses		(205,000)	(205,000)
Profit before income tax		387,659	1,080,606
Income tax expense	4	(81,751)	(323,024)
Profit for the half-year		305,908	757,582
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		305,908	757,582
Earnings per share			
Basic earnings per share (cents)		0.02	0.04
Diluted earnings per share (cents)		0.02	0.04

Statement of Financial Position

As At 31 January 2022

	31 January 2022	31 July 2021
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6 405,215	348,106
Trade and other receivables	7 6,855,566	6,598,813
Inventories	8 9,242,375	11,091,554
TOTAL CURRENT ASSETS	16,503,156	18,038,473
NON-CURRENT ASSETS		
Property, plant and equipment	9 572,105	690,210
Right-of-use assets	9 -	122,575
Deferred tax assets	16 3,006,353	3,088,104
Intangible assets	10 19,253,136	19,253,136
TOTAL NON-CURRENT ASSETS	22,831,594	23,154,025
TOTAL ASSETS	39,334,750	41,192,498
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	12 3,987,942	5,934,547
Borrowings	13 11,672,873	8,447,531
Lease liabilities	11 131,925	386,634
Employee entitlements	14 755,640	1,090,733
TOTAL CURRENT LIABILITIES	16,548,380	15,859,445
NON-CURRENT LIABILITIES		
Borrowings	13 -	3,000,000
Employee entitlements	14 279,764	132,355
TOTAL NON-CURRENT LIABILITIES	279,764	3,132,355
TOTAL LIABILITIES	16,828,144	18,991,800
NET ASSETS	22,506,606	22,200,698
EQUITY		
Issued capital	15 25,915,489	25,915,489
Retained earnings	(3,408,883)	(3,714,791)
TOTAL EQUITY	22,506,606	22,200,698

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Half-Year Ended 31 January 2022

	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
	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 1 August 2020	25,915,489	(3,821,114)	22,094,375
Profit for the half-year	-	757,582	757,582
Transactions with owners in their capacity as owners	-	-	-
Balance at 31 January 2021	25,915,489	(3,063,532)	22,851,957

Statement of Cash Flows

For the Half-Year Ended 31 January 2022

	31 January 2022	31 January 2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	22,684,013	25,650,376
Payments to suppliers and employees	(22,232,494)	(23,423,008)
Interest received	4,318	194
Finance costs	(378,248)	(393,426)
Net cash provided by operating activities	<u>77,589</u>	<u>1,834,136</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase/Sale of plant and equipment	(61,113)	(259,170)
Return of Heritage-Luma investment	70,000	70,000
Net cash provided by/(used in) investing activities	<u>8,887</u>	<u>(189,170)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayment of) borrowings	225,342	(1,267,603)
Repayment of lease liabilities	(254,709)	(191,596)
Net cash used in financing activities	<u>(29,367)</u>	<u>(1,459,199)</u>
Net increase/(decrease) in cash and cash equivalents held	57,109	185,767
Cash and cash equivalents at beginning of year	<u>348,106</u>	<u>715,141</u>
Cash and cash equivalents at end of the half-year	6 <u>405,215</u>	<u>900,908</u>

Notes to the Financial Statements

For the Half-Year Ended 31 January 2022

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 [insert date].

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 2022 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 2021, 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 letters of offer received subsequent to the half-year end;
- Shareholders are expected to continue to support the business and not call the shareholder loan; and
- The Group has traded profitably despite extended lockdowns 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 2022

2 Revenue and Other Income

	31 January 2022	31 January 2021
	\$	\$
Sales Revenue		
- Gross Sales	30,627,011	33,970,128
- Trading Terms	(6,982,226)	(7,692,698)
	23,644,785	26,277,430
Net Sales		
Other Revenue		
- Bank Deposit Interest	4,318	194
- Other revenue	12,234	10,631
- Foreign Exchange Gains	54,811	13,011
	23,716,148	26,301,266
Other Income		
- Sundry Income	-	50,001
	-	50,001

3 Finance Income and Expenses

Finance expenses		
Interest Expense - External	196,768	211,946
Interest Expense - Shareholder Loans	181,480	181,480
	378,248	393,426
Other expenses		
Sales Commissions	1,115,583	1,186,171
IT Development and Marketing Costs	628,613	557,072
Restructuring Costs	113,575	82,260
Other Expenses	1,002,899	895,789
	2,860,670	2,721,292

Notes to the Financial Statements
For the Half-Year Ended 31 January 2022

4 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	31 January 2022	31 January 2021
	\$	\$
Current Tax Expense	81,751	323,024
Deferred Tax Expenses	-	-
Income tax expense	81,751	323,024

(b) Reconciliation of income tax to accounting profit:

Profit	387,659	1,080,606
Tax rate	30.00%	30.00%
	116,297	324,182
Add:		
Tax effect of:		
- other allowable items	(34,546)	(1,158)
	81,751	323,024

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 2022, 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 2022	31 July 2021
	\$	\$
Cash at bank and in hand	405,215	348,106
	405,215	348,106

7 Trade and Other Receivables

CURRENT		
Trade receivables	7,033,801	6,005,983
Allowance for impairment	(12,000)	(2,772)
Allowance for rebates, incentives and discounts	(1,353,382)	(1,024,446)
	5,668,419	4,978,765
Prepayments	1,187,147	1,550,048
Loan to Heritage Luma Pty Limited	-	70,000
	6,855,566	6,598,813

Notes to the Financial Statements
For the Half-Year Ended 31 January 2022

8 Inventories

	31 January 2022 \$	31 July 2021 \$
CURRENT		
At net realisable value:		
Finished goods	10,981,126	12,635,808
Provision for slow moving and obsolete stock	(1,908,121)	(1,967,304)
Inventory in transit	169,370	423,050
	<u>9,242,375</u>	<u>11,091,554</u>

9 Plant and Equipment

Plant and equipment		
At cost	4,955,500	4,894,386
Accumulated depreciation	(4,383,395)	(4,204,176)
	<u>572,105</u>	<u>690,210</u>
Leasehold Improvements		
At cost	78,282	78,282
Accumulated amortisation	(78,282)	(78,282)
	<u>-</u>	<u>-</u>
	<u>572,105</u>	<u>690,210</u>
Right-of-Use Assets - Point of sale assets		
At cost	1,967,078	1,967,078
Accumulated depreciation	(1,967,078)	(1,844,503)
	<u>-</u>	<u>122,575</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 2022

11 Leases

Statement of Financial Position

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

	31 January 2022	31 January 2021
	\$	\$
Lease liability	131,925	386,634

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:

Interest expense on lease liabilities	(16,188)	(24,458)
Depreciation of right-of-use assets	(122,575)	(361,802)
Office rental	(205,000)	(205,000)
	(343,763)	(591,260)

Statement of Cash Flows

Total cash outflow for leases	(270,897)	(462,531)
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12 Trade and Other Payables

	31 January 2022	31 July 2021
	\$	\$
CURRENT		
Trade payables	2,841,718	4,716,820
Employee benefits	292,942	308,526
Sundry payables and accrued expenses	853,282	909,201
	3,987,942	5,934,547

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 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 2022

13 Borrowings

	31 January 2022 \$	31 July 2021 \$
CURRENT		
Unsecured liabilities:		
Insurance premium finance	42,141	294,995
Secured liabilities:		
Bank loans	8,630,732	8,152,536
Shareholder loans	3,000,000	-
	<u>11,672,873</u>	<u>8,447,531</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 2022, the Consolidated Group had a credit facility of \$15,000,000 (31 July 2021: \$15,000,000) of which \$6,369,268 (31 July 2021: \$6,862,618) is unused. The credit facility has been renegotiated with a reduced facility of \$13,000,000 and the following proposed terms:

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 2022 there was no covenant testing in place.

Notes to the Financial Statements

For the Half-Year Ended 31 January 2022

13 Borrowings (continued)

(b) Shareholder Loan Facility

A short term secured loan facility for a maximum amount of up to \$4,000,000 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.

The shareholder loans are due for repayment on 1 August 2022. The loan is 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 2022 \$	31 July 2021 \$
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	405,215	348,106
Trade and other receivables	6,855,566	6,598,813
Inventories	9,242,375	11,091,554
	<u>16,503,156</u>	<u>18,038,473</u>

Notes to the Financial Statements
For the Half-Year Ended 31 January 2022

14 Employee Benefits

	31 January 2022 \$	31 July 2021 \$
Current liabilities		
Annual leave	461,089	601,452
Long service leave	294,551	489,281
	755,640	1,090,733
Non-current liabilities		
Long service leave	279,764	132,355
	279,764	132,355

15 Issued Capital

1,801,111,087 Ordinary Shares (2021: 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	3,006,353	3,088,104
	3,006,353	3,088,104

17 Dividends

No dividends were declared or paid during the half-half-year (2021: \$0).

Notes to the Financial Statements For the Half-Year Ended 31 January 2022

18 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2022	Percentage Owned (%)* 2021
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 2022 (31 July 2021:None).

20 Related Parties

Transactions with related parties

Director fees of \$104,838 (2021: \$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 29th March 2022 by the board of directors.

No matters or circumstances have arisen since the end of the financial half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the 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

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 2022 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 29th March 2022

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 2022, 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 2022 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 2022 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', with a stylized flourish at the end.

Daniel Dalla

Partner

Sydney, 29 March 2022